



## 11 JANUARY 2019

### MARKET SNAPSHOT


**US**

On Thursday the FED Chairman Mr. Powell said that the FED will be patient and flexible on interest-rate moves. He also mentioned that the balance sheet would be "substantially smaller", they will get rid of its vast holdings of Treasuries and MBS. Mr. Powell's comments supported the US stock market, both S&P and DOW appreciated by 0.45-0.5%. The yield on 10Y USTs rose 1.8 bps to 2.728 while the dollar index rose 0.4%.


**ASIA**

After the three days of trade talks between China and the US, the China's top economic official Liu He is expected to visit the US this month for high-level trade talks. The Asian stocks are trading higher today on the signs of de-escalation in trade tensions between the two countries. The CSI 300 is gaining 0.7% today while the Heng Seng trading higher by 0.4%.


**UK**

Uncertainty remains at the forefront of the Brexit debate, with opposition leader Jeremy Corbyn calling for a General Election to resolve the matter moving forward. However Foreign Secretary Jeremy Hunt has stated if May's deal is voted down the UK may be stuck in "Brexit paralysis". Japanese PM Mr. Abe recently remarked that the whole world is against a no-deal Brexit. With all this in mind, the pound has fallen again to 1.2741 USD and 1.1054 EUR. However, on a positive note, the FTSE 100 and FTSE 250 are both up by +0.42% and +0.24% respectively.


**EU**

Debt in the EU bloc may well be on the rise again, with Spain and Italy elevating their 2019 spending plans as well as Germany, who possess a usually conservative fiscal stance, planning to spend more. France's debt to GDP ratio is close to a record high flirting just below 100%. The increased spending will likely result in more bonds as a result. France has raised its 2019 bond issuance plans, while gross issuance in Italy is expected to rise by 10 billion euros this year to around 247 billion euros. This morning, however, the European markets seem to be steadily growing, with AEX +0.23%, Cac40 +0.14% and Euro Stoxx 50 +0.13%.


**RUSSIA**

The Russian ruble weakened by 0.3% to 66.91 on Thursday after five days of strengthening. The CBR chair Nabiullina advised that the bank is not going to revise a formula for FX purchases while the CBR's Monetary Policy Department Head Zabolotkin said the restart of FX purchases is already priced in and will not add pressure on RUB. The bond market closed lower on Thursday, RUSSIA 47 lost 70 bps to upper 96 area while most of the corporate credits slid by 10-20 bps. VTB 6.95 10/17/22 underperformed, the credit lost a point while GAZPRU 7.288 08/16/37, ALFARU 9 1/2 02/18/25 weakened by 50 bps.


**LATAM**

In Latam, Mexican Finance Ministry said it spent USD 1.2 bn to lock in oil prices as a hedge, designed as insurance, against price falls like last year. The operation is expected to continue with the new President Obrador. Yesterday the Brazilian government approved the tie-up between aircraft makers Embraer and Boeing. Latam credit market had a mixed day trading Thursday, BRAZIL 48 lost a point to 96 level, MEX 48 slid by 60 bps to higher 91 level while ARGENT 48 slightly strengthened.

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