

Market Comment | Optimism moderates in financial markets

Global Financial Markets Unit
26 Jan 2017

- Financial markets moderated yesterday's positive mood, after the remarkable episode of the Dow Jones closing above 20,000 for the first time in history. Today major global stocks were little changed, amid mixed earnings reports.
- **Sovereign bond yields rose significantly**, especially in the euro zone (Italy, France and Portugal), given a high supply schedule of new bonds. Political uncertainty also contributed to increases in yields, especially in Italy, where the constitutional court increased expectations of an early election ([see](#)).
- **The MXN swung between gains and losses** amid news flows related with US and Mexico. The **US president signed an executive order detailing his plans to build a physical wall along the southern border of the US** ([see](#)). Donald Trump also said that a strong economy in Mexico was very good for the US. Mexico's Prime Minister Enrique Peña Nieto and Donald Trump are expected to meet next week, although Trump threatened to cancel the meeting.
- **UK GDP growth beat expectations in Q4 2016** ([see](#)), being among the world's fastest growing advanced economies and confirming resilience to the Brexit vote.

Update 18 CET 26 January, 2017
Table 1

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
US (2-yr)	1.24	1.0	2.3	2	21
US	2.53	1.9	0.4	-3	29
GER (2-yr)	0.65	0.7	5.3	16	-30
Germany	0.48	2.0	10.5	28	8
France	1.03	5.8	16.7	36	9
Spain	1.57	3.1	9.2	18	-15
Italy	2.23	12.3	24.5	39	69
Portugal	4.12	13.5	23.9	31	157
Greece	6.91	3.6	-15.3	-31	-124
Japan (2-yr)	0.20	1.4	3.2	-3	-20
Japan	0.09	1.4	2.7	-17	-17
Emerging Markets	level	Daily	Weekly	Monthly	Year
Brazil	10.92	9.2	5.8	53	-549
Chile	4.20	-1.2	-1.4	-18	-45
Colombia	6.75	-3.3	-12.8	-34	-199
Mexico	7.60	-1.6	-9.0	2	138
Peru	6.09	-2.7	-8.3	-29	-143
Poland	3.94	17.8	24.3	49	78
Russia	8.46	8.9	22.4	6	-103
Turkey	11.02	-2.0	-12.0	-2	25
India	6.43	0.0	-5.1	-19	-130
Indonesia	7.61	5.0	1.1	-30	-121
Country Risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
10-yr sovereign spread vs Germany					
France	54	3.8	6.2	8	17
Italy	175	10.3	14.0	11	77
Portugal	364	11.5	13.4	3	165
Spain	109	1.1	-1.3	-10	-7
2-yr sovereign spread vs Germany					
France	18	-0.2	3.3	3	14
Italy	64	4.4	1.8	-1	28
Portugal	78	0.7	-5.1	-28	34
Spain	40	0.9	-3.8	-15	7
Emerging Markets	level	Daily	Weekly	Monthly	Year
5-yr sovereign CDS *					
Brazil	250	1	0	-24	-244
Chile	82	0	-2	-2	-49
Colombia	151	0	-1	-12	-90
Mexico	167	3	-10	11	5
Peru	108	1	0	-1	-80
Venezuela	3,372	54	-427	-502	-2788
Poland	71	0	1	-9	-1
Russia	182	2	0	13	-122
Turkey	270	3	9	12	-4
China	109	-3	-6	-9	1
India	114	-1	-4	-12	-36
Indonesia	146	-3	-6	-9	-84
Risk indicators (%)					
Volatility indicators (%)	level	Daily	Weekly	Monthly	Year
VIX	11	0.6	-15	-9	-10
VST OXX	16	-0.6	5	-7	-11
EM EFT volatility index	17	0.3	-9	-15	-36
Dollar Euro volatility	8	-2.7	-8	-23	-20
EM FX volatility index	11	0.3	-3	-6	-8
Credit spread (BAA) (bps)	221	-1.9	0	-3	-103
US bonds volatility index	77	2.0	-2	9	12
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	Year
US	71	-1.1	-2	-3	-4
EZ	103	-1.5	-5	-8	-19
UK	82	-3.6	-10	-12	4
Large Spanish	105	-4.0	-13	-17	-33
Medium Spanish	150	-1.3	-5	1	-10
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	Year
US Non-financial	149	-1.1	-2	-3	-4
EZ Non-financial	98	-1.5	-5	-9	-19
UK Non-financial	119	0	-4	-6	-75
Interbank markets (changes in bp)					
level	Daily	Weekly	Monthly	Year	
EONIA Index	-0.35	0.00	0.0	0.0	-0.1
Euribor 3m	-0.33	0.00	0.0	0.0	-0.2
Euribor 12m	-0.10	0.00	0.0	0.0	-0.2
Libor 3m	1.04	0.01	0.0	0.0	0.4
Libor 12m	1.72	0.01	0.0	0.0	0.5
EZ TED spread 3m	51.8	0.00	-3.8	-12.0	6.4
Stock markets (%)					
Indices	level	Daily	Weekly	Monthly	Year
S&P500	2,239	0.0	1.5	1	14
Dow Jones	20,105	0.2	1.9	1	17
Nikkei	19,402	1.8	1.7	0	5
FTSE 100	7,161	0.0	0.7	1	16
EuroStoxx 50	3,319	-0.2	0.9	1	5
IBEX	9,513	-0.4	1.4	1	2
DAX	11,849	0.4	2.2	3	15
CAC	4,897	-0.2	0.5	0	8
MIB	19,440	-0.7	-0.3	0	-6
ASE Athens	661	0.2	2.8	4	6
MSCI Latam *	77,245	0.1	2.7	10	39
Ibovespa (Brazil)	66,502	1.0	4.0	13	58
MoBIx	47,710	-1.2	3.1	5	13
MSCI EM Europe *	4,982	0.6	0.8	3	17
Poland	2,080	0.1	3.2	7	15
Micex (Russia)	2,229	2.4	3.1	2	29
Ne 100 (Turkey)	83,827	0.8	1.9	9	19
MSCI EM Asia *	723	0.5	1.1	7	9
Shanghai Com (China)	3,159	0.3	1.9	1	-4
Jakarta (Indonesia)	5,318	0.5	0.4	6	16
Banking Sector	level	Daily	Weekly	Monthly	Year
US banks					
JPM	86.6	0.6	3.9	-1	36
Citi	57.5	-0.4	1.4	-6	12
Bak	23.4	0.3	4.0	4	43
MS	44.3	1.0	4.3	3	41
GS	239.9	1.1	3.6	-1	35
EZ banks					
BNP	104.2	-0.5	2.3	2	-9
Crédit Agricole	61.6	-1.2	3.1	2	20
Crédit Agricole	12.5	0.3	1.3	6	18
Deutsche Bank	19.4	0.2	0.8	11	9
ING	13.7	0.3	3.2	1	12
Intesa	2.3	-2.2	8.5	-8	-25
SG	47.5	-0.5	4.0	2	15
Unicredit	29.2	-0.5	7.0	4	41
UK banks					
HSBC	88.5	1.1	2.2	4	4
HSBC	683.9	0.9	0.7	6	31
RIS	232.9	2.4	5.9	1	-21
Barclays	232.4	0.6	1.8	3	8
Lloyds	66.2	1.0	2.2	4	-7
Large Spanish banks					
Santander	79.1	0.5	5.1	4	8
Santander	5.4	-0.2	5.4	8	21
BBVA	6.4	-0.8	4.8	0	-3
Medium Spanish banks					
Celabank	73.6	-1.2	1.7	4	-10
CaixaBank	3.5	-1.5	9.5	11	9
Populr	1.0	-0.9	-0.1	7	-63
Sabadell	1.4	-1.0	1.5	1	-15
Bankinter	7.6	-1.4	0.7	2	17
Banella	1.0	-0.9	2.2	2	-5
Currencies (% ind for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.07	-0.7	0.1	21	-1
GBPUSD	1.26	-0.4	2.0	2.6	-14
USD JPY	114.60	-1.2	0.2	-2.4	-4
DX	100.64	0.6	0.5	2.3	-2
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	15.92	0.2	-0.1	-2.5	-21
USDBRL (Brazil)	3.19	-0.5	0.5	2.6	21
USDCLP (Chile)	649.99	-0.1	1.6	3.7	9
USDCOP (Colombia)	2943	-0.6	0.2	1.8	9
USDMXN (Mexico)	21.32	-1.2	2.9	-2.7	-23
USDPEN (Peru)	3.30	-0.2	0.5	2.2	4
LACI	62.45	-0.3	1.3	0.4	1
USDRPLN (Poland)	4.07	-0.5	0.7	3.3	-3
USDRUB (Russia)	60.47	-1.6	-1.0	0.3	17
USDTRY (Turkey)	3.66	-0.7	0.8	9.5	30
USD CNY (China)	6.88	0.0	-0.2	1.0	-5
USDINR (India)	68.08	0.0	0.1	0.0	-2
USDIDR (Indonesia)	13,332	0.2	0.3	0.8	4
ADXY	104.1	-0.3	0.1	1.3	-2
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	56.4	2.4	4.2	1	52
WTI	53.9	2.2	5.0	0	47
Copper	266	-1.4	2.4	6	29
Gold	1,183.7	-1.1	-1.4	4	-11
S&P Spot commodity *	398	-0.6	0.8	0	29
S&P Brent Spot *	472	-0.8	1.3	-2	47
S&P Metals Spot *	325	-0.8	1.9	8	32
S&P Agricultural *	305	-0.1	0.1	5	10

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Indonesia	141	-3	-6	-9	-84
Risk indicators					
Volatility indicators (%)					
level	Daily	Weekly	Monthly	Year	
VIX					
VIX	11	0.6	-15	-9	-10
VSTOXX	16	-0.6	5	-7	-11
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Euribor 12m	-0.10	0.00	0.0	0.0	-0.2
Libor 3m	1.04	0.01	0.0	0.0	0.4
Libor 12m	1.72	0.01	0.0	0.0	0.5
EZ TED spread 3m	51.8	0.00	-3.8	-12.0	6.4
Stock markets (%)					
Main indices					
level	Daily	Weekly	Monthly	Year	
S&P500	2,298	0.0	1.5	1	14
Dow Jones	29,195	0.2	1.9	1	17
Nikkei	19,402	1.8	1.7	0	5
FTSE 100	7,161	0.0	0.7	1	18
Euro Stoxx 50	3,319	-0.2	0.9	1	5
IBEX	9,513	-0.4	1.4	1	2
DAX	11,849	0.4	2.2	3	15
CAC	4,867	-0.2	0.5	0	8
MBI	19,440	0.7	0.3	0	6
ASE Athens	661	0.2	2.8	4	6
MSCI Latam *	77,245	0.1	2.7	10	30
Bovespa (Brazil)	66,502	1.0	4.0	13	58
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Poland	2,000	0.1	3.2	7	15
Mircz (Russia)	7,239	-2.4	3.1	2	29
Ise 100 (Turkey)	83,827	0.8	1.9	9	19
MSCI EM Asia *	723	0.5	1.1	7	9
Shanghai Com (China)	3,159	0.3	1.9	1	-4
Jakarta (Indonesia)	5,318	0.5	0.4	6	16
Banking sector					
level	Daily	Weekly	Monthly	Year	
US banks	118.8	0.5	3.4	0	29
JPM	86.6	0.6	3.8	-1	36
Citi	57.5	-0.4	1.4	-6	12
BoA	23.4	0.3	4.0	4	43
MS	44.3	1.0	4.3	3	41
GS	239.9	-1.1	3.6	1	35
EZ banks	104.2	-0.5	2.3	2	-1
BNP	61.6	-1.2	3.1	2	20
Credit Agricole	12.5	0.3	1.3	6	18
Deutsche Bank	19.4	0.2	9.8	11	-9
ING	13.7	0.3	3.2	1	12
Intesa	2.3	-2.2	8.5	-8	-25
SG	47.5	-0.5	4.0	2	15
Unicredit	29.2	-0.5	7.0	4	-41
UK banks	88.5	1.1	2.2	4	4
HSBC	683.9	0.9	0.7	6	31
RBS	232.9	2.4	5.8	1	-21
Barclays	232.4	0.6	1.8	3	8
Lloyds	66.2	1.0	2.2	4	-7
Large Spanish banks	79.1	-0.5	3.1	4	8
Santander	5.4	-0.2	5.4	8	21
BBVA	6.4	-0.8	4.8	0	-3
Medium Spanish banks	73.6	-1.2	1.7	4	-10
Cabobank	3.5	-1.5	5.5	11	9
Popular	1.0	-0.9	-0.1	7	-63
Sabadell	1.4	-1.0	1.5	1	-15
Banquepar	7.6	-1.4	0.7	2	17
Bankia	1.0	-0.9	2.2	2	-5
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EUR/USD	1.07	-0.7	0.1	2.1	-11
GBP/USD	1.26	-0.4	2.0	2.6	-14
USD/JPY	114.60	-1.2	0.2	-2.4	-4
DKY	100.64	0.6	-0.5	2.3	7
Emerging					
level	Daily	Weekly	Monthly	Year	
USD/ARS (Argentina)	15.92	0.2	-0.1	-2.5	-21
USD/BRL (Brazil)	3.19	-0.5	0.5	2.6	21
USD/CLP (Chile)	649.99	-0.1	1.6	3.7	9
USD/COP (Colombia)	2943	-0.6	0.2	1.8	8
USD/MXN (Mexico)	21.32	-1.2	2.9	-2.7	-23
USD/PEN (Peru)	3.30	-0.2	0.5	2.2	4
LACI	62.45	-0.3	1.3	0.4	1
USD/PLN (Poland)	4.07	-0.5	0.7	3.3	-3
USD/RUB (Russia)	60.47	-1.6	-1.0	0.3	17
USD/TRY (Turkey)	3.86	-0.7	-0.8	-9.5	-30
USD/CNY (China)	6.88	0.0	0.2	1.0	5
USD/INR (India)	68.08	0.0	0.1	0.0	-2
USD/IDR (Indonesia)	13,332	0.2	0.3	0.8	4
ADXY	104.1	-0.3	0.1	1.3	-2
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
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Gold	1,187	-1.1	-1.4	4	11
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Source: Bloomberg, Datastream and Haver

* With one day delay

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