

Economic data in the US boosted core yields

■ The positive tone in financial markets seen recently seemed to fade somewhat; however, **economic indicators in the US, which were above expectations, weighed on core yields**. Meanwhile, the **second day of Powell's address, now before the House panel**, continued to draw investors' attention ([see](#)). At today's remarks, he reiterated the "patient" shift of the Fed, once again, and said that further details about the balance sheet strategy will be announced in the short term. On another front, the US and North Korea met today as they were discussing the end of the North Korea's nuclear program ([see](#)), while India-Pakistan geopolitical tensions have had a muted impact in the markets, so far ([see](#)).

■ **Core yields increased across the board**: the US Treasury 10Y yield rose after the release of better-than-expected economic data while the German 10Y yield also increased as confidence indicators overshot expectations ([see](#)). The **concerns showed by the European Commission over the high imbalances in the Italian economy** and worries about the fiscal stance led the Italian risk premium to increase ([see](#)) with no contagion to Spain and Portugal's risk premia.

■ **Developed equity markets fell somewhat across the board**. US stock markets were down; however, the VIX seemed to consolidate levels around 15%. In the same vein, European equity markets showed losses - trimming partially some of the gains.

■ On FX markets, there were no major changes in the USD while **the GBP continued to appreciate amid the possibility of avoiding a disorderly Brexit** and ahead today's debate on Brexit path ([see](#)). Emerging markets currencies registered a mixed performance; however, there was a slightly outperformance of Latam currencies favored by the increasing oil prices, as they rose sharply after the release of lower oil inventories in the US ([see](#)).

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| Debt markets (10Y, %, changes in bp) | | | | | |
|--|---------|-------|--------|---------|------|
| Developed Markets | level | Daily | Week | Month | YTD |
| US (2-yr) | 2.50 | 2.0 | 0.4 | -9 | 1 |
| US | 2.68 | 4.1 | 3.2 | -7 | -1 |
| GER (2-yr) | -0.53 | 0.9 | 4.1 | 5 | 8 |
| Germany | 0.15 | 3.1 | 4.9 | -6 | -15 |
| France | 0.55 | 2.6 | 2.6 | -6 | -16 |
| Spain | 1.16 | 2.2 | -4.0 | -6 | -31 |
| Italy | 2.79 | 8.1 | -7.5 | 12 | 4 |
| Portugal | 1.45 | 2.0 | -6.7 | -34 | -41 |
| Greece | 3.70 | -2.7 | -7.6 | -35 | -69 |
| Japan (2-yr) | -0.16 | 0.1 | 1.6 | 0 | -2 |
| Japan | -0.03 | 0.1 | 0.8 | -3 | -3 |
| Emerging Markets | level | Daily | Weekly | Monthly | YTD |
| Brazil | 8.99 | -0.1 | 2.6 | -12 | -25 |
| Chile | 4.13 | 0.0 | -0.1 | -9 | -12 |
| Colombia | 6.85 | -0.2 | -4.0 | -21 | 10 |
| Mexico | 8.11 | 1.5 | -16.8 | -28 | -53 |
| Peru | 5.16 | -0.1 | 0.0 | -15 | -21 |
| Poland | 2.91 | 4.5 | 26.6 | 10 | 9 |
| Russia | 8.51 | 7.5 | 4.3 | 10 | -27 |
| Turkey | 14.41 | -15.0 | -40.0 | -40 | -139 |
| India | 7.48 | 6.0 | 14.3 | 15 | 11 |
| Indonesia | 7.81 | -0.7 | -9.6 | -31 | -22 |
| Country risk (bp, changes in bp) | | | | | |
| Developed Markets | level | Daily | Weekly | Monthly | YTD |
| 10-yr sovereign spread vs Germany | | | | | |
| France | 40 | -0.5 | -2.3 | 6 | 0 |
| Italy | 264 | 5.0 | -12.4 | 18 | 20 |
| Portugal | 130 | -1.1 | -11.6 | -28 | -26 |
| Spain | 101 | -0.9 | -8.9 | 0 | -16 |
| 2-yr sovereign spread vs Germany | | | | | |
| France | 8 | -0.4 | -3.6 | -4 | -8 |
| Italy | 95 | 8.1 | -9.5 | 7 | -13 |
| Portugal | 28 | -0.7 | -5.7 | -12 | 2 |
| Spain | 26 | 0.2 | -4.7 | -7 | -11 |
| Emerging Markets | level | Daily | Weekly | Monthly | YTD |
| 5-yr sovereign CDS * | | | | | |
| Brazil | 156 | -2.5 | -6 | -14 | -51 |
| Chile | 45 | -0.3 | -3 | -4 | -18 |
| Colombia | 107 | -1.9 | -9 | -21 | -51 |
| Argentina | 659 | 15.7 | 1 | 32 | -147 |
| Mexico | 124 | -6.0 | -9 | -6 | -30 |
| Peru | 70 | -0.3 | -3 | -6 | -24 |
| Poland | 65 | 0.0 | 0 | -1 | -3 |
| Russia | 131 | -0.2 | -10 | 0 | -23 |
| Turkey | 307 | -1.7 | -5 | -9 | -52 |
| China | 50 | 0.5 | -4 | -9 | -18 |
| India | 94 | 3.1 | 1 | -13 | -20 |
| Indonesia | 106 | 0.8 | -4 | -10 | -31 |
| Risk indicators | | | | | |
| Volatility indicators | level | Daily | Weekly | Monthly | YTD |
| VIX | 15 | 0.2 | 1 | -3 | -10 |
| VSTOXX | 14 | 0.5 | 0 | -2 | -10 |
| EMEFT volatility Index | 19 | 1.0 | 1 | -2 | -6 |
| Dollar/euro volatility | 6 | 0.1 | 0 | -1 | -2 |
| EMFX volatility index | 9 | -0.1 | 0 | -1 | -1 |
| Credit spread (BAA) (change in bps) | 220 | -4.1 | -3 | -16 | -25 |
| US bonds volatility index | 46 | 0.1 | 2 | -5 | -20 |
| Inflation expectations | level | Daily | Weekly | Monthly | YTD |
| US Inflation expectations (5Y5Y) | 2.26 | - | 4 | 10 | 13 |
| EZ Inflation expectations (5Y5Y) | 1.45 | - | 0 | -6 | -16 |
| Banking 5y CDS | level | Daily | Weekly | Monthly | YTD |
| US | 64 | 0.1 | 0 | -5 | -18 |
| EZ | 86 | -1.6 | -8 | -15 | -33 |
| UK | 67 | -2.1 | -6 | -10 | -27 |
| Large Spanish | 59 | -0.7 | -6 | -10 | -29 |
| Medium Spanish | 107 | 0.2 | -2 | -6 | -5 |
| Corporate 5y CDS | level | Daily | Weekly | Monthly | YTD |
| US Non-financial | 152 | 0.1 | 0 | -5 | -18 |
| EZ Non-financial | 74 | -1.6 | -8 | -15 | -33 |
| UK Non-financial | 99 | -0.9 | -4 | -11 | -20 |
| Interbank markets (% changes in bp) | | | | | |
| | level | Daily | Weekly | Monthly | YTD |
| EONIA Index | -0.37 | 0 | 0 | 0 | -2 |
| Euribor 3m | -0.31 | 0 | 0 | 0 | 0 |
| Euribor 12m | -0.11 | 0 | 0 | 0 | 1 |
| Libor 3m | 2.63 | -1 | -1 | -12 | -17 |
| Libor 12m | 2.88 | 0 | -1 | -15 | -13 |
| Stock markets (%) | | | | | |
| Main indices | level | Daily | Weekly | Monthly | YTD |
| S&P500 | 2,785 | -0.3 | 0.0 | 5.4 | 11 |
| Dow Jones | 25,959 | -0.4 | 0.0 | 5.8 | 11 |
| Nikkei | 21,557 | 0.5 | 0.6 | 4.4 | 8 |
| FTSE 100 | 7,107 | -0.6 | -1.7 | 5.3 | 6 |
| EuroStoxx 50 | 3,283 | -0.2 | 0.7 | 4.6 | 9 |
| IBEX | 9,212 | -0.2 | 0.3 | 1.6 | 8 |
| DAX | 11,487 | -0.5 | 0.7 | 2.5 | 9 |
| CAC | 5,225 | -0.3 | 0.6 | 6.9 | 10 |
| MIB | 20,499 | 0.2 | 1.0 | 4.5 | 12 |
| ASE Athens | 695 | 0.3 | 3.5 | 10.2 | 13 |
| MSCI Latam * | 94,036 | 0.3 | 0.3 | 0.0 | 9 |
| Ibovespa (Brazil) | 97,313 | -0.3 | 0.8 | 2.0 | 11 |
| Mexbol (Mexico) | 43,209 | -0.9 | 0.1 | -1.0 | 4 |
| Merval (Argentina) | 35,362 | -1.8 | -3.1 | 1.5 | 17 |
| MSCI EM Europe * | 5,673 | 0.0 | 1.8 | 0.3 | 7 |
| Poland | 2,334 | -1.4 | -1.5 | -1.6 | 3 |
| Micex 10 (Russia) | 4,423 | -0.2 | -0.1 | -0.5 | 6 |
| Ise 100 (Turkey) | 104,141 | -0.9 | 2.1 | 2.8 | 14 |
| MSCI EM Asia * | 866 | -0.3 | 2.9 | 4.2 | 11 |
| Shanghai Com (China) | 2,954 | 0.4 | 7.0 | 13.7 | 18 |
| Jakarta (Indonesia) | 6,526 | 0.0 | 0.5 | 0.7 | 5 |
| Banking sector | level | Daily | Weekly | Monthly | YTD |
| US banks | 132.6 | 0.1 | -0.2 | 0.1 | 15 |
| JPM | 105.0 | -0.3 | -0.7 | 1.0 | 8 |
| Citi | 64.3 | 0.3 | -0.5 | 0.8 | 24 |
| BoA | 29.5 | 0.8 | 0.4 | -0.4 | 20 |
| MS | 42.5 | 0.2 | 0.2 | -0.4 | 7 |
| GS | 197.8 | -0.6 | -0.4 | -1.0 | 18 |
| EZ banks | 77.6 | 2.4 | 4.1 | 4.7 | 13 |
| BNP | 44.2 | 2.4 | 3.8 | 4.1 | 12 |
| Crédit Agricole | 11.1 | 2.7 | 4.8 | 9.5 | 18 |
| Deutsche Bank | 8.0 | 2.0 | 3.8 | -0.9 | 15 |
| ING | 11.6 | 1.8 | 4.1 | 9.9 | 23 |
| Intesa | 2.1 | 2.6 | 3.6 | 4.2 | 10 |
| SG | 26.6 | 3.1 | 4.9 | -5.6 | -5 |
| Unicredito | 11.7 | 2.1 | 2.5 | 9.3 | 18 |
| UK banks | 79.9 | 1.0 | 0.5 | 4.7 | 10 |
| HSBC | 616.6 | 0.4 | -4.2 | -2.3 | -5 |
| RBS | 263.3 | 1.3 | 2.1 | 10.4 | 22 |
| Barclays | 166.9 | 1.2 | 3.7 | 4.3 | 11 |
| Lloyds | 62.9 | 1.6 | 2.9 | 10.3 | 21 |
| Large Spanish banks | 64.7 | 1.5 | 2.1 | -0.3 | 11 |
| Santander | 4.2 | 0.4 | 1.4 | -3.3 | 6 |
| BBVA | 5.4 | 2.4 | 2.7 | 2.5 | 16 |
| Medium Spanish banks | 57.6 | 1.8 | 2.2 | -2.0 | 0 |
| Caixabank | 3.1 | 2.3 | 2.5 | -6.5 | -2 |
| Sabadell | 1.0 | 3.1 | 3.3 | -5.9 | -2 |
| Bankinter | 7.1 | 0.9 | 1.8 | 0.3 | 1 |
| Bankia | 2.6 | 2.0 | 1.9 | 3.6 | 3 |
| Currencies (% red for currency depreciation) | | | | | |
| Developed | level | Daily | Weekly | Monthly | YTD |
| EURUSD | 1.137 | -0.2 | 0.3 | -0.5 | -1 |
| GBPUSD | 1.33 | 0.5 | 2.0 | 1.2 | 4 |
| USDJPY | 110.93 | -0.3 | -0.1 | -1.4 | -1 |
| DXY | 96.16 | 0.2 | -0.3 | 0.4 | 0 |
| Emerging | level | Daily | Weekly | Monthly | YTD |
| USDARS (Argentina) | 38.80 | 0.2 | 2.2 | -4.3 | -3 |
| USDBRL (Brazil) | 3.74 | 0.3 | -0.2 | 0.7 | 4 |
| USDCLP (Chile) | 650.78 | -0.3 | 0.3 | 3.3 | 7 |
| USDCOP (Colombia) | 3073 | 0.4 | 1.2 | 2.7 | 6 |
| USDMXN (Mexico) | 19.22 | -0.2 | 0.0 | -0.9 | 2 |
| USDPEN (Peru) | 3.30 | 0.0 | 0.4 | 1.6 | 2 |
| LACI | 55.92 | 0.0 | 0.3 | 0.2 | 3 |
| USDPLN (Poland) | 3.80 | 0.0 | 0.6 | -1.1 | -2 |
| USDRUB (Russia) | 65.82 | -0.2 | -0.2 | 0.6 | 5 |
| USDTRY (Turkey) | 5.31 | -0.1 | 0.2 | 0.2 | 0 |
| USDCNY (China) | 6.69 | 0.2 | 0.5 | 0.9 | 3 |
| USDINR (India) | 71.24 | -0.2 | -0.2 | -0.2 | -2 |
| USDIDR (Indonesia) | 14030 | -0.3 | 0.1 | 0.3 | 3 |
| ADXY | 106.68 | -0.1 | 0.2 | 0.5 | 1 |
| Commodities (%) | | | | | |
| | level | Daily | Weekly | Monthly | YTD |
| Brent | 66.5 | 1.9 | -0.9 | 11 | 24 |
| WTx | 57 | 2.9 | 0.3 | 10 | 26 |
| Copper | 295 | 0.2 | 0.7 | 10 | 12 |
| Gold | 1321 | -0.6 | -1.3 | 1 | 3 |
| S&P Spot commodity * | 422 | 0.2 | -1.3 | 5 | 13 |
| S&P Brent Spot * | 556 | 0.7 | -2.6 | 9 | 21 |
| S&P Metals Spot * | 344 | 0.2 | 1.7 | 5 | 8 |
| S&P Agricultural * | 280 | -1.1 | -1.7 | -4 | -1 |

Source: Bloomberg, Datastream and Haver

* With one day delay