

## Brexit negotiations in the spotlight amid a wave of votes in the Parliament

- **Brexit negotiations remain in the spotlight amid a wave of votes in the UK Parliament**, setting aside other significant issues such as trade negotiations between US and China, at least for now. For the moment, the impact of the Brexit issue on the markets has been concentrated only in UK assets; however, as the deadline approaches, it could have a more widespread effect on other regions.
- Yesterday, **the Parliamentary vote on May's revised Brexit plan faced a defeat (see)**, but this time with a narrower margin than the previous vote. After yesterday's outcome, today saw a new vote on the possibility of no-deal exit, in which there is no clear guidance from the parties, although May has hinted at her desire to leave the EU with an agreement. If the no-deal departure is rejected, tomorrow will be a vote on an extension of Article 50, but the length of the delay is unknown as the European election is looming (see). Moreover, the cut in the UK growth forecast for this year by UK officials also increased the fears surrounding this economic path (see).
- In this context, the GBP depreciated sharply after yesterday's outcome, while today it recovered some ground but amid a high volatility environment. The USD lose some steam at the expense of the EUR, which recovered the 1.13 USD threshold (level lost after the last week's ECB meeting).
- **Core yields inched up but still at their recent lowest bound:** the US Treasury 10Y yield was hovering around 2.65%. Meanwhile, the release of the better-than-expected industrial production data for the EZ helped the 10Y Bund yield to inch up slightly (see)
- Equity markets rose across developed countries: **US and European stocks continued with a positive tone**. Meanwhile, Chinese equity indices trimmed early gains, as trade negotiations seemed to be stuck and the date for the Xi-Trump summit remains unknown.
- Regarding emerging currencies, **increasing oil prices** after a higher-than-expected drop in US crude oil inventories (see) was not enough to support LatAm currencies. The Turkish lira also depreciated slightly despite the Central Bank's new regulation on Money Market funds (see)

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.45	0.4	-6.1	-3	-3
<b>US</b>	2.61	0.9	-8.3	-4	-7
GER (2-yr)	-0.55	-0.3	-3.0	3	6
<b>Germany</b>	0.06	0.9	-6.4	-6	-24
France	0.47	-0.9	-4.7	-10	-25
Spain	1.19	-8.6	7.6	-5	-29
Italy	2.55	1.1	-3.9	-35	-19
Portugal	1.35	1.0	-7.6	-45	-52
Greece	3.83	-5.3	7.7	-18	-57
Japan (2-yr)	-0.15	-0.5	-1.4	1	-1
<b>Japan</b>	-0.04	-1.4	-3.8	-1	-5
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8.77	-3.3	-30.9	-27	-47
Chile	4.10	-0.2	-5.7	0	-16
Colombia	6.79	-0.5	-12.2	-15	4
Mexico	8.04	2.5	-5.0	-38	-60
Peru	5.01	-3.6	-12.1	-13	-36
Poland	2.87	-1.2	-4.3	14	5
Russia	8.45	0.9	-2.9	17	-33
Turkey	15.28	20.0	43.0	106	-52
India	7.38	2.4	-0.8	2	1
Indonesia	7.86	-1.5	-3.1	-10	-17
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	40	-1.8	1.7	2	-1
Italy	249	0.2	2.5	-29	5
Portugal	128	0.1	-1.2	-25	-28
Spain	113	1.0	3.5	-10	-9
<b>2-yr sovereign spread vs Germany</b>					
France	7	-0.5	-0.6	-6	-9
Italy	77	-0.1	4.0	-40	-32
Portugal	31	0.5	4.3	-6	5
Spain	25	0.1	2.8	-8	-12
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	156	1.0	-6	-16	-52
Chile	46	0.2	-1	-3	-17
Colombia	108	0.6	-3	-13	-50
Argentina	744	9.4	-9	112	-62
Mexico	124	2.1	-4	-16	-31
Peru	65	0.2	-2	-11	-29
Poland	65	0.0	-1	-1	-3
Russia	125	-0.8	-3	-14	-29
Turkey	320	-5.9	7	5	-40
China	47	-1.8	1	-11	-21
India	84	-0.5	-2	-19	-29
Indonesia	97	-2.1	2	-19	-40
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	14	-0.2	-2	-2	-12
VSTOXX	14	0.1	1	-1	-10
EMEFT volatility Index	17	-0.2	-1	-1	-8
Dollar/euro volatility	6	-0.2	0	-1	-2
EMFX volatility index	8	-0.1	0	-1	-2
Credit spread (BAA) (change in bps)	225	-0.9	0	-5	-21
US bonds volatility index	45	0.0	-1	-3	-22
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.30	-	2	12	16
EZ Inflation expectations (5Y5Y)	1.49	-	-2	4	-12
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	64	0.0	2	-5	-19
EZ	80	-2.2	-7	-25	-39
UK	63	-1.7	-1	-16	-31
Large Spanish	59	-1.4	-3	-12	-29
Medium Spanish	106	1.5	2	-4	-7
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	155	0.0	2	-5	-19
EZ Non-financial	76	-2.2	-7	-25	-39
UK Non-financial	100	-1.6	3	-6	-19
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	0	1
Libor 3m	2.59	-1	-1	-10	-20
Libor 12m	2.87	0	-2	-7	-14
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2,814	0.8	1.5	3.8	12
Dow Jones	25,719	0.6	0.2	2.7	10
Nikkei	21,290	-1.0	-1.4	4.7	6
FTSE 100	7,159	0.1	-0.5	0.4	6
<b>EuroStoxx 50</b>	3,323	0.6	0.0	5.0	11
IBEX	9,193	0.3	-1.1	2.9	8
DAX	11,572	0.4	-0.1	5.1	10
CAC	5,306	0.7	0.3	5.8	12
MIB	20,749	0.6	-0.5	5.9	13
ASE Athens	710	0.9	0.4	8.5	16
<b>MSCI Latam *</b>	92,884	-0.2	2.3	0.4	8
Ibovespa (Brazil)	98,009	0.2	4.0	3.8	12
Mexbol (Mexico)	41,873	0.3	-0.1	-3.3	1
Merval (Argentina)	34,062	1.1	5.3	-8.0	12
<b>MSCI EM Europe *</b>	5,580	0.3	-0.2	-1.0	6
Poland	2,315	0.2	-0.5	-1.7	2
Micex 10 (Russia)	4,421	0.3	-0.3	-1.8	6
Ise 100 (Turkey)	102,197	0.5	-1.2	-2.1	12
<b>MSCI EM Asia *</b>	862	1.0	-0.5	2.7	10
Shanghai Com (China)	3,027	-1.1	-2.4	14.1	21
Jakarta (Indonesia)	6,378	0.2	-1.0	-2.2	3
Banking sector	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>	132.1	1.0	1.6	3.8	14
JPM	104.5	0.4	0.7	3.6	7
Citi	63.7	1.4	1.9	3.4	22
BoA	29.4	1.6	1.9	3.4	19
MS	42.5	1.0	2.0	5.6	7
GS	197.7	0.6	1.5	3.4	18
<b>EZ banks</b>	76.4	1.2	-1.5	7.9	11
BNP	43.6	1.2	-2.5	7.5	10
Crédit Agricole	11.0	1.1	0.0	14.2	17
Deutsche Bank	8.0	1.3	-2.6	8.0	14
ING	10.8	1.4	-1.6	-0.5	15
Intesa	2.2	0.9	-1.3	7.7	11
SG	26.7	1.6	-1.4	10.7	-4
Unicredito	11.6	1.4	-2.2	11.0	17
<b>UK banks</b>	79.5	0.1	-0.5	3.3	9
HSBC	620.1	-1.0	-0.5	-4.7	-4
RBS	261.2	0.9	-0.1	9.8	21
Barclays	163.9	0.6	-0.9	4.5	9
Lloyds	62.6	0.4	-0.5	8.4	21
<b>Large Spanish banks</b>	64.6	2.4	-1.5	4.6	11
Santander	4.3	3.0	-1.1	6.3	7
<b>BBVA</b>	5.3	1.8	-1.8	3.1	14
<b>Medium Spanish banks</b>	55.5	1.7	-4.7	3.1	-3
Caixabank	3.0	1.1	-4.8	0.1	-6
Sabadell	1.0	1.5	-6.1	9.9	-5
Bankinter	7.0	2.4	-2.0	5.4	0
Bankia	2.4	1.3	-9.5	-2.9	-5
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
<b>EURUSD</b>	1.130	0.1	0.0	0.2	-1
GBPUSD	1.32	1.0	0.3	2.8	4
USDJPY	111.25	0.1	0.5	-0.8	-1
DXY	96.73	-0.2	-0.1	-0.3	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	41.61	-0.2	-2.1	-8.8	-9
USDBRL (Brazil)	3.83	-0.5	0.3	-1.9	1
USDCLP (Chile)	668.79	-0.3	-1.5	-0.9	4
USDCOP (Colombia)	3154	-0.2	-1.5	-0.4	3
USDMXN (Mexico)	19.35	0.0	0.0	-0.2	2
USDPEN (Peru)	3.29	0.3	0.6	1.4	3
LACI	54.69	-0.3	-0.4	-1.7	1
USDPLN (Poland)	3.81	0.1	-0.1	0.8	-2
USDRUB (Russia)	65.48	0.2	0.7	0.5	6
USDTRY (Turkey)	5.47	-0.2	-0.7	-3.5	-3
USDCNY (China)	6.71	0.0	0.1	1.3	3
USDINR (India)	69.54	0.2	1.1	2.3	0
USDIDR (Indonesia)	14265	0.0	-0.9	-1.6	1
ADXY	106.40	0.0	0.1	0.5	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
<b>Brent</b>	67.2	0.8	1.8	9	25
WTx	58	1.8	3.0	10	27
Copper	293	0.0	0.3	5	11
Gold	1308	0.5	1.7	0	2
S&P Spot commodity *	426	0.5	0.8	5	14
S&P Brent Spot *	567	0.1	0.9	8	24
S&P Metals Spot *	342	1.5	0.1	3	7
S&P Agricultural *	275	2.0	-0.4	-5	-3

Source: Bloomberg, Datastream and Haver

\* With one day delay