

05 FEBRUARY 2019  
MARKET SNAPSHOT

US

President Donald Trump met with FED representatives Jerome Powell and Richard Clarida over dinner. The Chairman of FED reaffirmed comments that FED's policies will depend on incoming data independent of political issues. Wall Street experienced a fourth day in the green after a bad start to the year. DOW and S&P gained 0.7% and 0.68% respectively, technological sector outperformed with Nasdaq gaining 1.15%. The yield on 10Y UST stayed flat around 2.72%.



UK

Theresa May will visit Belfast today in an attempt to find a way to resolve the controversial Irish backstop. The Prime Minister is expected to give a speech and meet with business leaders who gave May their support. In an interview Mrs. May stated that "we will find a way to deliver Brexit that honours our commitments to Northern Ireland". The impacts of Brexit have already been felt by the British economy as construction growth reached a 10-month low and service PMI data came in lower than expected. The Pound slightly depreciated to 1.3037 USD level, while the yield on 10Y UKT gained 5bps and closed the day at 1.2746%.



ASIA

The Chinese markets are closed this week due to Lunar New Year. NIKKEI is currently trading down 0.2%, while TOPIX is up 0.1%. The Reserve Bank of Australia maintained its interest rate at 1.5% following an almost unanimous agreement.



EU

In the EU France, Spain, Germany and UK officially recognise Juan Guaidó as the Venezuela's interim president. Other European countries such as Austria, Denmark, and Latvia have joined the pledge. PMI figures were announced for several EU countries this morning with only Spanish service PMI outperforming significantly – 54.7 compared to the expected 53.1. The Euro has been trading almost flat on Monday, trading around 1.1420 following PMI statistics. The yield on 10Y DBR gained less than 1 bps, closing the day at 0.1175%.



RUSSIA

Price action in OFZs was quiet on Monday, the Ministry of Finance will decide on its weekly auctions today. The market expectation is that the offer size of bullet issues will go back up to RUB 30 bn, and an addition RUB 5bn of RFLBI 28 might be offered. The Ruble slightly depreciated and traded at 65.57 per USD on Monday, RUSSIA47 lost almost 1% to lower 97 level. Corporates traded mixed with GPBRU and ALFARU outperforming, gaining 60 and 40 bps respectively.



LATAM

The situation in Venezuela is continuing to bubble in spite of the EU recognising Guaidó as the interim president. According to Malta's foreign minister, the European Union is considering imposing additional sanctions on Nicolas Maduro's government. J.P.Morgan is considering removing Venezuelan sovereign debt from its largest Emerging Market bond indices following the US sanctions. Shares of Brazilian company Vale were temporarily suspended following a court decision to halt the dam usage – the shares have lost more than 20% since the incident. BRAZIL47 slightly gained - trading at lower 99 level, while Brazilian corporates traded in green except ODBR bonds which lost 2% on average. ARGENT48 gained 0.97% up to 78.5, with Argentinian corporates trading in the green, JUJUYA outperformed, gaining 1.39%.

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