



Weekly Brief

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Market Action

- Markets declined broadly last week, marking the first monthly loss for the U.S. stock market since October 2016. Volatility remained high with four of the five trading days during the week exceeding a 1% move.
- US president Donald Trump said Thursday that he will approve new tariffs on industrial metal imports (25% on steel and 10% on aluminum), prompting a negative response in the equity markets linked to concerns about potential retaliation from trade partners and the prospect of increased inflation as the tariffs will raise input costs for steel- and aluminum-consuming industries.
- This week the Communist Party proposed a constitutional amendment removing the limit on a president serving more than two consecutive five-year terms, which opens the way for President Xi Jinping to serve indefinitely.
- British prime minister Theresa May rejected a Brexit treaty proposal from the European Union this week, which would have required Northern Ireland to remain in the EU's customs union and under the jurisdiction of the European Court of Justice.
- Italy heads to the polls for a general election on Sunday, and Germany's Social Democratic Party (SPD) is set to tally postal votes on whether to ratify a proposed grand coalition with Angela Merkel's Christian Democratic Union (CDU). The outcome is uncertain, and a failure to secure a majority of votes among the SPD rank-and-file could send Germany back to the polls in the months ahead if a government cannot be formed.
- US Federal Reserve chairman Jerome Powell made his first public remarks since taking office, with many interpreting Powell's statements as a sign the Fed may hike its policy rates four times in 2018 rather than the three hikes that Federal Open Market Committee members forecast at their December meeting.
- India overtook China as the world's fastest-growing major economy after data showed that India grew 7.2% on an annualized basis in the fourth quarter of 2017, whereas China grew 6.8% for the same period.
- Saudi Arabia's King Salman replaced top military leaders and assigned new younger officials in economic and security roles, including a woman, Tamadur bint Youssef al-Ramah, who was named deputy minister of labor.

<u>Equities</u>	Current	1 Week	1 Month	YTD
<u>U.S.</u>				
Dow Jones	24,538.06	-3.05%	-6.16%	-0.73%
S&P 500	2,691.25	-2.04%	-4.69%	0.66%
Nasdaq	7,257.87	-1.08%	-2.07%	5.13%
<u>Europe</u>				
FTSE	7,069.90	-2.41%	-6.15%	-8.04%
DAX	11,913.71	-4.57%	-9.67%	-7.77%
<u>Asia</u>				
Nikkei	21,181.64	-3.25%	-8.30%	-6.95%
Shanghai	3,254.53	-1.05%	-6.50%	-1.59%
<u>Currencies</u>				
EUR/\$	1.232	0.18%	-0.78%	2.60%
\$/Yen	105.750	-1.07%	-3.15%	-6.16%
UK/\$	1.380	-1.21%	-2.74%	2.14%
<u>Bonds</u>				
10 Year	2.86	-0.002	0.159	0.459
Moody's AAA	3.95	-0.040	0.220	0.390
<u>Commodities</u>				
WTI	\$61.25	-3.62%	-5.38%	1.37%
Brent	\$64.37	-4.37%	-6.78%	-3.74%
Gold	\$1,323.40	-0.52%	-1.47%	0.72%

Returns			
Sector	1 Week	1 Month	YTD
Telecommunications	-0.73%	-6.61%	-7.42%
Materials	-4.03%	-6.69%	-4.30%
Energy	-2.72%	-11.13%	-9.41%
Consumer Staples	-1.30%	-7.40%	-5.59%
Consumer Discretionary	-2.67%	-4.46%	2.81%
Financials	-2.28%	-4.46%	1.68%
Healthcare	-1.99%	-5.16%	-0.17%
Industrials	-3.33%	-6.17%	-1.99%
Technology	-0.83%	-0.86%	5.16%
Utilities	-2.93%	-4.68%	-6.83%

This Week from BlackSummit

[Corporate Bonds, Excess Cash, and Market Yields: Is there an Equities Link?](#)

John E. Charalambakis

Recommended Reads

[The World Economy Under Trump and After American Dominance](#)

Adam S. Posen

[Trade Wars Are Destructive. Of Course Trump Wants One.](#)

Editorial Board of the NY Times

[Parched South Africa City Struggles to Avoid 'Day Zero': Water Shutdown](#)

Gabriele Steinhauser

[The Man Who Molded Chicago's Merc](#)

Jacob Bunge

[Yen Finds Its Sweet Spot After 50 Years of Trying](#)

Peter Tasker

Video of the Week

[Billy Graham: A 20th Century evangelist - BBC News](#)

Image of the Week

Falls in Fertility Vs. Consumer Confidence



Source: [Financial Times](#)