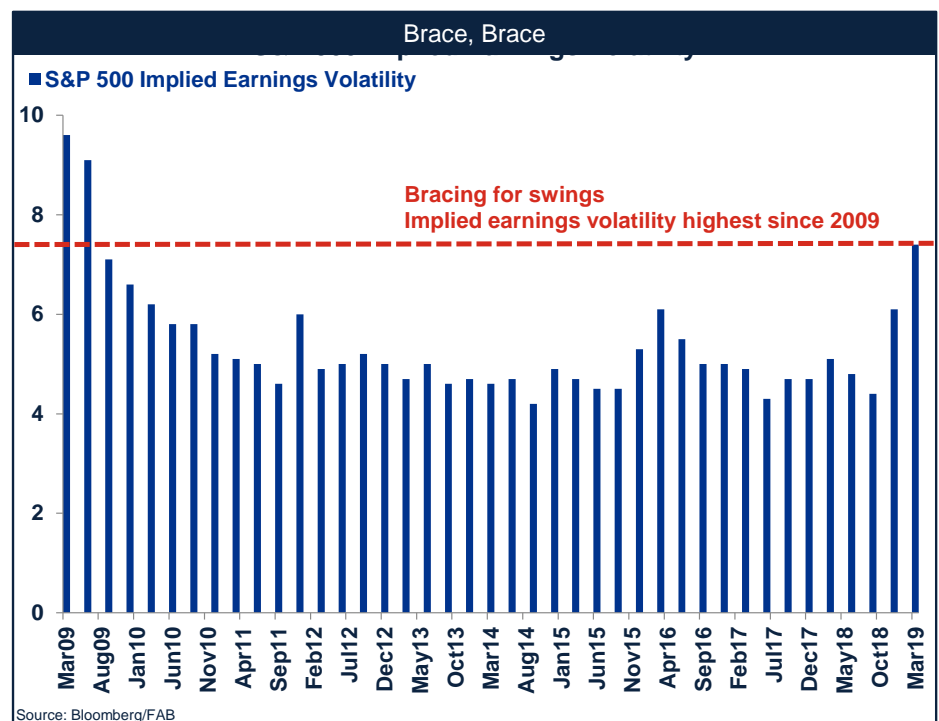


Daily Market Chatter

Macro Strategy View: A backstop should offer support, not undermine it

- There is a weaker tone to global markets early this morning. Asian equities are leading the move lower, alongside a modest widening in the Asia iTraxx credit indices which reflect a more defensive investor bias. It seems to be all the old culprits behind the softer sentiment again though; U.S./Sino trade concerns and the potential knock-on impact on corporate profits, which in turn is feeding broader global growth uncertainties. The latest Brexit machinations in Westminster are also contributing to the current veil of caution across the investor base – something that seems unlikely to be lifted anytime soon.



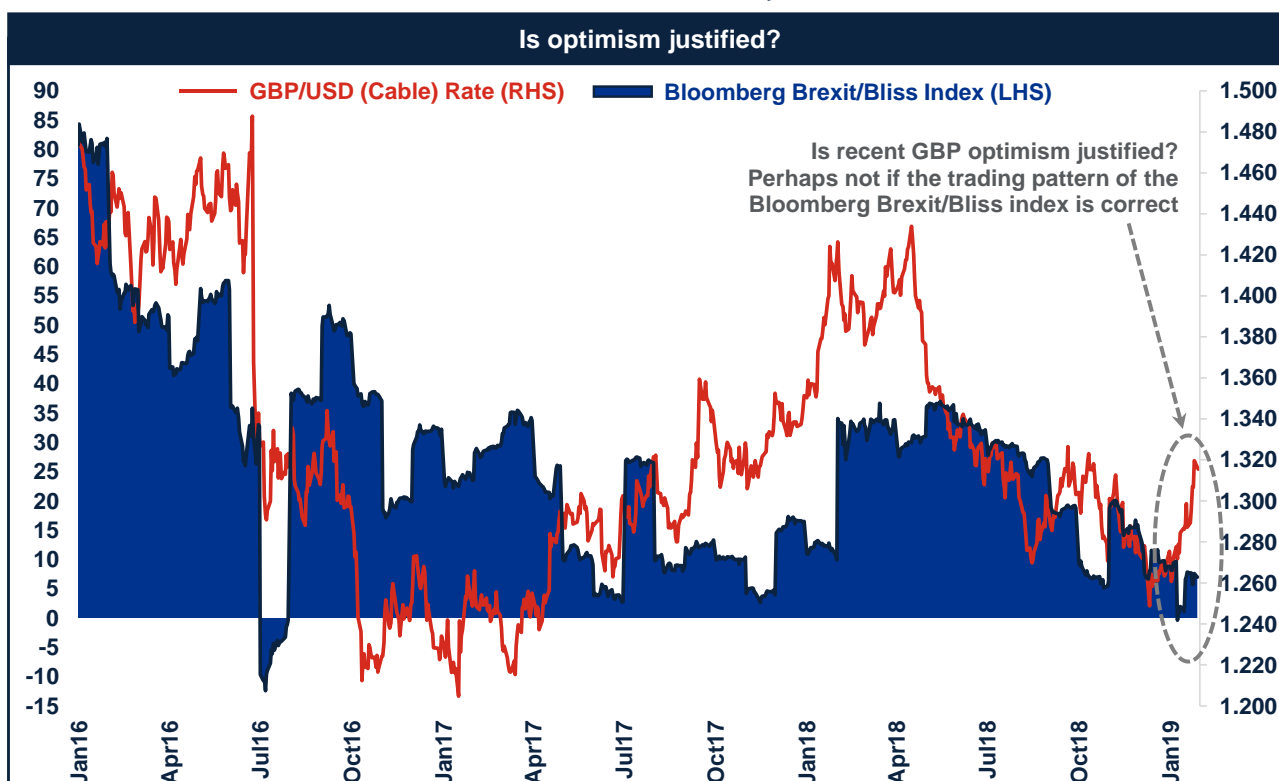
- U.K. MPs will vote later today on a series of amendments to PM May's EU withdrawal plans, as she struggles find a solution to the political impasse and avoid the prospect of leaving the EU on March 29 without any (trade) agreements in place. The latter scenario would be the so-called 'hard' Brexit, which the BoE has suggested could result in a 25% decline in sterling and up to a 30% drop in property prices as investors dump U.K. risk exposure.
- One of the key sticking points with Mrs. May's 'deal' is the Irish 'backstop'. This wording, that attempts to address the issue of how to treat the border between the Republic of Ireland and Northern Ireland – the future (sole) border between the U.K. and the EU – aims to prevent a hard border being re-established, post Brexit. Brexiteers argue, however, that such an arrangement will keep the U.K. too closely tied to the EU due to the associated, necessary customs union and therefore want the Backstop in its current form removed.

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- Meanwhile, the DUP – key to keeping Mrs. May in power due to their confidence-and-supply pact with the Conservatives – will not support a ‘backstop’ arrangement that creates any differences between Northern Ireland and the rest of the U.K. that could eventually threaten the cohesion of the Union.



- Expect sentiment toward U.K. risk to remain volatile over the coming days/weeks. GBP has strengthened during the past month as investors have begun to price in the possibility that Brexit could be delayed and amid speculation that Parliament could wrestle control of the Brexit process from Mrs. May and thereby ensure the avoidance of a ‘no-deal’ Brexit. Such a confirmed outcome could see GBP push swiftly back up to the \$1.3500 level.
- Cable is understandably weaker this morning though ahead of the critical amendment votes – albeit still holding up around \$1.3160 – with its future direction hanging in the balance. If the amendments fail to find support and a ‘no-deal’ scenario comes back into view, expect the recent buoyancy in GBP to be quickly reversed.

Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.58%	+0.2	-4.1	+2.7	+9.2	+7.2
10Y	2.75%	-1.4	-3.9	+2.6	+5.1	+6.2
30Y	3.07%	-0.0	-3.1	+4.3	+12.4	+5.2

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	266.0	-2.1	-5.5	+8.9	+9.7	+8.9
10Y	277.4	-1.6	-4.9	+6.5	+5.5	+6.5
30Y	288.7	-0.8	-3.4	+4.8	+8.3	+4.8

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1428	+0.19%	+0.55%	-0.34%	-7.71%	-0.34%
GBP USD	1.3163	-0.25%	+2.10%	+3.21%	-6.47%	+3.21%
USD JPY	109.35	-0.18%	-0.29%	-0.31%	+0.36%	-0.31%

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.3269	+1.04%	+0.08%	+0.71%	+40.43%	+0.71%
USD INR	71.1087	-0.09%	-0.24%	+1.92%	+11.83%	+1.92%
USD IDR	14,072.0	-0.15%	-1.10%	-2.21%	+5.30%	-2.21%

Source: Bloomberg

MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	390.8	+3.9	-5.5	-49.8	+76.3	-54.5
Sovx CEEMEA	59.3	+1.2	-3.5	-19.4	+25.2	-19.4
Itrax Xover	327.7	+7.0	+9.6	-25.0	+93.8	-25.0

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	63.9	+0.2	-2.6	-3.2	+12.3	-3.2
Kuwait 5Y	66.8	+0.0	+0.0	+1.0	+16.4	+1.0
Qatar 5Y	73.1	+0.1	-1.8	-9.3	-16.3	-9.3
KSA 5Y	92.4	+3.7	+1.3	-12.3	+14.7	-12.3
Dubai 5Y	126.2	-0.0	-8.1	-3.0	+10.9	-3.0
Oman 5Y	304.9	+3.9	-3.9	-19.3	+60.8	-19.3
Bahrain 5Y	260.2	-8.1	-20.0	-31.4	+19.9	-31.4

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	51.99	-3.17%	-3.36%	+14.69%	-20.70%	+14.49%
Brent Oil \$/bbl	59.93	-2.77%	-4.48%	+14.81%	-13.72%	+11.39%
Gold spot \$/oz	1,303.4	-0.14%	+1.79%	+1.63%	-2.76%	+1.63%
Silver spot \$/Troy oz	15.744	-0.15%	+3.10%	+1.61%	-8.29%	+1.61%
Aluminium 3MO \$	1,867.0	-2.76%	+0.81%	+1.19%	-17.28%	+1.14%
Nickel 3MO \$	11,825	-1.17%	+0.21%	+10.21%	-13.37%	+10.62%
Copper 3MO \$	6,002	-0.89%	+0.35%	+0.08%	-15.29%	+0.62%

Source: Bloomberg

Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	24,528	-0.84%	-0.72%	+6.36%	-7.23%	+5.15%
S&P 500	2,644	-0.78%	-1.01%	+6.36%	-7.35%	+5.47%
Nasdaq Composite	7,086	-1.11%	-1.00%	+7.61%	-5.10%	+6.79%
Nikkei	20,649	-0.60%	-0.34%	+3.17%	-12.61%	+3.17%
Hang Seng	27,577	+0.03%	+1.40%	+8.13%	-16.35%	+6.70%
Shanghai	2,597	-0.18%	-0.52%	+4.13%	-26.29%	+4.13%
Mumbai Sensex	35,657	-1.02%	-2.52%	-1.16%	-1.73%	-1.14%
DAX	11,210	-0.63%	+0.67%	+6.17%	-15.87%	+6.17%
CAC 40	4,889	-0.76%	+0.43%	+4.48%	-11.46%	+3.34%
FTSE 100	6,747	-0.91%	-3.21%	+0.19%	-12.05%	+0.28%
DJ Stoxx 50	3,137	-0.82%	+0.39%	+5.05%	-13.88%	+4.53%
FTSE MIB Index	19,608	-1.02%	-0.16%	+7.01%	-17.62%	+7.01%
SMI Index	8,858	-0.72%	-1.70%	+5.08%	-6.34%	+5.08%
MENA						
Abu Dhabi – ADX	5,051	+0.61%	+1.92%	+4.55%	+9.18%	+2.77%
Dubai – DFM	2,571	+1.23%	+2.89%	+4.11%	-25.59%	+1.63%
Saudi Arabia	8,624	+1.35%	+2.64%	+11.29%	+13.95%	+10.19%
Qatar	10,705	+0.34%	-0.16%	+4.05%	+13.28%	+3.94%
Bahrain	1,379	-0.84%	+2.18%	+4.32%	+2.58%	+3.14%
Kuwait (Premier Market)	5,394	-0.58%	-1.79%	+2.41%	+8.15%	+2.41%
Oman	4,160	-0.15%	-0.46%	-4.25%	-16.85%	-3.79%
Egypt	13,911	+0.68%	+2.48%	+7.14%	-9.49%	+6.72%
Turkey	101,290	-0.50%	+3.40%	+12.00%	-16.18%	+10.98%

Source: Bloomberg

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