

# Market Comment | Financial markets little changed at the beginning of the week

Global Financial Markets Unit  
19 Dec 2016

- Financial markets were little changed at the beginning of the week, showing little variation in equity, ahead of tomorrow's Bank of Japan monetary policy meeting. Moreover, investors are focused on **Yellen's speech later today**, hoping she will provide more insight into the Fed's direction heading into 2017. The major market sensitive events were the following:
- German assets slightly outperformed, as the **Ifo Business Climate Index surprised slightly to the upside** ([see](#)), rising from 110.4pt in November to 111.0pt in December due to increased confidence in both the current situation and business expectations (1.0 and 0.1pt, respectively).
- Shares in **Monte dei Paschi** (MDP) fell sharply on renewed doubts about its rescue plan, as it is struggling to raise €5bn before the deadline set by the ECB ([see](#)). However, there were no contagion effects to other banks.
- Sovereign bond yields declined signally across the board, with the exception of Greece (which inched down at late trade), as Moody's said that the decision by the EU to freeze **debt relief measures for Greece** would "raise the credit risk to bondholders" ([see](#)).
- The **British pound depreciated significantly today**, coinciding with the speech of UK prime minister, Theresa May, about the EU summit. Also, reports warned about the expensiveness of the GBP based on interest rate differentials between US and UK ([see](#)).

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Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.22	-0.4	7.7	17	1.7
US	2.53	-6.1	6.0	23	2.6
GER (2-yr)	0.80	-0.5	-5.9	-17	-4.6
Germany	0.25	-6.8	-15.3	-3	-3.8
France	0.71	-5.6	-15.7	-3	-2.8
Spain	1.36	-6.1	-13.6	-23	-4.1
Italy	1.62	-5.4	-17.6	-28	2.2
Portugal	3.76	-4.5	-7.4	2	12.4
Greece	7.20	-1.3	47.5	-12	-10.9
Japan (2-yr)	0.17	0.7	1.2	-1	-1.6
Japan	0.09	0.0	7.7	-18	-1.8
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	11.92	-5.0	1.7	-13	-4.9
Chile	4.39	0.0	-4.1	-2.2	-3.0
Colombia	7.36	0.0	7.6	-15	-13.0
Mexico	7.29	-6.8	2.2	24	16.9
Peru	6.40	0.1	11.4	-6	-10.7
Poland	3.41	-6.9	-22.8	-25	4.7
Russia	8.60	5.0	8.5	-20	-9.6
Turkey	11.02	-6.0	-17.0	27	5.5
India	6.51	0.4	6.9	9	-12.5
Indonesia	7.92	-6.5	29.8	16	-8.3
Country Risk (bp, changes in bp)	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	47	1.2	0.4	0	11
Italy	157	1.4	-2.3	-24	61
Portugal	351	2.3	7.9	5	162
Spain	112	0.7	1.7	-20	-2
2-yr sovereign spread vs Germany					
France	15	-1.6	1.1	10	12
Italy	67	0.1	3.6	-3	35
Portugal	104	-2.2	7.7	-6	59
Spain	55	0.7	8.8	3	20
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	288	-1	1	-12	-20.4
Chile	85	0	8	-9	-4.1
Colombia	162	-2	-7	-33	-7.7
Mexico	154	-1	-6	-21	-1.6
Peru	107	-2	-1	-8	-7.8
Venezuela	3,940	-16	65	-40	-210.3
Poland	78	0	-1	-13	6
Russia	182	0	-16	-48	-120
Turkey	279	-3	1	-8	6
China	119	1	7	9	1.1
India	127	0	0	-16	-2.1
Indonesia	163	-1	8	-20	-6.4
Risk indicators	level	Daily	Weekly	Monthly	YTD
Volatility indicators (%)					
VIX	12	-1.3	-5	-10	-6
VST OXX	15	0.1	-1.1	-2.4	-7
EM EIT volatility index	19	-0.5	-3	-1.4	-1.6
Dollars vs volatility	11	0.6	1.1	3	10
EM FX volatility index	12	0.9	2	7	1
Credit spread (BAA) (bps)	235	6.1	8	-24	-8.8
US bonds volatility index	78	-0.5	2	1	1.5
Banking 5y CDS (bps) *					
US	74	0.1	2	6	-1
EZ	118	-1.3	-7	-9	3.4
UK	94	0.0	-1	-4	1.7
Large Spanish	127	1.9	-5	-12	-10
Medium Spanish	155	-1.3	-1	-11	-3
Corporate 5y CDS (bps) *					
US Non-financial	183	0.1	-2	6	-1
EZ Non-financial	103	-1.3	-7	-9	3.4
UK Non-financial	125	0.8	-1	-12	-6.7
Interbank markets (% changes in bp)	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.35	0.00	0.0	0.0	-0.2
Euro3 3m	-0.31	0.00	0.0	0.0	-0.2
Euro3 12m	-0.08	0.00	0.0	0.0	-0.1
Libor 3m	1.00	0.00	0.0	0.1	0.4
Libor 12m	1.69	-0.01	0.0	0.1	0.5
EZTED spread 3m	61.3	0.00	0.9	14.3	20.5
Stock markets (%)	level	Daily	Weekly	Monthly	YTD
Americas					
S&P500	2,282	0.2	0.2	3	1.1
Dow Jones	19,863	0.1	0.3	5	1.4
Nikkei	19,392	0.0	1.2	9	2
FTSE 100	7,017	0.1	1.8	3	1.2
EuroStoxx 50	3,258	0.0	1.8	7	0
IBEX	9,337	-0.8	1.6	7	-2
DAX	11,427	0.2	2.1	7	6
CAC	4,823	-0.2	1.3	7	4
MIB	18,969	-0.2	3.3	15	-1.1
ASE Athens	628	-1.8	-1.9	4	-1
MSCI Latam *	70,991	-0.2	3.3	-2	1.9
Ibovespa (Brazil)	57,820	-1.0	2.3	-3	3.3
Moody	45,222	0.2	3.6	1	5
MSCI EM Europe *	4,945	0.1	1.4	-10	1.6
Poland	1,925	0.3	2.2	10	4
Micro (Russia)	2,216	0.7	0.5	8	2.6
Ne 100 (Turkey)	77,158	-0.6	1.2	3	8
MSCI EM Asia *	693	0.1	1.8	1	5
Shanghai Com (China)	3,118	-0.2	-1.1	-3	-1.2
Jakarta (Indonesia)	5,192	-1.2	-2.2	0	1.3
Emerging Sector	level	Daily	Weekly	Monthly	YTD
US banks					
JPM	84.6	-0.4	0.2	8	2.8
Citi	59.3	-0.8	0.4	7	1.5
Bak	22.5	-0.9	0.6	12	3.3
MS	42.4	-0.7	-1.3	6	3.3
GS	237.4	-0.6	0.1	13	3.2
EZ banks					
BNP	101.3	1.6	1.9	13	6
Crédit Agricole	11.7	-1.4	1.5	9	6
Dresdner Bank	17.5	-4.5	1.5	17	2.2
ING	13.5	-0.9	-1.2	5	8
Intesa	2.4	-0.7	2.4	15	-2.2
SG	46.4	-1.1	0.8	15	9
Unicredit	2.7	-4.5	1.3	3.7	-4.7
UK banks					
HSBC	84.6	-2.0	0.8	5	-4
RBS	658.0	-1.3	1.0	4	2.3
Barclays	222.1	-2.0	4.3	7	-2.6
Lloyds	222.1	-2.7	-2.4	4	1
Lloyds	62.6	-1.9	1.9	4	-1.4
Large Spanish banks					
Santander	76.3	-1.7	1.1	10	1
Santander	4.9	-2.3	0.5	13	8
BBVA	6.5	-1.2	1.6	7	-4
Medium Spanish banks					
Ciudadbank	72.0	-1.6	0.1	9	-1.3
CaixaBank	3.2	-1.4	-1.1	11	-1
Poplar	1.0	0.6	0.3	19	-6.3
Sabadell	1.4	-1.6	0.4	7	-1.5
Bankinter	7.5	-1.5	0.6	6	1.5
Bankia	1.0	-2.6	2.2	12	-9
Currencies (% ind for currency depreciation)	level	Daily	Weekly	Monthly	YTD
Eurozone					
EURUSD	1.04	0.1	-1.8	-1.7	-4
GBPUSD	1.24	-0.7	-2.1	0.0	-1.6
USD JPY	116.64	1.1	-1.4	5.9	-3
DKK	102.76	-0.2	1.7	-1.9	-4
Emerging					
USDARS (Argentina)	15.81	0.6	1.4	-2.1	-2.2
USDBRL (Brazil)	3.37	0.4	-1.1	1.4	1.5
USDCLP (Chile)	676.81	-0.5	4.2	-0.2	4
USDCOP (Colombia)	3014	-0.2	0.7	4.6	5
USDMXN (Mexico)	20.41	0.1	-1.0	0.1	-1.9
USDPER (Peru)	3.40	0.0	-0.1	0.0	0
USCZK	61.72	0.2	-1.1	0.5	-1
USDRPL (Poland)	4.23	-0.1	-1.1	-1.4	-8
USDRUB (Russia)	61.85	0.3	-1.4	4.7	1.5
USDTRY (Turkey)	3.53	-0.6	1.6	4.8	2.1
USDCNY (China)	6.96	0.0	-0.8	-1.2	-7
USDINR (India)	67.88	-0.2	0.7	0.1	-3
USDIDR (Indonesia)	13,389	0.0	0.4	0.1	3
ADXY	103.2	0.2	0.8	0.7	-3
Commodities (%)	level	Daily	Weekly	Monthly	YTD
Brent					
WTI	52.0	0.1	-1.6	1.4	4.0
Copper	2.49	-2.7	-4.6	0	1.7
Gold	1,142	0.6	-1.8	-6	8
S&P Spot commodity *	393	1.1	-0.7	10	2.6
S&P Brent Spoz *	47.5	2.0	0.7	1.7	4.8
S&P Metals Spoz *	31.2	-1.9	-1.7	3	2.3
S&P Agricultural *	29.3	-0.2	-1.4	-2	3



Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.22	-3.4	7.7	17	17
US	2.53	-6.1	0.0	23	29
GER (2-yr)	-0.80	-0.5	-5.9	-17	-46
Germany	0.25	-6.8	-15.3	-3	-38
France	0.71	-5.6	-15.7	-3	-39
Spain	1.36	-6.1	-13.6	-23	-41
Italy	1.82	-5.4	-17.6	-28	-22
Portugal	3.76	-4.5	-7.4	2	124
Greece	7.20	-1.3	47.5	-12	-109
Japan (2-yr)	-0.17	0.7	1.2	-1	-16
Japan	0.00	0.0	7.7	-13	-18
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	11.92	-5.0	-1.7	-13	-459
Chile	4.29	0.0	-4.1	-22	-30
Colombia	7.36	0.0	7.6	-15	-130
Mexico	7.29	-5.8	-2.2	24	103
Peru	6.40	0.1	11.4	-6	-102
Poland	3.41	-6.9	-22.8	-25	47
Russia	8.60	5.0	8.5	-20	-96
Turkey	11.02	-6.0	-17.0	23	58
India	6.51	0.4	6.9	9	-125
Indonesia	7.52	0.5	25.0	16	-83
Country risk (bp changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	47	1.2	-0.4	0	11
Italy	157	1.4	2.3	-24	61
Portugal	351	2.3	7.9	5	162
Spain	112	0.7	1.7	-20	-2
2-yr sovereign spread vs Germany					
France	15	-1.6	1.1	10	12
Italy	67	0.1	3.6	-3	35
Portugal	104	-2.2	7.7	-6	59
Spain	55	0.7	0.8	3	20
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	288	-1	1	-12	-204
Chile	85	0	8	-9	-41
Colombia	162	-2	-7	-33	-77
Mexico	154	-1	-6	-21	-16
Peru	107	-2	-1	3	-78
Venezuela	5940	-16	65	-40	-2103
Poland	78	0	-1	-13	6
Russia	182	0	-16	-48	-120
Turkey	279	-3	-1	-8	6
China	119	1	7	0	11
India	127	0	0	-16	-21
Indonesia	163	-1	8	-20	-64
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	12	-1.3	-5	-10	-6
VSTOXX	15	0.1	-11	-24	-7
EM EFT volatility Index	19	-0.5	-3	-14	-16
Dollar/euro volatility	11	6.6	11	3	10
EM FX volatility Index	12	0.9	2	7	1
Credit spread (BAA) (bps)	235	6.1	-8	-24	-66
US bonds volatility index	78	-0.5	2	1	-15
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	74	0.1	-2	6	-1
EZ	118	-1.3	-7	-9	34
UK	94	0.0	-1	-4	-17
Large Spanish	127	1.9	-5	-12	-10
Medium Spanish	155	-1.3	-1	-11	-3
Deposits 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	183	0.1	-2	6	-1
EZ Non-financial	103	-1.3	-7	-9	34
UK Non-financial	125	-0.8	-1	-12	-67
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	-0.00	0.00	0.0	0.0	-0.1
Libor 3m	1.00	0.00	0.0	0.1	0.4
Libor 12m	1.69	-0.01	0.0	0.1	0.5
EZ TED spread 3m	61.3	0.80	0.9	14.3	20.5
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,262	0.2	0.2	3	11
Dow Jones	19,863	0.1	0.3	5	14
Nikkei	19,392	0.0	1.2	9	2
FTSE 100	7,017	0.1	1.8	3	12
EuroStoxx 50	3,258	0.0	1.8	7	0
IBEX	9,337	-0.8	1.6	7	-2
DAX	11,427	0.2	2.1	7	6
CAC	4,823	-0.2	1.3	7	4
MBI	18,969	-0.2	3.3	15	-11
ASE Athens	628	-1.8	-1.9	4	-1
MSCI Latam *	70,591	-0.5	-3.3	-2	19
Bovespa (Brazil)	57,800	-1.0	-2.3	-3	33
Moodi	45,222	0.2	-3.6	1	5
MSCI EM Europe *	4,945	0.1	1.4	10	16
Poland	1,925	0.3	2.2	10	-4
Misek (Russia)	2,216	-0.7	-0.5	8	26
Ise 100 (Turkey)	77,158	-0.6	1.2	3	8
MSCI EM Asia *	693	-0.1	-1.8	1	5
Shanghai Com (China)	3,118	-0.2	-1.1	-3	-12
Jakarta (Indonesia)	5,192	-1.2	-2.2	0	13
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	116.7	-0.7	-0.6	10	24
JPM	84.6	-0.4	-0.2	8	28
Citi	99.3	-0.8	-0.4	7	15
BoA	22.5	-0.9	-0.6	12	33
MS	42.4	-0.7	-1.3	6	33
GS	237.4	-0.6	0.1	13	32
EZ banks	101.3	-1.6	1.9	13	-6
BNP	60.5	-0.8	2.2	11	16
Credit Agricote	11.7	-1.4	1.5	9	8
Deutsche Bank	17.5	-4.5	1.5	17	-22
ING	13.5	-0.9	-1.2	5	8
Intesa	2.4	-0.7	2.4	15	-22
SG	46.4	-1.1	0.8	15	9
Unicredit	2.7	-4.5	13.1	37	-47
UK banks	84.6	-2.0	0.8	5	-4
Hsbc	658.0	-1.3	1.0	4	23
RBS	23.1	-2.0	4.3	7	-26
Barclays	222.1	-2.7	-2.4	4	1
Lloyds	62.6	-1.9	1.9	4	-14
Large Spanish banks	76.3	-1.7	1.1	10	1
Santander	4.9	-2.3	0.5	13	8
BBVA	6.5	-1.2	1.6	7	-4
Medium Spanish banks	22.0	-1.6	0.1	9	-13
Casabank	3.2	-1.4	-1.1	11	1
Popublr	1.0	0.6	0.3	19	-63
Sabadell	1.4	-1.6	0.4	7	-15
Bankinter	7.5	-1.5	-0.6	6	15
Bankia	1.0	-2.6	2.2	12	-9
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.04	-0.1	1.8	-12	-4
GBPUSD	1.24	-0.7	-2.1	0.0	-16
USDJPY	116.64	1.1	-1.4	5.9	-3
DKX	102.76	-0.2	1.7	-13	-4
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	15.81	0.6	1.4	-21	-22
USD BRL (Brazil)	3.37	0.4	-1.1	1.4	15
USD CUP (Cuba)	676.81	-0.5	-4.2	-0.2	-4
USD COP (Colombia)	3014	-0.2	-0.7	4.6	5
USD MXN (Mexico)	20.41	0.1	-1.0	0.1	-19
USD PEN (Peru)	3.40	0.0	-0.1	0.0	0
LACI	61.72	0.2	-1.1	0.5	-1
USD PLN (Poland)	4.23	-0.1	-1.1	-1.4	-8
USD RUB (Russia)	61.85	0.3	-1.4	4.7	15
USD TRY (Turkey)	3.53	-0.6	-1.6	-4.6	-21
USD CNY (China)	6.86	0.0	-0.8	-1.2	-7
USD INR (India)	67.88	-0.2	-0.7	-0.1	-3
USD IDR (Indonesia)	13,389	0.0	0.4	-0.1	3
ADXY	103.2	0.2	-0.8	-0.7	-3
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent	55.0	-0.4	-1.3	18	47
WTX	52.0	0.1	-1.6	14	40
Copper	249	-2.7	-4.6	0	17
Gold	1,142	0.6	-1.8	-6	8
S&P Spot commodity *	393	1.1	-0.7	10	26
S&P Brent Spot *	475	-2.0	-0.2	-1.0	-68
S&P Metals Spot *	312	-1.9	-1.7	3	23
S&P Agricultural *	293	-0.2	-1.4	-2	3

Source: Bloomberg, Datastream and Haver

\* With one day delay

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