

Market Comment

The trade rollercoaster goes on

- **Market risk sentiment recovered on positive trade headlines.** China said it will increase penalties for intellectual property violations, increasing hopes of a trade deal. Moreover, the Chinese media said both countries are very close to a phase-one trade deal.
- **German business confidence improved in November**, in line with consensus (95; cons: 95; previous: 94.7). Nonetheless, the improvement **lacked conviction** as the assessment of the future business outlook rose less than expected (92.1; cons: 92.5; previous 91.6). On the other hand, the assessment of the current situation in both the manufacturing and construction sectors declined in November. A bounce in trade and services sentiment was partially offset by manufacturing sluggishness, suggesting meaningful growth acceleration in 4Q19 remains unlikely. Moreover, there were some **mixed activity data in the US**: the Chicago Fed activity index fell unexpectedly in October (-0.71; cons: -0.2; previous: -0.45), while the Dallas Fed manufacturing activity rose more than expected in November, but remained at contraction levels (-1.3; cons: -3.8; previous: -5.1).
- **The yield on the 10Y US Treasury bond inched down marginally** ahead of Powell's speech today, while the 10-2Y flattened slightly as the Chicago Fed national index suggested that US economic activity slowed further in October. In Europe, the **10Y German bund oscillated in a narrow range**, whereas peripheral risk premium narrowed as investors search for yield, especially in Italy and Portugal.
- **Sterling outperformed its G10 peers** as the Conservative Party continues to lead the latest opinion polls. The USD remained unchanged, trimming early gains, while the rest of G10 currencies depreciated slightly. The euro slipped as the improvement in business confidence in Germany lacked conviction. Elsewhere, **EM currencies depreciated in general**. However, the Chilean peso changed its role and led the gains in emerging markets, despite tomorrow's general strike.
- **Global stock markets edged higher** amid a fresh dose of positive trade developments, especially the Hang Seng index after pro-democracy candidates in Hong Kong won a landslide victory in local elections.

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DEBT MARKETS (10Y, %, CHANGE IN BPS)

Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	1,62	-0,8	2,2	4	-87
US	1,76	-1,0	-5,5	-1	-92
GER (2-yr)	-0,63	0,5	-0,5	4	-2
Germany	-0,35	1,0	-1,3	6	-59
France	-0,04	0,6	-0,9	7	-75
Spain	0,41	-0,2	-0,6	17	-101
Italy	1,15	-2,7	-5,4	25	-159
Portugal	0,38	-2,3	2,9	19	-135
Greece	1,37	-2,1	-7,0	13	-303
Japan (2-yr)	-0,18	-0,3	1,7	6	-4
Japan	-0,08	-0,3	0,0	6	-8
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	6,89	3,8	15,7	27	-235
Chile	2,88	-3,3	4,0	5	-138
Colombia	6,29	0,0	-5,1	25	-46
Mexico	7,07	3,2	16,9	25	-157
Peru	3,70	2,8	-13,3	4	-166
Poland	2,05	0,5	-4,1	8	-77
Russia	6,54	1,9	-6,7	-8	-224
Turkey	12,12	8,0	7,0	-97	-368
India	6,48	-2,5	-0,9	-3	-89
Indonesia	7,07	-0,6	4,3	-2	-96

COUNTRY RISK (BP, CHANGE IN BPS)

Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	31	-0,4	0,4	1	-16
Italy	150	-3,7	-4,1	19	-100
Portugal	73	-3,3	4,2	14	-76
Spain	76	-1,2	0,7	12	-42
2-yr sovereign spread vs Germany					
France	4	-0,1	0,8	-1	-11
Italy	60	-2,8	-6,4	15	-48
Portugal	15	-0,4	0,9	3	-11
Spain	25	-0,4	-0,1	-1	-11
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	124	-1,9	3	0	-83
Chile	56	0,2	7	19	-7
Colombia	87	-2,1	5	4	-71
Argentina	6905	253,3	-1229	757	6099
Mexico	92	-0,7	1	-8	-63
Peru	57	-0,4	4	2	-38
Poland	64	-0,7	-1	-3	-4
Russia	70	-0,8	-2	-6	-84
Turkey	301	-3,0	-5	-61	-59
China	41	-0,4	2	1	-27
India	72	-0,6	1	-1	-42
Indonesia	75	-0,1	2	-4	-62

RISK INDICATORS

Volatility indicators (change in pp)	level	Daily	Weekly	Monthly	YTD
VIX	12	-0,3	0	-2	-13
VSTOXX	62	0,0	-2	-7	-4
EM EFT volatility Index	2	0,0	0	0	-1
Dollar/euro volatility	4	0,0	0	0	-3
EM FX volatility index	17	-0,6	-1	0	-8
Credit spread (BAA) (change in bps)	215	1,0	2	-2	-31
US bonds volatility index	7	-0,1	0	0	-3
Inflation expectations (% change in pp)	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2,04	-	4	1	-10
EZ Inflation expectations (5Y5Y)	1,18	-	-1	-2	-42
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	49	-0,2	2	0	-33
EZ	54	0,5	0	2	-50
UK	46	-0,2	-2	1	-48
Large Spanish	39	0,1	0	-1	-49
Medium Spanish	90	-0,5	4	-2	-23
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	202	-12,5	-37	-4	-11
EZ Non-financial	71	-0,6	1	-3	-26
UK Non-financial	101	0,1	0	-1	-18

INTERBANK MARKETS (% , CHANGE IN BPS)

	level	Daily	Weekly	Monthly	YTD
ESTR Index	-0,54	0	1	1	n.a.
Euribor 3m	-0,40	0	0	0	-10
Euribor 12m	-0,28	0	-1	1	-16
Libor 3m	-0,45	0	0	1	-10
Libor 12m	1,92	0	1	-3	-88

STOCK MARKETS (%)

Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	3129	0,6	0,2	3,9	25
Dow Jones	28007	0,5	-0,1	4,5	20
Nikkei	23293	0,8	-0,5	2,4	16
FTSE 100	7397	1,0	1,2	0,9	10
EuroStoxx 50	3709	0,6	0,1	2,4	24
IBEX	9323	0,7	0,7	-0,7	9
DAX	13249	0,6	0,3	2,9	25
CAC	5929	0,6	0,0	4,3	25
MB	23445	0,8	-0,1	4,1	28
ASE Athens	898	0,8	1,1	2,8	46
MSCI Latam *	96523	0,8	1,1	0,5	12
Ibovespa (Brazil)	108266	-0,4	1,9	1,2	23
Mexbol (Mexico)	43512	0,0	0,3	-0,6	4
Merval (Argentina)	33818	0,7	6,2	1,0	12
MSCI EM Europe *	6207	0,2	-0,3	2,5	17
Poland	2198	0,4	-1,5	-0,5	-3
Micex 10 (Russia)	5135	0,0	1,2	3,4	23
Ise 100 (Turkey)	105382	-1,1	-1,4	5,0	15
MSCI EM Asia *	865	0,3	-0,1	2,5	11
Shanghai Com (China)	2906	-0,7	-0,1	-1,2	17
Jakarta (Indonesia)	6071	0,8	-0,9	-3,0	-2
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks					
JPM	155,7	0,7	1,1	5,9	35
Citi	131,2	0,3	0,4	4,9	34
Citi	75,5	0,8	1,5	4,4	45
BoA	33,4	0,6	1,3	6,4	35
MS	49,7	0,9	1,3	8,5	25
GS	223,0	1,2	1,5	5,7	33
EZ banks					
BNP	82,3	0,2	1,0	5,5	19
BNP	51,5	-0,1	1,8	7,7	30
Crédit Agricole	12,7	0,2	0,9	7,3	34
Deutsche Bank	6,7	-0,2	0,8	-5,6	-4
ING	10,5	-0,1	0,2	1,7	12
Intesa	2,3	0,2	0,0	3,4	21
SG	28,7	0,0	1,3	9,4	3
Unicredito	12,8	2,6	3,4	9,9	29
UK banks					
HSBC	76,3	1,5	1,6	-0,3	5
HSBC	582,7	0,5	1,3	-5,6	-10
RBS	229,3	2,0	2,0	1,5	6
Barclays	171,9	1,5	0,9	3,3	14
Lloyds	61,1	2,2	2,3	2,1	18
Large Spanish banks					
Santander	57,0	0,5	2,1	-4,6	-2
Santander	3,6	0,7	2,7	-7,9	-4
BBVA	4,8	0,3	1,6	-1,6	4
Medium Spanish banks					
Caixabank	50,3	0,4	3,0	2,0	-12
Caixabank	2,7	-0,2	1,5	5,6	-15
Sabadell	1,0	-1,0	3,3	0,5	2
Bankinter	6,3	1,0	3,6	0,7	-10
Bankia	1,8	2,3	4,7	1,8	-30

CURRENCIES (% , RED FOR CURRENCY DEPRECIATION)

Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1,101	-0,1	-0,6	-0,9	-4
GBPUSD	1,289	0,4	-0,5	0,3	1
USDJPY	108,950	-0,3	-0,2	-0,3	1
DXY	98,319	0,0	0,5	0,7	2
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	59,71	0,1	-0,4	-0,2	-37
USDBRL (Brazil)	4,22	-0,5	-0,1	-4,1	-8
USDCPL (Chile)	795,59	0,4	-2,9	-9,0	-13
USDCOP (Colombia)	3438	-0,4	0,13	-0,93	-5
USDMXN (Mexico)	19,46	-0,4	-0,7	-1,7	1
USDPEN (Peru)	3,39	-0,1	-0,5	-1,3	-1
LACI	49,60	-0,3	-0,6	-3,2	-9
USDPLN (Poland)	3,91	-0,2	-0,7	-1,3	-4
USD RUB (Russia)	64,05	-0,3	-0,3	0,0	8
USDTRY (Turkey)	5,75	-0,6	-0,2	0,3	-8
USDCNY (China)	7,04	0,0	-0,2	0,5	-2
USDINR (India)	71,73	0,0	0,2	-1,0	-3
USDIDR (Indonesia)	14086	0,0	0,0	-0,2	2
ADXY	103,91	0,1	-0,2	0,2	-1

COMMODITIES (%)

	level	Daily	Weekly	Monthly	YTD
Brent	63,4	0,0	1,5	3	18
WTx	58	-0,1	1,2	3	27
Copper	265	0,0	1,1	0	1
Gold	1457	-0,3	-1,0	-3	14
S&P Spot commodity *	419	-0,4	0,8	1	12
S&P Brent Spot *	531	-0,9	1,4	2	16
S&P Metals Spot *	315	0,5	0,0	-3	-1
S&P Agricultural *	285	0,4	0,4	0	1

Source: Bloomberg, Datastream and Haver

* With one day delay