

# Market Comment | Mild rally in financial markets fuelled by oil rebound

Global Financial Markets Unit  
11 Apr 2016

- **Positive macroeconomic data in China.** China's CPI in March remained unchanged unexpectedly against the previous month at 2.3%YoY (consensus: 2.4%YoY). The decreasing prices of transport and communication were offset by increasing food prices. Meanwhile, the pace of deflation in producer prices (PPI) dropped in relation to the previous month, dropping less-than-expected (by -4.3%YoY; consensus: -4.6%).
- **Better than expected macroeconomic data in China and increasing oil prices (oil topped US\$42.7 pb, its highest level since December 2015) supported the rebound of risky assets** after last week's poor performance. Nonetheless the cautious mode - triggered last week by uncertainty about the global economic outlook - remained in the market, judging by the bullish movement in gold (+1.5%) and JPY, (close to fresh highest levels since October 2014 against USD, 107.9 USDJPY). Against this backdrop, European equity markets started the week with gains after last week's generalised falls (Eurostoxx: +0.5% IBEX: +0.9% DAX: +0.8% CAC: +0.3% MIB: +1.4%). The sectors benefiting most were those that were most punished last week, such as banking and energy. The Italian banking sector outperformed (+10% in some cases) due to hopes of an agreement being reached between the Italian government and the largest financial institutions on details of a bailout plan (as last resort). In the same vein, US indices rose slightly (S&P: +0.3% Dow: +0.2%) waiting for the 1Q16 corporate earnings season. Asian markets showed a mixed performance, with Chinese markets underpinned by better-than-expected macroeconomic data while Japanese indices suffer the consequences of the very expensive JPY (Nikkei: -0.4% Shanghai: +1.6%). On bond markets, US treasury yields remained almost unchanged while the probability of a rate hike remain at low levels (June: 16% December: 37%). Meanwhile, European yields inched up (GER 10Y: +2 bps FRA 10Y: +3 bps ITA 10Y: +3 bps SPA 10Y: + 0bps). Portugal remained the main drag on peripheral confidence (POR 10Y: +8 bps) increasing its risk-premiums. In FX markets, the USD depreciated against other major currencies (EUR: +0.22% GBP: +0.88% JPY: +0.16%). EM currencies rebounded (RUB: +0.7% BRL: +1.8% COP: +1.0% CLP: +0.2% MXN: +0.7%) due to the increase in commodity prices, mainly in oil (Brent: +1.9% Wtx: +1.7% Copper: +0.2%).

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Table1

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

**Libor markets (changes in bp)**

USD 3m  
 US 3m 6.69 (0.14) (20) (30)  
 US 3m 1.15 (0.03) (20) (44)  
 US 15m 15.72 (0.14) (21) (18)  
 Japan 3m 12.02 (10.41) (17) (25)  
 GER 3m 5.52 (1.51) (17) (14)  
 GER 3m 2.39 (0.41) (16) (15)  
 GER 3m 5.11 (0.12) (16) (25)  
 Belgium 3m 5.51 (0.11) (12) (14)  
 France 3m 4.91 (0.01) (12) (12)  
 Greece 3m 8.34 (2.81) (13) (15)  
 Greece 3m 5.01 (0.11) (12)  
 Mexico 3m 13.28 (1.51) (13) (29)  
 Netherlands 3m 5.04 (0.11) (12) (14)  
 Portugal 3m 7.41 (0.16) (19) (20)  
 Spain 3m 5.52 (0.16) (17) (24)

EUR area 3m  
 Euro 3m 4.61 (1.41) (44) (11) (20)  
 China 3m 4.42 (0.21) (21) (24)  
 Columbia 3m 2.77 (1.11) (15) (15) (20)  
 Mexico 3m 3.56 (1.81) (12) (12)  
 Peru 3m 5.81 (0.16) (11) (12)  
 Poland 3m 2.8 (2.01) (11) (13)  
 Russia 3m 5.22 (2.14) (15) (12)  
 Turkey 3m 15.15 (1.01) (14) (15)  
 India 3m 7.42 (1.81) (22) (14)  
 Indonesia 3m 7.54 (1.41) (15) (12)

**Country YTM (changes in bp)**

1yr sovereign bonds (Agent Germany)  
 Belgium 39 (1) (2) (1)  
 France 35 (1) (2) (1)  
 Greece 392 (1) (0) (1)  
 Ireland 72 (0) (0) (2)  
 Italy 120 (2) (0) (2)  
 Netherlands 22 (0) (0) (1)  
 Portugal 141 (2) (0) (2)  
 Spain 141 (2) (0) (2)  
 1yr sovereign bonds (Agent Spain)  
 Belgium 9 (1) (0) (2)  
 France 15 (0) (1) (2)  
 Greece 362 (0) (1) (1)  
 Ireland 8 (0) (0) (2)  
 Italy 18 (0) (1) (1)  
 Netherlands 18 (0) (1) (2)  
 Portugal 207 (1) (0) (1)  
 Spain 19 (0) (1) (2)

2yr sovereign bonds (Agent Germany)  
 Belgium 8 (0) (0) (1)  
 France 6 (0) (1) (1)  
 Ireland 15 (1) (1) (2)  
 Italy 25 (1) (1) (2)  
 Netherlands 18 (0) (0) (2)  
 Portugal 139 (1) (0) (2)  
 Spain 33 (0) (0) (1)  
 2yr sovereign bonds (Agent Spain)  
 Belgium 32 (0) (0) (2)  
 France 15 (0) (1) (2)  
 Greece 362 (0) (1) (1)  
 Ireland 8 (0) (0) (2)  
 Italy 18 (0) (1) (1)  
 Netherlands 18 (0) (1) (2)  
 Portugal 207 (1) (0) (1)  
 Spain 19 (0) (1) (2)

S&P 500 YTD  
 S&P 500 Return 6.10 (0.81) (0) (2)  
 S&P 500 Volatility 20.81 (0.61) (1) (1)  
 S&P 500 Dividend Yield 1.91 (0.01) (1) (1)  
 S&P 500 Beta 1.01 (0.01) (1) (1)  
 S&P 500 P/E 18.51 (0.51) (1) (2)  
 S&P 500 P/B 3.21 (0.11) (1) (1)  
 S&P 500 P/C 11.11 (0.11) (1) (1)  
 S&P 500 EV/EBITDA 10.11 (0.11) (1) (1)  
 S&P 500 EV/EBIT 10.11 (0.11) (1) (1)  
 S&P 500 EV/FCF 10.11 (0.11) (1) (1)  
 S&P 500 EV/EBITDA 10.11 (0.11) (1) (1)  
 S&P 500 EV/EBIT 10.11 (0.11) (1) (1)  
 S&P 500 EV/FCF 10.11 (0.11) (1) (1)  
 S&P 500 EV/EBITDA 10.11 (0.11) (1) (1)  
 S&P 500 EV/EBIT 10.11 (0.11) (1) (1)  
 S&P 500 EV/FCF 10.11 (0.11) (1) (1)

**Global YTM (changes in percentage except for 2-5 year spreads)**

VX 15.41 (0.71) (0.11) (2) (3) (5)  
 VIX 15.41 (0.71) (0.11) (2) (3) (5)  
 US 1yr weekly index 22.41 (1.21) (1) (2) (2)  
 US 3m weekly index 22.41 (1.21) (1) (2) (2)  
 US 6m weekly index 22.41 (1.21) (1) (2) (2)  
 US 1yr weekly index 22.41 (1.21) (1) (2) (2)  
 US 3m weekly index 22.41 (1.21) (1) (2) (2)  
 US 6m weekly index 22.41 (1.21) (1) (2) (2)  
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 US 6m weekly index 22.41 (1.21) (1) (2) (2)  
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 US 3m weekly index 22.41 (1.21) (1) (2) (2)  
 US 6m weekly index 22.41 (1.21) (1) (2) (2)  
 US 1yr weekly index 22.41 (1.21) (1) (2) (2)  
 US 3m weekly index 22.41 (1.21) (1) (2) (2)  
 US 6m weekly index 22.41 (1.21) (1) (2) (2)

**Global YTM (changes in percentage)**

US Treasury 10Y 6.21 (0.11) (1) (1) (2)  
 US Treasury 2Y 3.51 (0.11) (1) (1) (2)  
 US Treasury 3M 2.51 (0.11) (1) (1) (2)  
 US Treasury 1M 2.51 (0.11) (1) (1) (2)  
 US Treasury 6M 3.01 (0.11) (1) (1) (2)  
 US Treasury 9M 3.51 (0.11) (1) (1) (2)  
 US Treasury 12M 4.01 (0.11) (1) (1) (2)  
 US Treasury 15M 4.51 (0.11) (1) (1) (2)  
 US Treasury 18M 5.01 (0.11) (1) (1) (2)  
 US Treasury 21M 5.51 (0.11) (1) (1) (2)  
 US Treasury 24M 6.01 (0.11) (1) (1) (2)  
 US Treasury 27M 6.51 (0.11) (1) (1) (2)  
 US Treasury 30M 7.01 (0.11) (1) (1) (2)  
 US Treasury 33M 7.51 (0.11) (1) (1) (2)  
 US Treasury 36M 8.01 (0.11) (1) (1) (2)  
 US Treasury 39M 8.51 (0.11) (1) (1) (2)  
 US Treasury 42M 9.01 (0.11) (1) (1) (2)  
 US Treasury 45M 9.51 (0.11) (1) (1) (2)  
 US Treasury 48M 10.01 (0.11) (1) (1) (2)  
 US Treasury 51M 10.51 (0.11) (1) (1) (2)  
 US Treasury 54M 11.01 (0.11) (1) (1) (2)  
 US Treasury 57M 11.51 (0.11) (1) (1) (2)  
 US Treasury 60M 12.01 (0.11) (1) (1) (2)

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\*CDS, EMBI & MSCI indices with one day delay

\*\*Credit spread (BAA) with two days delay

\*\*\*S&P GSCI with one day delay

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