IEWS

# EMERGING MARKETS



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## **30 NOVEMBER 2018** MARKET SNAPSHOT

#### C- TURKEY

The Turkish Trade Balance data released today showed USD 0.46 bn deficit, slightly better than market expectations (USD 0.5 bn). The investor's attention will now be turned to CPI data on Monday. Lira gained 1.1% on Thursday to 5.164 per USD level while TURKEY 47 gained more than one and the half points, it closed at lower 76 level. Most of the corporate credits raised as well but not so strong as long end govies, adding 40-70 bps on average. However, GARAN 3.375 19, HALKBK 4.75 19 and TCZIRA 4.25 19 underperformed, each bond slightly weakened.

#### RUSSIA

The Russian ruble rose for a second day, it added 1.2% to 66.23 per USD level. Some analysts believe that the inflationary expectations are rising and hence increasing the chance of the rate hike during the upcoming Bank of Russia meeting due December 14th. Yesterday, the US President Donald Trump announced the cancellation of bilateral meeting with Russian President Vladimir Putin at G20 summit this weekend. The reason he mentioned was captured Ukrainian warships and its crew by Russia. The comments came after the market close. RUSSIA 47 gained more than a point to 91 and the quarter. Within the corporates, VTB 9 1/2 PERP, AKBHC 9 1/4 PERP and GPBRU 7.496 12/28/23 outperformed, each gained around a point while GAZPRU 4.95 02/06/28 and GAZPRU 1.45 03/06/23 each lost 20-30 bps.

#### K UK

In the UK, Theresa May continues her mission of selling the deal she had previously negotiated with the EU, to the members of Parliament. In same meeting, Jeremy Corbyn, the leader of the labour party, stated that May's deal does not reflect what the British "leave" voters supported. Corbyn insisted a second referendum would be the solution most representative of British people's interest, to which May retaliated by saying a second vote would result in reopening negotiations with the EU, either leaving the UK with a worse deal, or no deal at all. Pound has lost most of the value it gained following BOE Carney's speech, and traded on the day as low as 1.2791 against the

#### USD. EU

EU's chief Brexit negotiator, Michel Barnier, spoke about the deal EU has drafted with UK's Prime Minister as the only deal possible due to the amount of issues Brexit concerns. Barnier commented on triggering of article 50 as "not a question of winners and losers because Brexit is a lose-lose. There is no added value". German unemployment rate beat market expectations and decreased from 5.1% to 5.0%. Later in the day the German CPI 0.316% and 0.334% on the day, closing the day at 0.319% level. was announced at 2.3% compared to the 2.4% expectation. As a result, the German 10Y DBR traded between

The US stock market closed lower on Thursday, S&P lost 0.22%, Dow fell by 0.11% as investors searched for clues in minutes from the Federal Reserve's most recent meeting. The minutes released last evening showed that most of FED's participants expect to proceed with gradual increases in interest rates if the US economy remains on track. The rate hike in widely expected to happen during December meeting and another three hikes expected in 2019. The yield on 10Y USTs dropped by 1.6% to 3.028% while the dollar index remained unchanged.

### ASIA

Asian stocks opened higher today ahead of China-US G20 meeting this weekend. Some analysts believe that the fact of such meeting is positive for markets by itself. Hang Seng opened 0.1% higher today, CSI 300 added 0.6%. Today, the bank of Korea raised the interest rate by 25 bps to 1.75% for the first time this year. The BoK governor mentioned expressed concerns about growing financial imbalances, high consumer debt and growing rate gap with the US as a reasons for hike.

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