Weekly Data Center

Equities	Level	Returns (%)			
	24-Aug-18	1w	3m	YTD	1y
S&P500	2,875	0.9%	5.4%	7.5%	17.9%
DJIA30	25,790	0.5%	3.9%	4.3%	18.4%
EuroSTOXX	3,427	1.6%	(2.7%)	(2.2%)	(0.5%)
DAX	12,395	1.5%	(3.6%)	(4.0%)	1.8%
FTSE	7,577	0.3%	(1.8%)	(1.4%)	2.3%

Credit	On the Run Levels (bps)				
	24-Aug-18	17-Aug-18	24-May-18	31-Dec-17	24-Aug-17
iTraxx Mains	66	71	63	45	57
iTraxx Fin Snr	80	87	71	44	56
iTraxx X-Over	286	306	288	233	245
CDX IG	60	61	62	49	60
CDX HY	329	335	350	306	320

Commodity	Level	Returns (%)			
	24-Aug-18	1w	3m	YTD	1y
Crude (Brent)	75.0	5.7%	(4.2%)	12.3%	45.6%
Crude (WTI)	69.8	5.9%	(1.2%)	15.6%	47.8%
Gold	1,205	1.8%	(7.6%)	(7.5%)	(6.3%)
Silver	14.8	0.1%	(11.1%)	(12.5%)	(12.7%)

Forex	Levels				
	24-Aug-18	17-Aug-18	24-May-18	31-Dec-17	24-Aug-17
EUR	1.16	1.14	1.17	1.20	1.18
GBP	1.28	1.27	1.34	1.35	1.28
AUD	0.73	0.73	0.76	0.78	0.79
YEN	111.24	110.50	109.26	112.69	109.56

EM Equities	Level	Returns (%)			
	24-Aug-18	1w	3m	YTD	1y
Brazil	76,262	0.3%	(4.8%)	(0.2%)	7.2%
Russia	1,726	1.9%	6.0%	12.4%	25.6%
India	11,557	0.8%	9.9%	9.7%	17.2%
China	2,729	2.3%	(13.5%)	(17.5%)	(16.6%)
South Africa	58,798	3.8%	3.7%	(1.2%)	3.9%

Rates	Levels (%)				
	24-Aug-18	17-Aug-18	24-May-18	31-Dec-17	24-Aug-17
2-yr US Treasury	2.62	2.61	2.51	1.88	1.33
10-yr US Treasury	2.81	2.86	2.98	2.41	2.19
30-yr US Treasury	2.96	3.02	3.13	2.74	2.77
10-yr German Bunc	0.35	0.31	0.47	0.43	0.38
10-yr UK Gilt	1.28	1.24	1.40	1.19	1.05

Key Economic Releases

The week in review

Mon, 20-Aug

Tue, 21-Aug

Wed, 22-Aug

Thu, 23-Aug
US Initial Jobless Claims (Actual: 210k; Cons.: 215k)
Eurozone Manufacturing PMI (Actual: 54.6; Cons.: 55.2)

Fri, 24-Aug

The week ahead

Mon, 27-Aug

Tue, 28-Aug

Wed, 29-Aug
US GDP QoQ (Cons.: 4.00%; Prior: 4.10%)

Thu, 30-Aug
US Initial Jobless Claims (Cons.: 213k; Prior: 210k)

Fri, 31-Aug
Eurozone CPI YoY (Cons.: 2.10%; Prior: 2.00%)

Market Commentary

US stocks rose Friday, with the S&P 500 and the Nasdaq closing at records, after Fed Chairman affirmed the central bank's strategy of gradually normalizing monetary policy, highlighting the strength in the economy and robust corporate results that have helped to support investment appetite for equities. The technology-heavy Nasdaq Composite Index, boosted by particularly strong performance from semiconductor stocks, and the Russell 2000 Index of small-cap companies outpaced the advance of the broad S&P 500 Index. As a result, growth stocks extended their wide performance advantage over value shares for the year. Seven of eleven sectors advanced this week, with cyclical groups showing relative strength The S&P 500 climbed as much as 0.6 % backed by energy sector which was up 1.2 % on the back of higher oil prices. Consumer staples was the laggard, trading roughly flat. The lightly-weighted materials sector was the top-performing group, followed closely by the top-weighted technology sector which were up by 1.1%. Within the tech space, software company Autodesk spiked about 15.3% after reporting better-than-expected earnings and revenues, was a major reason for increase. All Equity funds report net outflows totaling -$2.990bn US-based equity funds posted $1.27bn of net outflows in the week ended Wednesday, marking the third consecutive week of cash withdrawals. The UK stocks registered slight daily and weekly gains Friday, finishing trade on a solid footing before the start of three-day weekend for the British benchmark. Elsewhere, the Stoxx Europe 600 rose less than 0.1%, notching a weekly gain contrast to Autos and suppliers nevertheless fell sharply after Germany's Continental issued its second profits warning in four months.

In fixed income markets, US Treasuries finished slightly lower, pushing the benchmark 10-yr yield up one basis point to 2.83%. The difference between two- and 10-year Treasury yields declined to below 20 basis points for the first time since August 2007 to 19.6 basis points. Trump's hawkish talk about wanting Fed policymakers to keep interest rates low may have helped boost demand for Treasuries. New issuance of municipal bonds was light, helping to support that market US The German yield curve bear steepens with yields 0.1 bp (2-yr) to 1.1 bp (30-yr) higher. Volume on US exchanges was relatively low to 5.43 billion shares, compared to the 6.28 billion average over the last 20 trading days. On the softer side, the dollar slipped Friday after Federal Reserve Chairman Jerome Powell gave little indication the central bank would accelerate its pace of rate increases in coming months. In the UK, the pound fell against the dollar, as the government released contingency plans for a "no deal" Brexit, which would take effect if the UK and European Union (EU) fail to agree to an exit deal before the March 2019 date for the UK's departure. The yuan fell for the eleventh-straight week, extending a record-long slide, and is down almost 9% since the end of March as trade relations with the US have worsened. Crude oil prices rose steadily, finishing the week up nearly 6%, as the energy market seemed to anticipate that sanctions on Iran would tighten global oil supplies. Metals prices have recorded their best week in months, as Gold jumped 2.5% over the week, snapping a six-week losing streak. WTI crude oil ticked $0.89 higher to $68.72 per barrel. US investors seem to be looking through a lot of risks right now, which in addition to trade disputes include the possibility of the Fed moving too quickly to raise interest rates. Hence seems to be more conservative.

Economic Commentary

The week was replete with data that underscored the divide between a sluggish housing sector and an overall improving economy, as both new and existing home sales again came in below expectations in July. Existing homes sales declined 0.7% to a 5.34-million unit pace in July. Tight inventories are more of a concern as low inventories are driving prices higher, which appears to have softened buyer interest, but may be a sign of more sellers eventually coming to market. Higher interest rates also appear to have had an impact on the housing market. Mortgage rates have picked up over the past year, which are contributing to the cost of purchasing a home. Topline durable goods orders slipped 1.7% in July. However, much of the monthly drop was in the transportation sector, as both civilian and military aircraft orders fell more than 34%. Excluding the volatile transportation component, there was fairly broad-based strength, as orders increased 0.2%, and nondefense capital goods orders excluding aircraft rose 1.4%. Consumer confidence rose 0.3 points in July, while June's drop was revised lower than first reported. Both personal income and personal spending rose 0.4% in June. Hopes for a resolution in the US-China trade battle fizzled out as each country began imposing previously announced tariffs on $16bn of imports from the other side, and trade officials from both countries ended two days of talks with no agreement. Under the latest round of trade retaliation, on Thursday the US began to levy an additional 25% in tariffs on Chinese imports ranging from motorcycles to machinery.

The timing of the tariffs came in the middle of the first face-to-face meeting between US and Chinese officials since early June. The meeting, led by US Treasury Under Secretary David Malpass and Chinese Commerce Vice Minister Wang Shouwen in Washington, had raised hopes of a breakthrough in the escalating trade dispute. But those hopes were quashed as it became clear that negotiations produced no concrete steps toward resolving the conflict. In the Eurozone, the closely-watched preliminary August release of the Markit PMI yielded mixed results. The manufacturing PMI missed consensus expectations for a 0.1 point rise, falling 0.5 points to 54.6. While the manufacturing PMI continued its marked decline from the seven-year high registered at the end of 2017, the August reading still remains above the 50 demarcation line signalling expansion. The services and composite PMIs both increased slightly in August to 54.4. Headline consumer price inflation has surpassed 2.0% in the Eurozone, but much of the recent increase has occurred as a result of higher energy and utility prices. Core inflation was a much lower 1.1% year-over-year through July. While this matches the high of 2018, it remains nearly half of the ECB target of "below, but close to, 2% over the medium term." Unlike the United States, real GDP appears to have decelerated in Europe this year Even still, the divergence between the United States and Eurozone economies has become starker in recent months, with both survey and hard data in Europe well off their recent highs. To cap the week, Fed Chair Powell gave a speech in Jackson Hole on Friday. He emphasized his view that the economy has "strengthened substantially" and there is "little risk of overheating."

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