

Macroeconomic Overview

U.S. Markets

Index	Weekly % Change	YTD % Change
S&P 500	-0.40%	+0.65%
Dow Jones Industrial	-0.19%	+1.81%
NASDAQ Composite	-0.82%	-5.42%
Russell 2000	-1.43%	-1.86%
VIX	-6.24%	-35.24%

All U.S equity benchmarks fell this week, following the downwards trend that started last week and the overall mixed economic data.

Economic data releases: On Monday, ISM Manufacturing PMI

were announced at 50.8, while the market expected it at a level of 51.4. It is the second month in a row that the index is extending, a good improvement signal in factory activity. New orders in fifteen different industries also improved, which could lead the bullish trend to continue in the near term. Puerto Rico missed a \$422 million bond payment, which was its biggest default. On Wednesday, ADP Nonfarm employment, which is a proxy to government's non-farm payroll report, was also released below expectations at 156,000 for a consensus of 196,000. Nonfarm productivity outperformed forecasts by 4 basis points for a loss of 1.0%. ISM Non-manufacturing PMI report showed improvement at 55.7 against of a consensus of 54.7, its highest level in 2016. On Thursday, initial jobless claims was surprisingly released at 274,000, below the 260,000 claims forecast. Finally, on Friday, nonfarm payrolls rose at 160,000, increasing concerns among the fragility of the labor market among investors. Indeed, the employment rate stayed steady at 5.0%, but the participation rate fell by 2 basis point at 62.8%. In the meantime, consumer credit experienced its largest gain in history, reaching a level of \$29.67 billion.

U.S equity indexes: The Russell 2000 reacted to the economic releases by a weekly loss of -1.43%, and went back to negative performance of 1.86% on year to date basis. The NASDAQ Composite, the tech savvy index, lost 0.82% over the week, and its year to date performance remains in negative territory at -5.42% too.



S&P 500, DJIA, NASDAQ Composite, Russell 2000 5-day chart.

The S&P 500 responded to earnings and economic data by ending the week at 2,057.14 points, points for a weekly loss of 0.40%. In the meantime, the Dow Jones Industrial index ended the week with the lower drop of all indexes with a weekly loss of 0.19%. Overall, the week was bearish for all majors U.S equity index, but the drop was relatively low comparing to last week.

Commodity markets: The WTI oil futures for delivery in June ended the

week at \$44.56/barrel. Gold stayed flat this week with a modest 0.20% decrease at \$1288.99/ounce, and Silver followed the same trend with a decrease of 0.44% at \$17.47/ounce.

Corporate news: European and American regulators opposed Halliburton merger with Baker Hughes. The oil services company had to abandon the deal, and it will have to pay a \$3.5 billion breakup fee to Baker Hughes.

This week: Earnings will still remain a big concern, but investors are also looking forward to the publication of Building permits, Core CPI, Existing Home sales and Housing starts numbers next week.

International Markets

Index	Weekly % Change	YTD % Change
BE 500	-2.78%	-9.40%
Stoxx Europe 600	-2.87%	-9.33%
DAX	-1.68%	-8.13%
FTSE 100	-3.11%	-1.87%
CAC 40	-2.88%	-7.24%
Nikkei 225	-7.64%	-15.38%
Shanghai Composite	-1.10%	-17.69%
Shenzhen Composite	-0.14%	-18.94%

Foreign markets recorded greater loss than U.S equities. Worldwide economic developments worry investors. Growth and inflation are still disappointing in all major markets.

Europe:

Manufacturing and Services PMI reports fell in Germany, the U.K

and France. In addition, the European Union reduced its inflation forecast for 2016 from 0.5% to 0.2%. Low oil prices have been responsible for this movement as well as for the drop in European stock markets. Earnings of oil companies drove the DAX and CAC 40 further down, respectively at a loss of 1.68% and 2.88%.

Japan:

In Japan, the yen continue its ascension that begun after the decision of the Bank of Japan not use further stimulus in April. Nikkei 225 conceded 7.64% in over 3 days week.

China:

Services and Manufacturing PMI were also announced below consensus in China. Concerns about credit also made investors cautious this week, and the Shanghai and the Shenzhen Composite respectively lose 1.10% and 0.14%. The Shanghai Composite dropped by 5.12% in one month.

This week: Japanese GDP, U.K's CPI and retail sales could be important market drivers for the international markets.