

29 OCTOBER 2018  
MARKET SNAPSHOT **TURKEY**

The Turkish lira strengthened by 0.75% on Friday (currently trading at 5.58 per USD), it gained the most among the EM peers after the CBRT left the rate unchanged on Thursday. Turkish credit market appreciated as well, TURKEY 47 slightly strengthened to mid-77s area. Within the corporates, AKBNK 7.2 27, ISCTR 6 22, ODEABK 7.625 27 and TSKBTI 7.625 27 outperformed, each gained more than a point while ISCTR 5.5 19, PETKM 5.875 23 and TCZIRA 4.25 19 slightly weakened. Today Turkish markets are closed due to national holiday – The Republic day.

**GCC**

In GCC, the market remained well bid on Friday, but mostly in IG and Sovs, among the risk-off mood with KSA, ADGB, KUWAIT and QATAR benefitting. KSA 47s and ADGB 47s were up another 60c on Friday, trading at mid-high 92 level and low 93 level respectively. Higher beta names (BHRAIN, OMAN) remain weak to flat with BHRAIN 47s dropping 60c on Friday and new OMANGS 25 trading slightly above reoffer still.

**RUSSIA**

The Russian central bank left the interest rate unchanged at 7.5% level during the meeting on Friday as they thought that the situation in the market had stabilised. However, the rising inflation may require further rate hikes; the economic dynamics as well as external risks would also be taken into account for further rate consideration. The ruble lost 0.5% on Friday and closed at 65.71 per USD. RUSSIA 47 slightly weakened to upper 92 levels. The corporate bonds traded mixed but without any significant movements.

**BRAZIL**

The far-right candidate Jair Bolsonaro won the second round of presidential elections on Sunday with an 11% advantage over his rival and will become the new Brazilian president. The victory was mostly priced in as the polls suggested Bolsanoro would win, however, the Tokyo-listed Brazilian ETF rallied as much as 14% today in the morning. During the Friday trading session BRAZIL 47 gained around 70 bps while the corporates traded mixed. VALEBZ, GGBRBZ, SAMMIN and EMBRBZ curves slightly weakened while ITAU and PETBRA curves slightly strengthened.

**ARGENTINA**

The IMF's executive board approved a USD 56 bn credit line to Argentina on Friday – USD 35.8 bn will be sent until the end of 2019, the remainder Argentina will receive during 2020 and 2021. The peso slightly weakened on Friday and reached 36.83 per USD. ARGENT 48 lost half a point while YPF, BUEAIR and BUENOS curve strengthened.

**EU**

In the EU, the rating agency S&P left the Italian sovereign rating unchanged at BBB level but cut the outlook to “negative” from “stable”. “In our view, by crowding out investment in the private sector, the government’s economic and budgetary plan risks weakening Italy’s economic growth performance,” S&P said. A week ago, another rating agency Moody’s downgraded the Italian rating by one notch and the same move was widely expected by the market from the S&P. The yield on 10Y BTPS lost 8 bps on Friday, closing at 3.4% (currently traded another 7 bps lower - at 3.3287%), as the S&P has behaved better than the expected 1 notch downgrade. The yield on 10Y Bunds fell as well, it lost 3 bps and closed at 0.3509% as the risk-off sentiment prevailed in Europe as well. The new CYPRUS 28s remained weak falling to as low as 99.3 level bids, gaining 3-4 bps in yield.

**US**

In the US, the stock market dropped again on Friday, Dow lost 1.19%, S&P was down by 1.73% despite the better-than-expected GDP data and personal consumption statistics that were issued same day. The reasons for such move are still geopolitical tensions, upcoming midterm elections and fears about the global growth. The yield on 10Y USTs lost 11 bps and reached its lowest level within three weeks – 3.0774% (3.0643% this morning).

**ASIA**

In Asia, the session was mixed, NIKKEI +0.26%, HANG SENG +0.06% & CSI 300 -2.83%.

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