



15 OCTOBER 2018

MARKET SNAPSHOT

TURKEY

The court in Turkey convicted US pastor on Friday and ruled to free him after a two-year-long detention. After appreciating as much as 10% Halkbank shares ended the day flat as release expectations were already priced-in. The lira strengthened by 1% and closed at 5.8732 per USD (currently trading at 5.84 level). TURKEY 28 and 47 both added around one point while most of the corporates strengthened also. AKBNK 6.797 28, EXCRTU 6.125 24, HALKBK 20, VAKBN 6 22 and YKBK 5.5 22 outperformed, each adding more than a point while MERSIN 5.875 20 and TSKBTI 7.625 27 closed slightly lower to flat.

SAUDI ARABIA

In KSA, there was a panic sell-off on Friday across all sectors as the Saudi-US tensions escalated on the back of the Saudi reporter who was killed within the Saudi consulate in Turkey. The US blamed Saudi Arabia with President Trump noting that the kingdom would face “severe punishment” and Saudi Arabia responding with retaliation threats through the utilization of their economic might. KSA 47 lost more than a point and closed in lower 96 handle.

RUSSIA

During her speech at the IMF annual meeting, the Russian central bank first deputy governor Ms. Yudaeva said that “there are many factors” in favor of leaving rates unchanged as the last economics statistic figures for economic growth and inflation were in line with the central bank’s expectations. The next central bank meeting where the rates would be reviewed would take place at October 26th. RUSSIA 47 added half a point and closed in higher 93 area. Most of the corporate bonds traded flat on Friday, GPBRU 0 PERP gained half a point while VEBBNK 5.942 23 lost half a point.

ARGENTINA

The Argentina’s peso gained another 1% on Friday, extending weekly gains to 4.5% after a 9% rally during the prior week. It is currently trading at 36.68 per USD and it is the strongest point since the central bank’s action. ARGENT 48 strengthened by two points on Friday and closed in the mid 74 area. Within the corporates, the YPF belly and long end credits (25s, 26s and 47s) added more than a point, BUENOS curve traded 20-30 bps higher while the NEUQUE, ENTRIO and JUJUJA closed almost flat.

EU

In the EU, Moody’s, the rating agency, lifted Portugal’s sovereign credit rating back to investment-grade territory as the agency believes that Portugal’s debt burden decreased to healthy levels while growth factors broadened. Today is the deadline for the budget draft submission to the EU and the Italian submission is likely to gather most attention. The yield on 10Y BTPS added 1.5 bp on Friday and closed at 3.574% level (currently trading at 3.542%).

USA

In the US, the stock market rebounded on Friday after the worst weekly performance within seven months based on the USTs yields hike and concerns about the growth outlook in the US. S&P 500 added 1.42%, Dow gained 1.15% while the yield on 10Y USTs strengthened by 3.2 bp to 3.1632% level (currently trading at 3.148%). The dollar index rose by 0.3%. Mr. Trump threatened to impose a new round of trade tariffs on China. This week, investors’ attention will be drawn to the minutes of September’s FED monetary policy meeting of Wednesday.

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