

Market Comment | Markets hold steady ahead of US election results

Global Financial Markets Unit
08 Nov 2016

- **Financial markets were broadly steady today ahead of the result of the US elections**, which take place today. Although the FBI's decision not to take action against Clinton over the e-mails issue calmed financial markets yesterday, the rally halted today, as equity markets remained broadly steady across the board. However the Chinese equity index increased today, despite trade figures declining by more than expected in October.
- **Debt markets also showed minor movements**, with yields inching up in the major bond markets, while EM US dollar-denominated bonds inched down. Other variables that had recently shown high correlation with the US election outcome, such as the Japanese yen and gold, fluctuated only slightly today.
- **Oil prices declined slightly** dragged by comments from OPEC's chief warning about prolonged instability in the oil market if the producer group and other major crude suppliers fail to agree on an oil output cut.

The market comment report will not be published tomorrow due to a Madrid public holiday. It will resume on Thursday.

Update 17:35 CET 08 November, 2016

Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	0.85	3.2	1.9	2	-20	
US	1.85	2.9	2.7	14	-41	
GER (2-yr)	0.63	0.0	1.2	4	-29	
Germany	0.18	2.8	0.3	16	-45	
France	0.49	-2.9	-0.8	18	-49	
Spain	1.25	0.5	-4.8	23	-52	
Italy	1.72	1.0	-3.6	33	-12	
Portugal	3.22	-1.1	-13.7	-36	70	
Greece	7.30	-12.3	-80.3	-101	-98	
Japan (2-yr)	-0.26	-0.5	-1.3	2	-25	
Japan	-0.06	-1.5	-0.2	-33	-33	
Emerging Markets						
Brazil	11.00	-5.5	-0.2	-12	-521	
Chile	4.18	0.0	0.0	2	-48	
Colombia	2.37	0.0	-2.1	15	-129	
Mexico	6.23	0.4	-3.3	13	-4	
Peru	5.69	0.0	-0.1	-8	-161	
Poland	3.11	4.3	-0.6	7	17	
Russia	8.56	8.7	-5.5	29	-69	
Turkey	10.09	-13.0	20.0	64	-38	
India	7.30	2.3	-4.2	-18	-35	
Indonesia	7.25	-8.1	0.8	14	-149	
Country Risk (bp, changes in bp)						
Developed Markets						
10-yr sovereign spread vs Germany						
France	31	0.1	-1.1	2	-5	
Italy	154	-1.7	-3.8	17	57	
Portugal	304	-3.9	-14.0	-52	115	
Spain	107	-2.3	-5.1	7	-7	
2-yr sovereign spread vs Germany						
France	3	0.2	-1.5	-2	0	
Italy	62	0.6	-3.3	4	30	
Portugal	95	-0.7	-6.1	-12	50	
Spain	41	0.6	-5.4	-5	6	
Emerging Markets						
5-yr sovereign CDS *						
Brazil	264	-16	-5	-3	-228	
Chile	90	-5	2	2	-37	
Colombia	177	-10	3	-1	-62	
Mexico	148	-14	7	-10	-22	
Peru	104	-4	2	1	-81	
Venezuela	3,549	-273	-199	564	-2494	
Poland	75	-2	0	3	3	
Russia	224	-10	4	5	-78	
Turkey	267	-2	14	23	-6	
China	107	-4	-3	2	-2	
India	134	0	-5	-4	-14	
Indonesia	151	-9	-3	3	-76	
Risk indicators						
Volatility indicators (%)						
VIX	18	-2.9	-2	35	0	
VST OXX	25	1.3	6	24	3	
EM EFT volatility index	26	-2.0	-2	13	12	
Dollarism volatility	9	7.6	16	12	6	
EM FX volatility index	10	-5.1	0	0	-11	
Credit spread (BAA) (bps)	264	-2.9	2	2	-60	
US bonds volatility index	72	0.0	7	15	2	
Banking & CDS (bps) *						
US	75	-4.8	-2	-6	0	
EZ	119	-4.4	0	-1	35	
UK	90	-2.9	-8	-14	-3	
Large Spanish	122	-8.6	1	-6	-15	
Medium Spanish	162	-1.5	3	8	4	
Corporate & CDS (bps) *						
US Non-financial	198	-4.8	-2	-6	0	
EZ Non-financial	106	-4.4	0	-1	35	
UK Non-financial	135	-8	-1	-5	-57	
Interbank markets (bp, changes in bp)						
level	Daily	Weekly	Monthly	YTD		
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	0.89	0.00	0.0	0.0	0.3	
Libor 12m	1.57	0.00	0.0	0.0	0.4	
EZTED spread 3m	55.0	-2.00	-0.7	3.1	14.2	
Stock markets (%)						
Americas						
S&P500	2,139	0.3	1.3	1	5	
Dow Jones	18,339	0.4	1.7	1	5	
Nikkei	17,171	0.0	-1.6	2	-10	
FTSE 100	6,843	0.5	-1.1	-3	10	
EuroStoxx 50	3,023	0.5	0.0	1	7	
IBEX	8,935	0.2	-1.2	4	-6	
DAX	10,482	0.2	-0.4	0	-2	
CAC	4,417	0.4	0.1	1	3	
MIB	16,817	0.5	-0.5	3	-21	
ASE Athens	582	0.3	0.0	1	-8	
MSCI Latam *	76,178	3.2	-0.8	4	28	
Ibovespa (Brazil)	64,508	0.7	1.9	6	49	
Moody	48,270	0.5	2.0	1	12	
MSCI EM Europe *	4,435	0.7	2.4	1	4	
Poland	1,783	1.2	-1.7	2	-4	
Micex (Russia)	1,968	0.8	-1.4	-1	12	
Moody (Turkey)	76,368	0.9	-1.4	-2	6	
MSCI EM Asia *	707	1.1	0.9	3	7	
Shanghai Com (China)	3,148	0.5	0.8	5	-11	
Jakarta (Indonesia)	5,471	2.0	0.9	1	19	
European Sector						
level	Daily	Weekly	Monthly	YTD		
US banks						
JPM	70.1	0.4	1.7	3	6	
Citi	50.0	0.3	2.1	1	-3	
Bak	17.1	0.4	2.8	6	1	
MS	34.1	0.4	2.3	6	7	
GS	181.9	0.2	2.1	7	1	
EZ banks						
BNP	86.5	1.5	3.6	9	20	
Crédit Agricole	53.1	1.1	0.7	8	2	
Crédit Agricole	10.3	5.6	6.1	13	-6	
Diéschle Bank	12.8	0.2	1.9	7	-43	
ING	12.3	0.5	4.6	10	-1	
Intesa	2.1	0.8	2.7	7	-31	
SG	37.4	1.5	6.8	14	-12	
Unicredit	2.2	-0.6	0.3	4	-37	
UK banks						
HSBC	75.0	0.1	0.4	4	-15	
RIS	620.0	-0.4	1.2	0	16	
Barclays	187.3	0.4	0.4	3	-38	
Barclays	186.0	0.4	-0.4	7	-15	
Lloyds	56.2	0.3	0.0	7	-23	
Large Spanish banks						
Santander	72.9	1.3	0.7	16	-3	
Santander	4.4	0.9	0.5	11	-3	
BBVA	6.5	1.6	0.8	20	-4	
Medium Spanish banks						
Cáscar	64.0	0.6	0.9	7	-22	
Cáscar	2.8	0.8	2.4	17	-14	
Poplar	0.9	-1.3	-5.5	-18	-66	
Sabadell	1.2	0.2	1.7	7	-24	
Bankinter	7.0	0.7	1.3	9	8	
Bankia	0.8	1.3	0.4	7	-25	
Currencies (% ind for currency depreciation)						
level	Daily	Weekly	Monthly	YTD		
Developed						
EURUSD	1.10	0.0	-0.2	-1.5	2	
GBPUSD	1.24	-0.2	1.1	0.5	-16	
USD JPY	104.98	-0.5	-0.8	1.9	-13	
DXF	97.79	0.0	0.1	-1.2	1	
Emerging						
USDARS (Argentina)	15.03	0.1	0.3	1.1	-16	
USDBRL (Brazil)	3.18	0.8	1.6	1.3	20	
USDCLP (Chile)	646.77	1.0	0.7	3.4	9	
USDCOP (Colombia)	2975	2.1	2.4	-1.6	6	
USDMXN (Mexico)	18.44	0.8	4.0	4.5	-7	
USDPEN (Peru)	3.36	0.4	0.2	1.3	2	
LACI	65.87	1.0	2.1	2.4	5	
USDPLN (Poland)	3.93	-0.2	-1.0	-2.8	0	
USD RUB (Russia)	63.67	0.0	-0.6	-2.2	12	
USDTRY (Turkey)	3.16	0.1	1.7	3.0	8	
USDCNY (China)	6.79	-0.2	-0.3	-1.7	-5	
USDINR (India)	66.62	0.2	0.1	0.1	-1	
USDIOR (Indonesia)	13.084	0.0	-0.3	-0.7	5	
ADXY	106.0	0.2	0.1	0.9	0	
Commodities (%)						
level	Daily	Weekly	Monthly	YTD		
Brent						
WTX	44.9	0.0	-3.8	-10	21	
Copper	237	2.9	6.7	10	12	
Gold	1,235	-0.5	-1.0	1	20	
S&P Spot commodity *	353	1.1	-2.1	-5	13	
S&P Brent Spoz *	395	1.7	-3.7	-11	23	
S&P Metals Spot *	294	1.4	1.7	5	16	
S&P Agricultural *	301	0.6	1.2	2	6	

Fuente: BBVA Research

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	0.85	3.2	1.9	2	-20
US	1.85	2.9	2.7	14	+11
GER (2-yr)	-0.63	0.0	-1.2	4	-29
Germany	0.18	2.8	0.3	16	-45
France	0.49	2.9	-0.8	18	-49
Spain	1.25	0.5	-4.8	23	-52
Italy	1.72	1.0	-3.6	33	-12
Portugal	3.22	-1.1	13.2	36	70
Greece	7.30	-12.3	-80.3	-101	-98
Japan (2-yr)	-0.26	-0.5	-1.3	2	-25
Japan	-0.06	-1.5	-0.2	-33	-33
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	11.30	-5.5	-20.2	-12	-521
Chile	4.18	0.0	0.0	2	-48
Colombia	7.37	0.0	-2.1	15	-129
Mexico	6.23	0.4	-13.1	13	-4
Peru	5.69	0.0	-0.1	8	-161
Poland	3.11	4.3	-0.6	7	17
Russia	8.56	8.7	-5.5	29	-99
Turkey	10.09	-13.0	20.0	64	-38
India	7.30	2.3	-4.2	-18	-35
Indonesia	7.25	0.1	0.8	14	-149
Country risk (bp changes in bp)					
Developed Markets					
level	Daily	Weekly	Monthly	YTD	
10-yr sovereign spread vs Germany					
France	31	0.1	-1.1	2	-5
Italy	154	-1.7	-3.8	17	-57
Portugal	304	-3.9	-14.0	-52	115
Spain	107	-2.3	-5.1	7	-7
2-yr sovereign spread vs Germany					
France	3	0.2	-1.5	-2	0
Italy	62	0.6	-3.3	4	30
Portugal	95	-0.7	-6.1	-12	50
Spain	41	0.6	5.4	-5	6
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *					
Brazil	264	-16	-5	-3	-228
Chile	90	5	2	2	-37
Colombia	177	-10	3	-1	-62
Mexico	148	-14	-7	-10	-22
Peru	104	-4	2	1	-81
Venezuela	5,449	-273	-198	564	-2404
Poland	75	-2	0	3	3
Russia	224	-10	4	5	-78
Turkey	267	-2	14	23	-6
China	107	-4	-3	2	-2
India	134	0	-5	-4	-14
Indonesia	151	-9	-3	3	-76
Risk indicators					
Volatility indicators (%)					
level	Daily	Weekly	Monthly	YTD	
VIX	18	-2.9	-2	35	0
VSTOXX	25	1.3	6	24	3
EM EFT volatility Index	26	-2.0	-2	13	12
Dollar/euro volatility	9	7.6	16	12	-6
EM FX volatility index	10	-5.1	0	0	-11
Credit spread (BAA) (bps)	264	-3.9	2	2	-60
US bonds volatility index	72	3.0	7	15	7
Banking 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	75	-4.8	-2	6	0
EU	119	-4.4	0	-1	35
UK	90	-2.9	8	-14	13
Large Spanish	122	-8.6	1	-6	-15
Medium Spanish	162	-1.5	3	8	4
Corporate 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	198	-4.8	-2	-6	0
EU Non-financial	106	-4.4	0	-1	35
UK Non-financial	135	-1.8	-1	-5	-57
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
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	0.89	0.00	0.0	0.0	0.3
Libor 12m	1.57	0.00	0.0	0.0	0.4
EZ TED spread 3m	55.0	-2.00	-0.7	3.1	14.2
Stock markets (%)					
Main indices					
level	Daily	Weekly	Monthly	YTD	
S&P500	2,139	0.3	1.3	-1	5
Dow Jones	18,339	0.4	1.7	1	5
Nikkei	17,171	0.0	-1.6	2	-10
FTSE 100	6,843	0.5	-1.1	-3	10
Euro Stoxx 50	3,023	0.5	0.0	1	-7
IBEX	8,935	0.2	-1.2	4	-6
DAX	10,482	0.2	-0.4	0	-2
CAC	4,477	0.4	0.1	1	-3
MBI	16,817	0.5	-0.5	3	-21
ASE Athens	582	0.3	0.0	1	-8
MSCI Latam *	76,178	3.2	0.9	4	28
Bovespa (Brazil)	64,508	0.7	1.9	6	49
Merval	48,270	0.5	2.0	1	12
MSCI EM Europe *	4,435	0.7	-2.4	-1	4
Poland	1,783	1.2	-1.7	2	-4
Mircx (Russia)	1,968	0.8	-1.4	-1	12
Ise 100 (Turkey)	76,368	0.9	-1.4	-2	6
MSCI EM Asia *	707	1.1	-0.9	-3	7
Shanghai Com (China)	3,148	0.5	0.8	5	-11
Jakarta (Indonesia)	5,471	2.0	0.9	1	19
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	92.4	0.3	2.3	5	-2
JPM	70.1	0.4	1.7	3	6
Citi	50.0	0.3	2.1	1	-3
BoA	17.1	0.4	2.8	6	1
MS	34.1	0.4	2.3	6	7
GS	181.9	0.2	2.1	7	1
EU banks	86.5	1.5	3.6	9	-20
BNP	53.1	1.1	0.7	8	2
Credit Agricole	10.3	-5.6	6.1	13	-6
Deutsche Bank	12.9	0.2	1.9	7	-43
ING	12.3	0.5	4.6	10	-1
Intesa	2.1	0.8	2.7	7	-31
SG	37.4	1.5	6.8	14	-12
Unicredit	2.2	-0.6	-0.3	4	-57
UK banks	75.0	0.1	0.4	4	-15
HSBC	620.0	-0.4	1.2	9	16
RBS	181.3	0.4	0.4	3	-38
Barclays	186.0	0.4	-0.4	7	-15
Lloyds	56.2	0.3	0.0	7	-23
Large Spanish banks	72.9	1.3	0.7	16	-3
Santander	4.4	0.9	0.5	11	-3
BBVA	6.5	1.6	0.8	20	-4
Medium Spanish banks	64.0	0.6	0.9	7	-22
Cajabank	2.8	0.9	2.4	17	-14
Populr	0.9	-1.3	-5.5	-18	-66
Sabadell	1.2	0.2	1.7	7	-24
Banquepar	7.0	0.7	1.3	9	9
Bankia	0.8	1.3	0.4	7	-25
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent	46.0	-0.3	-4.4	-11	23
WTI	44.9	0.0	-3.8	-10	21
Copper	237	2.9	6.7	10	12
Gold	1,275	-0.5	-1.0	1	20
S&P Spot commodity *	353	1.1	-2.1	-5	13
S&P Invest Spot *	395	1.7	-3.7	-11	23
S&P Metals Spot *	294	1.4	1.7	5	16
S&P Agricultural *	301	0.6	1.2	2	6

Source: Bloomberg, Datastream and Haver

* 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”.

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.