

# Market Comment | Risk assets rebounded for first time since Brexit

Global Financial Markets Unit  
28 Jun 2016

- **Real US GDP growth for 1Q16 was revised up to 1.1% QoQ SAAR from 0.8% in the preliminary estimate.** While still sluggish, the figure paints a less gloomy picture compared to the 0.5% reading released a few months ago. Both net exports and non-residential investment (two of the main drags on growth throughout the past year) were revised upwards.
- **Draghi calls for greater alignment of policies globally to mitigate the spillover risks from ultra-loose monetary measures.** Since the ECB president states that global factors are playing on low inflation, weak growth outlook and ultra low interest rates, monetary policies have to look beyond the country jurisdiction. Mr. Draghi considers monetary policy coordination difficult and sees alignment of policies as the better tool to address the factors and challenges that affect economic stability, meaning sharing diagnosis and common interest.
- **Risk assets rebounded for first time since the United Kingdom decided to leave the European Union in an unexpected referendum outcome.** The most assets that rebounded most today were those that had suffered the biggest falls in previous sessions. UK assets were among them, and the GBP appreciated against the USD (+0.65%) while gilt 10Y yields increased marginally although remaining below the 1% threshold. Although S&P and Fitch cut the UK sovereign rating, the UK yield remained unchanged today as risk-off mood prevailed in UK assets. Apart from the recent sell-off - which has encouraged a rebound -, there were others factors that supported the demand for risky assets, (at least for now). Firstly the Italian banking sector was given some breathing space after Matteo Renzi confirmed the rumours of a bailout if the sector faces problems. Although Italy's Government could face some problems with this in the restrictive EU framework concerning state support for lenders, probably they could ask for flexibility after the turmoil in financial markets following the Brexit vote. "Today the rules are very difficult, nonetheless all that needs to be done to give tranquillity and confidence to citizens will be given attention by European institutions and national ones, starting with the Italian government" Renzi said. The slightly better than expected 1Q US GDP revision may also have contributed to the relief rally.
- Against this backdrop, **demand for safe-haven assets decreased, while demand for risky assets such as equities increased today.** Equity indices increased across the board, led by European indices (S&P: +0.8%, Euro Stoxx: +2.2%, Dax: +1.8%, IBEX:+2.5%). The European banking sector registered the first gains (+3%) after a huge sell-off in previous sessions (-20% since the Brexit outcome). Meanwhile, sovereign yields declined in accordance with a decreasing risk perception: safe-haven curves remained stable (US10Y:+2 bps, UK10Y: 0 bp, GER10Y: 0 bp) while peripheral yields decreased (SPA10Y -10 bps, ITA10Y -14 bps). Despite today's improvement in financial markets, risk measures remained high (VIX stood again below 20%).
- **The USD registered mixed performances against its main peers** (JPY -0.65%, EUR +0.23%) while commodity prices benefited from the current relief in financial markets in line with other cyclical assets

(WTx:+1.6%, Brent:+1.3%, copper: +2.1%). Both the calm in financial markets and the upward trend in commodity prices contributed to **EM currencies' appreciation against the USD** (MXN +1.3%, BRL +2.2%, TRY:+1.3%).

Update 17.35 CET 28 June, 201

Table 1

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

**Index markets (changes in bp)**

**US 2yr** 0.52 (3) 0.44 (26) (-42)  
**US 5yr** 1.91 (3) 1.93 (28) (-27)  
**US 10yr** 4.46 (2) 4.51 (30) (-41)

**Index 10yr** 0.22 (3) 0.19 (16) (-48)

**US 2yr** 0.88 (1) 0.81 (14) (-32)  
**US 5yr** 2.81 (1) 0.91 (18) (-41)  
**US 10yr** 4.13 (0) 4.19 (25) (-14)

**Region 10yr** 0.28 (5) 0.16 (23) (-48)  
**France 10yr** 0.24 (4) 0.17 (23) (-47)  
**Germany 10yr** 0.17 (4) 0.19 (25)  
**Italy 10yr** 0.44 (1) 0.19 (15) (-25)  
**Japan 10yr** 0.11 (5) 0.14 (18) (-17)  
**UK 10yr** 0.11 (5) 0.14 (18) (-17)  
**US 10yr** 4.46 (2) 4.51 (30) (-41)  
**Spain 10yr** 0.12 (4) 0.16 (16) (-45)

**Emerging Markets**  
**Brazil 10yr** 0.07 (8) (-41) (-27) (-44)  
**China 10yr** 0.09 (10) (-23) (-22)  
**India 10yr** 0.08 (10) (-23) (-22)  
**Mexico 10yr** 0.08 (10) (-23) (-22)  
**Peru 10yr** 0.08 (10) (-23) (-22)

**Forward 10yr** 3.01 (4) (-10) (-6) (-6)  
**Russia 5yr** 0.49 (-2) (-5) (-1) (-3)  
**South Korea 10yr** 0.44 (-2) (-5) (-1) (-3)  
**Turkey 10yr** 0.19 (-2) (-5) (-1) (-3)

**Index 10yr** 0.16 (1) 0.15 (1) (-2)  
**Indonesia 10yr** 0.19 (1) 0.15 (1) (-2) (-4)

**Country risk (changes in bp)**

**10yr sovereign spreads (against Germany)**  
**Belgium** 29 (4) (1) (2)  
**France** 36 (4) (1) (2)  
**Germany** 0 (0) (0) (0) (0)  
**Italy** 76 (1) (2) (2) (2)  
**Japan** 0 (0) (0) (0) (0)  
**Netherlands** 22 (4) (2) (2) (2)  
**Poland** 125 (1) 14 (4) (3) (3)  
**Spain** 142 (1) 14 (4) (3) (3)

**1yr sovereign spreads (against Germany)**  
**Belgium** 21 (3) (1) (1) (1)  
**France** 20 (3) (1) (1) (1)  
**Germany** 0 (0) (0) (0) (0)  
**Italy** 60 (1) (1) (1) (1)  
**Japan** 0 (0) (0) (0) (0)  
**Netherlands** 16 (4) (2) (2) (2)  
**Poland** 205 (1) 20 (3) (3) (3)  
**Spain** 88 (4) (4) (2) (2)

**1yr sovereign spreads (against Germany)**  
**Belgium** 11 (0) (0) (0) (0)  
**France** 10 (0) (0) (0) (0)  
**Germany** 0 (0) (0) (0) (0)  
**Italy** 40 (1) (1) (1) (1)  
**Netherlands** 7 (0) (0) (0) (0)  
**Poland** 142 (1) 14 (4) (3) (3)  
**Spain** 58 (4) (4) (2) (2)

**1yr sovereign CDS**  
**Spr CDS Belgium** 6 (1) (1) (1) (1)  
**Spr CDS France** 6 (1) (1) (1) (1)  
**Spr CDS Germany** 0 (0) (0) (0) (0)  
**Spr CDS Italy** 12 (1) (1) (1) (1)  
**Spr CDS Japan** 0 (0) (0) (0) (0)  
**Spr CDS Korea** 16 (1) (1) (1) (1)  
**Spr CDS Netherlands** 6 (1) (1) (1) (1)  
**Spr CDS Poland** 205 (1) 20 (3) (3) (3)  
**Spr CDS Spain** 136 (2) (2) (2) (2)  
**Spr CDS US** 25 (1) (1) (1) (1)

**1yr sovereign CDS**  
**Spr CDS Argentina** 445 (0) (0) (0) (0)  
**Spr CDS Brazil** 345 (0) (0) (0) (0)  
**Spr CDS China** 110 (0) (0) (0) (0)  
**Spr CDS Colombia** 236 (0) (0) (0) (0)  
**Spr CDS Ecuador** 81 (0) (0) (0) (0)  
**Spr CDS Peru** 165 (0) (0) (0) (0)  
**Spr CDS Russia** 432 (0) 240 (-199) (-736) (-1510)

**Spr CDS Taiwan** 110 (0) (0) (0) (0)  
**Spr CDS Turkey** 265 (0) 265 (0) (0) (0)  
**Spr CDS UK** 132 (0) (0) (0) (0)  
**Spr CDS Indonesia** 168 (0) (0) (0) (0)

**Commodities**

**WTI** 20 (5) 15 (9) 8 (1) (2) (3)  
**WTI20** 20 (5) 15 (9) 8 (1) (2) (3)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**Oil** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)

**Commodities (in percentage)**

**Large Spanish banks CDS** 91 (1) 10 (1) (0) (0)  
**Medium Spanish banks CDS** 21 (1) 21 (1) (1) (1)  
**Small banks CDS** 152 (1) 152 (1) (1) (1)  
**Spanish banks CDS** 152 (1) 152 (1) (1) (1)

**Commodities (in percentage)**  
**EU E 100** 100 (1) 100 (1) (1) (1)  
**EU E 100** 100 (1) 100 (1) (1) (1)  
**EU E 100** 100 (1) 100 (1) (1) (1)  
**EU E 100** 100 (1) 100 (1) (1) (1)  
**EU E 100** 100 (1) 100 (1) (1) (1)  
**EU E 100** 100 (1) 100 (1) (1) (1)  
**EU E 100** 100 (1) 100 (1) (1) (1)

**Stock markets (changes in bp)**

**US 2yr** 0.52 (3) 0.44 (26) (-42)  
**US 5yr** 1.91 (3) 1.93 (28) (-27)  
**US 10yr** 4.46 (2) 4.51 (30) (-41)

**Index 10yr** 0.22 (3) 0.19 (16) (-48)

**US 2yr** 0.88 (1) 0.81 (14) (-32)  
**US 5yr** 2.81 (1) 0.91 (18) (-41)  
**US 10yr** 4.13 (0) 4.19 (25) (-14)

**Region 10yr** 0.28 (5) 0.16 (23) (-48)  
**France 10yr** 0.24 (4) 0.17 (23) (-47)  
**Germany 10yr** 0.17 (4) 0.19 (25)  
**Italy 10yr** 0.44 (1) 0.19 (15) (-25)  
**Japan 10yr** 0.11 (5) 0.14 (18) (-17)  
**UK 10yr** 0.11 (5) 0.14 (18) (-17)  
**US 10yr** 4.46 (2) 4.51 (30) (-41)  
**Spain 10yr** 0.12 (4) 0.16 (16) (-45)

**Emerging Markets**  
**Brazil 10yr** 0.07 (8) (-41) (-27) (-44)  
**China 10yr** 0.09 (10) (-23) (-22)  
**India 10yr** 0.08 (10) (-23) (-22)  
**Mexico 10yr** 0.08 (10) (-23) (-22)  
**Peru 10yr** 0.08 (10) (-23) (-22)

**Forward 10yr** 3.01 (4) (-10) (-6) (-6)  
**Russia 5yr** 0.49 (-2) (-5) (-1) (-3)  
**South Korea 10yr** 0.44 (-2) (-5) (-1) (-3)  
**Turkey 10yr** 0.19 (-2) (-5) (-1) (-3)

**Index 10yr** 0.16 (1) 0.15 (1) (-2)  
**Indonesia 10yr** 0.19 (1) 0.15 (1) (-2) (-4)

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

**EURUSD** 1.10 (0.23) (1.7) (4.6) (1.7)  
**GBPUSD** 1.10 (0.23) (1.7) (4.6) (1.7)  
**USDJPY** 100.68 (4.6) (0.28) (0.14)  
**EURJPY** 100.68 (4.6) (0.28) (0.14)

**Commodities (in percentage)**  
**WTI** 20 (5) 15 (9) 8 (1) (2) (3)  
**WTI20** 20 (5) 15 (9) 8 (1) (2) (3)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**Oil** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)

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

**EURUSD** 1.10 (0.23) (1.7) (4.6) (1.7)  
**GBPUSD** 1.10 (0.23) (1.7) (4.6) (1.7)  
**USDJPY** 100.68 (4.6) (0.28) (0.14)  
**EURJPY** 100.68 (4.6) (0.28) (0.14)

**Commodities (in percentage)**  
**WTI** 20 (5) 15 (9) 8 (1) (2) (3)  
**WTI20** 20 (5) 15 (9) 8 (1) (2) (3)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**Oil** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)  
**US E 100** 100 (1) 100 (1) (1) (1)



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

**Debt markets (changes in bp)**

**US Treasury**

US 2yr 0.42 (0.14) (26) (42)  
 US 5yr 1.11 (0.04) (36) (72)  
 US 10yr 1.46 (0.21) (25) (81)

**Japan**

Japan 10yr 2.52 (0.21) (21) (64)

**Germany**

GER 2yr 2.66 (1.18) (14) (32)  
 GER 5yr 2.36 (1.51) (6) (18)

**Belgium**

Belgium 10yr 6.28 (4.04) (23) (49)

**France**

France 10yr 5.24 (4.17) (21) (75)

**Italy**

Italy 10yr 6.18 (4.81) (15) (38)

**Spain**

Spain 10yr 5.41 (4.15) (14) (5) (18)

**Portugal**

Portugal 10yr 5.13 (4.52) (12) (11) (6)

**Greece**

Greece 10yr 13.14 (11.14) (16) (45)

**Emerging Markets**

China 10yr 4.57 (4.14) (41) (47) (44)

China 5yr 4.24 (3.71) (35) (32)

Canada 10yr 4.67 (4.18) (49)

Korea 10yr 5.86 (5.14) (12) (12) (28)

India 10yr 8.55 (8.10) (10) (13)

Poland 10yr 3.91 (4.14) (16) (4) (6)

Russia 5yr 8.48 (8.25) (65) (178)

Russia 10yr 8.44 (8.18) (53) (17)

Turkey 10yr 19.19 (14.21) (26) (128)

Indonesia 10yr 7.59 (6.14) (25) (116)

**Country risk (changes in bp)**

**EU countries (except Germany)**

Belgium 29 (4) (2) (5)

France 36 (4) (1) (2) (5)

Germany 389 (14) (81) (156) (103)

Italy 102 (10) (2) (2) (2)

Spain 102 (12) (2) (2) (2)

Netherlands 21 (4) (1) (2) (2)

Portugal 326 (15) (14) (5) (135)

Spain 143 (14) (12) (2) (2)

**EU countries (except Germany)**

Belgium 21 (2) (1) (1) (1)

France 24 (2) (1) (1) (1)

Germany 165 (8) (1) (1) (1)

Italy 10 (1) (1) (1) (1)

Netherlands 16 (4) (2) (1) (1)

Portugal 201 (4) (2) (1) (1)

Spain 85 (10) (4) (2) (4)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)

Italy 12 (1) (1) (1)

Netherlands 7 (1) (1) (1)

Portugal 142 (1) (1) (1) (1)

Spain 56 (4) (1) (1) (1)

**EU countries (except Germany)**

Belgium 11 (1) (1) (1)

France 16 (1) (1) (1)

Germany 36 (1) (1) (1)





CDS, EMBI & MSCI indices with one day delay

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

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

#### DISCLAIMER

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for



Security Market Operations is available for reference at the following web site: [www.bbva.com / Corporate Governance](http://www.bbva.com / Corporate Governance)".

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.