

Global Overview

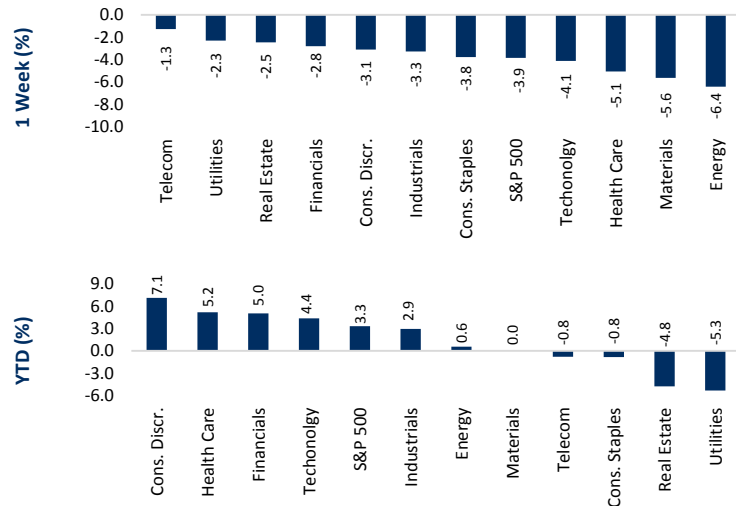
- US equities ended the week materially lower recording their first week of loss of 2018 with the S&P 500 at -3.9%, the Dow Jones at -4.1%, the Nasdaq at -3.5% and the Russell 2000 at -3.8%. Global sell-off was mainly triggered by i) profit-taking amid mixed Q4/17 earnings from tech giants which included Apple, Alphabet, Microsoft and Facebook as well as ii) increasing US Treasury yields on solid US macro data. US nonfarm payroll came in at 200K (vs. 180K cons.), average hourly earnings at +2.9% (+2.6 cons.) and unemployment rate at 4.1% (4.1% cons.), while manufacturing PMI also exceeded expectations. Investors also digested political development as US President Trump delivered his first State of the Union address during which he called for a USD 1.5 trillion infrastructure plan, a compromise on immigration and lower prescription drug prices while the stance against North Korea remained calm
- US Treasury yields reached multi-year highs on stronger-than-expected wage growth and housing data while Fed maintained its fed funds target range unchanged at 1.25%-1.5% in line with investors' expectations and raised its inflation outlook as Yellen ended her term as Fed Chair. FOMC statement highlighted a tighter labor market and balanced short-term risks in the US economy although pick up in inflation has been slow. Market expectations for a Fed rate hike are at ~78% for the March meeting with two additional rates forecasted by the end of the year. US Dollar Index strengthened while gold was lower following hawkish employment readings and higher treasury yields
- WTI crude oil closed lower weighed by stronger US dollar and surprise build in US crude inventories despite OPEC commitment to maintain its supply cuts in 2018 and rising global demand
- European equities closed lower with the Stoxx 600 at -3.1% driven by global sell-off in equity markets, firmer EUR/USD and rising bond yields as bunds sold off on expectations of ECB monetary tightening in 2018. EU Q4/17 GDP came in slightly below estimates although at its highest in ten years while economic sentiment disappointed and inflation came in line with estimates at 1%, well below ECB's 2% target. UK equities closed lower with the FTSE 100 at -2.9% also driven by global sell-off and significant rise in gilt yields reaching their highest since the Brexit vote, despite weaker GBP/USD
- Japanese equities closed lower with the Nikkei 225 at -1.5% despite stronger USD/JPY, solid growth in industrial production and rising exports
- Chinese equities closed lower with the Shanghai Composite at -2.7% as manufacturing data came in lower-than-expected raising doubts about Chinese economic growth momentum. Emerging markets closed lower with the MSCI EM at -3.3%
- MENA equities edged higher with the S&P Pan Arab at +0.3% as gains in Saudi Arabia offset losses in Dubai and Abu Dhabi equities. Saudi equities were supported by the release of Prince Alwaleed and other businessmen following their detention in a corruption probe despite weaker oil prices and mixed Q4/17 corporate results

Previous Week Macro Data		Actual	Cons.	Date	Upcoming Week Macro Data		Cons.	Prior
	US Core PCE (YoY) (Dec)	1.5%	1.5%	05-Feb	EU Markit PMI composite (Jan)		58.6	58.6
	US Personal spending (MoM) (Dec)	0.4%	0.4%	05-Feb	EU Retail sales (YoY) (Dec)		1.9%	2.8%
	US Personal income (MoM) (Dec)	0.4%	0.3%	05-Feb	US ISM non-manufacturing PMI (Jan)		56.6	56.0
	JPY Unemployment rate (Dec)	2.8%	2.7%	06-Feb	US JOLTS job openings (Dec)		6.00M	5.88M
	EU GDP (YoY) (Q4)	2.6%	2.7%	06-Feb	US IBD/TIPP econ. optimism (MoM) (Feb)		55.4	55.1
	JPY Industrial production (YoY) (Dec)	4.2%	1.9%	07-Feb	JPY Coincident index (Dec)		118.2	117.9
	CNY NBS manufacturing PMI (Jan)	51.3	51.5	07-Feb	US EIA crude oil stocks change (Feb 2)		-1.3M	6.8M
	EU Unemployment rate (Dec)	8.7%	8.7%	08-Feb	CNY Trade balance USD (Jan)		-	\$54.96B
	EU Core CPI (YoY) (Jan)	1.0%	1.0%	08-Feb	UK BoE interest rate decision		-	0.5%
	US ADP employment change (Jan)	234K	180K	08-Feb	US Initial jobless claims (Feb 2)		231K	230K
	US EIA crude oil stocks change (Jan 26)	6.8M	-2.0M	09-Feb	CNY CPI (YoY) (Jan)		-	1.8%
	US Fed interest rate decision	1.5%	1.5%	09-Feb	UK Industrial production (YoY) (Dec)		1.0%	2.5%
	JPY Nikkei manufacturing PMI (Jan)	54.8	54.4	09-Feb	UK NIESR GDP estimate (3M) (Jan)		0.3%	0.6%
	EU Markit manufacturing PMI (Jan)	59.6	59.6	09-Feb	US Wholesale inventories (Dec)		0.2%	0.2%
	US Initial jobless claims (Jan 26)	230K	238K	09-Feb	US Baker Hughes oil rig count		-	765
	US ISM manufacturing PMI (Jan)	59.1	58.8		Date	Upcoming Policy & Related Events		
	US Nonfarm payrolls (Jan)	200K	180K		05-Feb	JPY BoJ Kuroda, EU ECB Draghi		
	US Unemployment rate (Jan)	4.1%	4.1%		06-Feb	US Fed Bullard		
	US Average hourly earnings (YoY) (Jan)	2.9%	2.6%		07-Feb	EU ECB non-monetary policy meeting, US Fed Dudley, Evans & Williams, EU ECB Nouy & Lautenschläger		
	US Baker Hughes oil rig count	765	758		08-Feb	EU ECB economic bulletin, UK BoE monetary policy summary, minutes & quarterly inflation report, US Fed Kaplan, Harker, Kashkari & George		
		Date	Upcoming Week Key Earnings					
	05-Feb	Toyota, Bristol-Myers Squibb, Itau Unibanco						
	06-Feb	Walt Disney, BP, Gilead, HDFC, GM, Allergan, Becton Dickinson, S&P Global, Emerson						
	07-Feb	Sanofi, Rio Tinto, GSK, Softbank, Statoil, Suncor, Tesla, Prudential, 21 st Century Fox, Cognizant, Intercontinental Exchange, NetEase, NXP Semiconductors, Manulife						
	08-Feb	Philip Moris, Total, NVIDIA, CVS, ABB, AIG, Activision Blizzard, BCE, Societe Generale, Nissan Motor						
	09-Feb	Nippon						

Equities	Value	1 Day %	1 Week %	YTD %	P/E	Div. Yld. %
S&P 500	2,762.13	-2.12	▼ -3.85 ▲ 3.31	22.02	1.92	
Dow Jones	25,520.96	-2.54	▼ -4.12 ▲ 3.24	20.60	2.20	
NASDAQ	7,240.95	-1.96	▼ -3.53 ▲ 4.89	21.95	1.06	
Russell 2000	1,547.27	-2.06	▼ -3.78 ▲ 0.77	22.22	1.17	
STOXX 600	388.07	-1.38	▼ -3.12 ▼ -1.55	17.84	3.56	
FTSE 100	7,443.43	-0.63	▼ -2.90 ▼ -4.31	19.50	4.25	
Nikkei 225	23,274.53	-0.90	▼ -1.51 ▼ -0.36	17.86	1.74	
Shanghai Comp.	3,462.08	0.44	▼ -2.70 ▲ 5.45	16.85	2.07	
S&P Pan Arab	723.78	0.21	▲ 0.35 ▲ 4.77	13.71	5.93	
MSCI ACWI	2,123.82	-1.42	▼ -2.78 ▲ 3.56	18.45	3.20	
MSCI EM	1,230.83	-1.43	▼ -3.32 ▲ 6.25	16.12	2.60	

Credit	Value	1 Week %	YTD %	Yield %
Barclays Global Aggregate	486.93	▼ -0.91 ▲ 0.45	1.85	
Barclays Global Agg. – Corporate	250.10	▼ -0.72 ▼ -1.22	2.75	
Barclays Global High Yield	1,320.05	▼ -0.61 ▲ 0.78	5.40	
Markit CDX N.A. Investment Grade	50.38	▲ 11.31 ▲ 2.77	NA	
Markit CDX N.A. High Yield (price)	105.24	▼ -0.23 ▼ -0.11	NA	
Markit CDX EM (price)	99.13	▼ -0.26 ▲ 0.02	NA	
Markit iTraxx ITX Crossover	114.69	▲ 13.31 ▲ 5.69	NA	
Markit iTraxx Europe	14.91	▲ 13.21 ▲ 19.13	NA	

S&P 500 Sector



Rates	Value	1 Week %	YTD %	Yield %
Treasuries 2-Yr	99.72	▼ -0.05 ▼ -0.26	2.14	
Treasuries 10-Yr	94.98	▼ -1.55 ▼ -4.35	2.84	
Treasuries 30-Yr	93.46	▼ -3.44 ▼ -5.31	3.09	
Gilts 10-Yr	124.27	▼ -1.13 ▼ -3.36	1.58	
Bunds 10-Yr	97.46	▼ -1.34 ▼ -2.25	0.76	
French 10-Yr	97.42	▼ -1.04 ▼ -2.30	1.02	
Italian 10-Yr	100.15	▼ -0.35 ▼ -0.32	2.04	
Spanish 10-Yr	99.87	▼ -0.55 ▲ 0.86	1.46	
JGBs 10-Yr	100.20	▼ -0.08 ▼ -0.37	0.08	

Volatility	Value	1 Week %	YTD %
S&P 500 VIX	17.31	▲ 56.23 ▲ 56.79	
Stoxx 50 VIX	17.56	▲ 40.72 ▲ 29.96	
EM VIX	23.13	▲ 22.25 ▲ 42.34	
Interest rate VIX	70.20	▲ 4.25 ▲ 7.37	
Deutsche Bank FX VIX	7.98	▲ 26.61 ▲ 38.24	
Crude Oil VIX	21.63	▼ -0.96 ▲ 10.87	

Investment Style

	Value	Blend	Growth
1 Week (%)			
Large	-4.0	-3.9	-3.7
Mid	-4.2	-3.9	-3.6
Small	-4.1	-3.7	-3.2
YTD (%)			
Large	1.8	3.3	4.8
Mid	-1.0	0.9	2.7
Small	-0.6	0.8	2.1

Commodities	Value	1 Week %	YTD %
Oil-Brent	68.58	▼ -2.24 ▲ 2.56	
Oil-WTI	65.45	▼ -1.04 ▲ 8.33	
Natural Gas	2.85	▼ -10.36 ▼ -3.62	
Gold	1,337.30	▼ -1.47 ▲ 2.14	
Silver	16.71	▼ -4.20 ▼ -2.54	
Copper	318.75	▼ -0.36 ▼ -3.42	
S&P GSCI	456.53	▼ -1.49 ▲ 3.19	

Currencies	Value	1 Week %	YTD %
EUR-USD	1.2463	▲ 0.29 ▲ 3.82	
GBP-USD	1.4118	▼ -0.30 ▲ 4.48	
USD-JPY	110.1700	▲ 1.46 ▼ -2.24	
USD-CNY	6.3008	▼ -0.43 ▼ -3.17	
USD-CHF	0.9314	▼ -0.11 ▼ -4.40	
AUD-USD	0.7931	▼ -2.21 ▲ 1.56	
USD-CAD	1.2429	▲ 0.98 ▼ -1.13	
USD-SEK	7.9028	▲ 0.44 ▼ -3.43	
DXY Index	89.1950	▲ 0.14 ▼ -3.18	

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Source: Reuters, Bloomberg, Barclays, Morningstar, WSI, CNBC, Briefing, FXStreet.

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