

Market Comment | Some relief in financial markets one day ahead of US elections

Global Financial Markets Unit
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- **The FBI's decision on the e-mail issue calmed financial markets after last week's volatility.** The FBI decided to take no action against Clinton over new e-mails and consequently the huge controversy of recent weeks faded.
- The reopening of Clinton's case increased Trump's chances, although the latest polls from the weekend suggest that the momentum seems to be diminishing ([see](#)). Clinton has an advantage in the majority of battleground states, while the average of the polls gives a lead of around 2% to the Democrats over the Republicans.
- **Demand for safe-haven assets faded abruptly** (gold, UST and Bund), **while risk assets took advantage of the recent relief in risk aversion ahead of this week's US elections.** Those assets which were especially punished during last week have registered the best performance in today's session (banking sector and EM assets among others).
- It is worth highlighting the **sharp reversal in the MXN's recent depreciation trend** (which has been showing as one of the assets most sensitive to the outcome of the US elections), and which registered a huge appreciation against the USD today. The rebound in oil prices also supported the positive mood in EM currencies.

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Table 1

Fuente: BBVA Research

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	0.82	3.4	2.3	-3	-23
US	1.83	0.3	0.4	9	-44
GER (2-yr)	-0.63	0.6	-1.3	4	-29
Germany	0.15	-1.9	-0.9	17	-48
France	0.47	0.1	-0.2	18	-52
Spain	1.24	-2.4	4.5	24	-53
Italy	1.71	-4.8	4.3	36	11
Portugal	3.23	-6.0	8.7	28	72
Greece	7.42	-33.4	-86.5	-85	-86
Japan (2-yr)	-0.25	0.7	-1.2	2	-24
Japan	-0.05	0.2	1.2	-31	-31
Emerging Markets					
Brazil	11.34	-16.5	5.6	-14	-517
Chile	4.18	0.0	0.0	5	-48
Colombia	7.37	0.0	7.7	18	-129
Mexico	6.20	-10.9	-6.2	11	-6
Peru	5.69	0.0	-0.1	8	-161
Poland	3.07	1.9	-2.4	5	12
Russia	8.48	-12.9	-9.6	25	-108
Turkey	10.22	10.0	11.0	72	-25
India	7.27	0.0	-11.3	-23	-37
Indonesia	7.23	-0.1	0.9	28	-141
Country risk (bp changes in bp)					
Developed Markets					
10-yr sovereign spread vs Germany					
France	31	-1.8	0.7	1	-5
Italy	151	-6.7	5.2	19	59
Portugal	308	-7.9	-7.8	-45	119
Spain	109	-4.3	5.4	6	-5
2-yr sovereign spread vs Germany					
France	3	-1.7	0.1	-3	0
Italy	61	-2.3	-0.9	4	30
Portugal	95	-3.0	-2.7	-10	50
Spain	40	-2.7	5.0	-5	5
Emerging Markets					
5-yr sovereign CDS *					
Brazil	280	-4	8	10	-212
Chile	95	-1	6	6	-32
Colombia	187	0	13	11	-52
Mexico	162	-3	7	1	-8
Peru	108	0	5	5	-78
Venezuela	3,822	-19	56	868	-2,222
Poland	77	1	2	7	5
Russia	233	0	14	16	-68
Turkey	270	10	21	23	-3
China	110	-1	6	6	2
India	134	0	-3	-3	-14
Indonesia	150	1	6	10	-67
Risk indicators					
Volatility indicators (%)					
VIX	19	-17.7	9	44	0
VSTOXX	25	-2.3	15	28	2
EM EFT volatility index	25	-1.1	5	11	10
Dollar/euro volatility	9	-11.8	17	7	-12
EM FX volatility index	10	-1.8	3	0	-11
Credit spread (BAA) (bps)	263	-5.3	1	6	-60
US bonds volatility index	75	-2.8	14	16	10
Banking S&P CDS (bps) *					
US	80	-0.7	3	-2	5
EZ	123	1.1	6	4	39
UK	93	0.6	-7	-12	16
Large Spanish	131	3.6	10	1	-6
Medium Spanish	163	0.5	8	3	6
Commodity S&P CDS (bps) *					
US Non-financial	203	-0.7	3	-2	5
EZ Non-financial	108	1.1	6	4	39
UK Non-financial	137	-0.4	1	-2	-55
Interbank markets (% changes in bp)					
EONIA Index	-0.34	0.00	0.0	0.0	-0.2
Euribor 3m	-0.31	0.00	0.0	0.0	-0.2
Euribor 12m	-0.07	0.00	0.0	0.0	-0.1
Libor 3m	0.88	0.00	0.0	0.0	0.3
Libor 12m	1.56	0.00	0.0	0.0	0.4
EZ TED spread 3m	57.0	1.50	3.1	5.6	16.2
Stock markets (%)					
Main indices					
S&P500	2,128	2.0	0.1	-2	4
Dow Jones	18,227	1.9	0.0	0	5
Nikkei	17,177	1.6	-1.4	2	-10
FTSE 100	6,807	1.7	-2.1	-3	9
Eurostoxx 50	3,009	1.9	1.5	0	-8
IBEX	8,919	1.4	-2.5	-2	-7
DAX	10,457	1.9	-2.0	-1	-3
CAC	4,461	1.9	-1.1	0	-4
MBI	16,737	2.6	2.3	1	-22
ASE Athens	581	1.2	-1.8	1	-8
MSCI Latam *	73,825	-0.1	-3.4	1	24
Bovespa (Brazil)	63,258	3.5	1.8	5	47
Moodi	48,025	2.8	0.0	0	12
MSCI EM Europe *	4,404	-1.0	-2.7	-2	4
Poland	1,762	0.2	-2.9	0	-5
Misc (Russia)	1,953	-0.5	1.9	-2	11
Ise 100 (Turkey)	75,682	1.9	-3.6	-3	6
MSCI EM Asia *	700	-0.2	-2.1	-4	6
Shanghai Com (China)	3,113	0.3	1.1	4	-11
Jakarta (Indonesia)	5,386	1.1	0.4	-1	17
Banking sector					
US banks	91.9	3.1	1.7	5	-2
JPM	69.8	3.0	0.8	3	6
Citi	49.8	3.4	1.3	1	-4
BoA	17.0	2.8	3.1	5	1
MS	33.9	3.4	1.0	5	7
GS	180.8	2.8	1.4	8	0
EZ banks	85.2	3.8	0.6	8	-21
BNP	52.5	3.7	0.6	8	1
Credit Agricole	9.7	2.2	-1.0	7	-11
Deutsche Bank	12.9	5.2	2.2	7	-43
ING	12.3	2.8	2.4	9	-1
Intesa	2.1	5.9	0.7	6	-31
SG	36.8	3.5	2.5	13	-14
Unicredit	2.2	4.9	-1.4	4	-57
UK banks	74.9	2.5	-1.1	3	-15
HSBC	622.3	4.6	1.0	3	16
RBS	186.5	0.8	-1.4	1	-38
Barclays	185.2	2.1	-2.7	6	-15
Lloyds	56.1	1.1	-2.1	2	-23
Large Spanish banks	71.9	2.5	2.6	13	-5
Santander	4.4	1.8	-2.3	8	-4
BBVA	6.4	3.1	2.9	17	-5
Medium Spanish banks	63.6	1.5	0.6	6	-23
Cabotbank	2.8	2.7	-0.1	16	-14
Populr	0.9	0.2	-6.8	-17	-66
Sabadell	1.2	1.1	0.3	5	-24
Banquepar	7.0	1.5	0.3	7	7
Bankia	0.8	1.3	-0.6	6	-26
Currencies (% red for currency depreciation)					
Developed					
EURUSD	1.10	-1.0	0.5	-1.0	2
GBPUSD	1.24	-1.0	1.2	-1.8	-16
USDJPY	104.57	-1.4	0.2	0.6	-13
DKY	97.79	0.7	-0.7	-1.1	1
Emerging					
USDARS (Argentina)	15.02	0.2	0.9	1.3	-16
USD BRL (Brazil)	3.19	1.3	0.0	1.0	19
USD CUP (Cuba)	653.56	0.6	-0.1	2.0	8
USD COP (Colombia)	3040	0.7	-1.1	-4.7	6
USD MXN (Mexico)	18.63	2.1	1.2	3.2	-8
USD PEN (Peru)	3.37	0.6	-0.2	1.2	1
LACI	65.36	1.2	0.4	1.6	4
USD PLN (Poland)	3.92	-1.0	-0.1	-2.3	0
USD RUB (Russia)	63.80	1.0	0.6	-2.8	12
USD TRY (Turkey)	3.17	-0.5	-2.6	-4.4	-9
USD CNY (China)	6.78	0.3	0.0	-1.6	4
USD INR (India)	66.74	0.0	0.1	-0.1	-1
USD IDR (Indonesia)	13,086	-0.1	0.3	0.8	5
ADXY	105.8	-0.2	-0.1	-1.0	-1
Commodities (%)					
Brent	45.7	0.2	-5.5	-13	22
WTX	44.4	0.7	-5.3	-12	20
Copper	230	1.8	4.6	7	8
Gold	1,279	-2.0	0.1	2	20
S&P Spot commodity *	349	-0.9	-3.5	-6	12
S&P Brent Spot *	388	-1.7	-6.2	-13	21
S&P Metals Spot *	290	-0.2	0.9	4	15
S&P Agricultural *	300	0.5	-0.7	2	6

Source: Bloomberg, Datastream and Haver

* With one day delay

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