



Weekly Brief

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Market Action

- US equity markets had a rough week in the last full week of the month. The Dow saw its largest decline in seven weeks after Goldman Sachs issued a late report stating the firm's neutral position towards stocks for the next three months. While the S&P and Nasdaq saw gains more was expected during an overall positive earnings week.

- Facebook, Caterpillar, and Ford were among the most noteworthy positive earnings reports during the week. Despite the good corporate news, and strong durable goods orders for June, markets were neutral at best in light of a Commerce Department report emphasizing weakness in the housing sector.

- News globally was mixed on the week. Inflation reported in Japan came in lower than expected while at the same time the government cut growth expectations. Nevertheless Asian markets rose on the week. Brazil also cut forecasted GDP while the UK surpassed its pre-crisis GDP level and Spain grew in Q2.

- "Safe" assets offer a hazy view on market sentiment this week in light of continued chaos in Ukraine and Gaza. Treasury yields declined but gold fell. Utility stocks also gained over the past five days.

- The bad news continued this week for Deutsche Bank. The German lender received scathing criticism in a report from the NY Federal Reserve Bank. Problems with regulatory compliance and internal dysfunction were frequently cited as issues.

- The SEC finalized new rules on money market funds that mark a significant change for a major source of short term funds in capital markets. For the first time the Net Asset Value of stakes in these funds will float, deviating from the traditional fix at \$1. The reform is aimed at providing a more accurate picture of value as capital moves in and out.

- The Swiss National Bank formalized an agreement with Beijing for a currency swap deal. The accord highlights the continued efforts in China to make the currency more liquid and convertible around the world.

Returns				
<u>Equities</u>	Weekly	Weekly (%)	Monthly (%)	Year to Date (%)
U.S.				
Dow Jones	-139.61	-0.82%	0.55%	3.16%
S&P 500	0.12	0.01%	0.96%	7.99%
Nasdaq	17.41	0.39%	1.59%	7.40%
Europe				
FTSE	42.05	0.62%	0.86%	0.63%
DAX	-76.01	-0.78%	-2.27%	2.60%
Asia				
Nikkei	242.16	1.59%	1.25%	-2.83%
Shanghai	67.54	3.28%	4.99%	0.82%
Currencies				
EUR/\$	-0.0085	-0.63%	-1.01%	-1.76%
Yen/\$	0.4700	0.46%	0.09%	-2.86%
UK/\$	-0.0148	-0.86%	-0.07%	3.24%
Bonds				
10 Yr Treasury Yield	-0.01	-0.51%	-3.93%	-17.70%
Moody's AAA	0.04	0.97%	-0.71%	-8.35%
Commodities				
WTI	\$ 0.01	0.01%	-3.56%	
Brent	\$ 0.95	0.89%	-4.69%	
Gold	\$ (12.50)	-0.96%	-1.67%	5.69%

As of 07/24	Returns (%)		
Sector Name	5-Day	1-Month	YTD
Basic Materials	1.41	1.6	6.43
Communication Services	0.31	1.82	3.47
Consumer Cyclical	0.92	3.47	1.89
Consumer Defensive	0.96	1.95	7.88
Energy	2.33	5.26	14.71
Financial Services	0.4	3.99	5.41
Healthcare	1.23	3.88	12.82
Industrials	1.1	3.27	7.3
Real Estate	0.85	2.21	10.21
Technology	1.55	6.21	8.94
Utilities	1.78	3.98	18.86

Economic Calendar: July 28-August 1

Date	Release	For	Est
7/28	Pending Home Sales	June	NA
7/29	Case-Shiller	May	NA
7/29	Consumer Confidence	July	85.0
7/30	ADP Employment Report	July	NA
7/30	GDP Report	Q2	3.2%
7/31	Employment Cost Index	Q2	0.5%
7/31	Chicago PMI	July	64.0
7/31	Jobless Claims	7/25	296,000
8/01	Personal Income and Outlays	June	0.4%
8/01	PMI Manufacturing	July	NA
8/01	Consumer Sentiment	July	81.9
8/01	ISM Manufacturing	July	56%
8/01	Construction Spending	June	0.4%
8/01	Nonfarm Payrolls	July	228,000
8/01	Unemployment Rate	July	6.0%

This Week from Blacksummit

[Central Banks and Market Dislocations: Macroprudential Policy as Enforcer of Uncertainty](#)

Dr. John E. Charalambakis

Recommended Reads

[China's Debt Tops 250%](#)

Financial Times

[Investing in Retirement: A \\$15 Trillion Question](#)

The Economist

[New Rules for Money Market Funds](#)

Neil Irwing, The New York Times

[Investors Say the Fed is Behind the Curve: What Does the Curve Say?](#)

Vince Foster

[The Fed in Denial](#)

Simon Johnson

Image of the Week: Reserves and Yields

