

Market Comment

Volatile trading session

- Investors were **cautious** in a volatile trading session amid signs of **trade optimism and political uncertainty**.
- U.S. President Trump said a trade deal with China could happen soon**, although he would not accept a 'bad deal'. Moreover, China stated it will support purchases of more U.S. farm products, including soybeans and pork.
- In separate news, yesterday, Democratic House speaker Pelosi formally initiated impeachment proceedings against the U.S. President Trump for his alleged pressure on the Ukrainian president to investigate the conduct of Democratic presidential candidate Joe Biden.
- Sovereign bonds fell on hopes of a trade agreement**. The yield on the 10Y UST bond climbed 5 bps, despite the fact that the NY Fed's repo was again oversubscribed by adding \$75bn to the financial system against the demand of \$92bn. Meanwhile, 10Y European sovereign bond yields reverted their early losses with Germany leading the increase (+2.4 bps).
- In FX, the **USD rebounded from yesterday's losses** against its G10 peers (DXY index +0.6%) led by strong sales of new U.S. homes in August due to the fall in mortgage rates (713k, consensus 658k, previous 666k). On the other hand, the **GBP underperformed** across the G10 (GBPUSD -1.0%) driven by U.K. political turmoil. In this context, Attorney General Cox said a motion for a general election would be brought to Parliament shortly. In EM, LatAm currencies dropped amid political worries (LACI index -0.6%) with MXN leading the path (-0.6%). Elsewhere, the CNY depreciated 0.2% as the China Beige Book, a private report, noted that the current quarter was the weakest of the year led mainly by manufacturing, adding more pressure on the global economic cycle.
- The rise of U.S. crude inventories, alongside the restoration of lost production in Saudi Arabia, weighed on oil prices (Brent -1.6%).
- European stocks trimmed partially early losses** (Euro Stoxx 50 -0.5%), while **U.S. equity markets edged up** (SP 500 +0.3%) with U.S. banks leading the gains.

UPDATE 17:45 CET 25 SEPTEMBER 2019

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

Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	1,65	2,4	-11,3	11	-84
US	1,70	5,2	-9,9	16	-99
GER (2-yr)	-0,73	0,1	-0,6	16	-12
Germany	-0,58	2,4	-6,6	5	-86
France	-0,27	2,1	-4,9	10	-98
Spain	0,13	1,4	-9,6	0	-128
Italy	0,84	0,9	-3,4	-48	-190
Portugal	0,16	1,5	-8,3	-1	-156
Greece	1,34	0,8	-6,6	-61	-306
Japan (2-yr)	-0,34	-1,8	-6,7	-2	-19
Japan	-0,26	-2,1	-7,3	1	-26
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	7,13	-2,0	-2,7	-23	-210
Chile	2,46	-1,2	-3,2	-5	-179
Colombia	5,96	1,6	-5,3	-3	-79
Mexico	6,91	0,6	-25,6	-9	-173
Peru	3,74	1,5	0,0	-8	-163
Poland	2,04	-0,8	-3,2	11	-78
Russia	7,13	-0,9	-2,1	-18	-165
Turkey	13,76	-33,0	-61,0	-257	-204
India	6,76	-2,0	13,7	28	-61
Indonesia	7,32	1,2	8,0	3	-70

COUNTRY RISK (BP, CHANGES IN BP)

Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	30	-0,3	1,7	5	-13
Italy	142	-1,5	3,2	-53	-104
Portugal	73	-0,9	-1,7	-6	-71
Spain	71	-1,0	-3,0	-5	-43
2-yr sovereign spread vs Germany					
France	6	0,1	0,9	-4	-9
Italy	52	0,1	2,7	-40	-57
Portugal	18	0,3	-2,7	-14	-9
Spain	23	2,3	-2,3	-13	-14
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	137	5,1	16	-3	-70
Chile	38	1,8	6	0	-25
Colombia	94	3,2	15	-6	-64
Argentina	5892	360,9	259	2828	5086
Mexico	116	4,0	13	-4	-39
Peru	54	2,6	10	2	-41
Poland	65	-5,9	0	0	-3
Russia	83	2,0	7	-17	-71
Turkey	378	0,0	2	-39	18
China	48	1,8	9	-2	-19
India	73	-0,3	9	0	-40
Indonesia	88	0,2	11	-6	-49

RISK INDICATORS

Volatility indicators (change in pp)	level	Daily	Weekly	Monthly	YTD
VIX	17	-0,4	3	-3	-9
VSTOXX	17	1,3	2	-3	-7
EM EFT volatility Index	19	0,3	2	-4	-6
Dollar/euro volatility	5	0,1	0	-1	-2
EM FX volatility index	8	-0,1	0	-1	-2
Credit spread (BAA) (change in bps)	214	-5,2	-4	-13	-31
US bonds volatility index	83	2,1	3	-5	16
Inflation expectations (% change in pp)	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	1,96	-	-3	4	-18
EZ Inflation expectations (5Y5Y)	1,20	-	-9	-5	-40
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	57	2,1	10	2	-26
EZ	59	0,8	7	1	-46
UK	58	-0,6	5	0	-36
Large Spanish	42	0,4	5	6	-45
Medium Spanish	96	7,4	11	9	-17
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	227	8,0	43	24	13
EZ Non-financial	75	0,4	10	5	-22
UK Non-financial	105	1,4	10	7	-14

INTERBANK MARKETS (% CHANGES IN BP)

	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0,45	0	0	-9	-10
Euribor 3m	-0,41	-1	-1	1	-10
Euribor 12m	-0,33	-1	-2	4	-21
Eonia Swap 3m	-0,46	0	0	2	-10
Eonia Swap 12m	-0,53	0	-1	7	-18
Libor 3m	2,11	0	-6	-4	-68
Libor 12m	2,03	0	-3	0	-98

STOCK MARKETS (%)

Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2975	0,3	-1,1	3,3	19
Dow Jones	26948	0,5	-0,7	4,1	16
Nikkei	22020	-0,4	0,3	8,7	10
FTSE 100	7290	0,0	-0,3	2,7	8
EuroStoxx 50	3513	-0,5	-0,4	4,9	17
IBEX	9085	-0,4	0,6	4,7	6
DAX	12234	-0,6	-1,3	4,9	16
CAC	5584	-0,8	-0,7	4,4	18
MIB	21788	-0,5	-0,7	5,4	19
ASE Athens	862	-0,7	-1,2	4,0	41
MSCI Latam *	93947	-0,8	-1,0	6,6	9
Ibovespa (Brazil)	103883	0,0	-0,6	7,7	18
Mexbol (Mexico)	42884	-0,5	-0,4	7,0	3
Merval (Argentina)	28049	0,8	-6,7	8,5	-7
MSCI EM Europe *	5901	-0,2	-1,4	4,0	12
Poland	2160	-0,7	-2,1	2,9	-5
Micex 10 (Russia)	4765	0,2	-1,9	4,1	14
Ise 100 (Turkey)	102618	0,8	0,7	5,7	12
MSCI EM Asia *	836	-0,3	-0,3	3,3	7
Shanghai Com (China)	2955	-1,0	-1,0	3,2	19
Jakarta (Indonesia)	6146	-1,0	-1,4	-1,7	-1
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks					
JPM	140,1	1,3	-2,0	9,0	21
Citi	118,2	0,7	-1,3	10,6	21
Citi	69,2	1,9	-1,3	10,3	33
BoA	29,4	1,5	-2,1	9,6	19
MS	43,1	1,3	-2,9	7,3	9
GS	210,7	1,4	-3,0	5,5	26
EZ banks					
BNP	72,6	0,0	-0,8	9,5	5
BNP	43,5	-0,5	-0,7	7,3	10
Crédit Agricole	11,0	0,4	-0,2	8,6	17
Deutsche Bank	6,9	0,5	-3,8	9,6	0
ING	9,4	0,4	0,1	11,3	0
Intesa	2,1	0,2	0,4	10,1	10
SG	24,9	-0,4	-1,6	10,5	-10
Unicredito	10,6	-1,2	-3,0	10,3	7
UK banks					
HSBC	71,0	0,2	0,5	7,0	-3
HSBC	615,8	0,7	1,0	5,0	-5
RBS	203,5	-0,7	-0,5	11,2	-6
Barclays	148,1	0,7	0,1	7,3	-2
Lloyds	53,4	-0,2	0,7	6,8	3
Large Spanish banks					
Santander	56,2	0,2	0,1	6,9	-4
Santander	3,6	0,4	0,6	4,2	-8
BBVA	4,7	0,1	-0,4	9,4	1
Medium Spanish banks					
Caixabank	45,1	0,8	1,3	9,1	-22
Caixabank	2,4	1,2	3,1	16,1	-25
Sabadell	0,9	1,6	3,0	14,8	-13
Bankinter	5,7	0,1	-1,1	5,3	-19
Bankia	1,7	0,9	2,7	4,0	-34

CURRENCIES (% RED FOR CURRENCY DEPRECIATION)

Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1,095	-0,6	-0,7	-1,4	-5
GBPUSD	1,236	-1,0	-0,9	1,2	-3
USDJPY	107,780	-0,7	0,6	-1,5	2
DXY	98,968	0,6	0,4	0,9	3
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	57,00	-0,2	-0,8	-3,0	-34
USDBRL (Brazil)	4,18	-0,3	-1,6	-0,5	-7
USDCPL (Chile)	727,45	-0,5	-1,5	-1,1	-5
USDCOP (Colombia)	3452	-0,5	-2,26	-0,20	-6
USDMXN (Mexico)	19,57	-0,6	-0,9	1,9	0
USDPEN (Peru)	3,35	-0,3	0,0	0,9	1
LACI	50,43	-0,6	-1,2	-0,2	-7
USDPLN (Poland)	4,00	-0,7	-1,7	-1,8	-7
USDRUB (Russia)	64,23	-0,4	-0,1	2,9	8
USDTRY (Turkey)	5,69	0,2	-0,2	2,4	-7
USDCNY (China)	7,13	-0,2	-0,6	0,3	-4
USDINR (India)	71,04	0,0	0,3	1,4	-2
USDIDR (Indonesia)	14152	-0,3	-0,6	0,6	2
ADXY	103,09	-0,1	-0,2	0,8	-2

COMMODITIES (%)

	level	Daily	Weekly	Monthly	YTD
Brent	62,1	-1,6	-2,4	6	15
WTx	56	-1,7	-3,1	5	24
Copper	259	0,1	-0,2	2	-1
Gold	1511	-1,4	1,1	-1	18
S&P Spot commodity *	415	-1,3	-0,5	6	11
S&P Brent Spot *	529	-2,5	-0,9	7	15
S&P Metals Spot *	321	-0,9	-0,7	2	1
S&P Agricultural *	274	0,2	0,3	3	-3

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