



19 MARCH 2019

MARKET SNAPSHOT


US

US stocks traded in the green on Monday, inching close to four-month highs. Dow Jones added 0.25%, S&P and Nasdaq were up 0.37% and 0.34% respectively. Investors are awaiting the FOMC meeting this Wednesday during which policy adjustments and government balance sheet plans will be discussed. High street economists and asset managers believe the most likely case is either no or a single increase in the interest rate this year. The yield on 10Y UST fell just below 2.60% during Monday's trading session.


ASIA

Hong Kong's peg to the US dollars has cost the Hong Kong Monetary Authority almost USD 1bn this year so far. The currency has been pressured, especially at times when investors suspect a raise in US interest rates as the US dollar becomes a more attractive investing currency. Asian stocks are trading in the red this morning – Hang Seng and CSI300 are down 0.25% and 0.37% respectively, Nikkei wrote off 0.20% so far today.


UK

John Bercow, the speaker of the UK's House of Commons, has stated he will rule out a third vote on the Brexit deal unless it is 'materially different' than the previous two deals. Theresa May is now expected to bring a re-drafted version of her deal before the Parliament members today, ahead of negotiating with the EU later this week. The expected outcome is for the Prime Minister to request an extension of Article 50 from the EU and to continue negotiations, as no-deal Brexit has been previously voted out. The Pound initially weakened on the news, but later rebounded, finishing the day at USD 1.3255 rate, yield on 10Y UKT slipped 2bps to 1.1952%.


EU

Based on a proposal from the French High Council for Financial Stability it has been communicated to French banks that they need to maintain a higher amount of cash, in fears of credit growing too high. The governor of the French national bank commented "French banks are healthy and have done their work in providing credit to the economy but we are using this precautionary instrument to provide a cushion when the cycle turns. We will be ready to ease these counter cyclical requirements when necessary". The Euro inched higher from 1.1326 to USD 1.1337, yield on 10Y DBR traded flat at 0.0819%.


LATAM

Brazil's FIPE figures will be announced today amongst a fairly quiet day for emerging markets. BRAZIL47 gained half a point to mid 98 level, Brazilian corporates traded in the green mostly with the exception of PETBRA which traded half a point lower on the long-end of the curve.

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