

Day's Accents

- Surprisingly strong Turkish consumer confidence data for March may support the sovereign Eurobonds prices.
- While there are some expectations that Poland may start tightening its monetary policy this year, we expect the regulator to postpone the rate hike at least till 2018.
- We expect a muted market reaction to the Moody's action on Turkish corporates.
- It seems that the most of the Asian central banks have decided to take a pause and keep the monetary tools unchanged for a while.
- Despite the positive Fitch comment on West China Cement, its bonds are not very attractive due to the tight pricing.
- Price levels for the new Japfa Comfeed bond are not very attractive.
- 14 countries to issue statement calling on Venezuelan President to release political prisoners, give power to parliament and set up the proper time for regional elections. May be negative if Maduro response will come up hawkish.
- Oi SA (D/C) proposes to bondholders 25% equity stake right after the swap plus convertible issue, which potentially increases the equity stake up to 38% after 3 years if the convertible is not paid down. Short-term negative, since we expect some profit-taking in the name.
- Lenin Moreno, presidential candidate for Ecuadorian elections, told Odebrecht must present the list of officials it bribed.
- Lots of comments on Weak Flesh operation. The Brazilian police is backing-off a little, while the consumers are getting nervous.

Schildershoven Global Bonds Value Harvester Index

YTD USD Absolute Return
1.46% as of Mar 21

SGBVHI is the Schildershoven proprietary actively rebalanced index tracked by the following Credit Suisse International notes:

ISIN XS1093388343
ISIN XS1093387709

MIND DRIVER

Today, investors' attention will be focused on the Fed Chair Janet Yellen speech in Washington and vote on Obamacare bill in the House of Representatives.

Sales of previously owned U.S. homes declined in February after rising a month earlier to the highest level in a decade. However, the data does not demonstrate any signs of the economy weakness. Housing demand is being restrained by a limited inventory of homes for sale that has pushed property values higher. Inventory of available properties fell 6.4% from February 2016 to 1.75 million, while median sales price jumped 7.7% from a year earlier to USD 228,400 (0.48% MoM).

NEW REALITY



STATISTICS

SOVEREIGN BENCHMARKS

	YTM	Daily Change (bp)	Weekly Change (bp)
GLOBAL			
UST-10	2.41	0	-13
Bund-10	0.41	0	-4
Jap-10	0.05	-0	-2
UK-10	1.19	1	-6
CEEMEA			
RUSSIA-23	3.68	0	-4
UKRAIN-19	7.09	-0	-10
BELRUS-18	4.96	6	8
KAZAKS-25	4.02	-11	-16
POLAND-24	3.18	-6	-20
REPHUN-21	3.56	-1	-12
CZECH-22	0.15	0	1
TURKEY-23	4.79	-1	-21
SOAF-22	3.65	-0	-8
ISRAEL-23	2.91	-0	-8
LATAM			
COLOM'26	3.73	-5	-17
BRAZIL'21	3.54	2	-5
CHILE'21	2.33	--	-0
MEX'22	3.06	-13	-8
VENZ'22	24.90	238	279
ASIA			
Indonesia	3.63	-1	-13
Philippine	2.85	0	-7
Korea	2.65	1	-9
Sri Lanka	5.26	0	-10
Mongolia	6.35	-1	-24
High Yield Index	Value	1D%	5D%
Bloomberg HY EM	179.78	- 0.01	0.12

EQUITY INDEX

	Value	1D%	5D%
CEEMEA			
Russian MICEX	2 062.60	0.05	2.39
Turkey BIST 100	89 989.58	0.18	-0.33
Poland WSE	58 650.38	-0.17	-2.65
Norway OBX	623.56	-0.05	-1.42
UAE DFM	3 461.11	-0.39	-1.71
Israel Tel Aviv 100	1 261.51	-0.21	-0.86
ASIA			
China Shanghai Comp	3 248.55	0.10	-0.62
Korea KOSPI	2 172.72	0.20	1.05
Indonesia Jakarta comp	5 563.37	0.53	0.82
Japan TOPIX	1 530.41	0.01	-2.60
LATAM			
Argentina Merval	19 666.59	0.67	1.54
Brazil Bovespa	63 521.34	0.86	-4.10
Chile Ipsa	4 689.78	0.39	3.10
Mexico Mexbol	48 487.30	-0.21	2.97

CURRENCY

	Price	1D%	5D%
CEEMEA			
USD RUB	57.56	0.33	0.43
USD TRY	3.62	-0.02	0.17
USD HUF	286.10	-0.09	0.52
USD ZAR	12.56	0.04	1.64
ASIA			
USD CNY	6.89	-0.07	0.16
USD IDR	13 327.00	0.02	0.15
USD INR	65.48	-0.05	-0.10
USD JPY	111.16	0.00	1.93
LATAM			
USD BRL	3.09	0.00	0.51
USD ARS	15.62	-0.16	-0.33
USD COP	2 921.24	-0.12	1.69
USD MXN	19.03	-0.02	1.24

CEEMEA

REGION SUMMARY

The markets were quite soft on Wednesday.

MACRO

Surprisingly strong Turkish consumer confidence data for March may support the sovereign Eurobonds prices.

Turkey consumer confidence rose more to 67.8 in March vs. 65.7 in February and expectations of 65.60.

While there are some expectations that Poland may start tightening its monetary policy this year, we expect the regulator to postpone the rate hike at least till 2018.

Polish central banker Eugeniusz Gatnar expects that **Poland may deliver its first increase in interest rates since 2012 already this year.** “Faster price growth is set to help the economy’s expansion, paving the way for monetary tightening” Gatnar said. Gross domestic product will expand an estimated 3.5% in 2017, after a gain of 2.7% last year. Governor Adam Glapinski said this month Poland’s already record-long pause on rates may be extended through 2018 because the latest outlook suggests faster inflation will not last.

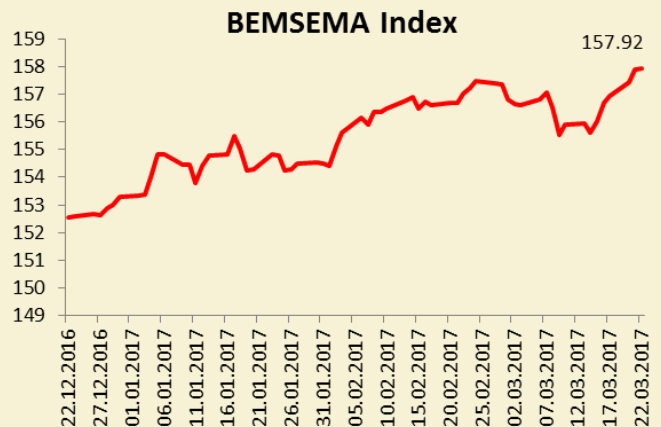
CORPORATE

We expect a muted market reaction to the Moody’s action on Turkish corporates.

Moody’s takes action on seven Turkish corporates following sovereign outlook change. Moody’s changed the rating outlooks to negative from stable and affirmed Baa3 issuer ratings of Koc Holding, Coca-Cola Icecek A.S. and - Turkcell Iletisim Hizmetleri A.S.. Moody’s also affirmed the Baa3 issuer rating of Anadolu Efes Biracilik ve Malt Sanayii A.S. with negative outlook, Ba1 rating of Turkiye Sise ve Cam Fabrikalari A.S. with stable outlook and Ba1 rating of Turkiye Petrol Rafinerileri A.S. (Tupras) with stable outlook.

NEW ISSUES

As reported, **Gazprom has mandated** several banks to arrange a roadshow in Edinburgh, London March 27-28. A Reg S senior unsecured intermediate-maturity debt offering will follow, subject to market conditions.



ASIA

REGION SUMMARY

Chinese bonds show a strong positive dynamics today in the morning, while other Asian issues are trading almost flat.

MACRO

It seems that most of the Asian central banks have decided to take a pause and keep the monetary tools unchanged for a while.

New Zealand's central bank kept its benchmark rate at a record low 1.75%, in line with the economists forecast. Central bank policy decisions are expected in the Philippines and Sri Lanka today.

CORPORATE

Despite the positive Fitch comment on West China Cement, its bonds are not very attractive due to the tight pricing.

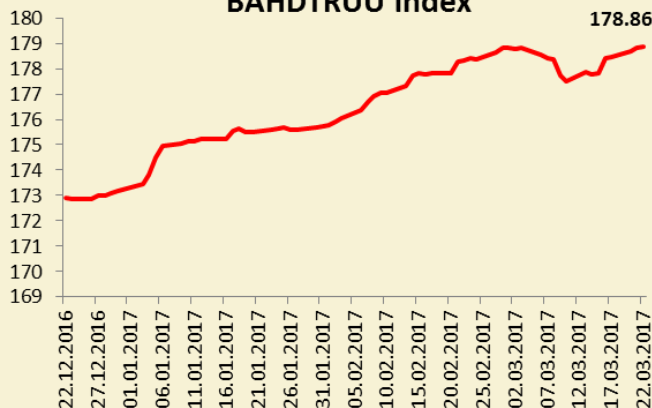
Fitch expects West China Cement Limited's net leverage to remain low in 2017, with net debt/operating EBITDA at 2.2x-2.4x, and **may consider taking positive rating action** if the company sustains its improving key financial metrics for the next 12-18 months. WCC's net debt/operating EBITDA of around 2.3x in 2016 was lower than the 3.6x in the previous year, mainly due to a surge in operating EBITDA margins on cost reductions, higher average selling prices and lower net debt position, given low capex. Fitch rates the company at B+/Stable.

NEW ISSUES

Price levels for the new Japfa Comfeed bond are not very attractive.

Japfa Comfeed plans to place its new USD 5NC3 Eurobond at 5.875% Area. The issue is expected to be rated -/BB-/BB-.

BAHDTRUU index



★ LATAM ★

REGION SUMMARY

The news flow related mostly to Weak Flesh operation. Price-wise it's been the day of IG bonds while HY looked softer.

MACRO

14 countries to issue statement calling on Venezulean President to release political prisoners, give power to parliament and set up the proper time for regional elections. May be negative if Maduro response will come up hawkish.

The US is turning up the pressure on President Maduro, who in turn accuses the US in promoting political intervention in the country. If Maduro chooses to respond aggressively, it may trigger some selling pressure in Venezuelan hard-currency bonds. We prefer to stay on the sidelines in this case: too much politics and not enough economics.

CORPORATE

Oi SA (D/C) proposes to bondholders 25% equity stake right after the swap plus convertible issue, which potentially increases the equity stake up to 38% after 3 years if the convertible is not paid down. Short-term negative, since we expect some profit-taking in the name.

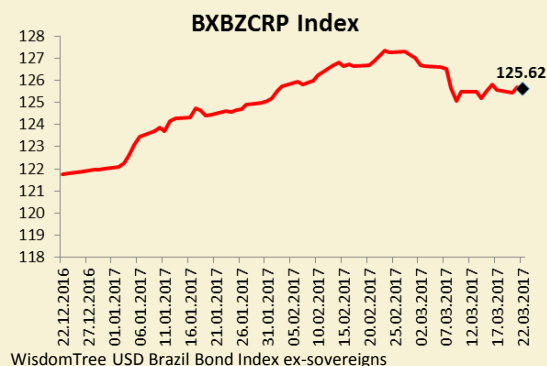
We see negative reaction in bond this morning, but the plan is yet to be agreed with creditors. Today, **Oi will host conference call with investors** to discuss the results of 4Q2016 release yesterday. Brazilian company has managed to surprise on the bottom line and EBITDA margin, but disappointed in revenue numbers falling short of consensus.

Lenin Moreno, presidential candidate for Ecuadorian elections, told Odebrecht must present the list of officials it bribed.

Ecuador represents only 6% of non-domestic backlog, so even cancelling the current project would not put **Odebrecht** in the limbo. However, the clear anti-corruption stance of election favorite may prove detrimental for future business of Odebrecht in Ecuador. Still, we discount this news at this moment since it is the part of election campaign and regular political rhetoric.

Lots of comments on Weak Flesh operation. The Brazilian police is backing-off a little, while the consumers are getting nervous.

The Brazilian Federal police and Agriculture Ministry issued a joint statement stressing the fact the probe focuses on alleged corruption among specific public agents and not inspection system as the whole. This statement differs from what was first revealed on Friday, at that point the headlines were pretty harsh and looked Odebrecht-like. Now the officials are trying to roll back a little, but the genie seems to be out of the bottle. Wal-Mart announced it halts sale of meat from Brazil. Two democrat senators in US proposing a ban for import of Brazilian meat, China being the largest markets keeps defensive position with freezing the imports at ports. BRF SA is accused of corrupting the sanitary inspectors, while JBS SA is said to have irregularities in sanitary certification procedures.



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