Weekly Data Center

Equities	Level	Returns (%)			
	14-Sep-18	1w	3m	YTD	1y
S&P500	2,905	1.2%	4.4%	8.7%	16.4%
DJIA30	26,155	0.9%	3.9%	5.8%	17.8%
EuroSTOXX	3,345	1.6%	(5.2%)	(4.5%)	(5.2%)
DAX	12,124	1.4%	(7.5%)	(6.1%)	(3.3%)
FTSE	7,304	0.4%	(5.9%)	(5.0%)	0.1%

Credit	On the Run Levels (bps)				
	14-Sep-18	07-Sep-18	14-Jun-18	31-Dec-17	14-Sep-17
iTraxx Mains	60	64	66	45	51
iTraxx Fin Snr	68	75	76	44	49
iTraxx X-Over	281	287	290	233	226
CDX IG	56	60	61	49	57
CDX HY	318	331	350	306	320

Commodity	Level	Returns (%)			
	14-Sep-18	1w	3m	YTD	1y
Crude (Brent)	78.2	1.9%	3.9%	17.0%	41.9%
Crude (WTI)	69.0	1.8%	3.1%	14.2%	38.3%
Gold	1,195	(0.2%)	(8.2%)	(8.3%)	(10.1%)
Silver	14.1	(0.8%)	(18.1%)	(17.0%)	(21.0%)

Forex	Levels				
	14-Sep-18	07-Sep-18	14-Jun-18	31-Dec-17	14-Sep-17
EUR	1.16	1.16	1.16	1.20	1.19
GBP	1.31	1.29	1.33	1.35	1.34
AUD	0.72	0.71	0.75	0.78	0.80
YEN	112.06	110.99	110.63	112.69	110.24

EM Equities	Level	Returns (%)			
	14-Sep-18	1w	3m	YTD	1y
Brazil	75,429	(1.3%)	5.6%	(1.3%)	1.0%
Russia	1,722	0.5%	2.2%	12.1%	20.8%
India	11,515	(0.6%)	6.5%	9.3%	14.2%
China	2,682	(0.8%)	(11.9%)	(18.9%)	(20.5%)
South Africa	56,582	(0.9%)	(3.3%)	(4.9%)	1.3%

Rates	Levels (%)				
	14-Sep-18	07-Sep-18	14-Jun-18	31-Dec-17	14-Sep-17
2-yr US Treasury	2.78	2.70	2.56	1.88	1.36
10-yr US Treasury	3.00	2.94	2.94	2.41	2.18
30-yr US Treasury	3.13	3.10	3.05	2.74	2.77
10-yr German Bunc	0.45	0.39	0.43	0.43	0.41
10-yr UK Gilt	1.53	1.46	1.33	1.19	1.23

Market Commentary

Stocks finished higher last week, rebounding from the more than 1% decline experienced the previous week. Gains were capped as President Donald Trump wants to move forward with tariffs on $200 billion in Chinese goods. The S&P 500 settled just above its flat line, locking in a 1.2% gain for the week. The Dow and Nasdaq also finished near their flat lines, ending the week with respective gains of 0.9% and 1.4%. Most of the major sectors ended the day showing only modest moves, large-cap stocks outpaced small-caps with companies in the transportation segment such as railroad operators, trucking companies, and airlines—notably outperforming the broad market, although considerable strength was visible among steel stocks. Reflecting the strength in the steel sector, the NYSE Arca Steel Index advanced by 1.5%. The broader market treaded water during Friday, thanks to gains in cyclical sectors like financials, industrials, and energy. In moderate volume, 0.762 billion shares were traded on the NYSE and 2.0 billion shares changed hands on the Nasdaq. Advancing issues outnumbered declining ones on the NYSE by a 1.04-to-1 ratio; on Nasdaq, a 1.12-to-1 ratio favoured advancers. Despite learning that wage growth in the recently released nonfarm-payrolls report for August had accelerated , fund investors padded the coffers of taxable fixed income funds (+$2.4 billion) but were net redeemers of money market funds (-$3.8 billion), equity funds (-$1.8 billion), and municipal bond funds (-$136 million).Across the Atlantic, the European stocks ended Friday's session on a positive note, as a strong performance by markets overseas lifted sentiment. The pan-European STOXX 600 closed up 0.35%; however, on the week, it soared 1.09%.On the bourses front, the U.K.'s FTSE 100 rose 0.31%, the French CAC 40 jumped 0.46% and the German DAX closed up 0.57%. Almost all of the region's sectors finished in the black, with the exception of utilities, retail and media. Europe's automakers and miners were the top performing sectors on Friday, with both industries rising some 1% or more each.

In the fixed income markets, treasury yields increased despite the dovish statements and soft inflation data, with the yield on the 10-year Treasury note touching 3.00% intraday on Friday. As a result, the yield on the benchmark ten-year note rose by 3.1 basis points and closed at 2.994%. Issuance of municipal bonds ticked upward during the week as a result longer-maturity municipal debt increased to their highest levels since the beginning of the summer. New issuance of investment-grade corporate bonds was steady and was met with generally strong demand. On the softer side, dollar Index—a comparison of the U.S. dollar to six major world currencies—was 0.4% higher at 94.92. The UK pound ticked up 0.21% against the Euro and was off 0.25% against the US dollar. In commodity markets, oil prices on both sides of the Atlantic were higher. WTI crude oil ticked $0.40 higher to $68.99 per barrel and wholesale gasoline was down $0.02 at $1.97 per gallon. Elsewhere, gold edged higher on Friday, lifted by a weaker dollar, but gains were tempered by expectations of a US rate hike later this month.

Investors took their collective foot off the pedal as they focused on the escalating trade-war rhetoric. Headlines in the US-China trade disputes continued to swirl last week, and investors continue to believe most of the threats to increase tariffs are negotiation tactics and will be resolved over time without a significant slowdown in global growth.

Key Economic Releases

The week in review

Mon, 10-Sep

Tue, 11-Sep

Wed, 12-Sep
US CPI MoM (Actual: 0.20%; Cons.: 0.30%)

Thu, 13-Sep
US Initial Jobless Claims (Actual: 204k; Cons.: 210k)
ECB Main Refinancing Rate (Actual: 0.00%; Cons.: 0.00%)

Fri, 14-Sep

The week ahead

Mon, 17-Sep
Eurozone Manufacturing PMI MoM (Cons.: 54.5; Prior: 54.6)

Tue, 18-Sep

Wed, 19-Sep
UK CPI Core YoY (Cons.:1.80%; Prior.:1.90%)

Thu, 20-Sep
US Initial Jobless Claims (Cons.: 210k; Prior: 203k)

Fri, 21-Sep

Economic Commentary

Most of the key economic data came at the end of the week. Retail sales data came in a bit light, rising just 0.1%. Back-to-school sales have historically been a good predictor of holiday season sales and the weakness here was somewhat surprising. Apparel prices tumbled 1.6% in August, their largest monthly drop since January 1949. Industrial production rose 0.4% in August, which was slightly better than expected. A rebound in motor vehicle assemblies and utilities output accounted for most of the increase. The inflation data largely came in below expectations. The headline PPI fell 0.1% in August after remaining unchanged in July. The year-to-year change in the final demand series fell on both an overall and core basis, slipping to 2.8% and 2.3% respectively. Both the headline and core CPI measures came below expectations, rising 0.2% and 0.1% respectively in August. The year-to-year measures in both eased slightly, with the overall CPI moderating to 2.7% from 2.9% percent a month earlier and core sliding back to 2.2% year-over-year from 2.4% in July. The smaller rise in the core CPI was largely due to the previously mentioned plunge in apparel prices. The National Federation of Independent Business (NFIB) Small Business Optimism index rose to a new all-time high in August. Business owners continue to express a great deal of optimism about the economy and their business, which adds a little upside risks to forecasts for business fixed investment and employment. Housing starts increased slightly in July. The number of new units started during the month rose 0.9% to a 1.168-million-unit pace, an unspectacular, yet solid gain. Despite new starts falling somewhat short of expectations, builders continue to report strong buyer demand. Rising labor and material costs is causing projects to be delayed or cancelled entirely as they no longer pencil out.

In the Eurozone, the European Central Bank left policy unchanged, and confirmed its plan to taper asset purchases to €15 billion per month in October before wrapping up its bond-buying program at the end of 2018. Inflation in the United Kingdom has been on a downward trend after surpassing 3% in the wake of the Brexit Referendum in 2016, as a sharp drop in sterling caused price pressures to surge. Headline CPI rose 2.5% in August year over year, and core CPI remained below 2%. Retail sales data for the U.K. will also be released next week and should give further detail on the outlook for the consumer sector. Growth in retail sales has picked up in recent months as price pressures have eased, after sales slowed through the end of 2017.Elsewhere in EM, Turkey remained in focus, with its central bank raising interest rates 625 bps to 24%, higher than market estimates. The ECB also downgraded its economic forecasts slightly for 2018 and 2019, with President Draghi citing a somewhat weaker contribution to GDP growth from external demand.

The Trump administration has reached out to China for a new round of trade talks as it prepares to activate punitive US tariffs on USD 200 billion worth of Chinese goods, hence uncertain trade negotiations are a headline risk, a healthy consumer sentiment and a strong economy will provide a good environment for stocks, although analyst still expect to see volatility given the ongoing trade headlines.

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