PANORAMIC VIEW OF THE WEEK

Weekly Data Center

Equities	Level	Returns (%)			
	19-Oct-18	1w	3m	YTD	1y
S&P500	2,768	0.0%	(1.3%)	3.5%	8.0%
DJIA30	25,444	0.4%	1.5%	2.9%	9.8%
EuroSTOXX	3,211	0.5%	(7.5%)	(8.4%)	(10.9%)
DAX	11,554	0.3%	(8.9%)	(10.6%)	(11.1%)
FTSE	7,050	0.8%	(8.3%)	(8.3%)	(6.3%)

Credit	On the Run Levels (bps)				
	19-Oct-18	12-Oct-18	19-Jul-18	31-Dec-17	19-Oct-17
iTraxx Mains	74	74	65	45	56
iTraxx Fin Snr	92	93	81	44	61
iTraxx X-Over	295	293	295	233	246
CDX IG	68	64	62	49	53
CDX HY	367	355	350	306	320

Commodity	Level	Returns (%)			
	19-Oct-18	1w	3m	YTD	1y
Crude (Brent)	80.1	(0.9%)	11.1%	19.9%	39.2%
Crude (WTI)	69.1	(3.1%)	(0.5%)	14.4%	34.8%
Gold	1,226	0.8%	0.3%	(5.9%)	(4.9%)
Silver	14.6	0.3%	(4.6%)	(13.7%)	(15.3%)

Forex	Levels				
	19-Oct-18	12-Oct-18	19-Jul-18	31-Dec-17	19-Oct-17
EUR	1.15	1.16	1.16	1.20	1.19
GBP	1.31	1.32	1.30	1.35	1.32
AUD	0.71	0.71	0.74	0.78	0.79
YEN	112.55	112.21	112.47	112.69	112.54

EM Equities	Level	Returns (%)			
	19-Oct-18	1w	3m	YTD	1y
Brazil	84,220	1.6%	8.7%	10.2%	10.4%
Russia	1,542	(0.3%)	(9.4%)	0.4%	2.7%
India	10,304	(1.6%)	(6.0%)	(2.2%)	1.5%
China	2,550	(2.2%)	(8.0%)	(22.9%)	(24.3%)
South Africa	52,093	(2.6%)	(7.4%)	(12.5%)	(10.0%)

Rates	Levels (%)				
	19-Oct-18	12-Oct-18	19-Jul-18	31-Dec-17	19-Oct-17
2-yr US Treasury	2.90	2.85	2.59	1.88	1.53
10-yr US Treasury	3.19	3.16	2.84	2.41	2.32
30-yr US Treasury	3.38	3.33	2.96	2.74	2.84
10-yr German Bund	0.46	0.50	0.33	0.43	0.40
10-yr UK Gilt	1.58	1.63	1.19	1.19	1.28

Key Economic Releases

The week in review

Mon, 15-Oct

Tue, 16-Oct

Wed, 17-Oct
Eurozone CPI yoy (Actual: 2.10% ;Cons.: 2.10%)

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

Fri, 19-Oct

The week ahead

Mon, 22-Oct

Tue, 23-Oct

Wed, 24-Oct

Thu, 25-Oct
US Initial Jobless Claims (Cons.: 210k; Prior: 213k)

Fri, 26-Oct

Market Commentary

The major U.S. stock indexes produced mixed results for the week amid continued volatility as a solid rally on Tuesday was offset by Thursday's sell-off. Corporate earnings reports were generally positive and helped support stock gains, but global economic and political worries seemed to weigh on the market. Small-cap stocks underperformed the large-cap indexes.Increased volatility was still prevalent this week as investors remained cautious, with the S&P 500 moving more than 1% in two out of the five trading sessions. Companies representing about 14% of the S&P 500's market cap reported earnings during the week. Results from Morgan Stanley and Goldman Sachs in the financials sector surpassed analysts' estimates and helped drive Tuesday's 2.15% gain in the S&P 500. Technology and related stocks remained under pressure after large sell-offs earlier in the month. Investors slammed U.S.-based stock funds during the latest week, pulling $17.5 bn, the most cash from such investments since June. In heavy volume, 0.93 bn shares were traded on the NYSE and 2.50 bn shares changed hands on the Nasdaq. Europe's markets generated mixed performance for the week. Nevertheless, the pan-European STOXX Europe 600 Index posted a modest gain for the week. Buoyed by a strong start to earnings season, corporate earnings reports were less uniformly positive later in the week. While the UK's FTSE 100 Index rose by 0.3%, the German DAX Index dipped by 0.3% and the French CAC 40 Index fell by 0.6%.

In fixed income markets, the yield on the benchmark 10-year Treasury note increased to about 3.20% by the end of the week but remained below the seven-year high reached earlier in the month. The banking sector outperformed in the investment-grade corporate bond market, primarily due to a lack of new deals following solid earnings reports. New issuance volumes were subdued, and investors seemed to be focusing on quality bonds while limiting risk exposure. High yield corporate bonds also saw limited supply and generally supportive technical conditions amid inflows to the sector. On softer side, the Dollar Index—a comparison of the U.S. dollar to six major world currencies—was 0.2% lower at 95.72.In commodity markets, Oil prices rose on Friday on signs of surging demand in China, the world's second-biggest oil consumer. WTI crude oil gained $0.47 to $69.12 per barrel and wholesale gasoline was up $0.02 at $1.91 per gallon. Elsewhere, the gold spot price added $0.78 to $1,226.59 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

An abundance of data poured in this week and largely pointed to economic growth remaining solid in the third quarter. Retail sales fell short of expectations and rose 0.1% in September, primarily due to slower sales at gas stations and bars and restaurants, which dipped 0.8% and 1.8%, respectively. However, control group sales, which feed into GDP and exclude volatile categories like auto, gas and building materials, came in better than expected, increasing a solid 0.5% during the month. Industrial production rose 0.3% in September as mining and durable goods orders advanced. Higher oil prices continue to support mining production, while manufacturing activity was bolstered by upticks in motor vehicles and machinery. A robust 8.0% rise in production of business equipment over the past three months bodes well for equipment spending being supportive of real GDP growth in Q3. New home sales rose to a 629,000-unit pace in August, up 3.5% over the month after two consecutive months of declines. While sales are up nearly 7% year to date, rising mortgage rates could be restraining sales growth. Price appreciation has slowed from earlier this year, but the median new home price was still up 1.9% from a year ago in August. Sales in the Northeast rebounded sharply but fell 1.7% in the South, where most new sales occur, and could point to higher rates and prices weighing on buyers.

European Central Bank's (ECB) is unlikely to adjust policy at its announcement next week, the language and tone of the statement will be key to watch for clues on its next policy move. The ECB's current guidance is that it will end bond purchases in December and keep rates on hold at least through summer 2019. However, policymakers' recent comments have been leaning more hawkish, as ECB President Draghi discussed "vigorous" underlying inflation pressures and other policymakers have highlighted the possibility of bringing forward the timing of the first rate hike. Also out next week are the manufacturing and service sector purchasing managers' indices (PMIs) for the Eurozone. These PMIs have clearly softened since the start of the year but remain firmly in expansion territory (i.e., above 50), consistent with an economy that is growing steadily, albeit modestly.

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

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