

Financial markets remained focused on Brexit developments

- Financial markets were in a positive mood, although the focus remained on the UK. After yesterday's defeat in the parliamentary vote on May's Brexit deal - by a huge margin - the scenarios around Brexit remain very open (see).** The next milestone will be **today's no confidence vote on May**, with the arithmetic in her favour (see).
- The impact of the Brexit vote on markets has been mild so far.** The GBP depreciated sharply just hours before the vote, but recovered after the result. Today the GBP was steady, while the euro was not able to recover from yesterday's depreciation.
- Developed equity markets showed small gains:** US stocks were up, favoured by today's release of Bank of America 4Q18 earnings results, among others, which were above expectations (see). European equity indices followed the positive pattern, while some Asian markets benefited from China's Central Bank's liquidity injection into the banking system (see) showing its support for the economy.
- Sovereign core yields inched up across developed markets:** US Treasury yields increased despite yesterday's comments from Mr. George - a hawkish Fed official - following last week's dovish Fed rhetoric (see). In line with this movement, in Europe the German 10Y Bund yield was also up. **Italy's risk premium narrowed sharply** due to high demand for the syndicated bond recently issued by Italy, while other peripheral risk premia remained steady (see).
- Regarding FX markets, the USD was flat, as was the **EUR, hovering around the 1.14 USD/EUR level amid uncertainty about developments with Brexit.** EM currencies were mixed, with the TRY outperforming others, after **Turkey's Central Bank, as expected, left its interest rate unchanged at 24%**, dispelling markets concerns about a loose monetary policy (see).

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.55	1.2	-0.6	-14	6
US	2.73	1.4	1.5	-13	4
GER (2-yr)	-0.60	1.7	-1.8	1	1
Germany	0.22	1.8	-5.5	-9	-8
France	0.64	1.1	-7.9	-10	-8
Spain	1.38	-1.5	-11.7	-2	-10
Italy	2.75	-12.0	-12.5	-21	1
Portugal	1.79	-1.0	-12.4	0	-7
Greece	4.24	-3.1	-6.2	-11	-16
Japan (2-yr)	-0.16	-0.8	-1.9	-1	-2
Japan	0.01	-0.3	-2.2	-3	1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.26	1.5	15.0	-39	2
Chile	4.27	0.3	2.2	-12	1
Colombia	7.02	0.9	34.8	16	27
Mexico	8.59	-0.4	-8.8	-26	-5
Peru	5.28	-0.2	-1.0	-22	-8
Poland	2.78	3.5	-6.9	-15	-4
Russia	8.36	-5.0	-20.8	-47	-42
Turkey	15.39	-35.0	-71.0	-157	-41
India	7.28	3.2	-24.8	-18	-9
Indonesia	8.08	4.2	12.8	-7	6
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	41	-0.7	-2.4	-1	0
Italy	253	-13.8	-7.0	-11	9
Portugal	157	-2.8	-6.9	9	1
Spain	115	-3.3	-6.2	7	-2
2-yr sovereign spread vs Germany					
France	12	-0.8	-2.0	-6	-3
Italy	92	-11.5	-13.6	-25	-16
Portugal	49	6.4	9.8	23	23
Spain	36	-3.2	-0.2	-5	0
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	182	-0.5	-1	-14	-25
Chile	52	-1.0	-3	-3	-11
Colombia	134	-1.4	-2	4	-24
Argentina	675	2.1	-55	-67	-131
Mexico	137	-0.3	2	-7	-18
Peru	82	-0.9	-4	-4	-12
Poland	66	0.0	-1	-2	-2
Russia	140	-2.6	-6	-6	-14
Turkey	366	-10.8	1	-13	7
China	62	-2.7	-2	-4	-6
India	106	-1.1	-4	-7	-7
Indonesia	127	-3.2	-4	-8	-11
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	19	0.0	-1	-6	-7
VSTOXX	16	-1.2	-3	-4	-8
EMEFT volatility Index	19	-0.6	-2	-7	-5
Dollar/euro volatility	7	-0.2	0	0	0
EM FX volatility index	9	0.0	0	0	0
Credit spread (BAA) (change in bps)	245	-1.4	3	20	0
US bonds volatility index	53	-2.3	-4	-2	-14
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.21	-	3	-1	8
EZ Inflation expectations (5Y5Y)	1.54	-	-4	-7	-6
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	83	-1.0	2	12	1
EZ	114	-1.3	-4	2	-5
UK	87	-3.2	-10	-5	-8
Large Spanish	80	-0.8	-6	2	-7
Medium Spanish	115	-1.8	2	2	3
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	194	-1.0	2	12	1
EZ Non-financial	92	-1.3	-4	2	-5
UK Non-financial	114	0.1	-2	0	-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	2.77	-1	-1	-3	-2
Libor 12m	3.01	0	-1	-9	0
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,621	0.4	1.4	2.9	5
Dow Jones	24,180	0.5	1.3	2.5	4
Nikkei	20,443	-0.5	0.1	-4.9	2
FTSE 100	6,863	-0.5	-0.6	1.3	2
EuroStoxx 50	3,077	0.3	0.2	0.4	3
IBEX	8,913	0.7	1.0	1.1	4
DAX	10,931	0.4	0.3	1.5	4
CAC	4,811	0.5	-0.1	0.2	2
MIIB	19,478	1.6	1.6	4.2	6
ASE Athens	623	0.0	-2.4	-1.5	2
MSCI Latam *	91,666	-0.3	1.6	5.9	6
Ibovespa (Brazil)	94,084	0.0	0.5	8.9	7
Mexbol (Mexico)	43,902	0.7	0.6	8.8	5
Merval (Argentina)	34,303	2.2	1.6	14.8	13
MSCI EM Europe *	5,482	0.1	1.6	2.4	4
Poland	2,364	0.8	1.0	3.6	4
Micex 10 (Russia)	4,391	0.1	2.2	3.9	5
Ise 100 (Turkey)	95,411	2.4	4.7	6.1	5
MSCI EM Asia *	808	1.7	3.2	1.2	3
Shanghai Com (China)	2,570	0.0	1.0	-1.1	3
Jakarta (Indonesia)	6,413	1.2	2.4	3.9	4
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	131.0	4.4	7.9	12.2	13
JPM	102.9	1.2	2.5	3.9	5
Citi	62.5	1.9	10.9	15.3	20
BoA	28.6	7.7	11.0	16.9	16
MS	44.6	3.9	6.8	12.5	12
GS	194.8	8.3	10.4	16.0	17
EZ banks	75.0	4.2	4.8	4.1	9
BNP	43.1	3.3	5.7	6.2	9
Crédit Agricole	10.3	3.9	5.6	4.4	10
Deutsche Bank	8.1	8.4	9.5	5.9	16
ING	10.3	3.6	4.8	3.9	9
Intesa	2.0	3.7	1.2	2.9	5
SG	30.2	4.2	6.0	4.1	9
Unicredito	10.6	5.8	2.6	0.9	8
UK banks	76.5	1.2	2.8	5.3	5
HSBC	647.2	0.8	0.2	-0.2	0
RBS	233.8	1.7	5.8	12.3	8
Barclays	161.4	1.4	2.9	5.6	7
Lloyds	56.1	1.1	4.3	8.2	8
Large Spanish banks	63.8	1.7	3.0	7.8	9
Santander	4.3	1.0	2.5	6.9	8
BBVA	5.1	2.4	3.4	8.6	10
Medium Spanish banks	59.6	2.8	1.2	-1.7	4
Caixabank	3.4	1.7	3.5	0.1	6
Sabadell	1.1	4.8	2.2	0.1	7
Bankinter	7.1	3.2	0.2	-2.8	1
Bankia	2.6	2.2	-1.1	-4.3	3
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.141	-0.1	-1.2	0.5	-1
GBPUSD	1.29	0.0	0.6	1.9	1
USDJPY	108.84	-0.1	-0.6	3.7	1
DXY	96.01	0.0	0.8	-1.1	0
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	37.40	-0.8	-0.1	2.2	1
USDBRL (Brazil)	3.73	-0.2	-1.3	4.7	4
USDCLP (Chile)	671.14	0.5	0.9	2.3	3
USDCOP (Colombia)	3123	0.6	0.4	1.8	4
USDMXN (Mexico)	18.98	0.1	1.3	5.8	4
USDPEN (Peru)	3.33	-0.1	0.2	0.3	1
LACI	56.12	0.0	0.1	4.2	3
USDPLN (Poland)	3.75	0.2	-0.8	0.6	0
USDRUB (Russia)	66.35	1.1	0.5	0.6	5
USDTRY (Turkey)	5.35	1.9	2.4	0.5	-1
USDCNY (China)	6.76	0.1	0.9	2.1	2
USDINR (India)	71.24	-0.3	-1.1	0.4	-2
USDIDR (Indonesia)	14128	-0.3	0.0	3.2	2
ADXY	106.07	0.1	0.3	1.5	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	60.9	0.5	-0.8	2	13
WTx	52	-0.2	-0.7	4	15
Copper	268	1.1	0.6	-3	2
Gold	1295	0.4	0.1	4	1
S&P Spot commodity *	404	1.2	-0.2	1	8
S&P Brent Spot *	517	2.7	-1.2	2	13
S&P Metals Spot *	320	0.6	-0.2	-3	0
S&P Agricultural *	286	-0.8	-2.0	-3	1

Source: Bloomberg, Datastream and Haver

* With one day delay