

08 JANUARY 2019
MARKET SNAPSHOT

US

The US stocks closed in the green zone on Monday on investors' hopes of the trade deal between US and China. At the same time, there was a sell-off in the USTs. US Commerce Secretary Mr. Ross predicted the counterparts could reach a deal that will suit both sides, seeing good prospects for a deal. S&P gained 0.7%, Dow added 0.42% while the yield on 10Y USTs was up by 3.5bps to 2.692%. Atlanta Fed President Mr. Bostic cut his 2019 rate hike forecast from 2 to 1. President Trump will deliver a televised speech today on the government shutdown before visiting the Mexican border.



OIL

The oil prices continued climbing on Monday (Brent +0.9%, WTI +1.5%) after the WSJ reported that Saudi will be cutting 800K barrels per day worth of exports (vs. November levels) in January, which would represent levels beyond its OPEC+ deal commitments. Also, the new talks between the US and China dampened worries of a global demand slowdown.



ASIA

Asian markets are following the US this morning, Hang Seng is up by 0.3%, Nikkei added 1.5%. In the fixed income side, IG spreads were about 3-4bps tighter across the board while the HY bonds are trading 50-70 bps higher in price terms.



UK

In the UK, Theresa May is weighing whether to accept a pro-EU politician's plan that would limit the Treasury's tax authority in case of no-deal Brexit. The Telegraph reported that UK and EU officials are discussing the possibility of extending Article 50 amid fears a Brexit deal will not be completed by March 29. The yield on 10Y UKTs dropped to 1.225% during the day but recovered to 1.2667% before the end of day, the pound appreciated to 1.2777 area.



EU

In the EU, Germany industrial production data (November) today showed an unexpected drop in November, down 1.9% from October much worse than expected. Later, the data on France imports, exports and trade balance would be released. The yield on 10Y DBR continued rising on Monday, it added 2 bps to 0.237%, EUR strengthened against the USD to 1.1474 level.



LATAM

In Latam, Petrobras stock and bonds rallied yesterday after the local newspaper announced that a new Brazilian government offered to pay \$14bn to Petrobras to settle overpayment over an exploratory rights contract. In Mexico, Pemex reopened the Salamanca-Leon pipeline. In Argentina, the central bank representatives said they expect inflation to slow further and that the CB will maintain caution in its FX intervention strategy. BRAZIL 47 and MEX 48 both gained a point to 97 and mid 92 handles respectively while ARGENT 48 gained 70 bps to mid 74s area.



RUSSIA

Russian ruble is rising for the third day in a row, currently trading at 67.182 per USD. The bond market showed new highs, RUSSIA 47 added another point to mid-98 levels, although is opening slightly weaker this morning at 98.25 levels. Most of the corporates gained as well, VTB 9 1/2 PERP and GAZPRU 7.288 08/16/37 both gained one and half points, ALFARU 8 PERP, GAZPRU 8 5/8 04/28/34, VEBBNK 5.942 11/21/23 appreciated by one point.

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