Weekly Data Center

Equities	Level	Returns (%)			
	28-Sep-18	1w	3m	YTD	1y
S&P500	2,914	(0.5%)	7.3%	9.0%	16.1%
DJIA30	26,458	(1.1%)	9.3%	7.0%	18.2%
EuroSTOXX	3,399	(0.9%)	1.0%	(3.0%)	(4.6%)
DAX	12,247	(1.5%)	0.6%	(5.2%)	(3.6%)
FTSE	7,510	0.3%	(1.4%)	(2.3%)	2.6%

Credit	On the Run Levels (bps)				
	28-Sep-18	21-Sep-18	28-Jun-18	31-Dec-17	28-Sep-17
iTraxx Mains	69	68	76	45	58
iTraxx Fin Snr	84	78	94	44	60
iTraxx X-Over	275	265	328	233	256
CDX IG	59	62	68	49	57
CDX HY	331	316	350	306	320

Commodity	Level	Returns (%)			
	28-Sep-18	1w	3m	YTD	1y
Crude (Brent)	83.0	6.1%	7.8%	24.1%	44.6%
Crude (WTI)	73.3	2.0%	(0.3%)	21.2%	42.1%
Gold	1,191	(0.8%)	(4.6%)	(8.6%)	(7.5%)
Silver	14.7	2.5%	(8.4%)	(13.5%)	(13.2%)

Forex	Levels				
	28-Sep-18	21-Sep-18	28-Jun-18	31-Dec-17	28-Sep-17
EUR	1.16	1.17	1.16	1.20	1.18
GBP	1.30	1.31	1.31	1.35	1.34
AUD	0.72	0.73	0.74	0.78	0.79
YEN	113.70	112.59	110.49	112.69	112.34

EM Equities	Level	Returns (%)			
	28-Sep-18	1w	3m	YTD	1y
Brazil	79,342	(0.1%)	10.6%	3.8%	7.9%
Russia	1,697	(0.9%)	3.1%	10.5%	14.0%
India	10,930	(1.9%)	3.2%	3.8%	11.9%
China	2,821	0.9%	1.2%	(14.7%)	(15.5%)
South Africa	55,708	(2.5%)	(0.2%)	(6.4%)	1.3%

Rates	Levels (%)				
	28-Sep-18	21-Sep-18	28-Jun-18	31-Dec-17	28-Sep-17
2-yr US Treasury	2.82	2.80	2.51	1.88	1.45
10-yr US Treasury	3.06	3.06	2.84	2.41	2.31
30-yr US Treasury	3.21	3.20	2.97	2.74	2.87
10-yr German Bunc	0.47	0.46	0.32	0.43	0.48
10-yr UK Gilt	1.57	1.55	1.26	1.19	1.38

Key Economic Releases

The week in review

Mon, 24-Sep

Tue, 25-Sep

Wed, 26-Sep
FOMC rate decision(Actual:2.25% ;Cons.: 2.25%)

Thu, 27-Sep
US Initial Jobless Claims (Actuals:214k ;Cons.: 210k)

Fri, 28-Sep
UK GDP QoQ (Actual: 0.4%; Cons.: 0.4%)

The week ahead

Mon, 01-Oct
Eurozone Manufacturing PMI MoM (Actual: 53.3 ;Cons.: 53.3)

Tue, 02-Oct

Wed, 03-Oct

Thu, 04-Oct
US Initial Jobless Claims (Cons.: 210k; Prior: 201k)

Fri, 05-Oct
US Trade Balance (Cons.: $-53.0bn; Prior: $-50.1bn)

Market Commentary

The major indexes ended mixed for a second consecutive week, as trade tensions between the U.S. and China continued to mount. Other news from last week included the Federal Reserve's decision increase its federal funds rate by 0.25%, making the new range 2.00% to 2.25%. Along with technology stocks, consumer discretionary shares outperformed within the S&P 500 Index, while materials and financials shares declined. Similarly, faster-growing, higher-valuation growth stocks handily outperformed value shares. On the flip side, the lightly-weighted real estate (+1.3%) and utilities (+1.5%) sectors rallied, closing atop the sector standings. Most other groups finished within 0.4% of their unchanged marks, while notable weakness was visible among tobacco and banking stocks. Friday brought the unveiling of a new communication services sector within the S&P 500, which replaces the small telecommunication services sector and encompasses several Internet-related firms formerly categorized within either the consumer discretionary or information technology sectors—including Alphabet, Facebook, and Netflix, which all have heavy weights in the new sector. In heavy volume,955 million shares were traded on the NYSE and 2.3 billion shares changed hands on the Nasdaq. All Equity funds report net outflows totalling -$6.519 billion, with Domestic Equity funds reporting net outflows of -$4.518 billion and Non-Domestic Equity funds reporting net outflows of -$2.001 billion.Net inflows of $1.781 billion were reported for Corp-Investment Grade funds while High Yield funds reported net outflows of -$1.569 billion. After rising for much of the week, European stocks lost ground after Italy's coalition government agreed to a wider-than-expected 2019 budget deficit goal of 2.4%, triple what the previous government had planned. On the week, the pan-European STOXX Europe 600 Index fell slightly, but Italy's FTSE MIB Index dropped about 4%.

In fixed income markets, longer-term Treasury yields decreased slightly for the week—although the benchmark 10-year Treasury note yield briefly touched a four-month high of 3.11% on Tuesday. The municipal bond market continued to be influenced by a lack of new buying activity, as investors focused instead on swapping out of older bonds based on tax considerations. Demand for California and New York issues remained strong, however, with an additional focus on bonds with 10- to 15-year maturities. Demand for new deals remained healthy, causing recent issues to perform well. The high yield market saw lower-rated bonds outperform higher-quality issues. On softer side, Dollar Index—a comparison of the U.S. dollar to six major world currencies—was 0.3% higher at 95.14. The euro also sold off and finished the week about 1% lower against the U.S. dollar. In commodity markets, oil prices on both sides of the Atlantic steadied, as U.S. sanctions on Tehran squeezed Iranian crude exports, tightening supply even as other key exporters increased production. Other OPEC countries have been increasing production in recent months, but global inventories have been falling as supply tightens. WTI crude oil rose $1.13 to $73.25 per barrel and wholesale gasoline was up $0.02 at $2.09 per gallon. Elsewhere, gold spot price gained $9.34 to $1,992.17 per ounce.

Traders are keeping an eye on developments overseas after the new Italian government offered a budget with a deficit target three times larger than the previous administration's goal and hence to leverage on these data. Overall investors believe economic fundamentals remain solid.

Economic Commentary

The FOMC decision was the headline event this week, even though its unanimous 25 bps rate hike was widely expected. The FOMC also upped its median GDP growth projections, now at 3.1% this year and 2.5% in 2019, up from 2.8% and 2.4% previously. While the FOMC decision took center stage, several other indicators released this week also support the Fed's assessment of strong economic growth. The headline consumer confidence index rose 3.7 points to 138.4 in September, approaching its all-time high registered in 2000.The income and spending data generally confirm the strong survey data this week. While personal spending growth slowed slightly to 0.3% in August, wages and salaries rose a stronger 0.5%, confirming that a tight labor market is likely propelling wage growth in the near term. New home sales rebounded in August, rising 3.5% to a 629,000-unit pace after trending lower in prior months. However, affordability remains a concern, as home prices continue to rise and higher interest rates reinforce upward pressure on mortgage rates, giving us little room to see much upside to home sales later this year. While headline orders rose a stronger-than-expected 4.5%, core capital goods orders actually declined 0.5% after removing the volatile aircraft component that accounted for most of the headline beat. The ISM manufacturing index rose to a 14-year high in August and suggests that activity in the factory sector remains solid. The trade balance reversed course in July, however, with the deficit climbing to a sixth-month high. Job growth continued its tear in August, with employers adding 201,000 jobs. Demand for workers remains exceptionally strong. Jobless claims are at the lowest levels since the late 1960s when the workforce was half its current size.

The incoming economic data point to a Eurozone economy that is still awaiting a stronger economic upswing. Germany's business confidence index – the key survey data from the Eurozone's largest economy – eased less than expected in September, to 103.7. In contrast, the Eurozone September economic confidence eased more than forecast, to 110.9, a ninth straight fall, with the manufacturing component falling but the services component rising. Separately, trends in monetary data point to a subdued rate of growth for the time being. August M3 money growth slowed to 3.5% year-over-year, although on a more encouraging note growth in private sector loans firmed slightly to 3.4%. Elsewhere, the September Eurozone consumer price inflation was slightly softer than forecast. The headline consumer prices rose 2.1% year-over-year, matching expectations, but core CPI inflation unexpectedly slowed to 0.9% year-over-year. Earlier this week European Central Bank President Mario Draghi spoke and sounded constructive on the price outlook, saying that he sees a relatively vigorous pickup in underlying inflation, that firmer wage growth will continue and that fiscal policies in some countries could become less neutral.

FOMC members through the week could provide their views on policy following Friday's numbers, though with the ink still wet on the latest FOMC projections. Though trade tensions continue to be a concern, no broad effect on the economy persists currently.

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