Weekly Data Center

Equities	Level 08-Jun-18	Returns (%) 1w	3m	YTD	1y
S&P500	2,779	1.6%	1.5%	3.9%	14.2%
DJIA30	25,317	2.8%	1.7%	2.4%	19.5%
EuroSTOXX	3,447	(0.2%)	1.0%	(1.6%)	(3.3%)
DAX	12,767	0.3%	3.3%	(1.2%)	0.4%
FTSE	7,681	(0.3%)	6.6%	(0.1%)	3.1%

Credit	On the Run Levels (bps) 08-Jun-18	01-Jun-18	08-Mar-18	31-Dec-17	08-Jun-17
iTraxx Mains	74	67	52	45	60
iTraxx Fin Snr	91	79	52	44	66
iTraxx X-Over	313	294	260	233	245
CDX IG	66	65	56	49	61
CDX HY	345	345	350	306	320

Commodity	Level 08-Jun-18	Returns (%) 1w	3m	YTD	1y
Crude (Brent)	75.8	(0.6%)	19.2%	13.4%	60.9%
Crude (WTI)	65.7	(0.1%)	9.3%	8.8%	44.0%
Gold	1,298	0.4%	(1.8%)	(0.4%)	1.6%
Silver	16.8	2.3%	1.8%	(0.9%)	(3.7%)

Forex	Levels 08-Jun-18	01-Jun-18	08-Mar-18	31-Dec-17	08-Jun-17
EUR	1.18	1.17	1.23	1.20	1.12
GBP	1.34	1.33	1.38	1.35	1.30
AUD	0.76	0.76	0.78	0.78	0.75
YEN	109.55	109.54	106.23	112.69	110.02

EM Equities	Level 08-Jun-18	Returns (%) 1w	3m	YTD	1y
Brazil	72,942	(5.6%)	(14.2%)	(4.5%)	16.2%
Russia	2,268	(1.2%)	(1.0%)	7.5%	21.0%
India	10,768	0.7%	5.1%	2.3%	11.6%
China	3,067	(0.3%)	(6.7%)	(7.3%)	(2.6%)
South Africa	58,224	1.6%	(1.2%)	(2.2%)	12.1%

Rates	Levels (%) 08-Jun-18	01-Jun-18	08-Mar-18	31-Dec-17	08-Jun-17
2-yr US Treasury	2.50	2.47	2.25	1.88	1.31
10-yr US Treasury	2.95	2.90	2.86	2.41	2.19
30-yr US Treasury	3.09	3.05	3.12	2.74	2.85
10-yr German Bunc	0.45	0.39	0.63	0.43	0.26
10-yr UK Gilt	1.39	1.28	1.47	1.19	1.03

Key Economic Releases

The week in review

Mon, 04-Jun

Tue, 05-Jun
US ISM Non-Manufacturing MoM (Actual: 58.6; Cons.: 57.7)

Wed, 06-Jun

Thu, 07-Jun
US Initial Jobless Claims (Actual: 222k; Cons.: 220k)
Eurozone GDP YoY (Actual: 2.50%; Cons.: 2.50%)

Fri, 08-Jun

The week ahead

Mon, 11-Jun

Tue, 12-Jun
US CPI MoM (Cons.: 0.20%; Prior: 0.20%)

Wed, 13-Jun
FOMC Rate Decision (Cons.: 2.00%; Prior: 1.75%)

Thu, 14-Jun
US Initial Jobless Claims (Cons.: 222k; Prior: 222k)
ECB Main Refinancing Rate (Cons.: 0.00%; Prior: 0.00%)

Fri, 15-Jun
Eurozone CPI YoY (Cons.: 1.90%; Prior: 1.20%)
BoJ Policy Balance Rate (Cons.: 0.00%; Prior: -0.10%)

Market Commentary

World stocks slipped on Friday as expectations of dominant trade tensions and renewed talk of monetary tightening by major central banks weighed on risk sentiment. The global stock markets shook off a bumpy start in the East ahead of a tense G-7 Summit, while ending modestly higher in the West. Exploiting their time-zone, the US stocks closed higher on Friday, with major indexes posting their strongest week in months as investors brushed aside tensions between the US and major G-7 allies. The DJIA closed 75.12 points higher, while the S&P 500 gained 0.3% on the back of 1% rise in consumer staples. The moves Friday come after US markets finished Thursday's session on a mixed note. While the Dow closed in the black on Thursday, the Nasdaq fell from a record high and the S&P also closed lower. The mixed session was driven in part by a sell-off in tech shares and concerns over emerging markets. Nevertheless, the favourable prospects for corporate executives to churn out windfall profits should ultimately drag the broader indices beyond their previous highs. After ignoring the trade tensions for as long as they could, a rocky Asian session on Friday left the European indices feeling rather tender. The stocks closed mostly lower following a slump in Asia and after a week of largely strong gains in the wake of robust US jobs data and easing political headwinds in Italy and Spain. The pan-European STOXX 600 index slipped 0.3%, on track for its third weekly loss in a row, with renewed strength in the euro also weighing.

In the fixed income market, Italy's government bonds faced renewed selling pressure on Friday, as risk aversion in world markets and unease about Rome's spending plans set yields on short-dated debt up for their biggest weekly rise since 2012. Italy's 10-year bond yield climbed 5bps to 3.05%, while its gap over German Bund yields was at its widest at around 263bps because of a 5bps slip in Germany's benchmark yield to 0.44% as investors fretted over next week's ECB meeting. In the US Treasury yields were marginally lower on Friday on light volume as traders awaited the outcome of the G-7 Summit while bond traders are also on edge ahead of next week's $66bn coupon-bearing supply and possible signals on monetary policy coming out of the meetings of US Federal Reserve and ECB policy makers. The US 10-year yield has been on a roller-coaster for two weeks. It was on track to increase about 4 basis points this week, reversing much of last week's drop to a seven-week low tied to fears about political turmoil in Italy. In the fund flows, investors flooded US-based money market funds with nearly $34.9bn in the latest week, seizing an opportunity to reap richer yields while taking less risk. Elsewhere, US-based stock funds invested in emerging markets gathered just $4.8mn during the week, only a week after the largest withdrawals in more than 18 months, while their debt counterparts posted $521mn in outflows. In currencies, the dollar rebounded almost 0.5% from near 3-week lows after coming under pressure this week as the euro bounced back from 10-month lows thanks to ebbing political concerns over Italy and the possible ECB moves over its bond purchases. Elsewhere in commodities, oil prices fell as surging US output and signs of weakening demand in China outweighed support from supply woes in Venezuela and OPEC's production cuts.

All signs point to more upside. It's going to be a big week for the markets, with three central bank meetings (the Fed on Wednesday, the ECB on Thursday and BoJ on Friday) and President Trump's summit with North Korea dominating the headlines. To end the week, Friday is quadruple witching, the quarterly expiration of stock and stock index futures and options.

Economic Commentary

This week, economic data mostly reflected the effects of less slack in the economy. Factory orders showed another backlog of unfilled orders, while the ISM non-manufacturing report highlighted increasing input cost pressures in the service sector. Productivity growth improved 0.4% in the first quarter but unit labour costs grew 2.9% on an annualized basis. In short, with the robust pace of GDP growth we are forecasting in the second quarter (4.2%) combined with a continued reduction in slack in both the supply chain and the labour force, point towards the scene set for a higher inflation environment as the year progresses. April factory orders declined 0.8%, reversing part of March's 1.7% increase. The closely watched core capital goods shipments component climbed 0.9% in the first month of the quarter, mixed by signs of strain in the supply chain as the number of unfilled orders has climbed in five of the last six months. May's ISM non-manufacturing reading notched another gain, rising to 58.6 from 56.8 in April. The diminished slack in both the manufacturing and service sectors of the economy reflects the ongoing robust pace of overall economic activity and signals upside risks to price pressures in the coming months. Looking ahead to the remainder of the year, we are less optimistic that trade will continue to add to growth, owing to a strong negative coming from Trump Trade.

Across the Atlantic, Economic growth in the eurozone cooled in the first quarter to the weakest pace since mid-2016 confirming the estimate. GDP expanded by 0.4% QoQ, decelerating from 0.7% in the final quarter of 2017 while highlighting the eurozone's disappointing start to 2018. Household final consumption had a positive contribution to GDP growth in both the euro area of 0.3% and the contribution from the gross fixed capital formation was also positive with 0.1% contribution. However, the contribution of the external balance to GDP growth was negative. Looking at the regional distribution of the GDP growth in the European Union, the emerging market economies' growth rate was higher compared with the traditional countries of Western Europe. Industries being the largest positive contributor to GDP growth in first-quarter in the Eurozone in terms of added-value creation was the communication and information technology sector rising 3.8% over the year followed by professional services with the gross added value rising 3.4% in the first quarter. Economists had broadly forecast that growth in the eurozone would accelerate later in the year. However, second quarter data have also underwhelmed. In Germany, for instance, factory orders unexpectedly fell in April for the fourth month in a row, marking a dreary start to the second quarter. In broader terms, the eurozone economy has been performing well and inflation continues to move higher, raising the question of what's next for the ECB stimulus program. The ECB currently buys €30bn each month, and the scheme is scheduled to end in September. The bank has extended the program in the past, but stronger economic conditions have strengthened the case to finally end stimulus.

In the week, while the three central banks meeting will highlight the calendar as a whole. The economists will drive the meetings with the CPI data in the US followed by the factory and retail sales prints in the west. While in the East they will focus on the industrial prints from China while keenly witnessing the ECB and Bank of Japan meeting 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 $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