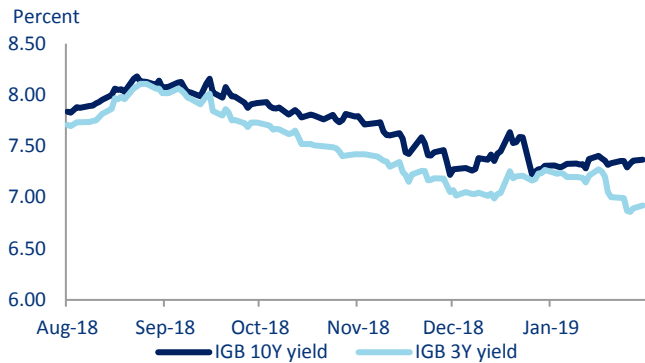


# Your daily feed from the Fixed Income team

## FIXED INCOME DESK - GLOBAL CENTRAL BANKS DOMINATE

- Risk assets on a mixed tone. Bank of Japan Governor Haruhiko Kuroda told parliament the central bank would consider extra monetary easing if required, sending the yen lower and Topix higher.
- US Treasuries at 2.66 Percent and a fairly better mood for Italian and Portugal bonds at 2.76 percent (-3.1bp) and 1.50 percent (-5bp) respectively. Within EM, Indonesia led the outperformance tightening by almost 4bp to 4.15 percent. Australia's dollar fell to .7113 against the US Dollar after minutes of the central bank's latest review affirmed its shift to a neutral policy outlook. The yen rose on haven bids as uncertainty over the outcome of U.S.-China trade talks persisted.
- The Sterling remained volatile post seven members of the U.K. Parliament said they'll stand as independents after quitting the main opposition Labour Party over issues including Brexit and antisemitism.
- The Federal Reserve releases minutes this Wednesday and investors may also get further guidance on U.S. monetary policy and balance sheet normalization. Minutes from the Federal Reserve's most recent meeting will likely show how much conviction there was among policy makers to suspend their interest-rate hiking campaign. We maintain our expectations for two further hikes for this year.
- The Central Bank of the Republic of Turkey (CBRT) cut reserve requirements but governor Murat Çetinkaya stressed such moves should not be interpreted as a relaxation of monetary policy. Turkish lira reserve requirement ratios have been reduced by 100 basis points for deposits and participation funds with maturities up to 1-year and for other liabilities with maturities up to (and including) 3-year, and by 50 basis points for all other liabilities subject to reserve requirements.
- China is also considering promoting over-the-counter (OTC) sale of commercial banks' capital bonds to highnet-worth individual investors, PBOC Deputy Governor Pan Gongsheng says at briefing.
- Almarai Company (Almarai) rated Baa3 by Moody's and BBB- by S&P has mandated banks to arrange a series of fixed income investor meetings in Asia, Europe and the Middle East commencing 21 February 2019. Almarai is the Middle-East's leading food and beverage manufacturer and distributor, and the world's largest vertically integrated dairy company. A benchmark US\$ fixed rate RegS senior unsecured Sukuk offering with intermediate tenor, under Almarai's newly established US\$2.0 billion Trust Certificate Issuance Programme. The scarcity of corporate debt from the Kingdom of Saudi Arabia and strong fundamentals the company displays should provide a strong technical support for this transaction. The company's liquidity is also good, according to Moody's. It had 1.183m riyals in cash and cash equivalents as of the end of the year, and 3.050m riyals (Dh2.987m) fully available under committed revolving credit facilities. This is sufficient to cover debt maturities of 3.350m riyals (Dh3.281m) in the next 18 months.
- Singapore's Finance Minister delivered the national Budget for 2019 in Parliament. The Finance Minister elaborated on the issues that the country must address, namely, ageing, social mobility, inequality, economic transformation, and climate change. Heng called Budget 2019 "a strategic plan to build a Strong, United Singapore" and pledged to do the following: "Keep Singapore safe and secure; Continue to transform our economy; Build a caring and inclusive society; Build a globally connected, smart and sustainable global city and home for all; and Do this in a responsible and fiscally-sustainable manner."

**BOND INVESTORS PRICING ANOTHER RATE CUT**



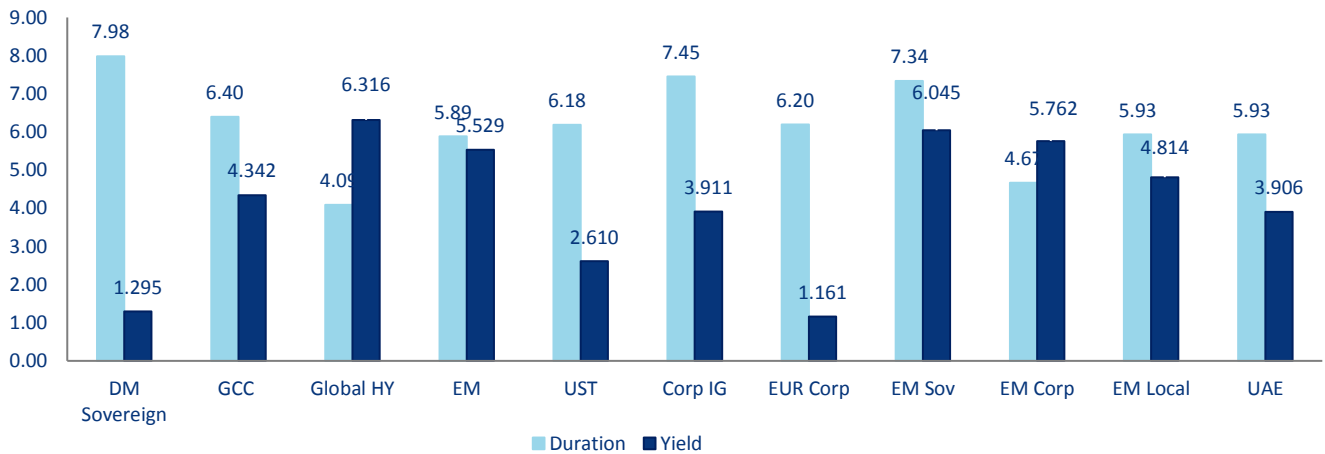
Source: Bloomberg

**UAE INVESTMENT GRADE ISSUERS - YIELD TO WORST**



Source: Bloomberg

**FIXED INCOME VALUATIONS**



Source: Bloomberg

**INTERBANK RATES AND GOVERNMENT BONDS**

	3m	6M	12M	2Y	5Y	10 y
<b>LIBOR</b>	2.68	2.75	2.91			
<b>EURIBOR</b>	-0.31	-0.23	-0.11			
<b>EIBOR</b>	2.84	3.09	3.42			
<b>SAIBOR</b>	2.94	3.06	3.28			
<b>US Treasuries</b>				2.51	2.49	2.67
<b>Germany Bunds</b>				-0.57	-0.35	0.11
<b>UK Gilts</b>				0.72	0.82	1.16
<b>Mid Swaps (MS)</b>			2.68	2.64	2.57	2.97

## CREDIT INDICES

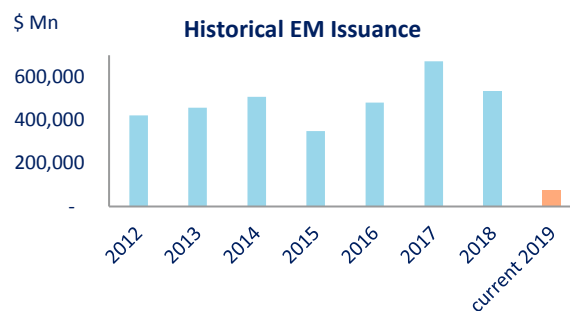
	Spread	Chg Day	Chg YTD
I Traxx Europe	67.76	0	-22.44
I Traxx Europe Crossover	295.56	0	-16.20
CDX North America IG	NA	NA	-28.76
CDX North America HY	343.14	NA	-23.52
CDX Emerging Markets	174.51	NA	-16.10

## BOND MARKET PERFORMANCE

BONDS	Yield	Spread	1 day	YTD
Glob Developed Sovereign (Loc)	1.30%	-	0.0%	1.0%
GCC Credit	4.3%	180	0.0%	2.5%
Global High yield	6.32%	417	0.0%	4.9%
USD Emerging Market	5.53%	291	0.0%	3.5%
US Government	2.61%	-	0.0%	0.4%
USD Corporate Investment Grade	3.91%	125	0.1%	2.6%
BBG EUR Aggr Corp (Loc)	1.16%	119	0.0%	1.6%
USD EM Sovereign	6.05%	337	0.0%	4.1%
USD EM Corporate	5.76%	320	0.0%	3.3%
Local EM Sovereign	4.81%	48	0.1%	2.4%

## EMERGING MARKETS PRIMARY ISSUANCE

	2018	current 2019 - mn
EM	\$533,322	\$77,159
ASIA	\$279,190	\$40,188
MENA	\$73,189	\$9,088
GCC	\$65,864	\$9,088
Sukuk	\$22,708	\$4,349



## 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

Mashreqbank P.S.C.	(USD) 5YR
Mitsubishi Ufj Lease & Finance Company Limited	Mandate
Sun Hung Kai Properties Limited	(USD) 10YR

GLOBAL ECONOMIC CALENDAR

Date Time	Country	Event	Period	Survey	Prior
02/19/19 11:00	Finland	CPI MoM	Jan	--	-0.10%
02/19/19 11:00	Finland	CPI YoY	Jan	--	1.20%
02/19/19 12:30	Sweden	CPI MoM	Jan	-0.70%	0.40%
02/19/19 12:30	Sweden	CPI YoY	Jan	2.20%	2.00%
02/19/19 12:30	Sweden	CPI Level	Jan	329.7	331.87
02/19/19 13:30	United Kingdom	Claimant Count Rate	Jan	--	2.80%
02/19/19 13:30	United Kingdom	Jobless Claims Change	Jan	--	20.8k
02/19/19 13:30	United Kingdom	ILO Unemployment Rate 3Mths	Dec	4.00%	4.00%
02/19/19 14:00	Germany	ZEW Survey Current Situation	Feb	20	27.6
02/19/19 14:00	Germany	ZEW Survey Expectations	Feb	-13.6	-15
02/19/19 14:00	Bulgaria	Current Account Balance	Dec	--	58.6m
02/19/19 17:00	Russia	Retail Sales Real YoY	Jan	1.00%	2.30%
02/19/19 17:00	Russia	Unemployment Rate	Jan	4.90%	4.80%
02/12/19-02/28/19	Morocco	Interest Rate Announcement	28-Feb	--	2.25%
02/14/19-02/21/19	Kenya	Money Supply M3 YoY	Dec	--	9.10%
02/12/19-02/21/19	Bahrain	M1 Money Supply YoY	Dec	--	0.07%
02/15/19-02/25/19	Saudi Arabia	CPI YoY	Jan	--	2.20%
02/15/19-02/20/19	Sri Lanka	Exports YoY	Dec	--	4.10%
02/19/19-02/20/19	Vietnam	Domestic Vehicle Sales YoY	Jan	--	35.70%
02/19/19-02/21/19	Brazil	Formal Job Creation Total	Jan	87000	-334462

## THE TEAM



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