



31 OCTOBER 2018

MARKET SNAPSHOT

TURKEY

Today the Central Bank of Turkey will publish the Q3 inflation report. Local investors are also waiting for the central bank comments – if the bank changed its expectations or not. Yesterday, the lira continued its winning strike, it gained 1.6% and reached 5.4757 per USD. TURKEY 28 and 47s traded flat at mid-90 area and lower 77 handle respectively. Within the corporates, AKBNK 6.797 28, TCELLT 5.8 28, TCZIRA 5.125 23, VAKBN 6 22 and KFINKK 5.136 21 each gained more than half a point while HALKBK both 19s and 20s lost 40 bps on average.

GCC

In GCC space, KSA curve continues to be bid in the short end and 10Y area as well as the short term SECO. KSA @& is trading flat, seen bid at 95.5 area today, while KSA 47 was up 20c yesterday to trade at mid-92 area yesterday. BHRAIN short end also saw some buying interest yesterday, while the long end continued to slide with BHRAIN \$& down another 40c yesterday to low 93 levels. In other news MUBADALA development company is finally coming to the market with a new IG sukuk today, issuing a 10Y bond with IPT at 4.7% area. From the HY space, NOGA, Bahraini oil and gas company is also coming to the market today, looking to raise \$1 billion via two different tranches; a 6 year (7.875% / MS + 475) and a 10 year (8.5% / MS + 530) after they had to cancel their earlier deal this summer when Bahraini yields spiked.

RUSSIA

The Russian Ministry of Finance is going to sell RUB 20 bn of OFZ during the auction today. The ruble slightly strengthened yesterday, it gained 0.1% (65.83 per USD). RUSSIA 47 closed flat at lower 93 level on Tuesday – most of the corporate credits also remained unchanged.

MEXICO

The Mexican national agency published a report where it said GDP expanded by 0.9% in Q3 versus Q2. Compared to a year earlier, the Mexican economy grew by 2.7%. The peso gained 0.6% and reached 19.94 per USD following the news. However, the bond market depreciated as investors' confidence significantly reduced after the incoming Mexican president announced his plans to cancel the construction of new airport. MEX 48 lost around 20 bps. Most of the corporates lost 40-70 bps on average.

BRAZIL

The incoming Brazilian Economic Minister Mr. Guedes said on Tuesday that in case the crisis gets worse – Brazil could sell up to USD 100 bn of its foreign reserves and use the proceeds to reduce domestic debt. Some investors raised concerns about this idea as spending the quarter of reserves maybe dangerous for economic stability. Despite this, BRAZIL 47 strengthened by half a point while corporate bonds traded mixed: VALEBZ, GGBRBZ and ITAU curves weakened while CSNABZ bonds appreciated.

EU

In the EU, the yield on 10Y BTPS rallied on Tuesday, it gained 14 bps and reached 3.47% level (now trading at 3.417%) on the back of the 3Q GDP growth coming in as weaker than expected yesterday and poor pricing metrics for the 10Y auction yesterday. The Italian economy grew at 0.8% y/y, revised from 1.2% y/y as was published in September, unchanged q/q. Italy's populists blamed the slowing economy on previous governments that bowed to the EU and vowed to resist the pressure to rein in the debt. They gave an ETA of 13th November for the new budget to be published. The yield on 10Y DBR remained unchanged at 0.38% level, while the CYPRUS curve has finally seen some positive momentum with new CYPRUS 28s up back to high 99 area with bids seen at 99.6 levels.

Disclaimer : This overview provided by Meritkapital Limited (the "Overview") only summarizes recent market movements and contextualizes upcoming political, economic and central banks events. Any views expressed in the Overview are limited in scope. Under Article 12(3)(a) of the MiFID II Delegated Directive, such publications are considered a minor non-monetary benefit which can be freely distributed without charge.

This Overview constitutes neither investment, legal, tax advice nor other advice and it does not take into account the specific investment objectives, risk appetite and financial situation of anyone who may receive this report, and the latter shall not rely on it in making an investment or other decision.

Meritkapital Limited does not accept any liability whatsoever for any direct or consequential loss arising from the use of this document. This Overview is for information purposes only and is not, and should not be construed as, an offer to buy or sell any securities. The information contained in this Overview is published for the assistance of the recipient, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient.



31 OCTOBER 2018

MARKET SNAPSHOT



US

In the US, stocks rebounded on Tuesday after a series of losses, S&P gained 1.57%, Dow added 1.77%. However, October remains the worst month in several years for the US stock market. The yield on 10Y USTs gained 3 bps and reached 3.11% (3.24% this morning) as the appetite for safe-haven assets retreats. Investors' attention will be drawn to the NFP data this Friday ahead of the mid-term elections next week on 6th November.



ASIA

In Asia, Japan Central bank remained its core rate unchanged at -0.1% level during its meeting today as it was widely expected. The BOJ promised to buy 10Y govts to maintain the yield around 0%. Asian stock indexes are rising today -- HANG SENG +0.59% & CSI 300 +1.09%.

Disclaimer : This overview provided by Meritkapital Limited (the "Overview") only summarizes recent market movements and contextualizes upcoming political, economic and central banks events. Any views expressed in the Overview are limited in scope. Under Article 12(3)(a) of the MiFID II Delegated Directive, such publications are considered a minor non-monetary benefit which can be freely distributed without charge.

This Overview constitutes neither investment, legal, tax advice nor other advice and it does not take into account the specific investment objectives, risk appetite and financial situation of anyone who may receive this report, and the latter shall not rely on it in making an investment or other decision.

Meritkapital Limited does not accept any liability whatsoever for any direct or consequential loss arising from the use of this document. This Overview is for information purposes only and is not, and should not be construed as, an offer to buy or sell any securities. The information contained in this Overview is published for the assistance of the recipient, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient.