



30 OCTOBER 2018

MARKET SNAPSHOT

TURKEY

The Turkish lira is rising for a fifth day, yesterday it gained 0.6% to 5.5611 per USD, extending an almost 10% rally this month. It touched its two-month low at 5.508 yesterday as investors are responding to signs of improvement in Turkish economy, driven by Turkish CB decision in September to hike interest rates, Turkey's finance minister's new plan to rebalance the economy and easing of US-Turkey tensions after a detained pastor was allowed to return to the US. TURKEY 28 and 47s traded flat on Monday at mid-90 area and at lower 77 level respectively, while new TURKEY 23s continues to outperform, and seen trading at 100. Within the corporates, AKBNK 6.797 28 and ISCTR 6 22 outperformed, each gained more than a point; TCZIRA 4.25 19, KFINKK 7.9 26, VAKBN 6 22 and AKBNK 7.2 27 appreciated by half a point on average.

GCC

In GCC space, the session was mixed yesterday with high grade names closing a touch higher (KSA 47 relatively flat trading at low 92 area, QATAR 48s up 30c to 101.6 levels), while the higher beta names still under slight pressure from the risk-off sentiment, BHRAIN 47 lost about 20c to close at 93.7 mid levels, OMAN 48s trading flat in 92.8 area. News on further new issuance remain light, although we are expecting the Mubadala 10Y and OILGAS 6 and/or 10Y new issues due this week.

RUSSIA

In Russia the tax payment period is closing at the end of this week, which could put additional pressure on the ruble. On Monday the Russian currency slightly weakened – it lost 0.1% and closed at 65.83 per USD. RUSSIA 47 slightly appreciated to lower 93 handle. The corporate bonds traded mixed - GPBRU 6 1/2 20 and VEBBNC 6.025 22 both gained half a point; VTB 9 1/2 PERP and SIBNEF 4 3/8 09/19/22 slightly strengthened, while AKBHC 9 1/4 PERP showed a strong performance with the bonds seen bid at high 98s area yesterday; ALFARU 8 PERP lost half a point while most of remaining credits traded flat.

BRAZIL

The Brazilian investors on Monday, after the election of market favourite candidate, signalled some nervousness over Ms Bolsonaro's ability to deliver on his promises, as asset prices quickly turning south to the red zone after the intraday record highs on the opening. The real lost 1.1% yesterday and reached 3.682 per USD, BRAZIL 47 weakened by 30 bps. In the corporates field, VALEBZ and BRFSBZ curves both lost 20-30 bps on average, ITAU, CAIXBR and EMBRBZ curves slightly gained while the PETBRA curve traded mixed.

ARGENTINA

The Economy Minister of Argentina Mr. Dujovne will speak to Senate budget committee today as the government is trying to narrow its fiscal deficit. The IMF's final approval for a credit line that was announced on Friday evening supported the credit market on Monday. ARGENT 48 slightly appreciated (lower 73 area); YPF, CHUBUT, BUENOS and BUEAIR curves also strengthened slightly.

MEXICO

In other Latam, Mexico was hit with a risk-off led sell-off as, Mexican president-elect AMLO said he plans to scrap a \$13bn Norman Foster-designed Mexico City airport after a "people's poll" deemed it undesirable, raising concerns among investors that the new administration to be sworn in in December may not respect the long-term contracts, which could potentially harm the foreign investment in the country. MEX 48s fell 1.5 pts yesterday to close at 87.5 levels, while PEMEX 28 fell almost 2 pts to close at low 90s area.

EU

In the EU, the Italian sovereign bonds spiked on Monday after the rating agency S&P remained the country's credit rating unchanged on Friday, just revising the outlook from "stable" to "negative". The spread between 10y BTPS and DBR fell below 300 bps and the yield lost 11 bps during the trading session yesterday, touching as low as 3.26% levels but closing slightly higher at 3.33%. Today Italy plans to sell EUR 5.5 bn of new debt, testing investor's appetite for the sovereign bonds, the IPT will come later. The yield on 10Y DBR gained 3 bps yesterday and reached 0.38% on the back of the news that Angela Merkel will step out as a leader of CDU party in December and won't run for chancellorship after her current tenure, which raised concerns that the government spending could increase in Germany after her departure. Today the Eurozone Q3 GDP statistics will be released – the investors expect it to grow 0.4% in the third quarter.

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25 OCTOBER 2018

MARKET SNAPSHOT



US

In the US, the stocks continued falling this week, yesterday S&P lost 0.66%, Dow weakened by 0.99%. The situation may change today as president Trump announced that he expects a “great deal” with China on trade but mentioning that the US might slump tariffs on remaining Chinese imports if the deal is not reached. The yield on 10Y USTs gained 2 bps and reached 3.1%.



ASIA

The Asian stock markets appreciated on potential easing of the US-China trade tensions - NIKKEI +1.70%, CSI +0.96%.

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