

### Key Economic Figures/Events of the Week

- At the very end of last year, global financial markets were subdued due to investors' concerns over the persisting trade tensions between the US and China, the state of the global economy and the tightening of monetary policy in the United States. Nevertheless, the year 2019 began on a positive note, thanks to strong macroeconomic data from the United States, which showed a nonfarm payroll employment increase by 312k in December, while the last week unemployment data came in below analyst expectations. The number of initial jobless claims dropped to 216k (9k below consensus).
- In his speech, the Fed Chairman Jerome Powell stated that the Fed can be patient in further hiking rates and lowered his expectations toward two interest rate hikes in 2019 instead of three previously planned increases. The minutes of the December Fed meeting, published on Wednesday (January 9), showed that many committee members agree with the Chairman and cautious about monetary policy. Against this background, risk appetite returned to markets. 10-year US Treasury yield jumped 16 bp up to 2.71%.



- The volatility of the US stock market, measured by the VIX index, dropped to 20, which is almost half the values of the end of December last year. This once again confirms the growth of risk appetite among investors.
- After the three-day negotiations between the US and China, which ended on Wednesday (January 9), the markets were also supported by the positive assessments from both sides. The US administration expressed optimism about trade relations stating that there are good chances to reach a “reasonable” trade deal with China while China’s trade ministry called the negotiations as “broad, deep and meticulous”.
- Brent rose after Saudi Arabia announced its intention to return oil prices to its previous levels of about \$80 per barrel, planning additional supply cuts of 800k barrels per day by the end of January. Brent crude closed the week (January 11) at around \$62 per barrel.

### Weekly Investment Insights

- Coca cola Icecek (Ba2 / BBB-), a bottler of Coca-Cola products with a headquarter in Istanbul, published its 2018 sales results which showed consolidated sales growth of 6.3% (Turkey volumes up by 4.8%, international up by 7.8%), exceeding the company's guidance of 4%-6%. Taking into account depressed economic environment in Turkey, the 2018 operational results become even more impressive and give additional confidence in the credit quality of the bonds of this issuer, which are represented in our portfolios. We continue to hold these bonds, which have the potential for price growth against the background of published reports, as well as in the case of stabilization of the overall economic situation in Turkey.

### Strategy

In the last week of past year and at the beginning of this one, we bought into the Fund's portfolio several Turkish, Middle Eastern, Brazilian, Mexican and some American bonds. Thus, we fully invested all available cash and brought the leverage in the Fund's portfolio to 3.7%.

We continue to monitor both the secondary and the revived primary 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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