

19 NOVEMBER 2018  
MARKET SNAPSHOT **TURKEY**

In the absence of important macrostatistics coming from Turkey this week, the lira would focus on global markets to set a direction. It gained 0.4% to 5.33 per USD level. TURKEY 47 weakened on Friday by 30 bps to higher 76 area while the corporates traded mixed: EXCRTU 6.125 24, ODEABK 7.625 27 and KFINKK 5.136 21 outperformed, each gained more than half a point while HALKBK, ISCTR and TSKBTI curves slightly weakened.

 **RUSSIA**

The Russian ruble slightly weakened on Friday to 65.98 per USD level despite the small appreciation of Brent oil price (+0.2%). The ministry of finance advise that inflation in 2018 would be higher than expected 3.4% level due to weaker RUB FX rate that it was used in the estimation. RUSSIA 47 traded 30 bps lower on Friday, however most of the corporate bonds appreciated. SBERRU 5 1/2 24, GAZPRU 8 5/8 34, VEBBNK 6.025 22 – each gained around 40 bps.

 **BRAZIL**

Brazil will report its weekly CPI and weekly trade balance today. The inflation is expected to be smaller than in prior week – 0.29% vs 0.43%. BRAZIL 47 slightly strengthened on Friday to lower 91 handle. Within the corporates, EMBRBZ, CAIXBR, SUZANO and GGBRBZ curves appreciated a bit while ITAU curve weakened.

 **UK**

In the UK, 42 Tory MPs have urged a vote of no-confidence in Theresa May while 48 voices needed to trigger a poll, which in the short term means that the threat of a leadership challenge might have abated. The UK PM Mrs. May is looking for more discussions with the EU leaders this week, today she will speak to the CBI to shore up business support. On November 25th the EU summit will take place where the decision should be made on a Brexit deal. If EU will approve the deal, the UK Parliament will vote on the issue in December. The no-deal Brexit currently remains as the most likely outcome because it is unlikely that May will get the required number of votes in Parliament.

 **EU**

In the EU, Germany and France are going to present a joined plan of creation a “eurozone budget” to finance ministers at a meeting in Brussel today. Such budget would contain the bloc’s common spending pot which would be financed through countries making contributions and possibly raising revenues via European-only taxes that do not yet exist. Italian deputy prime minister Mr. Di Maio said that the country is ready “to make major cuts on wasteful spending” but would protect the spending aimed at boosting economy growth. The yield on 10Y BTPS fluctuated on Friday and finished the trading session unchanged at 3.488% level while the yield on 10y DBR stayed flat during Friday at 0.366% level.

 **US**

In the US, the stock market closed in the green zone on Friday with S&P +0.22% and Dow + 0.49%. The yield on 10Y USTs dropped by 5bps to 3.0683% after the FEDs vice-chairman suggested the central bank is getting closer to a neutral rate. The dollar index depreciated by 0.5%. The US-China trade dispute continues as countries failed to produce a communique after the APEC meeting during weekends for the first time since such meetings began. The Vice President Mr. Pence said that the US is not in a rush to end the trade war ‘until China changes its ways’.

 **ASIA**

In Asia, stocks are trading mixed this morning, TOPIX is up by 0.5%, Heng Seng rose by 0.2% while ASZ is falling by 0.6%. Japan’s Ministry of Finance published preliminary data on trade deficit figures today, they showed six times rise – the deficit reached JPY 449.3 bn while the expected value was JPY 70 bn as imports rose by 20% YoY while the export growth failed to offset the outsize rise in imports. China, the largest holder of USTs, cuts its holdings by USD 13.7 bn to USD 1.15 tn in September according to data from the US Treasury.

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