We feel like a James Bond martini- Shaken, not stirred… It has been a week of stirring, whirling information and markets have been rattled, shaking investor understanding and convictions. For those amongst us who still doubted that the central banks of the world are the real driver of markets, well, this week's events should put this doubt to rest;

The ECB Chairman, Mario Draghi, gave a speech on Tuesday. He didn't really say anything extraordinary but the markets heard something in his tone of voice, his body language or his smile- The street "heard" or "saw" or "felt" that Mighty Mario is poised to tighten !?!. Mario Draghi just got evidence that his call for "prudence" in withdrawing European Central Bank stimulus applies to his words too. The euro and bond yields surged on Tuesday after the ECB president said the reflation of the euro-area economy creates room to pull back unconventional measures without tightening the stance. Policy makers noted the jolt that showed how hypersensitive investors are to statements that can be read as even mildly hawkish, according to three Eurosystem officials familiar with their thinking. Draghi's speech at the ECB Forum in Sintra, Portugal, was intended to strike a balance between recognizing the currency bloc's economic strength and warning that monetary support is still needed, said the officials, who spoke separately and who asked not to be named as internal discussions are confidential. An ECB spokesman declined to comment.

We do note that within the Chairman's speech he did say that there is a "strengthening and broadening recovery in euro zone…" It didn't help when the markets recalled that Rabobank's chairman said on Monday that "the ECB should have already started raising interest rates". And actually already on Sunday, the BIS, an organization commonly known as the central bank of central banks, said it recognized some turbulence in financial markets would need to be managed but urged policymakers to take advantage of an improving global economic outlook.

The markets suddenly "thought" that there is a concerted monetary tightening in the wings- The Fed raised rates and warned of more to come, now the ECB talking hawkish and then the Bank of England [BOE] whispering its own thoughts of raising Sterling rates (GBP bounced up). Well, the US Dollar fell this week and strangely, so did Gold. Not reasonable as gold is valued in Dollars and normally (and reasonably) rises as the Dollar falls…

But this reasoning also applies to Oil, another commodity priced in US$, and yet, unlike gold, oil 'behaved' reasonably, rising in-line with the Dollar declines. Hmmmm… We did note that the oil glut is declining…

Dare we think that anything or anyone other than central banks are controlling the markets?

Add into the cauldron of interpretations some hard facts of this week- Oil seems to have found a footing and is rising nicely, dragging-up energy stocks against a receding tide. Interestingly this reversal of trend in oil prices now that bullish hedge funds have thrown in the towel- Speculative bets that U.S. crude prices will rise surged earlier this year, creating a crowded trade that was eventually undercut by higher-than-expected output growth from U.S. oil fields and a slower-than-anticipated drop in global stockpiles. Oil bears then pounced, but will now have a tougher time driving down prices because bullish bets have already tumbled from record highs. The ratio of long-to-short positions now stands at roughly 2-to-1, down from a recent high of about 12-to-1 in February. We may indeed have found a bottom, for now at least…

A few more interesting spices into our markets' soup- Q1 American GDP grew by 1.4% a little better than expected. Some analysts expect Q2 (which ends today!) to show some 3% growth. The Euro-area economic confidence jumped to the highest level in a decade reaching 111.1 in June from 109.2 in May, the European Commission in Brussels said Thursday, well above expectations. Then, as if our soup needed some chili peppers, For first time since financial crisis, Fed clears all big banks' capital return plans, after the annual Dodd-Frank Stress Test they conducted showed they all passed it… Immediately JP Morgan announced its biggest ever share repurchase, as did Citigroup. Bank of America raised its dividend as did many many others. Just like the enrgy sector, the financials popped up into the general selloff in the markets.

Then we saw a huge hacking across Europe, sparking widespread disruption demanding ransome. Nasty… but we saw reports saying that the "take" by these hackers was about 3 Bitcoins, or less than $10K… makes one wonder…

Then Google was fined a record $2.7 billion by the Europeans for skewing searchs. This didn't help the market's feelings on the big tech companies which were all whacked and slapped quite severely this week. Are they reaching the "too big for they own good" size? Confusing…

And the US Senate decided to postpone its voting on the "Amazing, wonderful and etc., Health care bill"…

And the Greek benchmark 10-year yield fell 8 basis points to 5.42 %, its lowest since December 2009, a few months before Athens received its first bailout program. On Friday, the credit rating agency Moody's raised Greece's outlook from stable to positive and upgraded Greece's long-term issuer and senior unsecured bond and program rating to Caa2 and (P)Caa2.

Separately, there was much disruption in the cyber-currencies' world- A week ago Wednesday, Ethereum briefly plunged in a flash crash from above $300 to 10 cents on Coinbase's GDAX exchange. Bitcoin traded down 5% Monday as Ethereum, plunged 21%. These "currencies" are too clever for us to understand. We only know for sure that these monies, if they truly are such, are way too volatile for our intestines and our portfolios. We learned way back when that the best hedge is understanding your risk. Here we clearly don't…

Do you want to add some confusion powder- James Bullard, president of the St. Louis Federal Reserve, told CNBC Friday that weak data has undermined the Fed's hawkish stance and the central bank should take a more reactionary approach if and when it sees solid signs of growth. Didn't help the Dollar find a footing today…

What can we say that we haven't said before- Equities fell and if we liked them a week ago, we should like them more when cheaper… Bonds are expensive, i.e., no returns. We don't dare to do Greece… even at 5.42%

Market Weekly Highlights:

- The greenback has marked a pause since last year's strong rebound against all currencies. The DXY had reached 103.80 and then has lost ground to trade down at 95.77.
  The USD is trading around 1.14 against the EUR and at 0.9590 vs. the CHF after this week's Draghi speech. The Pound is trading firmly at $1.2983 and the Japanese Yen is weakening against the USD at almost 112.
  The Russian Rouble is following the oil-price pattern, moving lower this week against the USD at 59.35 on the back of the potential sanctions from US. The Brazilian Real is now trading at 3.30.
  Crude oil WTI is oscilating and reached $55.24 a barrel on the first day of trading on January 1st and dropped to $44 in the first trading days of May, only to trade back up at $52 and down again at almost $42.00; now is trading again at 45.25 while Brent is trading at $47.65 as we write.

- The yield on 10Y U.S. Treasuries is trading at 2.2665% as we write. The Japanese 10 year JGB is trading higher for the week and continues to offer POSITIVE returns trading at 0.086%.
  In Europe, German Bund is trading now at almost 0.45%. The French 10Y Yield hit 1.10% before the elections went down as low as 0.56% early this week to trade back up at 0.78% as we write. The Swiss 10 year bond yield traded this month at around -0.019%, having bounced from -0.20% lows of last month and now is trading back at -0.047% as we write.
  In Peripheral Europe Italian 10Y yields crossed the 2% level having started the year at 1.71% and are currently higher at 2.13% while the Spanish 10Y yields trade 60bps lower having started the year at 1.30% and currently trading at 1.53%.

- Markets are down this week in the USA, DJIA is trading at about 21'280, SP500 at just below 2'420 and Nasdaq at almost 6'145 after the renewed "correction" of this week. In reality, we are basically at the all time highs, or within a couple of percentage points thereof, however DJIA is down for the week at 0.52%, Nasdaq at -1.48% and SP500 down 0.61%.
  In Europe Eurostoxx50 remains down for the month (-1.92%) as it is for the week at -1.60%. The DAX remains up above 8.20% for the year but down a strong 2.40% for the week, the CAC40 has lost 1.50% this week as did other European indices this week. Nikkei is also lost -0.49% for the week and for the year at almost 4.80%. In Latam the Bovespa is showing a negative 0.75% for the month but a positive +1.58% for the week brining the yearly performance at 3.34%. While in Asia the Hang Seng is up above 17.00% for the year and Shanghai Composite at a mere +2.86%.

Highlighted items are interesting data points for the week

All data is compiled from Bloomberg

MARKET INDICES PERFORMANCE — 29/06/2017

PRICE CHANGE IN % (unless indicated)

INDEX NAME	CCY	Last Price	1D	5D	MTD	1M	3M	6M	YTD	1Y	3Y	Fwd P/E	T12m P/E
EQUITY MARKET INDICES - BY REGION												Fwd P/E	T12m P/E
S&P 500 INDEX	USD	2,419.70	-0.86	-0.61	0.33	0.33	2.41	8.08	8.08	15.29	23.44	18.63	21.43
DOW JONES INDUS. AVG	USD	21,287.03	-0.78	-0.52	1.33	1.33	3.02	7.71	7.71	18.72	26.51	17.62	18.71
NASDAQ COMPOSITE INDEX	USD	6,144.35	-1.44	-1.48	-0.87	-0.87	3.93	14.14	14.14	26.88	39.39	23.43	32.77
RUSSELL 2000 INDEX	USD	1,416.20	-0.63	0.83	3.36	3.36	2.18	4.35	4.35	22.94	18.71	29.32	46.80
EURO STOXX 50	EUR	3,471.33	-1.82	-2.02	-2.32	-2.32	-0.83	5.51	5.51	21.20	7.55	14.78	19.43
EURO STOXX 600	EUR	380.66	-1.32	-1.80	-2.39	-2.39	-0.13	5.32	5.32	15.39	11.35	15.70	24.40
CAC 40 INDEX	EUR	5,154.35	-1.88	-1.99	-2.31	-2.31	0.76	6.15	6.15	21.80	16.70	15.29	19.10
DAX INDEX	EUR	12,416.19	-1.83	-2.54	-1.62	-1.62	0.79	8.09	8.09	28.20	26.21	13.68	19.94
FTSE 100 INDEX	GBP	7,350.32	-0.48	-1.26	-2.52	-2.52	0.10	2.63	2.63	12.70	8.70	14.98	31.84
SWISS MARKET INDEX	CHF	8,944.04	-1.46	-1.13	-0.95	-0.95	3.14	8.65	8.65	11.36	4.40	17.96	25.04
NIKKEI 225	JPY	20,220.30	0.45	-0.49	1.95	1.95	5.95	4.81	4.81	28.62	32.13	17.44	19.16
HANG SENG INDEX	HKD	25,965.42	1.24	0.36	0.40	0.40	6.84	17.10	17.10	23.89	11.09	12.41	13.87
SHANGHAI SE COMPOSITE	CNY	3,188.06	0.50	1.09	2.41	2.41	-0.93	2.86	2.86	8.97	55.86	14.04	17.06
S&P BSE SENSEX INDEX	INR	30,857.52	0.15	-1.53	-1.07	-1.07	4.02	15.72	15.72	14.12	21.24	18.84	23.01
RUSSIAN RTS INDEX $	USD	1,000.45	-0.24	1.05	-5.13	-5.13	-10.28	-13.28	-13.28	7.36	-26.85	6.26	6.96
BRAZIL IBOVESPA INDEX	BRL	62,238.95	0.36	1.58	-0.75	-0.75	-4.22	3.34	3.34	20.79	17.06	11.56	16.76
MSCI WORLD	USD	1,919.59	-0.62	-0.28	0.41	0.41	3.56	9.61	9.61	16.11	10.11	17.33	21.49
MSCI WORLD HEDGED	USD	855.59	-0.76	-0.64	0.22	0.07	2.91	8.42	8.70	20.98	26.19	-	-
MSCI WORLD LOCAL	-	1,462.78	-0.75	-0.74	0.04	0.04	2.20	7.22	7.22	16.72	18.44	17.33	21.49
MSCI AC WORLD	USD	465.94	-0.52	-0.22	0.46	0.46	3.80	10.45	10.45	16.69	8.67	16.69	20.58
MSCI EM	USD	1,014.02	0.20	0.23	0.86	0.86	5.81	17.60	17.60	21.57	-3.50	12.93	15.44
MSCI AC ASIA x JAPAN	USD	628.50	0.41	0.20	1.62	1.62	7.99	22.20	22.20	24.78	8.45	13.63	15.45
MSCI EM LATIN AMERICA	USD	2,531.80	0.12	1.89	-0.02	-0.02	-3.04	8.17	8.17	11.57	-24.87	13.75	18.06
MSCI EM Eur, ME & Africa	USD	253.72	-0.28	-0.01	-2.34	-2.34	1.55	3.66	3.66	9.97	-23.83	10.90	12.84
EQUITY MARKET INDICES - BY SECTOR												P/E	P/E
MSCI ENERGY	USD	195.46	-0.03	0.87	-1.27	-1.27	-5.46	-10.75	-10.75	-4.16	-36.97	23.49	49.37
MSCI MATERIALS	USD	241.03	-0.19	0.89	1.54	1.54	2.17	8.63	8.63	21.81	-4.44	16.04	20.71
MSCI INDUSTRIALS	USD	236.70	-0.77	-0.75	0.46	0.46	4.75	11.40	11.40	20.01	15.00	17.89	22.55
MSCI CONS DISCRETIONARY	USD	216.11	-0.83	-0.52	-1.18	-1.18	2.90	10.02	10.02	18.30	18.66	17.22	19.17
MSCI CONS STAPLES	USD	228.41	-1.19	-0.67	-2.30	-2.30	3.28	10.06	10.06	2.37	14.82	20.83	23.80
MSCI HEALTH CARE	USD	222.39	-0.96	-1.57	3.03	3.03	6.95	15.33	15.33	8.61	17.96	17.57	23.63
MSCI FINANCIALS	USD	115.84	0.79	3.31	5.16	5.16	4.79	9.09	9.09	32.26	11.29	13.55	16.40
MSCI INFO TECH	USD	189.01	-1.67	-2.65	-2.22	-2.22	4.71	17.23	17.23	32.07	43.99	19.23	24.62
MSCI TELECOMS	USD	68.65	-0.61	-0.96	-3.37	-3.37	-1.75	-1.27	-1.27	-6.54	-5.16	14.50	19.02
MSCI UTILITY	USD	126.17	-0.73	-1.76	-2.33	-2.33	3.66	9.75	9.75	1.29	0.63	16.49	20.74
MSCI WORLD REAL ESTATE	USD	202.67	-0.37	-0.77	0.49	0.49	3.03	6.62	6.62	-0.36	6.11	25.07	20.06
HEDGE FUND INDICES													
HFRX GLOBAL HEDGE FUND	USD	1,237.43	0.22	0.07	0.47	0.43	1.37	2.70	2.82	7.33	-0.66		
HFRX EQUAL WEIGHTED	USD	1,246.85	0.08	0.07	0.45	0.41	1.14	2.27	2.44	6.84	2.36		
HFRX GLOBAL EUR	EUR	1,101.27	0.21	0.05	0.28	0.23	0.77	1.48	1.71	5.09	-4.49		

MARKET INDICES PERFORMANCE — 29/06/2017

PRICE CHANGE IN % (unless indicated)

INDEX NAME	CCY	Last Price	1D	5D	MTD	1M	3M	6M	YTD	1Y	3Y	
LIBOR RATES AND YIELD ON US GOVERNMENT BONDS (Yield in %, Change in bps)												
US 3 MONTH	USD	1.02	-0.52	6.62	4.57	8.66	25.95	51.89	51.89	75.76	-	
US 2 YEAR	USD	1.37	0.45	3.33	9.19	9.00	9.19	18.54	18.54	79.20	-	
US 10 YEAR	USD	2.29	2.82	15.25	9.20	8.50	-12.49	-14.95	-14.95	82.51	-	
US LIBOR 3M	USD	1.30	0.13	0.70	8.64	9.46	14.42	29.82	29.85	66.53	-	
EUR LIBOR 3M	EUR	-0.37	0.00	0.00	-0.29	-0.36	-1.50	-3.72	-3.64	-8.29	-	
GBP LIBOR 3M	GBP	0.30	-0.03	1.39	0.61	0.03	-4.17	-6.72	-6.67	-25.32	-	
CHF LIBOR 3M	CHF	-0.73	0.00	0.04	-0.06	-0.06	0.22	0.30	-0.10	5.90		
FIXED INCOME INDICES - BY TYPE OF ISSUER												Yield to Worst
GLOBAL AGG TR HEDGED	USD	507.21	-0.29	-0.60	-0.14	-0.14	1.12	1.57	1.57	-0.27	10.24	1.60
GLOBAL HY TR	USD	1,263.33	0.04	0.42	0.21	0.21	3.23	6.51	6.51	11.94	11.65	5.32
US GOVERNMENT TR	USD	2,159.51	-0.21	-0.50	0.00	0.00	1.33	2.02	2.02	-2.03	6.25	1.60
US CORPORATE TR	USD	2,834.30	-0.20	-0.47	0.45	0.45	2.69	3.94	3.94	2.43	11.39	3.17
US HIGH YIELD TR	USD	1,902.65	0.00	0.25	0.10	0.10	2.14	4.90	4.90	12.66	14.03	5.63
EU GOVERNMENT TR	EUR	248.29	-0.64	-1.23	-0.44	-0.44	0.58	-0.80	-0.80	-2.90	9.48	0.59
EU CORPORATE TR	EUR	264.43	-0.33	-0.68	-0.35	-0.35	0.88	1.53	1.53	3.07	11.41	0.93
EU HIGH YIELD TR	EUR	308.86	-0.12	-0.12	0.36	0.36	2.38	4.27	4.27	9.78	15.51	3.18
BARCLAYS GLOBAL CONVERT.	USD	234.31	-0.45	-0.37	0.77	0.52	1.98	5.34	5.27	11.59	7.55	-
GLOBAL EM TR (HEDGED)	USD	373.56	-0.17	-0.22	-0.05	-0.05	1.86	5.02	5.02	5.79	14.28	4.28
S&P/LSTA U.S. LEV LOAN	USD	98.36	0.06	-0.06	-0.56	-0.56	-0.30	-0.26	-0.26	8.38	-0.60	4.52
COMMODITY INDICES - BY TYPE OF ISSUER												
GSCI INDEX TOTAL RETURN	USD	2,128.72	0.75	3.66	-3.78	-5.68	-6.43	-12.00	-11.94	-12.21	-58.61	
GSCI ENERGY TR	USD	345.95	0.33	4.92	-6.28	-9.37	-10.46	-20.62	-20.43	-18.13	-71.07	
GSCI INDUSTRIAL METALS TR	USD	1,213.09	0.91	3.06	3.19	2.65	-1.95	9.19	8.08	19.01	-11.67	
GSCI PRECIOUS METALS TR	USD	1,509.41	-0.32	-0.18	-2.51	-2.18	-1.93	6.49	7.18	-7.60	-9.56	
GSCI AGRICULTURE TR	USD	406.98	2.15	2.10	-0.26	-1.18	-3.69	-5.36	-5.58	-15.99	-36.32	
GENERIC 1ST 'CL' FUTURE	USD	45.19	0.58	5.07	-7.02	-7.02	-12.63	-20.45	-20.45	-18.16	-63.78	
GOLD SPOT $/OZ	USD	1,242.62	-0.23	-1.12	-2.07	-2.07	-0.54	7.84	7.84	-6.02	-6.38	
CURRENCIES												
DOLLAR INDEX SPOT	USD	95.63	0.07	-1.61	-1.26	-1.26	-4.64	-6.37	-6.37	-0.46	19.96	
Euro Spot	EUR	1.14	-0.24	1.96	1.50	1.50	7.14	9.16	8.52	2.76	-16.64	
Japanese Yen Spot	JPY	112.18	0.10	-0.70	-1.15	-1.15	-0.61	4.89	4.36	-7.91	-9.58	
British Pound Spot	GBP	1.30	0.02	2.29	0.92	0.92	3.66	5.95	5.42	-2.27	-23.95	
Swiss Franc Spot	CHF	0.96	-0.27	1.13	0.97	0.97	4.60	6.78	6.31	1.83	-7.48	
Brazilian Real Spot	BRL	3.30	-0.70	1.19	-2.30	-1.39	-5.55	-1.49	-1.44	-2.49	-33.58	
China Renminbi Spot	CNY	6.79	0.14	0.87	0.60	0.60	1.62	2.47	2.47	-1.91	-8.47	
Singapore Dollar Spot	SGD	1.38	0.12	0.71	0.41	0.41	1.42	5.31	5.02	-2.21	-9.51	
Russian Ruble Spot	RUB	59.42	0.04	0.10	-4.67	-4.67	-5.30	2.96	3.61	7.54	-42.78	
Norwegian Krone Spot	NOK	8.39	-0.07	0.71	0.53	0.53	2.47	3.20	2.97	-0.33	-26.91	
VOLATILITY / LIQUIDITY INDICES												
CBOE SPX VOLATILITY INDX	USD	11.44	14.06	17.07	12.68	12.68	-5.17	-16.45	-16.45	-24.95	1.38	
USD SWAP SPREAD SEMI 2YR	USD	21.94	-	8.03	-3.35	-3.35	-39.19	-15.33	-13.67	46.27	74.36	
TED SPREAD		28.00	-	-14.89	18.49	-4.24	-26.35	-49.68	-44.06	-27.72	30.66	

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