



## 08 MARCH 2019

### MARKET SNAPSHOT

#### EU

The comments from the ECB yesterday were even more dovish than expected. The bank proposed a new offer of cheap funding for the eurozone banks. The ECB president Draghi said that the central bank also revised its economic growth and inflation predictions: GDP from 1.7% to 1.1%, inflation from 1.6% to 1.2%. The ECB will also keep interest rates on hold until 2020. The euro dropped 0.7% after the announcement and reached a four-month low of 1.1193 against the USD; Eurozone bonds rallied, sending their yields lower - the yield on 10Y DBR slipped by 7 bps to 0.0528%.

#### US

The US dollar appreciated after ECB's dovish comments, the dollar index advanced by 0.8% on Thursday. Stocks fell as investors worried about the perspectives of global economic growth, S&P lost 0.8%, Dow slid 0.77%, the yield on 10Y USTs lost 5 bps to 2.6369%. FED's Lael Brainard believes that weaker economic prospects in the US and EU call for a "softer" path for interest rates.

#### ASIA

The Asian stock markets were falling in the late Asian session following the US, CSI 300 already lost 3.3%, Hang Seng is down by 1.5%. Asian credit market is in a sell-off mode today, IG bonds spreads were about 3-4bps wider across the board, while the HY underperformed even more.

#### UK

The UK's Department of Exiting the European Union has identified 161 agreements with non-EU nations that would require updating after Brexit. Should the MPs back the draft withdrawal agreement, third countries will continue to treat the UK as if it were an EU member state as per EU's advice until previous arrangements undergo necessary changes. Meanwhile, former PM Gordon Brown called for a one-year delay to Brexit. The pound pared losses, it closed at 1.3085 against the USD. The yield on 10Y UKT lost 6 bps and finished the day at 1.1743%.

#### RUSSIA

Russian bonds were the outperformers of EMEA region on Tuesday, RUSSIA 47 closed marginally unchanged at mid-98 area while the corporates traded mixed without any substantial movements, despite the risk-off spurred continued sell-off in EM. The ruble dropped to 66.28 per USD on Thursday. Today the Russian market will be closed for a holiday – the Women's Day.

#### LATAM

In Latam, Argentina's peso dropped to a new low (42.34 per USD) as investors are concerned that a longer-than-expected economic recovery could lead to a renewed sell-off ahead of upcoming presidential elections in October. ARGENT bonds were sold off, coming off about 1.5pts, before swiftly running into buyers, which caused bonds to mostly rebound on the day. Mexican inflation slowed for the first time since 2016 supported by the expectations that the central bank will cut the interest rates later this year. MEX 48 closed flat at mid 92 levels, the state oil company PEMEX bonds closed almost flat as well despite a weaker risk backdrop.

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