NEWS

EMERGING MARKETS



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11 OCTOBER 2018 MARKET SNAPSHOT

C- TURKEY

The Turkish president Mr. Erdogan commented yesterday on Isbank board. He wants to remove the opposition party CHP completely from the board, saying that CHP has no right over Ataturk's will on Isbank. The lira strengthened by 0.8% to 6.03 per USD level. TURKEY 47 traded flat yesterday and closed in the mid 75 area, most of the corporate credits traded flat as well. GARAN 6.125 27, HALKBK 4.75 19, HALKBK 3.875 20 and TCZIRA 4.25 19 could be mentioned as outperformers, each added around half a point.

BARHEIN

The Bahrain central bank officials announced that they do not plan to issue any dollar debt this year. The existing bonds strengthened, BHRAIN 47 gained around 80 bps and closed in the mid 97 area.

The Russian Ministry of Finance sold RUB 5 bn of new 7% OFZ's yesterday while the bid to cover ratio was 4.31. The ruble closed flat on Wednesday – 66.89 per USD. RUSSIA 47 saw some bid yesterday with the high trades going through at 93.625, but went off the highs in the afternoon and closed flat in the mid 93 area, the bond went lower this morning however, trading at 93. Most of the corporates closed unchanged. ALFARU 8 PERP and VEBBNK 5.942 23 underperformed, each lost half a point.

🔶 BRAZIL

The Brazilian bond market corrected yesterday after the rally it showed due to the first round of elections results. The leading candidate Mr. Bolsonaro indicated that he would seek a more consensual pension reform rather than the one backed by the current administration. BRAZIL 47 lost two points and closed in the mid 88 area, most of the corporate credits closed in the red zone as well. PETBRA 40s, 41s, 43s and 44s each lost more than two points, VALEBZ curve lost half a point on average while EMBRBZ curve traded flat.

EU

The Ireland issued a USD 3 bn of new 12Y green bonds on Wednesday with a fixed 1.35% coupon. The bond performed, with market bids a bit higher than reoffer just after the pricing. The book was oversubscribed almost four times. The European Fiscal Board commented yesterday on Italy's budget draft. The Board believes that Brussels has been "overly generous" to Italy's government last year and there should not be any compromises now. The yield on 10Y BTPS reached 3.5% yesterday and currently trading at 3.525%. The governor of the Greece's central bank has blamed Italy's market turmoil for a drop in the share prices of Greek banks because the correlation between Italian and Greek bond yields has increased significantly in recent months. The Cyprus curve was also continuing to trade weaker with the new 10Y bond (CYPRUS 28) traded at 100.4 level.

USA

The US stock market declined five days in a row, a longest streak since November 2016. Yesterday, S&P 500 lost 3.29%, Dow -3.15%. The declines for stocks follow a sharp, multi-day sell-off in the USTs. However, the yield on 10Y USTs was down 1.9bps yesterday and closed at 3.1893%, 3.16% this morning. The dollar index dropped by 0.2%. The PPI statistics issued yesterday was in line with expectations, PPI increased 0.2% in September. The US Mr.President. Trump blamed the FED again for rising rates on the heels of the biggest one-day decline for US stocks in months.

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