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MARKET SNAPSHOT



US

The IMF on Monday cut its global growth forecast to 3.5% in 2019 (from 3.7% earlier). The fund mentioned weakness in Europe, possibility of no-deal Brexit, slowdown of China's growth and it expects growth in advanced economies to be just 2% on 2019 (compared to 2.3% during the previous year). The US markets were closed yesterday due to Martin Luther King Day. The 10Y USTs yield is down by 3 bps this morning at 2.75%.



UK

The UK PM Theresa May has scrapped the £65 fee millions of EU citizens were going to have to pay to secure the right to continue living in the UK after Brexit, according to BBC. Her opponent Jeremy Corbyn from Labour party has endorsed a plan to force a second EU referendum as he bowed to pressure from Labour party members and MPs. The pound slightly strengthened to 1.2892 against the USD on Monday while the yield on 10Y UKTs dropped by 3 bps to 1.2946%.



ASIA

Stock markets in Asia-Pacific are falling this morning following the negative outlook by the IMF – Hang Seng is down by 1%, CSI slid by 0.9%, Nikkei is losing 0.5%. The offshore yuan weakened after The Globe and Mail reported that the US will proceed with the extradition of Huawei's CFO Meng Wanzhou from Canada.



EU

The annual World Economic Forum starts today in Davos which is gathering around 3000 participants - global leaders, CFO's, academics and global elite. However, the US President, UK Prime Minister and France leader would not participate in the face of domestic difficulties. Elsewhere in EU, Italy's Economy Minister Mr. Tria said that the economic policies recommended by the International Monetary Fund posed a risk to the global economy and that his own government's approach was not risky, RTRS reported. Today Spain is coming to the primary market with the new 10Y bond with the initial guidance of MS+70 bp area.



RUSSIA

Because of the US holiday yesterday, Russian credit market was thin – only the sovereigns showed significant movements, RUSSIA 47 gained 80 bps to mid 98 level. Most of the corporate bonds remained unchanged. The ruble slightly weakened to 66.3915 per USD on Monday.



MENA

In MENA region, Lebanon sovereign rating was cut by Moody's yesterday by 1 notch to Caa1 level as they cited increased risks of default - a notch worse than the B- that S&P Global Ratings and Fitch Ratings give Lebanon. The outlook was changed from stable to negative as it "reflects its assessment that the probability has increased that a new government, once one is formed, may take measures aimed at reducing Lebanon's very large gross financing needs involving some liability management that constitutes a default under Moody's definition".

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