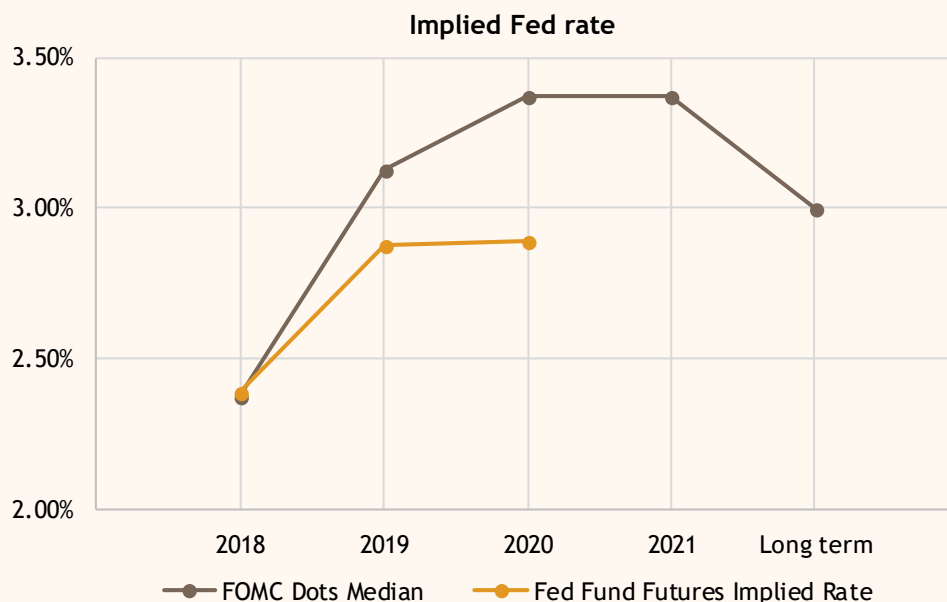


## Key Economic Figures/Events of the Week

- Politics continues to have a significant impact on financial markets. As we expected, in an attempt to resolve the conflict with the United States, last Friday (12.10), a Turkish court has ruled for the release of the American pastor A. Brunson. However, Donald Trump said in an interview broadcast Sunday (14.10) night that he would not remove sanctions on Turkey. As a result, the markets almost did not respond to this event.
- In his interview the US President again did not overlook the topic of trade tensions between the United States and China, threatening another round of tariffs on Chinese imports. Despite the fact that the Donald Trump repeatedly accused Beijing of currency manipulation, in its semi-annual report on macroeconomic and currency policy, the US Treasury refrained from designating China as a currency manipulator, calling its currency interventions “limited”.
- After a significant correction in the stock markets last week investors revised down their forecasts for the future path of Fed rate hikes and were focused on the minutes from the last Fed meeting.



- According to the minutes, the decision to raise rates by 25 bp in September it was made unanimously. On top of that, there was general agreement on the need for gradual rate hikes. The tone of the meeting was more hawkish than expected, as the committee discussed the need to raise rates above levels deemed neutral for the economy in the long run. Against this background, we saw a strengthening of the dollar and a rise in US Treasury yields. However, the last one was short-lived. Increased volatility in stock markets and investors' concerns about trade wars led to a price increase of defensive assets. As a result, the 10-year US Treasury yields closed the week almost unchanged, amounting to 3.03%.
- On the other side of the Atlantic, investors were closely following the development of history with the Italian next year draft budget. On Monday (15.10) Italy submitted its draft budget, implying a budget deficit growth to 2.4%, to the European Commission, which caused dissatisfaction among European officials. Against this background, Italian bonds continued their decline.

- At the beginning of the week, Brent crude added about 2.5%. This growth was caused by the growing conflict between Saudi Arabia and the United States over the disappearance of Saudi journalist in Turkey. However, EIA data published later showed crude stockpiles growth for the fourth week in a row. As a result, oil prices fell to their monthly lows, reaching \$79 per barrel.

### Weekly Investment Insights

- According to the statement published on Thursday (18.10), Woodside Petroleum Ltd. (BBB+/Baa1) - the largest Australian oil company, recorded the highest production level since 2016. On the back of high oil prices, the company generated \$1.15 billion in sales in three months through September, which is more than a quarter higher than the results for the same period last year. Strong financial performance should have a positive impact on the company's bond prices, which we keep in our portfolios.

### Strategy

The primary markets are becoming more attractive. This week we participated in several new Eurobond issues. However, in most cases, the demand was so high that the issuer could afford to place the issue with a significant discount to the announced indicative yield. As a result, our allocation was zero, since bonds were placed at a yield below our limits. Nevertheless, we managed to get an allocation in two new issues of the Indonesian utility company Perusahaan Listrik Negara PT (BBB-/Baa2/BBB): the Euro tranche with a yield of 3.00% to maturity in 2025 and a dollar one with a yield of 5.5% to maturity in 2029.

We keep monitoring the market looking for new investment opportunities.

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**We hope you find this information useful and will be glad to answer your questions**

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