

20 MARCH 2019
MARKET SNAPSHOT

US

Following a start in the green for US equities the gains were cut back after Bloomberg reported the US-China trade talks may be in a worse state than expected. The main concern seems to be China pushing back on intellectual property and data protection concessions it made previously. Dow Jones and S&P lost 0.10% and 0.01% respectively, Nasdaq was up 0.12%. while the yield on 10Y UST stayed at 2.60%. Today investors will be looking to the FOMC economic projections and interest rate decisions, which headline the news – most experts expect the rate to stay unchanged at 2.25-2.50%.

ASIA

Asian stocks slipped lower this morning due to the US-China trade talks outlook update. Nikkei is up 0.03%, Hang Seng and CSI300 wrote off 0.52% and 0.89% respectively. Australian mining stocks slipped on reports of Vale mine being set to reopen following the tragic dam incident in January.

UK

Theresa May has stated she will seek a 'short' Brexit extension in Brussels. The British prime minister has come under fire recently not only from the European side of negotiations, but from her own ministers as well, following two lost votes on her updated deal. Per a senior EU official, the EU leaders in Brussels are likely to enforce a mid-April decision on whether to delay Brexit until 2020 or to exit with no deal in three months. Despite a weaker GDP growth and Brexit obstacles, the UK employment figure increased by 22k, sending the unemployment rate to its lowest since 1975. The Pound slightly gained from 1.3255 to USD 1.3268, yield on 10Y UKT stayed flat on Tuesday at 1.185%.

EU

A French official mentioned that "There is nothing obvious or automatic about an extension", which would significantly complicate the already tedious situation. The comments are in line with the stance of President Macron and his ministers, who have repeatedly expressed the frustration with Mrs. May handling of the UK departure from the EU. French officials, including Emmanuel Macron, agreed that they will only support the extension if the UK change their approach and focus on gaining support in the House of Commons. The Euro slightly appreciated ahead of the FOMC meeting today, trading at USD 1.1352 rate, yield on 10Y DBR rose 2bps to 0.1015%.

RUSSIA

The Ruble traded flat at 64.36 per USD as investors seemed uncertain ahead of the US interest rate decision and projections later today. Out of OFZs long and medium-term bullets closed 2-3bp lower in yield on average short-term ones were unaffected. The Russian Ministry of Finance decided to extend the duration of primary offering this week and will offer bullet RFLB 26 7.95 (YTM 8.26%) and RFLB 34 (YTM 8.42%) in today's auction. Russian corporates traded slightly in the green, Lukoil gained 10 bps in price across the curve.

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