Weekly Brief

BLACKSUMMIT FINANCIAL GROUP

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13 December 2015

Market Action

- Global equity markets sold off considerably this week. Renewed volatility in energy, tremors in high-yield debt and widespread expectations of tightening monetary policy from the Fed next week were all contributing factors.

- OPEC's decision to keep with current production levels continued to wreak havoc on energy markets this week. Poor Chinese macro data contributed to the selloff. Crude oil dipped back into the $30s for both WTI and Brent.

- China cut the yuan's reference rate to its lowest level since August 2011 earlier this week. The currency had been falling slowly over the past week but was cut noticeably on Tuesday. Some commentators suspect China made the move to get ahead of the Fed's tightening while others are concerned about general weakness and capital outflows.

- South Africa's currency, the Rand, fell to an all time low this week after the surprise dismissal of the Finance Minister by President Jacob Zuma. The minister was dismissed after openly criticizing the President for fiscal mismanagement as well as other economic troubles.

- Leveraged loans and high-yield debt have been drawing more scrutiny from investors this week ahead of the Fed meeting. Their poor performance for much of the year has fixed-income analysts questioning the health of markets in general.

- Giant M&A activity continued this week as Dow Chemical and Dupont announced intentions to merge and then split into three separate companies. Both firms had been under pressure from activist investors over the past few years. The deal is expected to garner considerable regulatory scrutiny.

- The Canadian dollar hit an eleven year low this week. Canada's economy has been under pressure with the drop in oil prices but Central Bank Governor Stephen Poloz left the option open to negative interest rates in the future, further pressuring the currency.

Equities	Current	Weekly	Monthly	Year to Date
U.S.				
Dow Jones	17,265.21	-3.26%	-2.47%	-3.18%
S&P 500	2,091.69	0.08%	-0.51%	1.63%
Nasdaq	4,933.47	-4.06%	-2.64%	4.37%
Europe				
FTSE	5,952.80	-4.58%	-5.47%	-9.09%
DAX	10,340.06	-3.83%	-5.21%	5.89%
Asia				
Nikkei	19,230.48	-1.40%	-2.34%	10.20%
Shanghai	3,434.58	-2.56%	-5.91%	2.51%
Currencies				
EUR/$	$1.098	$0.01	$0.02	$(0.10)
$/Yen	¥121.08	-¥2.08	-¥1.76	¥0.88
UK/$	£1.52	£0.01	£0.00	-£0.01
Bonds				
10 Yr Treasury Yield	2.13	-0.141	-0.188	0.012
Moody's AAA	3.96	-0.10	-0.15	0.290
Commodities				
WTI	$35.36	$(4.61)	$(7.67)	
Brent	$38.27	$(5.23)	$(7.78)	
Gold	$1,072.50	$(6.75)	$(13.40)	$(99.50)

Returns (%)			
Sector Name	1-Week	1-Month	YTD
Basic Materials	-4.10	-1.80	-9.60
Communication Services	1.30	0.55	-2.47
Consumer Staples	-1.90	1.20	2.00
Consumer Discretionary	-3.89	-3.10	8.20
Energy	-6.55	-10.80	-23.60
Financial Services	-5.37	-4.30	-5.20
Healthcare	-2.06	-0.90	2.80
Industrials	-3.57	-3.50	-7.00
Technology	-3.97	-1.80	3.50
Utilities	-1.60	-3.10	-11.50

Economic Calendar: December 14 – December 18

Date	Release	For	Est
12/15	CPI	Nov	0.0%
12/16	Housing Starts	Nov	1.13 Mln
12/16	Industrial Production	Nov	-0.3%
12/16	Capacity Utilization	Nov	77.2%
12/17	Weekly Jobless Claims	12/04	279,000
12/17	Philly Fed	Dec	1.8

This Week From Blacksummit

The Investment Paths of 2016, Part III: Ain't Misbehavin' and the Crossing of the Volatility Bridge
John E. Charalambakis

Market Mispricing and Distortions: Liquidity and Credit Concerns
John E. Charalambakis

Recommended Reads

America's Middle-Class Meltdown
Sam Fleming and Shawn Donnan, Financial Times

The Coming Wave of Sanctions
Eric Lorber and Peter Feaver, Foreign Policy

Why Scrapping the One Child Policy Will Do Little To Change China's Population
Stuart Gietel-Basten, The Conversation

Should You Freak Out About Junk Bond Funds?
Josh Brown
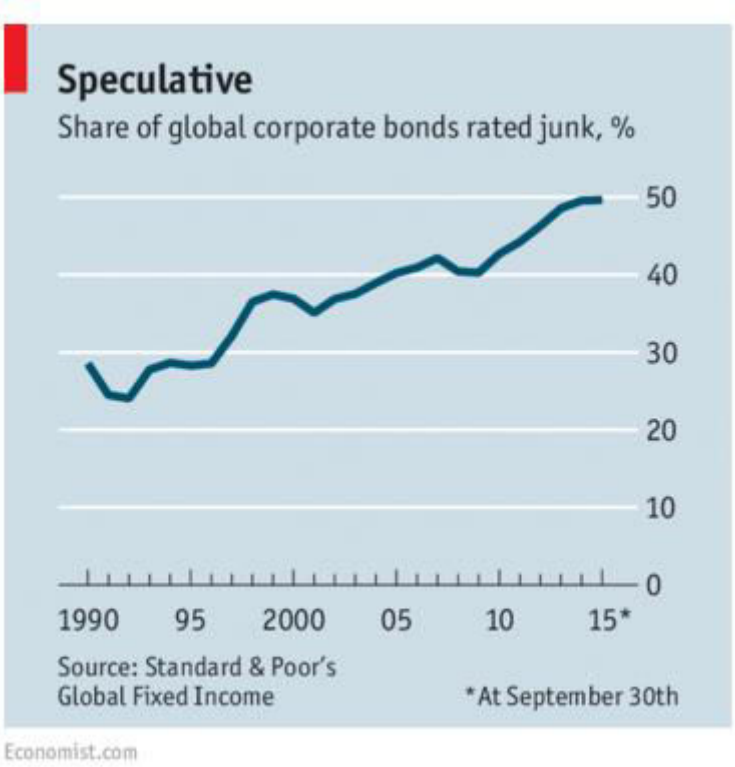
Image of the Week: Junk Debt...A Global Phenomenon