



07 JANUARY 2019

MARKET SNAPSHOT



US

On Friday the US stock market showed one of its biggest rallies in over seven years influenced by several factors: NFP report came better than expected (312k vs 178k expected); FED chairman Mr. Powell eased market concerns saying he would be flexible in rate policy decisions this year; hopes of progress on the US-China trade dispute as the counterparts are meeting today in Beijing. S&P gained 3.43%, Dow added 3.29%. The yield on 10Y USTs gained 11 bps to 2.6659%.



OIL

Oil is trading higher today despite the US inventory report showing a surplus last Friday. Both WTI and Brent gaining more than 1% this morning on dovish FED comments and NFPs strong data. Supply cuts from Saudi and Libya also contributed.



ASIA

Asian markets followed the US this morning, Nikkei is up by 2.44%, Hang Seng trading higher by 0.6% on continued Chinese stimulus (PBOC cut RRR's by 100bps) and the expectations of progress in the US-China trade negotiations due to start today. It is going to be the first formal talks since the beginning of a three-month truce in their trade war.



UK

Theresa May warned MPs that the UK would be in "uncharted territory" if they would reject her Brexit deal next week. The Times reported that government shutdown is possible if ministers pursue a no-deal Brexit without Parliament support. The pound gained 0.7% on Friday to 1.2723 against the USD while the yield on 10Y UKTs gained 6 bps and closed at 1.273%.



EU

In the EU, German FinMin Scholz note that the "golden years" of German tax revenues regularly exceeding expectations are coming to an end. Today sales retail data and factory orders from Germany will be released. The yield on 10Y DBR gained 4 bps to 0.2086%. In Latam, new Petrobras CEO confirmed the company's focus on reducing costs and staying competitive internationally by keeping prices in line with other markets. BRAZIL 47 gained half a point to 96 and a quarter level while MEX 48 and ARGENT 48 both gained more than a point to mid 91 level and lower 74 handle respectively.



SSA

Africa Sovereign Credits finished Friday on a positive note. The space is still reacting positively on schedule talks between US and China to address trade wars. Despite the overwhelmingly positive NFPs, the credits continued their upwards trajectory during the course of the session. We saw buyers in long end GHANA, NGERIA and some IVYCST. The corporate space, especially the Nigerian banks had RM interests in ACCESS SUB 2021, FBNNL 2021 and ACCESS SNR 2021, DIAMBK 19s - exposure to 2019 maturities still at play mostly. In other corporates, demand for IHSHLD 9 1/2 10/27/21 was also seen. Hitting the headlines this morning are news of an attempted coup in GABON, and yields in GABON 6 3/8 12/12/24 and GABON 6.95 06/16/25 rising.

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