

RockCreek

AFTERNOON | MARKET UPDATE

GLOBAL MARKET SNAPSHOT

Equity Markets:

The performance of global equities was mixed on Tuesday with emerging Asia and developed Europe leading, while Latin America and developed Asia lagged. In the U.S., the energy sector -2.4% got hit as crude oil prices plunged. Value reasserted its leadership position over momentum with financials 0.6% and industrials 0.5% seeing the strongest gains as a result.

Developed	1-Day Return	MTD Return	YTD Return	Emerging	1-Day Return	MTD Return	YTD Return
DJIA	-0.4%	0.8%	4.3%	Mexico IPC	-2.1%	-3.2%	12.5%
S&P 500	-0.1%	0.5%	3.5%	Bovespa	-0.7%	-2.9%	11.1%
Nasdaq	0.0%	-1.4%	5.3%	Chile IPSA	-0.4%	0.5%	-7.8%
Russell 2000	-0.3%	0.3%	-0.3%	Colombia IGBC	-2.2%	-2.5%	7.7%
EuroStoxx 50	1.0%	0.9%	-5.0%	Warsaw WIG	-0.5%	2.4%	11.1%
DAX	1.3%	0.2%	11.2%	MICEX	-0.8%	0.9%	18.7%
CAC	0.8%	0.2%	-1.2%	JSE Africa	-0.3%	-0.5%	-9.8%
FTSE 100	0.0%	-0.9%	-4.9%	Borsa Istanbul	1.4%	2.9%	16.5%
FTSE MIB	0.9%	0.9%	-9.6%	Hang Seng	0.6%	3.3%	10.8%
IBEX	0.8%	3.0%	-5.9%	Shanghai Comp	0.9%	2.0%	17.8%
PSI (Portugal)	-0.7%	-1.5%	-4.4%	KOSPI	-0.4%	2.0%	15.6%
ASE	-1.4%	0.6%	18.5%	Sensex	1.0%	2.1%	4.5%
Nikkei	-2.1%	-0.5%	-2.5%	Jakarta Comp	1.0%	0.1%	-6.2%
ASX 300	-1.5%	0.9%	1.4%	Thai SET	0.3%	-0.6%	-2.6%

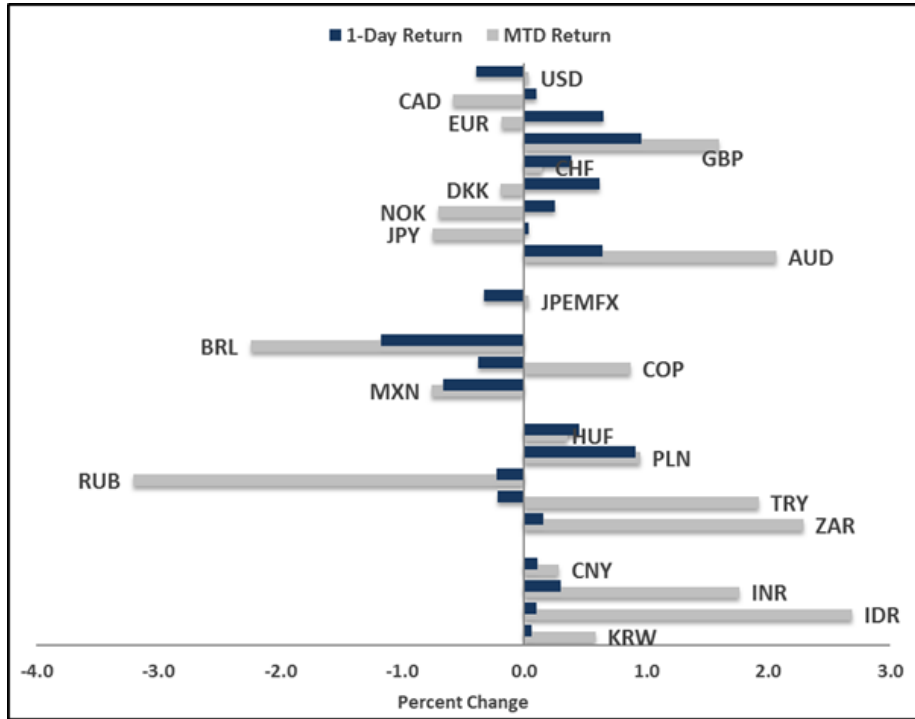
Bond Markets:

Treasuries rallied as they caught up to gains implied during yesterday's session while the market was closed. Gilts dropped as U.K. and E.U. negotiations approached their culmination although the DUP, the lynchpin of Theresa May's government, said it would be a "tall order" for the parliament to agree on the deal.

Bond	Yield (%)	Δ 1-Day (bps)	Δ MTD (bps)	Δ YTD (bps)
UST 2yr	2.89	↓ -3	↑ 2	↑ 101
UST 5yr	2.98	↓ -5	↑ 1	↑ 78
UST 10yr	3.14	↓ -4	→ 0	↑ 73
UST 30yr	3.36	↓ -2	↓ -3	↑ 62
UK 10 yr	1.52	↑ 7	↑ 8	↑ 33
GER 10 yr	0.41	↑ 1	↑ 2	↓ -2
FRF 10yr	0.78	→ 0	↑ 3	→ 0
ITL 10yr	3.44	↑ 1	↑ 2	↑ 144
ESP 10yr	1.60	↑ 1	↑ 6	↑ 5
PTE 10yr	1.94	→ 0	↑ 8	↑ 4
JPY 10yr	0.11	→ 0	↓ -1	↑ 7

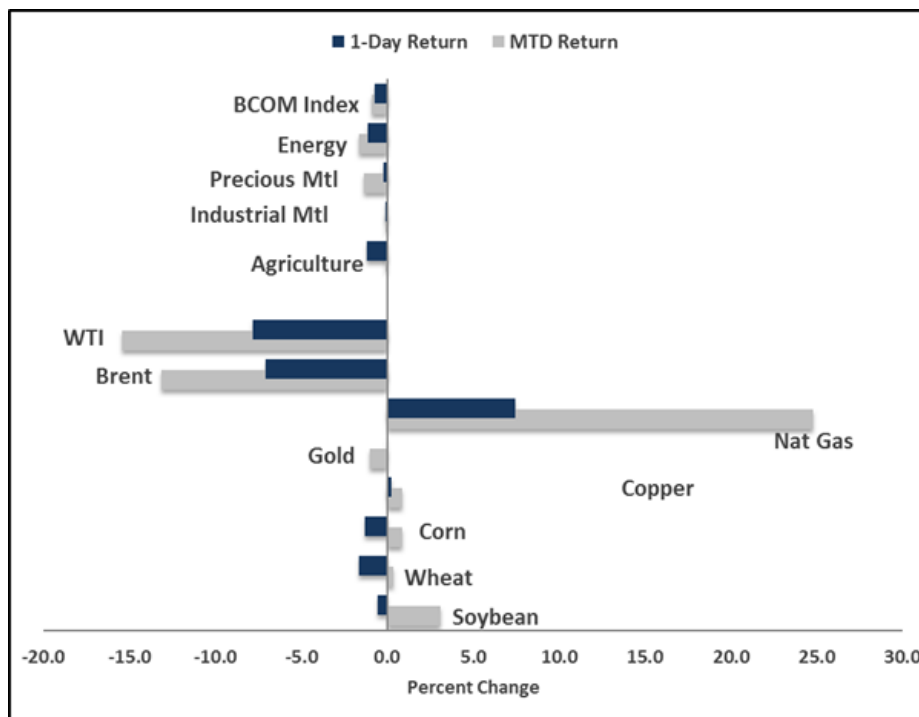
Currency Markets:

The U.S. dollar index declined -0.4%, while British pound surged 1.3% on Brexit progress. Argentine peso weakened -1.4% after S&P lowered the country's credit rating by one notch to B.



Commodity Markets:

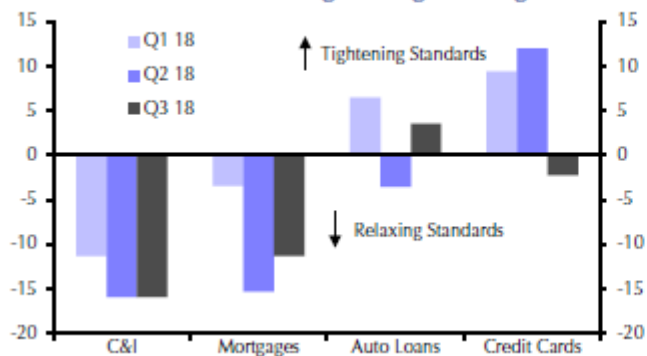
The highlight on Tuesday was energy as WTI and Brent plunged -7.1% and -6.8%, respectively, while natural gas surged 8.3%. WTI's drop was its largest one-day move in 3-years as selling pressure picked up despite the release of an OPEC report that made a case for a production cut. Weather and tight inventories pushed the price of natural gas over \$4 per mmbtu with the Dec18 contract now up 26% month-to-date.



MACRO OVERVIEW

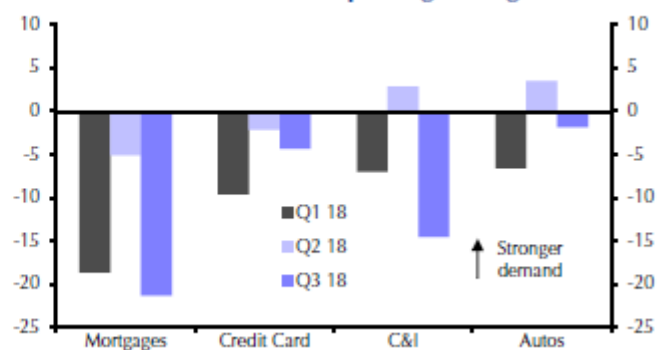
The Federal Reserve's quarterly [Senior Loan Officer Survey](#) indicated that demand for loans to businesses and households weakened over the past three months despite easing their standards and terms for such loans. This would indicate that recent weakness in business investment and residential real estate should continue. The survey also asked about the effect of the flattening yield to which banks responded that while the year-to-date flattening has triggered a change to standards or terms, a prolonged moderate inversion of the yield curve would trigger tightening across every major loan category as it is "interpreted as a signal of deterioration in economic conditions."

Chart 1: Net % of Banks Tightening Lending Standards



Source: Capital Economics

Chart 2: Net % of Banks Reporting Stronger Demand



To unsubscribe from this market distribution please email RockCreekMarketUpdates@TheRockCreekGroup.com and your email address will be removed.

The information contained herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or to participate in any strategy. Nothing contained herein shall be relied upon as a promise or representation as to the past or future performance.

This material represents the views of RockCreek. This information should not be construed as investment advice. Some of the information may be provided to discuss general market activity, industry or sector trends, or other broad-based economic, market, or political conditions. Information and opinions are as of the date of this material only and are subject to change without notice. RockCreek has no obligation to provide any updates or changes to such information.

The opinions, forecasts, assumptions, estimates, and commentary contained in this material are based on information provided to RockCreek on both a formal and informal basis. Further, any such opinions, forecasts, assumptions, estimates, and commentary are made only as of the date of this material, are subject to change at any time without prior notice and cannot be guaranteed as accurate.