Weekly Data Center

Equities	Level	Returns (%)			
	06-Apr-18	1w	3m	YTD	1y
S&P500	2,604	(1.4%)	(5.1%)	(2.6%)	10.5%
DJIA30	23,933	(0.7%)	(5.4%)	(3.2%)	15.8%
EuroSTOXX	3,408	1.4%	(5.5%)	(2.7%)	(2.3%)
DAX	12,241	1.2%	(8.1%)	(5.2%)	0.1%
FTSE	7,184	1.8%	(7.0%)	(6.6%)	(1.6%)

Credit	On the Run Levels (bps)				
	06-Apr-18	30-Mar-18	06-Jan-18	31-Dec-17	06-Apr-17
iTraxx Mains	58	60	44	45	74
iTraxx Fin Snr	63	65	42	44	89
iTraxx X-Over	286	283	222	233	285
CDX IG	65	66	46	49	65
CDX HY	358	360	292	306	336

Commodity	Level	Returns (%)			
	06-Apr-18	1w	3m	YTD	1y
Crude (Brent)	66.8	(3.4%)	(1.9%)	(0.1%)	23.5%
Crude (WTI)	62.1	(4.4%)	1.0%	2.7%	20.0%
Gold	1,333	0.6%	1.0%	2.3%	6.5%
Silver	16.4	0.1%	(4.9%)	(3.3%)	(10.3%)

Forex	Levels				
	06-Apr-18	30-Mar-18	06-Jan-18	31-Dec-17	06-Apr-17
EUR	1.23	1.23	1.20	1.20	1.06
GBP	1.41	1.40	1.36	1.35	1.25
AUD	0.77	0.77	0.79	0.78	0.75
YEN	106.93	106.28	113.05	112.69	110.81

EM Equities	Level	Returns (%)			
	06-Apr-18	1w	3m	YTD	1y
Brazil	84,820	(0.6%)	7.3%	11.0%	32.1%
Russia	2,286	-	3.5%	8.3%	11.2%
India	10,332	2.2%	(2.2%)	(1.9%)	11.5%
China	3,131	(1.2%)	(7.7%)	(5.3%)	(4.6%)
South Africa	55,879	0.7%	(6.4%)	(6.1%)	5.6%

Rates	Levels (%)				
	06-Apr-18	30-Mar-18	06-Jan-18	31-Dec-17	06-Apr-17
2-yr US Treasury	2.27	2.27	1.96	1.88	1.24
10-yr US Treasury	2.77	2.74	2.48	2.41	2.34
30-yr US Treasury	3.02	2.97	2.81	2.74	2.99
10-yr German Bund	0.50	0.50	0.44	0.43	0.26
10-yr UK Gilt	1.40	1.35	1.24	1.19	1.10

Key Economic Releases

The week in review

Mon, 02-Apr

Tue, 03-Apr

Wed, 04-Apr
US ISM Manufacturing MoM (Actual: 59.3; Cons.: 59.6)
Eurozone CPI MoM (Actual: 1.40%; Cons.: 1.40%)

Thu, 05-Apr
US Initial Jobless Claims (Actual: 242k; Cons.: 225k)

Fri, 06-Apr
US Change in Non-Farm Payrolls (Actual: 103k; Cons.: 185k)

The week ahead

Mon, 09-Apr

Tue, 10-Apr

Wed, 11-Apr
US CPI MoM (Cons.: 0.00%; Prior: 0.20%)
UK Industrial Production MoM (Cons.: 0.40%; Prior: 1.30%)

Thu, 12-Apr
US Initial Jobless Claims (Cons.: 230k; Prior: 242k)
Eurozone Industrial Production (Cons.: 0.10%; Prior: -1.00%)

Fri, 13-Apr
China Trade Balance (Cons.: $27.3bn; Prior: $33.7bn)

Market Commentary

The once soaring markets has now taken a serious plunge, staging its biggest single-day drop on Friday, as stocks fell sharply on account of escalating worries of a full-fledged trade war between the US and China coupled with a poor employment data for the month of March. Adding to this downfall was the Fed Chief's indication that the central bank would continue with their rate hike this year. Consequently, the S&P 500 closed the week 1.4% lower, while the Dow Jones dropped 0.7% and the Nasdaq declined by about 2.1%. Despite a volatile time for the markets, investors remain optimistic with the onset of the earnings season, which is only supported by the CBOE Skew index, which is close to its lowest level in this year, which is an indication of investors hedging their risk. Trump's retaliation to China's fresh tariffs, not only caused U.S markets to take a plunge, but also set the trend globally. The pan-European Stoxx 600 closed the week lower by 0.35%, with the auto stocks and basic resources stocks which have the highest exposure to Chinese markets. Market swings which were uncommon in 2017, have been quite profound this year and it is highly unlikely that it could calm down over the following weeks. Investors will remain vary about the trade war and over the future Fed rate hike in spite of a highly anticipated earnings report, which could pull the markets up and keep this correction from becoming a major cause of worry. In the coming weeks, escalating trade rhetoric will keep investors on their toes as they watch further developments amid a brewing trade war between the US and China.

In the fixed income market, US Treasury yields took a fall on Friday after a weaker than expected monthly jobs report made its rounds. This came despite the Fed Chief's upbeat speech about a growing US economy and also indicated the possibility of inflation reaching the Fed's 2% goal. The yield on the benchmark 10-year Treasury note closed the week at 2.772% while the yield on the 30-year Treasury bond closed at 3.017%. In the fund flows, US fund investors pulled back from the stock market for a third straight week, withdrawing $11.6bn in cash, in the face of a potential full-blown trade war between the US and China. Elsewhere, major companies start to report quarterly earnings this month, with investors expecting strong profit growth. Wall Street analysts expect first-quarter S&P 500 profits to rise by 18% over the year before, helped by the tax cuts passed in 2017. International stock funds remain a relative bright spot, with emerging markets-focused funds taking in $636mn during the week and continuing an unbroken streak of weekly inflows this year. In the remaining debt instruments, Taxable bond funds attracted $3.5bn during the week and Treasury funds took in $3.1bn, the most since January 2016. The fall in equities was also reflected by the dollar, with the greenback sliding against safe-haven assets such as the yen and Swiss franc. The dollar index was down by 0.4% to 90.11 at the end of the week. Oil prices were also down on Friday, as China is the main importer after Canada of U.S crude oil. Oil is witnessing the major brunt of the latest trade war, which could result in US crude oil pressure that would also affect the global oil prices. Trade war worries only shifted the investor focus to gold, which led to higher gold prices, resulting it being up about 0.62%.

The following week could turn out to be a silver lining for a worried Wall Street as starting next week, trade tensions and regulation of the Tech industry which dominated the markets could now give way to profits and management outlooks.

Economic Commentary

The highlighted calendar for the week reported another solid month of gains in the employment figures. The shortfall in employment growth was mostly due to swings in construction and retail payrolls. Construction payrolls added 65,000 jobs in February, which was driven by unseasonably mild weather, particularly in California. March saw the return of winter weather in the Northeast and a subsequent 15,000-job pullback in construction jobs. For the quarter as a whole, builders added 78,000 jobs, which seems consistent with the improvement we are seeing in single-family home construction. The other big swing was in retail trade, which reportedly added 47,000 jobs in February but then cut 4,000 positions in March. Even with all the turmoil in retailing these swings likely exaggerate the swing in retail employment, which has huge seasonal moves around Christmas and Easter. Elsewhere, in the factory prints, both ISM indices edged back in March. The ISM manufacturing index fell to 59.3. Readings around 60 are extraordinary and the string of readings around that level for the past seven months is something seen on only a handful of occasions in the past 35 years. The ISM non-manufacturing index fell 0.7 points to 58.8, again remaining at an extraordinarily high level. Strength in the ISM indices suggests that economic growth has broadened, lifting more industries and more regions than we had seen previously in this recovery.

Across the English Channel, Purchasing Manager Indices portrayed a slightly softer growth environment in the United Kingdom and the Eurozone. The Markit UK composite PMI fell to 52.5 in March, a two-point decline from February and the lowest reading since July 2016, when Brexit occurred. A particularly weak reading for the construction sector appeared to be the main culprit. The final March readings for the Eurozone PMIs also confirmed a 1.9-point drop in the composite index, which is now down 3.6 points from its recent high in January. Taken together, the surveys suggest that European economic growth remains firmly in expansion territory, but the pace of growth may be slowing from its recent peak. Elsewhere, in the Eurozone, the calendar brought somewhat positive news to the European Central Bank, with figures on Eurozone's inflation and unemployment rate bringing policy normalization closer in sight. Eurozone CPI accelerated to 1.4% yoy in March, up from 1.1%, and met expectation. Core CPI, however, was unchanged at 1.1% yoy, missing expectation of 1.1% yoy. News over the weekend included China imposing fresh tariffs on imports from the US. This is expected to hit the investment sentiment especially in the West that is more dependent on the imports coming from the East of the manufactured goods. Over the weekend, the BoJ's tankan surveys showed that business sentiment weakened in the first quarter of the year. This came amid higher revised readings for the fourth quarter of last year.

In the week, the US inflation print and the FOMC minutes will highlight the calendar in the West, while trade wars development will remain as the key focus, as China print its trade figures in the East

About Oxane Partners

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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.

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