



28 NOVEMBER 2018

MARKET SNAPSHOT

TURKEY

The Turkish lira weakened by 0.5% on Tuesday to 5.269 per USD level. In the absence of important local events, the global sentiment is likely to dictate the trading mood on the markets. TURKEY 47 dropped by 90 bps yesterday in line with other EM long end bonds. Within the corporates, most of the credits traded down, TURKTI 4.875 24 underperformed, it lost one and the half points, TCELLT 5.8 28 dropped by one point; only the KFINKK curve appreciated.

RUSSIA

Russia issued the first euro nominated Eurobond within the five years yesterday. The total size was EUR 1 bn and the deal was priced at 3% yield. The book was oversubscribed just slightly, and the bond did not perform well after the issuance - it was traded 70 bps lower in grey, currently bidding at -50 bps. RUSSIA 47 slightly weakened yesterday, it was traded at higher 89 level. Most of the corporates weakened by 15-30 bps, however, both ALFARU PERP bonds slightly strengthened while GPBRU 7.496 23 gained half a point. In the meanwhile, the EU governments are discussing possible sanctions on Russia related to the escalation of conflict with the Ukraine. However, the German official said – no action will be done until the facts are fully established.

LATAM

The rebound came on Mexican market on Tuesday after four sessions on falling. The peso, which fell to an over five-month low yesterday, rallied 0.7 per cent to 20.46 per dollar. MEX 48 slightly weakened yesterday to lower 85 handle. PEMEX bond dropped all over the curve by 20-40 bps; CEMEX bonds dropped more significantly, 24s-26s each lost more than a point.

UK

In the UK, the BOE will publish an assessment of May's withdrawal pact at 4.30 pm local time, followed by a Mark Carney press briefing. The yield on 10Y UKTs was tumbling between 1.36% and 1.39% levels yesterday and closed at 1.378% while the pound lost 0.6% to 1.2747 against the USD.

EU

In the EU the lack of new macroeconomic data resulted in low volatility of the bonds market. German 10Y DBR experienced a decrease from 0.36% to 0.34%, while Italian 10Y BTPS opened the day at 3.2868%. A hearing at the ECJ about whether Britain can unilaterally revoke triggering article 50 showed little progress. The European Parliament emphasised it does not wish for countries to trigger article 50 in the future, and then withdraw unless they are able to secure better trade agreements. As a result of uncertainty and political tensions, EUR/USD dropped by 0.35% yesterday down to a 1.1289 level.

US

The US stocks traded higher for the second day, S&P gained 0.33%, Dow lifted by 0.44%. The White House adviser Mr. Kudlow raised doubts that the trade war between the US and China can be stopped ahead of G20 summit in Argentina due Friday. However, he changed his tone later saying that Mr. Trump believes there is a "good possibility that a deal can be made". The yield on 10Y USTs gained 0.2 bps to 3.055% while the dollar index rose 0.3%. Today the investor's attention will be drawn to the FED Chairman Powell speech in New-York. Investors will be watching for any references to headwinds, market volatility or neutral rate as Donald Trump continued criticising Mr. Powell for tightening policy, blaming him for recent selloff in the US equity market.

ASIA

Asia-Pacific equities are trading higher this morning despite the uncertainty if the trade deal between the US and China can be reached. CSI 300 gaining 1.25%, Hang Seng is up by 0.9%. Oil is appreciating today as well, it is already trading higher by 1%.

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