

Ups and downs in markets with trade and global outlook as key points

- Last week's increase in volatility was overshadowed by the positive tone in financial markets on the back of optimism about global trade** ahead of US-China trade talks. **Cautious sentiment appeared** due to concerns over global economic slowdown but it was partially offset by today's announcement of the extension of trade talks ([see](#)) and the US Congress' deal, which will avert another shutdown in the government ([see](#)).
- In this context, **weak economic data contribute to maintaining core yields at their recent lowest levels**: The 10Y UST yield remained at 2.68% spurred by the release of disappointing retail sales ([see](#)) and CPI data ([see](#)), which could justify the Fed's "wait-and-see" mood. Next week's release of the FOMC minutes will be a key event, as the Fed's Brainard suggested an earlier end for the normalization of the balance sheet ([see](#)). In Europe, the 10Y Bund yield remained below 0.12% dragged down by weak EZ industrial production ([see](#)) and Germany's 4Q18 GDP ([see](#)).
- Regarding peripheral risk premia, Italy's risk premium moderated after the outcome of last weekend's regional elections ([see](#)). Portugal's risk premium also narrowed ahead of Moody's rating update late today, while the Spanish risk premium remained stable after the announcement of Presidential elections in April ([see](#)).
- Main equity markets showed gains this week**. European stocks recovered from mild losses early in the week while US equity indices continued increasing with the VIX around 17%. Chinese indices benefited from the release of better-than-expected economic figures (FX reserves and trade data) ([see](#)).
- On FX markets, **the USD appreciated in the week** and the GBP depreciated strongly driven by the uncertainty on May's Brexit negotiations with the EU, with the "backstop" remaining a key issue. The main event will take place next February 27th in which UK MPs will vote on the Brexit path ([see](#)).
- EM currencies depreciated across the board with the exception of the BRL**, despite increasing oil prices on the back of potential cuts in oil supply by Saudi Arabia ([see](#)). The TRY ended almost flat despite weak economic data ([see](#)), and the ARS depreciated in the week when the release of inflation prints were higher than expected ([see](#)).

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.51	1.9	4.7	-3	2
US	2.68	2.7	4.7	-4	0
GER (2-yr)	-0.56	-0.2	2.3	5	5
Germany	0.11	0.6	2.2	-12	-19
France	0.54	1.2	0.0	-10	-17
Spain	1.24	0.1	1.0	-13	-23
Italy	2.82	2.1	-13.4	7	8
Portugal	1.57	-0.7	-8.4	-36	-30
Greece	3.84	-2.1	-17.5	-40	-56
Japan (2-yr)	-0.17	0.0	-0.4	-1	-3
Japan	-0.02	-0.7	0.8	-3	-2
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8.78	-0.9	-25.4	-46	-45
Chile	4.12	0.2	-0.2	-14	-13
Colombia	6.91	-0.1	0.9	-11	16
Mexico	8.39	1.9	10.3	-19	-25
Peru	5.19	-0.1	6.2	-9	-18
Poland	2.69	-0.7	-3.3	-9	-13
Russia	8.42	-8.3	16.6	6	-36
Turkey	14.40	-11.0	32.0	-99	-140
India	7.36	2.7	2.4	9	-1
Indonesia	8.05	5.0	16.8	-4	2
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	43	0.6	-2.2	8	2
Italy	272	1.5	-15.6	18	28
Portugal	146	-1.3	-10.6	-25	-10
Spain	113	-0.5	-1.2	-2	-4
2-yr sovereign spread vs Germany					
France	11	-0.3	-2.4	-1	-5
Italy	103	-0.4	-20.4	11	-6
Portugal	32	-1.0	-5.0	-17	6
Spain	30	0.5	-2.4	-6	-7
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	165	-4.1	-3	-17	-42
Chile	49	0.0	1	-4	-15
Colombia	119	0.0	0	-15	-39
Argentina	627	0.0	4	-48	-179
Mexico	135	-3.5	-3	-2	-20
Peru	75	-0.3	0	-8	-20
Poland	65	0.0	0	-1	-3
Russia	149	9.1	13	9	-5
Turkey	312	3.5	5	-55	-48
China	54	0.8	-2	-7	-13
India	95	-1.7	-7	-11	-18
Indonesia	111	1.5	-3	-15	-26
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	16	-0.5	0	-3	-10
VSTOXX	14	-1.5	-2	-1	-10
EM EFT volatility Index	18	0.0	-1	-2	-7
Dollar/euro volatility	6	0.0	0	0	-1
EM FX volatility index	9	0.0	0	0	-1
Credit spread (BAA) (change in bps)	230	-2.7	0	-16	-16
US bonds volatility index	47	-1.0	-2	-5	-19
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.21	-	2	3	7
EZ Inflation expectations (5Y5Y)	1.43	-	-1	-11	-17
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	65	0.6	-2	-18	-18
EZ	99	1.1	-5	-15	-20
UK	77	0.0	-2	-10	-17
Large Spanish	69	0.4	0	-11	-18
Medium Spanish	109	1.4	1	-7	-4
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	180	0.6	-2	-18	-18
EZ Non-financial	81	1.1	-5	-15	-20
UK Non-financial	104	0.5	-1	-10	-15
Interbank markets (% , changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.37	0	-1	0	-1
Euribor 3m	-0.31	0	0	0	0
Euribor 12m	-0.11	0	0	1	1
Libor 3m	2.68	0	-1	-9	-11
Libor 12m	2.92	0	-3	-9	-10
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,746	0.0	1.4	5.0	10
Dow Jones	25,439	0.0	1.3	5.1	9
Nikkei	20,901	-1.1	2.8	2.2	4
FTSE 100	7,256	0.8	2.6	5.7	8
EuroStoxx 50	3,243	1.9	3.4	5.4	8
IBEX	9,120	1.9	3.0	2.3	7
DAX	11,313	2.0	3.7	3.5	7
CAC	5,160	1.9	4.0	7.3	9
MIB	20,203	1.9	4.4	3.7	10
ASE Athens	655	0.1	0.7	5.1	7
MSCI Latam *	93,812	1.6	1.7	2.3	9
Ibovespa (Brazil)	97,806	-0.2	2.6	3.6	11
Mexbol (Mexico)	42,725	0.0	-1.1	-2.5	3
Merval (Argentina)	37,386	0.0	2.0	9.8	23
MSCI EM Europe *	5,546	-1.0	-2.1	1.2	5
Poland	2,342	0.9	-0.5	-0.9	3
Micex 10 (Russia)	4,420	1.0	-1.5	0.6	6
Ise 100 (Turkey)	102,619	0.5	0.2	7.6	12
MSCI EM Asia *	848	0.0	0.4	5.0	8
Shanghai Com (China)	2,682	-1.4	2.5	4.4	8
Jakarta (Indonesia)	6,389	-0.5	-2.3	-0.3	3
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	128.4	0.0	0.5	-1.9	11
JPM	102.4	0.0	1.0	-0.1	5
Citi	62.4	0.0	0.7	0.4	20
BoA	28.4	0.0	0.4	-0.2	15
MS	40.7	0.0	-0.2	-8.5	3
GS	192.5	0.0	0.4	-2.3	15
EZ banks	72.8	3.0	4.1	-2.9	6
BNP	41.9	3.6	5.0	-2.8	6
Crédit Agricole	10.1	3.6	6.3	-1.9	8
Deutsche Bank	7.7	4.0	6.7	-5.4	10
ING	10.9	1.9	1.8	6.1	16
Intesa	20.9	3.0	3.4	0.7	5
SG	24.3	2.3	1.3	-19.5	-13
Unicredito	11.0	3.3	7.6	3.4	11
UK banks	78.7	1.6	3.2	3.0	8
HSBC	669.7	1.3	4.3	3.5	4
RBS	246.9	2.2	3.3	5.6	14
Barclays	159.2	1.4	2.1	-1.4	6
Lloyds	58.4	1.7	2.6	4.0	13
Large Spanish banks	62.7	3.1	3.2	-1.7	7
Santander	4.1	3.0	2.8	-5.0	3
BBVA	5.2	3.1	2.5	1.4	12
Medium Spanish banks	55.4	2.5	4.5	-7.1	-4
Sabadell	3.0	2.2	3.6	-11.3	-6
Caixa	0.9	3.4	9.3	-12.1	-6
Bankinter	6.8	2.6	4.2	-3.8	-3
Bankia	2.5	2.6	3.0	-3.5	-1
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.125	-0.4	-0.6	-1.2	-2
GBPUSD	1.28	0.0	-1.1	-0.6	0
USDJPY	110.60	-0.1	-0.8	-1.4	-1
DXY	97.25	0.3	0.6	1.2	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	38.19	0.1	-0.9	-1.8	-1
USDBRL (Brazil)	3.72	-0.1	0.3	0.4	4
USDCLP (Chile)	664.39	0.4	-0.8	1.0	4
USDCOP (Colombia)	3149	0.1	-1.1	-1.0	3
USDMXN (Mexico)	19.36	-0.5	-1.4	-2.4	2
USDPEN (Peru)	3.34	0.0	-0.4	-0.2	1
LACI	55.69	-0.2	-0.7	-0.8	3
USDPLN (Poland)	3.85	-0.5	-1.1	-2.4	-3
USDRUB (Russia)	66.70	-0.1	-1.9	-0.5	4
USDTRY (Turkey)	5.28	-0.1	-0.6	1.1	0
USDCNY (China)	6.77	0.0	-0.4	-0.3	2
USDINR (India)	71.23	-0.1	0.1	0.0	2
USDIDR (Indonesia)	14154	-0.5	-1.4	-0.2	-2
ADXY	105.91	-0.1	-0.2	-0.1	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	65.2	0.9	4.9	6	21
WTx	55	0.9	4.2	5	21
Copper	280	0.9	-0.3	4	7
Gold	1317	0.3	0.2	2	3
S&P Spot commodity *	416	0.4	2.0	2	11
S&P Brent Spot *	549	1.5	3.9	5	20
S&P Metals Spot *	328	-0.2	-1.9	2	3
S&P Agricultural *	288	-1.5	-0.4	0	1

Source: Bloomberg, Datastream and Haver

* With one day delay