Weekly Data Center

Equities	Level	Returns (%)			
	20-Apr-18	1w	3m	YTD	1y
S&P500	2,670	0.5%	(5.0%)	(0.1%)	13.3%
DJIA30	24,463	0.4%	(6.2%)	(1.0%)	18.9%
EuroSTOXX	3,494	1.3%	(4.2%)	(0.3%)	1.6%
DAX	12,541	0.8%	(6.7%)	(2.9%)	4.3%
FTSE	7,368	1.4%	(4.7%)	(4.2%)	3.5%

Credit	On the Run Levels (bps)				
	20-Apr-18	13-Apr-18	20-Jan-18	31-Dec-17	20-Apr-17
iTraxx Mains	55	55	45	45	75
iTraxx Fin Snr	57	58	43	44	91
iTraxx X-Over	275	276	232	233	292
CDX IG	61	61	48	49	67
CDX HY	340	340	300	306	345

Commodity	Level	Returns (%)			
	20-Apr-18	1w	3m	YTD	1y
Crude (Brent)	73.6	1.1%	7.2%	10.2%	41.7%
Crude (WTI)	68.4	1.5%	7.9%	13.2%	36.0%
Gold	1,336	(0.7%)	0.3%	2.6%	4.2%
Silver	17.1	2.8%	0.6%	1.1%	(5.1%)

Forex	Levels				
	20-Apr-18	13-Apr-18	20-Jan-18	31-Dec-17	20-Apr-17
EUR	1.23	1.23	1.22	1.20	1.07
GBP	1.40	1.42	1.39	1.35	1.28
AUD	0.77	0.78	0.80	0.78	0.75
YEN	107.66	107.35	110.77	112.69	109.32

EM Equities	Level	Returns (%)			
	20-Apr-18	1w	3m	YTD	1y
Brazil	85,550	1.4%	5.3%	12.0%	34.2%
Russia	2,286	-	(0.0%)	8.3%	18.3%
India	10,564	0.8%	(3.0%)	0.3%	15.6%
China	3,072	(2.8%)	(11.9%)	(7.1%)	(3.2%)
South Africa	57,582	1.8%	(5.5%)	(3.2%)	9.7%

Rates	Levels (%)				
	20-Apr-18	13-Apr-18	20-Jan-18	31-Dec-17	20-Apr-17
2-yr US Treasury	2.46	2.36	2.06	1.88	1.18
10-yr US Treasury	2.96	2.83	2.66	2.41	2.23
30-yr US Treasury	3.15	3.03	2.93	2.74	2.88
10-yr German Bund	0.59	0.51	0.57	0.43	0.24
10-yr UK Gilt	1.48	1.44	1.34	1.19	1.07

Key Economic Releases

The week in review

Mon, 16-Apr

Tue, 17-Apr
US Industrial Production MoM (Actual: 0.50%; Cons.: 0.30%)

Wed, 18-Apr
Eurozone CPI MoM (Actual: 1.00%; Cons.: 1.00%)
UK CPI MoM (Actual: 0.10%; Cons.: 0.30%)

Thu, 19-Apr
US Initial Jobless Claims (Actual: 232k; Cons.: 230k)

Fri, 20-Apr

The week ahead

Mon, 23-Apr
US Manufacturing PMI MoM (Cons.: 55.2; Prior: 55.6)
Eurozone Manufacturing PMI MoM (Cons.: 56.1; Prior: 56.6)

Tue, 24-Apr

Wed, 25-Apr

Thu, 26-Apr
US Initial Jobless Claims (Cons.: 230k; Prior: 232k)
ECB Main Refinancing Rate (Cons.: 0.00%; Prior: 0.00%)

Fri, 27-Apr
US GDP QoQ (Cons.: 2.00%; Prior: 2.90%)
UK GDP QoQ (Cons.: 0.30%; Prior: 0.40%)

Market Commentary

The action packed latest week hinted that investors have already largely priced in solid earnings growth. Stocks moved notably lower over the course of the trading session on Friday, wiping out much of the gains they had accumulated during a string of upbeat corporate earnings reports. With the drop, the Dow pulled back further off the one-month closing high it set on Tuesday. The major averages climbed off their worst levels going into the close but remained firmly negative. The downward move may have been exaggerated somewhat by below average volume, as some traders remained on the sidelines amid a lack of major US economic data. Extending a recent sell-off, retail stocks also moved considerably lower over the course of the session, dragging the Dow Jones Retail Index down by 1.3%. Semiconductor, housing, and computer hardware stocks also saw notable weakness, moving lower along with most of the other major sectors. In overseas trading, stock markets across the Asia-Pacific region moved mostly lower during trading on Friday. Meanwhile, the major European markets turned in another mixed performance on the day. European shares dipped on Friday at the end of a strong week as a rally in commodities softened, sparking profit-taking among mining stocks, although strong earning updates boosted the pan European index for continuous weekly gain. Stocks ended a volatile session marginally lower, as losses in the consumer-goods sector contributed to pulling the regional market away from a seven-week high. While the German DAX Index dipped by 0.2%, the French and UK's index managed to stay in green.

Meanwhile, selling in government bonds accelerated as inflation expectations picked up, sending the yield on the benchmark 10-year US Treasury note to 2.949%, the highest closing since January 2014. At present the yield curve is very flat, and this relationship is narrowing. With 10-year yields exceeding those of two-year yields by less than 0.5% points, it has not been this narrow since before the crisis. That implies sluggish growth and low inflation long into the future, yet inflation expectations are rising. In the fund flows, Investors stormed back into the market for the riskiest corporate debt during the latest week, pumping the most cash into US-based, high-yield bond funds in over 16 months. While US-based "junk" bond funds took in $3 billion, the money-market funds, where investors park cash, recorded $34.9 billion in withdrawals during the same time. The recent activity confirms that investors are starting to take on risk in financial markets after bouts of volatility this year triggered by concerns about U.S.-China trade relations, inflation and rising rates - each of which seemed poised to derail nearly a decade of U.S. stock market gains. Overall, taxable bond funds took in $6.3 billion and the rate-sensitive real estate sector funds reeled in $208 million after three consecutive weeks of withdrawals in light of rising yields. In the currencies, the pound lost 1.6% against the US dollar for the week as investors parsing comments from Bank of England have bet that the next UK interest-rate rise could come later than May. Most of the strength in the Greenback back was also fuelled by rising US Treasury yields and expectations of more rate increases from the US Federal Reserve later in the year. In the commodities, crude oil prices jumped to a new 52-week high on falling stockpiles while natural gas prices rose after a drop in supplies. Elsewhere, gold prices held relatively flat this week at $1,353.60 per troy ounce as the U.S. dollar slipped again and geopolitical tensions eased.

Next week, traders are likely to keep a close eye on reports on new economic data and first quarter GDP from the US and UK. The earnings season also kicks into high gear next week, as a slew of big-name companies are due to release their quarterly results.

Economic Commentary

In the slew of data reported this week, the positive economic outlook outweighed the trade tensions arose in recent weeks. Retail sales were above consensus and increased 0.6% in March, reversing the recent three-month string of declines. Winter weather in the Northeast, which was widely expected to have a greater adverse effect, was limited. The improvement was driven by auto sales, health and personal care and non-store retailers' sales. In the factory prints, industrial production beat expectations and expanded 0.5% in March. The gain follows a 1.0% increase in February, bringing a 4.5% increase for the first quarter on an annualized basis. The bulk of March's rise occurred from a bounce back in utilities output. Mining output continued to recover following the oil rout and grew 1.0%. Meanwhile, manufacturing output stalled after February's substantial increase, rising just 0.1% for the month. The fact that the manufacturing sector was able to register even a modest improvement following the prior month's performance indicates that the sector is in relatively good shape. Elsewhere, business inventories rose 0.6%, marking the third consecutive month of gains. Inventory growth expanded at a 7.3% annualized rate, the fastest clip in over five years. Sales were comparatively weak, growing 0.4% for the month, which is consistent with the slowdown in retail sales to start the year.

In the global prints, International Monetary Fund's April 2018 World Economic Outlook report highlighted the week by confirming. that global GDP grew 3.8% in 2017, the strongest pace of growth since 2011. The IMF's report clearly affirms the synchronous global upswing that occurred over the past year, as many economies enjoyed broad based expansion. Low interest rates likely supported the consumer and business sectors, and price pressures largely remained benign. Although global growth picked up in 2017, we look for output to grow closer to its long-run average over the coming years, as economies such as China fall more in line with their advanced counterparts. China released its Q1 GDP figures this week, and while overall GDP growth matched the pace of the prior two quarters, at 6.8% y-o-y, investment spending and industrial production proved more lacklustre through March. Finally, inflation data released in Europe this week surprised to the downside. The Eurozone's March CPI inflation rate was revised lower to 1.3% y-o-y and remains a roadblock to faster removal of policy accommodation from the European Central Bank, as we discuss on the next page. However, lower inflation in the UK, falling to 2.5% year over year in March from 2.7% in February, is a welcome event considering it is currently above the Bank of England's (BoE) 2% target. As inflation recedes, growth should pick up and be supportive of further tightening from the BoE, and we look for the BoE to raise rates at its May 10 meeting. However, uncertainties surrounding Brexit negotiations could also weigh on growth. The EU and UK began talks on the future of their trading relationships this week, which will affect the degree to which a seamless transition will occur.

ECB policymakers will highlight the economic calendar for the week. In addition to that, fate of Japanese Abenomics will be tested amidst the rising skepticism pouring down from the opposition in the region.

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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 $40bn of assets and are currently monitoring $15bn 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