

Calm in markets with Central Banks and trade on center stage

- A quiet start of the week in financial markets with a low trading volume as US markets remained closed** due to the Presidents' Day. Following last week's positive tone — thanks to the avoidance of the US government shutdown and the US-China trade negotiations —, markets remain focused on this week's trade talks while a 60-day extension of the deadline for the trade is under consideration. Also regarding trade, the US government has received a report on national security about the implications of car imports and has 90 days to take a decision on this issue ([see](#)).
- On another note, main Central Banks and members' speeches are in the spotlight:** the FOMC (after its surprising U-turn communication) and the ECB minutes will be released during the week, while preliminary PMIs for main economies could also weigh on markets.
- After last week's positive tone in equity, European stocks showed little gains while the banking sector was able to maintain last Friday's sharp gains** favored by the remarks ([see](#)) made by Coeure (ECB). Asian equity indices closed with significant gains amid optimism on US-China trade deal.
- The German 10Y Bund yield remained at very subdued levels** (hovering around 0.10%), while peripheral risk premia narrowed: the Italian risk premium was below 270 bps ahead of the review on Italy's credit rating by Fitch late in the week.
- The USD depreciated slightly while the GBP appreciated despite Brexit negotiations remaining stuck** ahead of the February 27th debate. Regarding EM FX, the MXN remained steady despite the latest government plan to support PEMEX ([see](#)). Meanwhile, **the TRY depreciated slightly despite S&P holding Turkey's sovereign rating in last Friday's review** ([see](#)), and after the reduction of the reserve ratio requirement to support the flow of credit ([see](#)). The recent rally in crude oil prices (Brent at \$66 per barrel) was not enough to appreciate Latam currencies.

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.51	0.0	2.9	-5	3
US	2.66	0.0	0.9	-9	-2
GER (2-yr)	-0.57	-1.1	0.6	2	4
Germany	0.11	0.9	-1.0	-13	-19
France	0.55	0.9	-2.0	-10	-17
Spain	1.23	-1.2	-1.4	-14	-25
Italy	2.77	-3.4	-13.5	0	2
Portugal	1.51	-5.1	-14.4	-39	-35
Greece	3.78	-4.9	-23.1	-45	-62
Japan (2-yr)	-0.17	-0.4	-0.8	0	-3
Japan	-0.02	-0.1	0.7	-3	-3
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8.91	12.6	-12.9	-26	-33
Chile	4.14	0.3	3.7	-15	-12
Colombia	6.89	0.6	-4.7	-15	14
Mexico	8.34	2.9	-7.6	-32	-30
Peru	5.16	0.0	3.2	-12	-20
Poland	2.70	1.0	-3.8	-13	-13
Russia	8.42	0.0	13.3	1	-36
Turkey	14.40	0.0	18.0	-93	-140
India	7.37	1.0	1.4	9	0
Indonesia	8.00	-4.1	5.0	-10	-2
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	44	0.0	-1.0	10	3
Italy	266	-4.3	-12.5	13	22
Portugal	140	-6.0	-13.4	-25	-16
Spain	112	-2.1	-0.4	0	-6
2-yr sovereign spread vs Germany					
France	11	0.2	-1.5	-1	-4
Italy	95	-3.8	-21.6	2	-14
Portugal	33	1.3	-3.6	-11	7
Spain	31	0.9	-2.6	-4	-6
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	161	-4.4	-11	-19	-46
Chile	48	-0.9	-1	-4	-15
Colombia	118	-1.0	-3	-14	-40
Argentina	644	17.0	12	-22	-162
Mexico	135	0.0	-5	1	-20
Peru	74	-0.5	-2	-7	-21
Poland	65	0.0	0	-2	-3
Russia	144	-5.2	5	6	-10
Turkey	311	-1.0	-5	-44	-49
China	53	-1.2	-5	-7	-14
India	97	1.6	-6	-10	-17
Indonesia	110	-1.0	-6	-13	-27
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	15	0.0	-1	-3	-11
VSTOXX	15	0.2	-1	-1	-9
EM EFT volatility Index	18	0.0	-1	-2	-7
Dollar/euro volatility	6	-0.1	0	0	-1
EM FX volatility index	9	0.0	0	0	-1
Credit spread (BAA) (change in bps)	230	0.0	0	-13	-16
US bonds volatility index	46	-1.5	-3	-8	-21
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.16	-	-2	-4	3
EZ Inflation expectations (5Y5Y)	1.45	-	0	-8	-15
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	64	-0.3	-4	-11	-18
EZ	98	-1.1	-7	-10	-21
UK	76	-0.7	-4	-6	-18
Large Spanish	69	-1.0	-2	-7	-19
Medium Spanish	109	0.1	-1	-7	-4
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	178	-0.3	-4	-11	-18
EZ Non-financial	80	-1.1	-7	-10	-21
UK Non-financial	104	0.2	-2	-8	-15
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	-0.11	0	0	1	1
Libor 3m	2.68	-1	-1	-10	-11
Libor 12m	2.91	-1	-3	-12	-11
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,776	0.0	2.4	5.3	11
Dow Jones	25,883	0.0	3.3	6.2	11
Nikkei	21,282	1.8	4.7	4.3	6
FTSE 100	7,219	-0.2	1.3	5.6	7
EuroStoxx 50	3,245	0.1	2.5	5.7	8
IBEX	9,156	0.4	2.5	2.8	7
DAX	11,299	0.0	2.6	3.5	7
CAC	5,169	0.3	3.1	7.8	9
MIB	20,330	0.6	3.8	4.4	11
ASE Athens	667	1.9	2.0	8.2	9
MSCI Latam *	93,744	-0.1	1.3	1.8	9
Ibovespa (Brazil)	96,465	-1.1	2.2	1.2	10
Mexbol (Mexico)	43,062	0.2	-0.5	-2.0	3
Merval (Argentina)	37,293	-0.5	0.7	8.8	23
MSCI EM Europe *	5,620	1.3	-0.3	2.0	6
Poland	2,326	-0.5	-1.2	-1.4	2
Micex 10 (Russia)	4,410	-0.4	-2.1	-0.2	5
Ise 100 (Turkey)	101,729	-1.0	-2.6	5.1	11
MSCI EM Asia *	836	-1.4	-0.3	3.1	7
Shanghai Com (China)	2,754	2.7	3.8	7.6	10
Jakarta (Indonesia)	6,498	1.2	-0.4	1.3	5
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	132.2	0.0	3.9	1.0	14
JPM	105.6	0.0	4.6	2.6	8
Citi	64.3	0.0	4.3	2.9	23
BoA	29.1	0.0	2.5	0.4	18
MS	42.0	0.0	4.4	-1.3	6
GS	198.5	0.0	3.7	-0.3	19
EZ banks	74.4	1.5	5.1	2.0	8
BNP	42.4	0.7	4.7	2.4	7
Crédit Agricole	10.4	2.5	8.4	2.9	11
Deutsche Bank	7.8	0.4	5.2	-0.3	11
ING	11.1	0.5	2.0	9.7	18
Intesa	2.1	0.9	3.3	2.6	6
SG	25.2	2.6	4.2	-11.7	-10
Unicredit	11.6	3.2	11.0	9.4	17
UK banks	78.7	0.0	2.3	3.2	8
HSBC	263.0	-0.3	2.0	3.9	3
RBS	252.0	1.8	6.0	6.3	16
Barclays	158.1	-0.9	0.8	-1.4	5
Lloyds	58.3	-0.2	1.0	3.9	12
Large Spanish banks	63.2	0.6	2.4	0.3	8
Santander	4.1	0.5	2.7	-3.2	4
BBVA	5.2	0.6	2.2	3.8	13
Medium Spanish banks	56.1	0.3	4.2	-4.0	-2
Caixabank	3.1	1.5	3.3	-7.8	-3
Sabadell	0.9	-1.0	8.9	-8.5	-6
Bankinter	6.9	0.1	3.9	-1.1	-1
Bankia	2.6	0.5	2.4	-0.2	0
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.131	0.1	0.3	-0.7	-1
GBPUSD	1.29	0.3	0.5	-0.5	1
USDJPY	110.58	-0.1	-0.2	-1.2	-1
DXY	96.77	-0.1	-0.3	0.7	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	38.72	-0.3	-2.0	-2.6	-3
USDBRL (Brazil)	3.74	-1.0	0.5	0.2	4
USDCLP (Chile)	661.03	0.4	0.3	1.5	5
USDCOP (Colombia)	3125	0.3	0.5	0.3	4
USDMXN (Mexico)	19.25	0.0	0.3	-1.2	2
USDPEN (Peru)	3.32	0.1	0.3	0.1	1
LACI	55.72	-0.2	0.1	-0.5	3
USDPLN (Poland)	3.83	0.2	0.2	-1.7	-2
USDRUB (Russia)	66.22	0.2	-0.6	0.2	5
USDTRY (Turkey)	5.31	-0.6	-0.7	0.6	0
USDCNY (China)	6.77	0.1	0.4	0.1	2
USDINR (India)	71.36	-0.2	-0.3	-0.4	-2
USDIDR (Indonesia)	14107	0.3	-0.5	0.6	2
ADXY	105.99	-0.1	0.1	0.1	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	66.5	0.4	8.1	9	24
WTx	56	0.7	6.8	8	23
Copper	280	0.0	0.4	4	7
Gold	1326	0.3	1.4	3	3
S&P Spot commodity *	423	1.7	4.2	4	13
S&P Brent Spot *	564	2.6	7.6	8	23
S&P Metals Spot *	331	1.0	-0.1	2	4
S&P Agricultural *	289	0.4	0.4	0	2

Source: Bloomberg, Datastream and Haver

* With one day delay