



Weekly Brief

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Market Action

- The second trading week of the year was again unkind to stocks around the globe. A number of catalysts have been thrown out in the press from China entering a bear market, low energy prices, the Fed's increase last month among others. A considerable proportion of U.S. stocks have entered bear market territory and every sector, save for utilities, performed poorly once again.

- China's markets continue to capture headlines. This week state banks intervened into the offshore currency market to close large spreads with the onshore rate. Chinese officials also publicly stated that attempts to speculate against the renminbi were foolish. Officials continue to catch markets off guard with attempts to manage stocks, currencies and now many wonder what that spells for the general economy.

- Oil prices broke below \$30 this week, posting a new 12 year low. Several reports have emerged that specialized funds are raising capital looking for opportunities to invest including in private equity and distressed debt.

- Argentina is making progress to ending its standoff with global markets. Hedge funds and other holdout creditors still have not been paid according to their contracts and the country has been locked out of credit markets since. Newly elected President Macri is attempting to reverse the failures of past administrations.

- The Bank of England again left interest rates unchanged this week. At one point in time the central bank was thought to possibly be the first major central bank to raise rates around the globe. Poor economic data recently out of Britain has combined with the recent market volatility to push back that action. The pound has fallen considerably in recent weeks.

- India's rupee has fallen victim to high capital outflows, pushing the currency to the lowest level in more than 2 years. The decline in the rupee is helping to revive inflation but may result in delayed easing action by the central bank.

<u>Equities</u>	Current	Weekly	Monthly	Year to Date
<u>U.S.</u>				
Dow Jones	16,379.05	-0.82%	-5.70%	-6.00%
S&P 500	1,880.33	-2.17%	-7.98%	-6.57%
Nasdaq	4,488.42	-3.34%	-10.15%	-8.46%
<u>Europe</u>				
FTSE	5,804.10	-1.83%	-3.55%	-4.75%
DAX	9,545.27	-3.09%	-3.55%	-7.18%
<u>Asia</u>				
Nikkei	17,147.11	-3.11%	-7.64%	-7.07%
Shanghai	2,900.97	-8.96%	-17.36%	-11.99%
<u>Currencies</u>				
EUR/\$	\$1.10	\$0.005	\$0.003	\$0.005
\$/Yen	¥ 116.87	-¥ 0.86	-¥ 4.86	-¥ 0.86
UK/\$	1.43	0.023	-0.074	-0.023
<u>Bonds</u>				
10 Yr Treasury Yield	2.04	-0.078	-0.229	-0.078
Moody's A	4.28	-0.070	-0.130	-0.070
<u>Commodities</u>				
WTI	\$ 29.70	\$ (3.46)	\$ (7.65)	\$ (3.46)
Brent	\$ 29.25	\$ (4.30)	\$ (9.48)	\$ (4.30)
Gold	\$ 1,088.60	\$ (9.30)	\$ 27.00	\$ 13.40

<u>Returns (%)</u>			
Sector	1 Week	1 Month	YTD
Materials	-4.40%	-11.61%	-10.38%
Telecommunications	-0.16%	-1.44%	-2.63%
Consumer Staples	-1.49%	-3.43%	-3.12%
Consumer Discretionary	-2.87%	-9.04%	-6.95%
Energy	-2.05%	-10.94%	-8.61%
Financial Services	-4.11%	-11.60%	-9.40%
Healthcare	-1.73%	-6.37%	-5.40%
Industrials	-2.07%	-7.78%	-6.43%
Technology	-2.15%	-9.73%	-7.57%
Utilities	0.70%	3.49%	0.57%

Economic Calendar: January 18 – January 22

Date	Release	For	Est
01/20	CPI (Y/Y)	Dec	0.8%
01/20	Housing Starts	Dec	1.2 Mln
01/21	Philly Fed	Jan	-0.3%
01/21	Weekly Jobless Claims	01/15	280,000
01/22	Markit PMI	Jan	51.4
01/22	Existing Home Sales	Dec	5.2 Mln
01/22	Leading Indicators	Dec	-0.1%

This Week From Blacksummit

[Market Sentiment and Residual Confusions: On the Finite Unpredictability of Uncertain Outcomes](#)

John E. Charalambakis

Recommended Reads

[How To Avoid The Value Trap](#)

Ed Chancellor, Institutional Investor

[Probably Everything You Need to Know About Bear Markets](#)

Michael Batnick, The Irrelevant Investor

[China's Credit Binge Is the Real Concern](#)

George Magnus, Financial Times

[Reforming or Deforming the Fed](#)

Barry Eichengreen

Image of the Week: High Yield Bonds Outperforming Small Caps

Source: Daily Shot

