

Market Comment | Financial markets in a positive mood amid volatile oil prices

Global Financial Markets Unit
12 Jan 2016

- **Financial markets in a positive mood amid volatile oil prices.** Commodities remained one of the main drivers in the financial markets, and oil prices tested the USD30/bbl threshold early today. After a mild recovery at midday, the prospects of increasing inventories in the US drove the prices down again (Brent: -2.3% WTI: -3.4%). Prices of other commodities also tracked the increasing doubts about the global economic outlook, and the copper price fell to its lowest level since 2009 (-0.3%). Nonetheless, relative calm on China's equity indices (Shanghai: +0.2%), promoted by renewed intervention by the central bank, helped to stabilise the markets. According to the media, the PBoC intervened in the offshore market to prevent further pressures on the onshore CNY (the cost to borrow the CNY overnight in the interbank market jumped to 66.8%). Against this backdrop, equity markets rose across the board with the exception of the Nikkei, which declined after yesterday's close because of the Coming of Age Day (S&P: +0.2% Euro Stoxx: +1.4%, DAX: +1.7%, IBEX-35: +0.5%, CAC: +1.7%, Nikkei: -2.7%). Both the positive 4Q15 corporate earnings report season and the absence of further deterioration in perceptions of China's financial stability fueled the increase in equity markets, on a day without relevant macroeconomic data releases. On the bond markets, the US treasury yields decrease across the curve (2Y: -1bp, 10Y: -6bp). Meanwhile, European yields rose today in peripheral bonds, while core bonds remain mostly flat (GER 10Y: -1bp, FRA 10Y: -1bp, ITA 10Y: +2bp, SPA 10Y: +3bp, POR 10Y: +3bp). On FX markets, the USD appreciated against other major currencies, and mainly against GBP, which depreciated sharply due to the disappointing industrial and manufacturing production data (EUR: -0.23% GBP: -1.07%). EM currencies depreciated against the US dollar hampered by falls in commodity prices (RUB: -1.2%, BRL: -0.2%, MXN: -0.5%, TRY: -0.1%).

Update 17.30 CET 12 January, 2015
Table1

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

Libor markets (changes in bp)

US 3m 5.82 (4.08) (4) (2)
 US 3m 1.55 (0.88) (8) (2)
 US 6m 3.21 (1.46) (1) (1) (1)
 Japan 3m 0.22 (1.44) (0) (4)
 GB 3m 2.56 (0.12) (4)
 GB 6m 3.12 (0.11) (1) (7)
 GB 9m 3.53 (0.11) (1) (8)
 Belgium 3m 0.88 (1.11) (4) (4)
 France 3m 0.81 (0.81) (0)
 Greece 3m 0.51 (0.51) (0) (2)
 Korea 3m 0.01 (0.01) (2)
 Malaysia 3m 0.21 (0.21) (1)
 Netherlands 3m 0.21 (0.21) (0)
 Portugal 3m 2.28 (0.17) (2) (0)
 Spain 3m 1.01 (0.21) (0) (8)

Country risk (changes in bp)

France 3m 1.91 (1.91) (0) (1) (3)
 China 4m 4.01 (2.01) (2) (4)
 Canada 3m 0.07 (0.07) (1) (2)
 Mexico 3m 4.19 (2.19) (2) (1) (7)
 Peru 3m 7.43 (0.19) (0) (4)
 Poland 3m 2.88 (4.17) (2) (4) (2)
 Russia 3m 1.51 (1.51) (0) (8) (8)
 Russia 3m 10.17 (4.88) (8) (3) (5)
 Turkey 3m 1.08 (0.01) (2) (4) (5)
 India 3m 7.78 (1.21) (2) (8)
 Indonesia 3m 0.69 (0.69) (0) (3) (8)

Country risk (changes in bp)

1st sovereign maturity (against Germany)
 France 33 (0) (1) (2) (1)
 Greece 198 (1) (4) (2) (2)
 Ireland 38 (2) (0) (2) (2)
 Italy 100 (0) (2) (0) (2)
 Netherlands 18 (0) (0) (2) (2)
 Portugal 218 (0) (1) (2) (2)
 Spain 130 (0) (1) (2) (2) (1)

2nd sovereign maturity (against Germany)

Belgium 21 (1) (2) (0) (0)
 France 18 (2) (0) (0) (0)
 Greece 384 (0) (1) (2) (2)
 Ireland 27 (2) (0) (2)
 Italy 71 (2) (0) (2) (0)
 Netherlands 18 (0) (0) (2) (2)
 Portugal 136 (2) (0) (1) (2) (2)
 Spain 41 (2) (0) (2) (0)

3rd sovereign maturity (against Germany)

Belgium 0 (0) (0) (0) (0)
 France 5 (0) (0) (1) (2)
 Ireland 1 (0) (1) (1) (4)
 Italy 38 (1) (2) (4) (1) (1)
 Netherlands 5 (0) (0) (1) (1)
 Portugal 50 (1) (0) (1) (0)
 Spain 0 (0) (0) (1) (2)

4th sovereign maturity (against Germany)

US 100 102 (0) (2)
 US 200 102 (0) (2)
 US 300 102 (0) (2)
 US 400 102 (0) (2)
 US 500 102 (0) (2)
 US 600 102 (0) (2)
 US 700 102 (0) (2)
 US 800 102 (0) (2)
 US 900 102 (0) (2)
 US 1000 102 (0) (2)

Country risk (changes in bp)

Spr CDS Belgium 33 (0) (1) (2)
 Spr CDS France 25 (0) (0) (1) (1)
 Spr CDS Germany 0 (0) (1) (0) (0)
 Spr CDS Greece 162 (0) (1) (2) (2)
 Spr CDS Ireland 41 (0) (1) (1) (1)
 Spr CDS Italy 102 (0) (1) (1) (1)
 Spr CDS Netherlands 18 (0) (0) (1) (1)
 Spr CDS Portugal 218 (0) (1) (2) (2)
 Spr CDS Spain 130 (0) (1) (2) (2)
 Spr CDS US 21 (0) (1) (1) (2)

Country risk (changes in bp)

Spr CDS China 118 (1) (2) (1) (1)
 Spr CDS Russia 343 (0) (2) (0) (4)
 Spr CDS Turkey 38 (0) (1) (1) (1)
 Spr CDS India 101 (0) (1) (1) (1)
 Spr CDS Indonesia 61 (0) (1) (1) (1)

Country risk (changes in bp)

US Non-Russia CDS 40 (0) (0) (1) (1)
 EU Non-Russia CDS 17 (0) (1) (1) (1)
 UK Non-Russia CDS 21 (1) (1) (1) (1)

Libor and swap rates (changes in bp)

US 3m swap 3m 12 (0) (0) (1) (1)
 US 6m swap 3m 38 (0) (1) (1) (1)
 US 9m swap 3m 38 (0) (1) (1) (1)
 US 12m swap 3m 38 (0) (1) (1) (1)
 US 15m swap 3m 38 (0) (1) (1) (1)
 US 18m swap 3m 38 (0) (1) (1) (1)
 US 21m swap 3m 38 (0) (1) (1) (1)
 US 24m swap 3m 38 (0) (1) (1) (1)
 US 27m swap 3m 38 (0) (1) (1) (1)
 US 30m swap 3m 38 (0) (1) (1) (1)

Stock markets (changes in percentage)

US S&P 500 102 (0) (2) (0) (2)
 US Dow Jones 102 (0) (2) (0) (2)
 US NASDAQ 102 (0) (2) (0) (2)
 UK FTSE 100 102 (0) (2) (0) (2)
 Germany DAX 102 (0) (2) (0) (2)
 France CAC 40 102 (0) (2) (0) (2)
 Italy ISEQ 102 (0) (2) (0) (2)
 Spain IBEX 35 102 (0) (2) (0) (2)
 China CSI 300 102 (0) (2) (0) (2)
 Russia RTSIX 102 (0) (2) (0) (2)
 India Nifty 50 102 (0) (2) (0) (2)
 Indonesia IDX 102 (0) (2) (0) (2)

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*CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

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