

Market Comment

All that glitters is gold ahead of G-20 summit

- Investors sought shelter in safe haven assets with gold prices surging above six-year high level and the yen strengthening due to ongoing geopolitical uncertainties, as well as investor caution ahead of today's Fed Chairman speech and the Trump-Xi meeting on the sidelines of G-20 summit this Saturday.
- Tensions between the U.S. and Iran continue to intensify** after Iran said that U.S. sanctions against its top leaders to access financial instruments abroad imply a permanent closure of the path of diplomacy. Furthermore, the U.S. stated that the pressure will go on and they would look to impose even more sanctions (see).
- On the trade front, **low expectations from the Trump-Xi meeting**, media report US Congress want Trump to maintain the hard approach against Huawei at the meeting. This could be an obstacle for a meaningful breakthrough in US-China trade impasse this weekend. That said, hopes remain alive that the two leaders could thaw heightened bilateral tensions.
- Weaker activity data in the US** that pave the way for the Fed to start easing the monetary policy cycle. **The US consumer confidence declined more than expected in June** (121.5, consensus 131, previous month 134.1) along with new home sales (626K, consensus 684K, previous month 673K).
- The uncertain backdrop meant that treasury yields trended further down** with safe-haven bonds well in demand. The 10Y US Treasury breaching the 2% level on the down side. Peripheral risk premia showed minor changes. Italy risk premium trimmed its early widening (due to supply factors) after Italy's economy minister confirmed the government would reduce its fiscal deficit target this year from 2.4% to 2.1% of GDP.
- The US dollar trimmed early depreciation ending broadly flat, as investors increased demand for safe-haven assets. EM FX currencies were mixed but showing minor changes, as lower US yields provided support.
- Despite the geopolitical risk, oil prices remained steady underpinned by concerns about demand, amid Saudi Arabia pledged to offset any supply shortage. However, risk-off mood boosted gold and gold demand.
- Equity markets declined across the board, especially in Asia due to low expectations of a significant progress in trade talks between U.S. and China.
- This afternoon, **all eyes will be on the Fed Chairman speech** about the economic outlook and its monetary policy that will take place after European markets close.

UPDATE 18:00 CET 25 JUNE 2019

DEBT MARKETS (10Y, %, CHANGES IN BP)

| Developed Markets | level | Daily | Week | Month | YTD |
|-------------------|-------|-------|--------|---------|------|
| US (2-yr) | 1,71 | -2,7 | -15,9 | -46 | -78 |
| US | 1,98 | -3,1 | -7,6 | -34 | -70 |
| GER (2-yr) | -0,74 | 0,3 | 2,3 | -11 | -13 |
| Germany | -0,33 | -2,4 | -1,1 | -21 | -57 |
| France | 0,00 | -2,7 | -1,3 | -29 | -71 |
| Spain | 0,38 | -2,8 | -1,3 | -45 | -114 |
| Italy | 2,16 | 0,6 | 4,5 | -39 | -73 |
| Portugal | 0,48 | -4,3 | -4,9 | -49 | -138 |
| Greece | 2,48 | 4,8 | -3,7 | -89 | -192 |
| Japan (2-yr) | -0,23 | 0,0 | -3,2 | -8 | -9 |
| Japan | -0,16 | -0,1 | -3,1 | -9 | -16 |
| Emerging Markets | level | Daily | Weekly | Monthly | YTD |
| Brazil | 7,61 | -5,4 | -33,1 | -124 | -163 |
| Chile | 3,09 | 0,0 | -7,3 | -61 | -116 |
| Colombia | 6,22 | -0,1 | -8,9 | -54 | -53 |
| Mexico | 7,64 | -3,3 | -5,1 | -35 | -100 |
| Peru | 4,14 | -2,7 | -11,8 | -55 | -123 |
| Poland | 2,31 | -4,0 | -2,5 | -52 | -51 |
| Russia | 7,50 | 1,5 | -11,9 | -54 | -128 |
| Turkey | 15,78 | 19,0 | -113,0 | -300 | -2 |
| India | 6,88 | 3,1 | 7,4 | -34 | -49 |
| Indonesia | 7,42 | -5,4 | -24,6 | -50 | -60 |

COUNTRY RISK (BP, CHANGES IN BP)

| Developed Markets | level | Daily | Weekly | Monthly | YTD |
|--|-------|-------|--------|---------|-----|
| 10-yr sovereign spread vs Germany | | | | | |
| France | 33 | -0,3 | -0,2 | -7 | -8 |
| Italy | 249 | 3,0 | 5,6 | -18 | -16 |
| Portugal | 81 | -1,9 | -3,8 | -28 | -75 |
| Spain | 71 | -0,4 | -0,2 | -23 | -51 |
| 2-yr sovereign spread vs Germany | | | | | |
| France | 7 | -1,1 | -1,4 | 1 | -8 |
| Italy | 103 | 0,3 | 3,0 | -8 | -5 |
| Portugal | 31 | -2,9 | -5,2 | 8 | 5 |
| Spain | 32 | -1,1 | -0,7 | 3 | -5 |
| Emerging Markets | level | Daily | Weekly | Monthly | YTD |
| 5-yr sovereign CDS * | | | | | |
| Brazil | 150 | 1,1 | -14 | -30 | -57 |
| Chile | 40 | 1,5 | -2 | -9 | -23 |
| Colombia | 94 | 2,5 | -12 | -20 | -64 |
| Argentina | 983 | 41,9 | -41 | -165 | 177 |
| Mexico | 114 | 2,9 | -10 | -7 | -41 |
| Peru | 56 | 1,3 | -4 | -14 | -39 |
| Poland | 65 | 0,0 | 0 | -2 | -3 |
| Russia | 113 | 0,9 | -10 | -16 | -41 |
| Turkey | 428 | -12,9 | -52 | -92 | 68 |
| China | 44 | 0,0 | -7 | -10 | -24 |
| India | 79 | -3,3 | -5 | -3 | -35 |
| Indonesia | 92 | -0,5 | -10 | -18 | -46 |

RISK INDICATORS

| Volatility indicators (change in pp) | level | Daily | Weekly | Monthly | YTD |
|---|-------|-------|--------|---------|-----|
| VIX | 16 | 0,5 | 1 | 0 | -10 |
| VSTOXX | 14 | 0,0 | 1 | -3 | -10 |
| EMEFT volatility Index | 19 | 0,5 | 0 | -2 | -6 |
| Dollar/euro volatility | 6 | 0,2 | 1 | 1 | -1 |
| EMFX volatility index | 8 | 0,0 | 0 | 0 | -2 |
| Credit spread (BAA) (change in bps) | 237 | 3,1 | -3 | 6 | -9 |
| US bonds volatility index | 74 | -0,9 | -3 | 13 | 7 |
| Inflation expectations (% change in pp) | level | Daily | Weekly | Monthly | YTD |
| US Inflation expectations (5Y5Y) | 2,04 | - | 6 | -11 | -9 |
| EZ Inflation expectations (5Y5Y) | 1,21 | - | -2 | -10 | -39 |
| Banking 5y CDS (bps) * | level | Daily | Weekly | Monthly | YTD |
| US | 50 | 1,0 | -9 | -10 | -32 |
| EZ | 64 | -0,2 | -10 | -23 | -40 |
| UK | 56 | -0,4 | -6 | -21 | -39 |
| Large Spanish | 45 | -1,3 | -7 | -16 | -42 |
| Medium Spanish | 95 | 1,0 | 12 | 13 | -18 |
| Corporate 5y CDS (bps) * | level | Daily | Weekly | Monthly | YTD |
| US Non-financial | 160 | 1,0 | -9 | -10 | -32 |
| EZ Non-financial | 74 | -0,2 | -10 | -23 | -40 |
| UK Non-financial | 100 | -0,2 | -5 | -8 | -19 |

INTERBANK MARKETS (% CHANGES IN BP)

| | level | Daily | Weekly | Monthly | YTD |
|-----------------------|-------|-------|--------|---------|-----|
| EONIA Index | -0,36 | 0 | 1 | 1 | 0 |
| Euribor 3m | -0,35 | 0 | -2 | -3 | -4 |
| Euribor 12m | -0,21 | 0 | -3 | -6 | -9 |
| Eonia Swap 3m | -0,40 | 0 | -1 | -3 | -4 |
| Eonia Swap 12m | -0,48 | 0 | 0 | -9 | -13 |
| Libor 3m | 2,33 | -2 | -9 | -19 | -46 |
| Libor 12m | 2,18 | -2 | -11 | -47 | -83 |

STOCK MARKETS (%)

| Main indices | level | Daily | Weekly | Monthly | YTD |
|-----------------------------|---------|-------|--------|---------|-----|
| S&P500 | 2.935 | -0,4 | 0,6 | 3,9 | 17 |
| Dow Jones | 26.679 | -0,2 | 0,8 | 4,3 | 14 |
| Nikkei | 21.194 | -0,4 | 1,1 | 0,4 | 6 |
| FTSE 100 | 7.422 | 0,1 | -0,3 | 2,0 | 10 |
| EuroStoxx 50 | 3.444 | -0,3 | -0,2 | 2,8 | 15 |
| IBEX | 9.160 | -0,4 | -0,9 | -0,2 | 7 |
| DAX | 12.228 | -0,4 | -0,8 | 1,8 | 16 |
| CAC | 5.515 | -0,1 | 0,1 | 3,7 | 17 |
| MIB | 21.128 | -0,7 | 0,0 | 3,7 | 15 |
| ASE Athens | 847 | -0,3 | -0,8 | 15,7 | 38 |
| MSCI Latam * | 95.249 | 0,2 | 3,7 | 7,1 | 10 |
| Ibovespa (Brazil) | 101.267 | -0,8 | 1,9 | 8,2 | 15 |
| Mexbol (Mexico) | 43.848 | 0,2 | 1,6 | 2,9 | 5 |
| Merval (Argentina) | 39.927 | -0,5 | -1,9 | 13,8 | 32 |
| MSCI EM Europe * | 5.978 | 0,6 | 1,6 | 6,6 | 13 |
| Poland | 2.303 | -1,2 | -0,9 | 5,3 | 1 |
| Micex 10 (Russia) | 4.760 | -0,6 | -0,8 | 3,7 | 14 |
| Ise 100 (Turkey) | 95.421 | 0,3 | 1,3 | 10,9 | 5 |
| MSCI EM Asia * | 852 | -0,1 | 3,3 | 4,6 | 9 |
| Shanghai Com (China) | 2.982 | -0,9 | 3,2 | 4,5 | 20 |
| Jakarta (Indonesia) | 6.320 | 0,1 | 2,1 | 4,8 | 2 |
| Banking sector | level | Daily | Weekly | Monthly | YTD |
| US banks | | | | | |
| JPM | 132,7 | -0,6 | -1,7 | 0,2 | 15 |
| Citi | 108,7 | 0,0 | -1,8 | -0,9 | 11 |
| BoA | 67,0 | -0,5 | -1,4 | 4,1 | 29 |
| MS | 27,7 | -1,1 | -3,3 | -1,8 | 12 |
| GS | 42,7 | -0,9 | -1,5 | -0,7 | 8 |
| EU banks | 196,3 | -0,6 | 0,7 | 1,7 | 18 |
| BNP | 67,4 | -0,8 | -2,0 | -3,9 | -2 |
| Crédit Agricole | 40,5 | -0,7 | -2,5 | -7,8 | 2 |
| Deutsche Bank | 10,2 | -1,1 | -2,8 | 0,3 | 8 |
| ING | 6,3 | -0,2 | -1,1 | -1,7 | -10 |
| Intesa | 9,7 | -0,6 | -3,4 | -0,3 | 3 |
| SG | 1,9 | -0,3 | -0,3 | -2,6 | -4 |
| SG | 21,4 | -0,6 | -0,7 | -13,1 | -23 |
| Unicredito | 10,3 | -1,7 | -2,1 | -0,9 | 4 |
| UK banks | 74,1 | -0,2 | -1,7 | -1,8 | 0 |
| HSBC | 647,8 | 0,3 | -1,5 | -1,8 | 2 |
| RBS | 216,1 | 0,4 | 0,5 | -0,3 | 0 |
| Barclays | 146,9 | -1,1 | -3,1 | -1,6 | -2 |
| Lloyds | 56,7 | -0,5 | -2,4 | -3,1 | 9 |
| Large Spanish banks | | | | | |
| Santander | 60,1 | -0,2 | -0,4 | -1,8 | 3 |
| Santander | 4,0 | 0,4 | -0,3 | -0,5 | 1 |
| BBVA | 4,9 | -0,8 | -0,5 | -2,9 | 5 |
| Medium Spanish banks | | | | | |
| Caixabank | 47,4 | -0,6 | -3,4 | -10,8 | -18 |
| Sabadell | 2,4 | -0,3 | -3,7 | -11,8 | -23 |
| Sabadell | 0,9 | -0,3 | -4,1 | -12,1 | -11 |
| Bankinter | 5,9 | -1,2 | -2,7 | -10,6 | -16 |
| Bankia | 2,0 | 0,1 | -4,5 | -10,6 | -21 |

CURRENCIES (% RED FOR CURRENCY DEPRECIATION)

| Developed | level | Daily | Weekly | Monthly | YTD |
|--------------------|--------|-------|--------|---------|-----|
| EURUSD | 1,139 | -0,1 | 1,7 | 1,6 | -1 |
| GBPUSD | 1,27 | -0,2 | 1,3 | 0,0 | 0 |
| USDJPY | 106,92 | 0,4 | 1,4 | 2,2 | 3 |
| DXY | 96,02 | 0,0 | -1,7 | -1,6 | 0 |
| Emerging | level | Daily | Weekly | Monthly | YTD |
| USDARS (Argentina) | 42,31 | 0,3 | 2,8 | 6,0 | -11 |
| USDBRL (Brazil) | 3,83 | -0,2 | 0,8 | 5,0 | 1 |
| USDCPL (Chile) | 677,56 | 0,5 | 2,8 | 2,5 | 2 |
| USDCOP (Colombia) | 3182 | 0,7 | 2,3 | 5,3 | 2 |
| USDMXN (Mexico) | 19,22 | -0,1 | -0,5 | -0,9 | 2 |
| USDPEN (Peru) | 3,30 | 0,2 | 1,1 | 1,5 | 2 |
| LACI | 54,59 | 0,0 | 0,7 | 2,7 | 1 |
| USDPLN (Poland) | 3,74 | -0,2 | 1,8 | 2,5 | 0 |
| USDRUB (Russia) | 62,82 | -0,4 | 2,0 | 2,6 | 10 |
| USDTRY (Turkey) | 5,78 | 0,5 | 0,8 | 5,2 | -8 |
| USDCNY (China) | 6,88 | 0,0 | 0,3 | 0,3 | 0 |
| USDINR (India) | 69,35 | 0,0 | 0,5 | 0,3 | 1 |
| USDIDR (Indonesia) | 14125 | 0,2 | 1,4 | 1,9 | 2 |
| ADXY | 105,34 | 0,0 | 0,6 | 1,1 | 0 |

COMMODITIES (%)

| | level | Daily | Weekly | Monthly | YTD |
|----------------------|-------|-------|--------|---------|-----|
| Brent | 65,5 | 1,0 | 5,4 | -5 | 22 |
| WTx | 58 | 0,7 | 8,1 | -1 | 28 |
| Copper | 274 | 1,3 | 1,3 | 1 | 4 |
| Gold | 1430 | 0,7 | 6,2 | 11 | 12 |
| S&P Spot commodity * | 423 | 0,4 | 3,0 | -1 | 13 |
| S&P Metals Spot * | 546 | -0,4 | 4,6 | -5 | 19 |
| S&P Metals Spot * | 318 | 0,7 | 0,4 | 0 | 0 |
| S&P Agricultural * | 306 | 1,1 | -0,3 | 9 | 8 |

Source: Bloomberg, Datastream and Haver
* With one day delay