Weekly Data Center

Equities	Level 14-Dec-18	Returns (%) 1w	3m	YTD	1y
S&P500	2,600	(1.3%)	(10.5%)	(2.8%)	(2.0%)
DJIA30	24,101	(1.2%)	(7.9%)	(2.5%)	(1.7%)
EuroSTOXX	3,093	1.1%	(7.5%)	(11.7%)	(13.0%)
DAX	10,866	0.7%	(10.4%)	(15.9%)	(16.9%)
FTSE	6,845	1.0%	(6.3%)	(11.0%)	(8.1%)

Credit	On the Run Levels (bps) 14-Dec-18	07-Dec-18	14-Sep-18	31-Dec-17	14-Dec-17
iTraxx Mains	81	86	60	45	48
iTraxx Fin Snr	103	109	68	44	47
iTraxx X-Over	336	344	281	233	236
CDX IG	79	83	56	49	51
CDX HY	417	423	350	306	320

Commodity	Level 14-Dec-18	Returns (%) 1w	3m	YTD	1y
Crude (Brent)	59.3	(1.6%)	(24.1%)	(11.2%)	(7.4%)
Crude (WTI)	51.2	(2.7%)	(25.8%)	(15.3%)	(10.2%)
Gold	1,239	(0.8%)	3.7%	(4.9%)	(1.1%)
Silver	14.6	(0.3%)	3.7%	(13.9%)	(8.2%)

Forex	Levels 14-Dec-18	07-Dec-18	14-Sep-18	31-Dec-17	14-Dec-17
EUR	1.13	1.14	1.16	1.20	1.18
GBP	1.26	1.27	1.31	1.35	1.34
AUD	0.72	0.72	0.72	0.78	0.77
YEN	113.39	112.69	112.06	112.69	112.39

EM Equities	Level 14-Dec-18	Returns (%) 1w	3m	YTD	1y
Brazil	87,450	(0.8%)	15.9%	14.5%	20.7%
Russia	1,411	(2.6%)	(18.1%)	(8.1%)	(6.4%)
India	10,805	1.0%	(6.2%)	2.6%	5.4%
China	2,594	(0.5%)	(3.3%)	(21.6%)	(21.2%)
South Africa	51,560	1.0%	(8.9%)	(13.4%)	(10.9%)

Rates	Levels (%) 14-Dec-18	07-Dec-18	14-Sep-18	31-Dec-17	14-Dec-17
2-yr US Treasury	2.73	2.71	2.78	1.88	1.81
10-yr US Treasury	2.89	2.85	3.00	2.41	2.35
30-yr US Treasury	3.14	3.14	3.13	2.74	2.71
10-yr German Bunc	0.25	0.25	0.45	0.43	0.32
10-yr UK Gilt	1.24	1.27	1.53	1.19	1.17

Key Economic Releases

The week in review

Mon, 10-Dec

Tue, 11-Dec

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

Thu, 13-Dec
US Initial Jobless Claims (Actuals:206k ;Cons.: 226k)
ECB Main Refinancing Rate (Actuals:0.00% ;Cons.: 0.00%)

Fri, 14-Dec

The week ahead

Mon, 17-Dec
Eurozone CPI YoY (Cons.: 2.00%; Prior: 2.20%)

Tue, 18-Dec

Wed, 19-Dec
US FOMC Rate Decision (Cons.: 2.50%; Prior: 2.25%)

Thu, 20-Dec
US Initial Jobless Claims (Cons.: 219k; Prior: 206k)

Fri, 21-Dec

Market Commentary

The market has struggled this week with choppy trading and has failed to hold on to opening levels in magnitude or direction on concerns ranging from trade talks, interest rates, a flattening US Treasury yield curve to uncertainty over the shape of Brexit. Sentiment was weak from the start of trading after China reported weak monthly retail sales growth and industrial output numbers, with disappointing economic data from Euro zone, France and Germany souring the mood. US stocks slumped on last trading day with the consumer staples and energy sectors falling more than 1.5%, while consumer discretionary and industrials were down over 1%. Investors also shrugged off Beijing's announcement that it would suspend additional tariffs on US-made vehicles and auto parts for three months starting next year, persuading the automotive sector to fall 1.29%. Ultimately for the week, declining issues outnumbered advancers for a 2.80:1 ratio on the NYSE and for a 2.14:1 ratio on the Nasdaq. The S&P index recorded eight new 52-week highs and 75 new lows, while the Nasdaq recorded five new highs and 319 new lows. The slowdown impact crossed the Atlantic, where Britain's top stock index down as miners, consumer stocks and banks suffered from investors' mounting anxiety about the Chinese economy. Helping the FTSE 100 come back from its earlier sharp losses were energy stocks, however, FTSE 100, along with the pan-European index , was on track for its worst quarter since 2011 when Europe was in the throes of a sovereign debt crisis.

The money markets became the safe haven destination for the week, after a flood of cash swamped the US money markets this week, reducing tension in the sector that had been constrained by the growing supply of Treasury bills and the Federal Reserve's paring its bond holdings. In parallel, investors poured a record $81 billion into US money market funds this week as they withdrew a near-record $13 billion from bond funds and more than $46 billion from US stock funds. For the treasury yields, speculators' net bearish bets on US 10-year Treasury note futures rose earlier this week after longer-dated yields fell to their lowest levels since late August and ending the week at 2.889%. The "inversion" of the front half of the yield curve raised the speculation on whether the entire curve will soon invert, after two-year yields ended the week barely above five-year yields. In the eurozone, Germany's 10-year Bund yield was down 3bps at 0.25% - keeping recent six-month lows in sight. Most other 10-year bond yields in the bloc were down a similar amount as both the German and Spanish central banks meanwhile cut their growth forecasts. In currencies, both euro and strerling hovered near monthly lows, as concerns grew that Britain was headed for a chaotic exit from the European Union. Elsewhere, the commodities are highlighted with slippery oil markets where, the oil prices licked wounds after Friday's falls on concerns about the global economy. US WTI crude futures stood flat at $51.22 per barrel, after a loss of 2.7% last week.

Investors need a true breakthrough in US-China trade talks. Any agreement at this point would alleviate fears of global economies sinking further and that would diminish this high volatility in the market. Investors are now looking to a major speech by President Xi Jinping on Tuesday to mark the 40th anniversary of China's reform and opening up.

Economic Commentary

The US economic calendar was highlighted by the CPI prints for the latest month, confirming a potential increase in Fed hike in the upcoming FOMC meeting. After increasing 2.9% on a y-o-y basis, now headline CPI is up only 2.2%, still above the Fed's threshold. Consumers are catching a break on inflation just in time for the holiday shopping season. After rising for seven straight months, the CPI was unchanged in November. While headline inflation has eased up, the trend in core inflation has remained fairly steady. The core CPI rose 0.2% in November with goods and services both picking up. The lion's share of core inflation, services, rose a trend-like 0.2% in November. The modest inflation backdrop bodes well for real consumer spending but dented retail sales, which are reported in nominal terms, in November. While consumer spending looks to be on solid footing, the latest data on industrial production hint at some modest cooling. Total production rose 0.6% in November, helped by a 3.3% rise in utilities as temperatures were below their seasonal averages. Despite the declining oil prices, mining rose 1.7% over the month, likely to cool given expectations of lower oil prices to remain. Manufacturing production was flat over the month. Economists would not be surprised to see some further moderation given the outlook for slower US and global growth.

Across the English Channel, the international drama began this week when it became clear that Theresa May, the Prime Minister of the UK, would face a no confidence vote this week amid the ongoing turmoil surrounding Brexit negotiations. The path ahead remains daunting, however, as PM May remains well short of the votes she needs to pass the Brexit deal negotiated between her government and the EU. Against this uncertain backdrop, business investment in the United Kingdom has been decelerating and is down 1.9% y-o-y at present. Also across the Atlantic, the ECB's Governing Council met for the final time in 2018. As expected, the ECB confirmed the end of its asset purchase program, which the central bank has used over the past few years to bring down interest rates across Europe. Though monetary policy remains extraordinarily accommodative in Europe, the ECB, like the Fed a few years ago, continues to take gradual steps towards removing some of that accommodation. Finally, Chinese economic data on retail sales, industrial production and fixed investment for November were released on Friday. The data were weaker than expected, with retail sales and industrial production growth slowing more than expected on a y-o-y basis. The fixed investment data were a bit better, but on balance the data signaled that economic growth in China continues to slow.

In the annual outlook, analysts have highlighted China as the biggest "swing" factor for global growth in 2019. Real GDP growth in China has been gradually slowing as working-age population growth slows, the "catch-up" phase of the country's economic development ends.

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