



Weekly Brief

**BLACKSUMMIT
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Market Action

- The stock markets in the U.S. experienced another uplifting week thanks to positive internal data as well as a wave of monetary support offered by authorities in China and Europe. Core inflation levels inched closer to targets set by the Federal Reserve while China surprised markets with an interest rate cut and Mario Draghi twice opened the door to purchasing government bonds.

- The German DAX index experienced one of its strongest weeks in 2014, rising over 5%. On Monday Mario Draghi issued one of his most explicit statements of possibly buying EU government bonds. On Friday while speaking at a conference Mr. Draghi gave an authoritative reiteration that if current measures fail to stimulate the Euro area then government bonds will be purchased.

- Asian markets started the week poorly as Japan released its Q3 GDP number, revealing the country was back in recession. Economists had expected a 2% growth in the quarter. Shortly thereafter Mr. Abe, as expected, announced a delay in hiking the nation's sales tax, much to the markets delight. Japan's Finance Minister also made news this week, openly stating concern at the fall of the Yen.

- In China the central bank announced a surprise interest rate cut as concerns are growing the country will not reach its 7.5% growth target in 2014. Shanghai's stock market also formally linked to its Hong Kong counterpart but flows were not as robust as had been forecasted for the first week of trading.

- A subcommittee of the U.S. Senate released a report this week two years in the making on the role major U.S. banks played in physical commodities markets and whether or not the institutions overstepped their boundaries. The report stated that the banks' presence in these markets gave them inside information that they used for their benefit by manipulating markets. Banks have cut back their role in these businesses since the crisis.

- The Federal Reserve met this week with major banks and others in an attempt to reform Libor, the benchmark rate that affects trillions of dollars in assets. Governor Powell stated that the aim is to build a rate based on actual transactions rather than the current survey format.

Returns				
<u>Equities</u>	Current	Weekly	Monthly	Year to Date
<u>U.S.</u>				
Dow Jones	17,810.06	0.99%	7.19%	8.32%
S&P 500	2,063.50	1.16%	6.30%	12.64%
Nasdaq	4,712.97	0.52%	6.64%	13.76%
<u>Europe</u>				
FTSE	6,750.80	1.45%	5.94%	0.03%
DAX	9,732.55	5.18%	9.51%	3.54%
<u>Asia</u>				
Nikkei	17,357.51	-0.76%	17.25%	9.11%
Shanghai	2,486.79	0.32%	6.29%	17.89%
<u>Currencies</u>				
EUR/\$	\$1.239	\$(0.01)	\$(0.03)	\$(0.13)
\$/Yen	¥117.77	¥1.50	¥11.07	¥12.93
UK/\$	\$1.565	\$(0.00)	\$(0.05)	\$(0.08)
<u>Bonds</u>				
10 Yr Treasury Yield	2.319	0.018	0.109	-0.681
Moody's AAA	3.97	0.00	0.05	-0.580
<u>Commodities</u>				
WTI	\$76.72	\$0.90	\$(5.03)	
Brent	\$80.36	\$0.76	\$(6.85)	
Gold	\$1,203.75	\$34.75	\$(46.50)	\$(21.25)

Returns (%)			
Sector Name	1-Week	1-Month	YTD
Basic Materials	2.80	4.80	9.60
Communication Services	-1.78	3.25	4.12
Consumer Staples	1.44	6.60	12.70
Consumer Discretionary	1.17	6.10	4.90
Energy	2.66	3.00	0.00
Financial Services	0.62	5.90	10.80
Healthcare	1.59	7.50	23.20
Industrials	1.55	8.30	9.40
Technology	0.14	7.80	16.60
Utilities	1.69	4.50	20.40

Economic Calendar: November 24 – November 26

Date	Release	For	Est
11/25	Q3 GDP Revision	Q3	3.3%
11/25	Case-Shiller Home Prices	Sept	NA
11/25	Consumer Confidence	Nov	96.7
11/26	Weekly Jobless Claims	11/21	288,000
11/26	Personal Income	Oct	0.4%
11/26	Consumer Spending	Oct	0.4%
11/26	Core PCE	Oct	0.2%
11/26	Consumer Sentiment	Nov	89.5
11/26	New Home Sales	Oct	470,000
11/26	Pending Home Sales	Oct	NA

This Week From Blacksummit

[Derailing Market Optimism: Where Is The Engine of Growth?](#)

John E. Charalambakis

Recommended Reads

[The Fed Needs Governors Who Aren't Wall Street Insiders](#)

Senators Elizabeth Warren and Joe Manchin, Wall St. Journal

[Jeremy Grantham Calls The Next Market Top](#)

Jeremy Grantham, Barron's

[Europe's Central Bank Defies Its Own Rules in Cyprus Bailout](#)

Landon Thomas, New York Times

[Glory To The New Bond King](#)

Matt Schiffrin, Forbes

[Extreme Wealth Is Bad For Everyone – Especially the Wealthy](#)

Michael Lewis, The New Republic

Image of the Week: 2014: A Big Year For Big Mergers

Source: Wall St. Journal

