

29 MARCH 2019
MARKET SNAPSHOT

US

Wall Street ended Thursday modestly higher as the US and China resumed trade talks, while the rally in sovereign debt eased as investors continued to assess implications of slowing global growth. The S&P 500, which climbed as much as 0.5 per cent, finished 0.36 per cent higher, led by financials and materials.

Treasuries dipped marginally; with the yield on the US 10-year up 2.4 basis points to 2.396 per cent, having hit a fresh 16-month low of 2.3384 per cent earlier in the session.

A rebound in the dollar also pressured gold prices. The yellow metal was trading 1.5 per cent lower at \$1,290.14 per troy ounce

ASIA

US president Donald Trump will meet South Korean president Moon Jae-in in Washington next month, as the leaders search for a breakthrough over North Korean denuclearization.

The Chinese equities reacted on Friday on the back of US-China trade talks resumption in Beijing despite cautions that an agreement could "take months". The equities rallied today following good results for consumer-focused companies, which drove the CSI 300 index up 3.2 per cent on the day, returning it on track for the best quarterly performance since 2014 end.

Japan's unemployment rate fell to a nine-month low in February, coming in below estimates as the country battles with a tightening labour market and an ageing workforce.

UK

The sterling inched up in Asia trading today, pushing above the weekly lows it dipped to overnight, following Theresa May's third attempt to gain MPs' support for her Brexit deal.

Ahead of the open in London the pound was up 0.2 per cent against the US dollar at \$1.3076, having hovered around that level through the Asian session as traders are waiting on further Brexit developments. The yield on 10Y UKT advanced to 0.9975% level.

EU

European stocks were a mixed bag. The Stoxx 600 failed to hang on to an earlier advance and closed down 0.1 per cent. Frankfurt's Xetra Dax 30 pared its gains but managed to eke out a 0.1 per cent gain for the day. The yield on 10Y DBR slightly strengthened to (-0.061)%.

TURKEY.

Despite efforts of the country to shore up the Turkish Lira; the currency continued to drop on Friday. Ahead of the open in London the lira was off 1 per cent at TL5.5997 to the dollar, having slid more than 4 percent on Thursday. In the Eurobonds and the credit area however, buyers came into the picture, picking up the bonds on the dip ahead of the local elections this Sunday. TURKEY 47 traded up more than 2 points from this week lows of 76 area and seen bid at 78.5 this morning. Front end of the corps and fins also better bid.

RUSSIA

The Ruble slightly weakened in line with EM FX initially sliding to 65.3/USD and then paring the bulk of daily losses until the close. Finally, RUB settled at 64.99/USD, thus depreciating a marginal 0.2% on the day. Companies were paying corporate income tax yesterday, which put a floor under overnight rates.

Overall, foreign flows were mixed in the bullet segment. Otherwise, both CPI-linkers and RUONIA-floaters again closed unchanged. Trading activity slightly picked up, reaching RUB 25.1bn in MOEX volume (RFLB 24 6.50 saw the highest turnover, at RUB 4.2bn). RUSSIA 47 gained 20 bps to low 101 area, corporates traded mixed without any significant movements.

LATAM

Mexico held its benchmark lending rate steady at 8.25% for a second straight month on Thursday, reflecting the bank's concerns over the country's growth outlook and inflation expectations this year. While MEX 48 and ARGENT 48 ended Thursday almost flat, BRAZIL 47 gained a point to low 99 handle.

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