



# Weekly Brief

**BLACKSUMMIT  
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## Market Action

- Equities markets posted poor performance this week in the US and Asia. Little new economic data was released but the momentum for Scottish independence and news of additional military ventures in Iraq weighed on markets.

- Japan has intensified its easing measures according to new data from the Bank of Japan. The BOJ is now purchasing 15% of government debt, including bonds with a negative yield. The Yen weakened against the dollar to levels that haven't been seen since late 2008.

- Crude prices continued their slide this week. Substantial US supply and data from OPEC and the IEA pointing to lower future demand in 2015 due to poor growth trajectories from Europe, Japan and Russia.

- 10-year yields of US bonds continued their upward momentum from last week. Interest rates rose despite geopolitical concerns and a fall in equities.

- The dollar climbed higher against major international currencies. The threat of Scottish independence is pushing the pound down while Euro and Yen depreciation corresponds to the desires of policymakers.

- Federal Reserve Governor Daniel Tarullo announced plans to require the largest banks finance their activities with equity levels superseding Basel requirements. The largest US financial institutions would have to have capital levels between 8%-9.5% of assets by 2018.

- China's money supply growth continues to slow according to new data released this week. With credit growth more meager analysts worry about the implications for the balance sheets of China's financial institutions.

- Venezuelan bond yields have been moving up lately as concerns mount about the nation's stock of foreign reserves. Reports of dwindling reserves risk a coupon payment in October being missed.

- Chancellor of the Exchequer George Osborne announced Friday that the UK will be the first nation to issue renmibi sovereign debt. The Asian nation has been assertive in internationalizing its currency the past few months.

Returns				
<u>Equities</u>	Current	Weekly	Monthly	Year to Date
<b>U.S.</b>				
Dow Jones	16,987.51	-0.87%	2.58%	3.32%
S&P 500	1,985.54	-1.10%	2.68%	8.38%
Nasdaq	4,567.59	-0.33%	4.06%	10.25%
<b>Europe</b>				
FTSE	6,806.96	-0.70%	2.63%	0.86%
DAX	9,651.13	-0.98%	6.41%	2.67%
<b>Asia</b>				
Nikkei	15,948.29	1.78%	5.19%	0.25%
Shanghai	2,331.95	0.24%	4.97%	10.55%
<b>Currencies</b>				
EUR/\$	\$1.295	\$(0.00)	\$(0.04)	\$(0.07)
\$/Yen	¥107.36	¥2.30	¥4.88	¥2.52
UK/\$	\$1.626	\$(0.01)	\$(0.05)	\$(0.02)
<b>Bonds</b>				
10 Yr Treasury Yield	2.611	0.154	0.061	-0.130
Moody's AAA	4.13	0.15	-0.01	-0.42
<b>Commodities</b>				
WTI	\$92.21	\$(1.17)	\$(4.53)	
Brent	\$97.91	\$(2.93)	\$(7.75)	
Gold	\$1,231.50	\$(34.50)	\$(84.25)	\$6.50

Returns (%)			
Sector Name	5-Day	1-Month	YTD
Basic Materials	-1.80	0.90	7.60
Communication Services	-2.65	-0.83	1.00
Consumer Staples	-1.16	2.00	4.80
Consumer Discretionary	-1.31	2.80	2.30
Energy	-3.63	-2.40	5.70
Financial Services	-0.30	4.20	7.00
Healthcare	-0.56	5.60	15.10
Industrials	-0.63	3.30	3.30
Technology	-0.17	3.60	12.50
Utilities	-3.12	2.40	11.30

## Economic Calendar: September 2 – September 5

Date	Release	For	Est
9/15	Empire State Manufacturing	Sept	15.0
9/15	Industrial Production	Aug	0.3%
9/16	Producer Price Index	Aug	0.0%
9/17	Consumer Price Index	Aug	0.0%
9/17	Current Account	Q2	NA
9/18	Jobless Claims	9/12	308,000
9/18	Housing Starts	Aug	1.03 Mln
9/18	Philly Fed Survey	Sept	24.0
9/19	Leading Indicators	Aug	NA

## This Week From Blacksummit

[On the Infinite Appetite for Self-Destruction and the Unlimited Capacity for Trivialization](#)

John E. Charalambakis

### Recommended Reads

[The Federal Reserve's Too Cozy Relationship With Banks](#)

Steven Haber and Ross Levine, Wall St. Journal

[Scotland and Sterling: Whose Currency Is It Anyway?](#)

Charles Proctor, FT Alphaville

[The Fed Wants Capital, Not Punishment](#)

Bloomberg

[Tsunami of Sovereign Funds Threatens World Markets, Say Investors](#)

Reuters

[Deutsche Bank on the Bond Bubble](#)

Business Insider

[If Scotland Goes, Then Britain Too?](#)

Jenny Anderson, NY Times

## Image of the Week: Business As Usual In Europe: The ECB's Convoluted Easing Plan

Source: Bespoke

