Weekly Data Center

Equities	Level	Returns (%)			
	16-Mar-18	1w	3m	YTD	1y
S&P500	2,752	(1.2%)	2.8%	2.9%	15.6%
DJIA30	24,947	(1.5%)	1.2%	0.9%	19.2%
EuroSTOXX	3,437	0.5%	(3.5%)	(1.9%)	(0.1%)
DAX	12,390	0.3%	(5.4%)	(4.1%)	2.5%
FTSE	7,164	(0.8%)	(4.4%)	(6.8%)	(3.4%)

Commodity	Level	Returns (%)			
	16-Mar-18	1w	3m	YTD	1y
Crude (Brent)	65.5	0.3%	2.6%	(2.0%)	27.9%
Crude (WTI)	62.3	0.5%	8.8%	3.2%	27.9%
Gold	1,314	(0.7%)	4.6%	0.9%	7.1%
Silver	16.3	(1.5%)	1.8%	(3.5%)	(5.7%)

EM Equities	Level	Returns (%)			
	16-Mar-18	1w	3m	YTD	1y
Brazil	84,886	(1.7%)	16.9%	11.1%	29.0%
Russia	2,295	(0.7%)	7.0%	8.8%	13.9%
India	10,195	(0.3%)	(1.3%)	(3.2%)	11.4%
China	3,270	(1.1%)	0.1%	(1.1%)	0.0%
South Africa	58,101	(1.8%)	1.2%	(2.4%)	10.1%

Credit	On the Run Levels (bps)				
	16-Mar-18	09-Mar-18	16-Dec-17	31-Dec-17	16-Mar-17
iTraxx Mains	49	50	48	45	70
iTraxx Fin Snr	52	50	47	44	85
iTraxx X-Over	251	254	238	233	277
CDX IG	54	54	50	49	62
CDX HY	328	328	312	306	325

Forex	Levels				
	16-Mar-18	09-Mar-18	16-Dec-17	31-Dec-17	16-Mar-17
EUR	1.23	1.23	1.17	1.20	1.08
GBP	1.39	1.39	1.33	1.35	1.24
AUD	0.77	0.78	0.76	0.78	0.77
YEN	106.01	106.82	112.60	112.69	113.31

Rates	Levels (%)				
	16-Mar-18	09-Mar-18	16-Dec-17	31-Dec-17	16-Mar-17
2-yr US Treasury	2.29	2.26	1.84	1.88	1.33
10-yr US Treasury	2.84	2.89	2.35	2.41	2.54
30-yr US Treasury	3.08	3.16	2.69	2.74	3.15
10-yr German Bund	0.57	0.65	0.30	0.43	0.45
10-yr UK Gilt	1.43	1.49	1.15	1.19	1.25

Key Economic Releases

The week in review

Mon, 12-Mar

Tue, 13-Mar
US CPI MoM (Actual: 0.20%; Cons.: 0.20%)

Wed, 14-Mar
US Retail Sales MoM (Actual: -0.10%; Cons.: 0.30%)

Thu, 15-Mar
US Initial Jobless Claims (Actual: 226k; Cons.: 228k)

Fri, 16-Mar
Eurozone CPI YoY (Actual: 1.10%; Cons.: 1.20%)

The week ahead

Mon, 19-Mar

Tue, 20-Mar
UK CPI YoY (Cons.: 2.80%; Prior: 3.00%)

Wed, 21-Mar
FOMC Rate Decision (Cons.: 1.75%; Prior: 1.50%)

Thu, 22-Mar
US Initial Jobless Claims (Cons.: 225k; Prior: 226k)
BOE Bank Rate Decision (Cons.: 0.50%; Prior: 0.50%)

Fri, 23-Mar
US Durable Goods Orders (Cons.: 1.70%; Prior: -3.60%)

Market Commentary

Investors spent the past five sessions weighing fallout from a possible trade war, the outlook for cross-border mergers and acquisitions and the economic outlook ahead of next Wednesday's Federal Reserve interest rate decision. US stocks remained vulnerable to headlines, particularly with regard to trade and any retaliation and finished a choppy week of trading on an up note, with the three major Wall Street gauges closing higher. The S&P 500 closed 0.2% higher in the last trading session with all sectors bar technology and consumer cyclicals posting gains. Energy was the best performer after stocks were boosted by a surprise 2% jump in the price of oil. The mood in the technology also swung from one end to the other as the Nasdaq closed at a record high on Monday however, was unable to maintain sentiment as White House blocked Broadcom's proposed $142bn takeover of Qualcomm. Across the Atlantic, European equities edged up on Friday with Worries about a possible trade war have hung over stocks. The Euro STOXX was on track to post a loss of around 0.3% for the week as the investors have become a little bit more tepid on European stocks as the year progresses because valuations carried weight in favour of Europe but the sector make-up doesn't look that great and the news on the trade front isn't supportive for Europe either. Deal-making further added some spice to trading, as the cash rich companies have only so many things to do in this hyper-low interest rate environment, indicating a spike in M&A activity in the region.

In the fixed income markets, with upcoming Federal Open Market Committee meeting looming, US Treasuries sold off into the weekend. The yield on the benchmark 10-year Treasury was up 2.1bps on Friday but had dipped back below 2.8% a number of times during the week, whereas, the yield on the more policy-sensitive 2-year note was up 0.8bps. European bond trading was thin after the Eurex trading system was hit by technical issues. Southern European government bonds outperformed their higher-rated peers as another ECB policymaker warned that inflation in the Eurozone is still proving elusive, a potential hurdle to the withdrawal of monetary stimulus. Elsewhere, the German 10-year bund touched a fresh 5-week low of 0.57%. In the fund flows, the US investors' appetite for risk-taking renewed, with US-based stock funds attracting $20.4bn. The taxable bond funds also had their largest inflows since late January, attracting $3.2bn, but it was technology and financial-banking stocks that stole the spotlight this week, as US-based technology sector stock funds attracted $2bn over the weekly period while the financial-banking sector stock funds posted their fourth consecutive week of inflows. In currency markets, reports of the possible removal of US security adviser McMaster weighed on the dollar, sending it to its lowest level against the yen since early March, while the euro traded up 0.22% at $1.2330, having slipped 0.5% the previous day. In the commodities, Oil prices edged up but were set to fall this week on concerns among investors about rising supply from the US and elsewhere threatening to undermine efforts by OPEC and other producers to tighten the market, with Brent futures rising 0.20% and ultimately trading at $65.25 per barrel.

While the traders will continue to focus on the implications of the tariffs on import of steel and aluminium sectors coming from East in the US, the investors will shift their thoughts to the economic concerns and lending power of the US heavyweights as the FOMC decides to tighten the monetary policy further.

Economic Commentary

The economic calendar for the week confirmed that inflation is taking a bite out of the growth in the US. Economic data this week signalled that inflation has begun to rise and may be adversely affecting consumer spending. Consumer Prices data showed an increase in the headline inflation rate, a trend that was reinforced by the Producer Price Index and import price data. While the reading for February continued to support for a faster pace of price increases this year. Both the headline and core CPI index rose 0.2% for the month, taking the headline reading to 2.2% on a y-o-y basis. The retail sales print also posted their third month in a row of sales declines, raising questions about the strength of the consumer sector in the first quarter. Elsewhere, Industrial production bounced back in February, rising 1.1% in the wake of January's 0.3% decline. While the utilities output declined 4.7%, the manufacturing output rose 1.2% as the capacity utilization rose for the month, implying that more capacity can be brought online, reducing the need for further business fixed investment while inching up further on the back of stronger global and domestic demand. Much like the business investment sector, a stark divergence has emerged between the "soft" consumer confidence data and the "hard" consumer spending data signaling a negative impact on the investment sentiment as well as business climate.

Across the Atlantic, the Eurozone CPI print failed to impress the economy as the reading of 1.1% was shy of the forecast of 1.2%. The eurozone economy has been on the rebound, but inflation levels still remain well short of the ECB target of just under 2%, indicating that the 19-member currency bloc may have more unexploited capacity, particularly in the labour market, which could mean that inflation might take longer to rise back to the ECB's target. While it is clear, that degree of slack is higher in the economy, as confirmed by the central bank, more women, elderly workers and qualified labour from Central Europe coming into the market could be among the explanations for this unexpected labour supply. Inflation has undershot the ECB's target for five years and will continue to miss it at least through the end of the decade, a risk to the ECB's credibility as price stability is the bank's singular objective. With markets expecting the ECB to end its 2.55tn euro bond purchase scheme this year, launched 3 years ago, the ECB's bond purchase scheme is set to run until the end of September at 30bn euros per month, already well below peak purchases at 80bn euros. Even if slack is bigger, the ECB is seeing an improvement in the path of inflation so the bank will eventually need to provide more much more clarity on its interest rate path, which now stipulates that rates will stay at their current level until 'well past' the end of asset buys, a clause that will lose its potency as that point approaches.

The week ahead will be highlighted by the central banks across the major economies in the West and Center of the Globe. While the FOMC will be key attraction in the US, the EU Brexit Summit and Bank of England decision will be the focal point across the English Channel.

About Oxane Partners

Oxane Partners is a boutique advisory firm empowering alternative asset managers across their investment lifecycle. We support investment teams through all the phases of an investment including pre-screening, investment analysis, and portfolio monitoring. By unifying our asset expertise with our proprietary technology platforms, we assist our clients become more agile and outperform the competition.

Our collaborative engagement approach helps our clients evaluate more opportunities faster and better manage their existing portfolios while still maintaining the rigour of their investment process. Oxane Partners has supported more than 50 investment firms including private equity firms, hedge funds, investment banks of varying sizes across the globe. We have successfully managed over 200 projects, advised on more than $40 billion of assets and are currently monitoring $15 billion across asset classes and jurisdictions.

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.

For more information, please visit www.oxanepartners.com.

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