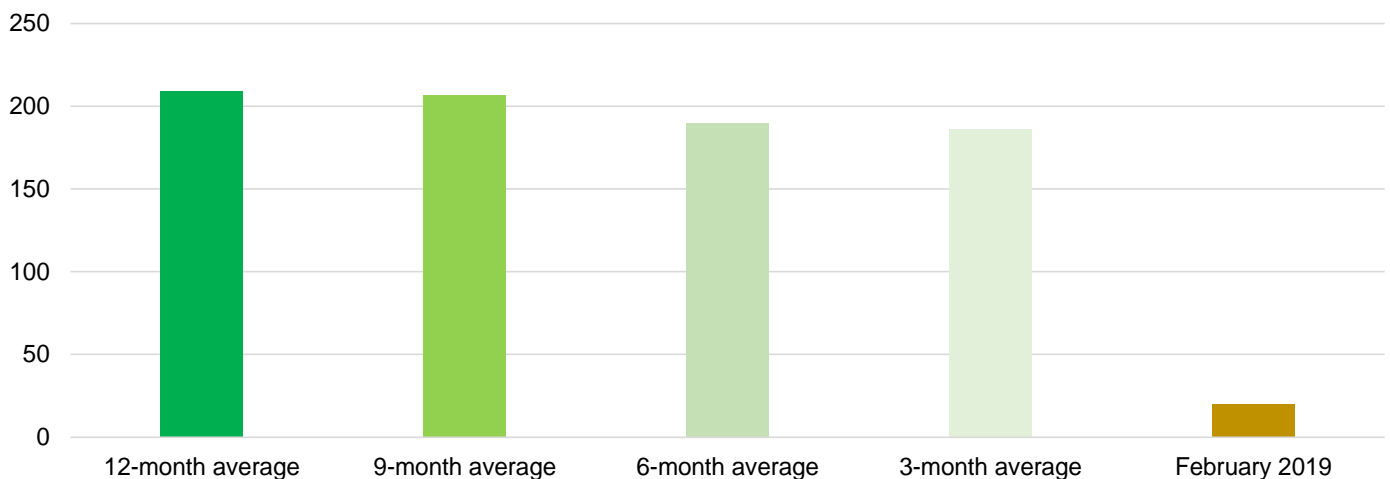


**In the current week**, market sentiment has been supported by expectations of Brexit delay and low level of government bond yields. The withdrawal agreement between EU-UK was rejected for a second time in the UK, but a no-deal Brexit was also rejected. UK government may bring the withdrawal agreement for a third vote until March 20. If the withdrawal deal is accepted this time, then a “technical extension” until June 30 will most probably be granted by the EU (unanimous decision is needed at the EU Summit on 21/3) and the UK will “orderly” exit the EU at the end of June, with a transition period (likely until the end of 2020). If the withdrawal deal is rejected for third time, then it is possible that the EU will offer a long delay to Brexit, so that the UK clarify its position. In this case, a new UK law may be needed until March 29, which will replace the existing law, so that March 29 stops being the exit day. According to the press, US-China Presidents meeting will be delayed at least until late April.

At the end of the last week, it was announced that US non-farm payrolls posted in February a larger than expected drop to a low (2/19: 20,000, 311,000) since September 2017. It is possible that this may prove a one-off development, but if weakness is prolonged for a couple of months further, then it may signal larger than expected slowdown of economic growth. Already, the Atlanta Fed estimates weak annualised quarterly growth of 0.4% in the first quarter of 2019. Slowing growth in the US and low growth in the Eurozone have pushed government bond yields to the downside. US 10-year government bond yield dropped at a low (12/3: 2.593%) since January 4.

US non-farm payrolls monthly: averages versus February 2019 level



Source: Bloomberg

### The week ahead:

In the **US**, the **Federal Reserve** will hold its benchmark rate unchanged at the meeting of March 20. The Fed will probably significantly lower its projections for the path of the Fed funds rate. The overall tone will likely be hesitant, as the latest economic figures have been mixed. The **Bank of England** is expected to keep its base rate unchanged at the meeting of March 21, as the uncertainty around Brexit has started being negatively reflected into macroeconomic figures. No change of monetary policy from **Swiss National Bank** is expected (21/3). **EU** will hold a Summit on March 21. **Brexit** will be the key issue of discussion. US leading indicators index for February (21/3) and Eurozone PMI indices for March (22/3) will be the key economic announcements of the next week.

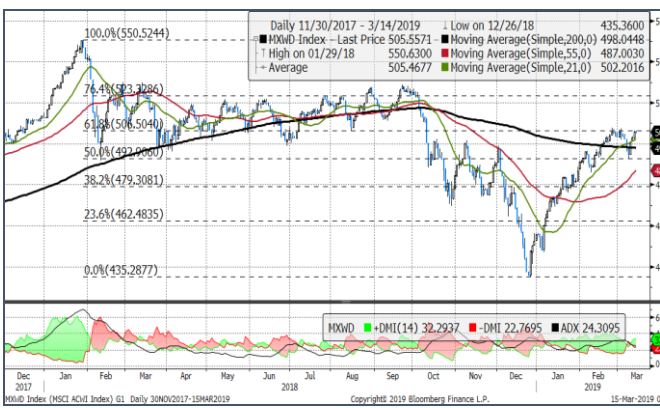
**Central banks have modified their stance in the last few months to a bit accommodative. This along with expectations for US-China trade deal and Brexit postponement expectations have contributed to risk-on sentiment. The next week will probably not include surprises in the central banks front. Developments regarding Brexit will be in focus and may affect whether risk-on sentiment can continue or not.**

### Quote of the Week:

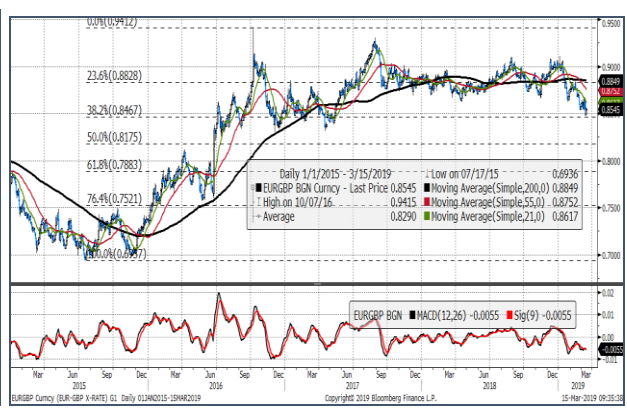
**US finance minister said (14/3): “There had been discussions of a US-China Presidential meeting, but we are not going to do it at the end of this month, given the timing, because we still have more work to do”.**

Global Markets in Charts

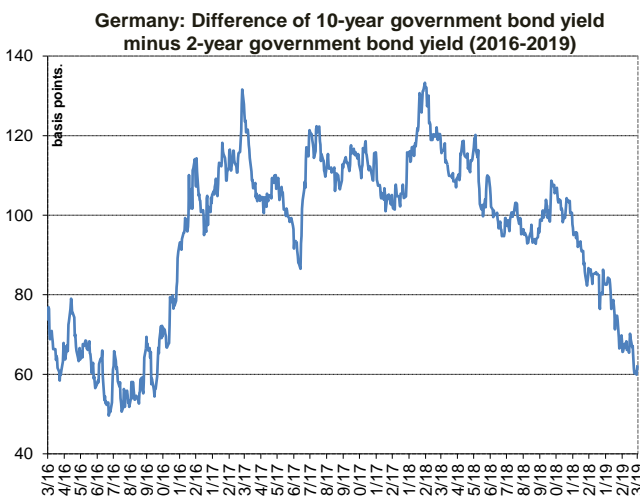
- The MSCI All Countries **world** index increased at a two-week intraday high (13/3: 506.6), over the 200-day average (498). Expectations for Brexit deadline extension and US-China trade talks have supported market sentiment. Resistance is at 523 area (4/10/18 high and Fibonacci retracement 76.4%: 551-435), at 530 area (21/9/18) high and at 551 (historic high of 29/1/18). Support is at 498 (200-day average), at 480 (28/1/19 low) and at 447 (intraday low of 2019 so far: 4/1).



- EUR/GBP** dropped this week at a low (13/3: £0.8473) since May 2017, as expectations for Brexit deadline extension have supported the pound. The low of this week (£0.8473) is at the 38.2% Fibonacci retracement area of £0.694-£0.941. Next support is at £0.83 (5/12/16 low) and at the area of £0.813-£0.817 (27/6/16 low, 50% retracement: £0.694-£0.941). Resistance is at £0.886 (21/1/19 high, 200-day average) and at £0.910 (3/1/19 high).

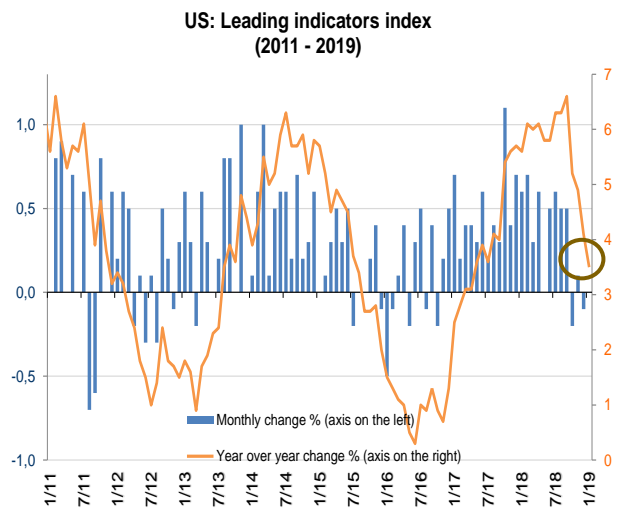


- The difference of **German** 10-year versus 2-year government bond yield dropped to a low (12/3: 0.6%) since October 2016. Slowdown of economic growth is evident, probably stemming both from flatter domestic demand, but also from slower global growth.



Source: Bloomberg

- US** leading indicators index had posted in January the lowest annual rise (3.5%, historic average: 2.5%) since April 2017. On monthly basis, it was stable in January, while the monthly change in February is expected marginally higher (21/3: 0.1%, 12-month average: 0.3%). The overall trend of leading indicators index signals slowdown of economic growth.



**Global Markets Minesweeper**
**Event Risk Calendar, 18 - 22 March, 2019**

Monday 18/3						
Date Time	Country	Event	Period	Survey	Prior	
18/3 01:50	JN	Trade Balance	Feb	¥305.1b	-¥1415.6b	
18/3 06:30	JN	Industrial Production (MoM)	Jan F	--	-3.70%	
18/3 12:00	EC	Trade Balance SA (Euro)	Jan	--	15.6b	
18/3 16:00	US	NAHB Housing Market Index	Mar	63	62	
Tuesday 19/3						
Date Time	Country	Event	Period	Survey	Prior	
19/3 11:30	UK	Jobless Claims Change	Feb	--	14.2k	
19/3 11:30	UK	Weekly Earnings ex Bonus 3M/(YoY)	Jan	3.40%	3.40%	
19/3 11:30	UK	ILO Unemployment Rate 3Mths	Jan	4.00%	4.00%	
19/3 12:00	GE	ZEW Survey Expectations	Mar	-11.5	-13.4	
19/3 16:00	US	Factory Orders (MoM)	Jan	0.00%	0.10%	
19/3 16:00	US	Durable Goods Orders (MoM)	Jan F	--	0.40%	
<b>Eco Event</b>	US	Brazil President Bolsonaro will meet with President Donald Trump				
<b>Corp. Results</b>		EC: Porsche Automobil, Partners Group Holding AG, US: FedEx Corp				
Wednesday 20/3						
Date Time	Country	Event	Period	Survey	Prior	
20/3 08:00	JN	Machine Tool Orders (YoY)	Feb F	--	-29.30%	
20/3 09:00	GE	PPI (YoY)	Feb	2.80%	2.60%	
20/3 11:30	UK	CPI (YoY)	Feb	1.90%	1.80%	
20/3 11:30	UK	CPI Core (YoY)	Feb	1.80%	1.90%	
20/3 11:30	UK	PPI Output NSA (YoY)	Feb	2.20%	2.10%	
20/3 13:00	UK	CBI Trends Total Orders	Mar	--	6	
20/3 20:00	US	FOMC Rate Decision (Upper Bound)	20-Mar	2.50%	2.50%	
20/3 20:00	US	FOMC Rate Decision (Lower Bound)	20-Mar	2.25%	2.25%	
<b>Eco Event</b>	UK	Parliament vote on a Brexit deal by 20 March				
	US	FOMC Projections (20:00), Fed Chairman's press conference (20:30)				
<b>Corp. Results</b>		EC: BMW, Hermes International, MAN, US: Micron Technology, General Mills				
Thursday 21/3						
Date Time	Country	Event	Period	Survey	Prior	
21/3 10:30	SZ	SNB Sight Deposit Interest Rate	21-Mar	-0.75%	-0.75%	
21/3 11:30	UK	PSNB ex Banking Groups (GBP)	Feb	--	-14.9b	

