

Markets remained focus on today's State of the Union in the US

■ Financial markets remained calm with **all eyes set on Trump's State of the Union address later today as investors seek some flexibility over the border wall stance**. Also, more details about upcoming meetings for the US with China and North Korea could be hinted at ([see](#)).

■ **Developed equity markets showed a positive performance today**. US stock markets were slightly up with the VIX improving and consolidating levels around 15%. In the same line, European equity markets showed gains - recovering from yesterday's losses - amid the positive 4Q18 earnings reports from the energy sector ([see](#)).

■ **Safe haven yields were mixed**: the US Treasury 10Y yield inched down and the worse-than-expected release of the ISM non-manufacturing data weighed on US yields ([see](#)). Meanwhile, the German 10Y yield continued hovering at around 0.18% despite the release of better-than-expected final PMI data for the EZ ([see](#)). **The release of Italy's confidence indicators, which also pointed to a slowdown in its economy, weighed on the Italian risk premium ([see](#)),** which increased with no contagion to the risk premia in Spain and Portugal.

■ Regarding FX markets, there were no major changes in the USD; however, **the volatility showed by the GBP is expected to remain, pending fresh news about Brexit negotiations**. At the end of this week, May will try to negotiate the Irish "backstop" of the Brexit deal with EU leaders ([see](#)). EM currencies saw little change: **some Latam currencies depreciated slightly** despite the recent stability of crude oil prices (around \$62 per barrel).

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.53	-0.4	-4.0	4	4
US	2.70	-2.2	-0.8	3	2
GER (2-yr)	-0.57	0.5	0.5	3	5
Germany	0.17	-0.7	-3.0	-10	-13
France	0.58	-0.3	-3.0	-12	-13
Spain	1.26	1.2	1.8	-22	-22
Italy	2.80	6.9	17.0	-10	6
Portugal	1.66	0.7	-0.4	-28	-20
Greece	-0.90	-0.3	-7.6	-50	-50
Japan (2-yr)	-0.16	0.5	-0.9	1	-2
Japan	-0.01	0.0	-1.8	3	-1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8.85	8.2	-17.1	-27	-39
Chile	4.19	-0.5	-2.8	1	-7
Colombia	6.90	2.0	-13.2	11	14
Mexico	8.33	-8.5	-1.2	-11	-31
Peru	5.16	-0.9	-14.9	-19	-21
Poland	2.75	-2.9	-3.7	-6	-7
Russia	8.21	-3.8	-19.9	-58	-57
Turkey	13.83	-4.0	-82.0	-222	-197
India	7.38	-2.2	6.4	-6	2
Indonesia	7.87	0.0	-29.2	-23	-16
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	41	0.4	0.0	-2	0
Italy	263	7.6	20.0	0	19
Portugal	149	1.4	2.6	-19	-7
Spain	109	1.9	4.8	-12	-9
2-yr sovereign spread vs Germany					
France	12	-0.2	0.6	-3	-3
Italy	102	2.7	16.5	-8	-7
Portugal	36	-0.8	-4.3	2	10
Spain	31	-0.5	-1.1	-10	-5
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	164	-2.5	-8	-36	-44
Chile	47	-0.7	-3	-15	-17
Colombia	119	-2.7	-12	-36	-40
Argentina	605	-7.9	-37	-157	-201
Mexico	134	-2.0	1	-19	-21
Peru	74	-0.5	-3	-19	-20
Poland	65	0.0	0	-2	-3
Russia	137	1.7	5	-19	-17
Turkey	306	0.0	-20	-61	-53
China	55	-0.1	-5	-16	-13
India	103	0.3	-2	-11	-11
Indonesia	112	-0.3	-7	-30	-26
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	15	-0.4	-4	-6	-10
VSTOXX	14	-0.6	-2	-7	-10
EM EFT volatility Index	19	-0.3	-2	-5	-6
Dollar/euro volatility	6	0.1	-1	-1	-2
EM FX volatility index	9	0.1	0	-1	-1
Credit spread (BAA) (change in bps)	233	2.2	-4	-12	-13
US bonds volatility index	49	0.1	-1	-17	-18
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.29	-	13	18	16
EZ Inflation expectations (5Y5Y)	1.51	-	0	-3	-10
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	63	-0.7	-7	-34	-20
EZ	105	3.4	2	-20	-15
UK	80	2.2	2	-17	-15
Large Spanish	71	3.5	1	-20	-16
Medium Spanish	109	-0.5	-1	-2	-3
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	186	-0.7	-7	-34	-20
EZ Non-financial	83	3.4	2	-20	-15
UK Non-financial	107	0.4	-3	-15	-12
Interbank markets (% , changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.36	0	1	1	0
Euribor 3m	-0.31	0	0	0	0
Euribor 12m	-0.11	0	0	1	1
Libor 3m	2.73	0	-2	-6	-6
Libor 12m	2.98	2	-5	-2	-3
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,734	0.3	3.5	8.0	9
Dow Jones	25,382	0.6	3.3	8.3	9
Nikkei	20,844	-0.2	0.9	6.6	4
FTSE 100	7,177	2.0	5.0	5.0	7
EuroStoxx 50	3,215	1.6	2.0	5.7	7
IBEX	9,092	1.3	-0.3	4.1	6
DAX	11,368	1.7	1.3	5.6	8
CAC	5,083	1.7	3.1	7.3	7
MIIB	19,833	1.2	0.7	5.3	8
ASE Athens	653	0.9	2.7	6.0	6
MSCI Latam *	95,007	0.6	2.4	6.8	10
Ibovespa (Brazil)	97,669	-0.9	-2.1	6.3	11
Mexbol (Mexico)	44,360	1.4	1.5	4.5	7
Merval (Argentina)	37,170	0.1	4.7	15.1	23
MSCI EM Europe *	5,700	-0.1	1.6	7.7	8
Poland	2,409	0.8	1.5	5.4	6
Micex 10 (Russia)	4,558	0.7	1.4	7.0	9
Ise 100 (Turkey)	102,448	0.2	-1.6	15.3	12
MSCI EM Asia *	843	-0.1	1.6	10.4	8
Shanghai Com (China)	2,618	0.0	0.9	4.1	5
Jakarta (Indonesia)	6,481	-0.9	0.4	4.2	5
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	131.2	-0.3	-0.7	8.9	13
JPM	104.0	-0.3	-0.2	3.3	7
Citi	63.8	-0.4	-1.0	15.8	23
BoA	28.7	-0.7	-2.4	12.1	16
MS	42.4	-0.1	-0.2	2.7	7
GS	198.4	0.4	-1.0	13.4	19
EZ banks	71.6	2.0	-3.3	0.3	4
BNP	41.1	2.6	-2.9	1.0	4
Crédit Agricole	10.0	2.5	-1.6	2.0	6
Deutsche Bank	7.8	1.8	-3.9	4.8	12
ING	10.4	2.1	-0.7	5.9	11
Intesa	2.0	1.6	-2.7	-0.3	3
SG	26.1	1.2	-7.4	-8.1	-6
Unicredit	9.9	2.2	-6.5	-3.0	0
UK banks	78.1	1.4	1.8	5.1	7
HSBC	65.3	2.1	1.8	-0.5	1
RBS	247.0	1.4	3.7	11.7	14
Barclays	160.5	1.3	-0.5	3.5	7
Lloyds	58.0	0.4	2.1	9.9	12
Large Spanish banks	63.1	1.4	-3.0	3.2	8
Santander	4.1	1.8	-5.4	-1.3	3
BBVA	5.2	1.0	-0.7	7.7	13
Medium Spanish banks	53.7	0.9	-8.3	-9.2	-7
Sababank	2.9	0.5	-11.4	-9.6	-7
Sabadell	0.9	-0.1	-16.8	-17.2	-14
Bankinter	6.6	0.6	-5.6	-7.4	-6
Bankia	2.5	2.8	-1.9	-5.7	-2
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.141	-0.3	-0.2	0.1	-1
GBPUSD	1.29	-0.7	-0.9	1.7	1
USDJPY	109.96	-0.1	-0.5	-1.3	0
DXY	96.07	0.2	0.3	-0.1	0
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	37.20	-0.1	1.1	0.4	1
USDBRL (Brazil)	3.68	-0.4	1.2	0.9	5
USDCLP (Chile)	651.68	-0.1	2.4	4.7	6
USDCOP (Colombia)	3103	-0.5	1.6	2.8	5
USDMXN (Mexico)	19.08	0.2	-0.5	1.8	3
USDPEN (Peru)	3.33	0.1	0.9	0.5	1
LACI	56.50	-0.1	0.9	1.7	4
USDPLN (Poland)	35.76	-0.3	0.0	0.2	-1
USD RUB (Russia)	65.59	0.0	0.7	3.0	6
USDTRY (Turkey)	5.20	0.3	2.1	2.5	2
USDCNY (China)	6.74	0.0	-0.1	1.9	2
USDINR (India)	71.57	0.3	-0.6	-2.6	-3
USDIDR (Indonesia)	13962	0.0	0.9	2.2	3
ADXY	106.27	0.0	0.0	0.7	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	62.3	-0.4	1.5	9	16
WTx	54	-1.1	1.2	13	19
Copper	281	0.7	3.0	6	7
Gold	1314	0.1	0.2	2	2
S&P Spot commodity *	413	-0.2	1.2	7	10
S&P Brent Spot *	532	-0.4	2.1	10	16
S&P Metals Spot *	339	1.3	2.7	6	6
S&P Agricultural *	292	0.4	0.9	1	3

Source: Bloomberg, Datastream and Haver

* With one day delay