Weekly Data Center

Equities	Level	Returns (%)			
	16-Feb-18	1w	3m	YTD	1y
S&P500	2,732	4.3%	5.7%	2.2%	16.4%
DJIA30	25,219	4.3%	7.5%	2.0%	22.3%
EuroSTOXX	3,427	3.0%	(3.9%)	(2.2%)	3.5%
DAX	12,452	2.8%	(4.6%)	(3.6%)	5.9%
FTSE	7,295	2.9%	(1.2%)	(5.1%)	0.2%

Credit	On the Run Levels (bps)				
	16-Feb-18	09-Feb-18	16-Nov-17	31-Dec-17	16-Feb-17
iTraxx Mains	51	56	52	45	73
iTraxx Fin Snr	51	57	52	44	91
iTraxx X-Over	261	280	242	233	294
CDX IG	51	60	55	49	64
CDX HY	320	354	325	306	322

Commodity	Level	Returns (%)			
	16-Feb-18	1w	3m	YTD	1y
Crude (Brent)	64.8	3.8%	6.1%	(3.0%)	17.6%
Crude (WTI)	61.7	4.2%	11.9%	2.1%	15.6%
Gold	1,347	2.3%	5.3%	3.4%	8.7%
Silver	16.6	1.7%	(2.6%)	(1.7%)	(8.0%)

Forex	Levels				
	16-Feb-18	09-Feb-18	16-Nov-17	31-Dec-17	16-Feb-17
EUR	1.24	1.23	1.18	1.20	1.07
GBP	1.40	1.38	1.32	1.35	1.25
AUD	0.79	0.78	0.76	0.78	0.77
YEN	106.21	108.80	113.06	112.69	113.24

EM Equities	Level	Returns (%)			
	16-Feb-18	1w	3m	YTD	1y
Brazil	84,525	4.5%	16.6%	10.6%	24.6%
Russia	2,255	2.6%	5.7%	6.9%	5.0%
India	10,452	(0.0%)	2.3%	(0.7%)	19.1%
China	3,199	2.2%	(5.9%)	(3.3%)	(0.9%)
South Africa	59,122	5.8%	(0.7%)	(0.6%)	12.4%

Rates	Levels (%)				
	16-Feb-18	09-Feb-18	16-Nov-17	31-Dec-17	16-Feb-17
2-yr US Treasury	2.19	2.07	1.71	1.88	1.20
10-yr US Treasury	2.87	2.85	2.38	2.41	2.45
30-yr US Treasury	3.13	3.16	2.83	2.74	3.05
10-yr German Bund	0.71	0.75	0.38	0.43	0.35
10-yr UK Gilt	1.58	1.57	1.31	1.19	1.26

Key Economic Releases

The week in review

Mon, 12-Feb

Tue, 13-Feb
UK CPI YoY (Actual: 3.00%; Cons.: 2.90%)
Japan GDP QoQ (Actual: 0.10%; Cons.: 0.20%)

Wed, 14-Feb
US CPI MoM (Actual: 0.50%; Cons.: 0.30%)
Eurozone GDP QoQ (Actual: 0.60%; Cons.: 0.60%)

Thu, 15-Feb
US Initial Jobless Claims (Actual: 230k; Cons.: 228k)

Fri, 16-Feb
UK Retail Sales MoM (Actual: 0.50%; Cons.: 0.10%)

The week ahead

Mon, 19-Feb

Tue, 20-Feb

Wed, 21-Feb
US Manufacturing PMI (Cons.: 55.5; Prior: 55.5)
UK GDP QoQ (Cons.: 0.50%; Prior: 0.50%)

Thu, 22-Feb
US Initial Jobless Claims (Cons.: 230k; Prior: 230k)

Fri, 23-Feb
Eurozone CPI MoM (Cons.: -0.90%; Prior: 0.40%)

Market Commentary

In the latest make or break trading sessions stock markets have proved plenty in the past two weeks. In the US they sustained their first 3% dip in 15-months and the first 10% correction in 2-years then quickly regain their footing after inching 4.3% for the week as investors shrugged off volatility and concerns about inflation that drove Wall Street into technical correction territory. 23 stocks in the S&P 500 bounced back to their 52-week highs at some point in Friday's trading. The very happening of the recent volatile episodes makes volatility even more likely as the risk continues to be on, despite some spotty data and continued bearish sentiment. Amidst this tug-of-war between the fear of missing out and the fear of getting caught, investors are gravitating toward banks as the banks have repaired their balance sheets, financials are trading at attractive valuations and most of them are under-owned since financial crisis that will definitely benefit in the higher rates regime. Meanwhile, European stocks finished Friday's session in rally mode, posting their biggest weekly win in more than a year alongside on ongoing recovery in equities on Wall Street. The EuroSTOXX leapt 1.1% on the back of telecom and healthcare sectoral performance while the others bagged over 1% leap with a continuously strengthening backdrop amidst strong corporate earnings and encouraging companies outlook as the Q4 earnings for European companies in the STOXX 600 index are expected to increase 14.6% from a year ago.

Stock rebound could continue as long as the Fed doesn't spook markets or the stocks and bonds call off their existing truce. Treasury yields fell on Friday, after investors bought government paper at more attractive levels as securities held in custody by the Fed for foreign central banks jumped $46bn over the last three weeks to a record high. Short-dated yields saw the brunt of the punishment, as the 2-year note yield inched up to 2.193% and the benchmark 10-year US Treasury notes rose 9/32 in price to push their yield down to 2.860% after inching to 2.994% on Thursday as inflation fears hanged over the bond markets. The faster weekly increase of the short-dated yields contributed to the flattening of the yield curve as analysts are also projecting the federal government to sell more than $1tn of debt, at a time when the Federal Reserve has stepped back from its asset-purchasing operations. In the currencies, the greenback rose in the last trading session but remained on track to record its biggest weekly loss in nine months as negative sentiment offset any support the greenback could take from higher Treasury yields, while the Pound Sterling failed to gain ground on the back of the dollar's weakness as EU Brexit negotiator clarified that Britain's stance on trade and regulation was putting EU-UK trade relations at risk. In the fund flows, the US fund investors fled the riskier corners of the debt market, pulling $6.3bn from HY "junk" bonds during the latest week. Across the board, bond flows showed risk-averse sentiment as $1bn exited emerging market debt funds while $790 million flowed out of corporate IG bond funds. In commodities, oil managed to remain in green as the US WTI crude for March delivery rose 47 cents at $61.81 a barrel while the Brent Crude rose 75 cents to $65.08.

The Treasury market remains front and center as the Treasury Department will auction off $28 billion of 2-year notes, $35 billion of 5-year notes and $29 billion of 7-year notes next week. However, the stock markets will also focus on the remaining corporate earnings and stock valuations to fuel the investor sentiment across the Globe.

Economic Commentary

In the busy week of economic data releases, the headline inflation story registered a more than expected figure to begin in 2018. The consumer prices increased 0.5% in January while registering a 2.1% year-over-year increase on the back of on the back of a 0.3% increase in the food and energy prices, while the producer prices on final demand also rose 0.4% on the back of expensive goods, services and construction. The global economy is much more reflationary than it was last year, and barring a major global taper tantrum with associated economic and risk asset pricing effects, the odds of hitting or even exceeding this estimate are high. Currently running at 1.8%, even a 0.1% MoM increase in the Core CPI going forward will take it moderately above the 2% mark. Amidst the rising inflation Retail sales brought the disappointing news as the growth came in 0.5% below the expected mark on the back of 1.3% decline in vehicles sales and a 2.4% drop in building material & garden equipment sales, thereby depicting a clear decrease in consumer purchasing power amidst the rising inflation ultimately hampering the consumer confidence and business climate. Elsewhere, a decrease in the mining activity slashed down the Industrial Production figure by 0.1% considering the flat manufacturing activities and industrial output.

Across the English Channel, the economic calendar highlighted as the UK CPI steadies in January while the core CPI beats estimates. The consumer prices in the region that rose 3% in January with the largest downward contribution to change in the rate came from prices for motor fuels, which rose by less than they did a year ago. However, the main upward effect came from prices for a range of recreational and cultural goods and services, in particular, admissions to attractions such as zoos and gardens, for which prices fell by less than they did a year ago. This rise could prompt MPC at Bank of England to increase rates once more in the next session. However, lacklustre data on British economic and IMF's warning on the future trade activity could stay the MPC's hand. The deceleration in consumer spending that has been evident for the past year or so continued in January as real retail sales edged up only 0.1% relative to the previous month. Meanwhile in the East, Japan's calendar confirmed the deceleration in the economy as the GDP edged up at an annualized rate of only 0.5% in Q4-2017. However, amidst a tad disappointing growth, the Japanese economy has actually been performing rather well recently as the real GDP grew at 1.6% in 2017 keeping it on the track of positive growth for 8 consecutive years on the back of continued spending in the economy while containing the inflation in lower region as the Bank of Japan is not likely to alter its accommodative policy stance.

During the week, the calendar will be more focussed on the Fed meeting minutes set to release on Wednesday alongside other data points further strengthening the economic sentiment. Elsewhere, UK's employment figure and consumer prices across Japan and Canada will remain in focus.

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Founded in 2013 by former credit traders from Deutsche Bank, Oxane Partners has grown to a team of more than 65 highly skilled financial analysts and technology experts. Oxane Partners is headquartered in London with a delivery centre in India.

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Sources used for preparing the report: Bloomberg; Wall Street Journal, Financial Times, Thomson Reuters