

# Market Comment | Upward trend in yields continues

Global Financial Markets Unit  
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- **Inflationary expectations continue to fuel the global bond sell-off.** Last week's bond sell-off continued, as government bond yields increased across the board, led by the US Treasury, fuelled by a sharp rise in inflationary expectations (5Y5YUS 2.48%). **Bond yields also increased in Europe**, with a slight increase in peripheral risk premiums and **in emerging markets** yields.
- Nonetheless, **no significant movements were seen in share prices.** The strong movements in yields and the fiscal plan announced by the US president-elect seem to be driving the rebound in certain sensitive sectors such as **banking and manufacturing**, and also having different effects on US indices (NASDAQ vs Dow Jones).
- In FX markets, **the USD continued its strengthening path**, climbing to an 11-month high, below 1.08 USDEUR, which has a **depreciatory impact on both EM currencies and the EUR**. Lower oil prices did not help support EM currencies either.

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Table 1





<b>Debt markets (10Y % changes in bp)</b>					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	0.96	4.9	14.6	13	-8
US	2.21	6.3	38.7	42	6
GER (2-yr)	-0.61	-1.1	2.0	5	-27
Germany	0.33	1.9	17.3	29	-30
France	0.80	5.6	33.9	48	-18
Spain	1.52	4.3	27.3	40	-25
Italy	2.08	5.8	37.2	70	48
Portugal	3.54	5.7	31.0	12	103
Greece	7.40	24.3	-2.4	-99	-89
Japan (2-yr)	-0.21	3.0	4.2	5	-20
Japan	-0.01	3.7	4.7	-27	-27
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	12.33	27.0	87.1	91	-418
Chile	4.18	0.0	0.0	1	48
Colombia	7.58	0.0	21.0	53	-108
Mexico	7.36	11.5	113.8	130	110
Peru	5.69	0.0	0.0	8	-161
Poland	3.50	16.0	43.4	47	56
Russia	8.91	-1.4	43.1	51	-65
Turkey	19.25	18.0	53.0	100	28
India	7.25	-1.3	-2.1	-21	-39
Indonesia	7.62	1.3	58.9	85	-82
<b>Country risk (bp changes in bp)</b>					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	48	3.7	16.6	19	12
Italy	175	3.9	19.9	41	78
Portugal	321	3.8	13.7	-12	133
Spain	119	2.4	10.0	11	5
<b>2-yr sovereign spread vs Germany</b>					
France	5	-0.2	1.8	0	1
Italy	72	3.4	10.6	14	40
Portugal	103	8.3	7.4	7	58
Spain	50	1.8	0.4	5	15
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	313	4	33	53	-179
Chile	108	5	14	20	-19
Colombia	205	2	18	31	-34
Mexico	188	2	26	42	18
Peru	122	1	14	20	-64
Venezuela	3,742	0	-79	457	-2301
Poland	81	1	4	7	9
Russia	235	7	1	-1	-67
Turkey	285	2	16	31	12
China	121	4	11	14	13
India	134	1	0	-4	-14
Indonesia	186	18	27	36	-41
<b>Risk indicators</b>					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	15	7.8	-18	-8	-3
VSTOXX	22	1.1	-10	6	0
EM EFT volatility index	30	3.7	15	23	31
Dollar/euro volatility	10	11.9	23	34	7
EM FX volatility index	11	9.6	12	10	-1
Credit spread (BAA) (bps)	254	-6.3	-13	0	-69
US bonds volatility index	83	0.0	14	28	22
Banking Bys CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	71	0.8	-8	-7	-4
EZ	125	6.0	2	10	42
UK	95	-6.6	1	-12	17
Large Spanish	141	10.8	10	15	4
Medium Spanish	166	4.4	3	11	9
Deposits by CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	192	0.8	-8	-7	-4
EZ Non-financial	108	6.0	2	10	42
UK Non-financial	138	1.7	1	-2	-54
<b>Interbank market (% changes in bp)</b>					
level	Daily	Weekly	Monthly	YTD	
EONIA Index	-0.35	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	0.91	0.00	0.0	0.0	0.3
Libor 12m	1.59	0.00	0.0	0.0	0.4
EZ TED spread 3m	55.8	-1.00	0.8	0.0	15.0
<b>Stock markets (%)</b>					
level	Daily	Weekly	Monthly	YTD	
<b>Main indices</b>					
S&P500	2,161	-0.2	1.4	1	6
Dow Jones	18,670	0.1	3.3	4	6
Nikkei	17,673	1.7	2.9	5	-7
FTSE 100	6,759	0.4	-0.7	-3	8
Eurostoxx 50	3,045	0.5	1.2	2	-7
IBEX	8,665	0.3	2.9	1	-9
DAX	10,708	0.4	2.4	3	0
CAC	4,515	0.6	1.2	3	-3
MI8	16,718	-0.6	-0.1	3	-22
ASE Athens	580	-0.5	-0.1	1	-8
MSCI Latam *	71,119	-2.4	-3.7	-3	20
Bovespa (Brazil)	58,391	-1.3	-8.8	-4	35
Moodie	45,642	1.5	-0.0	-4	6
MSCI EM Europe *	4,533	-0.9	2.9	1	7
Poland	1,754	-2.4	-0.5	2	-6
Moex (Russia)	7,022	-0.5	3.5	2	15
Ise 100 (Turkey)	74,419	-1.0	-1.7	-3	4
MSCI EM Asia *	689	-2.1	-1.5	-4	4
Shanghai Com (China)	3,210	0.4	2.5	5	-9
Jakarta (Indonesia)	5,116	-6.1	-4.6	-5	11
<b>Banking sector</b>					
level	Daily	Weekly	Monthly	YTD	
<b>US banks</b>					
JPM	105.4	3.2	14.4	22	12
Wells	79.0	3.0	13.1	17	20
Citi	54.6	3.3	9.6	13	5
BoA	20.0	4.9	17.3	26	19
MS	39.4	2.3	15.8	24	24
GS	208.7	2.3	15.0	25	16
<b>EZ banks</b>					
BNP	92.6	1.8	8.6	20	-14
Credit Agricole	55.8	2.0	6.3	19	7
Deutsche Bank	10.9	1.8	11.8	20	0
ING	15.4	4.3	19.5	28	-32
Intesa	13.2	2.5	7.2	19	6
Santander	2.2	-0.7	4.2	15	-28
SG	40.7	2.2	10.4	26	4
Unicredit	2.3	0.4	3.1	11	-55
<b>UK banks</b>					
RBS	81.3	3.4	8.5	16	-7
HSC	635.6	2.5	2.1	4	19
RBS	210.6	4.5	12.9	24	-30
Barclays	212.7	5.4	14.8	28	-3
Lloyds	60.5	1.7	8.0	15	-17
<b>Large Spanish banks</b>					
Santander	68.7	1.0	4.5	9	-9
Banco	4.3	1.7	-1.2	10	-5
<b>Medium Spanish banks</b>					
Popular	5.9	0.4	7.1	7	-12
Caja	67.4	1.1	6.0	16	-18
Caja	2.9	2.0	6.5	26	9
<b>Commodities (%)</b>					
level	Daily	Weekly	Monthly	YTD	
<b>Recent</b>					
WTX	43.7	-2.3	-5.2	-16	17
WTX	42.4	-2.4	-5.7	-16	14
Copper	252	0.4	9.1	19	18
Gold	1,218	-0.8	4.9	-3	15
S&P Spot commodity *	351	-1.4	-0.5	-7	13
S&P Brent Spot *	390	-1.9	-1.2	-13	22
S&P Metals Spot *	306	-1.4	4.1	10	21
S&P Agricultural *	300	-0.3	-0.5	0	6











Source: Bloomberg, Datastream and Haver

\* With one day delay

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