

Markets waiting for today's Parliament vote on Brexit

- Financial markets seemed to digest positively the recent announcement from China of potential stimulus measures** – such as tax cuts for certain companies, among others - in order to support its economy amid the release of recent weak Chinese economic data ([see](#)) which increased fears of a slowdown in the growth of its economy. Furthermore, **investors' focus will be on today's result of the vote in the UK parliament on May's Brexit deal** as the future relationship between the UK and the EU is uncertain.
- In this context, **equity markets showed a positive performance across the board**, with US implied volatility (VIX) below 20%. Today's plan to boost China's economy offset the release of 4Q18 earnings reports from major banks in the US, which were slightly disappointing ([see](#)). **Chinese equity indices rebounded from yesterday's losses**, leading the gains across Asian stock markets favoured by the supportive measures.
- Regarding sovereign bond markets, **the US Treasury 10Y yield remained steady at its recent lower bound**, while in Europe, the release of the **first estimate for Germany's 2018 GDP dragged the 10Y Bund yield and the euro down slightly** ([see](#)). Although they were in line with expectations, these data could confirm that Germany's economy has lost some momentum.
- The USD appreciated today, while **the euro and the GBP depreciated ahead of the parliamentary vote on Brexit later today** in which May's plan is expected to face a defeat ([see](#)), and the focus now is on by how much, as it could determine the future path. In EM FX markets, the TRY remained flat ahead of tomorrow's Turkish Central Bank policy meeting. Most **Latam currencies depreciated despite the increase in oil prices** due to a possible fall 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)	2.53	0.0	-5.1	-20	5
US	2.71	1.2	-1.3	-17	3
GERM (2-yr)	-0.62	-2.3	-4.4	-1	-1
Germany	0.21	-2.5	-8.0	-11	-10
France	0.62	-1.6	-10.9	-9	-9
Spain	1.39	-3.0	-12.4	-2	-8
Italy	2.87	3.0	-8.1	-7	13
Portugal	1.66	-2.4	-16.4	-1	-6
Greece	4.27	-3.0	-7.0	2	-13
Japan (2-yr)	-0.15	-0.3	-1.5	0	-1
Japan	0.01	-0.4	0.1	-2	1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.20	8.3	5.8	-45	-4
Chile	4.26	-0.5	5.1	-12	1
Colombia	7.01	0.7	31.0	15	25
Mexico	8.58	1.9	-2.8	-36	-7
Peru	5.28	-1.1	-3.7	-24	-8
Poland	2.75	1.4	-11.3	-19	-8
Russia	8.41	-8.0	-37.3	-39	-37
Turkey	15.74	-12.0	-41.0	-148	-6
India	7.25	2.9	-27.9	-19	-12
Indonesia	8.04	3.3	9.3	-8	1
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	42	0.9	-2.9	2	1
Italy	267	5.5	-0.1	4	23
Portugal	145	0.1	-8.4	10	3
Spain	118	-0.5	-4.4	8	1
2-yr sovereign spread vs Germany					
France	13	-0.8	-1.8	-5	-3
Italy	104	1.2	-7.8	-13	-5
Portugal	42	2.0	5.6	15	16
Spain	40	1.3	2.7	-3	3
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	183	-0.4	-1	-14	-25
Chile	53	-0.7	-2	-1	-10
Colombia	135	-0.3	-1	6	-23
Argentina	673	-12.1	-50	-41	-133
Mexico	138	-0.5	3	-5	-17
Peru	83	-0.8	-3	-3	-12
Poland	66	0.0	-1	-2	-2
Russia	143	-0.4	-3	-5	-11
Turkey	377	7.8	23	-4	18
China	64	1.6	-2	0	-3
India	107	0.0	-5	-6	-6
Indonesia	130	2.6	-4	-2	-8
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	18	-0.7	-2	-3	-7
VSTOXX	17	-1.0	-3	-2	-7
EMEFT volatility Index	20	-0.3	-3	-4	-5
Dollar/euro volatility	7	0.1	0	0	0
EM FX volatility index	9	-0.1	0	-1	0
Credit spread (BAA) (change in bps)	246	-1.2	6	20	0
US bonds volatility index	55	-0.6	-4	-1	-11
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.19	-	2	-4	5
EZ Inflation expectations (5Y5Y)	1.54	-	-3	-8	-6
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	84	0.5	0	15	2
EZ	116	1.0	-7	6	-4
UK	90	-2.0	-7	2	-5
Large Spanish	81	-1.5	-8	5	-7
Medium Spanish	117	1.9	7	9	5
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	192	0.5	0	15	2
EZ Non-financial	92	1.0	-7	6	-4
UK Non-financial	114	0.9	-4	1	-5
Interbank markets (% , changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.37	0	0	0	-1
Euribor 3m	-0.31	0	0	0	0
Euribor 12m	-0.12	0	0	1	0
Libor 3m	2.78	-1	-2	-1	-2
Libor 12m	3.01	-1	2	-10	0
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,603	0.8	1.1	0.1	4
Dow Jones	24,022	0.5	1.0	-0.3	3
Nikkei	20,555	1.0	1.7	-3.8	3
FTSE 100	6,895	0.6	0.5	0.7	2
EuroStoxx 50	3,068	0.4	0.4	-0.8	2
IBEX	8,850	0.4	0.0	-0.4	4
DAX	10,892	0.3	0.8	0.2	3
CAC	4,786	0.5	0.3	-1.4	1
MIIB	19,165	0.0	0.9	1.3	5
ASE Athens	623	-1.1	-0.5	-3.5	2
MSCI Latam *	91,908	0.5	2.6	5.7	6
Ibovespa (Brazil)	94,332	-0.2	2.5	7.9	7
Mexbol (Mexico)	43,655	0.6	0.3	5.7	5
Merval (Argentina)	33,964	0.6	3.2	9.2	12
MSCI EM Europe *	5,476	-0.2	1.3	1.7	4
Poland	2,345	0.7	0.8	1.8	3
Micex 10 (Russia)	4,387	0.4	3.3	3.6	5
Ise 100 (Turkey)	93,173	1.2	2.7	2.9	2
MSCI EM Asia *	794	-1.0	1.4	-1.7	2
Shanghai Com (China)	2,570	1.4	1.7	-0.9	3
Jakarta (Indonesia)	6,409	0.7	1.9	3.7	3
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	124.6	0.6	3.3	5.5	8
JPM	100.9	0.0	0.3	0.6	3
Citi	61.2	3.9	10.3	11.2	18
BoA	26.4	0.0	3.4	7.7	7
MS	42.5	0.0	2.5	7.1	7
GS	177.6	-0.6	1.3	2.8	6
EZ banks	72.0	-0.3	0.1	-2.6	4
BNP	41.7	0.2	2.0	0.2	6
Crédit Agricole	10.0	0.0	1.5	-1.8	6
Deutsche Bank	7.5	0.3	-1.8	-4.6	7
ING	9.9	0.5	-0.1	-2.8	6
Intesa	2.0	-1.3	-2.6	-2.8	1
SG	29.0	-0.1	1.4	-2.8	4
Unicredito	10.1	-3.2	-2.4	-6.9	2
UK banks	75.6	-0.1	1.0	2.3	4
HSBC	641.8	0.4	-1.1	-1.8	-1
RBS	229.9	-1.1	1.8	8.6	6
Barclays	159.1	0.0	1.1	0.4	6
Lloyds	55.5	0.0	3.4	5.4	7
Large Spanish banks	62.7	0.2	1.7	5.4	7
Santander	4.3	0.4	1.1	5.0	7
BBVA	5.0	0.0	2.4	5.9	8
Medium Spanish banks	58.0	0.6	-2.8	-5.1	1
Caixabank	3.3	1.3	1.0	-2.5	4
Sabadell	1.0	0.1	-2.6	-5.8	2
Bankinter	6.9	1.0	-4.9	-6.1	-2
Bankia	2.6	-0.6	-4.2	-6.8	1
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.139	-0.7	-0.4	0.8	-1
GBPUSD	1.28	-0.8	0.3	1.4	0
USDJPY	108.71	-0.5	0.0	4.3	1
DXY	96.19	0.6	0.3	-1.3	0
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	37.26	-0.7	0.8	2.4	1
USDBRL (Brazil)	3.72	-0.5	-0.1	5.3	4
USDCLP (Chile)	674.74	-0.2	0.8	1.5	3
USDCOP (Colombia)	3139	0.0	0.4	1.7	4
USDMXN (Mexico)	19.07	-0.4	1.5	6.1	3
USDPEN (Peru)	3.34	0.2	0.1	0.3	1
LACI	56.05	-0.4	0.7	4.3	3
USDPLN (Poland)	3.77	-0.7	-0.3	0.7	-1
USDRUB (Russia)	67.00	0.0	-0.2	-0.2	4
USDTRY (Turkey)	5.44	0.0	0.8	-1.5	-3
USDCNY (China)	6.76	0.1	1.4	2.2	2
USDINR (India)	71.02	-0.1	-1.2	1.2	-2
USDIDR (Indonesia)	14090	0.2	0.4	3.5	2
ADXY	105.86	-0.2	0.4	1.4	0
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	60.0	1.7	2.1	0	11
WTx	52	2.4	3.9	1	14
Copper	265	0.1	-0.4	-4	1
Gold	1288	-0.3	0.2	4	0
S&P Spot commodity *	400	-0.8	1.3	-2	7
S&P Brent Spot *	504	-2.3	0.7	-2	10
S&P Metals Spot *	318	-0.6	-0.5	-3	0
S&P Agricultural *	289	-0.4	-0.6	-2	2

Source: Bloomberg, Datastream and Handv

* With one day delay