

## Markets remained awaiting the outcome of the Brexit vote

■ **Caution in financial markets with all eyes on the outcome of the UK Parliament's "meaningful vote"** on May's Brexit deal later today. Yesterday, May agreed on a revised Brexit plan with the EU in a move to try and win the support from the Parliament today, leading the GBP to appreciate sharply ([see](#)). However, **high volatility of the GBP was registered today** as it depreciated after reports showed the assessment from the UK's top lawyer Geoffrey Cox over the "backstop" on the revised deal ([see](#)), but it recovered some ground as the session passed.

■ **Sovereign core yields inched down:** today's release of **lower-than-expected inflation prints for the US** dragged the US Treasury 10Y yield down slightly ([see](#)). These prints could justify the Fed's "patient" shift, ahead of next week's FOMC meeting. In Europe, the 10Y Bund yield remained hovering the 0.06% while peripheral risk premia was almost unchanged.

■ **Mild movements across developed equity markets.** US and European stocks showed little change while the US equity implied volatility (VIX) decreased to below 15%. Positivism over trade negotiations led to a rise in Chinese equity indices: yesterday, further US-China trade talks took place in which key issues were discussed ([see](#)).

■ **The USD depreciated and the EUR appreciated,** practically reaching the 1.13 USD/EUR level. **Regarding EM currencies, most of them appreciated** in light of a weak USD. Latam currencies benefited the most from the rise in crude oil prices (reaching levels above \$65 per barrel) with the sole exception of the ARS. The BRL appreciated despite the release of slightly higher-than-expected inflation prints for Brazil ([see](#)).

Update 18:00 CET 12 March 2019

Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.46	-1.6	-8.6	-1	-3
<b>US</b>	2.62	-1.8	-9.6	-1	-6
GER (2-yr)	-0.54	-0.6	-4.1	3	7
<b>Germany</b>	0.06	-1.4	-11.3	-3	-25
France	0.47	6.5	-8.7	-7	-24
Spain	1.17	-8.9	1.6	-6	-30
Italy	2.54	-2.1	-16.7	-42	-20
Portugal	1.34	1.9	-12.2	-46	-53
Greece	3.88	15.9	17.2	-14	-52
Japan (2-yr)	-0.15	-0.1	-1.2	2	-1
<b>Japan</b>	-0.03	0.5	-3.8	0	-3
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8.82	-6.3	-23.0	-22	-42
Chile	4.10	0.5	-8.0	-3	-16
Colombia	6.79	-2.4	-12.7	-11	4
Mexico	8.01	-4.8	-13.0	-28	-63
Peru	5.03	-2.0	-10.3	-9	-33
Poland	2.88	-0.5	-5.8	16	6
Russia	8.44	-2.7	-0.4	19	-34
Turkey	15.08	20.0	39.0	100	-72
India	7.36	0.9	-1.8	2	-1
Indonesia	7.87	-6.3	1.1	0	-15
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	42	7.9	2.6	2	1
Italy	249	-0.7	-5.4	-39	5
Portugal	128	3.3	-0.9	-28	-28
Spain	112	3.0	2.4	-14	-10
<b>2-yr sovereign spread vs Germany</b>					
France	7	0.4	-0.1	-6	-8
Italy	77	0.5	-5.2	-47	-32
Portugal	30	2.9	4.0	-7	4
Spain	25	2.0	1.8	-7	-12
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	155	-8.6	-3	-14	-53
Chile	46	-1.7	-1	-2	-17
Colombia	108	-5.7	-3	-12	-51
Argentina	735	-29.9	6	111	-72
Mexico	122	-6.3	-6	-16	-33
Peru	65	-2.8	-4	-10	-30
Poland	65	0.0	-1	-1	-3
Russia	125	-3.4	-4	-11	-29
Turkey	326	-3.9	17	19	-34
China	49	-3.2	1	-8	-19
India	85	-2.3	-1	-18	-29
Indonesia	100	-4.8	2	-15	-38
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	14	-0.5	-1	-2	-12
VSTOXX	14	-0.3	0	-2	-10
EM EFT volatility Index	18	-0.4	0	-1	-7
Dollar/euro volatility	6	0.0	0	0	-1
EM FX volatility index	8	-0.1	0	-1	-2
Credit spread (BAA) (change in bps)	229	1.8	7	-1	-17
US bonds volatility index	45	-1.0	-1	-5	-22
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.25	-	-5	6	11
EZ Inflation expectations (5Y5Y)	1.47	-	-4	3	-14
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	64	-2.4	3	-3	-19
EZ	83	-3.1	-3	-21	-37
UK	65	-1.6	1	-14	-29
Large Spanish	60	-2.4	-1	-9	-27
Medium Spanish	104	1.0	0	-4	-8
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	158	-2.4	3	-3	-19
EZ Non-financial	78	-3.1	-3	-21	-37
UK Non-financial	102	-1.4	4	-4	-17
Interbank markets (% , changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.37	0	0	-1	-2
Euribor 3m	-0.31	0	0	0	0
<b>Euribor 12m</b>	-0.11	0	0	0	1
Libor 3m	2.61	1	0	-9	-19
Libor 12m	2.87	1	-1	-8	-14
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2,794	0.4	0.2	3.2	11
Dow Jones	25,561	-0.3	-1.0	1.8	10
Nikkei	21,504	1.8	-1.0	5.8	7
FTSE 100	7,151	0.3	-0.4	1.1	6
<b>EuroStoxx 50</b>	3,304	0.0	-0.7	5.4	10
IBEX	9,162	-0.1	-1.0	3.4	7
DAX	11,524	-0.2	-0.8	5.7	9
CAC	5,270	0.1	-0.5	6.2	11
MIB	20,631	0.0	-0.4	6.6	13
ASE Athens	704	1.1	0.7	8.3	15
<b>MSCI Latam *</b>	93,064	2.1	2.3	0.9	8
Ibovespa (Brazil)	97,727	-0.3	3.3	2.5	11
Mexbol (Mexico)	41,687	-0.5	-1.0	-3.5	0
Merval (Argentina)	33,917	0.4	0.2	-7.5	12
<b>MSCI EM Europe *</b>	5,562	-0.3	-0.9	-1.8	5
Poland	2,310	0.4	-0.5	-1.9	1
Micex 10 (Russia)	4,409	0.3	0.6	-1.7	5
Ise 100 (Turkey)	101,721	0.9	-1.9	-0.7	11
<b>MSCI EM Asia *</b>	853	0.9	-1.3	1.0	9
Shanghai Com (China)	3,060	1.1	0.2	16.9	23
Jakarta (Indonesia)	6,354	-0.5	-2.1	-2.8	3
Banking sector	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>					
JPM	130.5	0.0	-0.3	2.2	13
Citi	104.0	-0.3	-0.1	2.6	7
Citi	62.2	-0.2	-1.2	0.3	19
BoA	29.0	0.1	-0.4	2.4	18
MS	41.9	0.2	0.1	2.8	6
GS	196.5	0.3	0.3	2.5	18
<b>EZ banks</b>					
BNP	75.5	-0.5	-2.9	7.9	9
BNP	43.0	-0.7	-3.3	8.0	9
Crédit Agricole	10.9	-0.1	-1.7	13.9	15
Deutsche Bank	7.9	-2.5	-2.5	9.2	13
ING	10.7	-0.5	-5.1	-0.5	13
Intesa	2.1	-0.1	-1.2	8.1	10
SG	26.3	-0.2	-2.7	9.5	-5
Unicredito	11.4	-0.5	-3.4	11.6	15
<b>UK banks</b>					
HSBC	79.4	0.7	-0.4	4.1	9
HSBC	626.5	0.3	0.5	-2.4	-3
RBS	258.8	0.7	-0.4	8.2	19
Barclays	162.9	1.2	-1.0	4.4	8
Lloyds	62.3	0.9	-0.9	9.6	8
<b>Large Spanish banks</b>					
Santander	63.1	-0.1	-2.4	3.4	20
Santander	4.1	0.1	-2.4	4.5	4
<b>BBVA</b>					
BBVA	5.2	-0.4	-2.4	2.4	12
<b>Medium Spanish banks</b>					
Caixabank	54.6	-0.2	-6.2	3.0	-5
Caixabank	2.9	-0.2	-5.7	1.5	-7
Sabadell	0.9	1.0	-6.2	9.3	-6
Bankinter	6.9	-0.5	-4.9	4.6	-2
Bankia	2.4	-1.0	-10.7	-2.9	-6
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
<b>EURUSD</b>	1.129	0.4	-0.1	-0.3	-2
GBPUSD	1.31	-0.6	-0.8	1.0	3
USDJPY	111.36	-0.1	0.5	-1.5	-1
DX	96.98	-0.2	0.1	0.4	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	41.48	-0.5	-3.9	-8.8	-9
USDBRL (Brazil)	3.81	0.9	-0.7	-2.0	2
USDCPL (Chile)	666.53	0.6	-1.4	-1.1	4
USDCOP (Colombia)	3148	1.0	-1.5	-1.0	3
USDMXN (Mexico)	19.32	0.4	-0.4	-1.2	2
USDPEN (Peru)	3.30	0.2	0.2	0.6	2
LACI	54.87	0.6	-1.0	-2.2	1
USDPLN (Poland)	3.80	0.6	0.0	0.1	-2
USDRUB (Russia)	65.57	0.5	0.4	-0.2	6
USDTRY (Turkey)	5.46	-0.3	-1.3	-3.9	-3
USDCNY (China)	6.71	0.3	1.1	0.5	3
USDINR (India)	69.71	0.3	1.1	2.3	0
USDIDR (Indonesia)	14267	0.2	-1.0	-2.2	1
ADXY	106.40	0.2	0.0	0.3	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
<b>Brent</b>	66.7	0.1	1.2	7	24
WTx	57	0.3	0.7	8	25
Copper	293	1.0	-0.2	4	11
Gold	1298	0.4	0.8	-1	1
S&P Spot commodity *	424	0.5	-0.1	4	13
S&P Brent Spot *	566	1.2	1.0	7	24
S&P Metals Spot *	337	-0.4	-1.6	1	6
S&P Agricultural *	269	-0.9	-3.8	-7	-5

Source: Bloomberg, Datastream and Haver

\* With one day delay