



Market Action

- A positive start to equities this week quickly reversed course by the time markets opened on Wednesday. Low US Retail Sales prefaced poor data from China and Australia and contraction in Europe. In addition private forecasters expect US Q1 GDP growth to be revised down and show contraction

- The Eurozone's poor growth figures have accelerated expectations of some sort of easing measures at the ECB's next meeting in June. This week, Germany's Bundensbank stated an openness to ECB stimulus

- High tensions in the South China Sea between China and Vietnam added further geopolitical worries in the market to go with additional European sanctions on Russia.

- US 10 yr yields reached a new low this week given geopolitical risk and subdued growth in the US and Europe

- Both the PPI and CPI demonstrated gains in April however most of the growth is due to rising food costs. Cost pressures associated with increased demand remain stagnant

- Energy markets picked up this week on news the US was debating lifting their ban on exports of crude. Such a measure would help relieve gluts in supply due to a lack of infrastructure between refineries and storage units. Libyan production also picked up this week, five months later than expected.

- Housing starts were up higher than expected and permits were at their best point since 2008. The housing market has received considerable attention for its underperformance in the US' recovery.

- Jobless claims came in at a 7 year low

- Q1 Growth reported in Japan came in at 5.9% driven by domestic consumption as households and businesses increased purchases ahead of an increase in the national sales tax effective April 1.

Weekly Brief

		Returns			
<u>Equities</u>		Weekly	Weekly (%)	Monthly (%)	Year to Date (%)
<u>U.S.</u>					
Dow Jones		-92.03	-0.55%	0.40%	0.30%
S&P 500		-0.62	-0.03%	0.83%	2.50%
Nasdaq		18.72	0.46%	0.11%	-1.27%
<u>Europe</u>					
FTSE		41.21	0.60%	4.13%	1.58%
DAX		47.65	0.50%	3.34%	2.44%
<u>Asia</u>					
Nikkei		-103.00	-0.73%	-2.23%	-11.39%
Shanghai		15.36	0.76%	-3.73%	-3.93%
<u>Currencies</u>					
EUR/\$		-0.007	-0.51%	-0.92%	0.17%
Yen/\$		-0.25	-0.25%	-0.79%	-3.20%
UK/\$		-0.0036	-0.21%	0.11%	2.26%
<u>Bonds</u>					
10 Year Treasury		-0.10	-3.70%	-4.79%	-15.90%
Moody's AAA		-4.21	100.00%	-100.00%	-100.00%
<u>Commodities</u>					
WTI	\$	2.19	2.19%	-0.83%	
Brent Crude	\$	2.41	2.25%	0.08%	
Gold	\$	0.25	0.02%	-0.77%	5.43%

As of 5/15	Returns		
	5-Day	1-Month	YTD
Basic Materials	1.21	2.21	5.51
Communication Services	1.29	5.63	0.93
Consumer Cyclical	0.08	1.35	-1.41
Consumer Defensive	1.79	3.89	5.58
Energy	0.9	5.8	8.89
Financial Services	0.83	2.02	2.68
Healthcare	0.56	5.34	8.57
Industrials	0.9	3.18	4.73
Real Estate	0.86	3.23	8.03
Technology	0.31	1.91	2.17
Utilities	0.21	3.05	12.97

Economic Calendar: May 19-May 23

Date	Release	For	Est
5/21	FOMC Minutes	NA	NA
5/22	Jobless Claims	05/16	310,000
5/22	PMI Manufacturing Index	Apr	NA
5/22	Existing Home Sales	Apr	4.65 mln
5/22	Leading Indicators	Apr	NA
5/23	New Home Sales	Apr	430,000

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Federal Reserve Bank of Atlanta

[Asia: Addicted to Debt](#)

Financial Times

[A European House of Debt](#)

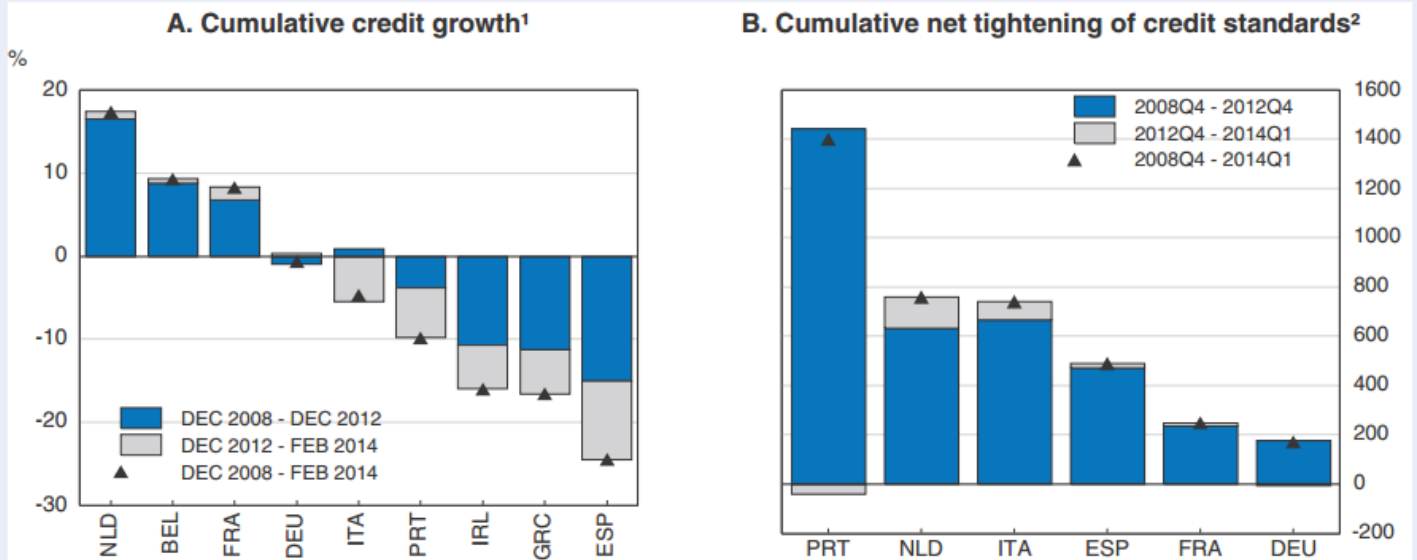
Atif Mian and Amir Sufi

[Is China's Housing Bubble Popping?](#)

Matt O'Brien

Image of the Week: Credit Tightening in the Eurozone

Credit growth and standards



1. Approximate growth rates of loans to non-financial corporations from domestic MFIs excluding the ESCB derived from linking annual growth rates not adjusted for sales and securitisation (before 2010) and annual growth rates adjusted for sales and securitisation. Using the unadjusted series for the entire period would in most countries show weaker credit growth.
2. Sum of net percentage of banks tightening credit standards for loans to enterprises for the last three months based on quarterly bank lending surveys. Given the qualitative nature of the survey, this indicator may not indicate accurately the actual degree of tightening.

Source: European Central Bank; and OECD calculations.