

## Optimism in markets with the focus on Central Banks minutes

- There is a positive tone in the financial markets ahead of the release of the FOMC minutes later today.** The latest optimistic comments from the US on the China-US negotiations and the willingness to delay the March 1st trade truce deadline weighed on investors hopes for an ease in trade disputes. Yesterday, as part of the trade deal, **the US asked China to keep the yuan stable (see).** Afterwards, **China reaffirmed its commitment** to maintain its prudent monetary policy, which could hint at a stable currency (see). Against this backdrop, the RMB has consolidated levels around 6.7 RMB/USD, recovering somewhat from last year's sharp depreciation.
- Sovereign yields remained broadly steady at subdued levels.** The US Treasury 10Y yield continued below 2.70% ahead of the release of the minutes from January's FOMC. In this vein, the German 10Y Bund yield remained hovering around the 0.10% level, while there were no major changes in peripheral risk premia, except for the Italy's risk premium.
- Developed equity markets were up:** US equity indices showed slight positive movements, while European stocks recovered from yesterday's minor losses. Asian equity markets ended with gains amid optimism on trade.
- The USD and the EUR remained steady ahead of the FOMC and ECB minutes.** The GBP continued with its yesterday's appreciation amid optimism on Brexit talks. May continues negotiating with the EU over the "backstop" deal - key issue - (see), however in the UK, support for her Brexit plan remains insufficient (see).
- EM currencies were mixed:** the ARS and the TRY underperformed other EMs, which have appreciated. The BRL appreciated with the pension reform plan in focus (see). Today's rise in crude oil prices (Brent prices hovering around \$67 per barrel) favored the development of some Latam currencies.

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.49	0.2	-4.1	-12	0
<b>US</b>	2.65	1.8	-5.0	-13	-3
GER (2-yr)	-0.57	-0.2	-0.8	2	4
<b>Germany</b>	0.10	-0.5	-2.3	-16	-20
France	0.53	-0.7	-2.5	-13	-18
Spain	1.20	-0.9	-3.5	-17	-28
Italy	2.86	7.1	7.5	10	12
Portugal	1.52	1.2	-7.6	-37	-34
Greece	3.78	0.5	-12.5	-38	-62
Japan (2-yr)	-0.18	-0.1	-1.7	-1	-4
<b>Japan</b>	-0.03	-0.5	-2.7	-4	-4
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8.86	-1.7	-8.5	-20	-38
Chile	4.14	0.3	1.5	-20	-12
Colombia	6.88	0.4	-5.7	-15	13
Mexico	8.27	-0.3	-18.2	-40	-37
Peru	5.16	-0.2	-4.3	-12	-21
Poland	2.65	-3.1	-7.1	-21	-18
Russia	8.47	-0.1	9.4	9	-32
Turkey	14.81	21.0	52.0	-55	-99
India	7.34	-2.9	4.8	3	-3
Indonesia	7.90	-9.0	0.2	-20	-12
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	43	-0.2	-0.2	9	2
Italy	276	7.6	9.8	26	32
Portugal	142	1.7	-5.3	-22	-14
Spain	110	-0.4	-1.2	-1	-7
<b>2-yr sovereign spread vs Germany</b>					
France	12	0.3	0.2	0	-4
Italy	105	6.9	2.0	12	-4
Portugal	34	0.6	0.4	-10	8
Spain	31	-0.1	0.4	-5	-6
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	162	1.1	-6	-9	-45
Chile	48	0.1	-1	1	-15
Colombia	116	-1.7	-4	-9	-43
Argentina	658	13.5	33	13	-148
Mexico	133	-1.8	-5	6	-22
Peru	74	-0.2	-2	-3	-21
Poland	65	0.0	0	-2	-3
Russia	141	-2.1	1	6	-13
Turkey	312	-0.5	1	-19	-47
China	53	-0.6	-2	-6	-15
India	93	-4.0	-7	-14	-21
Indonesia	110	-1.2	-4	-13	-28
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	14	-0.6	-1	-3	-11
VSTOXX	14	-0.3	0	-1	-10
EM EFT volatility Index	17	-0.4	-1	-1	-8
Dollar/euro volatility	6	0.0	0	0	-1
EM FX volatility index	9	-0.1	0	0	-1
Credit spread (BAA) (change in bps)	228	-1.8	0	-11	-18
US bonds volatility index	45	-0.7	-3	-9	-22
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.21	-	2	6	8
EZ Inflation expectations (5Y5Y)	1.45	-	1	-11	-16
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	64	0.2	-2	-7	-18
EZ	94	-1.2	-6	-10	-26
UK	73	-1.5	-6	-7	-21
Large Spanish	65	-1.2	-4	-7	-23
Medium Spanish	109	2.3	-2	1	-3
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	227	0.2	-2	-7	-18
EZ Non-financial	79	-1.2	-6	-10	-26
UK Non-financial	103	-0.6	-2	-8	-16
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
<b>Euribor 12m</b>	-0.11	0	0	1	1
Libor 3m	2.64	0	-5	-12	-16
Libor 12m	2.89	-2	-2	-14	-12
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2,783	0.1	1.1	4.2	11
Dow Jones	25,923	0.1	1.5	4.9	11
Nikkei	21,431	0.6	1.4	3.4	7
FTSE 100	7,230	0.7	0.5	3.7	7
<b>EuroStoxx 50</b>	3,260	0.6	1.8	4.3	9
IBEX	9,184	0.5	2.2	1.4	8
DAX	11,405	0.9	2.1	2.4	8
CAC	5,196	0.7	2.4	6.7	10
MIIB	20,306	0.4	1.6	3.4	11
ASE Athens	672	0.7	2.4	8.4	9
<b>MSCI Latam *</b>	93,794	0.9	0.8	0.4	9
Ibovespa (Brazil)	97,834	0.2	2.1	1.9	11
Mexbol (Mexico)	43,235	0.7	2.2	-1.8	4
Merval (Argentina)	37,097	2.2	0.2	5.1	22
<b>MSCI EM Europe *</b>	5,570	-0.4	-2.4	-0.4	5
Poland	2,370	2.0	1.0	0.5	4
Micex 10 (Russia)	4,428	1.1	-0.4	-2.0	6
Ise 100 (Turkey)	101,971	0.2	0.3	4.1	12
<b>MSCI EM Asia *</b>	842	-0.1	-0.3	2.8	8
Shanghai Com (China)	2,761	0.2	1.5	5.8	11
Jakarta (Indonesia)	6,513	0.2	1.3	1.0	5
Banking sector	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>					
US banks	132.3	0.0	2.0	-0.5	14
JPM	105.2	0.0	2.1	0.6	8
Citi	64.4	0.1	2.2	2.1	24
BoA	29.1	0.0	1.5	-0.5	18
MS	42.3	0.2	2.6	-3.3	7
GS	198.3	-0.2	1.9	-2.1	19
<b>EZ banks</b>					
EZ banks	74.5	0.6	3.5	0.8	8
BNP	42.6	0.8	2.8	0.6	8
Crédit Agricole	10.6	1.3	7.1	3.5	12
Deutsche Bank	7.7	1.3	1.5	-3.7	10
ING	11.1	0.2	1.7	6.8	18
Intesa	2.1	-0.1	2.0	0.7	6
SG	25.3	1.2	4.3	-10.4	-9
Unicredit	11.4	0.2	4.9	7.5	16
<b>UK banks</b>					
UK banks	79.5	1.9	2.2	1.8	9
HSBC	643.4	1.0	-2.4	-1.0	-1
RBS	258.0	0.9	6.4	6.7	19
Barclays	160.9	1.2	1.8	-2.5	7
Lloyds	61.1	4.7	5.7	5.4	18
<b>Large Spanish banks</b>					
Large Spanish banks	63.5	1.3	3.1	-1.9	9
Santander	4.1	1.4	3.4	-4.7	4
<b>BBVA</b>	5.2	1.1	2.9	0.8	13
<b>Medium Spanish banks</b>					
Medium Spanish banks	56.4	0.2	3.7	-3.7	-2
Caixabank	3.0	-0.5	2.7	-7.7	-4
Sabadell	1.0	0.7	6.6	-8.4	-4
Bankinter	7.0	0.4	3.8	-1.2	-1
Bankia	2.6	0.2	2.9	1.4	1
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
<b>EURUSD</b>	1.137	0.2	0.9	0.0	-1
GBPUSD	1.31	0.2	1.8	1.5	3
USDJPY	110.73	-0.1	0.3	-1.0	-1
DXY	96.39	-0.1	-0.8	0.1	0
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	40.05	-1.9	-4.6	-5.8	-6
USDBRL (Brazil)	3.71	0.2	1.2	1.3	5
USDCLP (Chile)	652.90	0.6	1.7	3.0	6
USDCOP (Colombia)	3111	0.1	0.9	0.4	5
USDMXN (Mexico)	19.19	-0.2	1.3	-0.1	2
USDPEN (Peru)	3.32	0.0	0.7	0.3	2
LACI	55.81	-0.1	0.6	0.2	3
USDPLN (Poland)	3.81	0.2	1.1	-1.1	-2
USD RUB (Russia)	65.54	0.3	1.5	1.3	6
USDTRY (Turkey)	5.32	-0.8	-0.8	0.0	-1
USDCNY (China)	6.72	0.6	0.6	1.1	2
USDINR (India)	71.12	0.3	-0.4	0.2	-2
USDIDR (Indonesia)	14044	0.4	0.1	1.3	2
ADXY	106.57	0.3	0.6	1.0	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
<b>Brent</b>	67.2	1.2	5.7	7	25
WTx	57	1.8	6.0	6	26
Copper	292	1.5	5.4	7	11
Gold	1345	0.3	3.0	5	5
S&P Spot commodity *	424	0.2	2.3	3	13
S&P Brent Spot *	566	0.4	4.5	6	24
S&P Metals Spot *	334	0.9	1.8	2	5
S&P Agricultural *	286	-1.1	-2.2	-2	1

Source: Bloomberg, Datastream and Haver

\* With one day delay