Weekly Data Center

Equities	Level	Returns (%)			
	03-Aug-18	1w	3m	YTD	1y
S&P500	2,840	0.8%	8.0%	6.2%	14.9%
DJIA30	25,463	0.0%	6.4%	3.0%	15.6%
EuroSTOXX	3,482	(1.3%)	(1.3%)	(0.6%)	0.5%
DAX	12,616	(1.9%)	(0.6%)	(2.3%)	3.8%
FTSE	7,659	(0.5%)	2.1%	(0.4%)	2.5%

Credit	On the Run Levels (bps)				
	03-Aug-18	27-Jul-18	03-May-18	31-Dec-17	03-Aug-17
iTraxx Mains	64	61	56	45	52
iTraxx Fin Snr	78	75	61	44	50
iTraxx X-Over	294	281	275	233	233
CDX IG	59	58	62	49	57
CDX HY	327	330	350	306	320

Commodity	Level	Returns (%)			
	03-Aug-18	1w	3m	YTD	1y
Crude (Brent)	72.8	(1.3%)	(1.1%)	9.0%	41.6%
Crude (WTI)	68.5	(0.3%)	0.1%	13.4%	39.7%
Gold	1,215	(0.8%)	(7.4%)	(6.7%)	(4.2%)
Silver	15.4	(0.6%)	(6.2%)	(9.0%)	(7.4%)

Forex	Levels				
	03-Aug-18	27-Jul-18	03-May-18	31-Dec-17	03-Aug-17
EUR	1.16	1.17	1.20	1.20	1.19
GBP	1.30	1.31	1.36	1.35	1.31
AUD	0.74	0.74	0.75	0.78	0.80
YEN	111.25	111.05	109.19	112.69	110.05

EM Equities	Level	Returns (%)			
	03-Aug-18	1w	3m	YTD	1y
Brazil	81,435	2.0%	(2.2%)	6.6%	22.0%
Russia	1,673	0.6%	8.2%	9.0%	19.1%
India	11,361	0.7%	6.4%	7.9%	13.5%
China	2,740	(4.6%)	(11.6%)	(17.1%)	(16.3%)
South Africa	57,118	(0.1%)	(0.3%)	(4.0%)	2.6%

Rates	Levels (%)				
	03-Aug-18	27-Jul-18	03-May-18	31-Dec-17	03-Aug-17
2-yr US Treasury	2.64	2.67	2.48	1.88	1.34
10-yr US Treasury	2.95	2.95	2.95	2.41	2.22
30-yr US Treasury	3.09	3.08	3.12	2.74	2.80
10-yr German Bunc	0.41	0.40	0.53	0.43	0.45
10-yr UK Gilt	1.33	1.28	1.39	1.19	1.15

Key Economic Releases

The week in review

Mon, 30-Jul

Tue, 31-Jul
Eurozone GDP QoQ (Actual: 0.30%; Cons.: 0.40%)

Wed, 01-Aug

Thu, 02-Aug
US Initial Jobless Claims (Actual: 218k; Cons.: 220k)

Fri, 03-Aug
US Change in Nonfarm Payrolls (Actual: 157k; Cons.: 193k)

The week ahead

Mon, 06-Aug

Tue, 07-Aug

Wed, 08-Aug

Thu, 09-Aug
US Initial Jobless Claims (Cons.: 220k; Prior: 218k)

Fri, 10-Aug
US CPI MoM (Cons.: 0.20%; Prior: 0.10%)

Market Commentary

A common theme in recent weeks is for Asia and Europe to struggle on trade war headlines, but for the US to break the shackles and shrug off any weakness and recover. World stocks climbed on Friday, driven by a combination of strong earnings and a rally in the technology sector after Apple became the world's first trillion-dollar company, although worries over a global trade dispute kept a lid on gains. In the US, the stocks advanced on Friday as upbeat earnings helped investors shrug off heightened trade anxieties and weaker-than-expected July jobs growth. The S&P 500 and the DJIA gained ground and the Nasdaq was essentially flat on Friday as positive earnings helped investors overlook heightened trade tensions and weaker than expected July jobs growth. The second-quarter reporting season nears its final stretch with 406 of the companies in the S&P 500 having reported, 78.6% of which came in above Street estimates. Of the 11 major sectors of the S&P 500, energy was the sole percentage loser. Oil prices gave up gains from the previous session, weighed upon by concerns about trade and demand for crude, while hedge funds and other money managers cut their bullish crude bets this week. Advancing issues outnumbered declining ones on the NYSE by a 1.51:1 ratio, while on Nasdaq, a 1.41:1 ratio favoured decliners. The S&P 500 posted 22 new 52-week highs and two new lows; the Nasdaq Composite recorded 73 new highs and 70 new lows as the volume on US exchanges was 5.96bn shares, compared with the 6.29bn share average over the last 20 trading days. Across the Atlantic, the UK's top share index climbed higher on Friday as cyclical stocks recovered thanks to a respite from trade and Brexit worries, while results from the banking heavyweights were well-received. Stocks elsewhere mostly rose, with major indexes in Asia struggled for traction, though, as trade tensions continued to weigh on investors' minds.

In the fixed income market, the US treasuries advanced Friday after the Labor Department said that the pace of hiring slowed in July and China said it would impose new tariffs on imports from the US The yield on the benchmark 10-year Treasury note fell the most in one month to 2.952% from 2.986% Thursday. In a more highlighted trade, Italian bonds tanked early on Friday as investors fretted over tensions within the government, before making up a large chunk of the losses during a volatile session in Italian bond markets. By the close, they were at 1.04% and 2.12%, just 7-8 bps higher on the day. However, Italy's 10-year bond breached 3.1% for the first time since early June, but ended the day at 2.93%, while the spread over Germany was about 8 bps wider on the day at 253 bps. In the fund flows, Investors withdrew $1bn from US Treasury funds, the most since April 2016, as longer-dated Treasury prices fell for the week ended Wednesday, while the fixed-income investors moved $1.2bn into US corporate investment-grade bond funds, adding to a streak of weekly inflows since March. Within US-based equity funds, investors added over $2bn for the week, the most since May. The inflows stem from ETFs, which took in more than $5.9bn, while US equity mutual funds posted outflows of more than $3.8bn. In currencies, the US dollar came under some pressure after data showed US job growth slowed in July on Friday, while slipping against the yuan after the Chinese central bank acted to stabilize the currency by stemming speculation against it. Elsewhere, Sterling fell back below $1.30 on Friday after Bank of England Governor Mark Carney said there was an "uncomfortably high" risk of Britain leaving the European Union without a deal. The BoE raised interest rates from crisis-era lows on Thursday but that failed to boost the pound as the central bank also signalled it was in no rush to tighten policy further. In commodities, Brent oil futures steadied under $74 a barrel as the market focused on bearish longer-term factors after gains in the previous session, which were driven by US crude inventories in at a major hub falling to their lowest in nearly four years.

Economic Commentary

The US economic data this week were broadly consistent with a domestic economy that is grinding toward an output gap that is positive rather than negative. Employment costs at private businesses have risen 2.9% amid a more rapid rise in wages and benefits. Public sector costs have been more subdued, however, as wage growth has slipped back under 2%. While total compensation growth remains below the previous cycle's peak, this make senses from a fundamental standpoint given lower levels of productivity growth and inflation. The ISM manufacturing index cooled a bit in July but remained firmly in expansion territory at 58.1. Most sub-indices moderated over the month and, along with comments from respondents, hint that the recent trade environment has begun to impact activity. The current production component edged down, and new orders fell to the lowest level in a little over a year at 60.2. Against this domestic backdrop, the Fed elected to remain on hold at its August meeting, which concluded this week. The FOMC upgraded its assessment of the economy compared to the statement that was released at the end of the last meeting in June. When describing growth, the FOMC upgraded its characterization of the pace of economic activity from "solid," which it used in the last policy statement, to "strong." Elsewhere, US employment data gave a disappointed print at 157k. The net revisions over the previous two months were +59k, however, softening the blow of the miss. Manufacturing payrolls were particularly strong, rising 37k in July, the fastest pace of 2018. The unemployment rate dipped to 3.9%, while average hourly earnings were unchanged at 2.7% year over year.

Across the Atlantic, Several Q2 GDP releases and central bank announcements flooded the international arena this week. In the Eurozone, Q2 GDP growth fell a bit short from consensus expectations, and at 2.1% (year over year) represents a continued deceleration from the more rapid 2.8% rate registered in Q4-2017. But the underlying economic expansion should remain intact. The manufacturing and consumer sectors were both likely solid performers in Q2, and along with gradually rising wages and a tight labor market should propel economic growth in coming quarters. However, inflation remains lackluster and continues to restrain the removal of monetary policy accommodation on the part of the European Central Bank. While headline inflation has returned to the ECB's 2% target in recent months, core inflation remains stuck around 1%. Across the English Channel, the trend toward global monetary policy convergence looks poised to pick back up in the second half of the year after pausing amid a slowdown in global growth in H1. The Bank of England raised rates 25 bps after remaining on hold since November 2017. While economic growth in the U.K. was slower than expected in Q1, the BoE characterized the deceleration as only temporary, and continued to state that "the economy has a very limited degree of slack." Inflation also remains above the BoE's 2% target in the wake of sterling depreciation following the Brexit Referendum in 2016. But the BoE looks for domestic cost pressures to pick up, while external factors pushing up prices should continue to subside. Although uncertainty surrounding Brexit negotiations has increased recently, the BoE remains of the view that sustained economic growth warrants further rate increases to support its inflation target. Assuming this occurs, we look for the BoE to continue to gradually tighten policy. Elsewhere, Reserve Bank of India also hiked two of its main policy rates 25 bps each at its meeting.

About Oxane Partners

Oxane Partners is a boutique advisory firm empowering alternative asset managers across their investment lifecycle. We support investment teams through all the phases of an investment including pre-screening, investment analysis, and portfolio monitoring. By unifying our asset expertise with our proprietary technology platforms, we assist our clients become more agile and outperform the competition.

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