PANORAMIC VIEW OF THE WEEK

Weekly Data Center

Equities	Level	Returns (%)			
	13-Apr-18	1w	3m	YTD	1y
S&P500	2,656	2.0%	(4.7%)	(0.6%)	14.1%
DJIA30	24,360	1.8%	(5.6%)	(1.5%)	19.1%
EuroSTOXX	3,448	1.2%	(4.6%)	(1.6%)	(0.0%)
DAX	12,442	1.6%	(6.1%)	(3.7%)	2.8%
FTSE	7,265	1.1%	(6.6%)	(5.5%)	(0.9%)

Credit	On the Run Levels (bps)				
	13-Apr-18	06-Apr-18	13-Jan-18	31-Dec-17	13-Apr-17
iTraxx Mains	55	58	44	45	77
iTraxx Fin Snr	58	63	42	44	93
iTraxx X-Over	276	286	228	233	294
CDX IG	61	65	47	49	68
CDX HY	340	358	297	306	346

Commodity	Level	Returns (%)			
	13-Apr-18	1w	3m	YTD	1y
Crude (Brent)	72.9	9.1%	4.0%	9.0%	33.2%
Crude (WTI)	67.4	8.6%	4.8%	11.5%	26.7%
Gold	1,346	1.0%	0.6%	3.3%	4.5%
Silver	16.7	1.7%	(3.2%)	(1.7%)	(10.2%)

Forex	Levels				
	13-Apr-18	06-Apr-18	13-Jan-18	31-Dec-17	13-Apr-17
EUR	1.23	1.23	1.22	1.20	1.06
GBP	1.42	1.41	1.37	1.35	1.25
AUD	0.78	0.77	0.79	0.78	0.76
YEN	107.35	106.93	111.06	112.69	109.09

EM Equities	Level	Returns (%)			
	13-Apr-18	1w	3m	YTD	1y
Brazil	84,334	(0.6%)	6.3%	10.4%	34.2%
Russia	2,286	-	1.0%	8.3%	17.5%
India	10,481	1.4%	(1.9%)	(0.5%)	14.5%
China	3,159	0.9%	(7.9%)	(4.5%)	(3.6%)
South Africa	56,563	1.2%	(5.9%)	(4.9%)	5.7%

Rates	Levels (%)				
	13-Apr-18	06-Apr-18	13-Jan-18	31-Dec-17	13-Apr-17
2-yr US Treasury	2.36	2.27	2.00	1.88	1.21
10-yr US Treasury	2.83	2.77	2.55	2.41	2.24
30-yr US Treasury	3.03	3.02	2.85	2.74	2.89
10-yr German Bund	0.51	0.50	0.58	0.43	0.19
10-yr UK Gilt	1.44	1.40	1.34	1.19	1.04

Key Economic Releases

The week in review

Mon, 09-Apr

Tue, 10-Apr

Wed, 11-Apr
US CPI MoM (Actual: -0.10%; Cons.: 0.00%)
UK Industrial Production MoM (Actual: 0.10%; Cons.: 0.40%)

Thu, 12-Apr
US Initial Jobless Claims (Actual: 233k; Cons.: 230k)
Eurozone Industrial Production (Actual: -0.80%; Cons.: 0.10%)

Fri, 13-Apr

The week ahead

Mon, 16-Apr

Tue, 17-Apr
US Industrial Production MoM (Cons.: 0.40%; Prior: 1.10%)

Wed, 18-Apr
Eurozone CPI MoM (Cons.: 1.00%; Prior: 0.20%)
UK CPI MoM (Cons.: 0.30%; Prior: 0.40%)

Thu, 19-Apr
US Initial Jobless Claims (Cons.: 230k; Prior: 233k)

Fri, 20-Apr

Market Commentary

Amidst the flying missiles in Syria followed by a verbal condemnation from Russia, the weekend set forth a week of very, very good earnings season overshadowed by trade and geopolitics risks. US stock benchmarks on Friday wrapped up a solid week on a down note as better-than-expected first-quarter earnings failed to stir buying appetite on Wall Street, underlining concerns about lofty quarterly expectations for American corporations, high valuations and geopolitical anxiety. The stocks fell as several banking heavyweights weighed down the major indexes on the final day. Trading was quiet for much of the day, with just 5.7bn shares changing hands on exchanges owned by the NYSE and Nasdaq. The expectations for this earnings season are high, especially for financials. S&P 500 earnings are forecast to have grown by 17.1% last quarter, meanwhile, financials are expected to see earnings increase by 24% on the back of profits from new tax laws. Despite the day's losses, the S&P 500, DJIA and Nasdaq Composite each rose more than 1% for the week, thanks to a rebound in technology shares that had been hit hard in March, as well as a jump in energy shares. Across the Atlantic, European stocks edged higher on Friday, with the benchmark index scoring a third straight week of gains, as investors watched for developments in the Syria situation and in the trade spat between the US and China. European markets had traded with sizable gains earlier in the session but trimmed the advances in the afternoon as US stocks turned lower. The pan-European benchmark scored a 1.2% weekly gain on the back of a subdued trading in Germany, France and UK.

Growing trade tensions had driven investors out of stocks last month and into assets considered havens, such as government bonds and the yen. Short-term interest rates rose to their highest levels since the financial crisis, as investors bet on more Federal Reserve hikes with inflation showing signs of life. The yield on the 2-year Treasury note hit a high of 2.373%, its highest level since 2008, at a 2.375%. Fund flow data shows investors were warming up to the technology sector again, as the Science and technology funds showed inflows of US$152mn in this week after outflows of US$610.9mn the previous week. In the currencies, the dollar held near a two-week low on Thursday against a basket of currencies as investors remained cautious over possible military action against Syria, while the euro was also steady before minutes of the ECB's March meeting. Elsewhere, the Hong Kong dollar highlighted the week, as the Hong Kong Monetary Authority bought 2.44bn Hong Kong dollars for the second time in the week, to defend the currency's nearly 35-year old link to the US dollar. In the cryptocurrencies, Bitcoin surprised the markets by inching up 20% for the week, after spending the best part of last 2 weeks in sideways trading. In the commodities, worries that an escalation of conflict in the Middle East could disrupt supply sent oil prices higher five trading days in a row, with US crude for May delivery settling at $67.39 a barrel. In a sign for rising demand, International Energy Agency confirmed that commercial oil inventories for advanced nations were at their lowest levels since April 2015. However, hinting on a possible demand crash amidst an uptick in trade disputes around the globe.

Russian Roulette will be the theme for the week in the markets, as traders will rollercoaster on the turbulent trading sessions in the wake of tensions in Syria. Elsewhere, investors will continue to stay pat on the implications of US China trade tensions in the treasury markets.

Economic Commentary

Market participants this week eagerly awaited the release of three carefully watched inflation metrics: the producer price index, the consumer price index and the import price index. Observers who were hoping for signs of firming inflation were not disappointed. CPI being the most highly anticipated economic indicator for the week, highlighted the calendar. Although the headline figure fell 0.1%, the decline can be entirely traced to energy, where prices fell 2.8%. The inflation celebration, albeit a restrained one, was kicked off with the release of March's PPI, which rose 0.3% ahead of expectations for a 0.1% gain. Besides the energy component, all major sub-sectors saw prices rise last month. Moreover, this now marks the third straight month that the PPI for services advanced upward. Our preferred measure of core PPI rose 0.4% and points to the underlying trend in inflation continuing to strengthen. The third inflation metric, the import price index, was generally flat on the month in an otherwise price firming environment. Fuel imports fell for the second month in a row but are still up over the year. Despite the soft headline figure, ex-petroleum import prices rose 0.1% on the month. Recent months have witnessed a heightened level of anxiety surrounding a potential trade war with China, so the jump witnessed in March is unlikely to alter their overall view of inflation.

Across the globe, after a lacklustre 2016, global economic activity accelerated in 2017. Not only did growth in global industrial production strengthen last year but so too did growth in global trade volumes. In the Eurozone where IP slumped 0.8% in February on the back of an unusually cold weather, following the 0.6% drop that was registered in January. Unless IP rebounded 2.1% or more in March, which seems like a tall order, it will have contracted in Q1-2018. Although the real GDP growth in the first quarter was positive—output in the service sector, which accounts for the lion's share of value added, likely remained resilient—the Eurozone is unlikely to match the 0.6% GDP growth rate that it churned out in Q4-2017. Across the English Channel, the real GDP growth in the United Kingdom also appears to have been muted in the first quarter. For starters, IP edged up only 0.1% in February as production in the manufacturing sector fell for the first time in 11 months. Strength in utilities, which reflects the unusually cold weather noted above, kept overall IP growth in positive territory. The last remaining highlight for the calendar, Chinese trade balance recorded a rare change in the final reading. Chinese exports fall back unexpectedly in March but prospect of US tariffs fails to alter trade balance between world's two largest economies. In the first quarter of this year, the bilateral trade surplus rose by 19.4% compared with a year earlier to US$58.25bn, including US$15.3bn in March alone.

The IP prints in the US and the quarterly GDP print in China will further confirm on the trade war implications. Elsewhere, UK and Japanese consumer prices will further hint towards the central banks stand on the monetary policy.

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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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