



21 NOVEMBER 2018

MARKET SNAPSHOT

TURKEY

The Turkish lira dropped by 1.3% on Tuesday after the Finance Minister Mr. Albayrak said commercial interest rates would carry on dropping in the following months by as much as 50%. Today the Turkish President Mr. Erdogan is meeting with Mr. Bahceli, head of MHP party to discuss the possible coalition between AKP and MHP party's before the local election due end of March. TURKEY 47 lost two points to higher 74 area. The corporate bonds dropped as well - AKBNK 27s and 28, GARAN 27, ISCTR 24 underperformed, each lost more than two points.

RUSSIA

The Russian ruble weakened by 1% yesterday to 66.17 per USD level. However, it rebounded in the morning to 65.9 per USD level as oil clawed back some of yesterday's losses and traders await OFZ auction. RUSSIA 47 lost 60 bps on Tuesday to mid 90 level while most of corporate credits weakened just slightly. Underperformers were ALFARU 8 PERP, ALFARU 6.95 PERP and LUKOIL 4 3/4 26 while VEBBNK curve slightly appreciated.

MEXICO

The Mexican peso dropped by 1% on Monday and lost another 0.4% on Tuesday after the recently elected President Mr. Obrador said that he wants to amend the nation's constitution and remove a ban on referendums that would affect public revenue or finance. The peso is currently trading at 20.33 per USD while the 20.50 level remains as a key near-term support level. Yesterday MEX 48 lost 80 bps to lower 85 handle. Within the corporates, MXCHF, CFELEC and CEMEX curves lost 60-80 bps on average, PEMEX curve dropped more significantly.

UK

In the UK, the government failed to block Brexit hearing at the European Court of Justice as the Supreme court refused to hear the government's appeal. The ECJ is due to hear the court case on November 27th on the legal question of whether the UK's Article 50 notification can be unilaterally revoked by the UK. The pound lost 0.52% on Tuesday and closed at 1.2788 while the yield on 10Y UKTs remained at 1.39% level. The UK public sector borrowings data will be released today.

EU

In the EU, the European Commission will release its opinion on budget plans of euro-area nations today and will discuss the possibility of financial penalties against Italy for breaking the fiscal rules. The yield on 10Y BTPS touched a high 3.711% level, adding 13 bps, after the deputy PM Mr. Di Maio said that the key measures in the country's budget should not be touched. The spread between Italian and German debt widened on Tuesday to 3.35% from 3.21% on Monday.

US

In the US, stocks dropped for a second day, Dow lost 2.21%, S&P decreased by 1.82% led by oil & gas sector. However, the technology sector, which was the reason of Monday's drop in indexes, rebounded yesterday. The oil prices tumbled significantly during Tuesday, Brent lost 7.6%, WTI was down by 7% as Saudi Arabia have pledged to raise output and investors' fears that the period of oversupply have started. The US President Mr. Trump reinforced these expectations on Tuesday when he called the kingdom a "steadfast partner". At the same time, the API data indicated a shrank of 1.55 mn barrels in the US oil inventories while the increase of 3.45 mn was expected. The yield on 10Y USTs was up by 0.4 bp to 3.063% while the dollar index strengthened by 0.65%.

ASIA

The Asian stock markets looks better this morning, CSI 300 appreciating by 0.09%, Hang Seng slightly weakened by 0.16%. The oil prices rebounding this morning, Brent already gained 1.8% in Asian trading session after losing 7.6% yesterday.

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