



12 DECEMBER 2018

MARKET SNAPSHOT

TURKEY

Turkish Minister of Finance Mr. Albayrak said on Tuesday that Turkey's current account deficit may narrow down to below USD 30 bn this year as October's figures showed economic balancing progress. The lira lost 0.75% on thin liquidity yesterday to 5.3651 per USD level. TURKEY 47 remained at a mid 77 level. The corporate bonds traded higher by 20-30 bps on average, however, YKBNK 5.5 22 O and YKBNK 8.5 26 gained more than two points each.

RUSSIA

Russian local bond market showed low liquidity this week as investors are preparing for the Central Bank's rate decision this Friday which is still uncertain. Approximately half of the analysts believe there would be a hike while another half is waiting for "hold". Today the Ministry of Finance is going to offer RUB 21.2 bn in two auctions – RUB 16.2 bn in 2021 7% OFZ and RUB 5 bn in 2022 floater OFZ. The ruble slightly gained yesterday to a 66.37 per USD level. RUSSIA 47 added 30 bps yesterday to an upper 92 level. The corporates traded mixed, ALFARU 8 PERP and ALFARU 6.95 PERP underperformed, bonds lost 70 and 110 bps respectively.

LATAM

On the Latam front, Brazil's Central Bank will have a monetary policy meeting today, analysts expect it to leave the interest rate unchanged at 6.5%. The Mexico City Airport Trust – the financial backer of the new Mexico City airport project, amended the conditions of the buy-back project. New deal offers to buy back USD 1.8 bn (out of USD 6 bn). The price would be USD 1000 per each USD 1,000 tendered by the early bird deadline, plus accrued and unpaid interest. BRAZIL 47 and MEX 48 appreciated yesterday by 60 bps and 50 bps respectively while ARGENT 48 lost 30 bps.

UK

After acquiring the 48 names necessary, a vote of confidence in Prime Minister Theresa May's leadership has been called and will be held today at 6pm. In case of a vote of no confidence it is more than likely the UK would need to ask for an extension on triggering Article 50. Despite a slight increase in average earnings and a higher than expected employment change, GBP/USD slipped from a 1.2561 level to 1.2487, while the yield on 10Y UKT opened at 1.22% and closed at 1.1762%.

EU

President of the EU Council, Donald Tusk, went on record stating that the EU "wants to help", but the clear message from the EU has been that there will be no renegotiations of the deal. Even though the German economic sentiment beat the expectations, it is still in the negative mainly due to the current political state. The yield on 10Y DBR opened at 0.2546% and closed at 0.2459%, while yield on 10Y BTPS increase by almost 2 bps from 3.1% to 3.118%.

US

US stocks traded almost flat yesterday, S&P finished 0.04% lower, Dow slid 0.22% while Nasdaq gained 0.16%. US President Trump told Reuters he would consider intervening in the Huawei case if it will help to finalize the trade deal with China. At the same time, Canada finally granted bail to the CFO of Huawei Technologies. The yield on 10Y USTs rose 2.3 bps to 2.879%. November US CPI data will be released today.

ASIA

Asian markets are all in the green zone this morning backed by positive signs on the outlook for US/China trade talks, Topix is gaining 2%, Hang Seng trading higher by 1.5%. China decided to cut tariffs on imported American cars from 40% to 15%, however, the long-term fears in the trade dispute will remain, some analysts believe.

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