PANORAMIC VIEW OF THE WEEK

Weekly Data Center

Equities	Level	Returns (%)			
	12-Oct-18	1w	3m	YTD	1y
S&P500	2,767	(4.1%)	(1.1%)	3.5%	8.5%
DJIA30	25,340	(4.2%)	1.7%	2.5%	10.9%
EuroSTOXX	3,194	(4.5%)	(7.3%)	(8.8%)	(11.4%)
DAX	11,524	(4.9%)	(7.8%)	(10.8%)	(11.2%)
FTSE	6,996	(4.4%)	(8.6%)	(9.0%)	(7.4%)

Credit	On the Run Levels (bps)				
	12-Oct-18	05-Oct-18	12-Jul-18	31-Dec-17	12-Oct-17
iTraxx Mains	74	69	67	45	56
iTraxx Fin Snr	93	87	79	44	59
iTraxx X-Over	293	282	298	233	246
CDX IG	64	61	62	49	56
CDX HY	355	343	350	306	320

Commodity	Level	Returns (%)			
	12-Oct-18	1w	3m	YTD	1y
Crude (Brent)	80.9	(4.0%)	9.6%	21.0%	43.6%
Crude (WTI)	71.3	(4.0%)	1.4%	18.1%	41.0%
Gold	1,217	1.1%	(2.4%)	(6.6%)	(5.9%)
Silver	14.6	(0.4%)	(8.6%)	(13.9%)	(15.5%)

Forex	Levels				
	12-Oct-18	05-Oct-18	12-Jul-18	31-Dec-17	12-Oct-17
EUR	1.16	1.15	1.17	1.20	1.18
GBP	1.32	1.31	1.32	1.35	1.33
AUD	0.71	0.71	0.74	0.78	0.78
YEN	112.21	113.72	112.55	112.69	112.28

EM Equities	Level	Returns (%)			
	12-Oct-18	1w	3m	YTD	1y
Brazil	82,921	0.7%	9.3%	8.5%	8.2%
Russia	1,547	(5.2%)	(8.5%)	0.7%	2.8%
India	10,473	1.5%	(5.0%)	(0.6%)	3.7%
China	2,607	(7.6%)	(8.1%)	(21.2%)	(23.0%)
South Africa	53,473	(1.7%)	(5.9%)	(10.1%)	(7.4%)

Rates	Levels (%)				
	12-Oct-18	05-Oct-18	12-Jul-18	31-Dec-17	12-Oct-17
2-yr US Treasury	2.85	2.89	2.59	1.88	1.51
10-yr US Treasury	3.16	3.23	2.85	2.41	2.32
30-yr US Treasury	3.33	3.40	2.95	2.74	2.85
10-yr German Bunc	0.50	0.57	0.36	0.43	0.45
10-yr UK Gilt	1.63	1.72	1.28	1.19	1.38

Key Economic Releases

The week in review

Mon, 08-Oct

Tue, 09-Oct

Wed, 10-Oct
Eurozone Industrial Production Mom (Actual: 1.00% ;Cons.: 0.40%)

Thu, 27-Sep
US Initial Jobless Claims (Actuals:207k ;Cons.: 210k)

Fri, 28-Sep

The week ahead

Mon, 15-Oct

Tue, 16-Oct

Wed, 17-Oct
Eurozone CPI YoY (Cons.: 2.10%; Prior: 2.00%)

Thu, 18-Oct
US Initial Jobless Claims (Cons.: 210k; Prior: 214k)

Fri, 19-Oct

Market Commentary

US stocks rallied into the weekend in an extremely choppy session, following a turbulent few days that saw concern over higher interest rates drive the S&P 500 down to levels not seen since early July and unsettle equity markets across the globe. The Cboe Volatility Index (VIX) spiked and hit its highest level since late March on Thursday, while trading volumes reached their highest level in over eight months. Stocks fell sharply, with the S&P 500 Index losing more than 5% Wednesday through Thursday, its largest two-day drop since early February. Industrials and materials stocks performed worst within the S&P 500, while utilities stocks fared best. High-valuation growth stocks underperformed slower-growing value shares for much of the week but regained ground on Friday. Top-weighted information technology sector outperforms; consumer discretionary and communications services also show relative strength. In heavy volume, 0.96 bn shares were traded on the NYSE and 2.60 billion shares changed hands on the Nasdaq. Investors slammed U.S.-based high-yield "junk" bond funds with the largest withdrawals since February, pulling $4.9 billion during the latest week. Money market funds, having net-positive flows of $20.8 billion, moved conversely to the other asset groups. Across the Atlantic, European equities followed global stocks lower, as investors worried that rising interest rates would curb global growth. The STOXX Europe 600 Index was down about 5% for the week, hitting new 52-week lows. Luxury brands were heavily sold amid concerns of weaker-than-expected Chinese growth and new Chinese customs restrictions. Italy's FTSE MIB Index was down 5% for the week and fell into bear market territory—a decline of at least 20% from a recent high. Germany's DAX 30 and France's CAC 40 lost about 5%. The UK's FTSE 100 dropped 4.4% and entered correction territory, defined as a drop of at least 10% from a recent peak.

In fixed income markets, Treasuries finished lower, as the yield on the 2-year note was flat at 2.85%, while the yields on the 10-year note and the 30-year bond rose 2 bps to 3.15% and 3.33%, respectively. The sell-off in equities seemed to push some investors into the bond market, and longer-term bond yields decreased for the week. Municipal bonds underperformed Treasuries early in the week despite a lighter new issuance calendar. The high yield bond market was very quiet. Below investment-grade portfolios reported negative flows, including a sizable outflow from ETFs. The investment-grade corporate bond market experienced some weakness, partly due to equity market declines weighing on sentiment. On softer side, Dollar Index—a comparison of the U.S. dollar to six major world currencies—was 0.2% higher at 95.23. Sterling slipped 0.6 per cent to $1.3153 as market participants waited for further developments in the UK's Brexit saga. In commodity markets, WTI crude oil gained $0.37 to $71.34 per barrel and wholesale gasoline was up $0.01 at $1.94 per gallon. Gold spot price fell $5.56 to $1,218.53 per ounce.

The focus will be on corporate fundamentals next week as more U.S. companies report third-quarter earnings, therefore analyst believe long-term goals should be evaluated through a lens much wider than just the headlines.

Economic Commentary

It was a quiet week in terms of economic data, Producer prices rose 0.2% in September, but moderated to 2.6% on a year-over-year basis. The gain was led in large part by services, up 0.3% over the month, as transportation & warehousing prices rose a whopping 1.8%. This caused core inflation, which excludes food, energy and trade services, to grow a larger-than-expected 0.4%. On the consumer front, prices came in a bit softer than expected, growing 0.1% for both the headline and core CPI measure. The weakness here was largely due to a 3.0% decrease in used auto prices. Core headline CPI rose 2.3%, a more modest reading given the past few months, but in-line with the average rate over the past two years. Import prices rose 0.5% in September. Higher oil and food prices were behind the gain, however, as, excluding fuel, prices were flat and excluding both food and fuels, prices were down 0.1%. While, unlike the initial round of tariffs, which were primarily concentrated on intermediate products, the more recent $200 billion of imports from China now subject to tariffs involve finished goods. Due to many businesses having price contacts in place, or some having the ability to absorb part of the increased costs, the impact of tariffs likely will be drawn out. These dynamics likely will push up consumer prices in the final months of the year and into the first few months of 2019.But, nine categories of spending still increased in August, with only furniture, clothing and department stores declining. Consumer confidence and small business optimism remain a shade off of all-time highs. Manufacturing output was more modest, up 0.2% on the month. The ISM Manufacturing survey has been sky high, and regional Fed surveys have also pointed to continued sector strength.

Inflation has been receding in the United Kingdom as the run-up in price growth that occurred after the pound's steep decline has begun to fade. The August CPI data bucked this trend, however, as both headline and core CPI were much stronger than the consensus. A return to the declining trend would help put Bank of England (BoE) policymakers at ease. Economic growth appears to have rebounded in the third quarter, so faster-than-expected inflation would put policymakers in an awkward spot given the looming Brexit deadline in March 2019.Eurozone industrial production grew at a rate that doubled expectations for August, while German consumer price inflation rose in line with estimates for September. In Italy, the country's Deputy Prime Minister Matteo Salvini insisted that the government's budget won't change and that his coalition government won't back away from campaign promises to raise welfare and pension spending and cut taxes despite the negative reaction from financial markets and European Union (EU) officials.

Worries about rising interest rates, heightened China trade tensions, and other international risks will weigh on stocks, but fundamentals remain positive and the current status doesn't seem unusual.

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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