

Renewed woes on global growth and trade keeps markets in check

■ **Global risk assets started on a buoyant note early today as most Asian equities advanced but the mood reversed in advanced markets** with S&P 500 registering its steepest drop in two weeks, weighed by US tariff threats on the EU ([see](#)) and a growth warning by the IMF, which cut its global growth outlook to lowest since the financial crisis ([see](#)).

■ **With US-China trade issues still unsettled, a tenuous EU-US relationship could further undermine global investor sentiment.** In this context, the EU has begun preparation to retaliate against the US threat. In addition, the ongoing EU-China summit saw little respite on trade, with EU leaders calling China to “walk the talk” on unfulfilled promises ([see](#)).

■ **Meanwhile, the IMF now expects global growth to slow markedly** to 3.3% in 2019 (vs. 3.5% earlier forecast) from 3.6% last year, highlighted trade tensions, slower growth in the Euro area and China as well as Brexit uncertainty and their impact on financial conditions as key risks to global growth ([see](#)).

■ **The pick up in safe haven appeal favored sovereign bonds, with the US Treasury 10Y yield falling to 2.5%.** In Europe, the German 10Y Bund yield declined ahead of tomorrow's ECB meeting while peripheral risk premia narrowed, mainly in Italy despite the draft of the economic and financial document which hinted to a cut in Italy's 2019 GDP forecast, a move that risks fresh conflict with the EU ([see](#)).

■ **In FX markets, while the USD fell against major currencies, the EUR gained marginally** to its strongest in more than two weeks. The GBP ended almost steady, despite some volatility, as UK PM May met key EU leaders to talks on Brexit issues ([see](#)). All eyes are on tomorrow's EU summit and the implications for the GBP of a potential Brexit extension. Meanwhile most EM currencies advanced, with the main exception of the ARS.

■ **Elsewhere, Saudi Aramco, the world's largest oil company, raised \$12 billion in its debut bond offering ([see](#)). Crude held near a five month high** (currently at \$71 per barrel) led by geopolitical tensions in Libya and the impact of US sanctions on Iran's oil production.

Update 18:00 CET 09 April 2019

Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.34	-2.6	3.3	-13	-15
US	2.49	-3.2	1.6	-14	-19
GER (2-yr)	-0.58	0.3	3.2	-4	3
Germany	-0.01	-1.7	3.9	-8	-25
France	0.34	-2.0	-1.1	-6	-37
Spain	1.08	-1.2	-4.1	-8	-45
Italy	2.42	-6.2	-10.1	-8	-32
Portugal	1.20	-2.8	-5.8	-29	-67
Greece	3.46	-2.0	-22.6	-32	-94
Japan (2-yr)	-0.16	-0.6	-0.6	-2	-2
Japan	-0.05	-0.3	1.4	-2	-5
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.02	7.0	13.0	2	-22
Chile	3.88	-6.1	-10.6	-20	-37
Colombia	6.58	-2.6	-5.8	-27	-17
Mexico	7.96	1.8	-3.8	-14	-68
Peru	4.82	0.4	-5.6	-28	-55
Poland	2.92	0.0	5.6	4	10
Russia	8.34	-0.3	-6.0	-14	-44
Turkey	16.73	-6.0	3.0	188	93
India	7.37	-2.8	10.1	1	0
Indonesia	7.65	1.4	2.7	-33	-38
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	35	-0.3	-5.0	2	-5
Italy	243	-4.5	-14.0	0	-7
Portugal	121	-1.1	-9.7	-7	-35
Spain	109	0.5	-8.0	0	-13
2-yr sovereign spread vs Germany					
France	7	-0.4	-0.5	1	-8
Italy	80	-3.3	-7.5	11	-29
Portugal	25	-1.4	-4.8	-2	-2
Spain	25	-0.4	0.9	2	-12
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	170	0.7	2	4	-37
Chile	41	0.1	-1	-7	-22
Colombia	105	-0.5	-1	-9	-54
Argentina	876	38.3	97	97	69
Mexico	118	0.0	-2	-12	-37
Peru	59	-0.3	-4	-10	-36
Poland	69	0.0	0	4	1
Russia	132	0.6	-2	5	-22
Turkey	404	17.8	14	80	44
China	44	0.7	0	-5	-24
India	83	0.0	-1	-3	-30
Indonesia	99	-1.3	-2	0	-39
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	14	0.6	0	-2	-12
VSTOXX	15	-0.1	0	0	-9
EMEFT volatility Index	16	-0.4	-1	-3	-9
Dollar/euro volatility	5	0.0	0	-1	-2
EM FX volatility index	8	0.0	0	0	-1
Credit spread (BAA) (change in bps)	224	3.2	-1	-2	-22
US bonds volatility index	48	-1.3	-6	2	-19
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.27	-	3	5	14
EZ Inflation expectations (5Y5Y)	1.35	-	-2	-9	-26
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	58	0.6	-2	-6	-24
EZ	81	-0.1	-5	-5	-39
UK	62	-0.6	-3	-3	-33
Large Spanish	61	0.0	-4	-1	-27
Medium Spanish	101	-1.5	-5	-3	-11
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	162	0.6	-2	-6	-24
EZ Non-financial	80	-0.1	-5	-5	-39
UK Non-financial	105	0.3	0	4	-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	2.58	-1	-1	-2	-21
Libor 12m	2.75	0	2	-13	-26
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,882	-0.5	0.5	5.1	15
Dow Jones	26,184	-0.6	0.0	2.9	12
Nikkei	21,803	0.2	1.4	3.7	9
FTSE 100	7,426	-0.4	0.5	4.5	10
EuroStoxx 50	3,417	-0.6	0.6	4.1	14
IBEX	9,408	-0.3	0.5	3.1	10
DAX	11,851	-0.9	0.8	3.4	12
CAC	5,436	-0.6	0.2	3.9	15
MIB	21,672	-0.5	0.7	5.8	18
ASE Athens	753	-0.1	1.3	8.1	23
MSCI Latam *	94,537	0.5	2.0	4.4	10
Ibovespa (Brazil)	95,961	-1.4	0.6	0.6	9
Mexbol (Mexico)	45,208	-0.5	4.3	8.7	9
Merval (Argentina)	32,670	-1.2	-1.0	-1.1	8
MSCI EM Europe *	5,750	0.6	1.6	2.9	9
Poland	2,368	0.4	-0.1	3.0	4
Micex 10 (Russia)	4,585	0.2	1.8	3.7	9
Ise 100 (Turkey)	98,135	1.2	4.9	-3.4	8
MSCI EM Asia *	895	0.5	1.8	4.3	14
Shanghai Com (China)	3,240	-0.2	2.0	9.1	30
Jakarta (Indonesia)	6,484	0.2	0.5	0.4	5
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	133.4	-1.1	0.6	3.2	15
JPM	104.8	-0.8	-0.3	1.8	7
Citi	65.3	-1.2	1.3	5.2	25
BoA	28.9	-0.9	0.2	0.9	17
MS	44.3	-1.5	1.4	7.1	12
GS	200.1	-1.2	1.3	2.5	20
EZ banks	78.0	0.2	0.9	5.7	13
BNP	44.6	0.3	1.5	5.3	13
Crédit Agricole	11.4	0.4	1.7	7.1	20
Deutsche Bank	7.3	-0.7	-3.7	-5.0	5
ING	11.3	0.2	1.3	8.3	20
Intesa	2.2	0.2	1.8	5.5	15
SG	26.6	0.3	-0.1	5.1	-4
Unicredit	11.9	0.3	0.7	6.7	21
UK banks	80.4	0.3	0.9	2.2	10
HSBC	655.3	0.5	1.5	5.0	1
RBS	254.3	0.7	2.4	-1.1	17
Barclays	161.9	-0.4	-0.9	1.7	7
Lloyds	62.9	0.5	-0.8	1.7	21
Large Spanish banks	65.8	0.0	1.3	5.6	13
Santander	4.4	-0.3	2.3	7.4	10
BBVA	5.3	0.2	0.3	4.1	15
Medium Spanish banks	54.9	-1.1	1.2	0.8	-4
Caixabank	2.9	-0.7	3.0	1.2	-7
Sabadell	0.9	0.2	2.2	3.0	-6
Bankinter	7.0	-0.9	0.9	2.2	0
Bankia	2.3	-3.2	-1.2	-4.4	-10
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.128	0.1	0.7	0.4	-2
GBPUSD	1.120	-0.1	-0.6	0.2	2
USDJPY	111.09	0.4	0.2	0.1	-1
DXY	96.93	-0.1	-0.4	-0.4	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	43.83	-0.3	-2.5	-6.0	-14
USDBRL (Brazil)	3.85	-0.1	0.1	0.3	1
USDCLP (Chile)	662.67	0.2	1.6	1.3	5
USDCOP (Colombia)	3102	0.4	1.4	2.3	5
USDMXN (Mexico)	18.90	0.3	1.7	3.1	4
USDPEN (Peru)	3.29	-0.1	0.6	0.7	2
LACI	54.85	0.2	0.6	0.9	1
USDPLN (Poland)	3.80	0.2	0.9	0.7	-2
USD RUB (Russia)	64.86	0.0	0.7	2.3	7
USDTRY (Turkey)	5.69	0.0	-1.4	-4.4	-7
USDCNY (China)	6.71	0.1	0.2	0.1	2
USDINR (India)	69.30	0.5	-0.8	1.2	1
USDIDR (Indonesia)	14133	0.2	0.6	1.3	2
ADXY	106.31	0.1	0.0	0.2	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	70.7	-0.6	1.9	7	31
WTx	64	-0.7	2.2	14	41
Copper	294	0.2	1.1	1	12
Gold	1306	0.6	1.0	1	2
S&P Spot commodity *	451	0.9	2.0	7	21
S&P Brent Spot *	603	0.9	2.2	8	32
S&P Metals Spot *	342	0.2	0.2	1	7
S&P Agricultural *	278	-0.1	0.7	2	-2

Source: Bloomberg, Datastream and Haver

* With one day delay