

## Markets show little change despite China's growth concerns

■ **Financial markets showed mild movements despite the release of mixed economic indicators** across major economies. In a context of trade tensions and weak economic data, Chinese officials on the **National People's Congress, at its first day of meeting, revised slightly downward the growth target and announced tax cuts** as measures to support China's economy ([see](#)). Meanwhile, today's worst-than-expected PMIs in China reinforced concerns over a slowdown in the economy ([see](#)). However these fears were offset partially due to the release of better-than-expected confidence indicators in the Eurozone and the US.

■ **Core yields inched up amid the release of upbeat data.** The US ISM non-Manufacturing PMI data, which was above expectations, contributed to the rise in the US Treasury 10Y yield ([see](#)). In Europe, final confidence indicators also boosted the 10Y Bund yield ([see](#)) while the Italian risk premium decreased due to the better-than-expected PMIs ([see](#)).

■ **Little movements in developed equity markets:** US stocks were relatively unchanged, while European equity markets were slightly up. Chinese equity indices continued showing gains favored by its supportive measures and trade optimism.

■ **The USD appreciated while the GBP depreciated ahead of an eventful week ahead:** May committed to hold a vote on the agreement on March 12 and, if rejected, a vote on a no-deal Brexit by March 13 and another about an extension of Article 50 by March 14. Meanwhile, **there were no major changes across EM currencies.** The latest announcement from the US signaling the end of trade preference for India and Turkey have had mixed effects on their currencies, so far: the TRY depreciated ([see](#)) but the INR ([see](#)) appreciated.

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.56	2.0	7.9	6	7
<b>US</b>	2.74	1.6	10.3	5	5
GER (2-yr)	-0.50	0.9	3.5	8	11
<b>Germany</b>	0.17	0.9	4.9	0	-14
France	0.56	0.1	3.4	-1	-15
Spain	1.15	-1.8	1.6	-7	-32
Italy	2.71	-3.1	0.3	-4	-4
Portugal	1.46	-0.7	2.6	-32	-40
Greece	3.71	3.4	-2.1	-21	-69
Japan (2-yr)	-0.14	0.4	2.6	4	0
<b>Japan</b>	0.01	0.6	3.6	2	1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.05	0.0	5.5	35	-19
Chile	4.18	-1.2	4.9	0	-7
Colombia	6.91	0.3	6.2	0	16
Mexico	8.15	-2.8	5.7	-27	-49
Peru	5.14	0.1	-1.5	-3	-22
Poland	2.94	-1.4	7.4	19	12
Russia	8.45	0.1	1.5	22	-33
Turkey	14.69	-5.0	13.0	82	-111
India	7.38	0.0	-4.5	0	1
Indonesia	7.86	0.1	4.6	-3	-16
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	39	-0.8	-1.5	5	-1
Italy	254	-4.0	-4.6	-4	10
Portugal	129	-1.6	-2.3	-32	-27
Spain	99	-2.7	-3.3	-7	-19
<b>2-yr sovereign spread vs Germany</b>					
France	7	-0.5	-1.2	-5	-8
Italy	82	-3.2	-5.3	-18	-27
Portugal	26	-0.7	-2.8	-12	0
Spain	23	-2.0	-2.4	-9	-14
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	158	0.7	0	-7	-49
Chile	47	0.7	1	-1	-17
Colombia	111	1.6	2	-13	-48
Argentina	729	20.4	85	106	-78
Mexico	128	1.8	-3	-8	-27
Peru	70	-0.1	-1	-6	-25
Poland	65	0.0	0	0	-3
Russia	129	0.4	-1	-1	-25
Turkey	309	2.5	0	8	-50
China	48	-1.9	-2	-6	-20
India	86	-3.9	-4	-18	-27
Indonesia	98	-2.7	-8	-13	-40
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	15	-0.1	-1	-2	-11
VSTOXX	14	-0.1	0	0	-10
EM EFT volatility Index	18	-0.7	0	-2	-7
Dollar/euro volatility	6	0.0	0	0	-1
EM FX volatility index	8	0.0	0	-1	-2
Credit spread (BAA) (change in bps)	220	-1.6	-4	-12	-25
US bonds volatility index	47	-1.2	0	-2	-20
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.30	-	5	3	17
EZ Inflation expectations (5Y5Y)	1.51	-	6	0	-10
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	60	-0.1	-4	-3	-22
EZ	85	0.5	-3	-12	-34
UK	64	-0.3	-6	-11	-30
Large Spanish	61	2.1	1	-6	-27
Medium Spanish	104	-1.2	-4	-7	-9
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	152	-0.1	-4	-3	-22
EZ Non-financial	73	0.5	-3	-12	-34
UK Non-financial	98	-0.2	-3	-9	-21
Interbank markets (% changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.37	0	0	-1	-1
Euribor 3m	-0.31	0	0	0	0
<b>Euribor 12m</b>	-0.11	0	0	0	1
Labor 3m	2.61	1	-3	-13	-19
Labor 12m	2.88	0	0	-10	-13
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2,794	0.1	0.0	3.2	11
Dow Jones	25,820	0.0	-0.9	3.0	11
Nikkei	21,726	-0.4	1.3	4.5	9
FTSE 100	7,183	0.7	0.5	2.3	7
<b>EuroStoxx 50</b>	3,327	0.3	1.2	4.9	11
IBEX	9,258	0.0	0.3	2.6	8
DAX	11,621	0.2	0.7	3.9	10
CAC	5,298	0.2	1.1	5.5	12
MIB	20,716	0.0	1.3	5.8	13
ASE Athens	699	-0.8	0.9	8.9	14
<b>MSCI Latam *</b>	91,002	-0.2	-3.0	-3.3	5
Ibovespa (Brazil)	94,604	0.0	-3.1	-3.3	8
Mexbol (Mexico)	42,337	-0.2	-2.9	-3.2	2
Merval (Argentina)	33,835	0.0	-6.1	-7.6	12
<b>MSCI EM Europe *</b>	5,611	0.0	-1.1	-1.5	6
Poland	2,321	-0.3	-1.9	-3.0	2
Micex 10 (Russia)	4,383	-0.5	-1.1	-3.4	5
Ise 100 (Turkey)	103,731	-0.4	-1.3	0.8	14
<b>MSCI EM Asia *</b>	864	0.3	-0.6	2.7	10
Shanghai Com (China)	3,054	0.9	3.8	16.7	22
Jakarta (Indonesia)	6,441	-0.9	-1.3	-1.4	4
Banking sector	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>	130.4	-0.6	-1.6	0.1	13
JPM	104.1	-0.1	-1.1	0.2	7
Citi	62.8	-1.5	-2.1	-1.4	21
BoA	28.9	-0.3	-1.2	2.0	17
MS	41.6	-1.0	-1.9	-0.5	5
GS	195.0	-0.5	-2.0	-0.8	17
<b>EZ banks</b>	77.7	-1.1	2.6	9.2	13
BNP	44.5	-0.9	3.2	8.9	13
Crédit Agricole	11.1	-0.4	2.4	11.7	17
Deutsche Bank	8.1	-0.8	-3.0	4.7	16
ING	11.2	-3.3	-0.9	9.0	19
Intesa	2.2	-0.2	4.1	10.1	11
SG	27.0	-0.7	4.9	2.0	-3
Unicredito	11.8	-0.4	3.1	20.5	20
<b>UK banks</b>	79.7	-0.2	0.8	3.3	9
HSBC	623.4	0.9	1.5	-2.4	-4
RBS	259.9	-2.4	0.0	6.6	20
Barclays	164.6	0.5	-0.2	3.7	9
Lloyds	62.9	-0.2	1.6	8.1	11
<b>Large Spanish banks</b>	64.6	-0.3	1.3	3.1	21
Santander	4.2	0.1	1.4	4.3	7
<b>BBVA</b>	5.3	-0.5	1.1	2.1	14
<b>Medium Spanish banks</b>	58.3	0.2	3.1	6.1	1
Caixabank	3.1	0.0	2.2	1.5	-2
Sabadell	1.0	-0.1	4.6	10.0	0
Bankinter	7.2	0.8	2.9	6.9	3
Bankia	2.7	-0.1	3.7	8.2	5
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
<b>EURUSD</b>	1.130	-0.4	-0.8	-1.4	-1
GBPUSD	1.31	-0.3	-0.8	0.5	3
USDJPY	111.98	-0.2	-1.2	-2.2	-2
DXY	96.91	0.2	0.9	1.4	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	39.85	0.0	-2.4	-6.7	-5
USDBRL (Brazil)	3.78	0.0	-0.8	-3.2	3
USDCPL (Chile)	657.05	0.3	-1.2	-0.8	6
USDCOP (Colombia)	3101	-0.2	-0.5	-0.3	5
USDMXN (Mexico)	19.27	0.1	-0.5	-0.9	2
USDPEN (Peru)	3.31	-0.1	-0.3	0.5	2
LACI	55.43	0.1	-0.9	-2.0	2
USDPLN (Poland)	3.80	-0.3	-0.2	-1.6	-2
USDRUB (Russia)	65.79	-0.1	-0.1	-0.5	5
USDTRY (Turkey)	5.40	-0.4	-1.8	-3.6	-2
USDCNY (China)	6.71	0.0	-0.1	-0.5	3
USDINR (India)	70.49	0.6	0.8	1.1	-1
USDIDR (Indonesia)	14128	0.0	-1.0	-1.3	2
ADXY	106.33	0.0	-0.4	0.1	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
<b>Brent</b>	65.6	-0.1	0.6	5	22
WTx	57	-0.1	1.8	2	24
Copper	294	0.9	-0.2	6	12
Gold	1284	-0.2	-3.4	-3	0
S&P Spot commodity *	423	0.4	0.4	2	13
S&P Brent Spot *	559	0.9	0.5	5	22
S&P Metals Spot *	341	-1.5	-1.0	2	7
S&P Agricultural *	278	-0.3	-1.0	-4	-2

Source: Bloomberg, Datastream and Haver

\* With one day delay