



15 JANUARY 2019

MARKET SNAPSHOT



US

Wall Street experienced the sell-off on Monday amid concerns over the Chinese economic outlook. The weak export data released yesterday morning in China pushed Asian stocks down and the US markets followed the trend, S&P lost 0.53%, Dow slipped by 0.36%. The yield on 10Y USTs gained 0.3 bps to 2.7% while the dollar index weakened by 0.1%.



OIL

Oil was down by more than 2% on Monday as investors worried that a slowdown could influence fuel demands. This morning the oil recovered 1%.



ASIA

China announced it will initiate economic stimulation measures following the weak export data. The announcement supported Asian markets, both Heng Seng and CSI advance by more than 1.5%.



UK

Members of the British Parliament will vote on Theresa May's Brexit deal this evening. It appears there has been no significant change in the expected outcome following the Prime Minister's last-minute reassurance of the MPs. While European representatives on Brexit matter have sent a supportive letter, there was no assurance of the Irish border backstop only lasting a year as Mrs. May requested. The Pound started trading at a 1.2844 USD level and gained 20 pips, up to 1.2864. The yield on 10Y UKT increased by over 3 bps, closing on Monday at 1.3079%.



EU

Emmanuel Macron has initiated his three-month national policy debate yesterday, in an attempt to end the "yellow vest" uprising. The French President has stated that while he will be open to new ideas, he expects to stay on course with an economic approach. The consensus about German GDP growth forecast has worsened from 2.2% expectation down to 1.5%. The Eurozone trade balance data will be announced this morning, followed by an afternoon speech by ECB's President, Mario Draghi. Euro has remained at the same level, at 1.1469 USD per Euro. The yield on 10Y DBR dropped by 0.5 bps, closed at 0.1779%.



RUSSIA

Head of CBR's Monetary Policy Department, Mr. Zabolotkin, said key rate changes bigger than 25 bp might be considered. He also advised that CBR might "catch up" in FX purchases later this year in case of suitable market conditions. The ruble weakened to 67.07 per USD level yesterday, RUSSIA 47 slightly advanced to low 95 area. Most of the corporate bonds remained unchanged on Monday, ALFARU 8 PERP outperformed the market with a 70 bps gain.



LATAM

In Latam, Mexican finance ministry said in a statement they expect to cover most of its financing needs in local markets and use international funding only as a complementary source under the right conditions. Experts estimate Mexico's needs at 7.2% of its GDP. Today, Brazil will publish November retail sales statistics while Argentina will release CPI figures for December. On the bond markets, MEX 48 and AGENT 48 gained 30 bps each while BRAZIL 47 slightly weakened to upper 95 area. Within the corporates, Pemex long end bonds gained a point on average, Buenos curve traded higher by 50 bps on average while Petbra bonds remained at Friday levels.

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