JEWS

EMERGING MARKETS



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22 NOVEMBER 2018 MARKET SNAPSHOT

C- TURKEY

The Turkish lira appreciated by 1.3% to 5.3 per USD during Wednesday in line with a common sentiment across EM currencies. The national statistics office published consumer confidence data today, the index rose from 57.3 in October to 59.6 in November. TURKEY 47 gained half a point vesterday to 75 area while most of the corporate bonds decreased in price. YKBNK 5.5 22, YKBNK 8.5 26, ISCTR 6 22 and GARAN 6.125 27 underperformed, each lost around half a point while others lost 10-20 bps on average.

RUSSIA

Russian central bank sold RUB 20 bn of OFZs during the auction on Wednesday - RUB 10 bn of 6.5% 2024 bonds with 2.56 bid-to-cover ratio and RUB 10 bn of 7% 2021 bonds with 2.55 bid-to-cover. It was the biggest auction since July, some analysts link it to increased demand from the international investors. The ruble rose by 0.6% against the USD on Wednesday, it reached 65.68 per USD level. RUSSIA 47 gained half a point and closed at higher 90 level. Within the corporates, most of the bonds remained unchanged, however, ALFARU 6.95 PERP lost a point while OPRORU 8 1/4 21 traded up by 120 bps.

LATAM

In the Latam space, Mexico will release the inflation figures today, the analysts estimated in to be 4.61% y/y against 4.87% prior; Paraguay will decide on monetary police rate where the current level is 5.25%; Argentina will release the November consumer confidence data. Both MEX 48 and ARGENT 48 appreciated by half a point during Wednesday to mid 85 area and mid 72 handle respectively, BRAZIL 47 traded flat at lower 90 level. While Argentina's corporates traded 30-40 bps higher on average, Brazilian and Mexican corporate credits traded mixed - CEMEX and MXCHF curves traded lower by 50-60 bps while PEMEX credits gained 50-200 bps along the curve. 😹 ик

In the UK, Public Sector Net Borrowing was 7.96B instead of the 5.35B forecast. Brexit negotiations continue further as Theresa May made it public that the parliament blocking her deal might result in no Brexit. May had also mentioned that Gibraltar is an integral part to the Brexit deal and should under no circumstances be excluded. Later in the day Jeremy Corbyn met with First Minister of Scotland, Nicola Sturgeon, to discuss opposing May's deal in the upcoming Parliament vote. The pound slightly weakened to 1.2778 level. The yield on UKTs fluctuated on Wednesday between 1.372% and 1.4146% levels, closed day at 1.394%.

EU

The EU has found Italy's 2019 budget to be a case of non-compliance against the EU debt rules. European governments will now have two weeks to endorse action against Italy. After this announcement was made the Italian 10Y BTPS increased from 3.481% to as high as 3.540%. The yield on 10Y DBR traded at 0.36-0.37% levels yesterday. Today the ECB will publish its account of meeting regarding monetary policies.

🔚 US

In the US, stocks closed higher on Wednesday after two-days of sell-off. S&P 500 gained 0.30% supported by rising oil prices. After a 7% fall on Tuesday, the oil rebounded - WTI rallied by 2.3% despite the Trump's attempt to put additional pressure on Saudi Arabia to maintain the decline in oil prices. Brent added 1.5% The yield on 10Y USTs rose by 1.7 bp to 3.065% while the dollar index lost 0.1%. Today the stock and bond markets are closed due to Thanksgiven day.

SIA 🥑 📓

Asian markets opened mixed this morning with CSI 300 trading down by 0.6%, NIKKEI appreciating by 0.5% and Hang Seng remaining unchanged. Japan Statistics Bureau released inflation data today, the consumer price in Japan rose 1 per cent in October what was widely expected.

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