

22 MARCH 2019  
MARKET SNAPSHOT US

US stocks rose sharply on a boost from the technology sector, while sovereign debt and the US dollar also rallied as investors digested a dovish shift at the Federal Reserve. S&P 500, the Dow Jones Industrial Average and the Nasdaq composite all rallied by 1.1%, 0.8% and 1.4% respectively. This surge was on the back of the Fed's no rate hike stance this year. US government debt remained in demand pushing yields lower after a rally around the Fed no hike announcement.

 ASIA

Asia-Pacific equities dipped on Friday as rising investor concern over the US-China trade talks next week offset earlier optimism from a tech-led rally from Wall Street. The Hang Seng benchmark opened higher before retreating 0.3% due to Tencent 1.3% drop led by disappointing results. China's CSI 300 index also went down 0.6%. The Bank of Japan last week noted weakness in industrial production and exports as the country feels the effects of a global slowdown. Also, in Japan headline inflation inched up by 0.2%, while core inflation which combines both fresh food and energy prices grew by 0.4%

 UK

Sterling was off its recent lows as European leaders moved to stop a chaotic no-deal Brexit happening next week, handing the U.K. an extra two weeks. The pound rose 0.2 percent against the dollar in early trading Friday after falling as much as 1.5 percent during Thursday trading. The Bank of England kept interest rates at 0.75% due to uncertainties around the Brexit deal and suggested a gradual tightening of the monetary policy would be ideal to meet its 2% inflation target.

 EU

EU agreed to Brexit delay until at least April 12. However, the new time frame still only gives prime minister Theresa May a tight window to secure MPs' backing for her proposed Brexit deal or chose another course. Spain is leading the way in the Eurozone growth as predictions suggest the Spanish economy will grow by 2.2% this year.

 RUSSIA

Russia issued two Eurobonds yesterday – Tap of EUR 2.875% and new USD 16yr (March '35). Tap was oversubscribed more than 4 times, new 16Y – 2.3 times. While tap went just above the issued price, new 16Y bond outperformed, it was already bid + 2points above the reoffer this morning. Russian ruble slightly weakened yesterday to 63.9 per USD ahead of CRB meeting due today.

 LATAM

Brazil sold \$1.5 billion in new bonds, the first sale since President Jair Bolsonaro took office. In Argentina unemployment rate rose by 0.1% from Q4 2018 to Q1 2019, while the nations GDP fell 6.2% between FY 2017 and FY 2018. According to their finance minister Ecuador will reduce its national debt to 40 percent of GDP by 2022, within the framework of a \$10.2 billion financial accord with multilateral lenders including the International Monetary Fund.

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