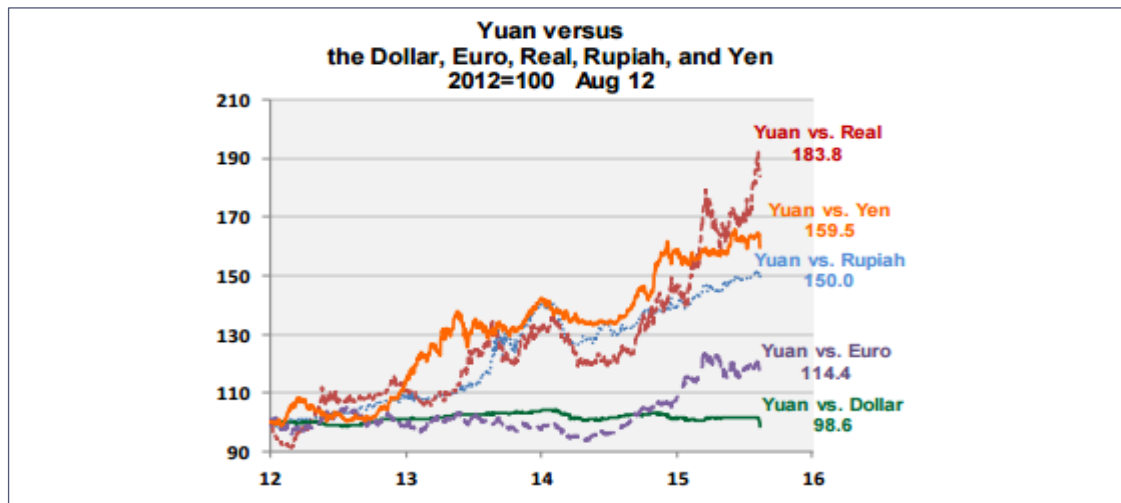


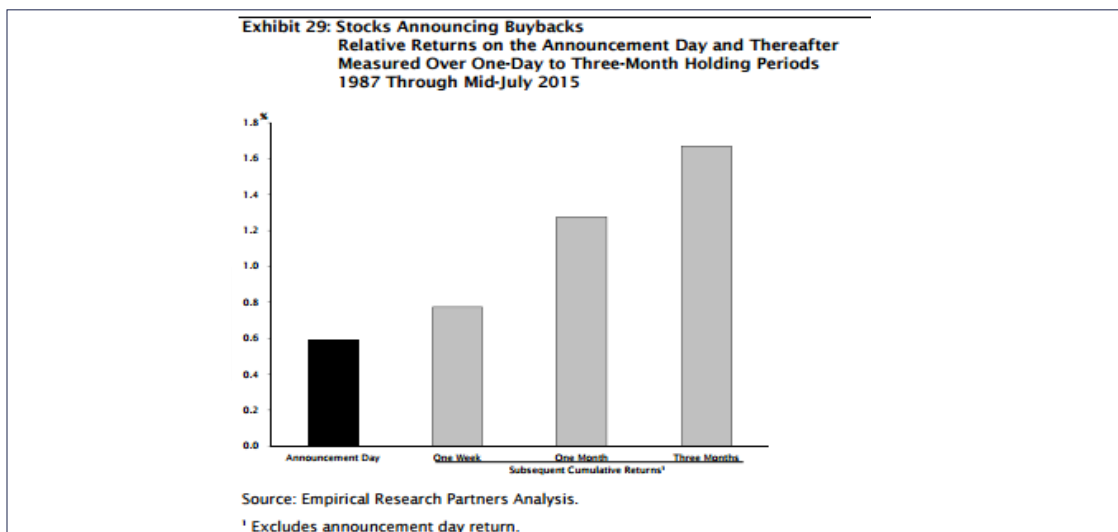
# Market Recap

## Relative Impact of the Yuan Devaluation



Source: Cornerstone Macro

## Stock Buyback



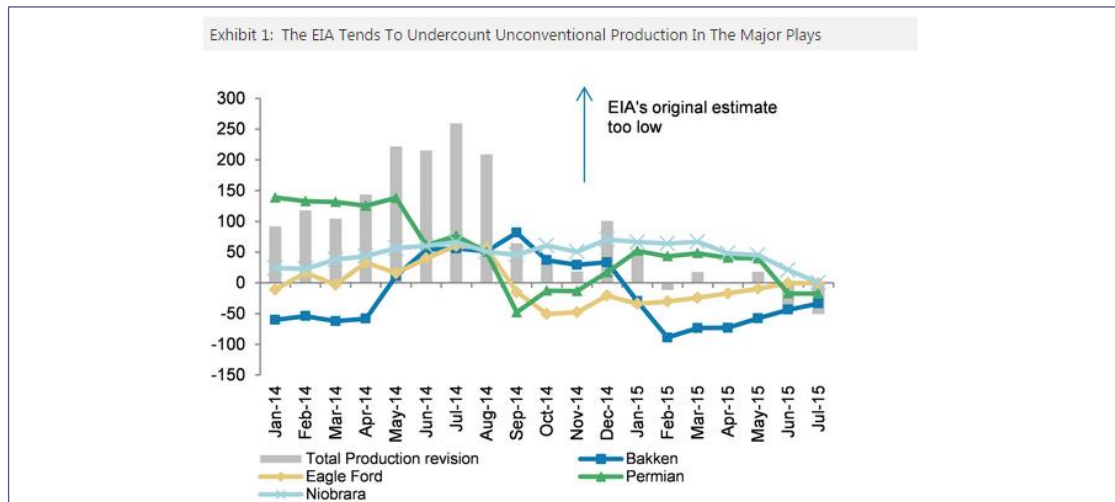
Source: Empirical Research Partners Analysis

China's recent devaluation of its currency, the yuan, triggered the biggest two-day move since 1994—though not nearly as dramatic, by comparison. Over the last four years, the yuan has been mostly flat compared to the U.S. dollar, although the same cannot be said for the yuan's relationship to currencies of China's other trading partners. With its weaker employment, lower consumer spending, and a significant inventory problem, China hoped that devaluing the yuan would be a boon to its exports. Unfortunately, given the persisting weakness in many of its trading partners' economies, this move alone may not be enough to jump-start China's economy. In the U.S., while initially very disruptive to the equity markets, the long-term impacts to the economy – and Chinese trade with the U.S. – are uncertain and may be mixed. China's hope is that lower import prices will help to stimulate U.S. consumer purchases of Chinese goods.

Loosely defined, Alpha is the abnormal return seen on a security (or basket of securities) in excess of a benchmark index against which it is measured. To assess the effect that stock buybacks have upon asset prices, compare the returns on the following: a stock that has announced buybacks, and the market as a whole; from there, one can derive the Alpha of these investments. The corresponding chart depicts the relative (excess) return on these stocks over four holding periods: one-day, one-week, one-month, and three-month. Because such announcements are unforeseeable, most investors will not own the stock on the day of the announcement. So, focusing solely on the grey bars—which exclude the announcement-date return—the data indicate that purchasing stocks that have just announced a buyback can earn an excess of approximately 1.7% over the subsequent three months.

# Market Recap

## Oil Production Levels Still Uncertain



Source: EIA, Morgan Stanley, Commodity Research

## D.C. Dining at a Deal



Source: Metropolitan Association Metropolitan Washington

Although the plunge in oil prices over the past nine months can be attributed to a number of economic factors, its roots lie in a simple imbalance between supply and demand in the energy markets. In order for the price of oil to recover, production will either need to adjust downward to meet current demand levels, or global economic growth must stimulate demand for energy. Some analysts believe that the market is relying too heavily on production forecasts issued by the U.S. Energy Information Administration (EIA) in making forward-looking judgments on the direction of oil prices. These data are estimated, resulting in numerous revisions by the EIA when the concrete figures eventually become available. History proves that the EIA tends to underestimate production, so, while recent reports all show production to be declining, it would be wise to bear in mind that higher-than-expected production figures would continue to adversely affect the price of oil.

For those in the D.C. metropolitan area who have either already returned from summer vacation or not yet found time for a few days off, Summer Restaurant Week 2015 has arrived. From August 17-23, over 200 restaurants will partake in the event, ranging from Europa in Herndon, to Grapeseed in Bethesda, to Jaleo in D.C. Participating restaurants will offer three-course, prix fixe lunch and dinner menus—\$22 and \$35, respectively—with some chefs crafting exclusive new dishes for the occasion. The week-long event will feature a diverse array of cuisines, including Mediterranean, Japanese, Italian, Afghan, Greek, French, and more. Given the popularity of Restaurant Week, reservations are recommended, but not required. Visit [www.ramw.org/restaurantweek](http://www.ramw.org/restaurantweek) for a list of all participating restaurants. Bon appétit!

**Contact:** If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at [www.harbourcapitaladvisors.com](http://www.harbourcapitaladvisors.com).

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