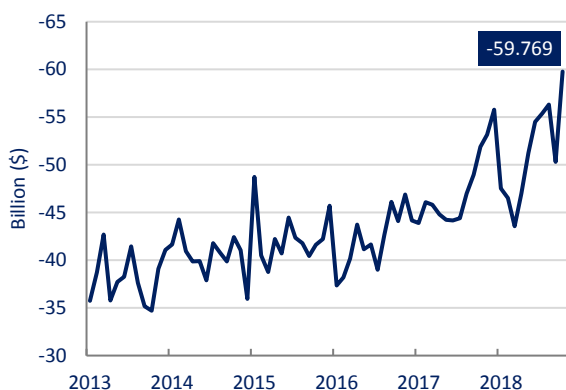




## FIXED INCOME DESK - THE DAILY FEED

- Risk assets on a weaker footing this morning on growth concerns. US Treasuries stronger at 2.86 percent. The outperformance and rally on DM sovereign bonds was led by the Italian BTPS (-11bp) and UK Gilts (-6bp). France and Germany closed 4 bp stronger at 0.50 percent and 0.12 percent respectively on the ten-year maturities. ECB policy makers are expected to leave rates unchanged amid a deteriorating outlook. President Mario Draghi will hold a news conference today after the decision. Gold maintaining its glitter at \$1286.44 per troy ounce.
- OECD cuts global outlook again and warns “worse may be ahead”. Global growth will fall from 3.6 percent in 2018 to 3.3 percent this year, though it could stabilise to 3.4 percent next year. The global economy is suffering more than expected from trade tensions and political uncertainty which are clouding prospects particularly in Europe, according to a gloomy report from the OECD. As these are the organization’s first forecasts in almost four months, it’s partly playing catch-up with developments since then. In that period, little has gone right for the world’s biggest economies: Weakness in the euro area and China are proving more persistent, trade growth has slowed sharply and uncertainty over Brexit has continued. The OECD’s numbers are more downbeat than the IMF’s for many economies, particularly the euro region and the U.K., as the organization warns that things could get worse. Europe took the brunt of the downgrades. While the U.S. outlook was lowered slightly, the U.K.’s 2019 forecast was cut to 0.8 percent from 1.4 percent, and Germany’s to 0.7 percent from 1.6 percent.
- The U.S. trade deficit widened in 2018 to a 10-year high of \$621 billion as tax cuts boosted domestic demand for imports while the strong dollar and retaliatory tariffs weighed on exports.
- The annual deficit in goods and services increased by \$68.8 billion, or 12.5 percent. The December gap jumped from the prior month to \$59.8 billion, also a 10-year high and wider than the median estimate of economists. The merchandise-trade deficit with China hit a record \$419.2 billion in 2018.
- Turkey’s Central Bank monetary policy committee decided to keep its policy rate unchanged at 24 percent, in its last meeting before local elections on March 31. The committee said in a written statement that recent data showed that the rebalancing trend in the Turkish economy had become more noticeable, with external demand maintaining its relative strength and economic activity deploying a slow pace due to tight financial conditions. “Developments in import prices and domestic demand conditions have led to some improvement in inflation indicators. Yet, risks on price stability continue to prevail. Accordingly, the Committee has decided to maintain the tight monetary policy stance until inflation outlook displays a significant improvement,”. In February, Turkey’s inflation rate fell just below the 20 percent threshold, decreasing to an annual 19.67 percent from 20.35 percent in January.
- Canada’s central bank has decided to keep its benchmark interest rate at 1.75 per cent, and says the timing of possible future hikes has become increasingly uncertain. The Bank of Canada says the economic slowdown that began at the end of last year is a bit worse than it was expecting, including a sharper-than-anticipated slowdown in Canada’s oil patch. The bank also singled out softness in the housing market and consumer spending as reasons for a gloomier outlook.
- The Democratic Socialist Republic of Sri Lanka has released guidance on their benchmark size, five and ten-year Sovereign notes at 7.20 percent and 8.20 percent. Today’s business.

US TRADE DEFICIT ONE WAY DIRECTION



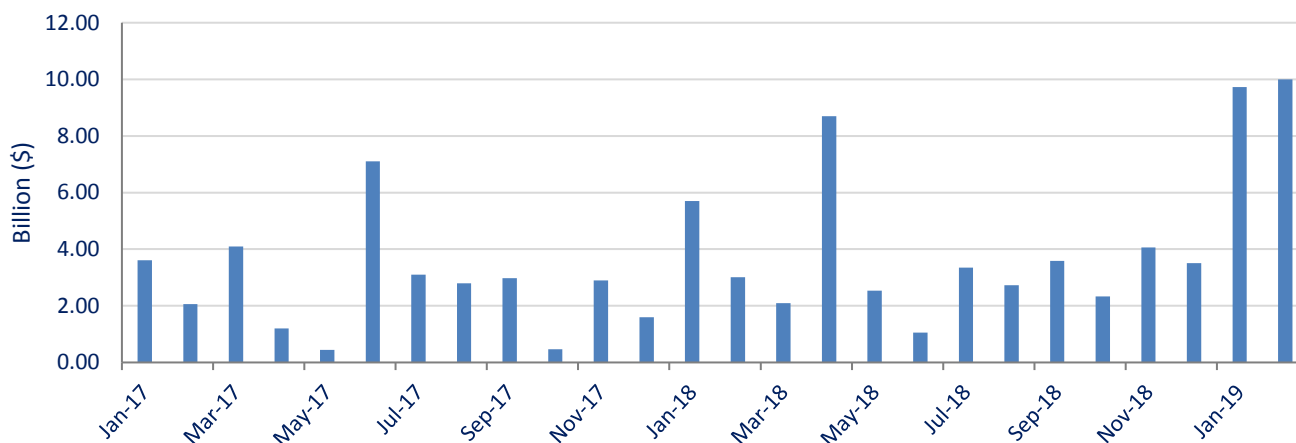
Source: Bloomberg

NEGATIVE YIELDING DEBT ON THE RISE AGAIN



Source: Bloomberg

CHINESE PROPERT SECTOR BORROWING SPREE CONTINUES



Source: Bondradar as of End-February 2019

INTERBANK RATES AND GOVERNMENT BONDS

	3m	6M	12M	2Y	5Y	10 y
<b>LIBOR</b>	2.61	2.68	2.88			
<b>EURIBOR</b>	-0.31	-0.23	-0.11			
<b>EIBOR</b>	2.87	3.09	3.30			
<b>SAIBOR</b>	2.91	3.02	3.25			
<b>US Treasuries</b>				2.51	2.49	2.69
<b>Germany Bunds</b>				-0.52	-0.31	0.13
<b>UK Gilts</b>				0.74	0.94	1.23
<b>Mid Swaps (MS)</b>			2.67	2.62	2.56	2.71

## CREDIT INDICES

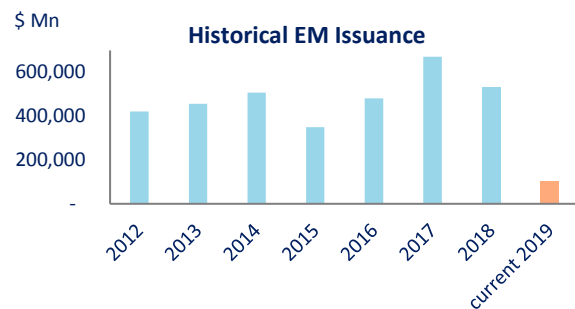
	Spread	Chg Day	Chg YTD
I Traxx Europe	61.54	0	-29.57
I Traxx Europe Crossover	278.62	0	-21.01
CDX North America IG	NA	0	-28.33
CDX North America HY	359.51	0	-19.96
CDX Emerging Markets	172.77	0	-16.94

## BOND MARKET PERFORMANCE

BONDS	Yield	Spread	1 day	YTD
Glob Developed Sovereign (Loc)	1.31%	-	0.2%	1.1%
GCC Credit	4.3%	173	0.2%	2.9%
Global High yield	6.15%	399	-0.1%	5.8%
USD Emerging Market	5.50%	285	0.1%	3.9%
US Government	2.63%	-	0.2%	0.3%
USD Corporate Investment Grade	3.90%	121	0.1%	2.8%
BBG EUR Aggr Corp (Loc)	1.15%	113	0.2%	1.8%
USD EM Sovereign	6.05%	334	0.1%	4.4%
USD EM Corporate	5.67%	308	0.1%	4.1%
Local EM Sovereign	4.82%	48	-0.2%	2.2%

## EMERGING MARKETS PRIMARY ISSUANCE

	2018	current 2019 - mn
EM	\$533,322	\$104,871
ASIA	\$279,190	\$56,922
MENA	\$73,189	\$15,937
GCC	\$65,864	\$11,937
Sukuk	\$22,708	\$5,949



## DESK VIEW: POSITIONING & STRATEGY

	Tactical	Strategic
Global Investment Grade	Overweig	Neutral
US High Yield	Neutral	Neutral
Emerging Markets	Overweig	Overweig
GCC Bond/Sukuk	Overweig	Overweig

## EXPECTED PRIMARY BOND SALES

THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA	(USD) 5YR 7.2% (USD) 10YR 8.2%
XINHU ZHONGBAO CO., LTD.	(USD) 3NCNP2 11.25%
NA	NA

GLOBAL ECONOMIC CALENDAR

Date Time	Country	Event	Period	Survey	Prior
03/07/19 03:50	Japan	Japan Buying Foreign Stocks	1-Mar	--	-¥200.4b
03/07/19 03:50	Japan	Foreign Buying Japan Stocks	1-Mar	--	-¥15.2b
03/07/19 04:30	Australia	Trade Balance	Jan	A\$2750m	A\$3681m
03/07/19 04:30	Australia	Retail Sales MoM	Jan	0.30%	-0.40%
03/07/19 09:30	Netherlands	CPI MoM	Feb	--	0.10%
03/07/19 09:30	Netherlands	CPI YoY	Feb	--	2.20%
03/07/19 10:00	Estonia	CPI MoM	Feb	--	-0.20%
03/07/19 10:00	Estonia	CPI YoY	Feb	--	2.70%
03/07/19 10:45	Switzerland	Unemployment Rate	Feb	2.70%	2.80%
03/07/19 11:00	Romania	GDP YoY	4Q P	4.10%	4.10%
03/07/19 11:00	Norway	Industrial Production MoM	Jan	--	-1.00%
03/07/19 12:00	Slovakia	GDP YoY	4Q F	--	3.60%
03/07/19 12:00	Switzerland	Foreign Currency Reserves	Feb	--	741.5b
03/07/19 12:00	Hungary	Industrial Production WDA YoY	Jan	3.20%	5.70%
03/07/19 12:30	United Kingdom	Halifax House Prices MoM	Feb	0.10%	-2.90%
03/07/19 13:00	Italy	Retail Sales MoM	Jan	--	-0.70%
03/07/19 13:00	South Africa	Current Account as a % GDP	4Q	-3.20%	-3.50%
03/07/19 13:00	South Africa	Current Account Balance	4Q	-163b	-177b
03/07/19 14:00	Eurozone	GDP SA QoQ	4Q F	0.20%	0.20%
03/07/19 14:00	Eurozone	GDP SA YoY	4Q F	1.20%	1.20%
03/07/19 16:45	Eurozone	ECB Main Refinancing Rate	7-Mar	0.00%	0.00%
03/07/19 16:45	Eurozone	ECB Marginal Lending Facility	7-Mar	0.25%	0.25%
03/07/19 16:45	Eurozone	ECB Deposit Facility Rate	7-Mar	-0.40%	-0.40%
03/07/19 17:00	Russia	Gold and Forex Reserve	1-Mar	--	480.5b
03/07/19 17:30	United States	Initial Jobless Claims	2-Mar	225k	225k
03/07/19 18:00	Mexico	CPI YoY	Feb	3.95%	4.37%
03/07/19 18:00	Mexico	CPI MoM	Feb	-0.02%	0.09%
03/07/19 18:00	Mexico	Bi-Weekly CPI	28-Feb	0.15%	-0.10%
03/07/19	Ukraine	CPI YoY	Feb	9.00%	9.20%
03/01/19-03/09/19	Morocco	Interest Rate Announcement	1-Mar	--	2.25%
02/12/19-03/07/19	Bahrain	M1 Money Supply YoY	Dec	--	0.07%
02/25/19-03/10/19	Kuwait	M1 Money Supply YoY	Jan	--	2.12%
03/07/19-03/11/19	Sri Lanka	Exports YoY	Dec	--	4.10%
03/07/19-03/13/19	Latvia	Unemployment Rate	Feb	--	6.70%
03/07/19-03/13/19	Vietnam	Domestic Vehicle Sales YoY	Feb	--	24.20%
03/07/19-03/08/19	El Salvador	CPI YoY	Feb	--	0.25%
03/07/19-03/09/19	Guatemala	Guatemala Remittances YoY	Feb	--	8.40%
03/07/19-03/08/19	Nicaragua	CPI YoY	Feb	--	3.30%

## THE TEAM



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