Weekly Data Center

Equities	Level 01-Feb-19	Returns (%) 1w	3m	YTD	1y
S&P500	2,707	1.6%	(1.2%)	8.0%	(4.1%)
DJIA30	25,064	1.3%	(1.2%)	7.4%	(4.3%)
EuroSTOXX	3,171	0.2%	(1.0%)	5.7%	(11.4%)
DAX	11,181	(0.9%)	(2.5%)	5.9%	(14.0%)
FTSE	7,020	3.1%	(1.3%)	4.3%	(6.3%)

Credit	On the Run Levels (bps) 01-Feb-19	25-Jan-19	01-Nov-18	31-Dec-18	01-Feb-18
iTraxx Mains	71	74	72	87	43
iTraxx Fin Snr	86	89	89	109	42
iTraxx X-Over	309	321	291	353	239
CDX IG	67	72	67	88	48
CDX HY	357	374	350	449	320

Commodity	Level 01-Feb-19	Returns (%) 1w	3m	YTD	1y
Crude (Brent)	62.5	2.3%	(13.2%)	17.6%	(10.4%)
Crude (WTI)	55.3	3.3%	(13.2%)	21.7%	(16.0%)
Gold	1,318	1.0%	6.9%	2.8%	(2.3%)
Silver	15.9	0.9%	7.9%	2.7%	(7.7%)

Forex	Levels 01-Feb-19	25-Jan-19	01-Nov-18	31-Dec-18	01-Feb-18
EUR	1.15	1.14	1.14	1.15	1.25
GBP	1.31	1.32	1.30	1.28	1.43
AUD	0.73	0.72	0.72	0.70	0.80
YEN	109.50	109.55	112.72	109.69	109.40

EM Equities	Level 01-Feb-19	Returns (%) 1w	3m	YTD	1y
Brazil	97,861	0.2%	10.7%	11.3%	14.5%
Russia	1,502	1.3%	(2.8%)	11.4%	(4.9%)
India	10,894	1.0%	4.9%	0.3%	(1.1%)
China	2,618	0.6%	0.5%	5.0%	(24.0%)
South Africa	53,930	(0.2%)	0.7%	2.3%	(9.0%)

Rates	Levels (%) 01-Feb-19	25-Jan-19	01-Nov-18	31-Dec-18	01-Feb-18
2-yr US Treasury	2.50	2.61	2.84	2.49	2.16
10-yr US Treasury	2.68	2.76	3.13	2.68	2.79
30-yr US Treasury	3.03	3.07	3.38	3.01	3.02
10-yr German Bunc	0.17	0.19	0.40	0.24	0.72
10-yr UK Gilt	1.25	1.31	1.46	1.28	1.53

Key Economic Releases

The week in review

Mon, 28-Jan

Tue, 29-Jan

Wed, 30-Jan

Thu, 27-Sep
US Initial Jobless Claims (Actuals:253k ;Cons.: 215k)

Fri, 28-Sep
US Change in non-farm Payrolls (Actuals:304k ;Cons.: 165k)
ISM Manufacturing Index (Actuals: 56.6 ;Cons.: 54)

The week ahead

Mon, 04-Feb

Tue, 05-Feb
ISM Non Manufacturing Index (Cons.: 57; Prior: 57.6)

Wed, 06-Feb

Thu, 07-Feb
US Initial Jobless Claims (Cons.: 223k; Prior: 253)

Fri, 08-Feb
Bank of England Rate (Cons.: 0.75%; Prior: 0.75%)

Market Commentary

The first month of the year finished on a high note, with stocks advancing for the week and the S&P 500 recording the strongest January gain since 1987. The main catalysts for the rally were stronger-than-expected earnings reports from a number of companies and a dovish stance from the Federal Reserve. Volatility continued its recent downward trend, with the Cboe Volatility Index (VIX) touching a nearly two-month low on Thursday. Communication services shares fared best within the S&P 500 Index, helped by a sharp rise in Facebook after the company reported better-than-expected fourth-quarter earnings. Energy and industrials shares also performed well, with the latter helped by better-than-expected revenues from General Electric. A drop in longer-term bond yields weighed on the financial services sector by threatening bank lending margins. Trading volumes picked up later in the week with the release of important economic and earnings reports and in reaction to the Federal Reserve's two-day monetary policy meeting, which concluded on Wednesday. In moderate volume, 0.85 bn shares were traded on the NYSE and 2.4 bn shares changed hands on the Nasdaq. U.S.-based stock funds posted $13.5 billion of withdrawals in the week ended Wednesday. The pan-European STOXX Europe 600 Index gained slightly, but its advance was tempered by ongoing Brexit and U.S.-China trade uncertainty, weak regional data, and news that Italy's economy fell into recession. While the German DAX Index crept up by 0.1 percent, the French CAC 40 Index rose by 0.5 percent and the U.K.'s FTSE 100 Index advanced by 0.7 percent.

In fixed income markets, treasuries were lower, with the yield on the 2-year note increasing 5 basis points (bps) to 2.51%, the yield on the 10-year note gaining 6 bps to 2.69%, and the 30-year bond rate rising 3 bps to 3.03%.The Fed's dovish stance helped encourage a decline in longer-term bond yields, with the yield on the benchmark 10-year Treasury note falling to its lowest level in nearly a month on Thursday before rising somewhat following the strong jobs report on Friday. Municipal bonds continued to see light trading as new supply remained underwhelming. Trading activity picked up slightly as the week progressed, as positive cash flows and attractive yields relative to Treasuries helped spur some positive performance. The investment-grade corporate bond market was mostly focused on issuance, and new supply volume was in line with expectations. Credit spreads narrowed across most sectors. On the softer side, the Bloomberg gold spot price declined $3.40 to $1,317.84 per ounce, and the Dollar Index—a comparison of the U.S. dollar to six major world currencies—was little changed at 95.58. The British pound lost ground against the U.S. dollar as British Prime Minister Theresa May said she would seek to reopen Brexit negotiations with the European Union (EU).In commodities markets, WTI crude oil advanced $1.47 to $55.26 per barrel and wholesale gasoline rose $0.06 to $1.44 per gallon.

Investors and analysts will keep an eye on markets, as earnings season will continue to be in full swing next week, with 20% of the S&P 500 companies scheduled to report earnings.

Economic Commentary

With the government doors having re-opened on Monday, a more patient stance from the Fed and the 100th consecutive month of employment gains, developments have provided some comfort to fears of an impending recession. Later in the week, the Federal Open Market Committee (FOMC) held its first policy meeting of 2019. As was widely expected, and in what was a unanimous decision, the Fed decided to keep its target range for the fed funds rate unchanged at 2.25% to 2.50%. The committee said it "will be patient as it determines what future adjustments to the target range" may be appropriate. Market participants were in store for a surprise this morning, with nonfarm payrolls having risen a whopping 304,000 in January. The January gain in employment, nonetheless, provides support that economic growth remains stable. Manufacturing activity appears to have softened over the past couple of months, with the ISM manufacturing index slipping to 56.6 from 58.8 as recently as November. The ISM non-manufacturing index shed 2.4 points in December, indicating somewhat slower growth. That said, at 58.0, the index was consistent with the service sector expanding at a solid rate. The government shutdown likely hit the service sector particularly hard. Payment disruptions to contractors or businesses patronized by effected workers are expected to have weighed on sales and new orders. An average of Fed service-sector PMIs have come down sharply in recent months, including a 3-point drop in January.

Data released this week showed the Eurozone economy grew just 0.2% on a sequential basis in Q4-2018, while the year-over year pace of growth slowed to just 1.2%. Italy fell into recession, while the slowdown appears to be broadly based across various sectors of the economy. At the latest ECB policy announcement, the statement acknowledged that economic risks have moved to the downside, while there has been increasing talk of a potential economic recession in the Eurozone. U.K. Parliament considered a number of paths forward for Brexit, but did not appear to be in favour of any proposals that were palatable to the European Union. Parliament is scheduled to vote on May's deal again on February 14, and another failure to pass the deal could see the U.K. push for an extension of the March Brexit deadline. Along those lines, recent data from the consumer sector have been discouraging. In December, German retail sales plunged 4.3% month over month, while French consumer spending fell 1.5% during the month. These sharp declines in consumer activity suggest risks are to the downside for next week's Eurozone retail sales print, which will likely only add to ECB policymakers' concerns around the slowdown in activity in the currency bloc.

Eurozone weakness from Brexit-related trade disruptions, burgeoning Italian debt, worker unrest in France, and weaker manufacturing growth in Germany also contribute to a slower global outlook.

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