Weekly Data Center

Equities	Level	Returns (%)			
	27-Apr-18	1w	3m	YTD	1y
S&P500	2,670	(0.0%)	(7.1%)	(0.1%)	11.8%
DJIA30	24,311	(0.6%)	(8.7%)	(1.7%)	15.9%
EuroSTOXX	3,519	0.7%	(3.5%)	0.4%	(1.2%)
DAX	12,581	0.3%	(5.7%)	(2.6%)	1.1%
FTSE	7,502	1.8%	(2.1%)	(2.4%)	3.7%

Credit	On the Run Levels (bps)				
	27-Apr-18	20-Apr-18	27-Jan-18	31-Dec-17	27-Apr-17
iTraxx Mains	54	55	43	45	67
iTraxx Fin Snr	57	57	41	44	76
iTraxx X-Over	271	275	230	233	269
CDX IG	60	61	45	49	64
CDX HY	338	340	292	306	328

Commodity	Level	Returns (%)			
	27-Apr-18	1w	3m	YTD	1y
Crude (Brent)	73.9	0.3%	5.2%	10.5%	45.5%
Crude (WTI)	68.1	(0.4%)	3.0%	12.7%	39.1%
Gold	1,324	(0.9%)	(1.9%)	1.6%	4.7%
Silver	16.5	(3.6%)	(5.2%)	(2.5%)	(4.4%)

Forex	Levels				
	27-Apr-18	20-Apr-18	27-Jan-18	31-Dec-17	27-Apr-17
EUR	1.21	1.23	1.24	1.20	1.09
GBP	1.38	1.40	1.42	1.35	1.29
AUD	0.76	0.77	0.81	0.78	0.75
YEN	109.05	107.66	108.58	112.69	111.26

EM Equities	Level	Returns (%)			
	27-Apr-18	1w	3m	YTD	1y
Brazil	86,445	1.0%	1.1%	13.1%	33.7%
Russia	2,297	0.5%	0.1%	8.9%	14.2%
India	10,692	1.2%	(3.4%)	1.5%	14.5%
China	3,082	0.3%	(13.4%)	(6.8%)	(2.2%)
South Africa	57,453	(0.2%)	(6.7%)	(3.4%)	7.0%

Rates	Levels (%)				
	27-Apr-18	20-Apr-18	27-Jan-18	31-Dec-17	27-Apr-17
2-yr US Treasury	2.48	2.46	2.12	1.88	1.26
10-yr US Treasury	2.96	2.96	2.66	2.41	2.29
30-yr US Treasury	3.12	3.15	2.91	2.74	2.96
10-yr German Bund	0.57	0.59	0.63	0.43	0.30
10-yr UK Gilt	1.45	1.48	1.44	1.19	1.06

Key Economic Releases

The week in review

Mon, 23-Apr
US Manufacturing PMI MoM (Actual: 56.5; Cons.: 55.2)
Eurozone Manufacturing PMI MoM (Actual: 56.0; Cons.: 56.1)

Tue, 24-Apr

Wed, 25-Apr

Thu, 26-Apr
US Initial Jobless Claims (Actual: 209k; Cons.: 230k)

Fri, 27-Apr
US GDP QoQ (Actual: 2.30%; Cons.: 2.00%)
UK GDP QoQ (Actual: 0.10%; Cons.: 0.30%)

The week ahead

Mon, 30-Apr

Tue, 01-May

Wed, 02-May
FOMC Rate Decision (Cons.: 1.75%; Prior: 1.75%)
Eurozone GDP YoY (Cons.: 2.50%; Prior: 2.70%)

Thu, 03-May
US Initial Jobless Claims (Cons.: 224k; Prior: 209k)
Eurozone CPI YoY (Cons.: 0.90%; Prior: 1.00%)

Fri, 04-May
US Change in Non-farm Payrolls (Cons.: 195k; Prior: 103k)

Market Commentary

Earnings season so far has not served to brighten investor moods. US stock benchmarks closed out Friday little changed, and booked modest losses, as investors expressed muted enthusiasm following strong corporate results, even from some of the market's biggest and most influential companies. Beyond corporate earnings and data, investors appeared to shrug off the declaration towards a "complete denuclearization" of the Korean Peninsula. Overall, Even after 79.4% of companies reporting in more than expected earnings, stocks post weekly losses in lackluster session as strong results fail to excite bulls. In the technology sector, The Nasdaq composite erased a sharp gain on Friday as technology stocks gave back rolled over while Amazon slipped from a record high set earlier in the session. The tech-heavy index closed flat as all heavyweights pulled back after rising more than 1% on the back of strong earnings. Meanwhile, across the Atlantic, German and UK stocks led advances in European equity trade amid weakness in the euro and the pound against the dollar, as their stock benchmarks are heavily weighted with exporters and multinational companies, and currency weakness can bolster earnings and revenue for those companies. For the week, the pan-Europe benchmark posted a gain amid a raft of corporate quarterly results as European stocks wavered between small gains and losses for much of the day, with the Stoxx Europe 600 ending up 0.2%. Elsewhere, stocks in Asia rose as the leaders of North and South Korea agreed to pursue a peace agreement—marking a historic step for the two countries.

In the fixed income markets, The yield on the US 10-year Treasury hit its highest level in four years this week, putting upward pressure on borrowing costs and shining a spotlight on the Federal Reserve's plans to hike interest rates. The US yield curve also moved back in flattening mode after a slew of economic data across the week supported the tighter monetary policy, as the spread between 5- and 30-year Treasury yields narrowed to as little as 32.3bps, leaving the curve poised to flatten for a third-straight week and the gap between 2- and 10-year yields briefly dropped to less than 4bps. In the Eurozone, the bonds yields fell on Friday as a cautious European Central Bank helped markets regain their footing after a US-led sell off earlier in the week. Germany's 10-year Bund yield hit a one-week low of 0.564%. Greece's government bond yields meanwhile hit a 2-1/2 month low as Eurozone finance ministers said they are set to decide in June on the future steps to help Greece successfully end its current bailout programme. In the fund flows, investors were undeterred by fears of rising interest rates, with US-based equity funds attracting $3.5bn of net cash in the week. Overall, US-based taxable bond funds posted $921mn for the week, their seventh straight week of inflows, with US-based high-yield "junk" bond funds recording $2.5bn in outflows. Elsewhere, non-US funds also found favor during the week. US-based emerging market equity funds attracted inflows of $975mn for the week, extending their weekly inflow streak for all of 2018. In currencies, The pound dropped to its lowest on Friday, since early March after a preliminary reading of UK Q1 economic growth significantly undershot expectations. Meanwhile, the euro extended losses from Thursday on the back of a dovish tone from the ECB on economic growth in the region.

In the coming week, while the traders will focus on the Federal Reserve and the US Treasury Department to get direction on the treasury yields and corporate earnings data from the remaining companies, the investors will compare the economic analysis to get direction on the monetary policy from the US and European central banks for 2018.

Economic Commentary

The economic calendar for the week confirmed a modest yet a unidirectional upward growth in the US economy. First quarter GDP growth came in at an annualized rate of 2.3%. While that represents a slowing from the roughly 3% pace in the prior three quarters, the outturn was better than the 2.0% growth that had been expected. One key reason for the slower growth rate was that consumer spending grew at just a 1.1% annualized clip. That is the slowest pace in more than four and a half years. Meanwhile the durable goods order gave a clear understanding of the factory participation in the GDP. Double-digit%age gains in orders for both civilian and defense aircraft lifted overall durable goods orders to a better than-expected monthly increase of 2.6%. But elsewhere, orders were flat in March when you exclude the volatile transportation sector. Despite sustained high levels for ISM new orders, actual orders remain inconsistent. Although business spending on equipment slowed, spending on structures picked up. Nonresidential fixed investment spending grew at a 12.3% clip in Q1. Elsewhere this week, the latest readings for new home sales and consumer confidence both came in better than expected. March new home sales jumped 4.0%, which exceeded the 1.9% gain that had been expected. Not only that, the data for the prior month were revised higher as well.

For the remaining sections, the central banks across the globe maintained the status quo on the monetary policies in the respective regions. As expected, the European Central Bank, decided to leave interest rates unchanged while it kept its purchase of assets at €30bn per month until at least September. Perhaps the biggest issue with the ECB's decision was the fact that the latest economic data have been weaker-than-expected, so markets were anxious to hear the spin the ECB president put on the communication of the institution's decision. While the purchase of assets will probably run until September, the Chairman confirmed that the Monetary Policy Committee do not expect the ECB to start increasing rates until Mid-2019. Meanwhile, the Bank of Japan kept its own monetary policy measures basically unchanged, as expected, and is even further away than the ECB from any move to start unwinding its expansionary monetary policy. The communication from the BoJ took away reference to the timing to get back to the target rate of inflation of 2%, which prompted speculation that the BoJ may be indicating a change in policy. Elsewhere, across the English Channel, Economic growth in the UK downshifted in Q1, as it increased 0.1%, not annualized. The outturn was lower than the 0.3% expected by markets and sent analysts to revise their view on the timing for when the Bank of England may start tightening monetary policy. Economic growth in Q1 was driven by industrial production, up 0.7%, while services increased at a 0.3% rate. However, much of the weakness was allocated to the construction sector, which nose-dived 3.3% in the quarter.

In the week, the calendar will be focussed on the manufacturing and factory prints in the US for confirming the current status of the economic growth in the region. Meanwhile, the GDP and inflation print in the Eurozone will confirm the decision by the ECB and its stand on rising the rates in coming years.

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 $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