



6 NOVEMBER 2018

MARKET SNAPSHOT

TURKEY

The inflation statistics issued yesterday in Turkey was a bit higher than expected, it rose above 25% in October (increase of 2.67% MoM in October). However, some analysts believe that the Central Bank will not increase interest rates this year because of concerns of a deepening recession; their next meeting will be held on December 13th. The lira gained 2.19% and reached 5.312%, the bond market appreciated as relations with the U.S get better – yesterday the US officially confirmed that Turkey is exempt from reinstated Iran sanctions. TURKEY 47 added a point (lower 78 handle), TURKEY 28 appreciated by half a point (91 area). Within the corporates, banking sector outperformed - AKBNK 7.2 27, TSKBTI 7.625 27, VAKBN 6 22 and YKBNK 8.5 26 added 3-5 points.

GCC

In GCC, yesterday's session was a relatively quiet one with the lack of news headlines and the market awaiting the results of mid-term elections held today and a pending data intensive week. The IG space weakened slightly, moving downwards 25-50c on average (KSA 47 down to lower-mid 91 levels), Buyers were still seen in ADGB curve (ADGB 27 stayed flat at 92.75 levels) and higher beta papers. Bahrain short end continued to be well bid with BHRAIN 18 maturing in a bit more than 2 weeks and new OILGAS continued to outperform with both tranches trading above 101, although some profit taking has begun and could keep the papers from rising further for the time being.

RUSSIA

The Russian bond market traded almost flat yesterday as investors are awaiting the results of the US mid-term elections. Usually it is a non-event for Russian market, but this time should the Democrats win the majority, the market worry is that more sanctions could be created against Russia. The ruble ended the day at 66.01 per USD, RUSSIA 47 remained unchanged in mid 92 levels. VEBBNK 6.025 22 added half a point while most of other corporates traded flat.

ARGENTINA

The Argentina's Central Bank said on Monday that they are going to extend the currency band in 2019. The lower bound of non-intervention zone is 35.16 while the peso tested new high at 35.42 per USD yesterday. Today the industrial production statistics will be issued. ARGENT 48 gained 70 bps yesterday, the corporate credits traded in the green zone as well – the long end of YPF curve gained a point, NEUQUE 25 and CHUBUT 26 each gained more than two points.

EU

In the EU, the finance ministers called on the Italian government to redraft the budget. The deadline for the resubmission of the revised budget is November 13. The Eurocomission warned Italy that the "excessive deficit procedure" might be used against Italy and it could end with sanctions. Italy however signalled that it won't budge with the Italian Finance Minister Giovanni Tria saying that they remain open to dialogue but aren't changing their track. The yield on 10Y BTPS touched 3.38% during the day but closed at 3.3225% (+1bps), trading weaker at 3.34% this morning however already. Germany will publish the PMI statistics today – the analysts expect it to decline by 0.5% MoM. The yield on 10Y DBR lost 1 bps yesterday and closed at 0.428%. The 10y CYPRUS bond traded 30 bps higher on Monday amid the continued risk on sentiment, staying strong this morning at 100.5 levels.

US

In the US, the midterm elections are coming today. Yesterday the stock market traded mixed - S&P added 0.56%, NASDAQ lost 0.38%. The yield on 10Y USTs lost 1.1 bps and closed at 3.2027%, remaining flat at this level today, the dollar index weakened by 0.2%.

ASIA

The Reserve Bank of Australia held rates unchanged at 1.5% level during its meeting in line with expectations. However, the bank raised its expectation for economic growth in 2018 and 2019 from 3% to 3.5% before slowing in 2020. Asian markets are also mixed today - NIKKEI +1.02%, HANG SENG -0.18% & CSI -1.46%.

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