



Weekly Brief

Market Action

- All eyes this week were tuned to Janet Yellen in Jackson Hole, Wyoming as the annual congregation of key central bankers concluded on Friday. The statement from the Chairwoman overall was neutral. Mario Draghi of the ECB stressed the limits of ECB influence without assistance from fiscal authorities.

- With a strong earnings season and steady monetary policy behind it, equity markets posted strong gains in the U.S. this week. Stocks across the globe followed suit with the Nikkei recovering its losses from last week and Shanghai continuing a rapid rise despite data published suggesting a cooling property market and banks taking protective measures.

- Despite the gains in their main stock indices Europe and Japan saw a marked depreciation in their currencies. Both regions face immediate structural impediments and bullish news from the U.S. is strengthening the dollar, welcomed news for both regions. German bunds remain below 1%.

- Data on U.S. housing released this week sparked markets along with upbeat sentiment from Home Depot. Existing home sales came in stronger than anticipated and hit a 10 months high. The giant retailer meanwhile reported better than expected earnings and an optimistic voice on the state of the economy.

- Bank of America reached a settlement with the U.S. Department of Justice and state regulators over shoddy mortgages and other products sold in the prior decade. Bank of America will pay a fine of \$10 billion while providing \$7 billion in consumer relief. Financials rallied at the news on the hope that settlements and government suits are in the rear view mirror.

- The Federal Reserve Bank issued notices to Wall St. that banks should not consider the Fed's discount window as being available when computing their living wills. The facility was a major tool in combating the thick of the 2008 credit meltdown.

- Crude markets continue to be weighed down by domestic U.S. production and weak global demand for Brent. Libyan plans progressed this week to rapidly increase exports.

Returns				
Equities	Weekly	Weekly (%)	Monthly (%)	Year to Date (%)
U.S.				
Dow Jones	338.31	2.03%	-0.66%	3.41%
S&P 500	33.22	1.70%	0.25%	8.54%
Nasdaq	73.62	1.65%	1.85%	9.55%
Europe				
FTSE	86.15	1.29%	-0.30%	0.39%
DAX	246.57	2.71%	-4.06%	-0.65%
Asia				
Nikkei	220.85	1.44%	1.28%	-2.32%
Shanghai	14.08	0.63%	7.97%	6.23%
Currencies				
EUR/\$	-0.0148	-1.11%	-1.68%	-3.12%
Yen/\$	1.5400	1.50%	2.30%	-0.92%
UK/\$	-0.0118	-0.71%	-2.82%	0.83%
Bonds				
10 Yr Treasury Yield	0.06	2.64%	-3.09%	-19.89%
Moody's AAA	0.02	0.49%	-0.24%	-10.33%
Commodities				
WTI	\$ (1.84)	-1.93%	-8.04%	
Brent	\$ (1.33)	-1.28%	-5.60%	
Gold	\$ (18.75)	-1.45%	-2.52%	4.27%

Returns (%)			
Sector Name	5-Day	1-Month	YTD
Basic Materials	0.88	0.6	8.6
Communication Services	-0.004	-0.03	0.02
Consumer Staples	0.72	-0.2	4.3
Consumer Discretionary	2.26	1.7	2.7
Energy	0.66	-2.8	9.6
Financial Services	2.39	0.9	5.80
Healthcare	1.66	2.1	13.60
Industrials	2.36	-0.5	3.60
Technology	2.09	1	12.20
Utilities	1.14	-0.4	11.8

Economic Calendar: August 25-August 29

Date	Release	For	Est
8/25	New Home Sales	July	430,000
8/26	Durable Goods Orders	July	13.0%
8/26	Case-Shiller Home Prices	June	NA
8/26	Consumer Confidence	Aug	89.4
8/28	GDP	Q2	3.9%
8/29	Jobless Claims	8/22	302,000
8/28	Pending Home Sales	July	NA
8/29	Chicago PMI	Aug	57.2
8/29	Consumer Sentiment	Aug	80.2
8/29	Consumer Spending	July	0.1%
8/29	Personal Income	July	0.3%

This Week From Blacksummit

[Hypnotized By Dreams of Utopian Placebos: Subpar Performance In An Age of Diminished Expectations, Part I](#)

Dr. John E. Charalambakis

[Hypnotized By Dreams of Utopian Placebos, Part II: Jackson Hole Meets the Texas Ratio](#)

Dr. John E. Charalambakis

Recommended Reads

[Is China Disguising Itself as Belgium to Buy US Government Bonds?](#)

Gwynn Guilford, Quartz

[The Bulgarian Banking Disaster](#)

Frances Coppola, Forbes

[Fixing the Shiller CAPE](#)

Philosophical Economics

[When She Talks, Banks Shudder](#)

Binyamin Appelbaum, NY Times

[China Prepares For Rise in NPLs](#)

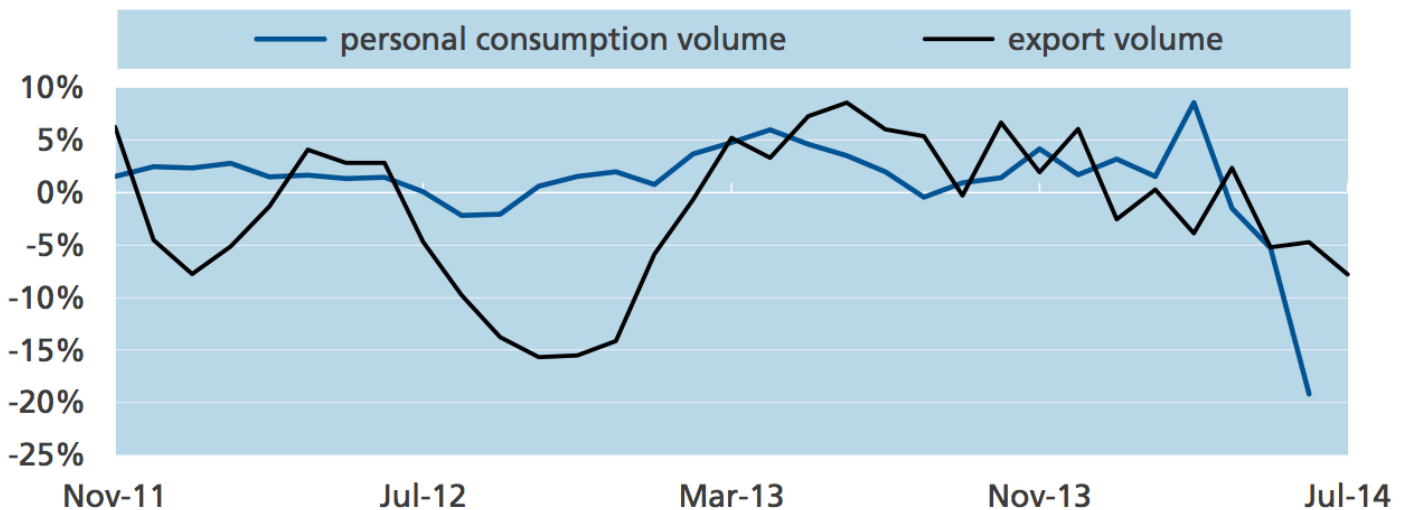
Daniel Inman and Fiona Law, Wall St. Journal

[People Want Money](#)

Matthew Klein, FT Alphaville

Image of the Week: Abenomics Not Going According to Plan

Japanese consumption & export volume, 3-mths/3-mths, % saar



Source: Lombard Street Research