

## Weak economic data in China fueled investor concerns over global growth

- Caution prevailed in the financial markets today with sovereign yields declining further across core countries, hitting new lows amid rising concerns over global growth prospects.** The latest signal coming from China's Jan-Feb industrial profits, which saw its biggest contraction since 2009 ([see](#)). On the trade front, ahead of tomorrow's new round of US-China trade talks in Beijing, Trump expressed optimism over prospects of a near term deal while urging China to accept US demands on structural issues ([see](#)). In this regard, the US trade balance figures released today would help assuage Trump's concerns over US trade imbalances - trade deficit narrowed much more sharply than expected in January, led by a decline in imports, including from China ([see](#)).
- Meanwhile, in a closely watched speech for policy cues, ECB's Draghi reaffirmed that Euro area growth remained weak and that the ECB will study possible measures to mitigate the side-effects of negative rates on the banking sector profitability ([see](#)).**
- Core yields declined:** The US Treasury 10Y yield inched down, hovering near the 2.35% level, so did the 10Y Bund yield, in turn pushing up peripheral risk premia. Meanwhile, **Italy's 10Y yield saw a volatile session** amid disappointing domestic confidence indicators and downbeat reports by two local think-tanks, which stated that the Italian economy will stagnate in 2019 ([see](#)).
- Equity indices were mixed across developed markets:** US stocks fall while European equity indices ended broadly flat. Meanwhile, Chinese equity indices showed slight gains despite today's negative data surprise.
- The USD and the JPY appreciated slightly** while the EUR remained below the 1.13 USD/EUR level. **The GBP held flat ahead of today's UK Parliament vote on different alternatives to the Brexit plan ([see](#)).** UK PM May reiterated her pledge to deliver on Brexit if UK MPs back her deal this week, in a third vote ([see](#)). Finally, EM FX saw renewed pressure, with those in Latam underperforming other EMs, dragged by a slight fall in crude oil prices amid an increase in US oil inventories ([see](#)). The BRL depreciated sharply amid idiosyncratic factors ([see](#)).

Update 17:50 CET 27 March 2019

Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.21	-5.8	-18.8	-30	-28
<b>US</b>	2.38	-3.9	-14.2	-28	-30
GER (2-yr)	-0.60	-3.9	-7.0	-4	1
<b>Germany</b>	-0.08	-6.2	-16.1	-19	-32
France	0.30	-5.6	-15.8	-22	-41
Spain	1.05	-4.3	-11.5	-22	-47
Italy	2.44	-2.8	-8.7	-33	-30
Portugal	1.26	-3.6	-6.2	-35	-61
Greece	3.78	-0.6	-0.2	0	-61
Japan (2-yr)	-0.17	0.0	-1.0	0	-3
<b>Japan</b>	-0.07	-0.2	-3.1	-3	-7
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.14	9.1	43.5	17	-9
Chile	3.95	-2.5	-9.5	-18	-31
Colombia	6.64	5.5	0.3	-22	-11
Mexico	7.95	5.2	-4.5	-21	-69
Peru	4.87	-1.7	-7.8	-28	-49
Poland	2.81	-5.1	-8.5	-9	-1
Russia	8.30	6.5	-0.1	-10	-48
Turkey	17.45	66.0	197.0	283	165
India	7.33	-1.1	-3.2	-8	-4
Indonesia	7.63	1.0	-8.3	-27	-40
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	38	0.6	0.3	2	-3
Italy	252	3.5	7.5	-15	2
Portugal	133	2.6	9.9	-3	-23
Spain	113	1.9	4.6	-3	-9
<b>2-yr sovereign spread vs Germany</b>					
France	6	-0.1	-0.6	-4	-9
Italy	79	2.2	5.7	-16	-29
Portugal	30	2.6	1.1	-1	4
Spain	23	2.4	1.9	-6	-14
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	172	-2.7	23	10	-35
Chile	46	-1.8	4	-1	-17
Colombia	111	-1.9	8	-1	-47
Argentina	774	2.3	44	125	-33
Mexico	124	-3.0	4	-9	-31
Peru	67	-1.8	6	-5	-27
Poland	68	0.0	4	3	0
Russia	130	0.2	5	-4	-24
Turkey	414	7.6	107	97	55
China	46	-2.6	1	-6	-22
India	84	-1.8	5	-8	-30
Indonesia	101	-3.9	6	-8	-37
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	16	1.0	2	1	-10
VSTOXX	16	0.5	2	2	-8
EM EFT volatility Index	20	1.2	3	2	-5
Dollar/euro volatility	6	0.2	1	0	-1
EM FX volatility index	9	0.1	1	0	-1
Credit spread (BAA) (change in bps)	233	3.9	2	9	-13
US bonds volatility index	57	-0.6	14	10	-10
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.19	-	-9	-7	6
EZ Inflation expectations (5Y5Y)	1.32	-	-15	-13	-28
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	63	-1.3	4	-2	-19
EZ	90	-3.9	15	-2	-30
UK	71	-3.4	10	0	-23
Large Spanish	66	-3.2	12	5	-22
Medium Spanish	108	0.3	6	1	-4
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	165	-1.3	4	-2	-19
EZ Non-financial	84	-3.9	15	-2	-30
UK Non-financial	106	-1.6	9	5	-13
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	2.60	-1	-2	-5	-20
Libor 12m	2.72	-2	-9	-17	-29
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2,799	-0.7	-0.9	0.1	12
Dow Jones	25,528	-0.5	-0.8	-2.2	9
Nikkei	21,379	-0.2	-1.1	-0.7	7
FTSE 100	7,185	-0.2	-1.5	0.0	7
<b>EuroStoxx 50</b>	3,321	0.1	-1.5	1.3	11
IBEX	9,227	0.5	-1.9	0.2	8
DAX	11,414	0.0	-1.6	-0.8	8
CAC	5,301	-0.1	-1.5	1.3	12
MIB	21,180	0.2	-0.7	3.6	16
ASE Athens	714	0.2	-0.2	3.9	16
<b>MSCI Latam *</b>	91,839	1.1	-2.8	-2.5	6
Ibovespa (Brazil)	93,073	-2.3	-5.1	-4.3	6
Mexbol (Mexico)	42,988	0.4	-0.4	-1.5	3
Merval (Argentina)	31,984	-2.0	-7.9	-12.0	6
<b>MSCI EM Europe *</b>	5,655	0.2	-0.4	0.1	7
Poland	2,315	-0.4	-1.6	-2.4	2
Micex 10 (Russia)	4,437	-1.0	-0.9	0.1	6
Ise 100 (Turkey)	91,855	-5.7	-11.1	-12.0	1
<b>MSCI EM Asia *</b>	861	0.3	-1.5	0.0	10
Shanghai Com (China)	3,023	0.9	-2.2	2.1	21
Jakarta (Indonesia)	6,445	0.5	-0.5	-0.9	4
Banking sector	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>	125.7	-0.4	-4.3	-5.3	9
JPM	99.6	-0.4	-4.7	-6.2	2
Citi	61.0	-0.4	-5.2	-5.5	17
BoA	27.1	-0.3	-5.3	-7.3	10
MS	41.6	-0.8	-3.4	-1.5	5
GS	190.3	-0.2	-2.1	-4.2	14
<b>EZ banks</b>	75.3	2.5	-2.8	-0.3	9
BNP	42.4	2.5	-4.0	-1.0	8
Crédit Agricole	10.9	3.7	-2.1	1.2	15
Deutsche Bank	7.5	2.9	-3.1	-3.0	8
ING	10.8	2.8	0.3	-4.2	15
Intesa	2.2	0.9	-3.0	3.8	12
SG	26.0	2.1	-4.6	-0.2	-7
Unicredito	11.5	2.4	-5.2	0.3	16
<b>UK banks</b>	77.7	1.1	-3.8	-0.8	7
HSBC	613.2	0.1	-1.7	-1.4	-5
RBS	251.3	1.6	-5.2	-3.0	16
Barclays	155.9	1.7	-5.2	-2.1	4
Lloyds	62.3	1.3	-4.3	-2.9	20
<b>Large Spanish banks</b>	62.8	0.6	-5.8	-1.7	8
Santander	4.2	1.7	-6.0	-0.8	5
<b>BBVA</b>	5.1	-0.4	-5.5	-2.6	10
<b>Medium Spanish banks</b>	53.3	1.1	-4.5	-5.2	-7
Caixabank	2.8	1.7	-4.5	-7.8	-12
Sabadell	0.9	0.9	-8.0	-6.7	-12
Bankinter	6.9	1.0	-2.7	-1.2	-2
Bankia	2.3	1.0	-5.5	-9.0	-8
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
<b>EURUSD</b>	1.126	-0.1	-1.3	-0.9	-2
GBPUSD	1.32	0.1	0.3	1.0	4
USDJPY	110.43	0.2	0.2	0.6	-1
DXY	96.90	0.2	1.2	0.5	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	43.85	-2.8	-6.8	-11.0	-14
USDBRL (Brazil)	3.95	-1.8	-4.3	-5.0	-2
USDCLP (Chile)	683.29	-0.4	-2.5	-4.9	2
USDCOP (Colombia)	3189	-1.0	-3.3	-2.7	2
USDMXN (Mexico)	19.29	-1.0	-2.4	-0.8	2
USDPEN (Peru)	3.32	-0.3	-0.7	-0.4	2
LACI	53.74	-1.6	-3.3	-3.8	-1
USDPLN (Poland)	3.81	-0.1	-1.7	0.2	-2
USDRUB (Russia)	64.74	-0.5	-1.4	1.2	7
USDTRY (Turkey)	5.38	-0.9	0.9	-1.4	-2
USDCNY (China)	6.73	-0.2	-0.5	-0.6	2
USDINR (India)	68.88	0.0	-0.1	3.1	1
USDIDR (Indonesia)	14208	-0.2	-0.1	-1.3	1
ADXY	106.14	-0.2	-0.6	-0.6	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
<b>Brent</b>	67.9	-0.1	-0.9	5	26
WTx	60	-0.7	-0.5	7	31
Copper	286	0.3	-2.0	-3	9
Gold	1311	-0.3	-0.1	-1	2
S&P Spot commodity *	437	0.6	-0.5	4	17
S&P Brent Spot *	574	0.9	-1.2	4	25
S&P Metals Spot *	340	0.3	-1.9	-1	6
S&P Agricultural *	281	-0.3	0.8	-1	-1

Source: Bloomberg, Datastream and Haver

\* With one day delay