NEWS

EMERGING MARKETS

28 JANUARY 2019
MARKET SNAPSHOT

🇷🇺 RUSSIA

On Friday the Russian Central Bank announced that it would start delayed open-market FX purchases from 1 February. They will purchase RUB 2.8 bn daily during next 36 months, however it was said that the regulator reserved the right to suspend foreign currency purchases in the event of financial stability threats. The ruble weakened to 65.99 on Friday. RUSSIA 47 advanced to higher 98 level while most of the corporates slightly decreased in price.

Rusal shares and bonds gained significantly after the US Treasury lifted sanctions on the company previously controlled by oligarch Oleg Deripaska, Financial Times reported. Sanctions have been lifted from the company after the direct ownership of Deripaska fell below 50%, however, he personally will remain under sanctions.

🇺🇸 US

The agreement to temporarily reopen the federal government did not provide additional support to the markets. The US stocks closed higher for the third day in a row, S&P gained 0.85%, Dow advanced by 0.75%. Friday gains were led by the WSJ report which stated that the FED officials are close to deciding that they will maintain a larger portfolio of Treasury securities than they had expected. The yield on 10y USTs added 3.8 bps to 2.7495%.

🇬🇧 UK

In the UK Brexit uncertainty continues as experts expect the Prime Minister to request for delaying Brexit. While the consensus is that denial of the request can almost be ruled out, there will certainly be terms and conditions to the extension. Boris Johnson spoke out regarding the Irish backstop, stating he believes that Prime Minister Theresa May would gain the necessary support if the backstop was not a part of the deal. The Pound appreciated against USD to a 1.3196 level, while the yield on 10Y UKT increased from 1.2788% to 1.3158%.

🇨🇳 ASIA

China's industrial profit fell by 1.9% YoY in December, but the Bloomberg analytics believe that the data might be understated. Asian markets are trading mixed this morning, Heng Seng & CSI 300 gained 0.4% while Nikkei lost 0.35%.

🇪🇺 EU

Officials in Brussels are getting ready to further negotiate the current Brexit deal, or to discuss the expected extension request. Later today the President of ECB, Mr. Draghi, will speak on the monetary developments in the Eurozone in December. The Euro gained from 1.1304 rate against the USD to a 1.1406 level. The yield on 10Y DBR moved very slightly from 1.1265% to 1.1274%.

🇧🇷 🇲🇽 LATAM

Australia supported Venezuelan opposition leader Mr. Guaido as the country's interim president this morning. VALEBZ curve dropped sharply this morning after a dam collapse at the Vale mine in Brazil, which resulted in severe loss of life and injuries. Brazilian authorities blocked funding and imposed a USD 1.7 fine while the rating agency S&P said it could downgrade the company's debt. BRAZIL 47 gained 80 bps on Friday to lower 98 level, MEX 48 advanced by 20 bps while ARGENT 48 slightly weakened to upper 75 area.