## Weekly Data Center

| Equities | Level | Returns (%) | | | |
|---|---|---|---|---|---|
| | 11-Jan-19 | 1w | 3m | YTD | 1y |
| S&P500 | 2,596 | 2.5% | (4.8%) | 3.6% | (6.2%) |
| DJIA30 | 23,996 | 2.4% | (4.2%) | 2.9% | (6.2%) |
| EuroSTOXX | 3,070 | 0.9% | (4.3%) | 2.3% | (14.6%) |
| DAX | 10,887 | 1.1% | (5.6%) | 3.1% | (17.5%) |
| FTSE | 6,918 | 1.2% | (1.3%) | 2.8% | (10.9%) |

| Commodity | Level | Returns (%) | | | |
|---|---|---|---|---|---|
| | 11-Jan-19 | 1w | 3m | YTD | 1y |
| Crude (Brent) | 59.8 | 5.7% | (25.7%) | 12.5% | (13.8%) |
| Crude (WTI) | 51.6 | 7.6% | (27.3%) | 13.6% | (19.1%) |
| Gold | 1,290 | 0.3% | 5.4% | 0.6% | (2.4%) |
| Silver | 15.6 | (0.6%) | 6.9% | 0.7% | (8.2%) |

| EM Equities | Level | Returns (%) | | | |
|---|---|---|---|---|---|
| | 11-Jan-19 | 1w | 3m | YTD | 1y |
| Brazil | 93,658 | 2.0% | 12.9% | 6.6% | 18.0% |
| Russia | 1,447 | 4.8% | (6.3%) | 7.3% | (8.8%) |
| India | 10,795 | 0.6% | 5.5% | (0.6%) | 1.3% |
| China | 2,554 | 1.5% | (1.1%) | 2.4% | (25.4%) |
| South Africa | 53,653 | 2.8% | 2.7% | 1.7% | (10.0%) |

| Credit | On the Run Levels (bps) | | | | |
|---|---|---|---|---|---|
| | 11-Jan-19 | 04-Jan-19 | 11-Oct-18 | 31-Dec-18 | 11-Jan-18 |
| iTraxx Mains | 81 | 88 | 74 | 87 | 44 |
| iTraxx Fin Snr | 105 | 113 | 93 | 109 | 43 |
| iTraxx X-Over | 335 | 356 | 297 | 353 | 229 |
| CDX IG | 78 | 84 | 66 | 88 | 47 |
| CDX HY | 404 | 429 | 350 | 449 | 320 |

| Forex | Levels | | | | |
|---|---|---|---|---|---|
| | 11-Jan-19 | 04-Jan-19 | 11-Oct-18 | 31-Dec-18 | 11-Jan-18 |
| EUR | 1.15 | 1.14 | 1.16 | 1.15 | 1.20 |
| GBP | 1.28 | 1.27 | 1.32 | 1.28 | 1.35 |
| AUD | 0.72 | 0.71 | 0.71 | 0.70 | 0.79 |
| YEN | 108.48 | 108.51 | 112.16 | 109.69 | 111.26 |

| Rates | Levels (%) | | | | |
|---|---|---|---|---|---|
| | 11-Jan-19 | 04-Jan-19 | 11-Oct-18 | 31-Dec-18 | 11-Jan-18 |
| 2-yr US Treasury | 2.54 | 2.49 | 2.85 | 2.49 | 1.98 |
| 10-yr US Treasury | 2.70 | 2.67 | 3.15 | 2.68 | 2.54 |
| 30-yr US Treasury | 3.03 | 2.98 | 3.32 | 3.01 | 2.87 |
| 10-yr German Bunc | 0.24 | 0.21 | 0.52 | 0.24 | 0.58 |
| 10-yr UK Gilt | 1.29 | 1.28 | 1.67 | 1.28 | 1.31 |

## Key Economic Releases

### The week in review

**Mon, 07-Jan**

**Tue, 08-Jan**

**Wed, 09-Jan**

**Thu, 10-Jan**
US Initial Jobless Claims (Actuals:216k ;Cons.: 226k)

**Fri, 11-Jan**
US CPI YoY (Actuals:1.90% ;Cons.: 1.90%)
UK Industrial Production MoM (Actuals:-0.40% ;Cons.: 0.20%)

### The week ahead

**Mon, 14-Jan**

**Tue, 15-Jan**

**Wed, 16-Jan**
UK CPI YoY (Cons.: 2.10%; Prior: 2.30%)

**Thu, 17-Jan**
US Initial Jobless Claims (Cons.: 220k; Prior: 216k)

**Fri, 18-Jan**

## Market Commentary

US equities finished modestly lower for the last session of the week, but notched the third–straight weekly advance, as investors go into the weekend digesting strong gains as trade optimism and cooled concerns surrounding the Fed's policy going forward. Small-caps outperformed, and the gains helped make the Russell 2000 Index the last major benchmark to emerge from bear market territory. Within the S&P 500 Index, industrials shares performed best, helped by strength in railroads and a sharp rise in Boeing. Energy shares were also especially strong for much of the week as oil prices rallied, although they gave back a portion of their gains on Friday. Financials lagged, and health care stocks also underperformed despite the news of another large merger in the sector. Volatility continued to moderate, with the Cboe Volatility Index (VIX) hitting its lowest level in over a month, while higher-valued growth stocks outperformed slower-growing value shares. In moderate volume, 802 million shares were traded on the NYSE and 2.0 billion shares changed hands on the Nasdaq. European equities finished mixed, but higher for a second-consecutive week, with a sundry of regional uncertainties and economic data taking some of the lustre off of a rally in global markets on eased Fed concerns and US-China trade optimism. The FTSE 100 Index also gained more than 1%. Auto stocks came under pressure this week as Ford Motor announced an overhaul of its European business, which would entail thousands of job cuts. Honda said it would shut its UK plant for six days to avoid a disruption from a disorderly Brexit.

In fixed income markets, treasuries were higher, with the yields on the 2-year note and the 30-year bond dropped 3bps to 2.54% and 3.03%, respectively, while the yield on the 10-year note fell 4 bps to 2.70%. Municipal investors were eager for the first significant new issuance of 2019, which features a $7 billion calendar. The return of supply to the market, coupled with the downward movement in Treasury bond prices, led to weaker performance through the week. Investment-grade corporate bond issuance significantly exceeded expectations, and most deals received strong interest. The firm’s traders observed that buyers mostly focused on short- and intermediate-term credits, although investors in Asia were more active in long-term issues. Credit spreads tightened throughout most of the week, retracing some of the year-end widening. Energy sector bonds outperformed as US oil prices rose above $50 per barrel. On softer side, the British pound rose 1% as the likelihood increased that the UK’s departure from the EU would be delayed past its March 29 deadline. The Dollar Index—a comparison of the US dollar to six major world currencies—inched 0.1% higher to 95.67. In commodity markets, oil prices on both sides of the Atlantic dipped into negative territory, giving up earlier momentum, but futures are on track for solid weekly gains after financial markets strengthened due to hopes the US and China may soon resolve their trade dispute.

Analyst think investors should let their long-term strategy be their guide, aligning portfolio decisions with goals and comfort with risk. Doing so can create long-term opportunities out of short-term market reactions.

## Economic Commentary

Fed officials this week reemphasized that they would exercise patience, making a pause in rate hikes in March more likely. Despite recent worries of slower domestic growth, the consumer sector looks poised to post another solid quarter to end the year. A recent indication of strength was November retail sales. Overall retail sales were held back by price-related declines at gasoline stations. Control group sales, a proxy for personal consumption expenditures (PCE), were up 0.9%. This was the strongest monthly increase for 2018 so far, and points to another strong print for PCE in Q4. After plunging eight points in November, the NAHB Housing Market Index fell four points to 56 in December. The overall level of builders’ confidence at its current level is still indicative of a majority of builders seeing current conditions as good rather than poor. But, having fallen 12 points over the past two months, the overall index sits at its lowest level since May 2015. Higher mortgage rates have likely been partly to blame for decreased confidence among builders. The more recent decline in mortgage rates, however, may provide some support to the housing market, which has essentially stalled this past year. Manufacturing output, on the other hand, was flat over the month. More recent survey data, such as the ISM manufacturing new orders component falling 11 points to 51.1 in December. The CPI fell 0.1% during December owed to lower energy prices. Core CPI increased 0.2% and is up 2.2% year-to-year.

This week was marked by a mixed batch of Eurozone economic data. On the stronger side, Eurozone November retail sales were solid, rising 0.6% month-over-month, matching the October gain, while unemployment also fell further in November. However, other economic figures were mostly consistent with a generally subdued Eurozone growth trend. German industrial output unexpectedly declined 1.9% month-over-month and French, Italian and Spanish industrial output all declined. In addition, the economic sentiment for the December month fell to 107.3 in the Eurozone, a 12th straight fall. The decline in German output in particular raised the spectra of whether the Eurozone economy is on the verge of falling into recession. This week’s UK data show signs of a potential moderation in economic growth late last year. November GDP rose 0.2%-month over-month, a slight increase from October. Service sector output was a bit firmer, rising 0.3%, but industrial output declined 0.4% on the month. One factor that is likely contributing to sluggish growth is the UK’s approaching exit from the European Union and the associated uncertainty. A United Kingdom Parliamentary vote on Prime Minister May’s Brexit deal is scheduled next week, but is widely expected to be rejected.

Brexit and US-China trade negotiations remains major concerns for shaping world's economic decisions policies amidst the rising tides of positive economic numbers strengthening a tighter monetary regime across the Atlantic

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*Sources used for preparing the report: Bloomberg; Wall Street Journal, Financial Times, Thomson Reuters*