

Market Comment | Cautious trade ahead of Yellen's speech

Global Financial Markets Unit
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- The calm in the markets remained once again, with **little change in main indicators**, but slightly higher risk aversion was perceived in European markets. IFO's German business confidence index deteriorated in August (falling by 2 points to 106 points), both the expectations and the current situation components decreased in August, one with the steepest monthly drop since 2014. In Spain, GDP growth rate (Q216) showed higher activity than preliminary estimations (0.8% QoQ vs 0.7% expected). Meanwhile in US, July durable goods orders rebounded more-than-expected (1.5%MoM, consensus 0.5%MoM, prior -0.3%MoM). Thus, the updated Atlanta's Fed GDPNow forecast is 3.4% for 3Q16, slightly down from the previous estimate of 3.6%.
- **European indices fell across the board** (Euro Stoxx 50 -0.7%, Dax -0.9%), while US (S&P500 +0.1%) went almost flat. **Asian shares fell** (Nikkei -0.2%, DJ Shanghai -0.67%) following yesterday's PBOC meeting to discuss liquidity conditions with lenders so as to limit the increasing maturity mismatch.
- No major changes in either debt or major currencies. Meanwhile, **oil prices went higher** (+1%), after yesterday's fall, amid renewed hopes of a fruitful OPEC meeting as Iran's oil minister Bijan Zanganeh will attend the meeting in Algeria in September. Some EM currencies appreciated today (COP and CLP close to 1%, while TRY, RUB close to 0.5%), with some exceptions (MXN, BRL ending up almost flat).

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Table 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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