

# Market Comment | Positive financial markets amid an uneventful week

Global Financial Markets Unit  
09 Aug 2016

- **Financial markets continued in a positive mood, supported by economic indicators.** Amid very low levels of trading in financial markets, better-than-expected July inflation data in China contributed to maintain the positive mood triggered by last week's improving US employment data. Regarding China, headline inflation remained close to expectations (1.8%, consensus 1.8%, prior 1.9%) while producer prices surprised positively, softening less than expected (-1.7% YoY, consensus -2% YoY, prior: -2.6% YoY). On another front, UK indicators continued showing the effects of uncertainty regarding the Brexit outcome: June's manufacturing production eased (-0.3% MoM, consensus -0.2% MoM, prior -0.6% MoM) and the trade deficit worsened (£12.41bn, consensus £10bn, prior £11.53bn). Government yields and GBP are tracking the Brexit effects (10Y bonds slid below 0.6% for the first time; GBP -0.27% against USD), however, it will not be until later this year that official data will paint a complete picture of the impact of Brexit.
- Against this backdrop, **equity markets rose across the board**, led by European indices (Dax +2.5%, CAC40 +1.2%, Ibex35 +1.2%, EuroStoxx50 +1.5%), and followed by Asian stocks (DJ Shanghai +0.72%, Nikkei +0.69%). US shares went up after yesterday's slight drop, thereby renewing their historical maximum levels (S&P500 +0.25% at 2186)
- In bond markets, **although no significant changes were observed, government bond yields mainly inched down** (10Y US -3 bps, 10Y GER -2 bps, 10Y FRA -2 bps) amid the extended perception of dovish central banks for longer. Remarkably, the peripheral countries hit a record low in 10-year government bond yields, coinciding with the European Council's decision to confirm the cancellation of sanctions on Italy and Spain for budgetary failings.
- The USD depreciated against the EUR (0.22%) and the JPY (0.52%). **Oil prices inched up** (-0.2%), amid the appreciation of EM currencies across the board against the USD (MXN 0.8%, CLP 0.3%, TRY 0.4%, COP 1%, PLN 0.3%).

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Table 1

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

**Debt markets (changes in bp)**

US 2yr 4.72 (0.41) (1.25)  
 US 5yr 1.12 (0.08) (0.47)  
 US 10yr 1.96 (0.20) (0.21)  
 Japan 5yr 0.61 (0.05) (0.13)  
 GER 5yr 0.42 (0.03) (0.12)  
 GER 5yr 0.51 (0.01) (0.46)  
 GER 5yr 0.68 (0.04) (1.17)  
 Belgium 5yr 0.14 (0.01) (0.43)  
 France 5yr 0.14 (0.01) (0.60)  
 Greece 15yr 4.20 (0.11) (0.14)  
 Ireland 5yr 0.57 (0.02) (0.17)  
 Italy 15yr 1.12 (0.11) (0.48)  
 Netherlands 5yr 0.41 (0.01) (0.17)  
 Portugal 15yr 2.79 (0.14) (0.29)  
 Spain 1yr 0.10 (0.01) (0.12)

Finland 1yr 0.11 (0.01)  
 Czech 10yr 1.71 (0.16) (0.42)  
 China 10yr 4.30 (0.21) (1.36)  
 Canada 5yr 2.50 (0.14) (0.11)  
 Mexico 5yr 3.87 (0.17) (0.28)  
 New Zealand 1yr 0.06 (0.01) (0.06)  
 Poland 10yr 2.71 (0.11) (0.24)  
 Russia 5yr 6.64 (0.23) (0.44)  
 Russia 10yr 8.24 (0.26) (1.31)  
 Turkey 5yr 0.51 (0.01) (0.04)  
 India 10yr 7.12 (0.15) (0.14)  
 Indonesia 10yr 6.81 (0.14) (0.14)

**Country risk (changes in bp)**

1st country risk (against Germany)  
 Belgium 22 (0.12) (1.52)  
 France 22 (0.11) (1.56)  
 Greece 83 (0.40) (4.87)  
 Ireland 41 (0.18) (1.03)  
 Italy 105 (0.11) (0.23)  
 Netherlands 21 (0.01) (0.17)  
 Portugal 40 (0.11) (0.09)  
 Spain 108 (0.21) (0.17)

2nd country risk (against Germany)  
 Belgium 41 (0.14) (0.14)  
 France 12 (0.01) (0.11)  
 Greece 180 (0.10) (0.08)  
 Ireland 41 (0.18) (0.06)  
 Italy 77 (0.11) (0.10)  
 Netherlands 21 (0.01) (0.17)  
 Portugal 215 (0.11) (0.10)  
 Spain 47 (0.01) (0.14)

3rd country risk (against Germany)  
 Belgium 11 (0.10) (0.07)  
 France 7 (0.01) (0.12)  
 Greece 197 (0.10) (0.11)  
 Ireland 41 (0.18) (0.06)  
 Italy 55 (0.01) (0.04)  
 Netherlands 21 (0.01) (0.06)  
 Portugal 102 (0.11) (0.07)  
 Spain 48 (0.01) (0.11)

4th country risk (against Germany)  
 SFR CDS Belgium 41 (0.11) (0.12)  
 SFR CDS France 32 (0.11) (0.11)  
 SFR CDS Germany 17 (0.01) (0.12)  
 SFR CDS Greece 94 (0.40) (4.01)  
 SFR CDS Ireland 42 (0.18) (0.12)  
 SFR CDS Italy 102 (0.11) (0.12)  
 SFR CDS Netherlands 21 (0.01) (0.12)  
 SFR CDS Portugal 39 (0.11) (0.04)  
 SFR CDS Spain 81 (0.11) (0.14)  
 SFR CDS UK 32 (0.01) (0.12)  
 SFR CDS US 32 (0.01) (0.12)

**Emerging Markets**

SFR CDS Argentina 26 (0.01) (0.06) (0.06)  
 SFR CDS Brazil 59 (0.11) (0.12)  
 SFR CDS China 71 (0.11) (0.12)  
 SFR CDS Colombia 82 (0.18) (0.12)  
 SFR CDS Mexico 179 (0.11) (0.12)  
 SFR CDS Peru 107 (0.11) (0.12)  
 SFR CDS Venezuela 230 (0.17) (0.12)  
 SFR CDS Russia 11 (0.01) (0.12)  
 SFR CDS Russia 211 (0.11) (0.12)  
 SFR CDS Turkey 244 (0.11) (0.12)  
 SFR CDS China 194 (0.11) (0.12)  
 SFR CDS India 101 (0.11) (0.12)  
 SFR CDS Indonesia 141 (0.11) (0.12)

**Credit risk**

10yr US Treasury (changes in percentage points for 644 swaps, 10yr)  
 VIX 11.12 (0.12) (0.12)  
 VIX30 10.20 (0.12) (0.12)  
 EM EPT volatility index 10 (0.12) (0.12)  
 EM volatility index 12 (0.12) (0.12)  
 EM FT volatility index 10 (0.12) (0.12)  
 Credit spread BAA4 279.72 (0.11) (0.12)  
 US Treasury volatility index 10 (0.12) (0.12)

**Bank risk (changes in bp)**

US banks CDS 11 (0.12) (0.12)  
 CDS banks CDS 101 (0.12) (0.12)  
 UK banks CDS 38 (0.11) (0.12)  
 Large Spanish banks CDS 221 (0.11) (0.12)  
 Medium Spanish banks CDS 157 (0.12) (0.12)  
 Greek banks CDS 119 (0.11) (0.12)  
 Russian banks CDS 107 (0.11) (0.12)

**Corporate risk (changes in bp)**

EMU Non-Financial CDS 1 (0.01) (0.12)  
 UK Non-Financial CDS 0 (0.01) (0.12)

**Interbank markets (changes in bp)**

LIBOR US spread 3m 10 (0.12) (0.12)  
 LIBOR US spread 6m 20 (0.11) (0.12)  
 LIBOR US spread 12m 44 (0.01) (0.12)  
 LIBOR US spread 3m 38 (0.01) (0.12)  
 LIBOR US spread 6m 100 (0.01) (0.12)  
 LIBOR US spread 12m 51 (0.01) (0.12)  
 Spain Td Spread 3m 4 (0.01) (0.12)

**Stock markets (Changes in percentage)**

Major stock indices  
 S&P500 2166.81 (0.12) (0.12)  
 Dow Jones 1611.81 (0.12) (0.12)  
 Nikkei 18766.11 (0.12) (0.12)  
 FTSE 100 6051.11 (0.12) (0.12)  
 Eurostoxx 4200.11 (0.12) (0.12)  
 ASI 1914.11 (0.12) (0.12)  
 Nikkei 18766.11 (0.12) (0.12)  
 ASI 1914.11 (0.12) (0.12)

**Bank stocks**

JPM 44.11 (0.12) (0.12)  
 Cit 41.11 (0.12) (0.12)  
 BAC 31.11 (0.12) (0.12)  
 MS 21.11 (0.12) (0.12)  
 GS 16.11 (0.12) (0.12)

HBOC 141.11 (0.12) (0.12)  
 BNP 102.11 (0.12) (0.12)  
 Deutsche Bank 102.11 (0.12) (0.12)  
 ING 102.11 (0.12) (0.12)  
 Intesa 119.11 (0.12) (0.12)  
 UniCredit 119.11 (0.12) (0.12)  
 Lloyds 119.11 (0.12) (0.12)

Medium Spanish banks 59.4 (0.2) (0.12)  
 Crediton 2.11 (0.12) (0.12)  
 Popular 1.2 (0.12) (0.12)  
 Bankia 7.2 (0.12) (0.12)  
 Bankia 4.1 (0.12) (0.12)  
 Bankia 0.7 (0.12) (0.12)

Greek banks 2.7 (0.12) (0.12)  
 Alpha Bank 0.6 (0.12) (0.12)  
 Piraeus Bank 0.6 (0.12) (0.12)  
 National Bank 0.6 (0.12) (0.12)  
 Eurobank Ergasys 1.2 (0.12) (0.12)

**Major stock indices**

MSCI Latin America 101 (0.12) (0.12)  
 MSCI EM Europe 4277 (0.11) (0.12)  
 Russia 197 (0.12) (0.12)  
 MSCI EM Asia 102 (0.12) (0.12)  
 Shanghai Composite (China 300) 171 (0.12) (0.12)  
 Nikkei Composite (Japan) 18766 (0.12) (0.12)

Bank stocks  
 Turkish banks 01 (0.12) (0.12)  
 Citibank 1.6 (0.12) (0.12)  
 Citibank 0.6 (0.12) (0.12)  
 Citibank 1.6 (0.12) (0.12)  
 Citibank 0.6 (0.12) (0.12)

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

EURUSD 1.11 (0.12) (0.12)  
 GBPUSD 1.11 (0.12) (0.12)  
 USDJPY 101 (0.12) (0.12)  
 CHF 0.96 (0.12) (0.12)

USDAID Argentina 14.78 (0.12) (0.12)  
 USDAID Brazil 11.11 (0.12) (0.12)  
 USDAID China 62.34 (0.12) (0.12)  
 USDAID Colombia 266.71 (0.12) (0.12)  
 USDAID Mexico 41.11 (0.12) (0.12)  
 USDAID Peru 119.11 (0.12) (0.12)  
 USDAID Russia 2.7 (0.12) (0.12)

USDAID India 102 (0.12) (0.12)  
 USDAID Indonesia 102 (0.12) (0.12)  
 USDAID Korea 102 (0.12) (0.12)  
 USDAID Malaysia 102 (0.12) (0.12)  
 USDAID Philippines 102 (0.12) (0.12)  
 USDAID Singapore 102 (0.12) (0.12)  
 USDAID Thailand 102 (0.12) (0.12)  
 USDAID Vietnam 102 (0.12) (0.12)

**Commodity prices (changes in percentage)**

Oil 101 (0.12) (0.12)  
 Copper 215 (0.12) (0.12)  
 Gold 101 (0.12) (0.12)  
 Silver 101 (0.12) (0.12)  
 Wheat 101 (0.12) (0.12)  
 Soybean 101 (0.12) (0.12)  
 Corn 101 (0.12) (0.12)  
 Rice 101 (0.12) (0.12)  
 Sugar 101 (0.12) (0.12)  
 Coffee 101 (0.12) (0.12)  
 Cocoa 101 (0.12) (0.12)  
 Rubber 101 (0.12) (0.12)  
 Nickel 101 (0.12) (0.12)  
 Zinc 101 (0.12) (0.12)  
 Lead 101 (0.12) (0.12)  
 Aluminum 101 (0.12) (0.12)  
 Iron Ore 101 (0.12) (0.12)

Source: Bloomberg, Bloomberg Terminal



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

**Debt markets (changes in bps)**

**European Union**

US 2 yr 4.72 (4.42) (33)  
 US 5 yr 5.13 (4.81) (32)  
 US 10 yr 5.56 (5.29) (27)

Japan 10 yr 4.31 (4.01) (30)

GER 2 yr 4.83 (4.53) (30)  
 GER 5 yr 5.31 (5.01) (30)  
 GER 10 yr 5.81 (5.51) (30)

Belgium 10 yr 6.14 (5.7) (43)

France 10 yr 5.14 (4.7) (46)

Canada 10 yr 4.51 (4.2) (29)

India 10 yr 8.1 (7.7) (43)

Italy 10 yr 6.12 (5.7) (45)

Netherlands 10 yr 5.1 (4.7) (44)

Portugal 10 yr 7.7 (7.3) (44)

Spain 10 yr 6.1 (5.7) (44)

**Emerging Markets**

Brazil 10 yr 11.3 (10.9) (44)

China 10 yr 4.38 (4.0) (38)

Colombia 10 yr 7.5 (7.1) (44)

Mexico 10 yr 6.87 (6.5) (32)

Peru 10 yr 7.7 (7.3) (44)

**Country risk (changes in bps)**

**10 yr sovereign spreads (against Germany)**

Belgium 22 (21) (1) (4)

France 22 (21) (1) (1)

Germany 22 (21) (1) (1)

Ireland 41 (40) (1) (1)

Italy 101 (100) (1) (1)

Netherlands 33 (32) (1) (1)

Portugal 25 (24) (1) (1)

Spain 103 (102) (1) (1)

**5 yr sovereign spreads (against Germany)**

Belgium 11 (10) (1) (1)

France 11 (10) (1) (1)

Germany 11 (10) (1) (1)

Ireland 21 (20) (1) (1)

Italy 77 (76) (1) (1)

Netherlands 19 (18) (1) (1)

Portugal 13 (12) (1) (1)

Spain 107 (106) (1) (1)

**3 yr sovereign spreads (against Germany)**

Belgium 7 (6) (1) (1)

France 7 (6) (1) (1)

Germany 7 (6) (1) (1)

Ireland 13 (12) (1) (1)

Italy 47 (46) (1) (1)

Netherlands 12 (11) (1) (1)

Portugal 8 (7) (1) (1)

Spain 109 (108) (1) (1)

**5 yr sovereign CDS**

Sy CDS France 41 (40) (1) (1)

Sy CDS Germany 17 (16) (1) (1)

Sy CDS Italy 104 (103) (1) (1)

Sy CDS Ireland 82 (81) (1) (1)

Sy CDS Spain 103 (102) (1) (1)

Sy CDS Portugal 25 (24) (1) (1)

Sy CDS Netherlands 33 (32) (1) (1)

Sy CDS US 32 (31) (1) (1)

**Country risk**

**5 yr sovereign CDS**

Sy CDS Argentina 266 (265) (1) (1)

Sy CDS Brazil 104 (103) (1) (1)

Sy CDS China 71 (70) (1) (1)

Sy CDS Colombia 75 (74) (1) (1)

Sy CDS India 118 (117) (1) (1)

Sy CDS Mexico 107 (106) (1) (1)

Sy CDS Peru 107 (106) (1) (1)

Sy CDS Russia 237 (236) (1) (1)

**Country risk**

**5 yr sovereign CDS**

Sy CDS Mexico 107 (106) (1) (1)

Sy CDS US 32 (31) (1) (1)

**Country risk**

**5 yr sovereign CDS**

Sy CDS Mexico 107 (106) (1) (1)

Sy CDS US 32 (31) (1) (1)

**Stock markets (Changes in percentage)**

**Most equity indices**

S&P 500 2.84 (2.8) (0.04) (2)

Dow Jones 1077.8 (1073.1) (4.7) (2)

Nikkei 1810 (1805.3) (4.7) (2)

FTSE 100 1007.2 (1002.5) (4.7) (2)

Euro Stoxx 41 1021.1 (1016.4) (4.7) (2)

MSCI World 1125.7 (1121) (4.7) (2)

CSX 100 1007.2 (1002.5) (4.7) (2)

ASX 100 1007.2 (1002.5) (4.7) (2)

**Stock markets**

JPM 44 (43) (1) (1)

Ch 40 (39) (1) (1)

Ban 10 (9) (1) (1)

GS 14 (13) (1) (1)

**Stock markets**

HSEC 141.2 (140.7) (0.5) (1)

NSEI 102.1 (101.6) (0.5) (1)

BSESEN 101.2 (100.7) (0.5) (1)

US30 141.2 (140.7) (0.5) (1)

**Stock markets**

EMI banks 74.7 (74.2) (0.5) (1)

BP 44 (43) (1) (1)

CH61 AgriCom 2.2 (2.1) (0.1) (1)

ING 10 (9) (1) (1)

BNP 10 (9) (1) (1)

SG 3 (2) (1) (1)

**Stock markets**

Large Spanish banks 60.5 (60) (0.5) (1)

Bankers 3 (2) (1) (1)

**Stock markets**

Medium Spanish banks 19.4 (19) (0.4) (1)

Caixa 2 (1) (1) (1)

Popular 1.2 (1) (1) (1)

Santander 4 (3) (1) (1)

**Stock markets**

Greek banks 2.7 (2.6) (0.1) (1)

Alpha Bank 1 (0) (1) (1)

Piraeus 1 (0) (1) (1)

National Bank 1 (0) (1) (1)

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

EURUSD 1.111 (1.105) (0.006) (2)

GBPUSD 1.2 (1.195) (0.005) (1)

USDJPY 107 (106.5) (0.5) (1)

USDCHF 0.9 (0.895) (0.005) (1)

**Commodities (change in percentage)**

WTI 42.09 (41.9) (0.19) (3)

Crude 29.55 (29.4) (0.15) (3)

Gold 1302.32 (1301) (1.32) (3)

BBDO Index 100 (100) (0) (3)

SAP 100 (100) (0) (3)

US30 141.2 (140.7) (0.5) (1)

US30 141.2 (140.7) (0.5) (1)

**Commodities (change in percentage)**

WTI 42.09 (41.9) (0.19) (3)

Crude 29.55 (29.4) (0.15) (3)

Gold 1302.32 (1301) (1.32) (3)

BBDO Index 100 (100) (0) (3)

SAP 100 (100) (0) (3)

US30 141.2 (140.7) (0.5) (1)

**Stock markets**

Large Spanish banks 60.5 (60) (0.5) (1)

Bankers 3 (2) (1) (1)

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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