

The USD remained steady ahead of today's FOMC decision

- Mild movements in markets awaiting news from the two-days trade talks** between the US and China which began today. The optimism about a deal is partially offset by fears of escalating US tariffs on Chinese goods in early March if a trade truce fails ([see](#)). Apart from this, the **Fed's policy decision will be announced later today**, in which we do not expect any change in interest rates.
- Yesterday, the UK parliament rejected a proposal that would have required the PM to ask Brussels for a delay to the Brexit date if a deal was not reached by late February, dragging down the GBP ([see](#)). **The parliament proposed new terms to avoid the "backstop" on the issue of the Irish border and also urged May to re-negotiate a new agreement with the EU** ([see](#)). The UK is facing a challenging context, as the EU willingness to modify the agreement seems to be limited, and especially with regard to the Irish border backstop. Today the GBP was not able to recover its lost ground.
- Sovereign yields in core countries remained at subdued levels:** the US Treasury 10Y yield continued slightly above 2.70% ahead of today's FOMC meeting while, in line, the German 10Y Bund yield was below 0.20%. Today's release of lower-than-expected German inflation figures had a mild impact on markets ([see](#)).
- US equity markets showed gains, with the US implied volatility VIX below 20%**, favoured by the release of better-than-expected earnings forecasts ([see](#)). Meanwhile European stocks continued to recover somewhat from their early-week losses. Chinese equity indices fell, awaiting the outcome of the US-China trade talks.
- The USD continued broadly flat ahead of today's FOMC outcome** and despite fears of another partial US government shutdown if the border security issue is not resolved ([see](#)). Meanwhile, EM currencies continued to show muted movements. The TRY appreciated, favoured by the supportive Turkish Central Bank, which showed its commitment to maintaining a tight stance despite the cut in its 2019 inflation outlook ([see](#)). The MXN underperformed other Latam currencies due to the cut in Pemex's credit rating by Fitch ([see](#)). The other Latam currencies were not able to benefit from the rise in crude oil prices due to the release of a lower-than-expected increase in US oil inventories ([see](#)).

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.58	1.0	0.0	9	9
US	2.73	2.1	-1.0	5	5
GER (2-yr)	-0.56	0.6	1.8	5	5
Germany	0.19	-1.2	-3.7	-11	-11
France	0.60	-1.5	-3.9	-11	-11
Spain	1.26	1.7	-5.8	-16	-22
Italy	2.60	-3.2	-15.1	-14	-14
Portugal	1.67	-0.1	-4.7	-20	-20
Greece	3.92	-5.4	-25.6	-47	-47
Japan (2-yr)	-0.16	-0.3	0.6	-2	-2
Japan	0.01	-0.4	0.0	0	0
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.07	5.5	12.5	-16	-16
Chile	4.22	1.0	-7.4	-3	-3
Colombia	7.02	-1.0	-4.1	27	27
Mexico	8.49	14.1	-9.8	-16	-16
Peru	5.31	0.1	-0.2	-5	-5
Poland	2.78	-0.9	-6.1	-4	-4
Russia	8.38	-2.4	-3.5	-40	-40
Turkey	14.39	-26.0	-82.0	-141	-141
India	7.33	0.7	3.3	-4	-4
Indonesia	8.16	-0.2	6.2	13	13
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	41	-0.3	-0.2	0	0
Italy	241	-2.0	-11.4	-3	-3
Portugal	148	1.1	-1.0	-8	-8
Spain	107	2.8	-2.2	-5	-11
2-yr sovereign spread vs Germany					
France	12	-0.1	0.3	-4	-4
Italy	83	-2.1	-7.6	-26	-26
Portugal	38	-2.0	-2.9	12	12
Spain	33	0.4	-2.0	-4	-4
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	170	-1.5	-7	-37	-37
Chile	50	0.2	-1	-13	-13
Colombia	130	-1.0	0	-28	-28
Argentina	647	5.1	-15	-159	-159
Mexico	133	0.3	0	-22	-22
Peru	77	-0.2	-1	-17	-17
Poland	65	0.0	-1	-3	-3
Russia	132	0.3	-1	-22	-22
Turkey	325	-1.1	-9	-35	-35
China	58	-1.1	-4	-9	-9
India	107	1.8	0	-7	-7
Indonesia	119	-0.3	-6	-19	-19
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	19	-0.4	-1	-7	-7
VSTOXX	16	0.0	0	-8	-8
EM EFT volatility Index	20	-0.2	0	-4	-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)	235	-2.1	-4	-11	-11
US bonds volatility index	50	-1.1	-4	-17	-17
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.16	-	-2	3	3
EZ Inflation expectations (5Y5Y)	1.50	-	-3	-11	-11
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	70	-0.9	-5	-13	-13
EZ	102	-1.0	-5	-18	-18
UK	78	-0.3	-5	-16	-16
Large Spanish	70	-0.6	-4	-17	-17
Medium Spanish	112	1.8	-1	-1	-1
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	191	-0.9	-5	-13	-13
EZ Non-financial	86	-1.0	-5	-18	-18
UK Non-financial	110	-0.1	-3	-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	2.74	-1	-3	-5	-5
Libor 12m	3.02	-1	-1	1	1
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,660	0.8	0.8	6.1	6
Dow Jones	24,907	1.3	1.4	6.8	7
Nikkei	20,557	-0.5	-0.2	2.7	3
FTSE 100	6,942	1.6	1.4	3.2	3
EuroStoxx 50	3,161	0.2	1.6	5.3	5
IBEX	9,060	-0.6	-0.8	6.1	6
DAX	11,182	-0.3	1.0	5.9	6
CAC	4,974	0.9	2.8	5.1	5
MIIB	19,737	0.2	1.7	7.7	8
ASE Athens	636	0.0	0.7	3.6	4
MSCI Latam *	92,822	0.1	0.4	7.5	8
Ibovespa (Brazil)	96,221	0.6	-0.3	9.5	9
Mexbol (Mexico)	43,505	-0.4	-0.4	4.5	4
Merval (Argentina)	35,826	0.9	2.9	18.3	18
MSCI EM Europe *	5,667	1.0	1.5	7.2	7
Poland	2,358	-0.7	-2.0	3.6	4
Micex 10 (Russia)	4,511	0.4	-0.3	7.7	8
Ise 100 (Turkey)	104,189	0.1	4.0	14.2	14
MSCI EM Asia *	828	-0.2	1.5	5.8	6
Shanghai Com (China)	2,576	-0.7	-0.2	3.3	3
Jakarta (Indonesia)	6,464	0.1	-0.1	4.4	4
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	132.2	0.1	1.6	14.3	14
JPM	104.3	0.2	1.6	6.9	7
Citi	63.5	0.4	2.1	21.9	22
BoA	29.3	-0.3	1.3	19.0	19
MS	42.4	-0.2	0.6	6.9	7
GS	201.4	0.4	2.3	20.5	21
EZ banks	74.1	0.2	1.1	7.5	8
BNP	42.3	-0.1	1.8	7.2	7
Crédit Agricole	10.2	0.4	0.5	7.8	8
Deutsche Bank	8.1	-0.6	1.2	15.8	16
ING	10.6	0.5	1.0	12.1	12
Intesa	2.1	0.4	0.9	6.1	6
SG	28.2	0.2	2.3	1.3	1
Unicredit	10.5	-0.8	-0.7	6.2	6
UK banks	78.0	1.7	1.3	7.1	7
HSBC	651.9	1.5	2.0	0.8	1
RBS	243.2	2.1	1.7	12.2	12
Barclays	161.8	0.3	-0.6	7.5	8
Lloyds	58.3	2.6	1.8	12.5	12
Large Spanish banks	64.0	-1.6	-1.4	9.6	10
Santander	4.2	-3.2	-3.6	5.7	6
BBVA	5.3	0.0	0.6	13.4	13
Medium Spanish banks	58.5	0.1	-1.7	1.8	2
Caixabank	3.4	1.3	-0.5	6.1	6
Sabadell	1.0	-1.0	-2.6	2.8	3
Bankinter	7.0	-0.7	-2.8	-0.6	-1
Bankia	2.6	0.7	-0.4	0.2	0
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.142	-0.1	0.3	-0.4	0
GBPUSD	1.31	-0.1	-0.1	2.4	2
USDJPY	109.58	-0.2	0.0	0.1	0
DXY	95.89	0.1	-0.2	-0.3	0
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	37.61	0.0	-0.1	0.2	0
USDBRL (Brazil)	3.72	0.2	1.1	4.4	4
USDCLP (Chile)	667.55	0.0	0.8	4.0	4
USDCOP (Colombia)	3167	-0.4	-0.5	2.7	3
USDMXN (Mexico)	19.17	-0.9	-0.7	2.5	3
USDPEN (Peru)	3.35	0.1	-0.4	0.4	0
LACI	55.91	-0.2	0.1	2.9	3
USDPLN (Poland)	3.76	0.0	0.4	-0.5	-1
USDRUB (Russia)	65.90	0.2	0.3	5.2	5
USDTRY (Turkey)	5.27	0.8	0.3	0.4	0
USDCNY (China)	6.72	0.3	1.1	2.4	2
USDINR (India)	71.13	0.0	0.3	-1.9	-2
USDIDR (Indonesia)	14131	-0.3	0.4	1.8	2
ADXY	106.42	0.1	0.7	1.0	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	62.6	2.0	2.3	16	16
WTx	55	2.8	4.1	21	21
Copper	276	1.0	2.4	5	5
Gold	1311	0.0	2.2	2	2
S&P Spot commodity *	407	1.5	0.3	9	9
S&P Brent Spot *	521	2.3	0.3	14	14
S&P Metals Spot *	330	0.8	0.8	3	3
S&P Agricultural *	289	-0.7	-0.9	2	2

Source: Bloomberg, Datastream and Haver

* With one day delay