


 27 MARCH 2019  
 MARKET SNAPSHOT

## US

Fears about global growth slowdown have added to a rally in US Treasuries, as investors seek out so-called safe haven assets: US Treasury yields eased another 1 basis point to 2.41 per cent. Equity markets advanced: S&P gained 0.7%, Dow finished 0.6% higher.

Furthermore, Stephen Moore believes the Fed should cut rates by 50 basis points immediately. However, San Francisco Fed Chief Mary Daly moved against this notion and urged patience before deciding on a move up or down.

Apple, after dodging a bullet in the shape of a Qualcomm law suit that would have seen a ban on i-Phone imports; is facing another bullet. As a U.S. trade judge recommended blocking some handset imports after deciding Apple infringed a different Qualcomm patent. An ITC ruling is due in July.

GOP Senator Lindsey Graham's new bill includes sanctions on Russian banks, new sovereign debt, LNG investments, political figures and oligarchs. It would also block Trump from pulling out of NATO without a nod from the Senate.

## ASIA

Of the fist of China's five big banks, China Construction Bank's profit may have risen 6.7% to 258.2 billion yuan (\$38 billion) last year on the back of the PBOC's eased policy to support the economy.

Profits at China's industrial firms reflected the worst start to a year in a decade due to weaker factory inflation and slowing output. Profits in January and February plunged 14% from the same period last year. This will add more impetus for the PBOC to continue the expansionary policy in a view to ramp up domestic demand.

Mainland China's CSI 300 gained 0.9 per cent, having ended the previous session down 1.4 per cent. Japan's TOPIX Index, which had posted a gain of 2.6 per cent on Tuesday, was down 0.5 per cent.

Asian stocks were mixed. Japan's equity benchmarks led declines, while shares in China rose on notions weak data may spur more policy help. U.S. and U.K. stock futures edged higher. Treasury yields dipped, while the yen trimmed overnight losses.

New Zealand's central bank became the latest to point toward a potential rate cut as policymakers around the world react to the uncertain economic growth. That hit the country's dollar to a two-week low, down by as much as 1.6 per cent to \$0.6797.

## UK

The U.K. Parliament will try to break the Brexit deadlock today with votes on alternatives to Theresa May's deal. Depending on which options garner support, this could force the government to seek a softer divorce from the EU. May will also meet with Tory colleagues in the 1922 Committee to seek more begrudging last-minute support of her deal — possibly in exchange for a pledge to quit as PM. Pound advanced to 1.3212 against the USD while the yield on 10Y UKT reached 1.0055%.

## EU

Mario Draghi may address the ECB's plans to arrest the economic slowdown when he addresses a conference in Frankfurt today.

London's FTSE 100 added 0.3 per cent, with Frankfurt's Xetra Dax 30 up 0.2 per cent. The region-wide Stoxx 600 gained 0.2 per cent. The yield on German 10-year Bunds, seen as Europe's safest debt, fell 2.5 basis points to minus 0.039 per cent. Euro currency slipped to 1.1266 from 1.1312, yield 10Y DBR remained in negative zone, closed (-0.0168)%.

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RUB traded in line with its EM peers, finishing the day at 64.41/USD (-0.7% DoD). USDRUB\_TOM volume moderated to USD 2.5bn as the peak of tax payments have been passed. Meantime, USDRUB implied volatilities and risk-reversals inched higher, but still remained well below 1Y median. RUSSIA 47 advanced by half point to mid 101 level while corporates traded mixed, ALFARU 6.95 PERP outperformed, it gained more than a point. Robert Mueller's conclusion that Russia interfered in the 2016 election has renewed congressional threats of new sanctions against the country as punishment and to discourage future threats from Moscow and others.

**LATAM**

Argentina's peso dropped to an all-time low on Tuesday as President Mauricio Macri's government struggles to instil confidence in the currency which is feeling the effects of inflationary pressure. The peso plunged 1.5% on Tuesday, reaching 42.63 pesos to USD, while the Brazilian real and Colombian peso also fell. Long end Latam sovereign Eurobonds mostly finished the day higher, BRAZIL 47 and MEX 48 both gained around 30 bps, ARGENT 48 appreciated by half point.

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