PANORAMIC VIEW OF THE WEEK

Weekly Data Center

Equities	Level 30-Mar-18	Returns (%) 1w	3m	YTD	1y
S&P500	2,641	(0.1%)	(1.2%)	(1.2%)	11.8%
DJIA30	24,103	0.6%	(2.5%)	(2.5%)	16.7%
EuroSTOXX	3,362	0.4%	(4.1%)	(4.1%)	(3.3%)
DAX	12,097	(0.0%)	(6.4%)	(6.4%)	(0.9%)
FTSE	7,057	1.5%	(8.2%)	(8.2%)	(4.3%)

Credit	On the Run Levels (bps) 30-Mar-18	23-Mar-18	30-Dec-17	31-Dec-17	30-Mar-17
iTraxx Mains	60	60	45	45	75
iTraxx Fin Snr	65	65	44	44	88
iTraxx X-Over	283	289	233	233	292
CDX IG	66	66	49	49	68
CDX HY	360	343	306	306	342

Commodity	Level 30-Mar-18	Returns (%) 1w	3m	YTD	1y
Crude (Brent)	69.2	1.2%	3.6%	3.6%	34.0%
Crude (WTI)	64.9	1.2%	7.5%	7.5%	31.2%
Gold	1,326	(0.3%)	1.7%	1.7%	5.7%
Silver	16.4	(0.1%)	(3.3%)	(3.3%)	(10.2%)

Forex	Levels 30-Mar-18	23-Mar-18	30-Dec-17	31-Dec-17	30-Mar-17
EUR	1.23	1.23	1.20	1.20	1.08
GBP	1.40	1.41	1.35	1.35	1.24
AUD	0.77	0.77	0.78	0.78	0.77
YEN	106.43	105.28	112.69	112.69	111.04

EM Equities	Level 30-Mar-18	Returns (%) 1w	3m	YTD	1y
Brazil	85,366	0.7%	11.7%	11.7%	30.3%
Russia	2,286	(0.0%)	8.3%	8.3%	12.9%
India	10,114	(0.0%)	(4.0%)	(4.0%)	10.6%
China	3,161	(3.2%)	(4.4%)	(4.4%)	(2.5%)
South Africa	55,475	(3.1%)	(6.8%)	(6.8%)	5.8%

Rates	Levels (%) 30-Mar-18	23-Mar-18	30-Dec-17	31-Dec-17	30-Mar-17
2-yr US Treasury	2.27	2.28	1.88	1.88	1.27
10-yr US Treasury	2.74	2.82	2.41	2.41	2.38
30-yr US Treasury	2.97	3.06	2.74	2.74	2.99
10-yr German Bund	0.50	0.53	0.43	0.43	0.34
10-yr UK Gilt	1.35	1.44	1.19	1.19	1.15

Key Economic Releases

The week in review

Mon, 26-Mar

Tue, 27-Mar

Wed, 28-Mar
US GDP QoQ (Actual: 2.90%; Cons.: 2.70%)

Thu, 29-Mar
US Initial Jobless Claims (Actual: 215k; Cons.: 230k)
UK GDP QoQ (Actual: 0.40%; Cons.: 0.40%)

Fri, 30-Mar
China Manufacturing PMI (Actual: 51.5; Cons.: 50.6)

The week ahead

Mon, 02-Apr

Tue, 03-Apr

Wed, 04-Apr
US ISM Manufacturing MoM (Cons.: 60.0; Prior: 60.8)
Eurozone CPI MoM (Cons.: 1.40%; Prior: 1.20%)

Thu, 05-Apr
US Initial Jobless Claims (Cons.: 230k; Prior: 229k)

Fri, 06-Apr
US Change in Non-Farm Payrolls (Cons.: 189k; Prior: 313k)

Market Commentary

Investors' willingness to buy stocks that have sharply fallen has helped to avoid exacerbating the market selloff over the past two months. US equities inched up on Thursday as investors sought to take advantage of depressed valuations among some of the market's most sought-after technology stocks cutting the blue-chip index's quarterly loss to 2.5%. However, the damage from two months of uncertainty over rising interest rates and the ramifications of trade tariffs, along with doubts on shares of technology companies to lead major indexes, have proved too severe to overcome, keeping both S&P 500 and DJIA in red for the first quarter of this year. Elsewhere, the return of volatility has elevated the strategy of picking individual stocks rather than broadly investing in an index keeping their performance muted. Across the Atlantic, European markets ended Thursday's session solidly in positive territory. Investors took the opportunity to snap up stocks at reduced prices following the recent pullback in equities, while automakers were particularly strong on reports of a potential merger between Renault and Nissan. The pan-European Stoxx Europe 600 index advanced 0.44% with Euro Stoxx 50 index of eurozone blue-chip stocks increased 0.91%, while the Stoxx Europe 50 index, which includes some major UK companies, added 0.37%. Going forward, while several money managers have upbeat outlooks for the second quarter, as companies are expected to report another quarter of strong corporate earnings, many agree that the whipsawing volatility is likely here to stay after its long absence throughout 2017.

In the fixed income markets, the yield on the benchmark 10-year Treasury note fell below 2.75%, breaking through the key psychological level of 2.8% on Tuesday, yet to recover amid a volatile equity market. The margin between shorter-dated and longer-dated Treasury yields shrank to its smallest in a decade on Thursday as the Street's expectations for upcoming rate hikes contrasted with a long-term belief that inflation will stay tame. The spread between the yield on the 10-year and the 2-year Treasury note fluctuated around 47bps on the week's last day of trading. The bond and forex markets also jolted from an agreement on merger of CME Group and Nex Group as a combination would put CME in pole position to potentially reform trading on the $500bn-a-day US Treasuries market. In the fund flows, the US fund investors drained $14bn in cash from the stock market since early February's market meltdown, dodging declines while making a tactical bet on fallen technology companies. During the latest week, the US investors also turned on international stocks, which have been a popular place to sock away gains from the domestic market, with non-domestic equity funds recording $340mn in withdrawals during their first week of outflows this year. The emerging markets currency highlighted the week by inching up against the US dollar amid higher oil prices and an ebb in global political uncertainty, keeping the basket of currency in red. Elsewhere, implications from the commodities also kept the emerging market currencies up for the week. Prices for the US oil were recently up 1% at $65 a barrel, benefiting the currencies of Russia, Brazil and other commodity exporters as trade-war fears have faded of late on news that the US and China are negotiating to improve access in markets.

April is usually a good month for stocks, but as markets leave behind the volatile months of February and March, worries on unresolved trade tensions and tech weakness remains a concern as does uncertainty around White House personnel and the Russia investigation. The traders will also wait for inflation news spinning it into the next big fear for the comeback of volatility.

Economic Commentary

A slightly lighter on the hard data, the calendar largely focused on the consumer this week. The final look at GDP for Q4 2017 showed the US economic growth was 2.9%, stronger than the 2.5% last reported. Upward revisions to personal consumption showed it rose 4% during the quarter, from 3.8% previously. The consumer contributed 2.8 points to economic growth at the end of last year on strong gains in goods consumption. However, incoming data from the first few months of 2018 suggest personal consumption expenditure growth slowed in Q1, which is not entirely surprising as personal income growth has been slower than what would support such strong spending gains, which the consumer largely accomplished by lowering the saving rate. Additionally, personal income growth was solid through February, increasing 0.4% for the third straight month, with wage and salary growth improving on the back of strong job growth and low unemployment, inducing employers to offer more to hire or retain employees. While the disposable personal income rose 0.4% after a large 1% gain in January as the effects of tax reform dissipated, the consumers saved more on the back of rising spending which was essentially flat when accounting for inflation. Elsewhere, both surveys of consumer sentiment were positive in March keeping the economic growth on track from consumption side.

Across the English Channel, the UK economy expanded at 0.4% quarter-on-quarter finally closing the 2017 print at 1.8% that still marked a slowdown from expansion of 1.9% in 2016, and after 2.3% in 2015. The UK economy has perked up recently thanks to greater clarity over Brexit plans, particularly the thorny issue of the Irish border, and fourth-quarter total business investment came in significantly higher than expected. With a year to go until Brexit there are no surprises with the GDP reading and it is unlikely to have an impact on the pound or the Bank of England's view on raising interest rates in May. Meanwhile, the UK current account deficit is expected to expand by GBP -24bn in the fourth quarter versus a GBP -22.78bn figure seen previously. Elsewhere in the Eurozone, the calendar focussed on the economic indicators from Germany, where the number of unemployed people is continuing its downward trend, reflecting the current robustness of Europe's largest economy, supported by strong domestic spending and solid global trade. Germany's unemployment rate hitting 5.3% represented 19k fewer unemployed people from the month before. The low unemployment is also expected to put upward pressure on wages. Germany has recorded robust economic expansion in recent months, causing some to raise concerns about an overheating of the economy. The country's GDP is projected to grow by at least 2.7% this year, which would be the strongest pace since 2011.

In the latest week, the calendar will be highlighted by the hard data in the US encompassing the labour and manufacturing sector along with shedding a light on the US trade balance data. Elsewhere, the central bank meetings in India and Australia will be in the limelight.

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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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