

## Increasing trade concerns ahead of G-20 summit

- **Increasing trade fears among investors ahead of Trump-Xi meeting at the G-20 summit** as US President Trump threatened to go further with tariffs on Chinese imports unless China opens its markets to competition from US companies ([see](#)).
- In this context, **developed stock markets halted their recent recovery**: US and European equities showed slight losses as global trade and political concerns weighed. Meanwhile in Asia, Chinese equity indices ended flat as yesterday's recovery in stocks was offset by trade worries.
- **Core sovereign yields were little changed**, but still remained very subdued: in the US, the Treasury 10Y yield remained hovering around 3%. The Fed's Clarida supported the gradual interest rate tightening, but seemed more sensitive to data ahead of December's FOMC meeting in which a 25 bp hike is expected ([see](#)). The German 10Y Bund yield declined slightly.
- Despite the challenging global environment, **peripheral risk premia were broadly unchanged and did not reverse their recent good performance**. Italy's willingness to adjust its budget deficit target to avoid disciplinary actions from EU is weighing ([see](#)).
- The **US dollar is at its highest level in more than one year against its main peers**, while the euro went below the 1.13USD/EUR threshold. Today's **comments from Trump on Brexit negotiations added more pressure on the GBP**, as he said that the Brexit deal may jeopardize UK-US trade relations ([see](#)). Meanwhile, EM currencies were mixed, with the BRL and MXN recovering strongly from their recent depreciation, also favoured by the recent recovery in oil prices (currently at \$60 per barrel).

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| Debt markets (10Y, %, changes in bp)         |        |       |        |         |     |
|--|--------|-------|--------|---------|-----|
| Developed Markets                            | level  | Daily | Week   | Month   | YTD |
| US (2-yr)                                    | 2.83   | 0.1   | 2.7    | 2       | 91  |
| <b>US</b>                                    | 3.06   | 0.9   | 0.0    | -1      | 60  |
| GER (2-yr)                                   | -0.58  | -1.1  | 1.1    | 5       | 3   |
| <b>Germany</b>                               | 0.35   | -1.3  | -0.2   | 0       | -17 |
| France                                       | 0.73   | -1.0  | -2.9   | -1      | -9  |
| Spain  | 1.55   | -1.0  | -9.5   | -1      | -12 |
| Italy  | 3.29   | 2.2   | -32.6  | -16     | 120 |
| Portugal                                     | 1.88   | -0.5  | -10.3  | -3      | -13 |
| Greece                                       | 4.38   | -1.1  | -30.7  | 8       | 28  |
| Japan (2-yr)                                 | -0.14  | 0.0   | 0.0    | -2      | -1  |
| <b>Japan</b>                                 | 0.09   | 0.2   | -1.0   | -2      | 4   |
| Emerging Markets                             | level  | Daily | Weekly | Monthly | YTD |
| Brazil                                       | 10.15  | -0.4  | 2.1    | -6      | -11 |
| Chile  | 4.40   | -0.6  | -1.8   | -17     | -12 |
| Colombia                                     | 7.04   | -0.3  | -4.4   | -13     | 60  |
| Mexico                                       | 9.18   | -4.1  | 8.4    | 84      | 160 |
| Peru   | 5.35   | -1.0  | -7.2   | -15     | 48  |
| Poland                                       | 3.18   | -1.1  | -3.7   | 4       | -14 |
| Russia                                       | 8.98   | -5.9  | 10.9   | 24      | 134 |
| Turkey                                       | 16.04  | 9.0   | -65.0  | -128    | 468 |
| India  | 7.74   | 0.8   | -5.8   | -14     | 35  |
| Indonesia                                    | 7.88   | -0.9  | -16.4  | -81     | 158 |
| Country risk (bp, changes in bp)             |        |       |        |         |     |
| Developed Markets                            | level  | Daily | Weekly | Monthly | YTD |
| <b>10-yr sovereign spread vs Germany</b>     |        |       |        |         |     |
| France                                       | 38     | 0.3   | -2.7   | -1      | 8   |
| Italy  | 294    | 3.5   | -32.4  | -15     | 137 |
| Portugal                                     | 153    | 0.8   | -10.1  | -2      | 5   |
| Spain  | 120    | 0.3   | -9.3   | -1      | 5   |
| <b>2-yr sovereign spread vs Germany</b>      |        |       |        |         |     |
| France                                       | 14     | 0.5   | 0.4    | -7      | -2  |
| Italy  | 145    | 4.5   | -51.0  | -30     | 108 |
| Portugal                                     | 39     | 0.0   | -5.4   | -12     | -11 |
| Spain  | 41     | -0.2  | -6.5   | -3      | 14  |
| Emerging Markets                             | level  | Daily | Weekly | Monthly | YTD |
| <b>5-yr sovereign CDS *</b>                  |        |       |        |         |     |
| Brazil                                       | 220    | 4.3   | 13     | 12      | 60  |
| Chile  | 61     | 3.0   | 7      | 12      | 12  |
| Colombia                                     | 149    | 1.1   | 13     | 24      | 44  |
| Argentina                                    | 637    | 9.2   | 35     | 27      | 399 |
| Mexico                                       | 162    | 1.2   | 7      | 30      | 55  |
| Peru   | 92     | 3.7   | 8      | 12      | 20  |
| Poland                                       | 67     | 0.0   | -1     | 1       | 19  |
| Russia                                       | 169    | 7.8   | 16     | 20      | 51  |
| Turkey                                       | 393    | -2.6  | 21     | 4       | 229 |
| China  | 73     | -0.6  | 1      | 4       | 23  |
| India  | 112    | -0.1  | 1      | 0       | 43  |
| Indonesia                                    | 148    | -4.9  | -2     | -4      | 63  |
| Risk indicators                              |        |       |        |         |     |
| Volatility indicators                        | level  | Daily | Weekly | Monthly | YTD |
| VIX  | 19     | 0.0   | -4     | -5      | 9   |
| VSTOXX                                       | 18     | 0.1   | -1     | -5      | 5   |
| EMEFT volatility Index                       | 26     | -0.6  | -3     | -4      | 10  |
| Dollar/euro volatility                       | 7      | 0.1   | -1     | 0       | 1   |
| EMFX volatility index                        | 10     | 0.2   | 0      | 0       | 2   |
| Credit spread (BAA) (change in bps)          | 217    | -0.9  | 0      | 14      | 39  |
| US bonds volatility index                    | 52     | -5.8  | -8     | -11     | 2   |
| Inflation expectations                       | level  | Daily | Weekly | Monthly | YTD |
| US Inflation expectations (5Y5Y)             | 2.28   | -     | 1      | -7      | -4  |
| EZ Inflation expectations (5Y5Y)             | 1.61   | -     | -6     | -4      | -12 |
| Banking 5y CDS                               | level  | Daily | Weekly | Monthly | YTD |
| US   | 65     | -3.1  | -3     | 5       | 23  |
| EZ   | 116    | -4.2  | 2      | 10      | 77  |
| UK   | 85     | -1.8  | -2     | 16      | 44  |
| Large Spanish                                | 83     | -3.7  | -1     | 2       | 47  |
| Medium Spanish                               | 106    | 0.7   | 2      | 3       | 31  |
| Corporate 5y CDS                             | level  | Daily | Weekly | Monthly | YTD |
| US Non-financial                             | 186    | -3.1  | -3     | 5       | 23  |
| EZ Non-financial                             | 84     | -4.2  | 2      | 10      | 77  |
| UK Non-financial                             | 110    | -0.8  | 0      | 4       | 17  |
| Interbank markets (% changes in bp)          |        |       |        |         |     |
|  | level  | Daily | Weekly | Monthly | YTD |
| EONIA Index                                  | -0.36  | 0     | 0      | 1       | 1   |
| Euribor 3m                                   | -0.32  | 0     | 0      | 0       | 1   |
| <b>Euribor 12m</b>                           | -0.15  | 0     | 0      | 0       | 4   |
| Libor 3m                                     | 2.71   | 2     | 6      | 20      | 101 |
| Libor 12m                                    | 3.13   | 1     | 2      | 8       | 102 |
| Stock markets (%)                            |        |       |        |         |     |
| Main indices                                 | level  | Daily | Weekly | Monthly | YTD |
| <b>S&amp;P500</b>                            | 2,674  | 0.0   | 1.2    | 0.6     | -1  |
| Dow Jones                                    | 24,574 | -0.3  | 0.4    | -0.5    | -1  |
| Nikkei                                       | 21,952 | 0.6   | 1.7    | 3.6     | -4  |
| FTSE 100                                     | 7,022  | -0.2  | 1.1    | 1.2     | -8  |
| <b>EuroStoxx 50</b>                          | 3,168  | -0.1  | 1.7    | 1.1     | -9  |
| IBEX   | 9,087  | 0.0   | 2.5    | 4.1     | -10 |
| DAX  | 11,313 | -0.4  | 2.2    | 1.0     | -12 |
| CAC  | 4,986  | -0.2  | 1.2    | 0.4     | -6  |
| MIB  | 19,141 | -0.5  | 3.6    | 2.4     | -12 |
| ASE Athens                                   | 604    | 0.1   | 1.9    | -4.6    | -26 |
| <b>MSCI Latam *</b>                          | 84,629 | -1.3  | -3.5   | -2.4    | -1  |
| Ibovespa (Brazil)                            | 87,227 | 2.0   | -0.8   | 1.8     | 12  |
| Mexbol (Mexico)                              | 40,101 | 1.7   | -4.1   | -12.4   | -20 |
| Merval (Argentina)                           | 31,542 | 1.3   | 6.2    | 7.4     | 1   |
| <b>MSCI EM Europe *</b>                      | 5,221  | -1.0  | -2.1   | -0.3    | -3  |
| Poland                                       | 2,223  | 0.4   | 2.9    | 6.7     | -10 |
| Micex 10 (Russia)                            | 4,216  | 1.6   | 0.4    | 3.4     | 2   |
| Ise 100 (Turkey)                             | 93,517 | -0.5  | 2.0    | 3.3     | -20 |
| <b>MSCI EM Asia *</b>                        | 803    | 1.3   | -0.6   | 3.5     | -13 |
| Shanghai Com (China)                         | 2,575  | 0.0   | -2.7   | -0.9    | -23 |
| Jakarta (Indonesia)                          | 6,014  | 0.1   | 0.1    | 4.5     | -5  |
| Banking sector                               | level  | Daily | Weekly | Monthly | YTD |
| <b>US banks</b>                              |        |       |        |         |     |
| JPM  | 132.2  | 0.0   | 1.4    | 1.0     | -11 |
| Citi   | 63.4   | -0.6  | 1.3    | -1.3    | -15 |
| BoA  | 27.7   | 0.6   | 1.3    | 5.1     | -7  |
| MS   | 44.1   | -0.3  | 2.4    | 0.4     | -15 |
| GS   | 194.1  | -0.1  | 1.5    | -8.6    | -24 |
| <b>EZ banks</b>                              |        |       |        |         |     |
| BNP  | 79.4   | -0.2  | 4.3    | 1.9     | -27 |
| Crédit Agricole                              | 45.1   | -0.6  | 1.7    | -3.8    | -27 |
| Deutsche Bank                                | 11.1   | -0.3  | 4.3    | -0.7    | -21 |
| ING  | 8.7    | 1.2   | 6.3    | 1.7     | -46 |
| Intesa                                       | 10.9   | -0.3  | 2.4    | 6.2     | -29 |
| Intesa                                       | 2.0    | 0.0   | 8.6    | 5.3     | -26 |
| SG   | 33.1   | -0.4  | 2.4    | 2.2     | -23 |
| Unicredito                                   | 11.4   | -0.4  | 8.6    | 4.1     | -27 |
| <b>UK banks</b>                              |        |       |        |         |     |
| HSBC   | 77.8   | -0.5  | 4.3    | 3.6     | -16 |
| RBS  | 674.4  | 0.1   | 4.9    | 11.5    | -12 |
| Barclays                                     | 228.8  | -1.6  | 5.2    | -1.4    | -20 |
| Barclays                                     | 168.6  | 0.0   | 4.4    | 0.3     | -17 |
| Lloyds                                       | 56.7   | -1.1  | 2.4    | -0.2    | -16 |
| <b>Large Spanish banks</b>                   |        |       |        |         |     |
| Santander                                    | 61.9   | -1.6  | 2.3    | 0.5     | -27 |
| Santander                                    | 4.2    | 0.1   | 3.2    | 4.7     | -23 |
| <b>BBVA</b>                                  | 4.9    | -3.2  | 1.5    | -3.2    | -30 |
| <b>Medium Spanish banks</b>                  |        |       |        |         |     |
| Caixabank                                    | 63.9   | -0.7  | 0.5    | 5.2     | -17 |
| Caixabank                                    | 3.6    | -1.9  | -0.5   | 3.9     | -8  |
| Sabadell                                     | 1.1    | -0.7  | 0.2    | 4.1     | -33 |
| Bankinter                                    | 7.5    | -0.5  | 0.3    | 7.9     | -5  |
| Bankia                                       | 2.9    | 0.7   | 2.5    | 4.1     | -28 |
| Currencies (% red for currency depreciation) |        |       |        |         |     |
| Developed                                    | level  | Daily | Weekly | Monthly | YTD |
| EURUSD                                       | 1.129  | -0.4  | -0.7   | -1.0    | -6  |
| GBPUSD                                       | 1.27   | -0.7  | -0.4   | -0.7    | -6  |
| USDJPY                                       | 113.78 | -0.2  | -0.9   | -1.6    | -1  |
| DX   | 97.37  | 0.3   | 0.6    | 1.1     | 6   |
| Emerging                                     | level  | Daily | Weekly | Monthly | YTD |
| USDARS (Argentina)                           | 38.78  | 0.2   | -6.7   | -5.0    | -53 |
| USDBRL (Brazil)                              | 4      | 1.0   | -3.5   | -6.4    | -16 |
| USDCLP (Chile)                               | 675.35 | 0.2   | -0.6   | 1.8     | -10 |
| USDCOP (Colombia)                            | 3259   | -0.4  | -1.9   | -2.5    | -10 |
| USDCMX (Mexico)                              | 20.48  | 0.7   | -0.5   | -5.5    | -5  |
| USDPEN (Peru)                                | 3      | 0.0   | 0.0    | -1.0    | -4  |
| LACI   | 53.51  | 0.6   | -2.1   | -4.6    | -16 |
| USDPLN (Poland)                              | 4      | -0.3  | -0.3   | -0.6    | -9  |
| USDRUB (Russia)                              | 67.17  | 0.0   | -1.5   | -2.3    | -14 |
| USDTRY (Turkey)                              | 5      | -0.5  | 1.9    | 6.0     | -29 |
| USDCNY (China)                               | 6.95   | -0.2  | -0.1   | -0.1    | -7  |
| USDINR (India)                               | 71     | 0.1   | 1.0    | 3.8     | -10 |
| USDIDR (Indonesia)                           | 14515  | -0.3  | 0.5    | 4.8     | -7  |
| ADXY   | 104    | -0.1  | 0.0    | 0.5     | -5  |
| Commodities (%)                              |        |       |        |         |     |
|  | level  | Daily | Weekly | Monthly | YTD |
| <b>Brent</b>                                 | 60.6   | 0.1   | -3.2   | -22     | -9  |
| WTx  | 52     | 0.1   | -3.2   | -24     | -14 |
| Copper                                       | 273    | -0.9  | -1.2   | 0       | -16 |
| Gold   | 1213   | -0.7  | -0.7   | -2      | -8  |
| S&P Spot commodity *                         | 408    | 1.1   | -2.5   | -13     | -8  |
| S&P Metals Spot *                            | 515    | 2.6   | -3.6   | -22     | -9  |
| S&P Metals Spot *                            | 330    | -0.4  | -0.2   | -2      | -16 |
| S&P Agricultural *                           | 285    | -0.1  | -0.7   | -1      | 0   |

\* Source: Bloomberg, Datastream and Haver

\* With one day delay