



03 DECEMBER 2018

MARKET SNAPSHOT

TURKEY

Turkish consumer prices data released today surprised the investors as the prices fall by 1.44% vs 0.3% expected. CPI decelerated to 21.62% Y/y in November driven by a deceleration across the consumer basket. However, the lira is losing some grip this morning, TRY is back above 5.2. TURKEY 47 gained a point on Friday to 77 level while most of the corporates appreciated by 10-20 bps. However, HALKBK and ISCTR curves slightly weakened.

GCC

In GCC region, the energy minister of Qatar announced that country will leave OPEC next year. One of the main reasons – deterioration of political situation with the neighbour countries as SA, the UAE, Egypt and Bahrain imposed trade and travel embargo on Qatar last year because they believe that the country supporting terrorism. Qatar is the smallest oil producer in OPEC group, it is pumping just 609k barrels per day. Earlier this weekend, Saudi Arabia and Russia during the G20 meeting extended their pact to manage the oil market. It led to oil prices rally this morning, both Brent and WTI gained more than 5%. On Friday, KSA 47 gained 30 bps to mid 91 level, OMAN 47 gained a point to mid 86 handle while BHRAIN 47 appreciated by one and the half points to mid 94 area.

RUSSIA

The Russian ruble rising more than 1% this morning on the extended pact news. The yield for 10Y OFZ falling by 5 bps to 8.67%. The Finance Ministry debt chief Mr. Vyshkovsky said Russia is going to issue USD nominated Eurobond in 2019, stating that there are no plans to abandon borrowing in dollars despite a successful bond sale in euro last week. RUSSIA 47 added a point last Friday to mid 92 level. Within the corporates, ALFARU 8 PERP and GPBRU 7.496 12/28/23 outperformed, each gained a point while VTB 9 1/2 PERP and GPBRU 0 PERP weakened by 30-50 bps.

UK

In the UK, Brexiter Mr. Gove said supporting the “imperfect” deal is the right thing to do. At the same time, the pressure on May is rising as the opposition parties are trying to force the government to publish the legal advise in got on Brexit from the attorney general. The pound lost 0.33% on Friday to 1.2749 level while the yield on 10Y UKTs gained 2 bps to 1.3775% level.

EU

In the EU, the European Commission asked Italy to lower their budget deficit target to 1.95%. The EC chief also asked to cut spending by EUR 4.5 bn. The yield on 10Y DBR dropped by 0.7 bps on Friday to 0.3117% while the yield on 10Y BTPS remained at 3.2% mankind the spread wider than 290 bps.

US

The US stock appreciated on Friday amid growing hopes of a trade deal between China and the US. S&P 500 added 0.81%, Dow traded higher by 0.79%. The yield for 10Y USTs falls by 3.6 bps to 2.9988%.

ASIA

Asia stocks rallied this morning after the Mr. Trump and Mr. Xi agreed on 90-days break in the US-China trade dispute during their meeting on G20 summit. Just after the trading session starts Topix added 1.3%, Hang Seng gained 2.5% while CSI 300 appreciated by 2.9%. Mr. Trump promised not to increase tariffs on USD 200 bn Chinese goods from 10% to 25% in January as it was planned earlier. On the other hand, China had agreed to reduce and remove tariffs on import of cars from the US while the current tariff is 40%.

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