

Market Comment | Intense ending of the week dominated by ECB policy decision

Global Financial Markets Unit
04 Dec 2015

- **Strong labour market data in the US.** November non-farm payrolls came at 211K, above expectations (consensus: 200K) following a 298,000 gain in October. Meanwhile the unemployment rate stayed stable in line with estimates (at 5.0%).
- **German factory orders improved slightly in October.** German factory orders rose in October more than estimated (by 1.8% MoM; consensus: 1.2%), while in annual terms they dropped below expectations (by -1.4% YoY; consensus: -2.5%).
- **Intense ending of the week dominated by ECB policy decision.** Despite the release of confidence prints in China and US, investors were mainly focused on two major events during this week: i) the ECB meeting, and ii) the US employment figures. Both were key to monitor if the divergence between central bank policies increases. As expected, at yesterday's monetary policy meeting the ECB Governing Council (GC) announced a package of easing stimuli ([see](#)), but judging by the market reaction, the decision disappointed a significant number of investors. On another side, the US figures released today were better than expected, which clears the way for a Fed interest rate hike later this month. Against this backdrop, on bond markets the European yields rose this week, mainly after the ECB meeting, and especially in the periphery (GER 10Y: +23bp, FRA 10Y: +23bp, ITA 10Y: +24bp, SPA 10Y: +21bp, POR 10Y: +19bp). Moreover, the 5Y5Y inflation expectations for the euro area have plunged since yesterday by 11bp (to 1.70% from 1.81%). In the same vein, US treasury yields increased in the week (10Y: +8bp), following European movements and also dragged by the increase in the probability of a lift-off in December due to the better-than-expected payroll data (78%). On FX markets, the euro appreciated sharply against the USD in the week (EUR: +3.3%) as the package announced by the ECB fell short of market expectations. Besides, European equity markets dropped across the board (Euro Stoxx: -4.8%, IBEX 35: -2.6%, CAC: -4.6%, DAX: -5.1%, MIB: -2.9%), also driven by the disappointing ECB action. US equity markets also decreased in the week (S&P 500: -1.0%, Dow: -0.8%). EM currencies showed a mixed performance with most linked to oil prices depreciating significantly (RUB: -2.7%, BRL: +2.9%, COP: -2.4%, CLP: +1.4%, MXN: -0.4%). As for commodities, according to Reuters OPEC is likely to decide at its semi-annual meeting in Vienna to raise its production ceiling to 31.5 million barrels of oil a day, which has led to a slump in oil prices. (Brent: -3.9%, WTI: -3.9%).

Update 16.30 CET 04 December, 2015

Table1

Current level and changes at daily, weekly, monthly and annual frequency

Libor markets (Changes in bp)

US 3m 8.91 (2.0) (2.0) (2.0)
 US 3m 1.71 (2.0) (0.0)
 US 15m 2.31 (0.8) (0.7) (0.7)
 Japan 15m 0.20 (0.2) (0.2) (0.2)
 GER 3m 2.31 (0.1) (1.1) (1.2)
 GER 6m 2.31 (0.1) (1.1) (1.1)
 GER 12m 2.31 (0.1) (1.1) (1.1)
 Belgium 15m 8.88 (2.2) (2.4) (1.5)
 France 15m 8.11 (2.2) (2.1) (1.8)
 Greece 15m 8.1 (2.1) (1.8) (1.4) (1.3)
 Korea 3m 1.51 (0.3) (0.3) (0.3)
 MY 15m 1.65 (0.4) (0.4) (2.2) (2.2)
 Netherlands 15m 6.84 (2.0) (2.0) (1.6)
 Portugal 15m 2.48 (0.1) (1.9) (1.7) (1.5)
 Spain 15m 1.71 (0.2) (1.2) (1.2)

Emerging markets
 Brazil 15m 13.97 (2.4) (2.4) (2.0) (2.0)
 Chile 15m 4.02 (1.4) (1.4) (1.4)
 Colombia 15m 4.61 (1.4) (1.4) (1.3)
 Mexico 15m 4.31 (0.8) (2.7) (1.7)
 Peru 15m 7.21 (0.2) (1.7) (1.6)
 Poland 15m 2.84 (1.7) (2.6) (1.3) (2.0)
 Russia 3m 6.81 (1.3) (1.3) (1.4)
 Russia 15m 6.81 (1.3) (1.4) (1.3) (1.4)
 Turkey 15m 6.01 (0.8) (1.6) (2.0)
 India 15m 7.75 (1.4) (1.3) (1.3) (1.2)
 Indonesia 15m 6.56 (1.4) (1.7) (1.7)

Country risk (Changes in bp)

Top emerging economies (against Germany)
 Belgium 29 (1.1) (1.1) (1.1)
 Greece 7.1 (2.4) (2.7) (1.5) (1.5)
 Korea 0.2 (1.0) (1.0) (1.0)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 100 (11) (14) (10) (10)
 Spain 104 (11) (12) (12) (12)
Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Top emerging markets (against Germany)
 Belgium 8 (0) (0) (0)
 France 1 (1) (1.6) (1) (1)
 Korea 28 (2) (2) (0) (1.4)
 MY 95 (12) (11) (12) (14)
 Netherlands 100 (11) (14) (10) (10)
 Portugal 114 (12) (11) (10) (10)
 Spain 86 (11) (11) (10) (10)

Current level and changes at daily, weekly, monthly and annual frequencies

Daily markets (changes in bps)

US Treasuries	
US 2yr	4.80 (2) (1) (2) (27)
US 5yr	3.71 (2) (7) (8)
US 10yr	2.31 (8) (7) (3)
Non-US	
Canada	3.24 (2) (2) (2) (1)
CD 3yr	4.21 (1) (1) (1) (21)
GE 3yr	2.61 (1) (1) (1) (1)
GE 10yr	1.69 (2) (2) (1) (1)
Belgium	3.98 (2) (2) (2) (1)
France	1.51 (2) (2) (2) (1)
Germany	1.27 (1) (1) (1) (1)
Interest	1.31 (1) (1) (1) (1)
Italy	1.65 (1) (2) (1) (1)
Netherlands	1.94 (2) (2) (2) (1)
Portugal	2.48 (2) (1) (1) (1)
Spain	1.51 (2) (2) (2) (1)
Emerging Markets	
Brazil	15.57 (7) (2) (1) (2)
China	4.41 (1) (1) (1) (1)
Colombia	10.41 (1) (1) (1) (1)
India	3.3 (1) (1) (1) (1)
Indonesia	1.58 (1) (1) (1) (1)
Poland	2.81 (7) (2) (1) (1)
Russia	9.81 (1) (1) (1) (1)
Saudi	1.51 (2) (2) (2) (1)
Turkey	13.03 (8) (8) (8) (2)
India	7.38 (4) (1) (1) (1)
Indonesia	1.58 (1) (1) (1) (1)

Country risk (changes in bps)

15yr sovereign spreads (against Germany)	
Belgium	21 (1) (1) (1)
France	22 (1) (1) (1)
Germany	21 (2) (2) (2) (1)
Italy	11 (1) (1) (1)
Netherlands	11 (1) (1) (1)
Portugal	103 (1) (1) (1) (1)
Spain	104 (2) (2) (2) (1)
5yr sovereign spreads (against Germany)	
Belgium	8 (1) (1) (1)
France	15 (1) (1) (1)
Germany	10 (1) (1) (1)
Italy	15 (1) (1) (1)
Netherlands	11 (1) (1) (1)
Portugal	114 (1) (1) (1) (1)
Spain	10 (1) (1) (1)
3yr sovereign spreads (against Germany)	
Belgium	8 (1) (1) (1)
France	11 (1) (1) (1)
Germany	11 (1) (1) (1)
Italy	11 (1) (1) (1)
Netherlands	11 (1) (1) (1)
Portugal	114 (1) (1) (1) (1)
Spain	11 (1) (1) (1)
Sovereign CDS	
Spr CDS Belgium	34 (1) (1) (1) (1)
Spr CDS France	26 (1) (1) (1) (1)
Spr CDS Germany	13 (1) (1) (1) (1)
Spr CDS Greece	978 (1) (1) (1) (1)
Spr CDS Ireland	41 (1) (1) (1) (1)
Spr CDS Italy	31 (1) (1) (1) (1)
Spr CDS Netherlands	10 (1) (1) (1) (1)
Spr CDS Portugal	114 (1) (1) (1) (1)
Spr CDS Spain	84 (1) (1) (1) (1)
Spr CDS US	28 (1) (1) (1) (1)
Spr CDS US	28 (1) (1) (1) (1)
Emerging Markets	
Spr CDS Brazil	144 (1) (1) (1) (1)
Spr CDS China	13 (1) (1) (1) (1)
Spr CDS Colombia	10 (1) (1) (1) (1)
Spr CDS India	10 (1) (1) (1) (1)
Spr CDS Indonesia	10 (1) (1) (1) (1)
Spr CDS Korea	10 (1) (1) (1) (1)
Spr CDS Mexico	10 (1) (1) (1) (1)
Spr CDS Poland	10 (1) (1) (1) (1)
Spr CDS Russia	10 (1) (1) (1) (1)
Spr CDS Saudi	10 (1) (1) (1) (1)
Spr CDS Turkey	10 (1) (1) (1) (1)
Spr CDS Ukraine	10 (1) (1) (1) (1)
Spr CDS Venezuela	10 (1) (1) (1) (1)

Commodity

WTI	10 (1) (1) (1) (1)
Brent	10 (1) (1) (1) (1)
Gold	10 (1) (1) (1) (1)
Copper	10 (1) (1) (1) (1)
Iron Ore	10 (1) (1) (1) (1)
Coal	10 (1) (1) (1) (1)
Oil	10 (1) (1) (1) (1)
Gas	10 (1) (1) (1) (1)
Wheat	10 (1) (1) (1) (1)
Soybeans	10 (1) (1) (1) (1)
Corn	10 (1) (1) (1) (1)
Wheat	10 (1) (1) (1) (1)
Soybeans	10 (1) (1) (1) (1)
Corn	10 (1) (1) (1) (1)

Bank risk (changes in bps)

US banks	10 (1) (1) (1) (1)
EU banks	10 (1) (1) (1) (1)
UK banks	10 (1) (1) (1) (1)
Large Spanish banks	10 (1) (1) (1) (1)
Medium Spanish banks	10 (1) (1) (1) (1)
Small Spanish banks	10 (1) (1) (1) (1)
Other banks	10 (1) (1) (1) (1)
US banks	10 (1) (1) (1) (1)
EU banks	10 (1) (1) (1) (1)
UK banks	10 (1) (1) (1) (1)
Large Spanish banks	10 (1) (1) (1) (1)
Medium Spanish banks	10 (1) (1) (1) (1)
Small Spanish banks	10 (1) (1) (1) (1)
Other banks	10 (1) (1) (1) (1)

Interbank markets (changes in bps)

US 3m	10 (1) (1) (1) (1)
US 6m	10 (1) (1) (1) (1)
US 12m	10 (1) (1) (1) (1)
EU 3m	10 (1) (1) (1) (1)
EU 6m	10 (1) (1) (1) (1)
EU 12m	10 (1) (1) (1) (1)
UK 3m	10 (1) (1) (1) (1)
UK 6m	10 (1) (1) (1) (1)
UK 12m	10 (1) (1) (1) (1)
Other 3m	10 (1) (1) (1) (1)
Other 6m	10 (1) (1) (1) (1)
Other 12m	10 (1) (1) (1) (1)

Stock markets (Change in percentage)

Main equity indices	
S&P500	10 (1) (1) (1) (1)
Dow Jones	10 (1) (1) (1) (1)
Nikkei	10 (1) (1) (1) (1)
FTSE 100	10 (1) (1) (1) (1)
Euro Stoxx 50	10 (1) (1) (1) (1)
MSCI World	10 (1) (1) (1) (1)
MSCI Emerging	10 (1) (1) (1) (1)
MSCI Africa	10 (1) (1) (1) (1)
MSCI Asia	10 (1) (1) (1) (1)
MSCI Europe	10 (1) (1) (1) (1)
MSCI Latin America	10 (1) (1) (1) (1)
MSCI Middle East	10 (1) (1) (1) (1)
MSCI North America	10 (1) (1) (1) (1)
MSCI Oceania	10 (1) (1) (1) (1)
MSCI South America	10 (1) (1) (1) (1)
MSCI Europe	10 (1) (1) (1) (1)
MSCI Asia	10 (1) (1) (1) (1)
MSCI Latin America	10 (1) (1) (1) (1)
MSCI Middle East	10 (1) (1) (1) (1)
MSCI North America	10 (1) (1) (1) (1)
MSCI Oceania	10 (1) (1) (1) (1)
MSCI South America	10 (1) (1) (1) (1)

Commodities (Change in percentage)

WTI	10 (1) (1) (1) (1)
Brent	10 (1) (1) (1) (1)
Gold	10 (1) (1) (1) (1)
Copper	10 (1) (1) (1) (1)
Iron Ore	10 (1) (1) (1) (1)
Coal	10 (1) (1) (1) (1)
Oil	10 (1) (1) (1) (1)
Gas	10 (1) (1) (1) (1)
Wheat	10 (1) (1) (1) (1)
Soybeans	10 (1) (1) (1) (1)
Corn	10 (1) (1) (1) (1)
Wheat	10 (1) (1) (1) (1)
Soybeans	10 (1) (1) (1) (1)
Corn	10 (1) (1) (1) (1)

Currencies (in percentage, positive for dollar depreciation)

EUR/USD	10 (1) (1) (1) (1)
GBP/USD	10 (1) (1) (1) (1)
JPY/USD	10 (1) (1) (1) (1)
CHF/USD	10 (1) (1) (1) (1)
HKD/USD	10 (1) (1) (1) (1)
SGD/USD	10 (1) (1) (1) (1)
USD/CHF	10 (1) (1) (1) (1)
USD/JPY	10 (1) (1) (1) (1)
USD/GBP	10 (1) (1) (1) (1)
USD/HKD	10 (1) (1) (1) (1)
USD/SGD	10 (1) (1) (1) (1)
USD/INR	10 (1) (1) (1) (1)
USD/CNY	10 (1) (1) (1) (1)
USD/BRL	10 (1) (1) (1) (1)
USD/RUB	10 (1) (1) (1) (1)
USD/TRY	10 (1) (1) (1) (1)
USD/ZAR	10 (1) (1) (1) (1)
USD/THB	10 (1) (1) (1) (1)
USD/MXN	10 (1) (1) (1) (1)
USD/IDR	10 (1) (1) (1) (1)
USD/PHP	10 (1) (1) (1) (1)
USD/VND	10 (1) (1) (1) (1)
USD/PLN	10 (1) (1) (1) (1)
USD/SEK	10 (1) (1) (1) (1)
USD/NOK	10 (1) (1) (1) (1)
USD/DKK	10 (1) (1) (1) (1)
USD/ISK	10 (1) (1) (1) (1)
USD/HUF	10 (1) (1) (1) (1)
USD/CZK	10 (1) (1) (1) (1)
USD/SKK	10 (1) (1) (1) (1)
USD/TRY	10 (1) (1) (1) (1)
USD/ZAR	10 (1) (1) (1) (1)
USD/THB	10 (1) (1) (1) (1)
USD/MXN	10 (1) (1) (1) (1)
USD/IDR	10 (1) (1) (1) (1)
USD/PHP	10 (1) (1) (1) (1)
USD/VND	10 (1) (1) (1) (1)
USD/PLN	10 (1) (1) (1) (1)
USD/SEK	10 (1) (1) (1) (1)
USD/NOK	10 (1) (1) (1) (1)
USD/DKK	10 (1) (1) (1) (1)
USD/ISK	10 (1) (1) (1) (1)
USD/HUF	10 (1) (1) (1) (1)
USD/CZK	10 (1) (1) (1) (1)
USD/SKK	10 (1) (1) (1) (1)

Currencies (change in percentage)

EUR	10 (1) (1) (1) (1)
GBP	10 (1) (1) (1) (1)
JPY	10 (1) (1) (1) (1)
CHF	10 (1) (1) (1) (1)
HKD	10 (1) (1) (1) (1)
SGD	10 (1) (1) (1) (1)
INR	10 (1) (1) (1) (1)
CNY	10 (1) (1) (1) (1)
BRL	10 (1) (1) (1) (1)
RUB	10 (1) (1) (1) (1)
TRY	10 (1) (1) (1) (1)
ZAR	10 (1) (1) (1) (1)
THB	10 (1) (1) (1) (1)
MXN	10 (1) (1) (1) (1)
IDR	10 (1) (1) (1) (1)
PHP	10 (1) (1) (1) (1)
VND	10 (1) (1) (1) (1)
PLN	10 (1) (1) (1) (1)
SEK	10 (1) (1) (1) (1)
NOK	10 (1) (1) (1) (1)
DKK	10 (1) (1) (1) (1)
ISK	10 (1) (1) (1) (1)
HUF	10 (1) (1) (1) (1)
CZK	10 (1) (1) (1) (1)
SKK	10 (1) (1) (1) (1)

*CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

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