



## 21 MARCH 2019

### MARKET SNAPSHOT

#### US

The FOMC decided to keep the US interest rate steady during yesterday's meeting, reflecting concerns over slowing economic growth. FOMC also signaled it won't tighten the interest rates in 2019 at all and only once in 2020. The yield on 10Y UST slipped 8 bps lower on the news to 2.52%, US stocks slipped for the most part – Dow Jones and S&P500 were down 0.55% and 0.29% respectively, Nasdaq braved the storm and gained 0.07%. Donald Trump said he'll keep tariffs on China "for a substantial period of time" due to the uncertainty of the Chinese side complying with the intellectual property and data protection issues.

#### ASIA

Asian stocks are trading in the green this morning following the FOMC meeting, despite some eminent issues in the US-China trade talks. Hang Seng and CSI300 are up 0.20%, Taixex added 0.4%.

#### UK

Prime Minister Theresa May was asking for Labour leader's Jeremy Corbyn help to save her Brexit deal after the EU leaders made it clear they will only back the extension until June 30 if the MPs support Mrs. May's deal next week. The Prime minister will travel to Brussels today to further negotiate with the EU. The Pound depreciated from 1.3268 to USD 1.3198, yield on 10Y UKT slipped 3bps to 1.551%

#### EU

EU leaders will meet in Brussels today for a two-day summit. Amongst the discussed topics will be Germany's talks with the U.S. on cutting industrial tariffs, European approach on 5G networks, and preparation for the EU-China summit, per reports. European officials have expressed their recent frustration with UK's approach to Brexit delay, indicating that the EU will not support a short extension, which might be used as a stalling strategy – the current EU stance seems to be either a short extension if PM May's deal goes through the Parliament vote, or an extension long enough to 'rethink the approach' to Brexit. The Euro gained over 60 pips against the USD to a 1.1413 rate, yield on 10Y DBR slipped 2 bps to 0.0826%.

#### RUSSIA

The dovish outcome of the FOMC meeting prompted a rally on the Russian Ruble, which gained 0.8%, trading at 63.86 per USD at the end of Wednesday's trading session. The OFZ auction showed impressive results, in total, the ministry placed RUB 73.5bn of OFZs, which was the third highest weekly allocation volume on record. RFLB 26 7.95 (YTM 8.23%) had an allocation of RUB 61.4bn out of the total RUB 73.3bn investors' demand, cut off yield was 8.30%. RUB 10.5bn of RFLB 34 (YTM 8.43%) were placed in the secondary auction with a cut off yield of 8.47%. Brent oil traded up 1.32% which helped Russian corporates trade in the green, Gazpru outperformed and gained as much as 0.9 pt on the long end of 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.