


 05 APRIL 2019
 MARKET SNAPSHOT

 US

The big news out of the US today is the decision to delay the timing of a potential trade deal for four weeks at the earliest. The news has dimmed hopes of both economic giants ending the on-going tariff war; which has had a ripple-effect across global markets.

On the Fed's policy stance, Cleveland's Loretta Mester and Philadelphia's Patrick Harker supporting the "hold" stance. On the back of this, Trump intends to nominate 2012 Republican presidential candidate Herman Cain to the Fed, following his nomination of Stephen Moore which many see as a move to strengthen his influence on the Federal Reserve.

The S&P 500 rose by 0.2% on the back of the performance of the materials and energy sectors; the Dow Jones Industrial Average also grew 0.6% on the back of Boeing's gain; while Nasdaq Composite bucked the trend with 0.1% depreciation. Brent crude eased slightly to US\$69.23 per barrel having reached the US\$70 high overnight. 10yr UST gained 0.85 bps.

 CHINA & ASIA PACIFIC

The Indian CB has implemented their second consecutive interest rate slash in attempt to boost credit growth and stimulate the economy. The Bank's remains keen to boost economic growth and have managed to keep inflation under the target range of 2-6%.

Chinese state banks have re-assessed their risk-appetite pulling back on some tagged "risky overseas projects". Four of the nation's biggest lenders have sighted elevated risks and as the major reason behind their decision. Also, angry governments such as Malaysia and Philippines decided to cancel several projects due to the perceived debt burden and other countries are expected to follow suit.

There was a mixed showing for Asia-Pacific equities as a whole in light of the trade deal postponement. Tokyo's TOPIX Index inched up 0.2%, In Australia the S&P/ASX 200 shed 0.7%; while in Korea the Kospi held constant. In Hong Kong and China there was no activity due to the Ching Ming holiday.

 UK

In the United Kingdom, Theresa May's optimism of securing a deal with Labour Party on Brexit took a knock after a second day of joint talks ended without reaching a common-ground. According to a BBC report if the PM fail to agree with the LP, she would be compelled to accept a longer than anticipated delay to Brexit by the EU leadership.

In other news, the LP has retained hold of Newport West in an election triggered by the passing away of former MP Paul Flynn. Ruth Jones was elected with 9,308 votes beating Matthew Evans the Conservative candidate who clocked 7,357 votes.

The GBP dipped marginally in benchmark to the USD from 1.3158 to 1.3077 while the yield on UKT's slightly appreciated from 1.0737 to 1.0829%.

 EU

The ECB is considering paying banks to lend as it seeks new ways to stimulate economic growth, the overriding idea is to reduce the cost of new long-term funding for banks that raise credit growth to an acceptable level; and to make this cost considerably lower than the refinancing rate. This is very welcome news for EU banks, however full details are expected to surface in June.

Reports from Germany suggest the economy is heading closer towards a recession as the industrial output continues to fluctuate, the nation's leading research institute moderated GDP forecast for this year to 0.8 which is sending worrisome signals across the union.

On the union's currency there was a slight dip from 1.1233 to 1.221 against the greenback while the DBR fell to 0% from its previous reading of 0.0064

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