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MARKET SNAPSHOT

US

Wednesday broke Wall Street's five-day streak of gains with US stocks slipping slightly. DOW and S&P lost 0.08% and 0.22% respectively, Nasdaq declined by 0.68%. The yield on 10Y UST stayed almost flat, finishing Wednesday at 2.68%. The dollar index gained almost 110 bps over the past 6 trading sessions, advancing from 95.34 to 96.436. Investors are awaiting the statistics regarding jobless claims and central bank reserves which will be announced later today.

UK

Bank of England will publish its inflation report followed by a vote regarding interest rates. Investors expect the rate to remain unchanged at 0.75%, however there is a possibility of a rate hike announcement in case of a March Brexit deal. Speculations regarding the second vote on Theresa May's Brexit deal being pushed back have been made, stating it is likely the vote will be pushed back from February 13. The British Prime Minister will meet with Jean-Claude Juncker in Brussels today despite the 'no renegotiations' stance of the EU and Northern Ireland on the current Brexit proposal. The Pound depreciated from USD 1.2945 level to 1.2932 on Wednesday, while the yield on 10Y UKT gained slightly, closing at 1.2138%.

ASIA

While markets in Hong Kong and China were closed due to the Lunar new year, TOPIX and NIKKEI are trading 1.1% and 0.8% lower this morning respectively.

EU

The European commission will publish a new economic forecast today followed by a speech from Yves Mersch of the ECB. The main focus will be on revisions of the euro-area growth projections following gathering evidence of a European economic slowdown. The auction of 30Y BTPS brought in €41bn of orders for the offered €8bn of bonds. Euro slightly depreciated from USD 1.1406 to 1.1362 over Wednesday, 10Y DBR traded almost flat, closing the day less than half a point lower.

RUSSIA

Russian ruble moved in a line with EM currencies on Wednesday, it lost 0.4% to 65.87 per USD level despite rebounding oil prices. The Ministry of Finance succeeded with an OFZ auction yesterday, the full amount of bonds RFLB 7.95% 26 and RFLB 34 were sold (RUB 35 bn in total). The demand was quite high, bid-to-offer ratio for the first bond was 2.8x. Eurobonds mostly remained unchanged, RUSSIA 47 closed at lower 98 level, corporates traded between -15 bps and + 15 bps.

LATAM

Brazil's central bank maintained its 6.5% interest rate for the seventh straight meeting. The annual consumer price inflation index ended 2018 at 3.75%, which is higher than the year prior, but still lower than the 4.5% target. Vale has committed to invest \$400 million into new technology and tailings storage facilities, following the dam incident. BRAZIL47 declined by 80bps to higher 98 level, while Brazilian corporates traded in the red mostly, with VALEBZ down between 90 bps and 220 bps across the curve. ARGENT48 lost over 150bps, falling just below 78.

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