



# Weekly Brief

**BLACKSUMMIT  
FINANCIAL GROUP**

[www.blacksummitfg.com](http://www.blacksummitfg.com)

@blacksummitfg

19 June 2015

## Market Action

- After a few weeks of disappointing returns the major averages in the U.S. posted solid gains led by the Healthcare and Consumer sectors. European markets continue to be plagued by the lack of progress between Greece and the troika.

- Janet Yellen offered an upbeat assessment of the U.S. economy at her press conference on Wednesday. The positive sentiment pushed markets higher on the day and has increased the odds for a September rate increase. Benchmark yields were down on the week however, down 25bps from their 2015 highs.

- Housing data continues to come in strong, boosting optimism for the U.S. economy. While capacity utilization data came in weaker than desired most analysts see a stable economy.

- Russia lowered interest rates by 1% this week. The economy in Russia continues to suffer from weak global energy prices. While Western sanctions have cut off key financing markets for many in the Russian economy recent reports have cited that corporations and individuals in Russia are finding ways to get around the restrictions.

- The Swiss franc has remained at strong levels since its January free float. However the Swiss National Bank this week threatened action to quell the currency's rise, citing a risk of recession and extremely low levels of inflation.

- Saudi Arabia opened its stock market to foreign investors on Monday. Flows into the market are still restricted depending upon qualifications but the market's liberation marks the country's starting attempt to build businesses and industries outside of the energy sector to stimulate growth long-term.

- Corporate credit spreads have widened over recent weeks to reach their broadest level of 2015. High yield bonds, while also widening versus Treasuries, have performed better than investment grade assets despite inferior quality.

<u>Equities</u>	Current	Weekly	Monthly	Year to Date
<u>U.S.</u>				
Dow Jones	18,015.95	0.65%	-1.62%	1.03%
S&P 500	2,109.99	0.76%	-0.84%	2.52%
Nasdaq	5,117.00	1.30%	0.93%	8.25%
<u>Europe</u>				
FTSE	6,710.50	-1.10%	-4.07%	2.48%
DAX	11,040.10	-1.40%	-6.86%	13.06%
<u>Asia</u>				
Nikkei	20,174.24	-1.14%	0.74%	15.61%
Shanghai	4,478.36	-13.32%	1.38%	33.66%
<u>Currencies</u>				
EUR/\$	\$1.136	\$0.01	\$0.02	\$(0.07)
\$/Yen	¥122.65	¥0.58	¥2.07	¥2.45
UK/\$	£1.59	£0.03	£0.04	£0.05
<u>Bonds</u>				
10 Yr Treasury Yield	2.261	-0.129	-0.009	0.141
Moody's AAA	4.22	0.05	0.17	0.550
<u>Commodities</u>				
WTI	\$59.37	\$(0.59)	\$1.38	
Brent	\$63.62	\$(1.65)	\$(2.30)	
Gold	\$1,203.40	\$20.60	\$(10.90)	\$31.40

Sector Name	Returns (%)		
	1-Week	1-Month	YTD
Basic Materials	0.08	-1.60	3.40
Communication Services	0.64	-2.09	1.38
Consumer Staples	1.25	-1.60	0.40
Consumer Discretionary	1.12	0.80	7.40
Energy	-1.39	-4.60	-4.10
Financial Services	-1.20	-1.00	0.00
Healthcare	1.71	0.90	10.70
Industrials	-0.43	-2.30	-1.50
Technology	-0.30	-2.00	-4.10
Utilities	0.59	-4.00	-9.40

## Economic Calendar: June 22 – June 26

Date	Release	For	Est
06/22	Existing Home Sales	May	5.25Mln
06/23	Durable Goods	May	-1.1%
06/23	PMI	June	NA
06/23	New Home Sales	May	525,000
06/24	GDP	Q1	-0.2%
06/25	Weekly Jobless Claims	06/19	271,000
06/25	Personal Income	May	0.5%
06/25	Consumer Spending	May	0.8%
06/25	Core Inflation	May	0.1%
06/26	Consumer Sentiment	June	94.6

## This Week From Blacksummit

[Prodigal Families and Comical Tragedies: The Cannibalization of the Price of Capital](#)

Dr. John E. Charalambakis

[Separating Sense from Nonsense in the Liquidity Debate](#)

Joel Charalambakis

## Recommended Reads

[The Economic Consequences of Austerity](#)

Amartya Sen

[The Muddled Case for Trade Agreements](#)

Dani Rodrik, Project Syndicate

[Thinking About the All Too Thinkable](#)

Paul Krugman, New York Times

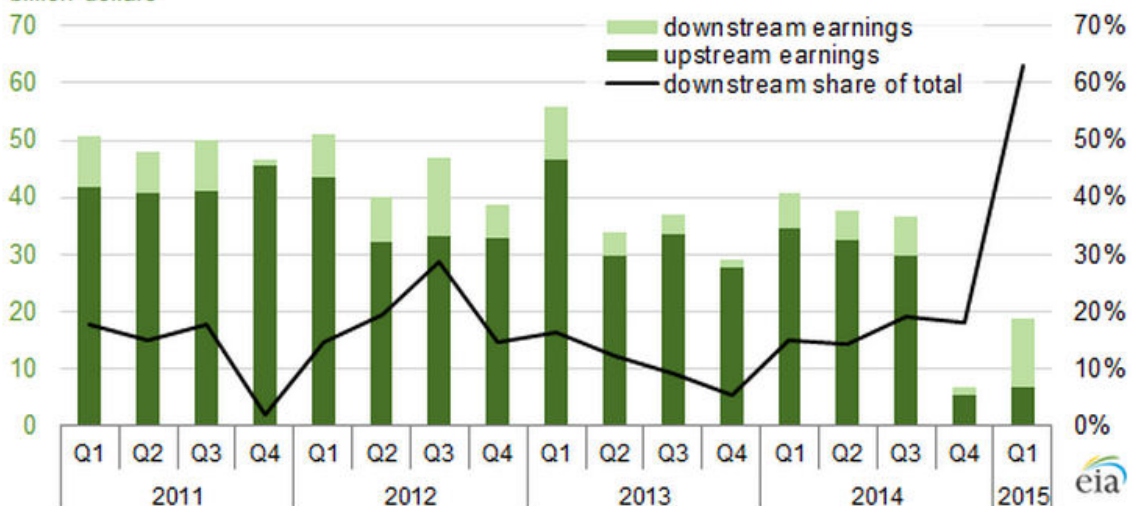
[The Chinese Renmibi is Ready to Take Its Place on the Global Stage](#)

Eswar Prasad, Financial Times

## Image of the Week: The Shift in Oil Company Earnings

### Downstream and upstream earnings for select global integrated oil companies

billion dollars



Source: U.S. Energy Information Administration, based on Evaluate Energy

Note: Upstream refers to crude oil exploration, production, and other operations prior to refining. Downstream refers to refinery operations, product sales, and marketing.