PANORAMIC VIEW OF THE WEEK

Weekly Data Center

Equities	Level	Returns (%)			
	09-Nov-18	1w	3m	YTD	1y
S&P500	2,781	2.1%	(2.5%)	4.0%	7.6%
DJIA30	25,989	2.8%	1.9%	5.1%	10.8%
EuroSTOXX	3,229	0.5%	(7.6%)	(7.8%)	(10.6%)
DAX	11,529	0.1%	(9.0%)	(10.7%)	(12.5%)
FTSE	7,105	0.2%	(8.2%)	(7.6%)	(5.1%)

Credit	On the Run Levels (bps)				
	09-Nov-18	02-Nov-18	09-Aug-18	31-Dec-17	09-Nov-17
iTraxx Mains	70	71	64	45	53
iTraxx Fin Snr	88	87	80	44	52
iTraxx X-Over	288	290	293	233	243
CDX IG	67	66	59	49	56
CDX HY	368	364	350	306	320

Commodity	Level	Returns (%)			
	09-Nov-18	1w	3m	YTD	1y
Crude (Brent)	68.7	(4.5%)	(3.2%)	2.9%	7.9%
Crude (WTI)	60.2	(4.7%)	(9.9%)	(0.4%)	5.3%
Gold	1,210	(1.9%)	(0.2%)	(7.1%)	(5.9%)
Silver	14.2	(3.8%)	(8.3%)	(16.4%)	(16.7%)

Forex	Levels				
	09-Nov-18	02-Nov-18	09-Aug-18	31-Dec-17	09-Nov-17
EUR	1.13	1.14	1.15	1.20	1.16
GBP	1.30	1.30	1.28	1.35	1.31
AUD	0.72	0.72	0.74	0.78	0.77
YEN	113.83	113.20	111.08	112.69	113.47

EM Equities	Level	Returns (%)			
	09-Nov-18	1w	3m	YTD	1y
Brazil	85,641	(3.1%)	8.7%	12.1%	17.4%
Russia	1,549	0.1%	(8.4%)	0.9%	5.0%
India	10,585	0.3%	(7.7%)	0.5%	2.7%
China	2,599	(2.9%)	(7.0%)	(21.4%)	(24.2%)
South Africa	53,295	(1.8%)	(7.8%)	(10.4%)	(11.0%)

Rates	Levels (%)				
	09-Nov-18	02-Nov-18	09-Aug-18	31-Dec-17	09-Nov-17
2-yr US Treasury	2.92	2.90	2.65	1.88	1.63
10-yr US Treasury	3.18	3.21	2.93	2.41	2.34
30-yr US Treasury	3.38	3.45	3.07	2.74	2.82
10-yr German Bunc	0.41	0.43	0.38	0.43	0.38
10-yr UK Gilt	1.49	1.49	1.30	1.19	1.27

Key Economic Releases

The week in review

Mon, 05-Nov

Tue, 06-Nov

Wed, 07-Nov

Thu, 27-Sep
US Initial Jobless Claims (Actuals:214k ;Cons.: 212k)

Fri, 28-Sep
UK GDP QoQ (Actuals: 0.6%; Cons.: 0.6%)

The week ahead

Mon, 12-Nov

Tue, 13-Nov

Wed, 14-Nov
US CPI YoY (Cons.: 2.50%; Prior: 2.30%)
UK CPI YoY (Cons.: 2.50%; Prior: 2.40%)

Thu, 15-Nov
US Initial Jobless Claims (Cons.: 214k; Prior: 214k)

Fri, 16-Nov
US Industrial Production MoM (Cons.: 0.20%; Prior: 0.30%)

Market Commentary

US stocks slumped Friday as renewed global growth concerns weighed on shares of everything from technology to materials to energy companies. Eight of the 11 S&P 500 sectors dropped, with the technology, consumer discretionary, communications services and materials groups all losing more than 1%.Within the S&P 500 Index, health care stocks outperformed. Provider and insurer shares rose on Wednesday after the Democrats won a majority of seats in the House of Representatives, seemingly assuring a continuation of subsidies under the Affordable Care Act. Communication services stocks performed worst, held down by late declines in Netflix and video game stocks. Energy stocks were also weak, dragged lower by a sharp decline in oil prices. The large-cap indexes outperformed the technology-heavy Nasdaq Composite Index and the smaller-cap benchmarks, and slower-growing value stocks outpaced higher-valuation growth shares. In heavy volume, 0.93 bn shares were traded on the NYSE and 2.4 billion shares changed hands on the Nasdaq. Fund investors failed to bewowed by US elections, pulling $8.5 billion from US-based stock funds during the latest week. The European STOXX 600 index was relatively flat for the week, pressured by fears of rising US interest rates, disappointing earnings, worries about Italy's growing rift with the European Union, and continued signs that trade tensions are hurting economies throughout the region. Banking stocks were under pressure after a Mexican bill, that would limit commissions for certain banking services, was announced.

In fixed income markets, treasuries were higher, as the yield on the 2-year note fell 3 basis points (bps) to 2.93%, the yield on the 10-year note declined 5 bps to 3.19%, and the 30-year bond rate declined 4 bps 3.39%. Municipals saw heavy investor demand early in the week, coupled with limited supply from new issuance, which led to elevated activity in the secondary market. The high yield market was mostly quiet and focused on earnings releases as investors awaited election results. Most issuers reported earnings that were either in line with or ahead of expectations. Treasuries funds took in $3.70 bn during the week despite falling prices, the most since January 2016, while demand for short-term government bonds was at a 2-1/2-year high of $2.40 bn. On softer side, the Dollar Index—a comparison of the US dollar to six major world currencies—was up 0.2% at 96.93.The euro and British pound were lower versus the US dollar. In commodity markets, crude oil was the negative outlier, with prices falling for 10 consecutive days, and finishing down more than 20% from its recent high reached in early October. Waivers granted by the White House to major buyers of Iranian oil, a slowdown in growth in China, and supply concerns, all contributed to the downside pressure.

With the quarterly earnings season almost over, the focus of the equity markets this week would shift to macroeconomic data announcements, global factors and state polls. US midterm result may have a positive impact on international markets, but there are many other risks which keeps outlook cautious for many investors.

Economic Commentary

The FOMC voted unanimously this week to maintain the target range for the federal funds rate at 2.00%-2.25%, a decision widely anticipated by market participants. Notably, the committee indicated that business fixed investment, which expanded at an underwhelming 0.8% pace in Q3, has "moderated"; it had previously been described as "strong". Nevertheless, nonfarm payrolls have expanded by an average of 218,000 over the past three months, and the first reading of Q3 GDP growth came in at 3.5%, following a 4.2% pace in Q2. With headline inflation on target at 2.0%, the FOMC expressed confidence in its plan of further gradual tightening. Political events took center stage, as the Democrats regained control of the House and the Republicans maintained control of the Senate. The ISM non-manufacturing index came in slightly below the 21-year high reached last month, but at 60.3 it still indicates a robust pace of expansion. The consumer price index (CPI) was soft in September. Headline inflation was held down by a drop in energy prices, but a flat-to negative reading in food prices also weighed on overall price growth. Excluding food and energy from the CPI, core inflation was also soft. Weakness here, however, appears to be tied to goods prices, specifically motor vehicles. The 3.0% drop in used auto prices was the most significant driver of softening, but is likely not the start of a trend, given that the Manheim used car index has continued to rise in recent months.

In Europe, economic data continued to show signs of the slowing across the region and the toll that trade tensions are taking on exports and sentiment. Eurozone composite final purchasing managers' indexes (PMIs) fell in October to 53.1, their lowest level since September 2016, and eurozone factory activity grew at its weakest pace in more than two years, with export orders falling for the first time since 2014.Consumer price inflation in the United Kingdom continues to come down as the effect from the pound's sharp depreciation post-Brexit keeps fading. In its most recent meeting, the Bank of England (BoE) noted that it does not expect inflation to fall much further, with price growth instead holding fairly steady near the 2% target. With "aggregate supply and demand now broadly in balance" according to the BoE, the uncertainty surrounding Brexit appears to be the only factor holding the central bank back from initiating additional rate hikes. The minimal slack in the economy has been evident in recent wage data. Average weekly earnings (excluding bonuses) were up 3.1% on a 3-month moving average basis over the year through August, the highest reading since January 2009.

Uncertain trade negotiations are a headline risk in the coming weeks, a healthy consumer and a strong economy will provide a good environment for the international economics, although economists still expect to see volatility given the on-going headlines in the consumer prices and FOMC's reaction.

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