PANORAMIC VIEW OF THE WEEK

Weekly Data Center

Equities	Level	Returns (%)			
	07-Dec-18	1w	3m	YTD	1y
S&P500	2,633	(4.6%)	(8.3%)	(1.5%)	(0.1%)
DJIA30	24,389	(4.5%)	(5.9%)	(1.3%)	0.7%
EuroSTOXX	3,059	(3.6%)	(7.1%)	(12.7%)	(14.4%)
DAX	10,788	(4.2%)	(9.8%)	(16.5%)	(17.3%)
FTSE	6,778	(2.9%)	(6.9%)	(11.8%)	(7.4%)

Credit	On the Run Levels (bps)				
	07-Dec-18	30-Nov-18	07-Sep-18	31-Dec-17	07-Dec-17
iTraxx Mains	86	81	64	45	48
iTraxx Fin Snr	109	104	75	44	46
iTraxx X-Over	344	328	287	233	234
CDX IG	83	75	60	49	52
CDX HY	423	393	350	306	320

Commodity	Level	Returns (%)			
	07-Dec-18	1w	3m	YTD	1y
Crude (Brent)	60.3	3.1%	(21.4%)	(9.8%)	(3.3%)
Crude (WTI)	52.6	3.3%	(22.3%)	(12.9%)	(7.2%)
Gold	1,249	2.4%	4.4%	(4.1%)	0.2%
Silver	14.6	3.0%	3.2%	(13.7%)	(7.0%)

Forex	Levels				
	07-Dec-18	30-Nov-18	07-Sep-18	31-Dec-17	07-Dec-17
EUR	1.14	1.13	1.16	1.20	1.18
GBP	1.27	1.27	1.29	1.35	1.35
AUD	0.72	0.73	0.71	0.78	0.75
YEN	112.69	113.57	110.99	112.69	113.09

EM Equities	Level	Returns (%)			
	07-Dec-18	1w	3m	YTD	1y
Brazil	88,115	(1.6%)	15.3%	15.3%	21.6%
Russia	1,448	(5.6%)	(15.5%)	(5.7%)	(4.8%)
India	10,694	(1.7%)	(7.7%)	1.5%	5.2%
China	2,606	0.7%	(3.6%)	(21.2%)	(20.4%)
South Africa	51,038	0.7%	(10.6%)	(14.2%)	(12.0%)

Rates	Levels (%)				
	07-Dec-18	30-Nov-18	07-Sep-18	31-Dec-17	07-Dec-17
2-yr US Treasury	2.71	2.79	2.70	1.88	1.80
10-yr US Treasury	2.85	2.99	2.94	2.41	2.36
30-yr US Treasury	3.14	3.29	3.10	2.74	2.76
10-yr German Bunc	0.25	0.31	0.39	0.43	0.29
10-yr UK Gilt	1.27	1.36	1.46	1.19	1.25

Key Economic Releases

The week in review

Mon, 03-Dec
US ISM Manufacturing (Actuals:234k ;Cons.: 220)

Tue, 04-Dec

Wed, 05-Dec

Thu, 06-Dec
US Initial Jobless Claims (Actuals:234k ;Cons.: 220)

Fri, 07-Dec
Eurozone GDP QoQ (Actuals:0.20% ;Cons.: 0.20%)
US Change in Non-farm Payrolls (Actuals:155 ;Cons.: 198)

The week ahead

Mon, 10-Dec

Tue, 11-Dec

Wed, 12-Dec
US CPI MoM (Cons.: 0.00%; Prior: 0.30%)

Thu, 13-Dec
US Initial Jobless Claims (Cons.: 225k; Prior: 231k)
ECB Main Refinancing Rate (Cons.: 0.00%; Prior: 0.00%)

Fri, 14-Dec

Market Commentary

Stocks dropped sharply on Friday, concluding what has been a wild week for Wall Street. A weaker-than-expected jobs report and China-U.S. trade tensions sent the Dow Jones Industrial Average lower by 558.72 points to 24,388.95 and erased its gains for the year. Stocks dropped sharply, with the technology-heavy Nasdaq Composite Index and the smaller-cap benchmarks faring worst. Health care sector stocks, the biggest gainer in the S&P 500 this year, took some of the heaviest losses Friday. Markets were again highly volatile, although the Cboe Volatility Index (VIX) remained below the multi-month highs it established in October. Tumbling longer-term Treasury bond yields heavily influenced equity markets—weighing on sentiment generally and punishing financial shares by lowering lending margins for banks but benefiting utilities stocks, whose dividends became more attractive in comparison. In heavy volume, 1.0 billion shares were traded on the NYSE and 2.4 billion shares changed hands on the Nasdaq. U.S. fund investors showed scepticism of bonds despite gains in the market, pulling the most cash from the investments in five weeks. Nearly $6.4 billion tumbled out of stocks and another $3.5 billion from bonds during the week. European stocks fell throughout the week, as hopes soured for reduced trade tensions between the U.S. and China. The pan-European STOXX Europe 600 Index and the FTSE 100 Index fell more than 3% on Thursday, their worst one-day declines since the June 2016 Brexit vote.

In fixed income markets, treasuries were higher, with the yields on the 2-year and 10-year notes falling 4bps to 2.72% and 2.85%, respectively, while the 30-year bond rate decreased 2 bps to 3.14%. U.S. municipal bonds produced good returns for the week as muni yields followed Treasury yields lower. However, munis slightly underperformed Treasuries going into Friday. Despite worries about increased supply, demand for munis across the yield curve was more than adequate to digest the new issuance. The high yield market started the week with a generally optimistic tone on the back of activities at the recent G-20 meeting and rhetoric around tariffs with China. Energy bonds traded higher due to positive commentary about OPEC production cuts. The investment-grade corporate bond market started the week with a firmer tone and riskier names outperformed. On softer side, the Dollar Index—a comparison of the U.S. dollar to six major world currencies—declined 0.2% to 96.63.In commodity markets, oil prices rose after OPEC countries agreed to reduce global oil production by 1.2 million barrels a day for six months, beginning in January. U.S. benchmark crude rose 2.2% to $52.61 a barrel in New York. Brent crude, used to price international oils, gained 2.7% to $61.67 a barrel in London.

Worries that the testy U.S.-China trade dispute and higher interest rates will slow the economy have made investors uneasy, leading to volatile swings in the market from one day to the next.

Economic Commentary

An ephemeral trade truce, the inversion of the front-end of the yield curve and a softer than expected jobs report fuelled fears of the economy slowing. But, with economic data this week suggesting a relatively healthy economy. One area of uncertainty continues to be trade turmoil between the United States and China. A meeting between President Trump and President Xi at the G-20 summit resulted in a 90-day ceasefire to allow for negotiations. The ISM manufacturing and non-manufacturing surveys point to robust activity. Nonfarm payrolls rose just 155,000 in November, and the unemployment rate held steady at 3.7%. Other data suggest that the overall job picture remains relatively strong. Both ISM employment components remain high, consumers' views of the availability of jobs continues to improve and small business hiring plans remain while job openings remain at record highs. After jumping 0.8% in October, retail sales are likely to have increased a more modest 0.2% in November. Total sales are expected to have been held down by fewer auto sales and lower revenues at gas stations as prices at the pump plummeted. CPI inflation picked up in October on the back of higher energy costs, but the boost is expected to be unwound in November. Gasoline prices according to AAA fell 11% over the month and likely offset price hikes in other categories, keeping headline inflation flat.

At October's meeting, the European Central Bank continued to provide forward guidance that it will end its bond purchase program in December and keep policy rates on hold at least through the summer of 2019. Investors are looking to the crucial parliamentary vote on December 11, when May will seek approval of the withdrawal deal she struck with the European Union. The Turkish central bank recently released its Monetary and Exchange Rate Policy for 2019 report, where it highlighted a willingness to make revisions to monetary policy. The report states that Turkey's central bank will adjust its approach to monetary policy should exchange rate volatility have long-lasting effects on inflation and price stability. This could be potentially significant for restoring economic stability in Turkey, as an unorthodox monetary policy framework contributed to a significant depreciation in the lira earlier this year. In France, President Emmanuel Macron's government cancelled a planned fuel tax increase for 2019, as it sought to calm a nationwide protest movement. The protesters have said they will keep up their fight as other demands over the cost of living have not been met.

The economy could show some resiliency in the face of festering trade concerns that continued to pressure U.S. markets, as well as global growth concerns, exacerbated by U.S. employment report and data.

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