

Investors took a breather today after starting this week on a positive note

■ **Financial markets remained broadly steady. Investors took a breather today after starting this week on a positive note**, encouraged by positive PMI data surprises from the US and China, more accommodative central bank policy and cautious optimism towards a US-China trade deal. It was a light day for data and events, with RBA holding rates steady as expected but with a neutral tone, unlike the recent dovish turns by the Fed, ECB and the Bank of Japan ([see](#)).

■ **Sovereign bond yields inched down across the board** after yesterday's sharply increase, supported by positive economic data. Moreover, the US February core capital goods orders slipped below expectations but data for January was revised higher ([see](#)), comes on the heels of strong ISM survey and downbeat retail sales released yesterday, in turn adding to the recent spate of mixed outturns from the US, helping trimming yesterday's bond yields increased. German yields also inched down. **Although, Spain's and Portugal's risk premium remained steady, Italy's risk premium continued widening** (+4bps to 258 bps), after the Bank of Italy economic trend activity dropped again in March, reaching the weakest level since July 2013 (close to -0.3%)

■ **In FX markets, USD dollar remained strong on the back of positive relative economic data**, attracting also safe haven flows due to Brexit woe. On the other hand, pressure on the British pound continued (depreciated -0.6%) as the Brexit deadlock remains ([see](#)). EM FX, depreciated across the board, led by the TRY.

■ **Looking forward**, financial markets could remain cautious as they gear for tomorrow's US-China trade talks in Washington, especially in the backdrop of today's warnings by the World Trade Organization (WTO) that world trade shrank by 0.3% in 4Q18 ([see](#)). The WTO warned that auto tariffs and Brexit are key risks in 2019.

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2,30	-3,2	3,4	-25	-19
US	2,47	-2,9	4,9	-28	-21
GER (2-yr)	-0,60	-0,4	-4,2	-10	1
Germany	-0,05	-2,4	-3,5	-23	-29
France	0,35	-2,0	-0,2	-22	-36
Spain	1,12	-2,6	2,3	-19	-41
Italy	2,53	1,8	5,8	-21	-22
Portugal	1,25	-2,1	-3,8	-38	-61
Greece	3,69	-2,5	-10,2	4	-71
Japan (2-yr)	-0,16	1,3	1,2	-1	-1
Japan	-0,06	1,1	0,3	-6	-7
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8,88	5,5	-16,6	-16	-35
Chile	4,00	-1,2	2,5	-18	-26
Colombia	6,63	1,2	4,4	-27	-12
Mexico	8,00	-1,1	11,0	-14	-64
Peru	4,86	-1,4	-3,3	-30	-51
Poland	2,87	-1,0	0,0	-12	4
Russia	8,40	0,5	16,7	-3	-38
Turkey	16,70	-9,0	-9,0	196	90
India	7,28	-7,6	-6,5	-10	-9
Indonesia	7,62	1,0	0,7	-23	-40
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	40	0,4	3,3	1	0
Italy	258	4,2	9,3	2	8
Portugal	130	0,3	-0,3	0	-26
Spain	117	-0,2	5,8	5	-5
2-yr sovereign spread vs Germany					
France	8	0,0	1,4	0	-8
Italy	87	3,7	9,8	1	-21
Portugal	29	-0,7	1,0	2	3
Spain	23	-0,5	2,8	-2	-14
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	168	-6,8	-6	14	-39
Chile	42	-2,6	-6	-3	-21
Colombia	106	-2,6	-7	-2	-53
Argentina	779	-0,9	7	105	-28
Mexico	120	-2,6	-7	-4	-35
Peru	62	-3,6	-7	-7	-33
Poland	69	2,0	1	4	1
Russia	134	-1,2	4	5	-20
Turkey	390	-34,0	-16	89	31
China	44	-1,6	-5	-6	-24
India	84	-1,3	-2	-9	-30
Indonesia	101	-1,7	-3	-3	-36
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	13	0,0	-1	0	-12
VSTOXX	15	0,0	-1	1	-9
EMEFT volatility Index	18	0,0	0	0	-7
Dollar/euro volatility	5	0,2	0	0	-2
EMFX volatility index	9	-0,5	0	1	-1
Credit spread (BAA) (change in bps)	226	2,9	-3	3	-20
US bonds volatility index	53	-5,9	-4	5	-14
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2,24	-	2	-7	10
EZ Inflation expectations (5Y5Y)	1,38	-	-1	-12	-23
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	61	-1,6	-4	-1	-22
EZ	86	-3,1	-8	2	-34
UK	65	-1,2	-10	1	-30
Large Spanish	64	-2,7	-5	8	-23
Medium Spanish	106	-1,8	-2	4	-6
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	160	-1,6	-4	-1	-22
EZ Non-financial	81	-3,1	-8	2	-34
UK Non-financial	104	-1,6	-3	6	-14
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
Euribor 12m	-0,11	0	0	0	1
Libor 3m	2,60	0	-1	-2	-20
Libor 12m	2,73	2	-2	-13	-28
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2.862	-0,2	1,6	2,1	14
Dow Jones	26.180	-0,3	2,0	0,6	12
Nikkei	21.505	0,0	0,4	-0,5	7
FTSE 100	7.391	1,0	2,7	4,0	10
EuroStoxx 50	3.396	0,3	2,3	2,5	13
IBEX	9.364	0,2	2,0	1,0	10
DAX	11.755	0,6	2,9	1,3	11
CAC	5.423	0,3	2,2	3,0	15
MIB	21.523	0,0	1,8	4,0	17
ASE Athens	743	0,3	4,4	4,3	21
MSCI Latam *	92.698	0,6	2,1	0,8	7
Ibovespa (Brazil)	95.337	-0,7	0,0	0,8	8
Mexbol (Mexico)	43.328	-0,8	1,2	1,7	4
Merval (Argentina)	33.007	0,0	1,2	-2,4	9
MSCI EM Europe *	5.661	1,0	0,3	0,5	7
Poland	2.371	1,3	2,0	1,6	4
Micex 10 (Russia)	4.508	0,3	0,6	1,8	8
Ise 100 (Turkey)	93.533	-0,6	-3,9	-9,4	2
MSCI EM Asia *	879	0,9	2,4	2,6	12
Shanghai Com (China)	3.177	0,2	6,0	6,1	27
Jakarta (Indonesia)	6.476	0,1	1,0	0,5	5
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	132,3	0,3	4,8	0,0	14
JPM	105,0	0,3	5,1	0,5	8
Citi	64,6	0,4	5,5	0,2	24
BoA	28,7	0,7	5,6	-2,0	17
MS	43,6	0,1	4,1	2,6	10
GS	196,3	-0,2	3,0	-0,9	18
EZ banks	77,3	0,5	5,2	-1,7	12
BNP	43,9	1,0	6,0	-2,2	11
Crédit Agricole	11,2	0,7	6,4	0,2	18
Deutsche Bank	7,6	0,7	3,7	-7,3	9
ING	11,2	1,1	6,5	-4,4	19
Intesa	2,2	-0,3	2,5	1,9	13
SG	26,6	0,3	4,5	-1,6	-4
Unicredito	11,9	-0,5	5,6	-1,0	20
UK banks	79,6	1,0	3,6	0,4	9
HSBC	645,9	1,6	5,5	5,2	0
RBS	248,3	0,2	0,4	-5,7	15
Barclays	160,0	1,1	4,4	-1,5	6
Lloyds	63,4	0,8	3,2	0,9	22
Large Spanish banks	65,0	0,3	4,1	-0,2	11
Santander	4,3	0,2	4,7	0,6	8
BBVA	5,3	0,4	3,6	-0,9	15
Medium Spanish banks	54,3	-1,0	3,0	-6,7	-6
Caixabank	2,9	-1,6	4,4	-7,7	-9
Sabadell	0,9	-0,9	4,6	-8,5	-8
Bankinter	7,0	-0,6	2,5	-2,7	-1
Bankia	2,3	-1,3	1,1	-12,5	-8
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1,119	-0,2	-0,7	-1,6	-2
GBPUSD	1,30	-0,6	-1,4	-1,3	2
USDJPY	111,33	0,0	-0,6	0,5	-1
DXY	97,50	0,3	0,8	1,0	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	42,73	0,0	-0,2	-6,8	-12
USDBRL (Brazil)	3,87	-0,4	0,2	-2,3	0
USDCLP (Chile)	673,22	-0,2	1,1	-2,2	3
USDCOP (Colombia)	3145	-0,1	0,3	-1,6	3
USDMXN (Mexico)	19,24	-0,5	-0,7	0,2	2
USDPEN (Peru)	3,31	-0,1	-0,2	-0,1	2
LACI	54,43	-0,3	-0,3	-1,7	0
USDPLN (Poland)	3,84	-0,4	-0,9	-1,4	-3
USD RUB (Russia)	65,48	-0,4	-1,6	0,7	6
USDTRY (Turkey)	5,65	-2,8	-5,6	-4,8	-6
USDCNY (China)	6,72	-0,2	-0,1	-0,2	2
USDINR (India)	68,75	0,6	0,2	3,1	1
USDIDR (Indonesia)	14223	0,0	-0,4	-0,7	1
ADXY	106,21	-0,2	-0,1	0,0	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	69,4	0,5	2,0	7	29
WTx	62	1,2	3,9	12	37
Copper	290	-0,7	1,7	-1	10
Gold	1290	0,2	-1,9	0	1
S&P Spot commodity *	440	1,3	0,6	4	17
S&P Brent Spot *	587	2,1	2,3	6	28
S&P Metals Spot *	345	-0,3	1,4	0	8
S&P Agricultural *	276	1,0	-1,8	-1	-3

Source: Bloomberg, Datastream and Haver

* With one day delay