



## 17 JANUARY 2019

### MARKET SNAPSHOT

#### UK

British Prime Minister Theresa May won a vote of no confidence by 325 votes to 306 last night and will continue talks today with opposition parties to break the Brexit deadlock. The opposition leader, Labour's Jeremy Corbyn, refused to hold talks unless a no-deal Brexit was ruled out. Bloomberg reported that EU leaders are ready to delay Brexit into second half of 2019 in order to prevent a no-deal divorce. The pound slightly gained on Wednesday to 1.2885 against the USD while the yield on 10Y UKTs jumped to 1.3085%.

#### US

The US earnings session started better-than-expected with the reports of six biggest banks which supported the market – S&P gained 0.22%, Dow advanced by 0.59%. The 10Y Treasury yield added 1.2 bps to 2.724% while the dollar index remained flat.

#### ASIA

Despite the positive market sentiment in the US, Asian stocks are trading mixed this morning, Hang Seng and CSI both advanced by 0.4% while Nikkei dropped 0.1%, pushed by the strong yen.

#### EU

The Eurozone CPI data will be announced this morning. The Euro slightly weakened on Wednesday from 1.1413 USD down to 1.1392. The yield on 10 DBR increased by 2bps yesterday, finishing the day at 1.1711%, trading around 1.1623% this morning.

#### RUSSIA

Russian Ministry of Finance held one of the strongest OZF auctions in several month yesterday, it sold the entire amount of bonds with 2.2 bid-to-cover ratio. Some analysts believe that it was mostly driven by technical factors such as absence of new supply for the two first weeks of the year, rather than fundamental factors. The ruble gained 1.1% to 66.35 per USD. On the fixed income side, RUSSIA 47 gained 30 bps to upper 97 level. Most of the corporate bonds advanced by 15-30 bps while GPBRU 0 PERP outperformed, credit advanced by a point, GAZPRU gained 30-60 bps across the curve.

#### TURKEY

Turkey's Central Bank kept the key rate at the 24% level yesterday, bonds and stocks advanced. TURKEY 47 gained a point and a half to upper 80 area, GARAN 6.125 27, HALKBK 3.875 20, TCELLT 5.8 28, YKBK 5.5 22 advanced by a point, the rest of the bonds traded higher by 15-50 bps. In the rest of MENA - KSA, SAUDI and OMAN curves were very well bid, KSA 47 gained 50 bps, OMAN 47 rallied by one point and a quarter, SAUDI advanced by 80 bps.

#### LATAM

In the Latam area, Mexico's Deputy Finance Minister Mr Herrera advised that PEMEX will receive government support in coming weeks in addition to the already announced USD 4 bn. The Government intends to do so in order to boost cash flow and exploration and to reverse declining production at the state oil company, Financial Times reported. The move was made after recently elected President Obrador has made boosting Mexico's oil output a priority. New issue of Mexican government 10Y bond raised USD 2 bn yesterday. With the yield at 4.577% the book was oversubscribed four times. Analysts are awaiting Brazil's subdued economic activity report for November as well as Colombian consumer confidence index today. BRAZIL 48 and ARGENT 48 advanced by 25 bps while MEX 48 slightly weakened.

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