



13 DECEMBER 2018

MARKET SNAPSHOT



OIL

Oil prices fluctuated on Wednesday but stayed in the positive territory after a report showed a decline in inventories of US crude for the second straight week. WTI added 1.1%, Brent advanced by 1%.



TURKEY

Analysts expect the interest rates to remain unchanged at 24% ahead of today's meeting of the Central Bank of Turkey. The lira strengthened by 0.4% on Wednesday to a 5.3454 level. TURKEY 47 gained half a point to a lower 78 level while most of the corporate credits added 10-20 bps on average. GARAN 6.125 27 outperformed expectations and advanced by 70 bps.



RUSSIA

Russia failed to sell all the OFZs during yesterday's auction for a second week in a row, as investors are awaiting the interest rate decision on Friday. Only RUB 8.89 bn of OFZ 2021 were sold (compared to RUB 16.2 bn expected) and RUB 4.7 bn (out of RUB 5 bn) of 2022 floater. The Minister of Economy made an approximate estimate of 2018 inflation at 3.9-4.0% level. On Friday, the CBR will either leave the rate unchanged at the current 7.5% level or increase it by 25 bps. Currently most of the analysts expect the rate to stay unchanged. The ruble closed almost flat yesterday at a 66.39 per USD level. RUSSIA 47 slightly strengthened to a lower 93 area. Within the corporates, SBERRU, GMKNRM and NLMKRU credits slid by 10-20 bps on average.



BRASIL & ARGENTINA

Brazil Central Bank kept the interest rate at 6.5% as expected due to low inflation levels. Later today, Peru's Central Bank will decide on interest rates, investors expect no change from the standing 2.75% level. Argentina will release its November inflation figures. ARGENT 48 and BRAZIL 47 strengthened by more than a point yesterday while MEX 48 stayed unchanged at an upper 88 level.



UK

Theresa May fended off the vote of confidence with a 200 to 117 result. Despite the victory, the Prime Minister expressed her concerns about her own party not having full confidence in her leadership and she was forced to tell members of the Parliament that she would not lead the Tories into the next election. The GBP/USD rate increased from 1.2487 to a 1.2629 level, reaching as high as 1.2663. The yield on 10Y UKTS increased by 11 bps from 1.1762% to 1.284%.



EU

European officials publicly stated that they are "ready to examine whether any further assurance can be provided" regarding the controversial Irish border backstop. The yield on 10Y BTPS decreased from 3.1186% to 2.9981% following Italy's announced budget cuts to avoid being penalised by the EU. The spread on Italian and German 10Y bond yields decreased by 6.59% yesterday, after the 10Y DBR yield increased from 0.2459% to 2.803%. Later today an EU leaders summit will take place, followed by the ECB's announcement regarding interest rates, with analysts anticipating no change from the current 0.00%.



US

US stocks appreciated yesterday on a positive market sentiment following the progress in trade talks between the US and China. S&P advanced by 0.55%, Dow added 0.64%. Yesterday China bought 1.5-2 million tons of US soybeans, its first major purchase since the start of the trade truce. The yield on 10Y USTs fell by 3 bps to 2.9114%. The inflation data came as expected at 2.2%, but underlying inflation pressures remained firm.



ASIA

In Asia, the stock markets are trading in the green zone today after a positive session on Wall Street, Hang Seng is up by 1.34%, CSI gained 2% already.

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