



31 JANUARY 2019

MARKET SNAPSHOT


US

Yesterday was headlined by the FED meeting during which the regulator held the rates unchanged as expected. Instead of prior guidance for further gradual increases, the members of the FOMC said they would be “patient”. The Fed also made it clear that they changed their plans to shrink the balance sheet – the policymakers will finalise plans for the Fed’s portfolio of USTs and MBSs in coming meetings. The dovish FED led the USTs up while the yield on 10Y touched an overnight low of 2.672%. The stock indexes doubled their gains after the Fed’s policy decision – S&P closed 1.5% higher, Dow advanced by 1.7%.


UK

Theresa May is preparing to entice Labour MPs to support her Brexit deal with a cash injection into deprived areas that supported Leave, including former mining communities, the Times reported. She is unlikely to win-over any new supporters before the Feb.14 Parliament vote, according to the diplomats. The yield on 10Y UKTs dropped to 1.2318% yesterday while the pound advanced to 1.3116 level.


ASIA

Asian equities and currencies are rallying this morning after the US’ FED decision last night – Hang Seng and Topix strengthen by 1% while the Australian ASX 300 Metals & Mining index gained 1.4% supported by worries on Brazilian iron ore exports.


RUSSIA

The Russian ruble gained 1% on Wednesday to 65.4 level supported by the positive market sentiment across the EM as the dollar index softened by 0.5%. The recovery of oil prices helped as well. The Ministry of Finance was successful in the OFZ auction yesterday, the full amount of RUB bonds we sold with a strong bid-to-offer ratio of 3.5. RUSSIA 47 gained a point to low 99 level, the corporates advanced as well.


LATAM

One week after the recognition of Juan Guaidó by the US as the interim president of Venezuela, the US President Trump called him to “reinforce President Trump’s strong support for Venezuela’s fight to regain its democracy.” The state oil company PDVSA faced a logistic problem, its inventories filled the ports and terminals in Venezuela after the US imposed sanctions on the company. Mexican PEMEX prices continued its downtrend on Wednesday after the downgrade of its rating by Fitch the day earlier. Yesterday the bonds lost additional 30-150 bps across the curve. Chile raised its key rate by 0.25% as policy makers look past below-target inflation to expectations for strong growth and investment.

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