

Market Comment | Encouraging US economic data decreased uncertainty

Global Financial Markets Unit
01 Feb 2017

- **Encouraging US economic data increased expectations of economic growth**, thereby pushing up both stock prices and sovereign bond yields. Simultaneously, **safe-haven asset prices decreased** across the board, partially reversing the recent safe-haven flow movement. Meanwhile, central banks are in the spotlight today ahead of **today's FOMC monetary policy decision**.
- Stock prices rose both in Europe and in the US, amid **signs of higher job creation in January in US** ([see](#)), an **increase in manufacturing activity in January in US** ([see](#)) and positive earnings reports. Additionally, China's manufacturing PMI (Jan) also laid out a better-than-expected picture ([see](#)).
- In line with upbeat economic data, **sovereign bond yields rose across the board**. At the same time, the French risk premium widened once again ahead of the elections, while the Spanish risk premium led the increases amid bond supply effects.
- Despite the strength of the USD today against other major currencies, **oil prices rose** and remained at the recent high levels on signs that Russia and OPEC are complying with previously agreed output cuts ([see](#)). Consequently, currencies of oil exporting countries slightly appreciated today.
- The GBP appreciated on reports that the **UK government will publish a Brexit white paper on Thursday** ([see](#)) and amid Brexit debates in the UK parliament.

Update 18.00 CET 01 February, 2017
Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	Year	
US (2-yr)	1.24	3.6	0.6	5	20	
US	2.49	3.5	2.3	4	25	
GER (2-yr)	0.72	-1.7	-6.1	5	-37	
Germany	0.47	-3.0	0.2	28	-10	
France	1.08	4.2	11.1	41	14	
Spain	1.68	7.8	13.6	34	-4	
Italy	2.31	5.0	20.1	57	76	
Portugal	4.20	0.8	21.4	49	165	
Greece	7.64	-17.5	76.6	51	-51	
Japan (2-yr)	0.22	-2.1	0.3	-4	-21	
Japan	0.10	2.4	5.2	-16	-16	
Emerging Markets	level	Daily	Weekly	Monthly	Year	
Brazil	10.90	-2.4	6.8	-34	-551	
Chile	4.22	0.1	0.7	-11	-44	
Colombia	6.84	-1.0	5.6	-27	-190	
Mexico	7.40	-1.0	21.3	-5	139	
Peru	6.04	1.0	-0.0	-43	-148	
Poland	3.88	-0.4	11.2	16	72	
Russia	8.32	-1.6	-7.9	-14	-120	
Turkey	10.66	-3.0	-38.0	-53	-111	
India	6.43	2.4	0.6	2	-129	
Indonesia	7.65	0.0	0.0	-32	-117	
Country Risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	Year	
10-yr sovereign spread vs Germany						
France	61	1.2	10.9	13	24	
Italy	185	2.0	19.9	29	86	
Portugal	373	-2.1	21.3	22	175	
Spain	121	4.8	13.4	7	6	
2-yr sovereign spread vs Germany						
France	24	2.1	6.0	13	20	
Italy	76	2.6	17.0	17	41	
Portugal	79	2.5	2.3	-4	36	
Spain	46	1.6	6.9	4	13	
Emerging Markets	level	Daily	Weekly	Monthly	Year	
5-yr sovereign CDS *						
Brazil	246	0	-3	-28	-247	
Chile	82	-2	0	-1	-49	
Colombia	153	-1	1	-10	-88	
Mexico	166	1	4	11	5	
Peru	110	1	3	2	-77	
Venezuela	3,487	104	169	-544	-2672	
Poland	71	0	0	-10	-2	
Russia	182	3	2	2	-122	
Turkey	264	1	3	5	-11	
China	112	0	1	-5	4	
India	118	0	3	-11	-33	
Indonesia	152	2	3	-4	-77	
Risk indicators						
Volatility indicators (%)	level	Daily	Weekly	Monthly	Year	
VIX	12	-0.9	10	-15	-9	
VST OXX	17	-4.2	6	-7	-10	
EM EFT volatility index	19	-0.5	9	-12	-30	
Dollar Euro volatility	8	-0.6	4	-25	-20	
EM FX volatility index	11	-0.5	0	-6	-8	
Credit spread (BAA) (bps)	219	-3.5	-4	-6	-105	
US bonds volatility index	73	0.2	6	1	5	
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	Year	
US	71	0.0	-1	-3	-4	
EZ	113	0.1	9	1	29	
UK	83	-0.8	-2	-9	6	
Large Spanish	110	-0.4	2	-11	-27	
Medium Spanish	153	1.8	1	1	8	
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	Year	
US Non-financial	148	0.0	-1	-3	-4	
EZ Non-financial	102	0.1	9	1	29	
UK Non-financial	117	0.0	-4	-8	-77	
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	1.03	0.00	0.0	0.0	0.4	
Libor 12m	1.71	-0.01	0.0	0.0	0.5	
EZTED spread 3m	50.1	-0.80	-1.7	-16.5	-4.7	
Stock markets (%)						
level	Daily	Weekly	Monthly	Year		
Americas						
S&P500	2,276	0.1	1.0	2	13	
Dow Jones	19,852	-0.1	-1.1	0	16	
Nikkei	19,148	0.6	0.5	0	4	
FTSE 100	7,108	0.1	0.8	0	17	
EuroStoxx 50	3,258	0.9	2.0	-2	3	
IBEX	9,318	0.0	-2.4	-1	0	
DAX	11,060	1.1	-1.2	1	13	
CAC	4,795	1.0	1.7	-2	6	
MIB	18,741	0.8	-4.3	-4	-10	
ASE Athens	619	1.2	-6.1	-4	0	
MSCI Latam *	75,628	0.2	0.5	23	23	
Ibovespa (Brazil)	65,086	0.6	-1.1	9	54	
Isovdex	46,812	-0.4	-3.0	2	11	
MSCI EM Europe *	5,013	-0.6	1.3	1	18	
Poland	2,079	1.1	0.0	6	15	
Micex (Russia)	2,232	0.6	2.6	0	29	
Ne 100 (Turkey)	86,848	0.6	4.5	12	23	
MSCI EM Asia *	723	-0.5	7.4	4	9	
Shanghai Com (China)	3,159	0.0	0.3	2	-4	
Jakarta (Indonesia)	5,327	0.5	0.7	1	16	
European Sector	level	Daily	Weekly	Monthly	Year	
US banks						
JPM	85.4	0.9	-0.7	-1	34	
Citi	56.4	1.0	-2.2	-5	10	
Bak	23.1	1.8	-1.4	4	40	
MS	42.9	1.0	-2.2	2	36	
GS	231.4	0.9	-2.5	-3	31	
EZ banks						
BNP	101.6	2.2	3.0	-1	3	
Crédit Agricole	60.6	2.5	2.8	0	18	
Diésche Bank	12.3	0.5	-1.4	4	16	
ING	19.2	-0.3	-1.1	9	11	
ING	13.5	1.8	-1.2	0	11	
Intesa	2.2	1.4	-4.3	-10	-26	
SG	46.0	1.7	-3.7	-2	11	
Unicredit	26.6	-0.7	-0.4	-5	-47	
UK banks						
HSBC	86.4	0.7	-1.4	2	1	
RIS	676.8	0.1	-0.1	3	30	
Barclays	224.2	1.1	-1.5	0	-24	
Barclays	222.1	1.2	-3.8	-1	4	
Lloyds	65.4	0.8	-0.2	5	-8	
Large Spanish banks						
Santander	76.6	-0.2	3.7	0	-4	
Santander	5.2	1.1	-3.1	4	18	
BBVA	6.2	-1.4	-4.3	-4	-6	
Medium Spanish banks						
Cáscas	73.1	0.8	-2.0	3	-10	
Caixabank	3.4	0.6	-4.4	7	6	
Populr	0.9	-1.2	-6.2	0	-65	
Sabadell	1.4	1.3	2.2	5	-13	
Banque	7.5	1.5	-1.6	2	17	
Banque	1.0	0.2	2.2	0	-6	
Currencies (% ind for currency depreciation)						
level	Daily	Weekly	Monthly	Year		
Eurozone						
EURUSD	1.08	-0.4	0.1	25	-1	
GBPUSD	1.26	0.5	0.0	2.9	-14	
USD JPY	113.29	-0.4	0.0	-3.6	-5	
DXF	99.86	0.3	-0.2	2.9	-1	
Emerging						
USDARS (Argentina)	15.81	0.6	0.9	0.8	-20	
USD BRL (Brazil)	3.15	-0.2	0.5	4.0	22	
USD CLP (Chile)	647.40	0.0	0.3	3.4	10	
USD COP (Colombia)	2907	0.6	0.7	3.2	10	
USD MXN (Mexico)	20.84	0.0	1.1	0.5	-20	
USD PEN (Peru)	3.27	0.1	0.7	3.0	4	
USDCAD	63.31	0.0	1.1	2.0	2	
USD PLN (Poland)	4.01	-0.2	1.0	5.0	-1	
USD RUB (Russia)	60.26	-0.1	-1.2	1.4	17	
USD TRY (Turkey)	3.78	-0.2	1.3	6.7	28	
USD CNY (China)	6.88	0.0	0.0	0.9	-5	
USD INR (India)	67.48	0.6	0.9	1.1	-1	
USD IDR (Indonesia)	13,368	0.0	-0.1	0.8	4	
ADXY	104.5	-0.1	0.1	1.7	-1	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
Brent						
WTX	53.4	1.1	1.2	-1	45	
Copper	271	-0.5	0.2	8	31	
Gold	1,205	-0.4	0.4	5	12	
S&P Spot commodity *	396	0.6	-0.5	-1	28	
S&P Brent Spot *	473	0.5	0.3	-2	48	
S&P Metals Spot *	327	2.2	0.4	9	32	
S&P Agricultural *	301	0.7	-1.3	3	8	

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Turkey	10.66	-3.0	38.0	-53	-11
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Peru	110	1	3	2	-77
Venezuela	3,407	104	169	-544	-2672
Poland	71	0	0	-10	-2
Russia	182	3	2	2	-122
Turkey	264	1	-3	-5	-11
China	112	0	1	-6	4
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Euribor 12m	-0.10	0.00	0.0	0.0	-0.2
Libor 3m	1.03	0.00	0.0	0.0	0.4
Libor 12m	1.71	-0.01	0.0	0.0	0.5
EZ TED spread 3m	50.1	-0.80	-1.7	-16.5	4.7
Stock markets (%)					
level	Daily	Weekly	Monthly	Year	
Main indices					
S&P500	2,276	-0.1	-1.0	2	13
Dow Jones	19,852	0.1	1.1	0	16
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MBI	18,741	0.8	-4.3	-4	-10
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Shanghai Com (China)	3,159	0.0	0.3	2	-4
Jakarta (Indonesia)	5,327	0.5	0.7	1	16
Banking sector					
level	Daily	Weekly	Monthly	Year	
US banks	115.8	1.2	-2.0	-1	26
JPM	85.4	0.9	-0.7	-1	34
CB	95.4	1.0	-2.2	-5	10
BoA	23.1	1.8	-1.4	4	40
MS	42.9	1.0	-2.2	2	36
GS	231.4	0.9	2.5	-3	31
EZ banks	101.6	2.2	-3.0	-1	-3
BNP	60.6	2.5	2.8	0	18
Credit Agricole	12.3	0.5	-1.4	4	16
Deutsche Bank	19.2	-4.3	-1.1	9	-11
ING	13.5	1.8	-1.2	0	11
Intesa	2.2	1.4	-4.3	-10	-26
SG	46.0	1.7	3.7	2	11
Unicredit	26.6	5.7	-9.4	-5	-47
UK banks	86.4	0.7	-1.4	2	1
HSBC	676.8	0.1	-0.1	3	30
RBS	224.2	1.1	-1.5	0	-24
Barclays	222.1	1.2	-3.8	-1	4
Lloyds	65.4	0.8	-0.2	5	-8
Large Spanish banks	76.6	-0.2	3.7	0	4
Santander	5.2	1.1	-3.1	4	18
BBVA	6.2	-1.4	-4.3	-4	-6
Medium Spanish banks	73.1	0.0	-2.0	3	-10
Cabobank	3.4	0.6	-4.4	7	6
Popular	0.9	-1.2	-6.2	0	-65
Sabadell	1.4	1.3	2.2	5	-13
Banquepar	7.5	1.5	1.6	2	17
Bankia	1.0	0.2	2.2	0	-6
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.08	-0.4	0.1	2.9	-11
GBPUSD	1.26	0.5	0.0	2.9	-14
USDJPY	113.29	-0.4	0.0	-3.6	-5
DKY	99.86	0.3	-0.2	2.3	1
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	15.81	0.6	0.9	0.5	-20
USDBRL (Brazil)	3.15	-0.2	0.5	4.0	22
USDCLP (Chile)	647.40	0.0	0.3	3.4	10
USDCOP (Colombia)	2907	0.6	0.7	3.2	10
USDMXN (Mexico)	20.84	0.0	1.1	-0.5	-20
USDPEN (Peru)	3.27	0.1	0.7	3.0	4
LACI	63.31	0.0	1.1	2.0	2
USDPLN (Poland)	4.01	-0.2	1.0	5.0	-1
USD RUB (Russia)	60.26	-0.1	-1.2	1.4	17
USDTRY (Turkey)	3.78	-0.2	1.3	6.7	-28
USDCNY (China)	6.88	0.0	0.0	0.9	5
USDINR (India)	67.48	0.6	0.9	1.1	-1
USDIDR (Indonesia)	13,368	0.0	-0.1	0.8	4
ADXY	104.5	-0.1	0.1	1.7	-1
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	56.3	1.0	2.2	-1	51
WTX	53.4	-1.1	1.2	-1	45
Copper	271	-0.5	0.2	8	31
Gold	1,205	-0.4	0.4	5	12
S&P Spot commodity *	396	0.6	-0.5	-1	28
S&P Brent Spot *	473	0.5	0.3	-2	48
S&P Metals Spot *	327	2.2	0.4	9	32
S&P Agricultural *	301	0.7	-1.3	3	8

Source: Bloomberg, Datastream and Haver

* With one day delay

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