

Markets remain expectant ahead of Brexit vote

- Calm in financial markets ahead of the main events of this week, which will start this evening with the Brexit vote.** Additionally, all eyes remained on **tomorrow's start of trade talks between China and the US**, as fresh news could condition the outcome of upcoming negotiations. The US authorities charged the Chinese company Huawei with wire and bank fraud ([see](#)), raising concerns about the progress of trade talks, despite an US official's reiterating that this issue must be seen as a separate issue from the trade negotiations ([see](#)).
- In this context, sovereign yields remained stable in their lower bound in both the US and the euro zone.** The UST 10Y remained below 2.75% ahead of tomorrow's FOMC meeting, while the German 10Y was hovering around 0.20% - ahead of the release of fresh economic indicators - as multiple sources of concern linger. **Peripheral European risk premia remained very subdued**, with Italy's risk premium narrowing slightly.
- Mild movements in equity markets, awaiting new developments.** European equity indices recovered partially from yesterday's mild drop, while US stocks were down slightly, dragged by disappointing quarterly earnings results ([see](#)).
- Once again this week, the USD and the EUR remained broadly flat** against their main peers. The GBP depreciated slightly ahead of today's votes in Parliament on May's alternative Brexit plan ([see](#)).
- EM currencies benefited somewhat from the favourable funding conditions** (stability of the USD and UST yields anchored) along with the recovery in oil prices, which rose above the 60 USD per barrel threshold. The BRL was the best performer across EM currencies.

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.57	-1.5	-1.2	6	9
US	2.72	-2.0	-1.5	1	4
GER (2-yr)	-0.57	1.1	1.9	4	4
Germany	0.20	-0.5	-3.6	-10	-10
France	0.61	0.2	-3.3	-10	-10
Spain	1.24	1.7	-9.7	-18	-24
Italy	2.63	-3.3	-10.9	-11	-11
Portugal	1.67	2.0	-6.1	-19	-19
Greece	3.98	-8.1	-15.0	-40	-42
Japan (2-yr)	-0.16	0.7	1.2	-1	-1
Japan	0.01	0.7	0.6	1	1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.00	-11.2	-10.9	-24	-24
Chile	4.22	0.3	-9.1	-3	-3
Colombia	7.04	-2.0	1.1	29	29
Mexico	8.36	-2.9	-28.9	-33	-28
Peru	5.30	-0.6	0.6	-7	-7
Poland	2.79	-2.3	-6.7	-4	-4
Russia	8.41	-0.5	0.2	-41	-38
Turkey	14.65	-16.0	-71.0	-121	-115
India	7.33	-0.7	2.2	-6	-4
Indonesia	8.16	3.6	4.8	14	13
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	41	0.7	0.3	0	0
Italy	243	-2.8	-7.3	-1	-1
Portugal	147	2.5	-2.5	-9	-9
Spain	104	2.2	-6.1	-8	-14
2-yr sovereign spread vs Germany					
France	12	-0.2	-0.2	-4	-4
Italy	84	-4.2	-7.4	-24	-24
Portugal	40	-0.1	-2.6	13	14
Spain	32	-0.3	-3.3	-5	-5
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	172	2.0	2	-39	-36
Chile	50	0.7	2	-14	-14
Colombia	131	2.8	8	-28	-27
Argentina	642	15.4	-1	-166	-164
Mexico	133	2.1	7	-25	-22
Peru	78	0.8	2	-17	-17
Poland	65	-0.4	-1	-2	-3
Russia	132	1.2	1	-21	-22
Turkey	326	10.1	-3	-34	-34
China	59	1.2	0	-9	-8
India	105	-1.9	-1	-9	-9
Indonesia	119	2.6	-3	-19	-19
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	19	0.5	-1	-9	-6
VSTOXX	16	-0.1	0	-8	-8
EM EFT volatility Index	21	-0.1	-1	-5	-4
Dollar/euro volatility	6	0.0	0	-1	-1
EM FX volatility index	9	0.1	0	-1	-1
Credit spread (BAA) (change in bps)	239	2.0	1	-6	-7
US bonds volatility index	51	-1.5	-4	-16	-16
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.14	-	-6	-2	1
EZ Inflation expectations (5Y5Y)	1.50	-	-4	-6	-10
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	70	1.4	0	-13	-12
EZ	103	1.2	-1	-16	-17
UK	78	1.1	-2	-17	-16
Large Spanish	71	1.6	-1	-15	-17
Medium Spanish	110	-3.1	-3	-2	-3
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	191	1.4	0	-13	-12
EZ Non-financial	87	1.2	-1	-16	-17
UK Non-financial	110	-0.2	-2	-9	-9
Interbank markets (% , changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.37	0	0	-1	-1
Euribor 3m	-0.31	0	0	0	0
Euribor 12m	-0.11	0	1	1	1
Libor 3m	2.75	0	-2	-5	-5
Libor 12m	3.03	0	-1	0	2
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,637	-0.3	0.1	6.1	5
Dow Jones	24,596	0.3	0.8	6.6	5
Nikkei	20,665	0.1	0.2	3.2	3
FTSE 100	6,830	1.2	-1.0	3.2	2
EuroStoxx 50	3,153	0.5	1.3	5.6	5
IBEX	9,123	0.7	0.9	7.4	7
DAX	11,215	0.0	1.1	6.2	6
CAC	4,928	0.8	1.7	5.3	4
MIB	19,707	0.5	1.4	7.5	8
ASE Athens	636	0.8	0.8	5.2	4
MSCI Latam *	92,743	-1.4	-0.5	9.4	7
Ibovespa (Brazil)	96,022	0.6	1.0	9.3	9
Mexbol (Mexico)	43,831	0.5	0.1	5.7	5
Merval (Argentina)	34,785	-0.2	2.2	14.8	15
MSCI EM Europe *	5,613	-0.8	0.9	7.2	6
Poland	2,373	0.1	0.6	4.2	4
Micex 10 (Russia)	4,493	1.0	0.2	8.1	7
Ise 100 (Turkey)	104,098	2.8	4.4	15.1	14
MSCI EM Asia *	829	-0.2	1.0	6.6	6
Shanghai Com (China)	2,594	-0.1	0.6	4.0	4
Jakarta (Indonesia)	6,436	-0.7	-0.2	4.0	4
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	132.1	-0.3	1.2	15.4	14
JPM	104.5	0.6	1.5	7.9	7
Citi	63.4	-0.7	2.6	22.4	22
BoA	29.4	-0.6	1.2	20.7	19
MS	42.3	-0.9	-0.3	7.4	7
GS	199.6	-0.1	1.0	22.4	19
EZ banks	73.9	-0.2	1.3	7.4	7
BNP	42.3	-0.4	1.9	7.4	7
Crédit Agricole	10.1	-0.4	0.3	7.4	7
Deutsche Bank	8.1	0.9	3.5	16.7	17
ING	10.5	-0.3	1.1	12.0	11
Intesa	2.0	0.2	1.1	5.6	6
SG	28.1	-0.2	1.0	1.1	1
Unicredit	10.6	-1.4	1.6	6.8	7
UK banks	76.8	0.7	-0.5	5.9	5
HSBC	641.2	1.6	0.0	-1.4	-1
RBS	238.3	-0.1	-0.5	11.3	10
Barclays	161.5	0.9	-1.1	7.6	7
Lloyds	57.1	0.1	-0.6	11.4	10
Large Spanish banks	64.9	0.0	1.1	11.6	11
Santander	4.3	-0.1	0.7	10.0	9
BBVA	5.2	0.1	1.5	13.1	13
Medium Spanish banks	58.5	-0.5	1.0	3.1	2
Saibabank	3.3	-0.4	2.0	5.8	5
Sabadell	1.0	-0.8	0.8	4.6	4
Bankinter	7.0	-0.5	-0.2	2.1	0
Bankia	2.5	-0.2	2.2	0.5	-1
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.143	0.0	0.6	-0.1	0
GBPUSD	1.31	-0.1	1.5	3.5	3
USDJPY	109.35	0.0	0.0	0.8	0
DXY	95.76	0.0	-0.6	-0.7	0
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	37.27	-0.4	0.7	1.1	1
USDBRL (Brazil)	3.73	1.1	2.1	4.0	4
USDCLP (Chile)	667.60	0.7	0.7	3.9	4
USDCOP (Colombia)	3159	0.0	-0.4	2.9	3
USDMXN (Mexico)	18.98	0.3	1.0	3.6	4
USDPEN (Peru)	3.36	0.1	-0.6	0.5	0
LACI	56.14	0.6	1.2	3.4	3
USDPLN (Poland)	37.76	-0.1	0.4	0.0	-1
USDRUB (Russia)	66.01	0.3	0.7	5.4	5
USDTRY (Turkey)	5.31	0.3	0.6	-0.7	0
USDCNY (China)	6.73	0.2	1.1	2.1	2
USDINR (India)	71.11	0.0	0.5	-1.7	-2
USDIDR (Indonesia)	14094	-0.2	0.9	3.4	2
ADXY	106.26	0.1	0.7	1.0	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	61.3	2.3	-0.3	17	14
WTx	53	2.6	1.5	18	17
Copper	269	0.0	-0.1	0	2
Gold	1310	0.5	1.9	2	2
S&P Spot commodity *	401	-2.1	-1.3	7	7
S&P Brent Spot *	509	-2.9	-2.6	12	11
S&P Metals Spot *	328	-1.5	0.9	2	3
S&P Agricultural *	291	-0.1	0.2	2	3

Source: Bloomberg, Datastream and Haver

* With one day delay