

28 MARCH 2019
MARKET SNAPSHOT

US

According to Reuters the yield on US 10-year Treasuries fell to its lowest point in 16 months yesterday on the back of a rally in sovereign debt evidencing an inversion of the yield curve. US stocks in the red DOW -0.13%, S&P -0.46%, NASDAQ -0.63%. Another volatile session for rates US 10Y Yield losing 5bps now at 2.35%. According to Janet Yellen, former chair of the Federal Reserve she does not see the possibility of a US recession likely and expects a growth of 2% this year for the economy.

ASIA

China's premier Li Keqiang gave more indication of expansionary policies to boost the domestic economy in the form of lower real interest rates and borrowing costs which would encourage spending. China's authorities have so far been reluctant to open the taps fully for stimulus to prevent an even more unsustainable increase in debt and have been trying to use indirect support for the economy.

The total trade deficit in China reached USD 34.5bn, its smallest level since June 2018 as imports from China have fallen considerably.

New Zealand's benchmark 10-year yield fell 4 basis points to 1.750 per cent, a new record low. The Reserve Bank of New Zealand signaled on Wednesday that it was likely to cut rates in 2019 in response to slowing growth.

Japan's TOPIX tumbled 1.8 per cent with all market segments in negative territory. The Kospi in Seoul was off 1 per cent with only the telecoms sector eking out a modest gain. Sydney's S&P/ASX 200 fared a touch better, falling 0.3 per cent as gains for miners helped partially offset falls for the rest of the market.

UK

Sterling halted its upturn further from a five-day high in light of the UK parliament's decision to vote down alternatives to Prime Minister Theresa May's Brexit deal. The currency traded 0.3 lower against the greenback at \$1.315 in reaction to the Parliaments vote.

EU

According to Chief Economist of the ECB Peter Praet, ECB would need a solid policy case before moving to mitigate the side effects of negative interest rates on banks through steps such as tiering as currently there is no case to rush things.

In Germany, the German Bund yield held at minus 0.088, bringing it closer to the 29-month low of minus 0.094. Stock markets were expected to hold their nerve in Europe, with futures trade pointing to a 0.1% rise for the Xetra Dax and a 0.4% increase in London's FTSE 100.

Swedbank CEO Birgitte Bonnesen faces shareholders today in what may be one of the stormiest meetings of her career as the bank sinks deeper into a money laundering scandal. Swedish authorities broadened a preliminary probe to include potential aggravated fraud, while U.S. authorities are also investigating the bank.

TURKEY

The Turkish Lira dipped 2.2% on Thursday to TL5.4375 in a fifth consecutive day of volatile swings that are reminiscent of last summer's Lira crisis. According to Tim Ash of BlueBay Asset Management Turkish leadership is repeating the mistakes of the past.

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