



## 09 JANUARY 2019

### MARKET SNAPSHOT



#### US

The US market rose for the third day in a row, the first time since November, as talks between the US and China were extended by a day. S&P, DOW & Nasdaq each gained 1% and the yield on 10Y USTs added 3.2 bps to 2.728%. The US President Trump tweeted that the discussions were “going very well” yesterday. Today, Trump and Vice President Pence will meet with Republican senators as the partial government shutdown continues, the White House reported.



#### OIL

Oil prices appreciated yesterday (Brent +0.8%, WTI +1%) and added another 1.5% this morning, touching its three-weeks high, amid investors’ confidence that the Opec supply cuts would tighten the market. The survey of industry officials made by S&P Global Platts showed a 630k barrel per day decrease in crude production month-to-month, which is still not close to new quotas for 2019.



#### ASIA

Asian markets rallied this morning following the US, Hang Seng is up by 2.5%, CSI appreciated by 2%.



#### UK

In a vote the British Members of Parliament have passed an amendment to the current Government’s finance bill. The MPs have shown a lack of trust in Mrs. May’s approach to Brexit by a 303 to 296 vote, which restricts the government’s ability to make changes to tax law if a no-deal Brexit does occur. The Pound has decreased from 1.2777 USD levels down to 1.2717 by the end of Tuesday, while the yield on 10Y UKTs gained 2bps and finished the day at 1.2846%.



#### EU

In the EU German industrial production data came through 2.2% below market expectation, however the country’s net trade balance was higher than expected at a 19€ billion. The yield on 10Y DBR fluctuated in a 2bps range on Tuesday, opening at 0.2216% and closing at a 0.2258% level, while the yield on 10Y BTPS increased slightly over 5bps, trading at 2.9518% by the end of Tuesday.



#### RUSSIA

Russian investors returned to the markets following national holidays, the ruble extended its winning streak for a fourth session closing at 66.8985 per USD on Tuesday. RUSSIA 48 experienced a 90 bps correction yesterday after two weeks of gaining, reaching a mid-97 level. The corporate bonds mostly remained unchanged yesterday.



#### LATAM

In Latam, Mexican the president’s chief of staff Mr. Romo said that the Mexican economy could grow at a 3% to 3.5% rate within three years. The Mexican Central Bank reported that the international reserves rose for the second week, adding USD 328 million last week after gaining USD 215 million one week before. MEX 48 slightly weakened yesterday to a mid-92 level, however, the Pemex curve continued appreciating – bonds gained 30-50 bps across the curve. BRAZIL 47 remained unchanged, at higher 96 area, while ARGENT 48 dropped by one and a half point, reaching a lower 73 handle.

Disclaimer : This overview provided by Meritkapital Limited (the "Overview") only summarizes recent market movements and contextualizes upcoming political, economic and central banks events. Any views expressed in the Overview are limited in scope. Under Article 12(3)(a) of the MiFID II Delegated Directive, such publications are considered a minor non-monetary benefit which can be freely distributed without charge.

This Overview constitutes neither investment, legal, tax advice nor other advice and it does not take into account the specific investment objectives, risk appetite and financial situation of anyone who may receive this report, and the latter shall not rely on it in making an investment or other decision.

Meritkapital Limited does not accept any liability whatsoever for any direct or consequential loss arising from the use of this document. This Overview is for information purposes only and is not, and should not be construed as, an offer to buy or sell any securities. The information contained in this Overview is published for the assistance of the recipient, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient.