



## 15 FEBRUARY 2019

### MARKET SNAPSHOT

#### US

The US indices weakened on Thursday after the disappointing retail sales report as well as the news that President Trump will sign a spending bill to keep the US government open but declare an emergency over the southern border. The S&P lost 0.3%, Dow slid by 0.26%. The yield on 10Y USTs dropped by 5.2 bps to 2.62% while the dollar index was down by 0.1%.

#### UK

The UK's Competition and Markets Authority will take up responsibilities currently overseen by the EU in case of a no-deal Brexit. The regulator warns that price-fixing and competition investigations would be constrained in this case for the next 12 months. "Taking on new and mandatory cases now will heavily constrain our ability to launch other new [cases]," the watchdog said.

On Thursday, Gertjan Vlieghe, one of the Bank of England's policymakers, said Britain's interest rates should stay on hold and the forecast would indicate one quarter point interest rate rise a year in case of a smooth Brexit and a recovery in growth.

#### ASIA

Asian stock markets this morning are mostly in the red zone in line with the US sentiment – Topix is down by 0.8%, Heng Seng lost 0.7%. China's PPI rose just 0.1% from a year earlier while the CPI at 1.7% is lower than the consensus estimates – it adds concerns that deflation may be looming. Today the US and Chinese negotiators started the second day of negotiations in Beijing with little progress on core issues.

#### RUSSIA

The Ruble extended its loss strike with losing another 0.2% on Thursday – it closed 66.65 per USD. The Russian Eurobonds market weakened on Thursday after the US senators introduced a new bill to ratchet up Russia sanctions related to the Kerch issue. The lawmakers propose placing sanctions on Russia's cyber sector as well as the country's banks and sovereign debt and on any investments in Russian liquid natural gas projects outside of the country. They are also preparing to issue a separate sanction package against Russia for its role in the Skripal case. RUSSIA 47 lost more than a point to higher 96 level, most of the corporates dropped as well. Underperformers were VTB 9 1/2 PERP, ALFARU 8 PERP, ALFARU 6.95 PERP and VEBBKN 6.8 25 – each lost more than two points.

#### LATAM

The Brazilian government announced the details of a pension reform proposal, Brazilian real rallied by 1% following the news, BRAZIL gov's advanced as well – 47s appreciated by half a point. In Mexico AMLO announced that he will review extraordinary Pemex plan today – analysts believe it could contain a capital injection and a lower tax burden. PEMEX bonds gained 30-200 bps across the curve while MEX gov bonds advanced by 30-70 bps.

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