



Markets buoyed their appetite for risk assets post better than expected retail sales and industrial production figures out of China. U.S. and European futures were little changed at the start of a busy week. WTI and Brent at \$59.95 and \$66.55 while the yellow metal trading at \$1413 per troy ounce.

JPMorgan Chase & Co., Bank of America Corp., Goldman Sachs Group Inc. and Taiwan Semiconductor are among companies due to report results.

China posts its lowest quarterly growth in 27 years. China released Q2 figures showing that its economy slowed to 6.2%. The second quarter economic growth was the country's slowest pace since the first quarter of 1992 — the earliest quarterly data on record, according to Reuters. China's statistics bureau said the economy faces a complex situation with increasing external uncertainties. China also faces new downward pressures and will try to ensure steady economic growth, the statistics bureau added.

A fiscal stimulus plan including about two trillion yuan (\$291 billion) of tax cuts is slowly feeding through into the economy. The government has stepped up efforts recently, easing the rules for using government debt in some infrastructure projects and pledging to renovate hundreds of thousands of old buildings. However, there are signs of stabilisation with Retail Sales YoY at 9.8% and Industrial Production growth at YoY 6.3% beat analyst expectations. Fixed asset Investments in H1 2019 also grew by 5.8% indicating that fiscal stimulus to encounter the slowdown are in place.

Moreover on China, The National Development and Reform Commission said foreign debt issuances by the Chinese real estate companies can only be used to refinance mid- to long-term overseas debt maturing in one year. They were also asked to keep a "reasonable proportion" of domestic and foreign debts as well as a mix of short-term and long-term maturities offshore, according to a statement. Developers have sold a record \$55.4 billion of dollar bonds so far this year, a jump of 80% from the year-earlier period.

On the primary Bond issuance front, China Oil and Gas Group Limited rated Ba2 by Moody's and BB by S&P has mandated banks to arrange a series of fixed income investor meetings in Hong Kong and Singapore commencing on 16 July 2019.

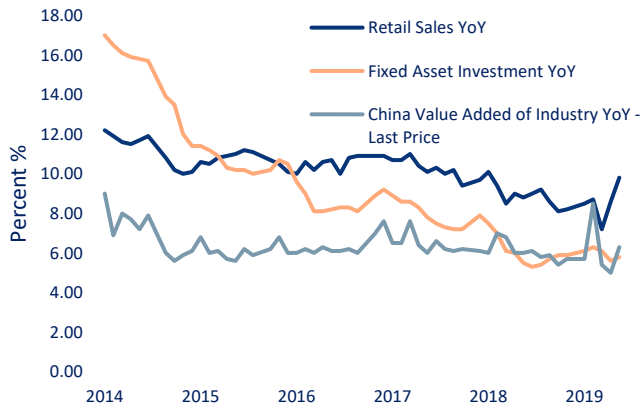
US consumer prices increased by the most in nearly 18 months in June amid solid gains in the costs of a range of goods and services, but will probably not change expectations on the Federal Reserve to change their stance on policy settings. The Labor Department reported its consumer price index excluding the volatile food and energy components rose 0.3% last month. That as the largest increase since January 2018 and followed four straight monthly gains of 0.1%. The so-called core CPI was boosted by strong increases in the prices for apparel, used cars and trucks, as well as household furnishings. There were also increases in the cost of healthcare and rents. In the 12 months through June, the core CPI climbed 2.1% after advancing 2.0% in May.

UK leads this week's Macroeconomic calendar. Markets will closely watch UK CPI/ Jobless claims (Tuesday), UK retail Sales (Thursday) and German ZEW Survey (Tuesday). UK CPI is broadly expected to track the BOE inflation target of 2% according to Bloomberg estimates.

Turkey's credit rating was lowered further to sub-investment grade by Fitch reducing from BB- to BB- (long-term foreign currency debt). TRY bonds widened by 41bp to 16.68% while Eurobond yields widened by 12bp to 7.43%. The cost of insuring against default rose to 410bp. Turkey's real rates have reached the highest point in the last 5 years due to easing of inflation. With new appointments in the central bank, the markets anticipate a rate cut sooner.

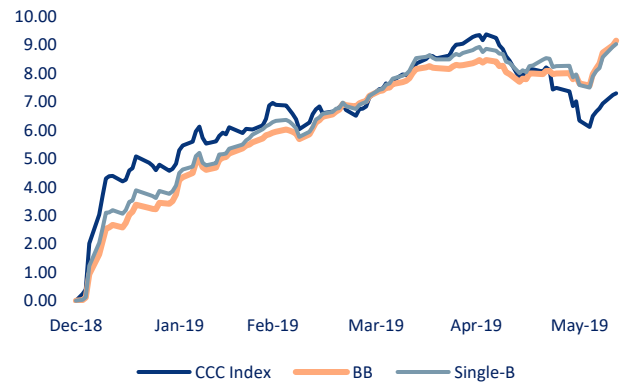
Monetary policy decisions are due in Indonesia, South Korea and South Africa.

CHINA MICROCOMPONENTS ON GROWTH DATA ARE ALL UP



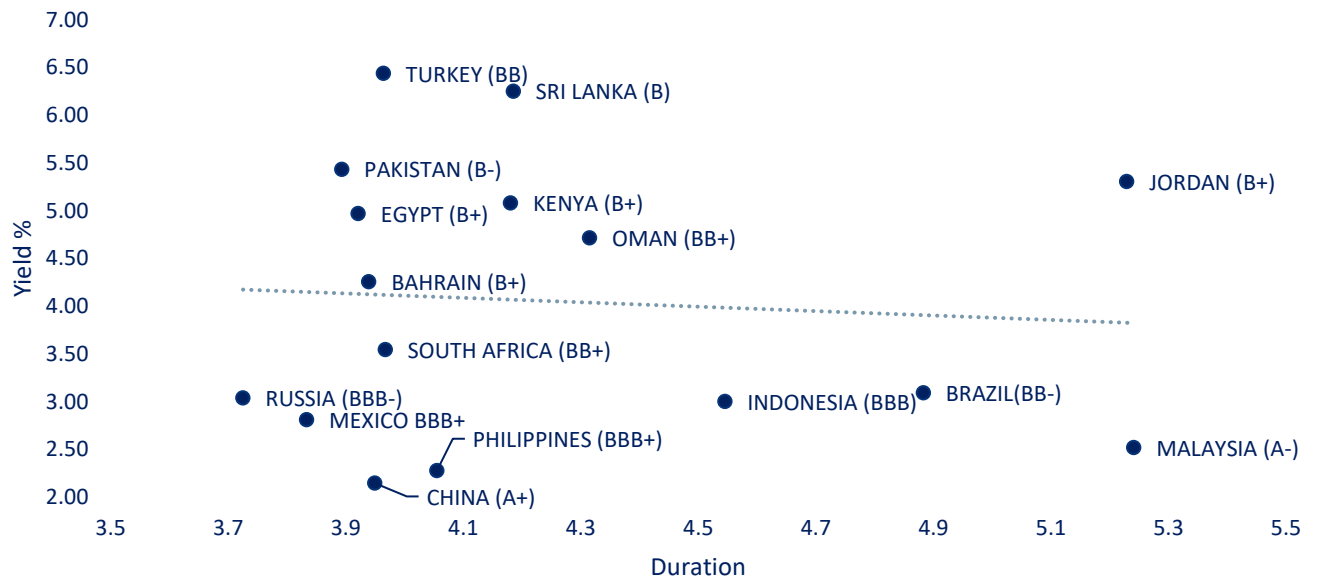
Source: Bloomberg

HIGHER QUALITY ALWAYS PAYS OFF



Source: Bloomberg

YIELD VS RISK: TAKE YOUR PICK



Source: Bloomberg

	3m	6M	12M	2Y	5Y	10 y
LIBOR	2.31	2.21	2.19			
EURIBOR	-0.36	-0.34	-0.27			
EIBOR	2.57	2.88	2.99			
SAIBOR	2.70	2.71	2.75			
US Treasuries				1.87	1.84	2.04
Germany Bunds				-0.74	-0.63	-0.37
UK Gilts				0.54	0.52	0.71
Mid Swaps (MS)			2.06	1.89	1.87	2.06

Source: Bloomberg

CREDIT INDICES

	Spread	Chg Day	Chg YTD
I Traxx Europe	51.20	0.84	-41.40
I Traxx Europe Crossover	247.91	3.22	-29.71
CDX North America IG		1.53	-37.66
CDX North America HY	328.99	7.95	-26.72
CDX Emerging Markets	167.33	4.10	-19.56

Source: Bloomberg

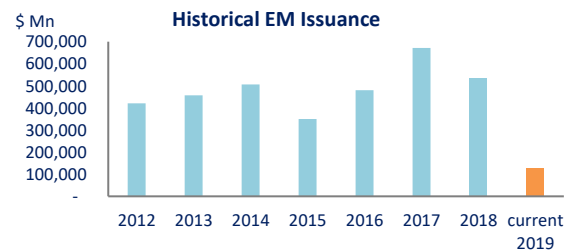
BOND MARKET PERFORMANCE

BONDS	Yield	Spread	1 day	YTD
Glob Developed Sovereign (Loc)	0.98%	-	-0.1%	5.3%
GCC Credit	3.50%	154	-0.1%	9.3%
Global High yield	5.46%	382	0.0%	10.0%
USD Emerging Market	4.87%	281	0.0%	9.6%
US Government	2.02%	-	0.1%	4.6%
USD Corporate Investment Grade	3.23%	112	0.1%	9.4%
BBG EUR Aggr Corp (Loc)	0.68%	96	0.0%	5.5%
USD EM Sovereign	5.45%	331	0.0%	10.9%
USD EM Corporate	5.03%	307	0.0%	9.0%
Local EM Sovereign	4.19%	48	-0.2%	6.1%

Source: Bloomberg

EMERGING MARKETS PRIMARY ISSUANCE

	2018	March 2019 - mn
EM	\$533,322	\$128,821
ASIA	\$279,190	\$65,802
MENA	\$73,189	\$27,921
GCC	\$65,864	\$23,921
Sukuk	\$22,708	\$5,949



DESK VIEW: POSITIONING & STRATEGY

	Positioning
Global Investment Grade	Overweight
Global High Yield	Underweigh
Emerging Markets	Overweight
GCC Bond/Sukuk	Overweight

EXPECTED PRIMARY BOND SALES

China Oil and Gas Group Ltd	Roadshows (16/07)
Greenco Solar Ltd	Roadshows (15/07)



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