



20 NOVEMBER 2018

MARKET SNAPSHOT

TURKEY

The Turkish Finance Minister Mr. Albayrak said today that anti-inflation fight is the priority for Turkey now, he expects November inflation figures to be “very positive” while the loan rates started to fall below 25% level. Today, Turkish Treasury is going to sell TRY 2bn of the 728-day sukuk with a six-month profit share of 8.95% in a direct sale to commercial lenders. Yesterday, the lira gained 0.4% to 5.3125 per USD level. TURKEY 47 lost half a point and closed at mid 76 area. Within the corporates, most of the bonds weakened on Monday, AKBNK 6.797 28 underperformed, it lost more than a point, AKBNK 7.2 27, GARAN 6.125 27, ODEABK 7.625 27 – each lost around half a point while other bonds lost 15-25 bps on average.

SSA

Pretty Quiet day in Sub Sahara Africa with a slight rebound seen across the sovereign universe ahead of US open although that dwindled going into US session as the sovereign credits traded close to flat on the day. KENINT continues its downward trend nonetheless as markets continue to come to terms with the increase in the nations debt to GDP. The corporate bonds remain in demand with DIAMBK, FIDBAN and UBANL on top of the list.

RUSSIA

The Russian ruble gained 0.4% on Monday to 65.54 per USD level supported by oil prices (WTI gained 0.53% yesterday). Today a lot of statistic data will be released – retail sales, unemployment, real wages, producer prices, construction etc, also the terms of Wednesday’s OFZ auction will be announced. RUSSIA 47 slightly strengthened yesterday to lower 91 handle, however the corporate credits traded mixed - AKBHC 9 1/4 PERP, GBRU 7.496 12/28/23 and VEBBNK curve gained 40-50 bps on average while CHMFRU 5.9 10/17/22, LUKOIL 4 3/4 11/02/26 and ALFARU 8 PERP traded down by 30-40 bps.

BRAZIL

The latest survey from Brazilian central bank showed that inflation expectations (IPCA index) have fallen by 10 bps to 4.13% (already 40 bps decline within three weeks) as the currency strengthened and the fuel prices dropped. Brazilian peso slightly weakened on Monday to 3.7598 per USD, BRAZIL 47 lost around 30 bps to higher 90 area. The corporates traded mostly down by 20-30 bps while SAMMIN curve and RAIZBZ appreciated.

UK

In the UK, the pound went lower on Monday after the UK PM Mrs. May said the transition phase should end before the next general election, expected in May 2022. Initially it was expected to run until the end of 2020 but the EU chief Brexit negotiator suggested an extension to end of 2022 over the weekend. The yield on 10y UKTs dropped by 5 bps to 1.3755% level yesterday.

EU

In the EU, foreign investors in Italy’s bond market shed a net EUR 1.5bn of BTPS in September. The figures are much smaller than they were in August when investors got rid of EUR 17.4 bn worth BTPS when the high deficit budget negotiations started, however it is the fourth fall within last five months. The yield on 10Y BTPS gained 11 bps on Monday and reached 3.598% level while the yield on 10Y DBR was up 3 bps during the day but reverted to initial level (0.37%) until the end of trading session.

US

In the US, the stock market was hit hard yesterday with a sell-off in tech stocks – the sector lost 3.8% on Monday, showing worst performance among 11 S&P 500 sectors amid concerns over iPhone demand. The S&P lost 1.66%, Dow was down by 1.56%. The WSJ reported that Apple is paring back production of its newest smartphone models. Chipmakers also faced losses after a disappointing outlook from Nvidia. The yield on 10Y USTs lost 1.3 bps to 3.06% while the dollar index weakened by 0.3% after the weaker-than-expected US Homebuilder Index stats, which exhibited the largest monthly decrease since 2014.

ASIA

Asian stocks are trading down this morning following the sell-off in the US market, especially in technological sector. Kospi is down by 0.7%, Topix and CSI 300 both are falling by 0.5%, Hang Seng is losing 1.1%.

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