



24 JANUARY 2019

MARKET SNAPSHOT



US

Strong corporate earning reports including IBM, United Technologies and P&G supported Wall Street on Wednesday – S&P gained 0.22%, Dow advanced by 0.7%. However, the market appreciation was limited as White House economic advisor Mr. Hasset, told CNN that Q1 economic growth could be almost zero due to the government shutdown. US 10Y Treasury yield rose 1.4 bps to 2.74% while the dollar index weakened by 0.2%. Speaker of the House Nancy Pelosi blocked President Trump's State of the Union address, saying she would not allow him to do it until the shutdown is still in place, Bloomberg reported.



UK

About 20 ministers secretly met in the UK Parliament yesterday and discussed plans to stop a no-deal Brexit, the Telegraph reported. Opposition leader Mr. Corbyn signalled Labour will join remain Tory ministers in blocking a no-deal scenario. Labour leader Corbyn is expected to give his support to a backbench bill that will force the Government to request an extension of Article 50 after meeting its backers. The pound advanced to 1.3069 level yesterday while the UKTs showed another volatile session with 1.3022% low and 1.3547% high levels, closing at 1.3085%.



ASIA

Asian stocks are muted this morning amid concerns over waning global growth and pessimism over US-China trade. Hang Seng +0.14%, CSI +0.6% while Topix traded flat and Nikkei is losing 0.29% after Japan PMI for manufacturers dropped to 50 (lowers level since August 2016).



EU

Italy's PM Conte said yesterday that the country's economy will grow much more strongly than expected in 2019, with output likely to jump in the second half of the year, Reuters reported. He also advised that the banking system is stable and well capitalised. The ECB will decide on rate today, analysts expecting it to remain unchanged. The twin focus will be messaging around the balance of economic risks in light of the recent weak data flow. The euro currency strengthened to 1.1381 against the USD on Wednesday. The yield on 10Y DBR lost 1 bps to 0.1697% while the 10Y BTPS remained unchanged at 2.75% level.



RUSSIA

Yesterday the Russian MinFin failed to sell RUB 30 bn during the OFZ auction, only RUB 17.5 bn of OFZs were sold. The ruble strengthened by 0.6% to 66.09 per USD. The sovereign bonds slightly appreciated on Wednesday with RUSSIA 47 traded at mid 98 area. The corporate bonds traded mixed, ALFARU 8 PERP, PROMBK 5.25 19, GAZPRU 7.288 37, ROSNRM 4.199 22 each lost 20-30 bps while RURAIL 2.1 23, NLMKRU 4 1/2 23 and VEBBANK 5.942 23 gained 30 bps.



LATAM

Venezuelan opposition leader Juan Guaido declared himself interim president on Wednesday and gained support from the US, Canada and several Latam countries while the President Maduro broke relations with the United States. The bonds reacted positively, PDVSA bonds prices gained several points overnight. Brazilian credits advanced after the President Bolsonaro in Davos commented on upcoming reforms. BRAZIL 47 and MEX 48 closed 30-40 bps higher, ARGENTINA 48 advanced by one point.

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.