



29 NOVEMBER 2018

MARKET SNAPSHOT

TURKEY

The Turkish economic confidence index rebounded from 67.5 level in October (lowest since 2009) to 73.7 level in November. The lira gained 1% yesterday to 5.22 per USD level and strengthened to 5.179 level today after the economic confidence index release. TURKEY 47 gained 70 bps yesterday to mid 74 handle. Within the corporates, ACKAF 5 23, GARAN 6.125 27 and YKBNK 8.5 26 each lost 40-50 bps while TURKTI 4.875 24 and KFINKK 7.9 26 each appreciated by more than a point.

SSA

SSA Sovereign saw decent bounce with space up c.75pts. Main leaders where ANGOL 48s, GHANA 2023 and GHANA 2026 and NGERIA 47s as RM were seen buying despite the drop in oil. The SSA universe have taken direction from the FED Powell comments which came out somewhat dovish. KENINT also outperformed even after IMF statement about the Kenyan shilling being overvalued - the KENINT rally does look very much like short covering from the street. ACCESS Bank caught a bid yesterday following announcement that the bank will exercise the call option on the 2021 subordinate debt in 2019 in their liability management strategy. Overall, despite low oil this morning, SSA sovereigns trading much firmer this morning with the oil names on the front foot.

RUSSIA

During the OFZ auction yesterday Russia sold RUB 5 bn of 6.4% 2020 bonds with 3.62 bid-to-cover ratio and another RUB 5 bn of 6.5% 2024 bonds with 2.13 bid-to-cover. During her speech at VTB Capital Russia Calling forum Russian Central Bank Governor Nabiullina said that the Bank considering either a rate hike or to hold the rate during the upcoming meeting due December 14. The ruble slightly strengthened yesterday to 66.96 level, currently trading at 66.45 level. RUSSIA 47 added half a point to lower 90 level while the corporates traded mixed. GPBRU 7.496 12/28/23 underperformed, the bond lost 80 bps while GPBRU 6 1/2 07/17/20 gained 30 bps.

LATAM

On the latam front, Mexican central bank will release a quarterly inflation and growth reports. Argentina's Economy minister Mr. Dujovne said the country will return to international debt market with the new issue in 2020. Brazil will publish the national unemployment rate for October today. Analysts expect it to decline from 11.9% to 11.7%. BRAZIL 47, MEX 48 and ARGENT 48 each gained more than a point yesterday.

UK

In the UK Prime Minister Theresa May spoke out against the possibility of a second referendum. Mrs May explained that a second referendum could not be held before Brexit deadline on March 29th. In the eyes of the Prime Minister extending Article 50 or leaving with no deal would be a certainty in case of a second referendum, which would undermine UK's negotiating position. The British government forecast for Brexit estimates a 3.9% decrease in GDP compared to staying in the European Union, which UK's Chancellor Philip Hammond described as a £1,100 reduction in the average living standard. GBP/USD rate increased from 1.2746 as high as 1.2812 level following Bank of England's Mark Carney comments regarding Brexit's effect on British economy. In his speech Carney has mentioned the possibility of interest rates being raised to as high as 5.5% over the next 5 years in case of a no-deal Brexit.

EU

In the EU, the advocate general of the European Court of Justice will publish his expert findings on the Brexit reversibility case in a hearing on 4th December. European Commission as well as the Council of the EU accepted the possibility of revoking Article 50, however whether it could be done without a unanimous agreement of the EU states remains a question.

US

The US FED chief Jerome Powell sent a dovish signal to investors during his speech yesterday, it led to the biggest rally in US stocks in eight months. Mr. Powell described current levels as "just below" neutral. Investors took the remarks as a sign that the Fed may be nearing the end of its rate-rise cycle. S&P 500 gained 2.3%, DOW was up by 2.5%. The yield for 10Y USTs added 0.4 bps to 3.06% while the dollar index dropped by 0.6%.

ASIA

Despite the rally within US stocks, Asian markets opened mixed today – Topix opened with a gain of 0.8% while Hang Seng started 0.1% lower.

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