

## Caution prevailed in markets with trade and growth in focus

■ The mood in the financial markets has not improved despite the high-level two-day trade talks between the US and China, which resumed today in Beijing. Aiming to finalize a trade deal by late April, China has committed to open its financial sector mainly to foreign business during today's summit (see). On the growth side, fears remained alive: today, the downward revision of the US Q4 2018 GDP did not help to ease fears over global slowdown among investors (see). Meanwhile, Fed's Clarida signaled that external risks must be closely monitored by the FED for its future policy path (see), while also hinting that non-conventional monetary policy could be used if necessary (see).

■ In this context, sovereign core yields remained at very subdued levels. The 10Y Treasury yield rose to almost 2.40% level despite downward revision of US GDP for the 4Q18 (see). In Europe, the German 10Y Bund yield inched up, but remained in negative territory, after disappointing both the German inflation prints (see) and confidence indicators in the EZ (see), weighing on the ongoing concerns over the economy outlook. Moreover, strong demand at yesterday's German, suggests that the risk-off mood is prevailing in financial markets.

■ Equity markets were broadly flat, supporting in low yields, and pending fresh news regarding trade negotiations. Both the US and the European stocks showed mild movements while the US equity volatility remained hovering the 15%.

■ The USD appreciated across the board, while the surrounding uncertainty over Brexit continued penalizing the GBP. Yesterday, the UK Parliament rejected the Brexit options and now May has offered her possible resignation if her Brexit deal is approved (see). Going forward, tomorrow there is expected to be a discussion on May's plan, but further details on this are scarce (see). Meanwhile, the EM currencies showed mixed performance, with the TRY underperforming. The low liquidity in USD in Turkey's markets has increased the pressure on the Turkish lira (see), while fears over an early cut in interest rates also weighed. Nonetheless in Latam, the MXN was flat ahead of today's Banxico meeting in which no changes in rates are expected.

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2,23	3,2	-17,7	-25	-26
<b>US</b>	2,39	2,5	-14,6	-24	-29
GER (2-yr)	-0,59	1,0	-4,4	-6	2
<b>Germany</b>	-0,07	1,1	-11,1	-19	-31
France	0,31	1,3	-8,9	-21	-40
Spain	1,09	3,5	-1,0	-15	-43
Italy	2,49	3,2	2,9	-22	-26
Portugal	1,27	1,2	-1,1	-30	-59
Greece	3,78	0,0	4,9	5	-62
Japan (2-yr)	-0,18	-0,8	-1,8	-1	-3
<b>Japan</b>	-0,09	-2,3	-5,4	-6	-9
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9,05	-29,1	28,9	6	-18
Chile	3,94	0,3	-6,9	-19	-31
Colombia	6,63	0,9	12,7	-22	-12
Mexico	7,95	0,4	-0,3	-15	-70
Peru	4,90	2,6	-0,2	-26	-46
Poland	2,82	0,5	-8,3	-5	-1
Russia	8,35	5,1	13,4	-8	-43
Turkey	17,86	41,0	250,0	330	206
India	7,32	-0,6	-3,8	-10	-5
Indonesia	7,67	4,1	8,0	-15	-36
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	38	0,2	2,2	-2	-2
Italy	256	2,1	14,0	-3	5
Portugal	134	0,1	10,0	3	-22
Spain	116	2,4	10,1	4	-6
<b>2-yr sovereign spread vs Germany</b>					
France	6	-0,1	0,6	-2	-9
Italy	83	2,0	8,8	-5	-26
Portugal	29	-0,9	0,7	0	3
Spain	22	-1,0	1,0	-4	-15
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	185	13,0	25	27	-22
Chile	47	0,9	0	2	-16
Colombia	114	2,9	2	5	-44
Argentina	779	5,0	34	135	-28
Mexico	127	3,3	-2	-3	-28
Peru	69	1,4	0	-2	-26
Poland	67	-1,0	-3	2	-1
Russia	139	8,6	3	8	-15
Turkey	471	56,8	141	162	111
China	48	1,8	-3	-1	-20
India	85	1,4	-4	-5	-28
Indonesia	105	4,8	0	0	-32
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	15	-0,1	1	0	-10
VSTOXX	17	0,3	1	3	-7
EM EFT volatility Index	19	-0,3	3	1	-6
Dollar/euro volatility	6	0,0	0	0	-1
EM FX volatility index	9	0,6	1	1	-1
Credit spread (BAA) (change in bps)	228	-2,5	0	3	-18
US bonds volatility index	61	4,5	16	15	-6
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2,23	-	-6	-2	10
EZ Inflation expectations (5Y5Y)	1,32	-	-15	-13	-28
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	64	0,8	0	0	-18
EZ	90	0,6	9	2	-29
UK	70	-1,3	2	0	-24
Large Spanish	69	2,9	9	9	-19
Medium Spanish	109	0,6	6	2	-3
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	165	0,8	0	0	-18
EZ Non-financial	84	0,6	9	2	-29
UK Non-financial	107	0,4	1	7	-12
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	0	-1	-4	-20
Libor 12m	2,68	-4	-13	-20	-33
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2.806	0,0	-1,7	0,4	12
Dow Jones	25.644	0,1	-1,2	-1,6	10
Nikkei	21.034	-1,6	-2,7	-1,9	5
FTSE 100	7.234	0,6	-1,6	1,2	8
<b>EuroStoxx 50</b>	3.320	-0,1	-1,4	0,9	11
IBEX	9.175	-0,6	-1,9	-0,6	7
DAX	11.428	0,1	-1,1	-1,0	8
CAC	5.297	-0,1	-1,5	1,1	12
MIB	21.081	-0,5	-1,4	3,0	15
ASE Athens	714	0,0	-0,6	3,0	16
<b>MSCI Latam *</b>	89.800	-2,2	-4,3	-4,2	4
Ibovespa (Brazil)	93.759	2,0	-3,1	-3,9	7
Mexbol (Mexico)	42.844	-0,2	-0,9	-1,8	3
Merval (Argentina)	32.522	1,1	-4,9	-9,7	7
<b>MSCI EM Europe *</b>	5.578	-1,4	-2,0	-1,7	5
Poland	2.314	-0,1	-1,9	-2,2	2
Micex 10 (Russia)	4.431	-0,1	-0,8	0,0	6
Ise 100 (Turkey)	92.120	0,3	-10,9	-12,3	1
<b>MSCI EM Asia *</b>	861	0,0	-1,3	-0,9	10
Shanghai Com (China)	2.995	-0,9	-3,4	1,8	20
Jakarta (Indonesia)	6.481	0,2	0,0	-0,7	5
Banking sector	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>					
JPM	125,8	0,3	-3,5	-5,1	9
Citi	99,9	0,3	-2,9	-5,1	2
Citi	61,0	0,5	-4,5	-4,9	17
BoA	27,1	0,2	-3,9	-7,6	10
MS	41,5	0,4	-3,7	-2,1	5
GS	190,0	0,0	-2,3	-4,5	14
<b>EZ banks</b>					
BNP	74,2	-1,3	-2,6	-2,0	8
BNP	42,0	-0,8	-2,5	-2,7	6
Crédit Agricole	10,7	-1,9	-2,4	-1,4	13
Deutsche Bank	7,3	-3,4	-2,4	-7,3	4
ING	10,7	-0,9	-0,9	-6,2	13
Intesa	2,2	0,2	-2,3	4,2	12
SG	25,5	-1,9	-4,2	-1,1	-8
Unicredito	11,3	-1,9	-5,0	-1,2	14
<b>UK banks</b>					
HSBC	77,2	-0,6	-2,3	-2,3	6
HSBC	617,8	0,8	-1,9	0,6	-4
RBS	247,5	-1,6	-0,6	-4,8	14
Barclays	153,1	-1,6	-4,7	-7,2	2
Lloyds	61,9	-0,7	-2,0	0,1	9
<b>Large Spanish banks</b>					
Santander	61,9	-1,3	-5,5	-2,9	6
Santander	4,1	-1,2	-4,8	-1,9	3
<b>BBVA</b>					
BBVA	5,0	-1,3	-6,0	-3,8	9
<b>Medium Spanish banks</b>					
Caixabank	52,6	-1,3	-3,9	-6,9	-8
Caixabank	2,8	-1,1	-3,8	-9,0	-13
Sabadell	0,9	-1,7	-6,5	-8,9	-13
Bankinter	6,8	-0,8	-2,5	-3,0	-3
Bankia	2,3	-2,2	-5,2	-11,3	-10
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
<b>EURUSD</b>	1,123	-0,1	-1,3	-1,4	-2
GBPUSD	1,31	-1,0	-0,4	-1,5	2
USDJPY	110,63	-0,1	0,2	0,0	-1
DX	97,29	0,5	0,8	1,3	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	43,73	0,4	-6,2	-11,1	-14
USDBRL (Brazil)	3,95	1,1	-4,0	-5,1	-2
USDCLP (Chile)	683,39	0,0	-2,0	-5,0	2
USDCOP (Colombia)	3205	-0,8	-3,7	-3,9	2
USDMXN (Mexico)	19,38	-0,1	-2,7	-1,1	1
USDPEN (Peru)	3,32	-0,1	-1,0	-0,5	1
LACI	53,62	0,2	-3,3	-4,1	-1
USDPLN (Poland)	3,83	-0,2	-1,5	-0,8	-2
USDRUB (Russia)	65,10	-0,4	-1,8	0,9	7
USDTRY (Turkey)	5,55	-4,0	-1,5	-4,4	-5
USDCNY (China)	6,74	-0,2	-0,6	-0,6	2
USDINR (India)	69,34	-0,7	-0,7	2,5	1
USDIDR (Indonesia)	14243	-0,2	-0,7	-1,8	1
ADXY	106,13	0,0	-0,5	-0,6	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
<b>Brent</b>	67,5	-0,6	-0,6	3	25
WTx	59	-0,8	-1,7	6	30
Copper	289	0,3	-1,1	-3	9
Gold	1290	-1,5	-1,5	-3	1
S&P Spot commodity *	435	-0,5	-0,8	3	16
S&P Brent Spot *	572	-0,3	-0,6	3	25
S&P Metals Spot *	342	0,5	-0,2	-1	7
S&P Agricultural *	279	-0,7	-0,5	-1	-2

Source: Bloomberg, Datastream and Haver

\* With one day delay