



Weekly Brief

Market Action

- Several major global markets netted gains thanks to a rally by the end of the week. Equities followed Mario Draghi's lead after the ECB President hinted at more stimulus due to falling inflation expectations in the Eurozone. Other stimulus chatter from China and Japan helped rally respective markets.

- China recorded its slowest GDP growth in 25 years. The official rate of 6.9% for Q4 is within the government's target but private estimates have the economy growing as slowly as 4%. Authorities pumped in \$60 billion in liquidity to address capital flight and people seeking cash ahead of the New Year.

- The International Energy Association warned that the oil market may "drown in oversupply." The statement, along with elevated crude inventories in the U.S., pushed WTI to its lowest level since 2003. Oil rallied to close the week thanks to stimulus expectations from central bankers.

- Currency markets have been speculating that decades old pegs to the dollar in Hong Kong and Saudi Arabia are both at risk. Both currencies have fallen dramatically due to capital flight and the Kingdom's plight from falling oil respectively.

- David Cameron, Wolfgang Schauble and other leaders have been lobbying public and private figures at Davos in an effort to make sure Britain stays in the EU. Cameron is preparing to launch a referendum campaign with an arsenal of corporate and public support.

- Canada lowered its growth prospects for the next two years. The collapse of oil prices has made a large portion of oil resources uneconomical and the currency reached its lowest point in over 10 years. Newly elected PM Trudeau has pledged to run deficits to boost the economy.

- Several American sanctions placed on Iran were lifted this week, giving the country access to assets and capital that had been locked for decades. Energy analysts estimate that Iranian oil production will add to a global supply glut in spite of low prices.

<u>Equities</u>	Current	Weekly	Monthly	Year to Date
<u>U.S.</u>				
Dow Jones	15,882.68	-3.03%	-7.94%	-9.78%
S&P 500	1,906.90	1.41%	-6.48%	-6.70%
Nasdaq	4,591.18	2.29%	-8.20%	-8.31%
<u>Europe</u>				
FTSE	5,900.01	1.65%	-3.01%	-5.48%
DAX	9,764.88	2.30%	-3.01%	-9.10%
<u>Asia</u>				
Nikkei	16,958.53	-1.10%	-10.21%	-10.90%
Shanghai	2,916.56	0.54%	-20.13%	-17.59%
<u>Currencies</u>				
EUR/\$	€ 1.08	€ (0.01)	€ (0.01)	€ (0.01)
\$/Yen	¥ 118.51	¥ 1.64	¥ 2.40	¥ 1.64
UK/\$	£ 1.43	-£ 0.00	-£ 0.05	£ 0.00
<u>Bonds</u>				
10 Yr Treasury Yield	2.05	0.017	-0.182	0.017
Moody's A	4.3	-0.060	-0.090	-0.060
<u>Commodities</u>				
WTI	\$ 32.25	\$ 2.83	\$ (3.89)	\$ 2.83
Brent	\$ 32.17	\$ 3.23	\$ (5.11)	\$ 3.23
Gold	\$ 1,098.20	\$ 7.50	\$ 24.10	\$ 38.00

<u>Returns (%)</u>			
Sector	1 Week	1 Month	YTD
Materials	0.73%	-10.84%	-11.23%
Telecommunications	4.38%	1.11%	1.11%
Consumer Staples	1.81%	-2.71%	-2.65%
Consumer Discretionary	2.52%	-6.39%	-6.32%
Energy	1.91%	-6.08%	-7.00%
Financial Services	-0.52%	-10.44%	-10.74%
Healthcare	1.40%	-5.37%	-5.91%
Industrials	1.88%	-5.86%	-6.06%
Technology	2.42%	-6.95%	-6.81%
Utilities	0.89%	2.15%	1.19%

Economic Calendar: January 25 – January 29

Date	Release	For	Est
01/26	Case-Shiller	Nov	0.7%
01/26	Consumer Confidence	Jan	97
01/27	New Home Sales	Dec	500,000
01/28	Durable Goods	Dec	-0.2%
01/28	Weekly Jobless Claims	01/22	293,000
01/28	Pending Home Sales	Dec	0.6%
01/29	Employment Cost Index	Q4	2.1%
01/29	GDP	Q4	1.9%
01/29	Chicago PMI	Jan	46
01/29	Consumer Sentiment	Jan	93

This Week From Blacksummit

[Is A Secular Bear Knocking at Market's Door? The Escalator of Spending](#)

John E. Charalambakis

Recommended Reads

[What To Do When The Market Punches You in the Mouth](#)

Tobias Carlisle, Greenbackd

[The Tiny Shifts That Can Signal Huge Changes](#)

Gillian Tett, Financial Times

[Fintech: In Search of a Super Algo](#)

Robin Wigglesworth, Financial Times

[The Automation Paradox](#)

James Bessen, The Atlantic

Image of the Week: A History of Corrections Without Recession

S&P 500 Double Digit			
Losses with No Recession		Plus 5 years	Plus 10 Years
1939-40	-31.9%	110.2%	231.2%
1941	-34.5%	120.6%	369.5%
1943	-13.1%	64.6%	267.7%
1947	-14.7%	139.0%	359.5%
1961-62	-26.4%	78.8%	155.4%
1966	-22.2%	48.9%	90.5%
1967-68	-10.1%	10.5%	37.6%
1971	-13.9%	27.9%	88.6%
1978	-13.6%	119.2%	346.2%
1983-84	-14.4%	152.1%	281.2%
1987	-33.5%	107.9%	419.0%
1998	-19.3%	-2.9%	-12.8%
2002	-14.7%	34.4%	32.8%
2010	-16.0%	103.6%	???
2011	-19.4%	79.1%	???
2015	-12.4%	???	???
Average	-19.4%	79.6%	205.1%

*Gains calculated from Jan 1 of the following year