



05 DECEMBER 2018

MARKET SNAPSHOT

TURKEY

The Turkish lira dropped by 2.5% on Tuesday to 5.38 per USD due to the concerns central bank would lower interest rates, after a more-than-expected drop in inflation figures this November. TURKEY 47 slightly weakened to upper 76 levels while the Turkish corporates traded mixed. GARAN, HALKBK, YKBNK and KFINKK curves appreciated slightly, TCELLT, TUPRST and MERSIN traded slightly lower.

SSA

No major event in SSA with the sovereigns trading marginally down as with most EM assets as clarity is sought on the trade war truce. SOAF however was an anomaly rallying heavily yesterday following 3Q GDP expansion annualized at 2.2%. Yield on all SOAF Sovereign bonds compressed c. 10-30bps.

RUSSIA

The Russian Ministry of Finance more than doubled the amount of ruble-bond offering during the OFZ auction today - 5Y OFZs with 10 bn RUB issuance and 10Y OFZs with RUB 15 bn issuance will be offered. The reason for this OFZ offering is the oil bounce and the trade-driven rally in local currency bonds. The ruble lost 0.6% on Tuesday to 66.83 per USD while RUSSIA 47 slightly gained to an upper 92 value. Within the corporates, most of the bonds traded higher on Tuesday, with VTB 9 1/2 PERP and VEBNK 5.942 11/21/23 outperforming marking around a 2 figure gain.

LATAM

On the Latam front, the supreme court of Brazil will investigate if the incoming chief of staff of newly elected president Jair Bolsonaro took "illegal campaign contributions". Brazil will release November PMI data today. Yesterday, BRAZIL 47 remained flat at low 91 levels. The new Mexican President, Mr. Obrador, is committed to a 0.8-1.0% primary surplus and aims to cut administrative costs further to reach the goal. MEX48 lost half a point to reach lower 86 levels.

UK

Sterling dropped to 17-month lows to 1.2719 vs USD yesterday after the government of Theresa May was found to be in contempt of parliament for refusing to publish key Brexit papers. MPs voted to release the legal papers. The yield on UKTs tumbled on Tuesday to trade between 1.276% and 1.334% and closed at 1.29%.

US

US stocks fell sharply on Tuesday after President Trump warned China would resort to tariffs if the two sides could not resolve their differences. S&P, Dow, and Nasdaq each lost more than 3%. The yield on 10Y USTs dropped by 7.6 bps to 2.9154%, while the dollar index traded 0.2 higher. Today the US stock and bond markets will be closed to honour former President George H.W. Bush.

ASIA

In Asia, the stock market followed tracked the US markets but losses were more subdued than the US. Heng Seng lost 1.6%, Nikkei and Topix are down by around 1%.

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