



# Weekly Brief

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## Market Action

- China's yuan-denominated crude-oil futures surged on their debut Monday. Beijing hopes the new market will eventually give the country an oil benchmark to rival WTI in the U.S. and Brent Crude in Europe. China is the world's biggest importer of oil after the U.S., and its fourth-largest producer. The new oil futures traded in Shanghai are open to foreign investors, the first time China has allowed them to trade in its domestic commodities markets in this way.
- Early in the week, the Wall Street Journal reported that US and Chinese officials had been negotiating potential trade concessions on the part of China even before US president Donald Trump announced as much as \$60 billion dollars in tariffs last week. Despite the negotiations, both sides are preparing to levy tariffs on selected goods.
- South Korea and the US agreed on modest amendments to the six-year-old US-Korea Free Trade Agreement (KORUS). South Korea received an exemption from the steel and aluminum tariffs put in place by the US several weeks ago. A 25% tariff on South Korean pickup trucks will be extended for an additional 20 years, effectively shutting Korean manufacturers out of the US market unless the trucks are produced in the US.
- The US Treasury Department revealed that the US was planning to sell about \$294B of debt this week, the highest weekly figure since the record set during the 2008 financial crisis. Concerns about the gap between US revenue and spending have helped drive up Treasury rates this year, from about 2.4% to nearly 3%, unnerving equity investors accustomed to low rates.
- Saudi Arabia has earned secondary emerging market status from FTSE Russell, a designation that will introduce more money to the country and help diversify its oil-dependent economy. The Arab world's largest stock market, with a capitalization of about \$500B, will join FTSE's secondary emerging market index in several stages starting in March 2019.
- Kim Jongun visited Beijing, where he agreed to denuclearize the Korean peninsula during a meeting with President Xi, while the Chinese leader pledged to uphold his friendship with Pyongyang. The trip was Kim's first known journey abroad since he assumed power in 2011 and is believed to serve as preparation for upcoming summits with South Korea and the U.S.

<u>Equities</u>	Current	1 Week	1 Month	YTD
<u>U.S.</u>				
Dow Jones	24,103.11	0.61%	-2.06%	-2.49%
S&P 500	2,640.87	-0.11%	-1.37%	-1.22%
Nasdaq	7,063.44	-1.44%	-1.63%	2.32%
<u>Europe</u>				
FTSE	7,056.61	1.50%	-1.66%	-8.21%
DAX	12,096.73	-0.03%	-0.77%	-6.35%
<u>Asia</u>				
Nikkei	21,454.30	4.06%	1.29%	-5.76%
Shanghai	3,168.90	0.51%	-2.63%	-4.18%
<u>Currencies</u>				
EUR/\$	1.232	-0.26%	0.02%	2.67%
\$/Yen	106.240	1.44%	0.47%	-5.73%
UK/\$	1.402	-0.82%	1.56%	3.73%
<u>Bonds</u>				
10 Year	2.38	-10.740	-12.770	32.910
Moody's AAA	3.82	-0.060	-0.080	0.370
<u>Commodities</u>				
WTI	\$64.94	1.00%	6.81%	7.75%
Brent	\$68.87	-0.66%	8.17%	5.43%
Gold	\$1,329.60	-1.72%	0.02%	1.14%

<b>Returns</b>			
Sector	1 Week	1 Month	YTD
Telecommunications	1.47%	-1.12%	-8.68%
Materials	-0.46%	-4.45%	-5.96%
Energy	0.41%	1.55%	-6.58%
Consumer Staples	2.21%	-1.32%	-7.77%
Consumer Discretionary	-0.86%	-2.46%	2.76%
Financials	-0.40%	-4.46%	-1.38%
Healthcare	-0.16%	-3.21%	-1.63%
Industrials	0.61%	-2.77%	-2.02%
Technology	-1.07%	-3.95%	3.20%
Utilities	1.53%	3.41%	-4.20%

## This Week from BlackSummit

### [Crossroads: At the Intersection of Geopolitics and Geoeconomics](#)

Andy Quirk

## Recommended Reads

### [How To Win A Trade War](#)

Rachael Dottle, Oliver Roeder and Julia Wolfe

### [‘America First’ Bears a New Threat: Military Force](#)

David E. Sanger and Gardiner Harris

### [Francis, the Anti-Strongman](#)

Paul Elie

### [Globalization’s Backlash Is Here, at Just the Wrong Time](#)

Neil Irwin

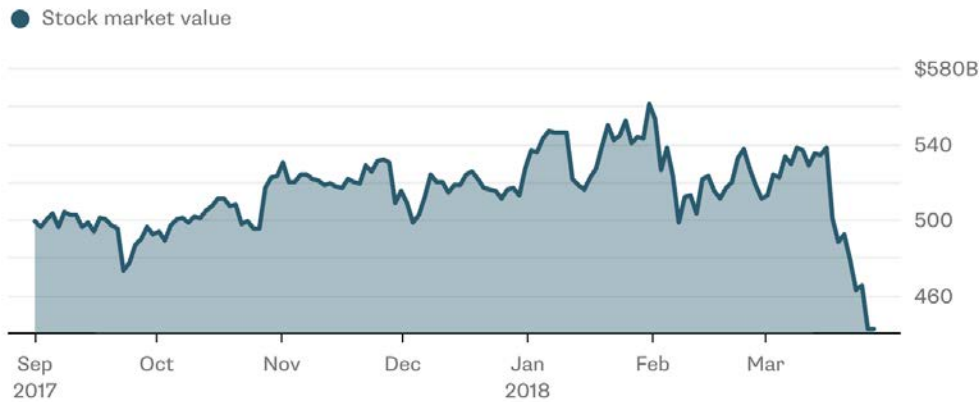
### [A Visionary Leader: PIIIE Mourns the Passing of its Founding Chairman](#)

RealTime Economic Issues Editor (PIIE)

## Image of the Week

### Uh Oh

Facebook has shed nearly \$100 billion of stock market value in less than two weeks



Source: Bloomberg