

# Market Comment | OPEC deal boosts oil prices

Global Financial Markets Unit  
30 Nov 2016

- Financial markets showed a slight risk-on mood, with equity indices slightly increasing and yields jumping (with the exception of Greece whose yields decreased ahead of the discussion of debt relief measures on December Eurogroup meeting), underpinned by a significant rebound in oil prices, which also boosted inflation expectations. Today's major market sensitive events were the followings:
- **Oil prices soared as OPEC members may have reached a potential deal to cut oil production** according to Reuters, although details have not yet been released ([see](#)). The increase injected positive mood to financial markets: EM currencies appreciated and oil companies' stocks increased.
- **US Treasury yields spiked and the USD strengthened once again on better-than-expected job creation in the US** shown by ADP Nonfarm Employment change ([see](#)), ahead of Nonfarm payrolls to be published this Friday. Moreover, the confirmation of Steven Mnuchin as the next Treasury secretary also contributed to pushing yields higher, as he confirmed plans to cut profit tax from 35% to 15% ([see](#)). Nonetheless, the upward trend in yields halted after the Atlanta GDPNow forecast 2.4% SAAR GDP growth for Q416, down from 3.6% forecast in November 23 ([see](#)).
- **EZ preliminary inflation for November was in line with expectations.** Headline HCPI inflation rose in November (+0.6%YoY, previous month +0.5% YoY), supported by unprocessed food prices. Core inflation was instead unchanged at 0.8%YoY for a fourth consecutive month ([see](#)).

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Table 1

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.12	3.2	0.4	28	7
<b>US</b>	2.39	3.9	4.0	56	12
GER (2-yr)	0.72	2.6	2.2	-11	-38
<b>Germany</b>	0.28	6.0	1.9	12	-35
France	0.75	5.3	2.9	29	-24
Spain	1.55	3.5	-5.1	35	-23
Italy	1.58	3.8	-13.5	32	39
Portugal	3.70	8.4	2.2	38	118
Greece	6.52	-42.0	-40.2	-177	-177
Japan (2-yr)	0.16	1.3	0.3	8	-15
<b>Japan</b>	0.03	-0.8	7.3	-24	-24
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	11.84	-5.3	1.8	45	-467
Chile	4.61	-4.4	-0.5	32	-7
Colombia	7.30	0.3	-40.5	1	-136
Mexico	7.29	-1.1	-13.6	102	102
Peru	6.30	0.0	-13.1	59	-118
Poland	3.65	6.1	-0.8	56	71
Russia	8.66	-6.2	7.8	28	-69
Turkey	10.84	7.0	-23.0	103	37
India	6.25	-7.2	-3.3	55	-151
Indonesia	8.14	-6.5	9.1	89	-61
Country Risk (bp, changes in bp)					
Developed Markets					
10-yr sovereign spread vs Germany					
level	Daily	Weekly	Monthly	YTD	
France	47	-0.7	-4.8	17	11
Italy	170	-2.2	-15.4	20	73
Portugal	342	2.4	0.3	26	153
Spain	126	-2.5	-7.0	23	12
2-yr sovereign spread vs Germany					
France	10	-1.6	-3.2	7	7
Italy	78	-4.7	1.3	16	46
Portugal	106	-4.5	-7.8	8	61
Spain	61	-5.2	3.4	15	25
Emerging Markets					
5-yr sovereign CDS *					
level	Daily	Weekly	Monthly	YTD	
Brazil	294	-2	1	21	-198
Chile	90	-3	-3	2	-37
Colombia	194	0	0	21	-45
Mexico	183	2	-1	28	13
Peru	119	-1	-2	16	-66
Venezuela	4,428	5	400	663	-1615
Poland	82	-1	0	7	10
Russia	227	5	5	7	-75
Turkey	287	-2	2	38	14
China	118	-1	0	13	9
India	132	-10	-12	-5	-16
Indonesia	170	-4	-2	18	-56
Risk indicators					
Volatility indicators (%)					
level	Daily	Weekly	Monthly	YTD	
VIX	13	-1.0	3	-25	-5
VST OXX	21	-1.7	6	0	-1
EM EFT volatility index	22	-2.2	0	-11	-6
Dollar Euro volatility	12	17.0	8	66	25
EM FX volatility index	11	-0.5	-2	10	-5
Credit spread (BAA) (bps)	237	-9.9	-13	-16	-86
US bonds volatility index	77	1.8	-2	18	14
Banking 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	75	0.3	3	-1	0
EZ	134	-4.4	2	17	50
UK	102	1.2	2	3	25
Large Spanish	143	-5.9	0	22	6
Medium Spanish	173	1.7	5	17	15
Corporate 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	190	0.3	3	-1	0
EZ Non-financial	109	-4.4	2	17	50
UK Non-financial	132	0.7	5	-5	60
Interbank markets (% change 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
<b>Euribor 12m</b>	-0.08	0.0	0.0	0.0	-0.1
Libor 3m	0.93	0.00	0.0	0.0	0.3
Libor 12m	1.64	0.00	0.0	0.1	0.5
EZTED spread 3m	49.6	-0.0	1.6	4.3	8.8
Stock markets (%)					
Americas					
level	Daily	Weekly	Monthly	YTD	
<b>S&amp;P500</b>	2,220.6	0.1	0.1	4	5
Dow Jones	19,203	0.4	0.6	6	10
Nikkei	18,308	0.0	0.8	5	-4
FTSE 100	6,778	0.1	0.6	-3	-9
<b>EuroStoxx 50</b>	3,052	0.4	0.7	0	-7
IBEX	8,680	0.1	0.6	-5	-9
DAX	10,634	0.1	0.3	0	-1
CAC	4,581	0.6	1.1	2	1
MIB	16,915	2.1	2.3	-1	-21
ASE Athens	629	3.0	0.6	6	0
<b>MSCI Latam *</b>	72,320	1.8	0.8	5	22
Ibovespa (Brazil)	62,156	1.9	0.3	4	43
Moody	45,114	-0.6	0.2	-6	5
<b>MSCI EM Europe *</b>	4,602	-0.7	0.6	2	8
Poland	1,798	1.0	0.1	-1	-3
Micex (Russia)	2,105	0.9	0.9	6	20
Ne 100 (Turkey)	73,995	-0.3	1.4	-6	3
<b>MSCI EM Asia *</b>	697	0.2	0.8	2	6
Shanghai Com (China)	3,250	-1.0	0.3	5	-8
Jakarta (Indonesia)	5,149	0.7	-1.1	-5	12
European Sector					
level	Daily	Weekly	Monthly	YTD	
<b>US banks</b>	110.5	2.8	1.6	22	17
JPM	80.0	1.4	1.5	16	21
Citi	56.4	1.6	-0.4	15	9
Bak	21.0	3.3	1.9	27	25
MS	41.5	2.2	1.1	24	30
GS	220.0	3.9	3.6	23	22
<b>EZ banks</b>	90.0	1.7	0.1	6	-17
BNP	55.0	1.1	-1.2	4	5
Crédit Agricole	10.7	0.5	-2.0	9	-2
Diéschle Bank	14.9	1.5	0.1	13	-34
ING	12.9	1.9	0.4	7	3
Intesa	2.1	2.8	2.3	-1	-32
SG	40.7	2.0	1.3	14	4
Unicredit	2.0	6.0	0.6	-11	-61
<b>UK banks</b>	79.5	0.1	-1.8	5	-9
HSBC	633.1	0.2	-1.5	3	18
RIS	193.7	-1.7	5.5	2	-36
Barclays	215.9	0.8	1.2	13	-1
Lloyds	57.9	0.3	-3.0	1	-21
<b>Large Spanish banks</b>	67.7	0.7	0.7	8	-10
Santander	4.3	1.0	0.7	4	-6
<b>BBVA</b>	5.8	0.5	0.7	-12	-14
<b>Medium Spanish banks</b>	63.5	2.0	-1.1	-1	-23
Cálabank	2.7	1.0	0.2	0	-15
Poplar	0.8	5.3	-5.0	-17	-70
Sabadell	1.2	1.8	-2.2	-4	-27
Bankinter	7.1	1.9	1.3	2	8
Banisa	0.8	2.2	-1.4	5	-22
Currencies (% ind for currency depreciation)					
Eurozone					
level	Daily	Weekly	Monthly	YTD	
<b>EURUSD</b>	1.06	-0.7	0.2	-3	-3
GBPUSD	1.25	0.0	0.4	2.0	-15
USD JPY	114.35	-1.8	-1.6	9.1	-5
DKK	101.78	0.8	0.1	-3.4	-3
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	15.92	-1.4	-2.4	-5.0	-23
USDBRL (Brazil)	3.39	0.0	-0.1	-6.2	14
USDCLP (Chile)	674.25	-0.1	0.9	-3.2	5
USDCOP (Colombia)	3076	2.7	3.1	-2.3	3
USDMXN (Mexico)	20.49	0.7	0.8	8.6	-19
USDPER (Peru)	3.41	0.2	0.3	-1.4	0
LACI	61.45	0.2	0.4	-5.6	-2
USDRN (Poland)	4.21	-1.1	-0.3	-7.4	-7
USDRUB (Russia)	64.28	1.3	0.0	-1.4	11
USDTRY (Turkey)	3.44	-0.9	1.3	-11.1	18
USD CNY (China)	6.89	0.2	0.4	-1.7	-6
USDINR (India)	68.39	0.4	0.3	-2.4	-3
USDIDR (Indonesia)	13,355	0.0	0.5	-3.9	2
ADXY	103.6	-0.3	0.2	-2.2	-3
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
<b>Brent</b>	50.0	7.0	2.2	-4	34
WTX	48.7	7.6	1.5	4	31
Copper	263	1.3	0.9	19	24
Gold	1,174	-1.2	-1.2	-8	11
S&P Spot commodity *	360	-2.8	-3.0	0	16
S&P Brent Spz *	403	-3.8	-5.4	-3	26
S&P Metals Spot *	314	-3.5	-1.0	9	24
S&P Agricultural *	296	-1.8	-1.6	-2	4



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Portugal	3.70	6.4	2.2	38	118
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Colombia	7.30	0.3	-40.5	1	-136
Mexico	7.29	-1.1	-13.6	102	102
Peru	6.30	0.0	13.1	59	-118
Poland	3.65	6.1	-0.8	56	71
Russia	8.86	-6.2	2.8	29	-69
Turkey	10.84	7.0	-23.0	103	37
India	6.25	-7.2	-3.3	-55	-151
Indonesia	8.14	-5.5	9.1	89	-61
Country risk (bp changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	47	-0.7	-4.8	17	11
Italy	170	-2.2	-15.4	20	73
Portugal	342	2.4	0.3	26	153
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China	118	-1	0	13	9
India	132	-10	-12	-5	-16
Indonesia	170	-4	-2	18	-56
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	13	-1.0	3	-25	-5
VSTOXX	21	-1.7	6	0	-1
EM EFT volatility Index	22	-2.2	0	-13	6
Dollar/euro volatility	12	12.0	8	66	25
EM FX volatility index	11	0.5	-2	10	-5
Credit spread (BAA) (bps)	237	-9.9	-13	-16	-86
US bonds volatility index	77	-1.8	-2	18	14
Banking S&P CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	75	0.3	3	-1	0
EZ	134	-4.4	2	17	50
UK	102	0.2	2	3	25
Large Spanish	143	-5.9	0	22	6
Medium Spanish	123	1.7	5	17	15
Deposits by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	190	0.3	3	-1	0
EZ Non-financial	109	-4.4	2	17	50
UK Non-financial	132	-0.7	-5	-5	-60
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	0.93	0.00	0.0	0.0	0.3
Libor 12m	1.64	0.00	0.0	0.1	0.5
EZ TED spread 3m	49.6	0.40	1.6	-4.3	8.8
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,206	0.1	0.1	4	8
Dow Jones	19,203	0.4	0.6	6	10
Nikkei	18,308	0.0	0.8	5	-4
FTSE 100	6,778	0.1	-0.6	3	9
Eurostoxx 50	3,052	0.4	0.7	0	-7
IBEX	8,680	0.1	0.6	-5	-9
DAX	10,634	0.1	-0.3	0	-1
CAC	4,581	0.6	1.1	2	-1
MBI	16,915	2.1	2.3	-1	21
ASE Athens	629	3.0	-0.6	6	0
MSCI Latam *	72,320	-1.8	-0.9	-5	22
Bovespa (Brazil)	62,156	1.9	0.3	-4	43
Moodi	45,114	-0.6	-0.2	-6	5
MSCI EM Europe *	4,602	-0.7	-0.6	2	8
Poland	1,798	1.0	0.1	-1	-3
Mircs (Russia)	2,195	0.9	0.6	6	20
Ise 100 (Turkey)	73,995	-0.3	-1.4	-6	3
MSCI EM Asia *	697	-0.2	0.8	-2	6
Shanghai Com (China)	3,250	-1.0	0.3	5	-8
Jakarta (Indonesia)	5,149	0.7	-1.1	-5	12
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	110.5	2.8	1.6	22	17
JPM	80.0	1.4	1.5	16	21
Citi	56.4	1.6	-0.4	15	9
BoA	21.0	3.3	1.9	27	25
MS	41.5	2.2	1.1	24	30
GS	220.0	3.9	3.6	23	22
EZ banks	90.0	1.7	0.1	6	-17
BNP	55.0	1.1	-1.2	4	5
Credit Agricole	10.7	0.5	-2.0	9	-2
Deutsche Bank	14.9	1.5	0.1	13	-34
ING	12.9	1.9	0.4	7	3
Intesa	2.1	2.8	2.3	-1	-32
SG	40.7	2.0	1.3	14	4
Unicredit	2.0	4.0	0.6	-11	-61
UK banks	79.5	0.1	-1.8	5	-9
HSBC	633.1	0.2	-1.5	3	18
RBS	193.7	-1.7	-5.3	2	-36
Barclays	215.9	0.8	1.2	13	-1
Lloyds	57.9	0.3	-3.0	1	-21
Large Spanish banks	97.7	0.7	0.7	8	10
Santander	4.3	1.0	-0.7	-4	-6
BBVA	5.8	0.5	0.7	-12	-14
Medium Spanish banks	63.5	2.0	-1.1	-1	-23
Cajabank	2.7	1.0	-2.2	0	-15
Popular	0.8	5.3	-5.0	-17	-70
Sabadell	1.2	1.8	-2.2	-4	-27
Banquepar	7.1	1.9	1.3	2	9
Bankia	0.8	2.2	-1.4	5	-22
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.06	-0.7	0.2	-3.7	-3
GBPUSD	1.25	0.0	0.4	2.0	-15
USDJPY	114.35	-1.8	-1.6	9.1	-5
DKX	101.78	0.8	0.1	-3.4	-3
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	15.92	-1.4	-2.4	-5.0	-23
USDBRL (Brazil)	3.39	0.0	-0.1	-6.2	14
USDCLP (Chile)	674.25	-0.1	0.9	-3.2	5
USDCOP (Colombia)	3076	2.7	3.1	-3	3
USDMXN (Mexico)	20.49	0.7	0.8	-8.6	-19
USDPEN (Peru)	3.41	0.2	0.3	-1.4	0
LACI	61.45	0.2	0.4	-5.6	-2
USDPLN (Poland)	4.21	-1.1	-0.3	-7.4	-7
USD RUB (Russia)	64.28	1.3	0.0	-1.4	11
USDTRY (Turkey)	3.44	-0.9	-1.3	-11.1	-18
USDCNY (China)	6.89	0.2	0.4	-1.7	6
USDINR (India)	68.39	0.4	0.3	-2.4	-3
USDIDR (Indonesia)	13,555	0.0	0.5	-3.9	2
ADXY	103.6	-0.3	0.2	-2.2	-3
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent	50.0	7.8	2.2	4	34
WTX	48.7	7.6	1.5	4	31
Copper	263	1.3	0.9	19	24
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S&P Agricultural *	296	-1.8	-1.6	-2	4

Source: Bloomberg, Datastream and Haver

\* With one day delay

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