



## 25 FEBRUARY 2019

### MARKET SNAPSHOT

#### US

The market reacted very positively to Donald Trump's announced indefinite extension to the US-China tariff truce beyond March 1. President Trump noted that there was significant progress to the trade talks, as both sides would prefer to avoid a trade war. Despite progress in talks with China, the US President said he is not looking to lift sanctions on Kim Jong Un's regime in North Korea regardless of what happens during the Hanoi meeting February 27-28. US stocks traded in green on Friday, DOW and S&P added 0.70% and 0.64% respectively, Nasdaq outperformed at +0.91%. The yield on 10Y UST closed at 2.65% on Friday.

#### ASIA

Chinese stocks traded in the green following the extension of the trade truce - Nikkei added 0.53%, Hang Seng gained 0.24%. CSI300 outperformed at +3.55%.

#### EU

Prime Minister Theresa May has announced the final vote on her Brexit deal will commence on March 12 instead of this week. There are speculations some MPs are threatening to call a vote on Article 50 extension in response to Mrs. May 'stalling' strategy in worries of a no-deal Brexit. Bank of England's Mark Carney will speak later this morning. The Pound traded slightly higher on Friday, gaining from 1.3043 to USD 1.3053, while the yield on 10Y UKT slipped 3bps to 1.1567%.

#### UK

Per reports, the EU is planning to only accept Brexit extensions until at least 2021. European officials have stated that extensions before 2021 are in their opinion only a tool to stall, rather than to solve the Brexit issue. Fitch affirmed Italy rating at 'BBB', quoting Italy's budget situation as the main reason. The Euro traded almost flat, finishing Friday at USD 1.1335. The yield on 10Y DBR decreased by over 2bps from 0.1239 to 0.10%.

#### RUSSIA

A key driver for the Russian debt market might be the redemption of RFLB 19 7.5 bonds with an outstanding size of RUB 150bn, which further reinforces the speculation of RUB40bn OFZ being placed this week. The Ruble traded slightly higher at 65.52 per USD, RUSSIA47 gained 100bps, trading at lower 99 level on Friday. Corporates traded mostly in green, GAZPRU outperformed gaining 20-30bps on the long end of the curve.

#### LATAM

Reports show inflation has accelerated at a lesser rate than expected in mid-February across Latin America. Venezuela's National Assembly leader, Juan Guaido, publicly stated he is officially requesting the international powers to consider "all option" to liberate Venezuela, following violent confrontations on Saturday. Latam sovereigns traded up – BRAZIL47 and MEX48 gained 0.53% and 0.44% respectively, ARGENT48 outperformed at +1.43%. PEMEX still remains under pressure, but recovered some of the losses, trading 50-60bps higher on average across the curve.

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.