

Market Comment | Positive markets provided a pause in the recent bond sell-off

Global Financial Markets Unit
22 Nov 2016

- Today's financial markets provided a **pause in the recent sovereign bond sell-off**, which was driven by rising US inflation prospects. In this regard, **peripheral euro zone bond yields led the falls**, as they had led the rises during the previous sessions.
- Equity markets showed a positive mood across the board (equity volatility decreased slightly around the world). Remarkably, **US stock prices reached a record high in the four most important equity indices** (Dow Jones, S&P, NASDAQ and Russell 2000) during today's session, on the back of more fiscal flexibility expected with the newly elected US president.
- The recently elected US president, Donald Trump, announced his **plans for the US to withdraw from the Trans-Pacific Partnership**, along with a number of additional measures (reducing regulation, cancelling restrictions on the energy sector and increasing visa investigations, among others). Market reaction to the announcement was not significant.
- **The USD and the EUR remained stable**. On the other hand, oil prices remained almost flat, after yesterday's significant increase, injecting some optimism into market sentiment. Meanwhile, EM currencies showed mixed performances: the MXN depreciated, while the COP appreciated.

Update 18:00 CET 22 November, 2016
Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.68	1.5	9.0	26	4	
US	2.30	-2.0	7.7	56	4	
GER (2-yr)	0.74	-5.4	-11.2	-8	-39	
Germany	0.22	-5.2	8.5	22	-41	
France	0.71	-4.8	-1.8	42	-28	
Spain	1.53	-9.5	6.8	41	-25	
Italy	2.03	-4.4	6.3	65	43	
Portugal	3.63	-8.1	13.5	44	111	
Greece	6.91	-1.5	-47.9	-154	-138	
Japan (2-yr)	0.15	1.8	2.0	10	-15	
Japan	0.03	2.4	8.5	-23	-23	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
Brazil	11.94	0.6	-34.2	77	-57	
Chile	4.63	1.4	-2.7	42	-5	
Colombia	7.70	-0.2	19.0	49	95	
Mexico	7.34	3.7	23.5	130	108	
Peru	6.42	0.3	6.3	69	-105	
Poland	3.52	-3.1	1.4	56	57	
Russia	8.26	1.9	-2.7	42	-79	
Turkey	10.85	7.0	10.0	123	38	
India	6.31	-0.1	-22.4	-45	-145	
Indonesia	7.83	6.4	4.4	85	-81	
Country Risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
10-yr sovereign spread vs Germany						
France	49	0.4	6.8	21	13	
Italy	180	0.8	14.9	44	84	
Portugal	341	-2.9	22.1	22	192	
Spain	130	-3.3	15.4	20	16	
2-yr sovereign spread vs Germany						
France	14	-0.4	8.6	10	11	
Italy	76	2.3	8.5	18	45	
Portugal	117	-0.1	16.0	25	72	
Spain	57	3.2	7.9	12	22	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
5-yr sovereign CDS *						
Brazil	302	-7	-16	45	-190	
Chile	96	-4	-10	11	-31	
Colombia	282	-5	-10	35	-37	
Mexico	191	5	-2	49	21	
Peru	123	-2	-4	26	-63	
Venezuela	3,993	-62	-46	413	-2051	
Poland	82	0	15	7	10	
Russia	225	-5	-13	3	-76	
Turkey	285	-7	-11	44	12	
China	120	-2	-4	15	11	
India	143	0	-1	4	-5	
Indonesia	175	-5	-19	25	-51	
Risk indicators						
Volatility indicators (%)						
level	Daily	Weekly	Monthly	YTD		
VIX	13	3.0	-4	-4	-5	
VST OXX	20	-1.5	-2	22	-2	
EM EFT volatility index	21	0.4	-1.5	5	-10	
Dollar Euro volatility	11	-0.0	4	44	9	
EM FX volatility index	11	-1.1	0	17	-3	
Credit spread (BAA) (bps)	255	2.0	-5	-7	-68	
US bonds volatility index	81	3.3	-4	41	19	
Banking 5y CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US	73	3.1	4	0	-2	
EZ	133	0.4	5	22	49	
UK	102	-0.6	3	0	25	
Large Spanish	145	-0.5	1	23	8	
Medium Spanish	167	-0.4	2	14	10	
Corporate 5y CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US Non-financial	193	3.1	4	0	-2	
EZ Non-financial	111	0.4	5	22	49	
UK Non-financial	138	0.2	-2	2	-54	
Interbank markets (% changes in bp)						
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	-0.08	0.00	0.0	0.0	-0.1	
Libor 3m	0.92	0.00	0.0	0.0	0.3	
Libor 12m	1.62	0.00	0.0	0.1	0.4	
EZTED spread 3m	46.8	-0.80	1.7	-7.1	-6.1	
Stock markets (%)						
Americas						
level	Daily	Weekly	Monthly	YTD		
S&P500	2,195	0.1	0.7	3	7	
Dow Jones	18,975	0.1	0.3	5	9	
Nikkei	18,163	0.3	2.8	6	-5	
FTSE 100	6,830	0.6	0.4	-3	-9	
EuroStoxx 50	3,044	0.4	-0.2	-1	-7	
IBEX	8,652	0.4	-0.4	-5	-9	
DAX	10,714	0.3	-0.2	0	0	
CAC	4,548	0.4	0.3	0	-2	
MIB	16,520	1.4	-1.0	-4	-23	
ASE Athens	631	2.5	9.2	6	0	
MSI Latam *	72,131	-1.1	1.0	5	22	
Ibovespa (Brazil)	61,700	1.0	3.4	4	42	
Isivbol	44,662	0.7	-0.8	-8	-4	
MSCI EM Europe *	4,596	-1.1	2.4	2	8	
Poland	1,776	1.1	1.2	1	-4	
Micex (Russia)	2,066	0.4	2.4	6	17	
Ne 100 (Turkey)	75,812	0.4	0.9	-4	6	
MSCI EM Asia *	685	-0.1	0.5	5	4	
Shanghai Com (China)	3,248	0.9	1.3	5	-8	
Jakarta (Indonesia)	5,205	0.7	1.7	-4	13	
European Sector						
level	Daily	Weekly	Monthly	YTD		
US banks						
JPM	77.9	-0.1	-1.8	14	18	
Citi	55.5	-0.1	0.1	12	7	
Bak	20.2	0.6	0.3	21	20	
MS	40.2	-0.9	0.4	20	26	
GS	210.4	-0.3	-0.4	20	17	
EZ banks						
BNP	90.5	1.6	1.3	8	-16	
Crédit Agricole	55.8	2.3	0.5	8	7	
Crédit Agricole	11.0	2.0	1.0	15	1	
Deutsche Bank	14.9	-0.7	-2.5	14	-34	
ING	13.0	1.4	-1.2	10	-1	
Intesa	2.1	2.4	-4.3	-2	-33	
SG	40.6	0.8	0.2	17	-5	
Intesa	2.0	-0.8	-8.1	-12	-61	
UK banks						
HSBC	80.9	1.2	-1.0	8	-8	
RIS	638.6	1.1	0.0	2	19	
RIS	207.8	2.1	2.2	9	-31	
Barclays	212.4	0.8	0.2	16	-3	
Lloyds	59.8	1.1	-2.7	8	-18	
Large Spanish banks						
Santander	68.3	0.8	1.5	3	-9	
Santander	4.3	1.4	-0.9	0	-5	
BBVA	5.9	0.4	2.1	-5	-13	
Medium Spanish banks						
Cáscas	64.5	-0.5	-4.0	2	-22	
Cáscas	2.8	-1.2	-5.1	7	-13	
Poplar	0.9	6.0	-1.5	-17	-67	
Sabadell	1.2	-4.4	-8.2	-2	-26	
Bankinter	7.0	0.2	2.3	2	7	
Bankia	0.9	0.6	2.7	12	-19	
Currencies (% ind for currency depreciation)						
Eurozone						
level	Daily	Weekly	Monthly	YTD		
EURUSD	1.06	-0.1	1.0	25	-2	
GBPUSD	1.24	-0.5	-0.2	1.6	-16	
USD JPY	111.06	-0.2	-1.7	7.0	-8	
DXF	101.00	0.0	0.8	-23	-2	
Emerging						
level	Daily	Weekly	Monthly	YTD		
USDARS (Argentina)	15.43	-0.3	0.5	-2.0	-19	
USDBRL (Brazil)	3.36	-0.3	2.1	-6.5	15	
USDCIP (Chile)	677.46	-0.4	-1.1	-1.7	-4	
USDCOP (Colombia)	3140	0.3	-0.6	-7.0	1	
USDMXN (Mexico)	20.51	-0.3	-1.2	10.3	-19	
USDPER (Peru)	3.42	0.1	0.0	1.7	0	
USCNY	61.67	-0.2	0.2	-6.0	-2	
USDRPL (Poland)	4.17	-0.1	-1.5	-4.9	-6	
USDRUB (Russia)	64.00	0.0	0.6	2.6	12	
USDTRY (Turkey)	3.59	-0.7	2.8	9.9	116	
USDCNY (China)	6.89	0.0	-0.5	-1.8	-6	
USDINR (India)	68.26	-0.1	-0.8	-2.0	-3	
USDIDR (Indonesia)	13,443	-0.3	-0.6	-3.1	-3	
ADXY	103.8	0.0	0.6	-2.0	-3	
Commodities (%)						
level	Daily	Weekly	Monthly	YTD		
Brent	48.6	-0.2	3.9	-6	-31	
WTI	47.8	0.5	4.2	-6	-29	
Copper	254	1.2	1.6	22	20	
Gold	1,210	-0.4	-1.5	-4	-14	
S&P Spot commodity *	371	3.0	3.1	-1	-19	
S&P Brent Spoz *	425	4.2	4.2	-5	-33	
S&P Metals Spot *	308	2.2	-0.2	13	22	
S&P Agricultural *	303	1.1	1.2	0	7	

Source: Bloomberg, Datastream and Haver

* With one day delay

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.08	1.5	9.0	26	4
US	2.30	-2.0	7.7	56	3
GER (2-yr)	-0.74	-5.4	-11.2	-8	-39
Germany	0.22	-5.2	-8.6	22	-41
France	0.71	-4.8	-1.8	42	-9
Spain	1.53	-8.5	6.8	41	-25
Italy	2.03	-4.4	6.3	65	43
Portugal	3.63	-8.1	13.5	44	111
Greece	6.91	-1.5	-47.9	-154	-138
Japan (2-yr)	-0.15	1.8	2.0	10	-15
Japan	0.03	2.4	0.5	-23	-23
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	11.94	0.6	-34.3	77	-457
Chile	4.63	1.4	-2.7	42	-5
Colombia	7.70	-0.2	19.0	49	-95
Mexico	7.34	3.7	23.5	128	108
Peru	6.42	0.3	6.3	69	-105
Poland	3.52	-3.1	1.4	56	57
Russia	8.76	1.9	-2.7	42	-79
Turkey	10.85	7.0	10.0	123	38
India	6.31	-0.1	-22.4	-45	-145
Indonesia	7.53	8.4	4.4	85	-81
Country risk (bp changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	49	0.4	6.8	21	13
Italy	180	0.8	14.9	44	84
Portugal	341	-2.9	22.1	22	152
Spain	130	-3.3	15.4	20	16
2-yr sovereign spread vs Germany					
France	14	-0.4	8.6	10	11
Italy	76	2.3	8.5	18	45
Portugal	117	-0.1	16.0	25	72
Spain	57	3.2	7.9	12	22
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	302	-7	-16	45	-190
Chile	96	-4	-10	11	-31
Colombia	202	-3	-10	35	-37
Mexico	191	-5	-2	49	21
Peru	123	-2	-4	26	-53
Venezuela	3,993	-62	-46	-413	-2,051
Poland	82	0	-15	7	10
Russia	225	-5	-13	3	-76
Turkey	285	-7	-11	44	12
China	120	-2	-4	15	11
India	143	0	-1	4	-5
Indonesia	175	-5	-19	25	-51
Risk indicators					
Volatility indicators (%)					
level	Daily	Weekly	Monthly	YTD	
VIX	13	3.0	-4	-4	-5
VSTOXX	20	-1.5	-2	22	-2
EM EFT volatility Index	21	0.4	-1.5	5	-10
Dollar/euro volatility	11	-4.0	4	44	9
EM FX volatility index	11	-1.1	0	17	-3
Credit spread (BAA) (bps)	255	2.0	-5	-7	-68
US bonds volatility index	81	-1.3	-4	41	19
Banking 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	73	3.1	4	0	-2
EZ	133	0.4	5	22	49
UK	102	-0.6	3	0	25
Large Spanish	145	-0.5	1	23	8
Medium Spanish	167	-0.4	2	14	10
Deposited 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	193	3.1	4	0	-2
EZ Non-financial	111	0.4	5	22	49
UK Non-financial	138	-0.2	-2	2	-54
Interbank markets (% changes in bp)					
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	-0.08	0.00	0.0	0.0	-0.1
Libor 3m	0.92	0.00	0.0	0.0	0.3
Libor 12m	1.62	0.00	0.0	0.1	0.4
EZ TED spread 3m	46.9	-0.80	1.7	-7.1	6.1
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,195	-0.1	0.7	3	7
Dow Jones	18,975	0.1	0.3	5	9
Nikkei	18,163	0.3	2.8	6	-5
FTSE 100	6,820	0.6	0.4	-3	9
Eurostoxx 50	3,044	0.4	0.2	-1	-7
IBEX	8,652	0.4	0.4	-5	-9
DAX	10,714	0.3	-0.2	0	0
CAC	4,548	0.4	0.3	0	-2
MBI	16,520	1.4	-1.0	-4	-23
ASE Athens	631	2.5	9.2	6	0
MSCI Latam *	72,131	1.1	1.0	-5	22
Bovespa (Brazil)	61,200	1.0	3.4	-4	42
Moodi	44,662	0.7	-0.8	-8	4
MSCI EM Europe *	4,596	1.1	2.4	2	8
Poland	1,776	1.1	1.2	1	-4
Mircz (Russia)	2,966	0.4	2.4	6	17
Ise 100 (Turkey)	75,812	0.4	0.9	-4	6
MSCI EM Asia *	685	-0.1	0.5	-5	-4
Shanghai Com (China)	3,248	0.9	1.3	5	-8
Jakarta (Indonesia)	5,205	0.7	1.7	-4	13
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	106.9	-0.5	0.1	18	14
JPM	77.9	-0.1	-1.8	14	18
Citi	55.5	-0.1	0.1	12	7
BoA	20.2	-0.6	0.3	21	20
MS	40.2	-0.9	0.4	20	26
GS	210.4	-0.3	0.4	20	17
EZ banks	90.5	1.6	-1.3	8	-16
BNP	55.8	2.3	0.5	8	7
Credit Agricole	11.0	2.0	1.0	15	1
Deutsche Bank	14.9	0.7	2.5	14	-34
ING	13.0	1.4	-1.2	10	4
Intesa	2.1	2.4	-4.3	-2	-33
SG	40.6	0.8	0.2	17	5
Unicredit	2.0	2.8	8.1	-12	-61
UK banks	80.9	1.2	-1.0	8	-8
HSBC	638.6	1.1	0.0	2	19
RBS	207.8	2.1	-2.2	9	-31
Barclays	212.4	0.8	0.2	16	-3
Lloyds	59.8	1.1	-2.7	8	-18
Large Spanish banks					
Santander	68.3	0.8	1.5	-3	-9
Banco Sabadell	4.3	1.4	-0.9	0	-5
BBVA	5.9	0.4	2.1	-5	-13
Medium Spanish banks					
Cajabank	64.5	-0.5	-4.0	-2	-22
CaixaBank	2.8	-1.2	-5.1	7	-13
Populr	0.9	6.0	-1.5	-17	-67
Sabadell	1.2	-4.4	-8.2	-2	-26
Banqueparibas	7.0	0.2	2.3	2	7
Bankia	0.9	0.6	2.7	12	-19
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.06	-0.1	1.0	2.5	-2
GBPUSD	1.24	-0.5	-0.2	1.6	-16
USDJPY	111.06	-0.2	-1.7	7.0	-8
DKY	101.00	0.0	0.8	-2.3	-2
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	15.43	-0.3	0.5	-2.0	-19
USD BRL (Brazil)	3.36	-0.3	2.1	-6.5	15
USD CUP (Cuba)	677.46	-0.4	-1.1	-1.7	-4
USD COP (Colombia)	3140	0.3	0.6	-7.0	1
USD MXN (Mexico)	20.51	-0.3	-1.2	-10.3	-19
USD PEN (Peru)	3.42	0.1	0.0	-1.7	0
LACI	61.67	-0.2	0.2	6.0	-2
USD PLN (Poland)	4.17	-0.1	-1.5	-4.9	-6
USD RUB (Russia)	64.00	0.0	0.6	-2.6	12
USD TRY (Turkey)	3.39	-0.7	-2.9	-9.9	-16
USD CNY (China)	6.89	0.0	0.5	-1.8	-6
USD INR (India)	68.26	-0.1	-0.8	-2.0	-3
USD IDR (Indonesia)	13,443	-0.3	0.6	-3.1	3
ADXY	103.8	0.0	-0.6	-2.0	-3
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent	48.8	-0.2	3.9	-6	31
WTX	47.8	0.5	4.2	-6	29
Copper	254	1.2	1.6	22	20
Gold	1,210	-0.4	-1.5	-4	14
S&P Spot commodity *	371	3.0	3.1	-1	19
S&P Brent Spot *	425	4.2	4.2	-5	33
S&P Metals Spot *	308	2.2	-0.2	13	22
S&P Agricultural *	303	1.1	1.2	0	7

Source: Bloomberg, Datastream and Haver

* With one day delay

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