

## USD and US yields extended decline after Fed minutes

- Calm in financial markets after US-China trade talks ended yesterday without further details on key issues, but with China's commitment to import more products from the US (see). Today's release of lower-than-expected inflation figures in China added more doubts about the economic growth (see). Moreover, **the release of minutes from the ECB and the FOMC's December meetings kept investors' attention.**
- **Yesterday's FOMC minutes were in line with the latest dovish remarks from various Fed members.** They signalled some interest in pausing the rate normalization strategy at least for the first quarter of 2019. Recent concerns about global conditions and financial market volatility have darkened the future monetary policy path, while the Fed will continue in data-dependent mode. **After the release, the USD continued to fall across the board and UST long-term yields also declined, however today both variables remained broadly stable.**
- **Today, the ECB minutes did not surprise markets, but reinforced ongoing concerns over global economic growth (see).** This release had no significant impact on markets: the **EUR continued above 1.15 against the USD** (due to the dovish Fed stance) while the **10Y Bund yield remained unchanged** but close to its recent lower bound.
- In this context, the **main developed market equity indices were steady today** after the positive trend showed during the last four sessions and despite disappointing earnings releases in the US (see) and Europe (see).
- Regarding FX markets, the USD was steady while the GBP depreciated slightly, as May is now required to present a "plan B" for Brexit if Parliament rejects her proposed deal next week (see). **EM currencies were mixed: the Turkish lira outperformed others.** Meanwhile, oil prices remained unchanged after yesterday's announcement by Saudi Arabia of a possible cut in crude production boosted oil prices (see), benefiting some Latam currencies.

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.55	0.0	17.4	-21	7
<b>US</b>	2.71	0.2	15.8	-17	3
GER (2-yr)	-0.59	-0.8	1.9	1	2
<b>Germany</b>	0.25	-2.6	4.0	-4	-4
France	0.67	-4.1	1.9	-4	-4
Spain	1.45	-4.2	2.1	1	-2
Italy	2.89	0.9	2.8	-23	15
Portugal	1.72	-5.8	-5.2	-4	-1
Greece	4.33	2.8	-7.9	7	-7
Japan (2-yr)	-0.15	-0.9	-0.8	-1	-1
<b>Japan</b>	0.02	-0.8	2.1	-3	2
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.17	6.2	0.7	-97	-6
Chile	4.25	0.8	8.4	-13	0
Colombia	6.69	1.3	-6.8	-21	-7
Mexico	8.62	-5.8	5.1	-41	-2
Peru	5.27	-1.8	-7.3	-27	-9
Poland	2.85	-0.6	nit	-16	2
Russia	8.52	-5.1	-25.5	-23	-26
Turkey	16.22	12.0	15.0	-61	42
India	7.59	6.1	16.6	6	22
Indonesia	7.94	-1.6	-15.8	-35	-9
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	42	-1.5	-8.1	-6	1
Italy	264	3.5	-7.2	-25	19
Portugal	146	-3.2	-15.2	-6	4
Spain	120	-1.6	-7.9	-1	2
<b>2-yr sovereign spread vs Germany</b>					
France	14	-0.5	-0.6	-3	-2
Italy	110	4.2	-6.7	-16	1
Portugal	41	1.6	7.9	9	15
Spain	38	1.1	-3.2	-5	1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	179	-3.9	-24	-30	-28
Chile	54	-1.5	-8	-6	-9
Colombia	131	-5.7	-25	-7	-28
Argentina	701	-30.1	-86	-1	-106
Mexico	133	-2.5	-20	-17	-22
Peru	84	-2.2	-9	-11	-11
Poland	66	-0.8	-1	-2	-2
Russia	142	-3.8	-14	-14	-12
Turkey	365	-1.0	1	-26	5
China	62	-1.7	-8	-10	-6
India	108	-2.6	-7	-8	-6
Indonesia	126	-5.2	-16	-18	-12
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	20	0.1	-5	-2	-5
VSTOXX	19	-0.3	-4	-2	-5
EM EFT volatility Index	21	-0.3	-5	-5	-4
Dollar/euro volatility	7	-0.2	-1	0	0
EM FX volatility index	10	0.1	0	-1	0
Credit spread (BAA) (change in bps)	242	-0.2	-7	15	-4
US bonds volatility index	57	-2.0	-9	-2	-10
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.16	-	10	-14	3
EZ Inflation expectations (5Y5Y)	1.56	-	2	-6	-4
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	81	0.3	-3	8	-1
EZ	115	-3.3	-5	-8	-4
UK	94	-2.5	0	2	0
Large Spanish	84	-2.2	-5	1	-4
Medium Spanish	112	-1.2	0	-1	-1
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	190	0.3	-3	8	-1
EZ Non-financial	93	-3.3	-5	-8	-4
UK Non-financial	114	-2.7	-6	-6	-5
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	-0.12	0	0	1	0
Libor 3m	2.80	2	0	2	0
Libor 12m	3.04	2	4	-4	3
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2,589	0.1	5.8	-1.8	3
Dow Jones	23,911	0.1	5.4	-1.9	3
Nikkei	20,164	-1.3	0.7	-4.7	1
FTSE 100	6,943	0.5	3.7	2.0	3
<b>EuroStoxx 50</b>	3,075	0.2	4.1	0.6	2
IBEX	8,838	0.2	3.7	1.2	3
DAX	10,922	0.3	4.8	1.3	3
CAC	4,806	-0.2	4.2	0.0	2
MI	19,301	0.6	5.9	3.8	5
ASE Athens	633	-0.8	4.3	-0.4	3
<b>MSCI Latam *</b>	91,371	1.3	3.0	6.8	6
Ibovespa (Brazil)	93,889	0.3	2.5	8.6	7
Mexbol (Mexico)	43,728	0.2	4.0	6.9	5
Merval (Argentina)	33,890	0.4	9.1	9.5	12
<b>MSCI EM Europe *</b>	5,442	0.9	2.6	1.4	3
Poland	2,335	-0.3	3.9	5.1	3
Micex 10 (Russia)	4,341	1.0	3.2	1.4	4
Ise 100 (Turkey)	91,196	0.0	4.3	-0.7	0
<b>MSCI EM Asia *</b>	798	1.9	3.4	1.0	2
Shanghai Com (China)	2,535	-0.4	2.9	-2.3	2
Jakarta (Indonesia)	6,329	1.1	2.4	3.6	2
Banking sector	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>	121.7	0.2	5.0	1.8	5
JPM	100.1	-0.3	3.1	-0.3	3
Citi	56.7	0.6	8.0	0.9	9
BoA	25.8	0.0	4.8	4.8	5
MS	41.9	0.4	5.6	3.2	6
GS	177.8	0.7	4.9	0.5	6
<b>EZ banks</b>	72.1	0.8	6.0	0.4	5
BNP	41.2	1.1	6.1	1.3	4
Crédit Agricole	9.9	0.8	6.5	0.0	5
Deutsche Bank	7.5	0.9	5.4	0.7	7
ING	9.9	0.3	5.1	-0.5	5
Intesa	2.0	0.7	6.3	4.5	4
SG	28.8	1.0	4.9	-2.7	3
Unicredit	10.5	1.2	9.1	-0.3	6
<b>UK banks</b>	75.4	1.3	4.5	4.1	3
HSBC	651.4	0.8	1.6	1.1	1
RBS	224.1	1.4	5.2	10.4	3
Barclays	159.3	1.6	6.0	3.4	6
Lloyds	54.8	1.8	7.0	4.7	6
<b>Large Spanish banks</b>	62.8	1.3	6.6	10.0	8
Santander	4.3	1.8	6.6	10.2	8
<b>BBVA</b>	5.0	0.9	6.6	9.8	8
<b>Medium Spanish banks</b>	58.3	-1.1	2.6	-1.5	1
Caixabank	3.2	-0.7	3.1	-2.7	2
Sabadell	1.0	-1.5	3.3	-0.5	3
Bankinter	7.0	-1.2	0.8	-1.0	0
Bankia	2.6	-1.1	5.0	-2.2	3
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.152	-0.2	1.1	1.8	0
GBPUSD	1.28	-0.2	1.1	2.3	0
USDJPY	108.30	-0.1	-0.6	4.7	1
DXY	95.44	0.2	-0.9	-2.0	-1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	37.10	0.7	1.0	1.9	2
USDBRL (Brazil)	3.69	-0.2	1.9	5.7	5
USDCLP (Chile)	675.73	0.2	2.9	1.0	3
USDCOP (Colombia)	3134	0.0	3.4	1.7	4
USDMXN (Mexico)	19.16	0.3	2.4	5.4	3
USDPEN (Peru)	3.34	0.0	0.8	0.6	1
LACI	56.10	0.1	2.0	4.1	3
USDPLN (Poland)	37.03	-0.1	1.0	2.0	0
USD RUB (Russia)	67.03	-0.5	2.7	-0.9	3
USDTRY (Turkey)	5.41	1.2	1.0	-0.8	-2
USDCNY (China)	6.79	0.4	1.2	1.6	1
USDINR (India)	70.41	0.1	-0.3	2.1	-1
USDIDR (Indonesia)	14,053	0.5	2.6	3.9	2
ADXY	105.97	0.2	0.9	1.5	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
<b>Brent</b>	61.4	-0.1	9.7	2	14
WTx	52	-0.2	10.9	1	15
Copper	265	-0.3	3.2	-4	1
Gold	1288	-0.4	-0.5	4	0
S&P Spot commodity *	405	2.8	6.3	-1	8
S&P Brent Spot *	523	4.7	9.9	2	14
S&P Metals Spot *	321	0.3	2.8	-3	0
S&P Agricultural *	292	0.6	2.0	-1	3

Source: Bloomberg, Datastream and Haver  
\* With one day delay