PANORAMIC VIEW OF THE WEEK

Weekly Data Center

Equities

	Level	Returns (%)			
	25-Jan-19	1w	3m	YTD	1y
S&P500	2,665	(0.2%)	(1.5%)	6.3%	(6.1%)
DJIA30	24,737	0.1%	(1.0%)	6.0%	(6.3%)
EuroSTOXX	3,163	0.9%	(0.0%)	5.4%	(12.9%)
DAX	11,282	0.7%	(0.2%)	6.8%	(15.2%)
FTSE	6,809	(2.3%)	(2.8%)	1.2%	(10.6%)

Credit

	On the Run Levels (bps)				
	25-Jan-19	18-Jan-19	25-Oct-18	#VALUE!	25-Jan-18
iTraxx Mains	74	76	75	87	43
iTraxx Fin Snr	89	94	94	109	42
iTraxx X-Over	321	320	300	353	232
CDX IG	72	72	69	88	46
CDX HY	374	383	350	449	320

Commodity

	Level	Returns (%)			
	25-Jan-19	1w	3m	YTD	1y
Crude (Brent)	61.2	(1.5%)	(19.7%)	15.0%	(12.5%)
Crude (WTI)	53.5	(0.6%)	(20.6%)	17.8%	(18.5%)
Gold	1,305	1.8%	5.9%	1.8%	(3.2%)
Silver	15.8	2.8%	7.7%	1.8%	(8.9%)

Forex

	Levels(1 USD)				
	25-Jan-19	18-Jan-19	25-Oct-18	#VALUE!	25-Jan-18
EUR	1.14	1.14	1.14	1.15	1.24
GBP	1.32	1.29	1.28	1.28	1.41
AUD	0.72	0.72	0.71	0.70	0.80
YEN	109.55	109.78	112.42	109.69	109.41

EM Equities

	Level	Returns (%)			
	25-Jan-19	1w	3m	YTD	1y
Brazil	97,677	1.6%	16.2%	11.1%	16.7%
Russia	1,483	0.0%	(1.2%)	10.0%	(7.4%)
India	10,781	(1.2%)	6.5%	(0.8%)	(2.6%)
China	2,602	0.2%	(0.1%)	4.3%	(26.7%)
South Africa	54,050	0.6%	4.7%	2.5%	(12.4%)

Rates

	Levels (%)				
	25-Jan-19	18-Jan-19	25-Oct-18	#VALUE!	25-Jan-18
2-yr US Treasury	2.61	2.61	2.85	2.49	2.08
10-yr US Treasury	2.76	2.78	3.12	2.68	2.62
30-yr US Treasury	3.07	3.10	3.34	3.01	2.88
10-yr German Bund	0.19	0.26	0.40	0.24	0.61
10-yr UK Gilt	1.31	1.35	1.44	1.28	1.41

Key Economic Releases

The week in review

Mon, 21-Jan

Tue, 22-Jan

Wed, 23-Jan

Thu, 27-Sep

US Initial Jobless Claims (Actuals:199k ;Cons.: 212k)

Fri, 28-Sep

The week ahead

Mon, 28-Jan

Tue, 29-Jan

Wed, 30-Jan

Thu, 31-Jan

US Initial Jobless Claims (Cons.:199k ;Prior: 199k)

Fri, 01-Feb

US Change in non-farm Payrolls (Cons.:165k ;Prior: 312k)

US Change in non-farm Payrolls (Cons.:54.2 ;Prior: 54.1)

Market Commentary

U.S. stocks rose Friday, recouping much of their losses from earlier in the week, as mostly positive earnings results and a report that the Federal Reserve will maintain a larger portfolio of Treasury securities helped boost investor sentiment. Equities held gains as President Trump announced a short-term deal to reopen the government until February 15. Technology shares performed best within the S&P 500 Index, while consumer staples and health care stocks lagged. Markets shrugged off Dow member Intel's softer-than-expected revenues and guidance, as well as festering political turmoil. Trading volumes were elevated as markets reopened Tuesday but fell back at midweek despite ongoing fourth-quarter earnings releases. In moderate volume, 0.86 bn shares were traded on the NYSE and 2.4 billion shares changed hands on the Nasdaq. More than $2.6 billion flowed into U.S.-based stock mutual funds and exchange-traded funds (ETFs) that invest in markets from China to Mexico and South Africa. About $1 billion moved from financial stocks and into technology sector funds as earnings season kicked off with mixed results from banks. European equities finished mostly higher with the tech sector rallying. The pan-European STOXX Europe 600 Index rose despite lingering worries over the U.S.-China trade dispute and signs of a deeper economic slowdown across the region. While the U.K.'s FTSE 100 Index is up by 0.2 percent, the French CAC 40 Index is up by 1.1 percent and the German DAX Index is up by 1.7 percent.

In fixed income markets, treasuries were lower, with the yields on the 2-year and 10-year notes rising 3 basis points (bps) to 2.60% and 2.75%, respectively, while the 30-year bond rate advanced 2 bps to 3.06%. Investment-grade corporate bonds held up well, with buyers mostly favouring shorter-term bonds and sellers seeming to focus on intermediate- and long-term credits. New issuance was well below expectations for much of the week, but the deals that came to the market were met with strong interest. The high yield market was mostly focused on new issuance, and investor sentiment was positive overall with buyers active in the market. A somewhat disappointing quarterly earnings report from Halliburton caused some weakness in more volatile energy sector issues. On the heels of a week with strong positive flows, below investment-grade bond and loan mutual funds reported outflows. On softer side, the Dollar Index—a comparison of the U.S. dollar to six major world currencies—dropped 0.8% to 95.76. The euro also gained solid ground versus the U.S. dollar, which saw pressure amid continued political turmoil on Capitol Hill. In commodity markets, WTI crude oil advanced $0.56 to $53.69 per barrel and wholesale gasoline was flat at $1.40 per gallon.

Investors and analysts are now paying close attention to the ongoing trade war as well as upcoming earnings, which will be major driving force for coming weeks.

Economic Commentary

The partial federal government shutdown continued this week. The doors of many agencies that receive federal funding have now been closed for 35 days, the longest period in the nation’s history. As a consequence, reports for durable goods orders and new home sales during December were postponed. Pending home sales, which measure contract signings and lead closings by four to eight weeks, weakened considerably in the second half of the year alongside noticeably higher mortgage rates. December’s decline caps a year in which the housing market lost a great deal of momentum. Sales trended lower for much of the year, averaging a 5.34 million-unit pace in 2018, 3.6% lower than the average 5.53 million-unit pace posted in 2017.Initial unemployment claims for the week ending January 19 fell to 199,000, the lowest level since 1969. While initial claims had ticked slightly higher toward the end of 2018, claims have fallen in each week so far in January. The ISM index tumbled 5.2 points in December, but the drop left the index well within expansion territory at 54.1. The two-year low puts the ISM more in line with hard data on the factory sector, which had been pointing to softer factory sector performance for some months now. With global growth slowing and continued uncertainty surrounding trade, the manufacturing environment has deteriorated over the past year. Meanwhile, the LEI continues to point to generally favourable economic conditions.

European Central Bank (ECB) President Mario Draghi acknowledged that the outlook for the eurozone economy had deteriorated since December and indicated that the ECB might have to keep its monetary policies loose enough to help the region’s economy out of its slump. Germany’s manufacturing sector fell into contraction in January, further underscoring the extent of the eurozone’s economic slowing. The IHS Markit manufacturing purchasing managers index fell to a four-year low, dropping to 49.9 in January from 51.8 in December. Germany’s Ifo business confidence indicators also deteriorated sharply in January, signalling a deepening of economic woes in Europe’s largest economy. On Friday, German media reported that a leaked document showed the economics ministry downgraded its forecast for 2019 economic growth to 1.0% from the 1.8% prediction that was published in the fall. The media reported that the main reasons for the downgrade were fears of a slowdown in the global economy and a disorderly Brexit. Though GDP growth has weakened, core inflation has held steady, hovering within +/- 0.1 percentage point of 1.0% every month since May.

The information vacuum is significant, and if the shutdown does not end soon, policy makers and market participants will increasingly be flying blind.

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.

For more information, please visit www.oxanepartners.com.

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

25-Jan-19	**<<< Date for Data**
28-Jan-19	**<<< Date for Report**