

## Optimism in markets after G-20 summit vanished

- Yesterday's positive mood in financial markets vanished due to rising doubts on the hold-off on new tariffs between China and the US, which seemed to be shown only as a temporary relief ([see](#)).
- In this context, **core sovereign yields inched down across the board**: the US Treasury 10Y yield remained subdued at levels below the 3% threshold, while the German 10Y yield also fell below the 0.30% level.
- **Equity markets trimmed yesterday's gains**: the recent positivism on trade deals faded somewhat and US and European stocks traded lower. Moreover, the auto sector in Europe remained cautious waiting for the outcome of tariff talks between Germany's carmakers and the US government ([see](#)). Chinese stocks closed with small gains, with the RMB **continuing to move away from the psychological level of 7 RMB/USD** while rest of Asian equity indices were mixed.
- **The US dollar continued to lose some ground against its major peers**. High volatility in the GBP after fresh news on the Brexit issue: a legal adviser from the European Court of Justice said the UK can reverse Brexit without permission from other EU member states ([see](#)).
- In EM FX markets, currencies were mixed despite the weakness of the USD. **The ARS and the TRY underperformed other EM currencies**, the latter despite the release of a lower-than-expected inflation figure. Some Latam currencies were not able to benefit from the **continuing recovery in oil prices due to hopes of a cut in oil supply in the upcoming OPEC meeting**.

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.82	-0.2	-1.4	-8	90
<b>US</b>	2.94	-3.3	-12.0	-28	47
GER (2-yr)	-0.61	-1.0	-3.3	0	0
<b>Germany</b>	0.27	-4.1	-8.5	-16	-26
France	0.67	-2.6	-6.3	-12	-16
Spain	1.48	-0.7	-7.0	-9	-19
Italy	3.15	0.4	-14.0	-17	105
Portugal	1.81	0.5	-7.3	-7	-20
Greece	4.23	3.0	-15.2	-7	13
Japan (2-yr)	-0.13	0.1	1.1	0	0
<b>Japan</b>	0.07	-1.2	-1.8	-6	3
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	10.00	4.4	-9.7	-11	-25
Chile	4.42	0.6	2.8	-14	-9
Colombia	6.96	0.0	-9.8	-23	52
Mexico	9.14	6.4	-10.2	35	156
Peru	5.47	13.1	12.0	-9	59
Poland	3.05	1.4	-12.2	-17	-26
Russia	8.76	3.9	-22.1	9	112
Turkey	16.20	21.0	16.0	-89	484
India	7.57	-5.2	-15.8	-21	19
Indonesia	7.83	0.1	-4.8	-51	153
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	40	1.5	2.2	5	10
Italy	288	4.5	-5.5	-1	131
Portugal	154	4.6	1.2	9	6
Spain	122	3.4	1.5	7	7
<b>2-yr sovereign spread vs Germany</b>					
France	15	-0.2	0.7	-4	-2
Italy	126	-0.8	-18.5	-22	89
Portugal	34	-2.8	-4.1	-14	-16
Spain	44	1.3	3.4	-4	17
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	205	-3.6	-15	7	45
Chile	55	-2.4	-6	3	6
Colombia	134	-6.1	-15	9	29
Argentina	646	-13.2	9	65	408
Mexico	143	-6.1	-19	2	36
Peru	91	-0.7	-1	9	19
Poland	68	0.0	1	0	19
Russia	158	-7.7	-11	12	40
Turkey	379	-9.3	-14	-6	215
China	64	-4.5	-9	-7	14
India	113	0.2	1	0	44
Indonesia	135	-5.0	-12	-21	50
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	17	0.3	-2	-3	7
VSTOXX	17	0.3	-1	-2	4
EMEFT volatility Index	22	-0.4	-4	-5	6
Dollar/euro volatility	7	0.1	0	0	0
EM FX volatility index	10	-0.5	0	0	2
Credit spread (BAA) (change in bps)	230	3.3	10	28	53
US bonds volatility index	50	-2.1	-1	-11	1
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.31	-	1	-2	-1
EZ Inflation expectations (5Y5Y)	1.64	-	2	-4	-10
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	63	-3.0	-2	5	21
EZ	121	-3.5	5	17	81
UK	89	-0.7	4	23	48
Large Spanish	81	-3.7	-2	6	45
Medium Spanish	109	2.6	3	5	34
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	180	-3.0	-2	5	21
EZ Non-financial	86	-3.5	5	17	81
UK Non-financial	113	-1.3	3	7	20
Interbank markets (% , changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.36	0	1	1	2
Euribor 3m	-0.32	0	0	0	1
<b>Euribor 12m</b>	-0.14	0	0	1	4
Libor 3m	2.75	2	4	17	106
Libor 12m	3.14	2	1	4	103
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2,766	-0.9	3.1	1.6	3
Dow Jones	25,615	-0.8	3.5	1.4	3
Nikkei	22,036	-2.4	0.4	-0.9	-3
FTSE 100	7,023	-0.6	0.1	-1.0	-8
<b>EuroStoxx 50</b>	3,189	-0.8	0.7	-0.8	-9
IBEX	9,064	-1.3	-0.2	0.8	-10
DAX	11,335	-1.1	0.2	-1.6	-12
CAC	5,013	-0.8	0.6	-1.8	-5
MIB	19,353	-1.4	1.1	-0.2	-11
ASE Athens	657	-0.4	8.7	6.1	-20
<b>MSCI Latam *</b>	88,516	0.7	4.6	-0.9	3
Ibovespa (Brazil)	89,955	0.2	2.3	1.7	15
Mexbol (Mexico)	41,969	-0.3	5.4	-7.7	-16
Merval (Argentina)	32,026	0.4	3.6	1.9	3
<b>MSCI EM Europe *</b>	5,494	2.0	5.2	4.2	2
Poland	2,345	0.7	5.5	6.7	-5
Micex 10 (Russia)	4,351	-0.3	3.2	2.3	6
Ise 100 (Turkey)	93,880	-1.2	0.4	-0.3	-20
<b>MSCI EM Asia *</b>	830	2.0	3.4	4.5	-10
Shanghai Com (China)	2,666	0.4	3.5	-0.4	-20
Jakarta (Indonesia)	6,153	1.6	2.2	5.4	-3
Banking sector	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>	131.4	-2.7	-0.6	-4.5	-12
JPM	110.2	-1.8	0.4	1.7	2
Citi	63.1	-3.1	-0.5	-4.2	-15
BoA	27.6	-3.3	-0.6	-1.1	-8
MS	44.0	-3.1	-0.2	-4.3	-16
GS	187.7	-2.1	-3.1	-18.3	-27
<b>EZ banks</b>	77.8	-2.1	-1.9	-4.3	-29
BNP	43.9	-2.2	-2.7	-5.9	-29
Crédit Agricole	10.8	-2.2	-2.2	-6.5	-22
Deutsche Bank	8.1	-3.1	-6.9	-12.3	-49
ING	10.7	-1.2	-1.7	-5.0	-30
Intesa	2.1	-2.3	1.2	2.9	-25
SG	32.2	-2.1	-2.6	-2.9	-25
Unicredito	11.5	-2.0	0.5	-2.6	-27
<b>UK banks</b>	76.1	-1.4	-1.9	-4.5	-17
HSBC	675.6	-0.6	0.4	4.6	-12
RBS	216.8	-2.0	-2.2	-11.1	-22
Barclays	159.1	-2.6	-5.5	-9.4	-22
Lloyds	55.4	-1.0	-1.7	-6.9	-18
<b>Large Spanish banks</b>	61.7	-2.8	-0.3	-3.7	-27
Santander	4.2	-2.4	-0.7	-2.7	-24
<b>BBVA</b>	4.9	-3.2	0.2	-4.5	-30
<b>Medium Spanish banks</b>	62.0	-2.8	-2.8	-2.2	-19
Caixabank	3.5	-2.8	-3.4	-1.1	-11
Sabadell	1.1	-3.0	-3.1	-8.3	-35
Bankinter	7.3	-2.7	-2.6	-1.2	-8
Bankia	2.8	-3.0	-2.6	0.0	-30
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
<b>EURUSD</b>	1.135	0.0	0.5	-0.3	-6
GBPUSD	1.237	0.0	-0.2	-1.9	-6
USDJPY	112.94	0.6	0.8	0.2	-1
DXY	96.90	-0.1	-0.5	0.4	5
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	36.95	-1.2	4.3	-3.9	-50
USDBRL (Brazil)	4	0.3	1.2	-3.4	-15
USDCLP (Chile)	667.67	0.2	1.2	2.7	-9
USDCOP (Colombia)	3170	0.6	2.8	0.4	-8
USDMXN (Mexico)	20.48	-0.6	0.0	-2.3	-5
USDPEN (Peru)	3	-0.1	-0.1	-0.8	-4
LACI	54.22	-0.1	1.1	-2.0	-15
USDPLN (Poland)	4	0.0	0.9	0.4	-8
USDTRY (Russia)	66.56	-0.1	0.8	-0.6	-14
USDTRY (Turkey)	5	-2.5	-2.1	0.8	-30
USDCNY (China)	6.84	0.7	1.7	0.8	-5
USDINR (India)	71	-0.1	0.4	2.7	-10
USDIDR (Indonesia)	14292	-0.3	1.6	4.6	-5
ADXY	105	0.2	1.2	1.0	-4
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
<b>Brent</b>	62.2	0.8	3.3	-15	-7
WTX	53	0.3	3.0	-16	-12
Copper	276	-1.4	1.8	-2	-15
Gold	1238	0.6	1.9	0	-6
S&P Spot commodity *	415	2.0	2.1	-8	-6
S&P Metals Spot *	525	3.8	2.1	-15	-7
S&P Metals Spot *	337	1.1	3.2	0	-15
S&P Agricultural *	294	1.0	3.1	1	3

Source: Bloomberg, Datastream and Haver

\* With one day delay