



07 DECEMBER 2018

MARKET SNAPSHOT



OIL

Oil remained under pressure as OPEC ended its meeting in Vienna yesterday without a press briefing. Ministers discussed a 1 million barrels per day cut but did not agree on how to share the cuts between participants. Brent lost 2.5% of its trading value yesterday and lost another 0.4% this morning, currently trading at 59.8 level.



TURKEY

The former EVP of Turkish Halkbank will be released in July 2019 as the US Attorney withdrew the previous appeal to increase the sentence. This may prompt some out-performance for the banking index as market is quite inclined to show a positive reaction to such developments. The Turkish Finance minister Mr. Albayrak promised a decline in bank interest rates in the upcoming months. TURKEY 47 remained unhunched at an upper 76 level, most of the corporate bonds slid by 20-30 bps.



RUSSIA

Sberbank, Russian biggest state-owned bank, announced that it had acquired a 10% stake in Uralkali, the world's largest potash producer by output volume. Uralkali shares rose 2.2% following the news release. The ruble lost 0.6% on Thursday to a 66.88 per USD level. RUSSIA 47 fell to a mid-92 level. Within the corporates, most of the market depreciated. GAZPRU 7.288 08/16/37 showed biggest drop, losing 120 bps. Most of the credits lost 30-40 bps while some appreciated - GPBRU 6 1/2 07/17/20 and GAZPRU 2 3/4 11/30/21 each added 30 bps



LATAM

On the Latam front, the Brazilian and Mexican inflation figures will be released today. Analysts expect them to show easing price pressures. BRAZIL 47 and ARGENT 48 both gained 30 bps yesterday, while MEX 48 added a point. However, the Latam corporates mostly slid.



UK

In the UK, Prime Minister Theresa May rejected the possibility of postponing the vote on 11th December. While on the BBC radio the Prime Minister said she understands concerns regarding the "backstop", to which she counter-argued, that alternative arrangements such as the Norway model would entail a similar procedure. On the other side, Scottish National party made it clear they see the backstop as unfair advantage for Northern Ireland. Amongst macroeconomic data the Halifax house price index showed a 1.4% decrease compared to the expected 0.3% increase, while Bank of England will announce its inflation expectations later today. The yield on 10Y UKTs decreased from 1.2925% to 1.2485%, while the Pound strengthened to a 1.2780 level against the Dollar. European diplomats are already preparing for a potential defeat of Mrs. May's proposal in the Parliament. The possibilities of renegotiating Brexit terms include a clarification of the current deal's terms, redrafting the political declaration, or to take out the controversial backstop out of the agreement.



EU

German industrial production for October were 0.8% lower than expected, to which the yield on 10Y DBR reacted with an increase this morning, after yesterday's decrease to a 0.2438% level, with a trough level of 0.223%. The yield on 10Y BTPS increased from 3.0577% to 3.199%. Later today Eurozone GDP and Employment change will be announced.



US

President Trump stated he is confident that a trade deal with China would be reached in the next 90 days, as tweeted by him. The statement helped the market recover from the sell-off during the day following the arrest of Huawei's CFO in Vancouver. S&P 500 declined by 2.9% during the day but closed almost flat (-0.15%). The yield on 10Y USTs dropped by 2.9 bps yesterday to 2.885%, while the dollar index lost 0.3% of its trading value. Later today the nonfarm payrolls and unemployment rate statistics will be released. The FED Chief Powell gave a bullish view prior to data release as he believes that "the economy is performing very well, and the labour market is strong".



ASIA

Asian equities have been recovering this morning, following yesterday's sell-off. CSI 300 and Heng Seng opened 0.2% higher, while Topix started the day with a 0.6% increase in value.

Disclaimer : This overview provided by MeritKapital Limited (the "Overview") only summarizes recent market movements and contextualizes upcoming political, economic and central banks events. Any views expressed in the Overview are limited in scope. Under Article 12(3)(a) of the MiFID II Delegated Directive, such publications are considered a minor non-monetary benefit which can be freely distributed without charge.

This Overview constitutes neither investment, legal, tax advice nor other advice and it does not take into account the specific investment objectives, risk appetite and financial situation of anyone who may receive this report, and the latter shall not rely on it in making an investment or other decision.

MeritKapital Limited does not accept any liability whatsoever for any direct or consequential loss arising from the use of this document. This Overview is for information purposes only and is not, and should not be construed as, an offer to buy or sell any securities. The information contained in this Overview is published for the assistance of the recipient, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient.