BBVA Research

Market Comment | Market recovery persisted ahead of Yellen's comments today

Global Financial Markets Unit
27 May 2016

- **Upward revision of US GDP growth.** US 1Q16 GDP growth was revised upwards (by 0.8% QoQ) from the previous estimate of 0.5% QoQ. However, the revision was below analysts' expectations (+0.9% QoQ). This increase was due mainly to the contribution of the consumer sector.

- **Fed's Powell thinks that a rate hike could come soon.** Fed member Jerome Powell said that the FOMC could decide on a rate hike soon, supported by a solid US economy with positive macroeconomic data - labour, inflation. "If incoming data support these expectations, I would see it as appropriate to continue to gradually raise the federal funds rate," he added. However, he considers that Brexit could bring uncertainty to the Fed's June meeting.

- **G7 meeting outcomes:** global growth to be an "urgent priority". "In light of this background, taking into account country-specific circumstances, we commit to strengthening our economic policy responses in a cooperative manner and to employing a more forceful and balanced policy mix, in order to swiftly achieve a strong, sustainable and balanced growth pattern. We stand ready to deploy robust policy responses to bolster short and longer-term growth as necessary". (see details in official statement).

- **The rally in risk assets continued this week, favoured by the persistence of ongoing positive drivers.** The increase in oil prices, which have been hovering around US$50 pb this week, underpinned by lower US oil inventories, has been a relevant driver, which contributed to enhancing the performance of risk assets, amid some fading of latent risk (Greek and Brexit issues). The persistence of Fed officials' hawkishness was not enough to curb the good performance in equity indices across the board (S&P: +1.8%, EuroStoxx: +3.6%, IBEX: +3.6%, DAX: +3.7%, CAC: +3.3%) while it contributed to preserving last week's increase in US yields. In addition, in Europe, the banking sector outperformed for the second week in a row.

- **The progress in the resolution of the Greek issue in the latest Eurogroup meeting eased peripheral risk premiums.** Greece finally reached agreement with its European creditors, paving the way for the finalisation of the first review of the third macroeconomic programme and the disbursement of €10.3 billion of the loan in several tranches (see details). Against this backdrop, European yields declined, led by peripheral countries (GER 10Y: -3 bps FRA 10Y: -3 bps ITA 10Y: -11 bps, SPA 10Y: -7 bps, POR 10Y: -6 bps, GRE 10Y: -21 bps).

- **Regarding the Brexit issue,** the widening of the lead of the "remain" option over the "leave" option in the Brexit issue in the latest round of updated polls contributed to diminishing the risk of Brexit and favoured the GBP's appreciation. The USD showed varying responses against its major peers (EUR: -0.65%, JPY: +0.43%, GBP: +0.81%). EM currencies registered mixed performances against the US dollar (RUB: +1.2%, BRL: -2.8%, CLP: +0.4%, COP: -0.6%, MXN: -0.8%) despite the improvement in commodity prices (Brent: +0.1% Wtx: +2.1% Cooper: +2.6%). The Turkish lira appreciated after it was confirmed that (market-friendly) Mehmet Simsek would remain as deputy prime minister following the arrival of the new Turkish PM. On the other hand, the Central Bank of Turkey reduced the upper bound of its interest rate corridor (marginal funding rate) by a further 50 bps to 9.5% (see). The second issue did not change the positive trend in TRY, which improved following the low levels seen in the past several weeks (+0.8%).

ECB Thursday's meeting: What we expect from the ECB

- At its 2 June meeting, we expect no change to the ECB's monetary policy stance after actions taken in March. The uncertainty and volatility in the financial markets remain contained, which paves the way to maintaining a steady monetary policy on course. Certainly, the central bank will retain its dovish communication and reiterate its focus on implementation measures announced in March. Its commitment to do more, if needed, will also remain on the table.

- Since the last monetary policy meeting, the uncertainty and volatility in the financial markets has improved on the back of the rebound in oil prices coupled with the hawkish tone of the latest FOMC minutes (and stronger USD). Now markets price in a 32% probability of a rate hike in June, which has led to USD appreciation. Moreover, another risk that has receded over the last month is the possibility of the UK's leaving the European Union, as the latest polls suggest the "Bremain" option is building a considerable lead. Nonetheless, in a context where main uncertainties on the global outlook still persist, the ECB will keep its easing bias.

- Regarding communication, central bank communication has been focused on the implementation of the measures announced in the March package, stressing that patience is needed. In particular, Vice President, Vitor Constâncio said "We have to allow some time for the package of measures adopted in March to produce its effects;" while Peter Praet said that "We shouldn't be talking of new instruments. We must focus on the implementation of our recent decisions." Regarding rate cuts, recent ECB communication has been very clear, signalling that the central bank would only send interest rates further into negative territory should the inflation outlook worsen significantly. Benoit Coeure said "It is in principle possible to cut deposit rate further, but there is currently no plan to do so."

- GDP growth in the euro zone accelerated by 0.2 pp to 0.5% QoQ in 1Q16, somewhat more than expected, showing its resilience to the sharp increase in uncertainty at the beginning of the year. Growth was most probably based on domestic demand, especially private consumption and a gradual recovery in investment, while net exports ended up weighing on activity again. Nonetheless, this acceleration was partly due to transitory factors such as early Easter this year and the rebound of consumption in France after the terrorist attacks of November. For 2Q16, the indicators of activity for March (falling retail and exports sales) are less encouraging, and confidence surveys until May point to a slower pace of growth. Our MICA-BBVA model suggests GDP growth of around 0.3% QoQ. We continue to be cautious due to still weak global environment and less favourable tailwinds, but these data reinforce our forecast for 2016 (BBVA Research: 1.6%, slightly more optimistic than the ECB's 1.4%).

- Regarding inflation, moderating services and falling energy prices resulted in a negative headline rate again in April (-0.2% YoY). Beyond the volatility over the last few months, we still see low and relatively stable core inflation (slightly below 1% over the year), while oil prices will keep headline inflation in negative figures until the summer, rebounding to slightly positive rates from then onwards. Despite the high uncertainty around oil markets, the Brent oil price at $50 per barrel beats our projections and market expectations; today's futures of Brent are around 30% higher than three months ago for 2016 and 2017, which could make the ECB Staff revise slightly upwards its inflation forecast for both years (by around 0.1-0.2 pp), but with little impact on 2018 figures. In addition, this effect could also be partly offset by a somewhat stronger euro. Overall, these slight revisions do not change the underlying picture, with inflation at very low rates and below the ECB's target over the forecast horizon, but relieve pressures on monetary policy regarding inflationary expectations and potential second round effects.

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Table 1

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

Debt markets *(changes in bp)*
Developed Markets
US 2-yr 0,88 (1) (0) (6) (-17)
US 5-yr 1,35 (0) (-1) (3) (-41)
US 10-yr 1,83 (0) (-1) (-2) (-44)

Japan 10-yr -0,11 (1) (0) (-7) (-38)

GER 2-yr -0,53 (-1) (-2) (-3) (-18)
GER 5-yr -0,38 (-1) (-3) (-8) (-34)
GER 10-yr 0,14 (-1) (-3) (-15) (-49)

Belgium 10-yr 0,51 (-1) (-4) (-19) (-46)
France 10-yr 0,47 (-1) (-3) (-17) (-52)
Greece 10-yr 7,25 (5) (-21) (-175) (-104)
Ireland 10-yr 0,77 (-1) (-7) (-20)
Italy 10-yr 1,36 (-1) (-11) (-16) (-24)
Netherlands 10-yr 0,35 (-1) (-3) (-16) (-45)
Portugal 10-yr 3,05 (2) (-6) (-14) (53)
Spain 10-yr 1,49 (-1) (-7) (-14) (-28)

Emerging Markets
Brazil 10-yr 12,96 (9) (48) (37) (-355)
Chile 10-yr 4,58 (0) (2) (18) (-8)
Colombia 10-yr 8,08 (2) (1) (-7) (-58)
Mexico 10-yr 6,07 (-1) (-3) (18) (-19)
Peru 10-yr 6,29 (0) (19) (-7) (-102)

Poland 10-yr 3,06 (-1) (-2) (-1) (11)
Russia 5-yr 9,1 (-1) (2) (-16) (-78)
Russia 10-yr 8,96 (0) (0) (-20) (-60)
Turkey 10-yr 9,74 (5) (-29) (70) (-73)

India 10-yr 7,47 (0) (-1) (1) (-29)
Indonesia 10-yr 7,85 (-4) (-8) (21) (-90)

Country risk *(changes in bp)*
Developed Markets
10-yr sovereign spreads *(against Germany)*
Belgium 37 (-1) (-2) (-4) (3)
France 33 (0) (-1) (-2) (-3)
Greece 711 (6) (-18) (-160) (-55)
Ireland 63 (0) (-4) (-5) (11)
Italy 122 (-1) (-8) (-1) (26)
Netherlands 21 (0) (-0,5) (-1) (4)
Portugal 291 (3) (-3,6) (1) (102)
Spain 135 (0) (-5) (1) (21)

5-yr sovereign spreads *(against Germany)*
Belgium 6 (0) (1,4) (-2) (-2)
France 19 (0) (-1) (-1) (6)
Greece 1641 (1) (3) (8) (34)
Ireland 32 (-1) (-3) (0) (6)
Italy 68 (0) (-4) (-4) (13)
Netherlands -2 (0) (-0,8) (0) (-3)
Portugal 218 (5) (-3) (-6) (107)
Spain 87 (1) (-1) (-5) (15)

2-yr sovereign spreads *(against Germany)*
Belgium 4 (0) (0) (-1) (0)
France 8 (0) (-1) (0) (5)
Ireland 14 (0) (-2) (-1) (0)
Italy 46 (0) (1) (-1) (14)
Netherlands 1 (1) (1) (0) (4)
Portugal 103 (3) (-6) (-11) (58)
Spain 44 (2) (2) (-2) (8)

5-yr sovereign CDS
5-yr CDS Belgium 50 (2) (-2) (-1) (19)
5-yr CDS France 36 (-1) (-2) (1) (11)
5-yr CDS Germany 21 (2) (-2) (2) (8)
5-yr CDS Greece 852 (-49) (-81) (-97) (-206)
5-yr CDS Ireland 63 (0) (-1) (-2) (23)
5-yr CDS Italy 126 (0) (-4) (4) (30)
5-yr CDS Netherlands 24 (-1) (1) (1) (9)
5-yr CDS Portugal 257 (2) (-7) (-2) (89)
5-yr CDS Spain 94 (2) (-3) (3) (5)
5-yr CDS UK 32 (1) (-4) (-1) (13)
5-yr CDS US 23 (0) (1) (0) (4)

Emerging Markets
5-yr sovereign CDS
5-yr CDS Brazil 342 (-1) (-3) (3) (-150)
5-yr CDS Chile 108 (0) (-1) (11) (-19)
5-yr CDS Colombia 230 (-2) (-3) (18) (-9)
5-yr CDS Mexico 172 (-1) (-4) (16) (2)
5-yr CDS Peru 161 (-1) (-3) (13) (-24)
5-yr CDS Venezuela 5291 (186) (-230) (-332) (-753)

5-yr CDS Poland84 (-1) (-2) (-1) (12)
5-yr CDS Russia 257 (-1) (-7) (8) (-45)
5-yr CDS Turkey 266 (-4) (-9) (29) (-7)

5-yr CDS China 123 (2) (-6) (-3) (15)
5-yr CDS India 160 (-1) (-1) (-6) (12)
5-yr CDS Indonesia 189 (3) (-8) (-2) (-37)

Credit risk
Risk indicators *(changes in percentage except for BAA spreads, bp)*
VIX 13,53 (0,7) (-11) (-1,7) (-5)
VSTOXX 20,36 (-2,2) (-9,9) (-4,3) (-2)
EM EFT volatility Index 22 (0) (-8) (1) (-6)
Dollar/euro volatility 8,9 (-1,3) (1) (15,6) (-8)
EM FX volatility index 10 (0) (-3) (-1) (-9)
Credit spread (BAA) 290,8 (-0,4) (3,7) (3,3) (-32)
US bonds volatility index 66 (0) (-3) (2) (-3)

Bank risk *(changes in bp)*
US banks CDS 80 (-2) (-6) (-5) (5)
EMU banks CDS 104 (-1) (-13) (2) (20)
UK banks CDS 105 (-2) (-13) (-2) (28)

Large Spanish banks CDS 125 (-4) (-18) (7) (-13)
Medium Spanish banks CDS 175 (-5) (-17) (-6) (17)

Greek banks CDS 1156 (-66) (-176) (-445) (-496)
Russian banks CDS 361 (0) (-2) (4) (-21)

Corporate risk *(changes in bps)*
US Non-financial CDS 224 (-5) (-20) (-6) (-158)
EMU Non-financial CDS 281 (-1) (-5) (71) (109)
UK Non-financial CDS 168 (-3) (-16) (-10) (-24)

Interbank markets *(changes in bp)*
UEM OIS spread 3m 8 (0) (0) (-1) (-3)
UEM OIS spread 12m 37 (0) (1) (-1) (3)
UEM TED spread 3m 35 (0) (2,4) (-1) (-6)

US OIS spread 3m 21 (-1) (-1) (-5) (-2)
US OIS spread 12m 72 (-1) (1) (-1) (16)
US TED spread 3m 37 (-1) (2) (-3) (-8)

Spain Ted Spread 3m 8 (0) (-5,6) (3) (3)

EONIA Index -0,36 (0) (-2,1) (-2) (-23)
Euribor 3m -0,26 (0) (-0,2) (-1) (-13)
Euribor 12m -0,02 (0) (0) (0) (-8)

Libor 3m 0,67 (0) (1) (3) (5)
Libor 12m 1,32 (0) (2) (8) (14)

Stock markets *(Changes in percentage)*
Developed Markets
Main equity indices
S&P500 2090,1 (0) (1,8) (-0,2) (2)
DowJones 17828,3 (0) (1,9) (-1,2) (2)
Nikkei 16834,8 (0,4) (0,6) (-2,6) (-12)
FTSE 100 6256 (-0,2) (1,6) (-1) (0)
EuroStoxx 50 3070,2 (0) (3,6) (-1,9) (-6)
IBEX9088,1 (0,1) (3,6) (-2,6) (-5)
DAX 10278,1 (0,1) (3,7) (-0,2) (-4)
CAC4498,3 (-0,3) (3,3) (-1,3) (-3)
MIB 18143,5 (-0,4) (1,9) (-3,2) (-15)
ASE Athens 644,9 (-0,1) (0,8) (10,3) (2)

Bank stocks
US banks 84,8 (0) (2,4) (-1,6) (-10)
JPM 65 (0) (2,4) (1,4) (-2)
Citi 46,1 (0) (2,7) (-2,6) (-11)
BoA 14,7 (0) (1,2) (-2,1) (-13)
MS 27,4 (0) (2,4) (-0,4) (-14)
GS 159,2 (0) (3) (-4,6) (-12)

HSBC 447,6 (0,4) (4,3) (-4,1) (-17)
RBS 250,5 (0,8) (8,1) (-0,6) (-17)
Barclays 186 (0,6) (5,8) (6,4) (-15)
Lloyds 72,4 (-0,6) (2,9) (4,5) (-1)

EMU banks 87,8 (-0,9) (5,4) (-1,6) (-19)
BNP 50 (-0,1) (9,3) (4,3) (-4)
Crédit Agricole 9,1 (-6,1) (2,4) (-8,8) (-17)
Deutsche Bank 16,3 (0,7) (7,8) (-2,3) (-28)
ING 11,4 (0,6) (8,6) (3,5) (-9)
Intesa 2,4 (-0,8) (1,8) (-4,6) (-24)
SG 36,8 (-0,5) (6,2) (4,4) (-14)
Unicredito 3 (-0,3) (-0,1) (-12,2) (-42)

Large Spanish banks 70,2 (0,8) (7,2) (-7,3) (-7)
Santander 4,4 (1,3) (6,5) (-4) (-3)
BBVA 6,1 (0,4) (7,8) (-9,9) (-10)

Medium Spanish banks 68,8 (-1,3) (-0,5) (-9) (-17)
Caixabank 2,5 (-1,6) (1,8) (-11,4) (-23)
Popular 1,6 (-6,9) (-23,9) (-34,7) (-47)
Sabadell 1,6 (-0,4) (1,8) (-4,9) (0)
Bankinter 6,9 (-0,3) (4,7) (2,3) (5)
Bankia 0,8 (-0,4) (5,4) (-5,8) (-25)

Greek banks 4,6 (0,2) (-1,4) (30,1) (1)
Alpha Bank2,6 (2,4) (1,2) (29) (4)
Pireus Bank0,3 (-1,4) (-6,8) (9,6) (-1)
National Central Bank0,3 (0) (-3,2) (11,2) (-13)
Eurobank Ergasias1 (-3,7) (-5,5) (39,6) (0)

Emerging Markets
Main equity indices
MSCI Latam 65265 (0,18) (0,1) (-3,9) (10)
Ibovespa (Brazil) 49754 (0,5) (0,1) (-8,7) (14,8)
Mexbol 46040 (0) (2) (0,2) (7,1)

MSCI EM Europe 4518 (0,29) (1,5) (-3,2) (6,4)
Poland 1846 (-0,2) (2,2) (-2,5) (-0,7)
Micex (Russia) 1920 (0,3) (1,5) (-0,8) (9)
Ise 100 (Turkey) 78044 (0) (2,2) (-8,6) (8,8)

MSCI EM Asia 646 (0,18) (2,4) (-2,9) (-2,2)
Shanghai Composite (China) 2821 (-0,05) (-0,2) (-4,5) (-20,3)
Jakarta Composite (Indonesia) 4815 (0,6) (2,2) (-0,6) (5)

Bank stocks
Turkish banks 79 (0,1) (5) (-9,3) (7,7)
Akbank T.A.S. 8 (0,8) (6) (-7,1) (18,7)
Garanti 8 (-0,1) (4) (-11,4) (5,9)
Turkiye Is Bankasi 4 (-0,4) (4,9) (-9,5) (-2,6)

Russian banks 172 (-0,1) (6,4) (5,9) (13,7)
Sberbank 132 (0,2) (8,6) (9,6) (30,8)
VTB Bank 0,1 (-0,7) (1,5) (-1,9) (-12,8)

Currencies *(in percentage, positive for dollar depreciation)*
Developed Markets
EURUSD 1,115 (-0,38) (-0,65) (-1,5) (2,7)
GBPUSD 1,46 (-0,34) (0,81) (0,5) (-0,8)
USDJPY 109,68 (0,07) (0,43) (1,6) (8,8)
DXY 95,47 (-0,3) (-0,1) (-1,1) (3,2)

Emerging Markets
USDARS (Argentina) 14,02 (-0,1) (0,5) (1,2) (-8,4)
USDBRL (Brazil) 3,62 (-1,1) (-2,8) (-2,7) (8,6)
USDCLP (Chile) 688,58 (-0,1) (0,4) (-3,3) (2,8)
USDCOP (Colombia) 3069,04 (-0,6) (-0,6) (-4,6) (3,3)
USDMXN (Mexico) 18,49 (-0,2) (-0,8) (-6,8) (-7,5)
USDPEN (Peru) 3,34 (0) (-0,3) (-1,7) (2)
LACI 62,91 (-0,4) (-1,3) (-3,5) (0,5)

USDPLN (Poland) 3,94 (-0,1) (-0,1) (-1,7) (-0,4)
USDRUB (Russia) 66,05 (-0,3) (1,2) (-1,4) (8,9)
USDTRY (Turkey) 2,95 (-0,6) (0,8) (-4,7) (-1,2)

USDCNY (China) 6,56 (-0,1) (-0,2) (-1) (-1,1)
USDINR (India) 67,04 (0,2) (0,6) (-0,9) (-1,3)
USDIDR (Indonesia) 13587 (0) (0,2) (-2,9) (1,5)
ADXY 106,58 (-0,1) (0,1) (-1,4) (0)

Commodities *(change in percentage)*
Brent 48,76 (-1,7) (0,1) (3,3) (30,8)
WTx 48,76 (-1,5) (2,1) (7,6) (31,6)
Copper 211,25 (0,3) (2,6) (-4,9) (-0,6)
Gold 1216,76 (-0,2) (-2,8) (-2,3) (14,6)
Baltic Dry Index 601 (0) (-3,8) (-15,9) (25,7)
S&P GSCI Spot commodity index 371,6 (0,2) (1,3) (5,7) (20,2)
S&P GSCI Brent Spot 426,979 (-0,1) (1,7) (10,1) (36,1)
S&P GSCI Metals Spot 256,25 (0,8) (0,9) (-5,6) (0,5)
S&P GSCI Agricultural Spot 311,777 (1,2) (3) (2,7) (9,9)

Source: Bloomberg, Datastream and Haver

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

Debt markets *(changes in bp)*

Developed Markets
US 2-yr 0,88 (1) (0) (6) (-17)
US 5-yr 1,35 (0) (-1) (3) (-41)
US 10-yr 1,83 (0) (-1) (-2) (-44)

Japan 10-yr -0,11 (1) (0) (-7) (-38)

GER 2-yr -0,53 (-1) (-2) (-3) (-18)
GER 5-yr -0,38 (-1) (-3) (-8) (-34)
GER 10-yr 0,14 (-1) (-3) (-15) (-49)

Belgium 10-yr 0,51 (-1) (-4) (-19) (-46)
France 10-yr 0,47 (-1) (-3) (-17) (-52)
Greece 10-yr 7,25 (5) (-21) (-175) (-104)
Ireland 10-yr 0,77 (-1) (-7) (-20)
Italy 10-yr 1,36 (-1) (-11) (-16) (-24)
Netherlands 10-yr 0,35 (-1) (-3) (-16) (-45)
Portugal 10-yr 3,05 (2) (-6) (-14) (53)
Spain 10-yr 1,49 (-1) (-7) (-14) (-28)

Emerging Markets
Brazil 10-yr 12,96 (9) (48) (37) (-355)
Chile 10-yr 4,58 (0) (2) (18) (-8)
Colombia 10-yr 8,08 (2) (1) (-7) (-58)
Mexico 10-yr 6,07 (-1) (-3) (18) (-19)
Peru 10-yr 6,29 (0) (19) (-7) (-102)

Poland 10-yr 3,06 (-1) (-2) (-1) (11)
Russia 5-yr 9,1 (-1) (2) (-16) (-78)
Russia 10-yr 8,96 (0) (0) (-20) (-60)
Turkey 10-yr 9,74 (5) (-29) (70) (-73)

India 10-yr 7,47 (0) (-1) (1) (-29)
Indonesia 10-yr 7,85 (-4) (-8) (21) (-90)

Country risk *(changes in bp)*

Developed Markets
10-yr sovereign spreads *(against Germany)*
Belgium 37 (-1) (-2) (-4) (3)
France 33 (0) (-1) (-2) (-3)
Greece 711 (6) (-18) (-160) (-55)
Ireland 63 (0) (-4) (-5) (11)
Italy 122 (-1) (-8) (-1) (26)
Netherlands 21 (0) (-0,5) (-1) (4)
Portugal 291 (3) (-3,6) (1) (102)
Spain 135 (0) (-5) (1) (21)

5-yr sovereign spreads *(against Germany)*
Belgium 6 (0) (1,4) (-2) (-2)
France 19 (0) (-1) (-1) (6)
Greece 1641 (1) (3) (8) (34)
Ireland 32 (-1) (-3) (0) (6)
Italy 68 (0) (-4) (-4) (13)
Netherlands -2 (0) (-0,8) (0) (-3)
Portugal 218 (5) (-3) (-6) (107)
Spain 87 (1) (-1) (-5) (15)

2-yr sovereign spreads *(against Germany)*
Belgium 4 (0) (0) (-1) (0)
France 8 (0) (-1) (0) (5)
Ireland 14 (0) (-2) (-1) (0)
Italy 46 (0) (1) (-1) (14)
Netherlands 1 (1) (1) (0) (4)
Portugal 103 (3) (-6) (-11) (58)
Spain 44 (2) (2) (-2) (8)

5-yr sovereign CDS
5-yr CDS Belgium 50 (2) (-2) (-1) (19)
5-yr CDS France 36 (-1) (-2) (1) (11)
5-yr CDS Germany 21 (2) (-2) (2) (8)
5-yr CDS Greece 852 (-49) (-81) (-97) (-206)
5-yr CDS Ireland 63 (0) (-1) (-2) (23)
5-yr CDS Italy 126 (0) (-4) (4) (30)
5-yr CDS Netherlands 24 (-1) (1) (1) (9)
5-yr CDS Portugal 257 (2) (-7) (-2) (89)
5-yr CDS Spain 94 (2) (-3) (3) (5)
5-yr CDS UK 32 (1) (-4) (-1) (13)
5-yr CDS US 23 (0) (1) (0) (4)

Emerging Markets
5-yr sovereign CDS
5-yr CDS Brazil 342 (-1) (-3) (3) (-150)
5-yr CDS Chile 108 (0) (-1) (11) (-19)
5-yr CDS Colombia 230 (-2) (-3) (18) (-9)
5-yr CDS Mexico 172 (-1) (-4) (16) (2)
5-yr CDS Peru 161 (-1) (-3) (13) (-24)
5-yr CDS Venezuela 5291 (186) (-230) (-332) (-753)

5-yr CDS Poland84 (-1) (-2) (-1) (12)
5-yr CDS Russia 257 (-1) (-7) (8) (-45)
5-yr CDS Turkey 266 (-4) (-9) (29) (-7)

5-yr CDS China 123 (2) (-6) (-3) (15)
5-yr CDS India 160 (-1) (-1) (-6) (12)
5-yr CDS Indonesia 189 (3) (-8) (-2) (-37)

Credit risk

Risk indicators *(changes in percentage except for BAA spreads, bp)*
VIX 13,53 (0,7) (-11) (-1,7) (-5)
VSTOXX 20,36 (-2,2) (-9,9) (-4,3) (-2)
EM EFT volatility Index 22 (0) (-8) (1) (-6)
Dollar/euro volatility 8,9 (-1,3) (1) (15,6) (-8)
EM FX volatility index 10 (0) (-3) (-1) (-9)
Credit spread (BAA) 290,8 (-0,4) (3,7) (3,3) (-32)
US bonds volatility index 66 (0) (-3) (2) (-3)

Bank risk *(changes in bp)*
US banks CDS 80 (-2) (-6) (-5) (5)
EMU banks CDS 104 (-1) (-13) (2) (20)
UK banks CDS 105 (-2) (-13) (-2) (28)

Large Spanish banks CDS 125 (-4) (-18) (7) (-13)
Medium Spanish banks CDS 175 (-5) (-17) (-6) (17)

Greek banks CDS 1156 (-66) (-176) (-445) (-496)
Russian banks CDS 361 (0) (-2) (4) (-21)

Corporate risk *(changes in bps)*
US Non-financial CDS 224 (-5) (-20) (-6) (-158)
EMU Non-financial CDS 281 (-1) (-5) (71) (109)
UK Non-financial CDS 168 (-3) (-16) (-10) (-24)

Interbank markets *(changes in bp)*

UEM OIS spread 3m 8 (0) (0) (-1) (-3)
UEM OIS spread 12m 37 (0) (1) (-1) (3)
UEM TED spread 3m 35 (0) (2,4) (-1) (-6)

US OIS spread 3m 21 (-1) (-1) (-5) (-2)
US OIS spread 12m 72 (-1) (1) (-1) (16)
US TED spread 3m 37 (-1) (2) (-3) (-8)

Spain Ted Spread 3m 8 (0) (-5,6) (3) (3)

EONIA Index -0,36 (0) (-2,1) (-2) (-23)
Euribor 3m -0,26 (0) (-0,2) (-1) (-13)
Euribor 12m -0,02 (0) (0) (0) (-8)

Libor 3m 0,67 (0) (1) (3) (5)
Libor 12m 1,32 (0) (2) (8) (14)

Stock markets *(Changes in percentage)*

Developed Markets
Main equity indices
S&P500 2090,1 (0) (1,8) (-0,2) (2)
DowJones 17828,3 (0) (1,9) (-1,2) (2)
Nikkei 16834,8 (0,4) (0,6) (-2,6) (-12)
FTSE 100 6256 (-0,2) (1,6) (-1) (0)
EuroStoxx 50 3070,2 (0) (3,6) (-1,9) (-6)
IBEX9088,1 (0,1) (3,6) (-2,6) (-5)
DAX 10278,1 (0,1) (3,7) (-0,2) (-4)
CAC4498,3 (-0,3) (3,3) (-1,3) (-3)
MIB 18143,5 (-0,4) (1,9) (-3,2) (-15)
ASE Athens 644,9 (-0,1) (0,8) (10,3) (2)

Bank stocks
US banks 84,8 (0) (2,4) (-1,6) (-10)
JPM 65 (0) (2,4) (1,4) (-2)
Citi 46,1 (0) (2,7) (-2,6) (-11)
BoA 14,7 (0) (1,2) (-2,1) (-13)
MS 27,4 (0) (2,4) (-0,4) (-14)
GS 159,2 (0) (3) (-4,6) (-12)

HSBC 447,6 (0,4) (4,3) (-4,1) (-17)
RBS 250,5 (0,8) (8,1) (-0,6) (-17)
Barclays 186 (0,6) (5,8) (6,4) (-15)
Lloyds 72,4 (-0,6) (2,9) (4,5) (-1)

EMU banks 87,8 (-0,9) (5,4) (-1,6) (-19)
BNP 50 (-0,1) (9,3) (4,3) (-4)
Crédit Agricole 9,1 (-6,1) (2,4) (-8,8) (-17)
Deutsche Bank 16,3 (0,7) (7,8) (-2,3) (-28)
ING 11,4 (0,6) (8,6) (3,5) (-9)
Intesa 2,4 (-0,8) (1,8) (-4,6) (-24)
SG 36,8 (-0,5) (6,2) (4,4) (-14)
Unicredito 3 (-0,3) (-0,1) (-12,2) (-42)

Large Spanish banks 70,2 (0,8) (7,2) (-7,3) (-7)
Santander 4,4 (1,3) (6,5) (-4) (-3)
BBVA 6,1 (0,4) (7,8) (-9,9) (-10)

Medium Spanish banks 68,8 (-1,3) (-0,5) (-9) (-17)
Caixabank 2,5 (-1,6) (1,8) (-11,4) (-23)
Popular 1,6 (-6,9) (-23,9) (-34,7) (-47)
Sabadell 1,6 (-0,4) (1,8) (-4,9) (0)
Bankinter 6,9 (-0,3) (4,7) (2,3) (5)
Bankia 0,8 (-0,4) (5,4) (-5,8) (-25)

Greek banks 4,6 (0,2) (-1,4) (30,1) (1)
Alpha Bank2,6 (2,4) (1,2) (29) (4)
Pireus Bank0,3 (-1,4) (-6,8) (9,6) (-1)
National Central Bank0,3 (0) (-3,2) (11,2) (-13)
Eurobank Ergasias1 (-3,7) (-5,5) (39,6) (0)

Emerging Markets
Main equity indices
MSCI Latam 65265 (0,18) (0,1) (-3,9) (10)
Ibovespa (Brazil) 49754 (0,5) (0,1) (-8,7) (14,8)
Mexbol 46040 (0) (2) (0,2) (7,1)

MSCI EM Europe 4518 (0,29) (1,5) (-3,2) (6,4)
Poland 1846 (-0,2) (2,2) (-2,5) (-0,7)
Micex (Russia) 1920 (0,3) (1,5) (-0,8) (9)
Ise 100 (Turkey) 78044 (0) (2,2) (-8,6) (8,8)

MSCI EM Asia 646 (0,18) (2,4) (-2,9) (-2,2)
Shanghai Composite (China) 2821 (-0,05) (-0,2) (-4,5) (-20,3)
Jakarta Composite (Indonesia) 4815 (0,6) (2,2) (-0,6) (5)

Bank stocks
Turkish banks 79 (0,1) (5) (-9,3) (7,7)
Akbank T.A.S. 8 (0,8) (6) (-7,1) (18,7)
Garanti 8 (-0,1) (4) (-11,4) (5,9)
Turkiye Is Bankasi 4 (-0,4) (4,9) (-9,5) (-2,6)

Russian banks 172 (-0,1) (6,4) (5,9) (13,7)
Sberbank 132 (0,2) (8,6) (9,6) (30,8)
VTB Bank 0,1 (-0,7) (1,5) (-1,9) (-12,8)

Currencies *(in percentage, positive for dollar depreciation)*

Developed Markets
EURUSD 1,115 (-0,38) (-0,65) (-1,5) (2,7)
GBPUSD 1,46 (-0,34) (0,81) (0,5) (-0,8)
USDJPY 109,68 (0,07) (0,43) (1,6) (8,8)
DXY 95,47 (-0,3) (-0,1) (-1,1) (3,2)

Emerging Markets
USDARS (Argentina) 14,02 (-0,1) (0,5) (1,2) (-8,4)
USDBRL (Brazil) 3,62 (-1,1) (-2,8) (-2,7) (8,6)
USDCLP (Chile) 688,58 (-0,1) (0,4) (-3,3) (2,8)
USDCOP (Colombia) 3069,04 (-0,6) (-0,6) (-4,6) (3,3)
USDMXN (Mexico) 18,49 (-0,2) (-0,8) (-6,8) (-7,5)
USDPEN (Peru) 3,34 (0) (-0,3) (-1,7) (2)
LACI 62,91 (-0,4) (-1,3) (-3,5) (0,5)

USDPLN (Poland) 3,94 (-0,1) (-0,1) (-1,7) (-0,4)
USDRUB (Russia) 66,05 (-0,3) (1,2) (-1,4) (8,9)
USDTRY (Turkey) 2,95 (-0,6) (0,8) (-4,7) (-1,2)

USDCNY (China) 6,56 (-0,1) (-0,2) (-1) (-1,1)
USDINR (India) 67,04 (0,2) (0,6) (-0,9) (-1,3)
USDIDR (Indonesia) 13587 (0) (0,2) (-2,9) (1,5)
ADXY 106,58 (-0,1) (0,1) (-1,4) (0)

Commodities *(change in percentage)*

Brent 48,76 (-1,7) (0,1) (3,3) (30,8)
WTx 48,76 (-1,5) (2,1) (7,6) (31,6)
Copper 211,25 (0,3) (2,6) (-4,9) (-0,6)
Gold 1216,76 (-0,2) (-2,8) (-2,3) (14,6)
Baltic Dry Index 601 (0) (-3,8) (-15,9) (25,7)
S&P GSCI Spot commodity index 371,6 (0,2) (1,3) (5,7) (20,2)
S&P GSCI Brent Spot 426,979 (-0,1) (1,7) (10,1) (36,1)
S&P GSCI Metals Spot 256,25 (0,8) (0,9) (-5,6) (0,5)
S&P GSCI Agricultural Spot 311,777 (1,2) (3) (2,7) (9,9)

Source: Bloomberg, Datastream and Haver

*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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