



Weekly Brief

Market Action

- The Dow Jones Industrial Average dropped 200 points on Friday morning after US President Trump announced \$50 tariffs on \$50 billion worth of Chinese imports. China's Ministry of Commerce has said it will respond in "equal scale and equal strength." Later in the day it recovered half of the losses.
- US President Trump met with North Korean leader Kim Jung-Un this week in Singapore. The summit resulted in a relatively vague joint statement to work toward de-nuclearization, though the North Korean leader did not extend a moratorium on testing nuclear weapons.
- European Union countries unanimously voted to impose import duties on €2.8 billion of US products as a counter-measure against US tariffs on EU steel and aluminum. The European Commission has proposed 25% duties on US goods including orange juice, bourbon, jeans, and motorcycles.
- Luis Caputo has taken over as chief of Argentina's central bank after the peso continued to plunge despite Argentina receiving the biggest loan in the history of the IMF. Investors will look to Caputo to provide stability and decrease volatility of the peso, which has lost over a quarter of its value since April.
- Leveraged Buyout (LBO) volume reached \$156 billion this year and is on track to reach the highest volume of LBOs since 2007. The rise in LBO activity is causing merger and acquisition (M&A) activity to increase dramatically; \$2.1 trillion of M&A deals have been announced so this year alone. The court ruling on Tuesday that AT&T can acquire Time Warner without violating anti-trust laws will likely encourage other major M&A activity.
- The Japanese government announced it was pushing its target date for achieving a budget balance from 2020 to 2025. This delay illustrates Japan's struggle to cut its deficit with inflation still close to zero. The central bank has not yet moved to tighten monetary policy.

<u>Equities</u>	Current	1 Week	1 Month	YTD
<u>U.S.</u>				
Dow Jones	25,090.48	-0.89%	1.30%	1.50%
S&P 500	2,779.66	0.02%	2.10%	3.97%
Nasdaq	7,746.38	1.32%	4.70%	12.21%
<u>Europe</u>				
FTSE	7,633.91	-0.61%	-1.30%	-0.70%
DAX	13,010.55	1.91%	0.11%	0.72%
<u>Asia</u>				
Nikkei	22,851.75	0.69%	0.59%	0.38%
Shanghai	3,021.90	-1.48%	-4.66%	-8.63%
<u>Currencies</u>				
EUR/\$	1.161	-1.35%	-1.68%	-3.29%
\$/Yen	110.660	1.01%	0.24%	-1.80%
UK/\$	1.328	-0.95%	-1.54%	-1.74%
<u>Bonds</u>				
10 Year	2.92	-0.026	-0.176	0.515
Moody's AAA	4.09	-0.010	-0.110	0.530
<u>Commodities</u>				
WTI	\$65.06	-1.03%	-8.99%	7.68%
Brent	\$73.44	-3.95%	-7.37%	9.83%
Gold	\$1,278.50	-1.86%	-1.46%	-3.39%

<u>Returns</u>			
Sector	1 Week	1 Month	YTD
Telecommunications	-1.97%	1.17%	-11.60%
Materials	-1.37%	-0.33%	-2.65%
Energy	-3.10%	-4.12%	0.84%
Consumer Staples	1.92%	4.16%	-9.25%
Consumer Discretionary	2.24%	6.58%	12.03%
Financials	-1.90%	-2.43%	-1.58%
Healthcare	0.77%	3.22%	2.25%
Industrials	-1.38%	0.83%	-1.70%
Technology	0.50%	3.64%	12.53%
Utilities	2.55%	0.66%	-5.21%

This Week from BlackSummit

[Everything is a Political Theater, but a Political Theater is not Everything](#)

John E. Charalambakis

Recommended Reads

[Fixing the Euro: the Time to Act Is Now](#)

Henrik Enderlein

[Present at the destruction: Donald Trump is undermining the rules based international order](#)

The Economist

[Wall Street keeps waiting for infrastructure to fund](#)

Ben McLannahan

[Trump's Mostly Meaningless Summit with Kim](#)

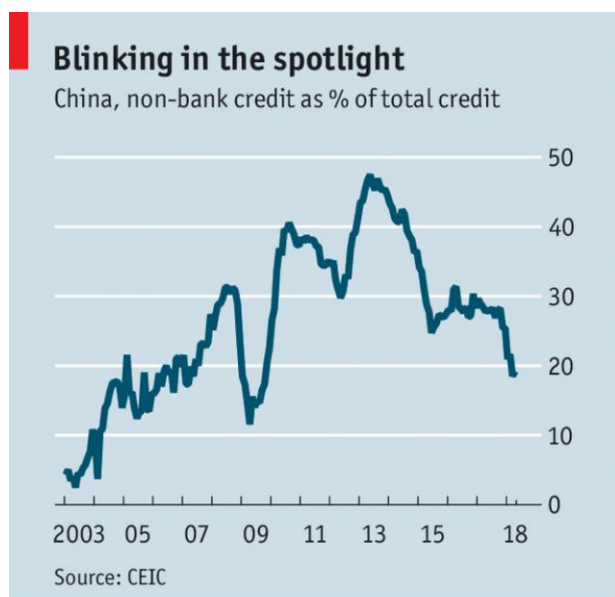
Bloomberg

Video of the Week

[Who is not invited to Russia's world cup](#)

Image of the Week

The share of new credit issued by shadow banks in China plunged in the first few months of 2018:



Economist.com

Source: *The Economist*, "China's tighter regulation of shadow banks begins to bite," June 14, 2018.