Weekly Data Center

Equities	Level 18-Jan-19	Returns (%) 1w	3m	YTD	1y
S&P500	2,671	2.9%	(3.5%)	6.5%	(4.6%)
DJIA30	24,706	3.0%	(2.7%)	5.9%	(5.0%)
EuroSTOXX	3,135	2.1%	(2.4%)	4.4%	(13.4%)
DAX	11,206	2.9%	(3.3%)	6.1%	(15.6%)
FTSE	6,968	0.7%	(0.8%)	3.6%	(9.5%)

Credit	On the Run Levels (bps) 18-Jan-19	11-Jan-19	18-Oct-18	31-Dec-18	18-Jan-18
iTraxx Mains	76	81	76	87	45
iTraxx Fin Snr	94	105	95	109	44
iTraxx X-Over	320	335	299	353	235
CDX IG	72	78	67	88	48
CDX HY	383	404	350	449	320

Commodity	Level 18-Jan-19	Returns (%) 1w	3m	YTD	1y
Crude (Brent)	62.1	3.8%	(21.8%)	16.7%	(10.2%)
Crude (WTI)	53.8	4.3%	(21.6%)	18.5%	(15.9%)
Gold	1,282	(0.6%)	4.6%	(0.0%)	(3.4%)
Silver	15.3	(1.7%)	5.2%	(1.0%)	(9.5%)

Forex	Levels 18-Jan-19	11-Jan-19	18-Oct-18	31-Dec-18	18-Jan-18
EUR	1.14	1.15	1.15	1.15	1.22
GBP	1.29	1.28	1.30	1.28	1.39
AUD	0.72	0.72	0.71	0.70	0.80
YEN	109.78	108.48	112.21	109.69	111.11

EM Equities	Level 18-Jan-19	Returns (%) 1w	3m	YTD	1y
Brazil	96,097	2.6%	14.6%	9.3%	18.7%
Russia	1,483	2.4%	(5.0%)	9.9%	(6.0%)
India	10,907	1.0%	4.3%	0.4%	0.8%
China	2,596	1.7%	4.4%	4.1%	(25.3%)
South Africa	53,732	0.1%	3.1%	1.9%	(11.8%)

Rates	Levels (%) 18-Jan-19	11-Jan-19	18-Oct-18	31-Dec-18	18-Jan-18
2-yr US Treasury	2.61	2.54	2.87	2.49	2.04
10-yr US Treasury	2.78	2.70	3.18	2.68	2.63
30-yr US Treasury	3.10	3.03	3.36	3.01	2.90
10-yr German Bund	0.26	0.24	0.42	0.24	0.57
10-yr UK Gilt	1.35	1.29	1.54	1.28	1.33

Key Economic Releases

The week in review

Mon, 14-Jan

Tue, 15-Jan

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

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

Fri, 18-Jan

The week ahead

Mon, 21-Jan

Tue, 22-Jan

Wed, 23-Jan

Thu, 24-Jan
US Initial Jobless Claims (Cons.: 220k; Prior: 216k)
US Manufacturing PMI MoM (Cons.: 53.5; Prior: 53.8)

Fri, 25-Jan

Market Commentary

US stocks continued to rally, posting a fourth-straight weekly gain ahead of a long holiday weekend. Trade optimism added more fuel to the fire amid multiple reports of progress being made regarding US-China talks, joining a relatively upbeat start to earnings season, another gain in industrial production and eased Fed concerns. The gains pulled the large-cap benchmarks out of correction territory, or within 10% of their recent highs, but the Nasdaq Composite Index and the smaller-cap benchmarks remained below that threshold. Within the S&P 500 Index, financials shares led the gains, helped by better-than-expected earnings reports from some large banks. The defensive utilities and consumer staples sectors lagged the overall market, with the former also dragged lower by a bankruptcy announcement from Pacific Gas and Electric (PG&E) due to expected liabilities from the recent California wildfires. Trading volumes were somewhat muted, especially early in the week, and volatility, as measured by the Cboe Volatility Index (VIX), continued its recent downward trend. In moderately heavy volume, 1.0 billion shares were traded on the NYSE and 2.4 bn shares changed hands on the Nasdaq. The lion's share of the net outflows were attributable to equity ETFs (-$9.2 bn), while muni bond ETFs contributed $0.306 bn to the total net outflows. European stocks rose in line with global markets this week amid signs that the US and China could resolve trade tensions and an increased likelihood that Brexit will be delayed after UK Prime Minister Theresa May's Brexit proposal was overwhelmingly defeated in Parliament. While the German DAX Index has spiked by 1.9%, the U.K.'s FTSE 100 Index and the French CAC 40 Index have both shot up by 1.6%.

In fixed income markets, treasuries were lower, with the yield on the 2-year note advancing 5bps to 2.61%, the yield on the 10-year note rising 3 bps to 2.78%, and the 30-year bond rate gaining 2 bps to 3.10%.Longer-term bond yields rose for the week, as favourable economic data and continued equity gains lured investors away from the perceived safe haven of Treasuries. The municipal market started the week subdued, with most of the week's activity centred around a $5 billion new issuance calendar. Investment-grade corporate bond spreads tightened across most sectors. The market rallied after the UK Parliament rejected the prime minister's Brexit deal. Technical conditions in the high yield market were supportive due to the combination of modest new issuance, the largest weekly inflow to high yield bond funds in roughly two years, and low dealer inventories. On softer side, the Dollar Index—a comparison of the US dollar to six major world currencies—increased 0.3% to 96.39.The British pound and the euro saw some pressure versus the US dollar. In commodity markets, WTI crude oil advanced $1.68 to $54.04 per barrel and wholesale gasoline was $0.02 higher at $1.45 per gallon.

While the investors keep focusing on the outcome of recent geoppolitics, the analyst believes that investor sentiment is overly pessimistic, since the underlying fundamentals of global economic and earnings growth remain solid, if slower.

Economic Commentary

The ongoing partial federal government shutdown meant a number of economic data reports were not released this week. Among them were what would have been two of the major focal points—housing starts and retail sales. The housing market has been an area of concern in recent months, as buyers and builders have grappled with higher mortgage rates and costs that have led to a further deterioration in affordability. Homebuilder sentiment plummeted in December, sparking fears that the slowdown was set to intensify this year. While the NAHB index remains well-below its level this time last year, builders reported better conditions in January with the index edging up two points. Home prices have moderated further, as sales have weakened significantly in parts of the country where home prices tend to be more expensive, including major markets along the West Coast and the more densely populated areas in the Northeast. Inventories of higher-priced homes have risen and sellers are cutting their asking prices. Overall industrial production rose 0.3% in December, while manufacturing output rose 1.1% amid a nearly a 5% jump in autos production. For now, the impact in terms of employment looks to be contained. While the Labour Department reported 10,500 former federal employees filing initial jobless claims—5,000 more than the previous week—total initial claims fell for a second straight week. Forecasts for the index of leading indicators are clouded by the lack of economic news released this past month due to the government shutdown.

As concerns about an economic slowdown have intensified, the Eurozone PMI surveys have become increasingly closely followed measures of the economy's health over the past several months. Q3 GDP grew just 0.2% quarter over quarter (not annualized) and, reflective of that sluggish pace of growth, the manufacturing PMI has fallen for five straight months, and the services PMI for three straight months, through the latest data for December 2018. For the manufacturing sector that underwhelming trend is expected to have continued into January, with the consensus forecasting a slight fall to 51.3. Indeed, there was little in this week's U.K. data that was upbeat in tone. The December CPI was benign, slowing to 2.1% year over year, while core CPI firmed slightly to 1.9%. Meanwhile December retail sales fell 0.9% month over month, partly reversing their sizeable November gain. On an annual basis Eurozone industrial production fell 3.3%, the largest decline since late 2012. Meanwhile Germany, the region's largest economy, reported full year 2018 GDP growth on 1.5%, down from 2.2% in 2017.

The international events and data of the past week pointed to a still uncertain outlook, and suggest it might still take some time for global economies to stabilize and global central banks to resume tightening.

About Oxane Partners

Oxane Partners is a boutique advisory firm empowering alternative asset managers across their investment lifecycle. We support investment teams through all the phases of an investment including pre-screening, investment analysis, and portfolio monitoring. By unifying our asset expertise with our proprietary technology platforms, we assist our clients become more agile and outperform the competition.

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