

07 MARCH 2019
MARKET SNAPSHOT
 US

US stocks traded in the red on Wednesday, Dow Jones and S&P were down 0.52% and 0.65% respectively, Nasdaq lost 0.93%. US trade deficit rose to a 10-year high of USD 59.8bn in December and USD 621bn in 2018, which sparked discussions about Donald Trump's campaign promise of reducing the trade deficit. The ADPT employment report showed 183k of new jobs compared to the 190k expectation, while unemployment is likely to stay below 4%. The yield on 10Y UST dropped to 2.68%.

ASIA

Asian stocks followed suit this morning, Nikkei is down 0.88%, Hang Seng and CSI300 wrote off 0.46% and 0.90% respectively. While there have been no publicly announced progressions in trade talks between US and China, the expert consensus seems to be either a mutually positive deal, or no deal at all.

UK

The UK trade secretary, Liam Fox, stated the government will not look to make a tariff schedule for a no-deal Brexit. In the events of a no-deal Brexit UK would automatically face EU tariffs, while having to lift tariffs on most imported goods based on the World Trade Organisation rules. The Pound has traded almost flat, with anticipation of the deal vote on March 12, starting Wednesday at 1.3178 and slipping to USD1.3170 by the end of the day.

EU

The European Central Bank is likely to cut its forecasts for economic growth and inflation over the next several days, per sources familiar. The decrease in the macroeconomic expectations might be severe enough to justify an additional round of loans for banks. Chairman of the ECB, Mario Draghi, and other experts on the topic will be discussing the current lending program and interest rates in the foreseeable future. The Euro traded flat on Wednesday at USD1.1307 rate, while the yield on 10Y DBR decreased by 4bps to 0.1233%.

MENA

From the MENA region, QATAR successfully tapped the markets yesterday, issuing \$12bn across 3 tranches, 5Y, 10Y and 30Y on the tight end of the guidance. The demand for the issues was more than 3.5 times, with books reaching \$50bn of orders. All the new bonds traded in the green this morning, up 10-20c on average. Other IG names also performed with KSA curve recovering 50c-1 point on average across the curve. In the HY Sphere, Oman underperformed, trading 50-75c down following the rating downgrade to junk by Moody's.

RUSSIA

The Ruble slightly weakened on Wednesday in line with EM peers, it lost 0.2% to 65.92 per USD as the strengthening USD remained the dominant in the FX market. The CPI report for February shows +5.2 YoY which is in line with Russian central bank's target. The ministry of finance held a successful auction yesterday, it sold RUB 46.4 worth OFZ during the two auctions with 1.6x and 1.4x bid-to-cover ratios. The Eurobonds advanced, RUSSIA 47 gained 30 bps in price (upper 98 level), most of the corporates strengthened by 10-20 bps.

LATAM

In Latam, analysts expect to see industrial output figures from Argentina today. After the Carnival holidays Brazilian markets opened lower with the Real down by 0.2%; BRAZIL47 lost around 20 bps, most corporates followed suit. ARGENT48 traded up 50bps, almost reaching 73 level, however Argentinian corporates traded in the red with the BUENOS and YPFAR long-end down 50bps on average.

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