



MARKET SUMMARY for week of November 8th, 2015

Dow: 17,910.33 (+1.40%)

S&P: 2099.20 (+0.95%)

NASDAQ: 5147.12 (+1.85%)

UST 10y: 2.324% (+6.5%)

EUR/USD: 1.0742 (-2.425%)

Crude Oil: \$44.29 (-10.18%)

Gold: 1,089.73 (-4.59%)

*% indicates weekly change.

GENERAL MARKET SENTIMENT:

POSITIVES:

- Unemployment came in at 5%, down from 5.1% previously.
- PMI Manufacturing Index rose from 53.1 to 54.1, which was in line with expectations.
- Construction spending rose 0.6% m/o/m and 14.1% y/o/y, both were above expectations.
- Average hourly earnings rose 0.4%, above the 0.2% expected rise.
- Consumer Credit outstanding surged to \$28.9 billion, the largest gain ever.
- The S&P 500 increased for the sixth straight week.

NEGATIVES:

- ISM Manufacturing Index came in at 50.1, in line with expectations.
- The MBA mortgage applications composite fell 0.8% w/o/w.
- Initial jobless claims came in at 276k, the 4-week moving average has ticked up slightly to 262.75k.

Oil services companies feel the pinch

Oilfield service companies are in "survival mode" as they look to cut thousands of jobs

- According to the WSJ, oilfield service companies are in "survival mode," looking to cut costs large and small.
- They cut thousands of job and reduce cost by using cheaper.
- For example, Technip is cutting 6K jobs and using white paint instead of yellow on underwater equipment because adding pigment is more expensive.
- The oil downturn has left even the world's biggest oil services company, Schlumberger, vulnerable; in its Q3 results, the company reported big drops in earnings and revenue.
- Next year could be even worse as producers cut more than \$200B in spending this year and next
- Consult Wood Mackenzie expects only 10 new projects globally to attract investment commitments, which would hit a sector that typically has the capacity to support an average of 40-50 new projects a year.

Gold-Futures Entering a Bearish Territory

Gold's future seems to be headed on a downward trend going forward

- After last summer's gold-futures shorting attack, Gold's market had been on a strong uptrend in recent months.
- However, earlier this week, speculators returned with an attack by aggressively dumping gold futures again, following a surprise move by the Fed.
- Recently, the extreme central bank money printing has caused increase in prices around global stock markets, in turn leading to a fall in the investment demand for gold.
- On the Comex division of the New York Mercantile Exchange, Gold index for December delivery sank 16.5, or 1.49%, closing the week at 1,087.7 a troy ounce.
- Since October 28th, Gold has been down by a total of 8%. For the week, it has plunged \$50.30, or 4.72%, which is the biggest weekly drop since summer of 2013.

Berkshire Hathaway's Profit Surges on Big Investment Gain

Warren Buffett's conglomerate books gains on tie-up between Kraft and Heinz

- Berkshire Hathaway's third-quarter profit doubled on an investment gain tied to its ownership stake in Kraft Heinz Co, which recorded an after-tax gain of \$4.4 billion.
- Profit from Berkshire's core insurance underwriting business dropped 34% to \$414 million from one year ago, leading a 3.4% drop in operating profit, which excludes gains from investment results.
- Berkshire's two reinsurance businesses, General Re and Berkshire Reinsurance suffered losses from the Tianjin explosion, causing losses of \$130 million.
- However, investment gains from Berkshire's insurance businesses offset its underwriting losses.
- Warren Buffett prefers growing through acquisitions and struck its biggest deal to date in its \$32 billion acquisition of Precision Castparts Corp. that is expected to close next year.

