



11 DECEMBER 2018

MARKET SNAPSHOT

TURKEY

Turkey's Finance Minister Mr. Albayrak said yesterday that the Turkish economic rebalancing is going better than expected. The measures against inflation appear to be successful while the current account balance showed significant improvements. The data released today came at USD 2.77 bn compared to the USD 2.5 bn expectation. The lira slid by 0.5% yesterday to 5.325 per USD. TURKEY 47 remained unchanged at the mid 77 area while the corporates traded mixed. AKBNK 6.797 28 and YKBNK 8.5 26 outperformed the market, adding around 80 bps each, while AKBNK 7.2 27 lost a point.

RUSSIA

Russian investors will pay close attention to the announcement of weekly auction terms by Ministry of Finance today. The previous action last week was not as successful as the Ministry expected and some analysts believe that the ministry will offer fewer bonds tomorrow. The ruble lost 0.4% on Monday and closed at 66.64 per USD. RUSSIA 47 slightly weakened to an upper 92 level. Within the corporate, most of the credits traded 20-30 bps lower on Monday, however ALFARU 6.95 PERP strengthened by more than a point.

UK

Prime Minister Theresa May decided to delay the parliament vote on Brexit until further notice. Today she will begin her tour to EU in an attempt to find a decision on the Irish border component of her Brexit plan. The EU said it would not renegotiate the deal. The pound dropped to its lowest in the past two years yesterday – 1.2561 against the USD. The yield on 10y UKTs was down 11 bps throughout yesterday but recovered some of the losses before closing at a 1.2142% level. Later this morning the UK average earnings and employment changes will be announced.

EU

The European Court of Justice decided that the UK could unilaterally withdraw triggering article 50. European officials have assured the UK that if it was to cancel Brexit, it could go back to the original conditions of being a part of the EU, without having to join the Eurozone. In France, president Macron has attempted to quiet the protesters by offering an increase to minimum wages, bonuses, and to reverse the proposed pension charge. The yield on 10Y DBR opened at 0.2264% and closed at 0.2546% ahead of today's German sentiment announcement, while the yield on 10Y BTPS lost 6.5 bps, dropping from 3.169% to a 3.1035% level.

US

The US stocks had a volatile session on Monday, S&P was down by almost 2% during the day but closed at +0.2%, Dow gained 0.14%, Nasdaq added 0.74%. The yield on 10Y USTs was up 0.4 bps, reaching a 2.849% level. Top US and Chinese officials continued trade talks yesterday despite the case of Huawei CFO's arrest. Chinese Ministry of Commerce said that officials discussed agriculture and changes to key Chinese economic policies.

ASIA

Asian markets are trading mixed this morning, CSI 300 added 0.3% while Topix and Nikkei are down by 0.9% and 0.5% respectively. Elsewhere in Asia, Indian shares and currency falling after unexpected resignation of the central bank governor.

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