Weekly Data Center

Equities

Equities	Level	Returns (%)			
	26-Oct-18	1w	3m	YTD	1y
S&P500	2,659	(3.9%)	(6.3%)	(0.6%)	3.8%
DJIA30	24,688	(3.0%)	(3.3%)	(0.1%)	5.5%
EuroSTOXX	3,135	(2.4%)	(10.7%)	(10.5%)	(13.8%)
DAX	11,201	(3.1%)	(12.6%)	(13.3%)	(14.7%)
FTSE	6,940	(1.6%)	(9.4%)	(9.7%)	(7.3%)

Credit

Credit	On the Run Levels (bps)				
	26-Oct-18	19-Oct-18	26-Jul-18	31-Dec-17	26-Oct-17
iTraxx Mains	77	74	60	45	53
iTraxx Fin Snr	95	92	72	44	56
iTraxx X-Over	304	295	277	233	237
CDX IG	70	68	58	49	54
CDX HY	385	367	350	306	320

Commodity

Commodity	Level	Returns (%)			
	26-Oct-18	1w	3m	YTD	1y
Crude (Brent)	77.3	(3.6%)	4.4%	15.6%	30.6%
Crude (WTI)	67.6	(2.2%)	(2.9%)	11.9%	28.4%
Gold	1,234	0.6%	0.9%	(5.3%)	(2.6%)
Silver	14.7	0.5%	(4.5%)	(13.2%)	(12.5%)

Forex

Forex	Levels				
	26-Oct-18	19-Oct-18	26-Jul-18	31-Dec-17	26-Oct-17
EUR	1.14	1.15	1.16	1.20	1.17
GBP	1.28	1.31	1.31	1.35	1.32
AUD	0.71	0.71	0.74	0.78	0.77
YEN	111.91	112.55	111.23	112.69	113.98

EM Equities

EM Equities	Level	Returns (%)			
	26-Oct-18	1w	3m	YTD	1y
Brazil	85,720	1.8%	8.0%	12.2%	12.9%
Russia	1,484	(3.8%)	(12.5%)	(3.4%)	(0.9%)
India	10,030	(2.7%)	(10.2%)	(4.8%)	(3.0%)
China	2,599	1.9%	(9.8%)	(21.4%)	(23.7%)
South Africa	50,838	(2.4%)	(10.4%)	(14.6%)	(13.2%)

Rates

Rates	Levels (%)				
	26-Oct-18	19-Oct-18	26-Jul-18	31-Dec-17	26-Oct-17
2-yr US Treasury	2.81	2.90	2.68	1.88	1.61
10-yr US Treasury	3.08	3.19	2.98	2.41	2.46
30-yr US Treasury	3.31	3.38	3.10	2.74	2.97
10-yr German Bunc	0.35	0.46	0.40	0.43	0.42
10-yr UK Gilt	1.38	1.58	1.28	1.19	1.38

Key Economic Releases

The week in review

Mon, 22-Oct

Tue, 23-Oct

Wed, 24-Oct

Thu, 27-Sep
US Initial Jobless Claims (Actuals:215k ;Cons.: 215k)

Fri, 28-Sep

The week ahead

Mon, 29-Oct

Tue, 30-Oct

Wed, 31-Oct
Eurozone Unemployment Rate (Cons.: 8.1%; Prior: 8.1%)

Thu, 01-Nov
US Initial Jobless Claims (Cons.: 212k; Prior: 215k)
Bank of England bank Rate (Cons.: 0.75%; Prior: 0.75%)

Fri, 02-Nov
Change in Nonfarm Payrolls (Cons.: 193k; Prior: 134k)
Unemployment Rate (Cons.: 3.70%; Prior: 3.70%)

Market Commentary

Stocks endured another week of sharp declines. The S&P 500 and Nasdaq Composite Indexes joined the small-cap benchmarks in correction territory—or down more than 10% from their recent peaks—on Friday morning. The narrowly focused Dow Jones Industrial Average avoided a correction and held up best for the week, but the Nasdaq was the sole major benchmark to end Friday still ahead for the year to date. This was led by disappointing corporate earnings, inflation and trade fears, and concerns of slowing global growth. The S&P 500 also saw defensive sectors outperform and energy stocks take a beating. Wall Street plunged after earnings reports from Amazon.com and Alphabet rekindled a rush to dump technology and high-growth stocks. Within the S&P 500 Index, the defensive consumer staples, utilities, and real estate sectors performed best, while energy shares suffered the largest declines. Trading volumes were elevated for much of the week, and the Cboe Volatility Index (VIX) reached a new multi-month high. In heavy volume, 1.1 bn shares were traded on the NYSE and 2.9 bn shares changed hands on the Nasdaq. U.S. fund investors snapped up shares of stock funds during the latest week despite wild trading, adding $4.2 billion to the products. Investors were net purchasers of fund assets, injecting $5.6 billion for Lipper's fund-flows week ended October 24, 2018.All major European markets fell, but to a lesser extent than their North American counterparts, as Italy's budget row with the European Union (EU) grew more heated. The pan-European STOXX 600 Index fell more than 2%, and indexes in Germany, Italy, and the UK all lost ground. France's CAC 40 lost 2.4%, led by a decline in auto-parts maker Valeo, which cut its sales and earnings targets, adding to concern that the trade spats with the U.S. are affecting businesses.

In fixed income markets, treasuries were higher, as the yields on the 2-year and 10-year notes decreased 4 basis points (bps) to 2.81% and 3.08%, respectively, while the 30-year bond rate declined 3 bps to 3.31%. .The lacklustre economic data and equity market volatility boosted demand for Treasuries and sent the yield on the benchmark 10-year Treasury note sharply lower for the week. (Bond prices and yields move in opposite directions.) Municipal bonds continued to perform well amid interest rate volatility and selling in the higher-yielding segment of the market abated early in the week. Investment-grade corporate bond spreads—the additional yield offered over Treasuries with comparable maturities—drifted wider as equity volatility contributed to softer sentiment. The firm's fixed income traders observed that many investors sold into strength after recent strong performance and that buying by overseas investors was mainly focused on longer-term securities. On softer side, the U.S. dollar rose against a basket of major currencies after the U.S. data. The dollar index fell 0.17%, with the euro up 0.07 %t to $1.1382. In commodity markets, oil prices on both sides of the Atlantic are lower, heading for a third weekly loss after Saudi Arabia warned of oversupply, while a slump in stock markets and concerns about trade clouded the outlook for fuel demand. WTI crude oil gained $0.26 to $67.59 per barrel and wholesale gasoline was unchanged at $1.81 per gallon.

Trade and policy uncertainties are a headline risk across the Atlantic, but analyst's optimism around the fundamental foundation of economic expansion and rising corporate profits are still intact. Elsewhere, the investors around the globe will focus on a reversal of current market trend in the downward direction.

Economic Commentary

The third quarter print of GDP data dominated an otherwise slow week of economic data. Real personal consumption expenditures rose 4.0%, driven in part by the boost to disposable income that was delivered by reductions in personal income tax rates earlier this year. The effects of fiscal stimulus showed up in a 3.3% jump in government spending, the strongest sequential rate of growth in more than two years. An added boost was provided by a rebuild of inventories amounting to $76 bn, which added 2.1 percentage points to the overall GDP growth rate. Fixed investment spending declined 0.3% on a dip in both non-residential structures and residential fixed investment, which fell 7.9% and 4.0%, respectively. Deteriorating affordability and higher building costs may by exerting some drag on the housing market. Business spending was stronger elsewhere, as real spending on intellectual property grew 7.9% and spending on equipment edged up 0.4%. Net exports were also another area of weakness in Q3, shaving off 1.8% from the top line GDP growth rate, a reversal from the tariff inspired jump in exports in Q2. The weakness in the housing sector continued in September as new home sales declined 5.5% to a 553,000-unit pace. New home sales have fallen for five out of the past six months. Much of the gain occurred from a nearly 120% surge in defence orders. Transportation orders rose just 1.9%, while civilian aircraft orders dropped 17.5%. Orders for non-defence capital goods excluding aircraft fell 0.1%, the second consecutive monthly decline. Shipments of core capital goods orders have also stalled recently and have been flat in each of the past two months.

In Europe, real GDP in the Eurozone rose 0.4% in Q2, continuing the more sluggish pace of growth seen so far this year after an upside breakout in 2017. While fixed investment spending rebounded 1.2% in Q2 after rising at a more tepid pace in Q1, growth in the consumer sector slowed, and exports only rebounded slightly after declining in Q1 Preliminary October PMI readings came in below consensus estimates, while retail sales declined in July and August. The BoE is likely in the midst of a balancing act, managing still above target inflation along with continued Brexit uncertainty. In terms of the former, consumer price inflation still remains above the BoE's 2% target, but has come down significantly from its high of nearly 3% earlier this year, up 2.4% in September year-over-year. As price pressures have receded, real wage growth is showing signs of gradually picking up, which should be supportive of future growth prospects, especially after household spending growth slowed in Q2. The European Central Bank (ECB) signalled that it will stick with its plan to halt bond purchases in December, despite market turmoil and mounting risks to the Eurozone economy. Worries about the impact of U.S. tariffs on the Chinese economy and signs of slowing growth in Europe also seemed to dampen sentiments.

Concerns about the health of the global economy appeared to amplify disappointments in individual company earnings throughout the week, particularly as investors looked for signs of the impact of tariffs on overseas sales and input costs.

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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