PANORAMIC VIEW OF THE WEEK

Weekly Data Center

Equities	Level	Returns (%)			
	30-Nov-18	1w	3m	YTD	1y
S&P500	2,760	4.8%	(4.9%)	3.2%	4.3%
DJIA30	25,538	5.2%	(1.7%)	3.3%	5.2%
EuroSTOXX	3,173	1.1%	(7.5%)	(9.4%)	(11.1%)
DAX	11,257	0.6%	(9.9%)	(12.9%)	(13.6%)
FTSE	6,980	0.4%	(7.1%)	(9.2%)	(4.7%)

Commodity	Level	Returns (%)			
	30-Nov-18	1w	3m	YTD	1y
Crude (Brent)	58.4	(0.2%)	(24.2%)	(12.5%)	(6.9%)
Crude (WTI)	50.9	1.4%	(27.5%)	(15.7%)	(11.3%)
Gold	1,221	(0.2%)	1.7%	(6.3%)	(4.3%)
Silver	14.2	(0.6%)	(2.4%)	(16.1%)	(13.6%)

EM Equities	Level	Returns (%)			
	30-Nov-18	1w	3m	YTD	1y
Brazil	89,504	3.8%	17.1%	17.1%	24.4%
Russia	1,533	3.0%	(11.5%)	(0.1%)	(0.7%)
India	10,877	3.3%	(6.9%)	3.3%	6.4%
China	2,588	0.3%	(5.5%)	(21.7%)	(22.0%)
South Africa	50,664	(0.1%)	(13.8%)	(14.9%)	(15.2%)

Credit	On the Run Levels (bps)				
	30-Nov-18	23-Nov-18	30-Aug-18	31-Dec-17	30-Nov-17
iTraxx Mains	81	81	67	45	48
iTraxx Fin Snr	104	105	84	44	47
iTraxx X-Over	328	334	294	233	231
CDX IG	75	80	60	49	52
CDX HY	393	417	350	306	320

Forex	Levels				
	30-Nov-18	23-Nov-18	30-Aug-18	31-Dec-17	30-Nov-17
EUR	1.13	1.13	1.17	1.20	1.19
GBP	1.27	1.28	1.30	1.35	1.35
AUD	0.73	0.72	0.73	0.78	0.76
YEN	113.57	112.96	110.98	112.69	112.54

Rates	Levels (%)				
	30-Nov-18	23-Nov-18	30-Aug-18	31-Dec-17	30-Nov-17
2-yr US Treasury	2.79	2.81	2.65	1.88	1.78
10-yr US Treasury	2.99	3.04	2.86	2.41	2.41
30-yr US Treasury	3.29	3.30	3.00	2.74	2.83
10-yr German Bunc	0.31	0.34	0.35	0.43	0.37
10-yr UK Gilt	1.36	1.38	1.46	1.19	1.33

Key Economic Releases

The week in review

Mon, 26-Nov

Tue, 27-Nov

Wed, 28-Nov

Thu, 29-Nov

US Initial Jobless Claims (Actuals:234k ;Cons.: 220)

US GDP QoQ (Actuals: 3.50%; Cons.: 3.50%)

Fri, 30-Nov

Eurozone CPI YoY (Actuals: 2.00%; Cons.: 2.00%)

The week ahead

Mon, 03-Dec

US ISM Manufacturing (Cons.: 57.5; Prior: 57.7)

Tue, 04-Dec

Wed, 05-Dec

Thu, 06-Dec

US Initial Jobless Claims (Cons.: 220k; Prior: 224k)

Fri, 07-Dec

Eurozone GDP QoQ (Cons.: 0.20%; Prior: 0.20%)

US Change in Non-farm Payrolls (Cons.: 199; Prior: 250)

Market Commentary

U.S. stocks rebounded sharply this week, marking the largest weekly gain for 2018, with the S&P 500 Index recording its best weekly gain since December 2011. Markets started the week on a strong footing on signs of robust U.S. consumer spending during Black Friday and Cyber Monday. The large-cap indexes and the technology-heavy Nasdaq Composite Index outperformed the smaller-cap benchmarks, and higher-valuation growth shares outpaced slower-growing value stocks for the first time in a month. Health care and information technology shares outpaced the rest of the S&P 500 Index, while materials shares performed worst. The large financials sector struggled as longer-term interest rates fell, threatening bank lending margins. Energy shares also lagged as domestic oil prices fell below $50 per barrel for the first time in over a year. In heavy volume, 1.5 bn shares were traded on the NYSE and 2.4 bn shares changed hands on the Nasdaq. U.S. mutual fund investors pulled $13.7 bn from stocks and bonds during the latest week, underscoring retail investors' rising concerns over turbulent markets. Including both mutual funds and ETFs, US bond funds posted $3.8 bn withdrawals while $0.35 bn fled stock funds. European equities finished mixed as the markets eyed the congregation of major world leaders for the G20 summit in Argentina. The pan-European Stoxx 600 Index was up slightly after a week filled with geopolitical tensions, as investors sorted through conflicting signals on Brexit.

In fixed income markets, treasuries were higher, with the yield on the 2-year note dipping 1 basis point (bp) to 2.80%, the yield on the 10-year note declining 3 bps to 3.00%, and the 30-year bond rate decreasing 2 bps to 3.30%.Trade worries seemed to weigh on high yield bond performance early in the week, but the market retraced its losses after Powell's comments. The decline in crude oil prices also weighed on many high yield bond issuers in the energy sector. However, the main catalyst for the move higher was Federal Reserve Chairman Powell's comments that rates are close to neutral, which contrasted with his prior statement in early October that rates are a long way from neutral. On softer side, the Dollar Index—a comparison of the U.S. dollar to six major world currencies—rose 0.5% to 97.23.The pound dropped against the U.S. dollar, as the future of Brexit hung in the balance. In commodity markets, oil prices on both sides of the Atlantic are lower in pre-market trading , as swelling inventories depressed sentiment despite widespread expectations that OPEC and Russia would agree some form of production cut next week. Surging oil production in the United States, Russia and by members of the Middle East-dominated Organization of the Petroleum Exporting Countries has helped fill global inventories and create a glut in some markets.

While geopolitical tensions are a source of volatility and the recent global stock market pullback meant prices dropped faster than expectations for earnings and economic growth, making U.S. and global stocks more attractively priced, analyst believe they should not prompt a change in long-term investment strategy.

Economic Commentary

A speech by Federal Reserve Chairman Jerome Powell this week introduced some uncertainty into analysts' estimates of just how many rate hikes could be left in the current expansion. But, with the PCE deflator unchanged at 2.0% in October. Economic data out the gate this week point to a positive outlook. The second estimate of Q3 GDP kept growth at an annualized rate of 3.5%, underpinning strong growth in corporate profits. Fresh consumer confidence and personal income data point to strong consumer spending to end the year. The ISM manufacturing index has been flying high this year, although the series fell more than two points in October. The headline ISM still looks strong against "hard" data on production and new orders. Economic activity outside the factory sector has been on a tear according to the ISM non-manufacturing sector. The index eased a touch in October from a 21-year high the previous month, but at 60.3 remains near the highest levels of the past two decades. Employment growth has remained robust this year, with employers adding an average of 212,000 jobs per month year to date. U.S.-China trade policy remained in focus this week ahead of a highly anticipated meeting between U.S. President Trump and Chinese President Xi this weekend as part of the G-20 Summit.

The U.K. manufacturing PMI dropped sharply in October, falling 2.5 points to 51.1 and continuing its downward trend. The hard data largely confirm the sentiment data; industrial production growth has been flat over the past two months, while investment spending again declined in Q3, contracting 1.2% on a sequential basis. On-going Brexit concerns look to be largely to blame for the slowing trend in the manufacturing sector, as businesses postpone investment decisions until further clarity is reached on the outcome of negotiations. While an initial deal was reached with the European Union earlier this month, several U.K. ministers resigned in the wake of the agreement, leading market participants to question the feasibility of the U.K. parliament signing off on the deal before the March 2019 deadline. German retail sales unexpectedly declined, the Eurozone unemployment rate came in above estimates, and Eurozone core consumer price inflation was cooler than forecasted. As Brexit worries persist, Bank of England (BoE) Governor Mark Carney warned that many British companies would have difficulties if the UK left the EU without a formal exit agreement. He noted that less than half of UK companies had initiated their contingency plans for a no-deal Brexit.

Trade tensions and higher tariffs have been another source of recent market volatility, and while there has been some progress, the tensions between the U.S. and China remain high and aren't likely to be resolved quickly.

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