

Global growth concerns drive markets at the end of the week

- Financial markets started the week with mild movements but as the week went by, risk-off mood came back** driven by increasing concerns over global growth. The State of the Union address in the US did not bring any insight into the border wall stance issue ahead of the Government funding expiration on February 15th ([see](#)). In the trade issue, recent optimism over a US-China trade deal was offset by the latest news announcing that a Trump-Xi meeting is unlikely before March 1st (trade truce deadline) ([see](#)).
- The UK remained in the limelight** as May tried to renegotiate the Brexit deal with the EU; however, the latter remained very tight in its position but is open to make some concessions in the political declaration as the “backstop” continued to be key issue ([see](#)). On another front, the Bank of England held interest rates, as it was expected, but it appeared more dovish mainly due to the Brexit issue ([see](#)).
- In this context, **safe haven flows increased amid fears over a global economic slowdown** and drove down sovereign core yields. The UST 10Y yield ended below 2.65% amid disappointing confidence data. Meanwhile, the German 10Y yield reached its lowest level since 2016 backed by poor economic data in Germany ([see](#)) and the European Commission cut in their GDP growth forecast ([see](#)). The Italian risk premium underperformed ([see](#)).
- US equity markets ended the week flat but European equity markets showed broad-based losses, but mainly led by the banking sector. Chinese markets remained closed during the week due to holidays. The USD recovered its ground lost after the Fed last week showed a more dovish tone than expected, which led to the EUR to break the 1.14 USD/EUR level. The GBP remained very volatile.
- There was a bulk of central bank meetings in Emerging markets with the expected outcome, with the main exception of India.** Banxico ([see](#)) and the Central Bank of Peru left interest rates unchanged ([see](#)). The former showed some easing as financial tensions seemed to diminished, while the latter showed its patience amidst a challenging global outlook and anchored inflation expectations. However, the Central Bank of India cut interest unexpectedly ([see](#)) but owing to idiosyncratic issues rather than the global outlook. In this context, most Emerging currencies depreciated over the week against a stronger USD. The MXN and the PEN were the only exception amid decreasing oil prices. The TRY ended the week depreciated despite the release of Turkey's inflation data ([see](#)).

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Debt markets (10Y, %, changes in bp)						
Developed Markets	level	Daily	Week	Month	YTD	
US (2-yr)	2.45	-2.9	-5.1	-10	-4	
US	2.63	-3.0	-5.7	-8	-6	
GER (2-yr)	-0.58	-0.5	-0.2	0	3	
Germany	0.08	-3.5	-8.6	-26	-22	
France	0.54	-1.3	-3.5	-18	-17	
Spain	1.23	-1.2	0.7	-26	-24	
Italy	2.98	3.0	23.4	10	24	
Portugal	1.65	-1.0	0.8	-26	-21	
Greece	4.02	1.7	9.4	-28	-38	
Japan (2-yr)	-0.16	-0.7	0.9	-2	-2	
Japan	-0.03	-2.1	-1.7	-6	-3	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
Brazil	9.12	13.3	42.9	2	-11	
Chile	4.18	-2.8	0.2	-6	-7	
Colombia	6.89	-0.6	-1.7	22	14	
Mexico	8.30	-5.1	-12.0	-38	-34	
Peru	5.13	-0.2	-4.1	-16	-23	
Poland	2.72	-1.6	-3.3	-13	-10	
Russia	8.26	-1.1	3.0	-31	-52	
Turkey	14.08	-4.0	21.0	-202	-172	
India	7.34	1.7	-3.9	-20	-3	
Indonesia	7.88	6.4	-1.6	-8	-15	
Country risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
10-yr sovereign spread vs Germany						
France	46	2.2	5.1	8	5	
Italy	290	6.5	32.0	36	46	
Portugal	157	2.5	9.4	-1	1	
Spain	115	2.3	9.3	0	-2	
2-yr sovereign spread vs Germany						
France	13	0.0	0.5	-1	-3	
Italy	126	7.7	26.4	20	18	
Portugal	38	0.0	0.1	-2	12	
Spain	33	0.2	1.0	-3	-3	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *						
Brazil	168	3.2	3	-14	-39	
Chile	48	0.7	1	-7	-15	
Colombia	119	2.8	-4	-17	-39	
Argentina	623	18.5	1	-107	-183	
Mexico	138	5.8	3	3	-17	
Peru	75	2.0	0	-11	-20	
Poland	65	0.0	0	-1	-3	
Russia	136	1.5	6	-10	-18	
Turkey	307	6.2	5	-59	-53	
China	56	2.8	3	-7	-11	
India	103	0.3	-1	-7	-11	
Indonesia	114	3.3	4	-17	-23	
Risk indicators						
Volatility indicators	level	Daily	Weekly	Monthly	YTD	
VIX	17	1.1	1	-3	-8	
VSTOXX	17	1.2	3	-2	-7	
EM EFT volatility Index	20	0.5	0	-2	-5	
Dollar/euro volatility	6	0.0	0	-1	-1	
EM FX volatility index	9	0.0	0	-1	-1	
Credit spread (BAA) (change in bps)	233	3.0	1	-9	-12	
US bonds volatility index	49	1.5	0	-8	-18	
Inflation expectations	level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.19	-	-9	1	6	
EZ Inflation expectations (5Y5Y)	1.45	-	-6	-13	-16	
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD	
US	66	3.4	3	-15	-16	
EZ	104	3.5	6	-15	-16	
UK	79	2.5	4	-17	-15	
Large Spanish	70	1.8	3	-16	-18	
Medium Spanish	108	0.2	-3	-5	-4	
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD	
US Non-financial	182	3.4	3	-15	-16	
EZ Non-financial	83	3.5	6	-15	-16	
UK Non-financial	105	1.9	-1	-11	-13	
Interbank markets (% , changes in bp)						
	level	Daily	Weekly	Monthly	YTD	
EONIA Index	-0.36	0	0	0	-1	
Euribor 3m	-0.31	0	0	0	0	
Euribor 12m	-0.11	0	0	1	1	
Libor 3m	2.70	-4	-4	-9	-10	
Libor 12m	2.95	-1	-4	-7	-6	
Stock markets (%)						
Main indices	level	Daily	Weekly	Monthly	YTD	
S&P500	2,687	-0.7	-0.7	3.9	7	
Dow Jones	24,910	-1.0	-0.6	4.3	7	
Nikkei	20,333	-2.0	-2.2	-0.5	2	
FTSE 100	7,071	-0.3	0.7	2.4	5	
EuroStoxx 50	3,127	-0.8	-1.4	1.8	4	
IBEX	8,833	-1.2	-2.1	0.1	3	
DAX	10,877	-1.3	-2.7	-0.1	3	
CAC	4,950	-0.7	-1.4	2.8	5	
MIB	19,279	-1.0	-1.5	0.5	5	
ASE Athens	650	0.7	1.3	1.8	6	
MSCI Latam *	92,199	-0.4	-2.1	2.2	7	
Ibovespa (Brazil)	94,118	-0.3	-3.8	0.5	7	
Mexbol (Mexico)	43,344	-0.6	-0.9	-0.7	4	
Merval (Argentina)	35,864	-0.2	-2.0	6.2	18	
MSCI EM Europe *	5,667	-1.1	-0.6	5.0	7	
Poland	2,354	-0.7	-1.6	0.5	3	
Micex 10 (Russia)	4,485	0.1	-1.2	4.3	7	
Ise 100 (Turkey)	102,452	-0.3	-0.5	12.4	12	
MSCI EM Asia *	844	-0.2	0.4	7.9	8	
Shanghai Com (China)	2,618	0.0	0.0	2.9	5	
Jakarta (Indonesia)	6,522	-0.4	-0.2	4.1	5	
Banking sector	level	Daily	Weekly	Monthly	YTD	
US banks	126.2	-2.0	-3.1	3.9	9	
JPM	100.3	-2.0	-3.4	-0.1	3	
Citi	61.2	-2.5	-3.8	8.6	18	
BoA	28.0	-1.0	-1.5	8.6	13	
MS	40.3	-3.0	-3.8	-3.6	2	
GS	188.9	-2.2	-3.9	7.0	13	
EZ banks	69.4	-2.4	-2.5	-3.0	1	
BNP	39.7	-2.7	-3.0	-2.7	0	
Crédit Agricole	9.4	-4.5	-5.0	-3.9	0	
Deutsche Bank	7.1	-3.4	-7.3	-3.7	2	
ING	10.7	-1.6	3.5	8.7	13	
Intesa	2.0	-1.3	-0.2	-2.4	1	
SG	24.1	-2.6	-9.2	-15.6	-14	
Unicredit	10.1	-0.3	3.0	-2.6	2	
UK banks	76.2	-0.3	-1.2	2.5	5	
HSBC	641.4	0.0	0.4	-0.7	-1	
RBS	238.2	-0.8	-2.3	7.8	10	
Barclays	155.4	-0.6	-2.0	-0.9	3	
Lloyds	57.1	-0.2	-1.9	6.1	10	
Large Spanish banks	60.7	-1.1	-3.2	-2.1	4	
Santander	3.9	-1.2	-3.0	-6.0	-1	
BBVA	5.0	-1.0	-3.3	1.8	8	
Medium Spanish banks	52.7	-0.9	-4.0	-10.5	-8	
Caixabank	2.9	-0.3	-6.0	-11.4	-9	
Sabadell	0.9	-0.7	-6.4	-18.8	-15	
Bankinter	6.5	-1.3	-3.1	-7.9	-7	
Bankia	2.4	-1.3	-1.3	-8.1	-4	
Currencies (% , red for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	YTD	
EURUSD	1.133	-0.1	-1.1	-1.9	-1	
GBPUSD	1.29	-0.1	-1.0	1.2	1	
USDJPY	109.70	0.1	-0.2	-1.4	0	
DXY	96.61	0.1	1.1	1.5	0	
Emerging	level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	37.78	0.2	-1.6	-1.1	0	
USDBRL (Brazil)	3.73	-0.4	-2.0	-1.4	4	
USDCPL (Chile)	657.40	-0.3	-0.8	3.0	6	
USDCOP (Colombia)	3118	0.0	-0.9	0.5	4	
USDMXN (Mexico)	19.07	0.1	0.2	0.8	3	
USDPEN (Peru)	3.32	0.1	0.2	0.5	1	
LACI	56.10	0.0	-0.9	0.1	3	
USDPLN (Poland)	3.81	-0.3	-1.7	-2.1	2	
USDRUB (Russia)	65.78	0.3	-0.5	1.3	5	
USDTRY (Turkey)	5.26	0.2	-0.9	4.2	1	
USDCNY (China)	6.75	0.0	0.0	1.1	2	
USDINR (India)	71.31	0.2	-0.1	-1.2	-2	
USDIDR (Indonesia)	13955	0.1	-0.1	1.2	3	
ADXY	106.15	0.0	-0.1	0.4	1	
Commodities (%)						
	level	Daily	Weekly	Monthly	YTD	
Brent	61.8	0.3	-1.5	1	15	
WTx	53	0.2	-4.5	1	16	
Copper	282	-0.3	1.6	6	7	
Gold	1314	0.3	-0.3	2	2	
S&P Spot commodity *	406	-1.4	-1.7	0	9	
S&P Brent Spot *	525	-1.7	-1.8	0	15	
S&P Metals Spot *	337	-0.4	0.7	5	6	
S&P Agricultural *	289	-1.1	-0.5	-1	2	

Source: Bloomberg, Datastream and Haver

* With one day delay