



10 JANUARY 2019

MARKET SNAPSHOT


US

The US market closed in the green zone again yesterday amid investors optimism on trade talks between the US and China, as well as FED signalling it could raise interest rates, according to FOMC minutes. Both DOW and S&P appreciated by 0.4%. The US President Trump failed to find a solution during a meeting with Democratic leaders and tweeted that talks regarding the government shutdown were a “waste of time”. The yield on 10Y USTs lost 3 bps, reaching a 2.69% level, while the dollar index decreased by 0.8%.


OIL

Oil prices rallied yesterday by 5.1%, contributing to a total of more than 20 per cent increase over the last two weeks, since the energy minister of Saudi Arabia promise to “stabilize” the market.


UK

A second House of Commons vote in the last two days will force Prime Minister May to present an alternative Brexit plan by 21st January. In a 308 to 297 victory the Members of Parliament has shown the lack of trust in the Prime Minister’s negotiation strategy, to which the Theresa May responded with offering MPs a veto over the controversial backstop. The Pound has dropped from 1.2789 USD down to a 1.2762 level, while the yield on 10Y UKT lost 7bps, closing on Wednesday at 1.2171%.


EU

The unemployment in the EU has dropped below 8% for the first time in the last ten years. Later today the ECB will publish an account of its meeting regarding Monetary policies. The yield on 10Y DBR closed 3bps lower than opening, finishing Wednesday at 0.1978%, while 10Y BTPS yield decreased from 2.9513% to a 2.8764% level.


ASIA

Stock markets in Asia are trading mixed today morning, Topix and NIKKEI trading down by 1.3%, Hang Seng gained 0.35%, CSI advanced by 0.3%. Chinese Ministry of Commerce commented on today’s talks as they were “extensive, deep and meticulous”; China has pledged to purchase agricultural, energy and manufactured goods and services from the US.


RUSSIA

Russian ruble performed in line with the Emerging Market currencies yesterday, it advanced by 0.3% to 66.73 per USD. Today investors will focus their attention on the gold and forex reverses data. RUSSIA 47 remained unchanged on Wednesday at a lower 97 area, while the oil and gas sector bonds advanced supported by rising Brent – GAZPRU gained 15-60 bps across the curve, LUKOIL 26 added a point. The rest of the market gained 10-20 bps on average.


LATAM

In Latam, the inflation data released yesterday in Mexico showed acceleration amid a currency plunge. The 12-month consumer prices increased from 4.72% to 4.83% month-to-month in December. The new Finance Minister, Mr. Urzua, believes that the Peso may strengthened beyond 19 per dollar (currently trading at 19.255) under the right conditions in the near future. The Argentinian Peso appreciated on Wednesday by 0.25% to 27.5 per USD, however the rate is maintaining a safe distance from central bank’s trading band.

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