

# Market Comment | Stronger USD and political uncertainty weighed on the EUR

Global Financial Markets Unit  
07 Feb 2017

- The risk-off sentiment triggered yesterday eased somewhat today, although **political uncertainty** persisted in Europe. Although no safe-haven flow was perceived, **the EUR and the GBP depreciated against the USD**.
- The **USD appreciated for a second day in a row**, after Philly Fed President said he would raise rates in March ([see](#)). Treasury yields also inched up. Moreover, US stocks rose amid another day of earnings reports. Regarding the US economy the **Atlanta Fed revised downwards the GDPNow model** forecast for Q117 US GDP growth (SAAR) **from 3.4% to 2.7%** ([see](#)).
- **Greek sovereign bond yields** rose extraordinarily, surpassing 9% for 2Y bonds for the first time since the summer of 2016, after the **IMF showed division** on Greece's bailout programme ([see](#)).
- The CNY depreciated after the publication of **China forex reserves**, showing their lowest level since 2011, below US\$3 trillion ([see](#)), fanning concerns on **currency weakness**.
- **Oil prices** continued in a **downward trend** as the declining OPEC oil production could be offset by increasing **US oil production and lower demand** ([see](#)).

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Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.10	0.8	4.2	-5	-6
US (2-yr)	2.39	-1.7	6.2	-3	0
GER (2-yr)	0.78	-0.3	7.8	-5	0
Germany	0.35	-1.7	8.3	6	8
France	1.11	-3.3	6.8	28	30
Spain	1.77	-2.1	16.7	23	33
Italy	2.36	-1.8	9.6	40	49
Portugal	4.23	-1.0	4.3	18	34
Greece	7.85	19.2	3.5	99	97
Japan (2-yr)	0.21	0.1	1.7	-1	-2
Japan	0.11	2.1	4.9	4	4
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	10.54	-2.5	-37.5	82	-67
Chile	4.16	0.0	-5.9	-3	-17
Colombia	6.76	-0.6	-9.1	-19	-33
Mexico	7.43	3.6	2.0	21	-21
Peru	6.14	2.0	10.8	-29	-34
Poland	3.82	4.4	-6.1	15	11
Russia	8.25	0.7	-7.8	-18	-19
Turkey	10.72	13.0	3.0	-26	-28
India	6.43	1.7	2.4	4	5
Indonesia	7.56	-1.0	9.1	-10	-28
Country Risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	75	-1.6	15.1	22	22
Italy	201	-0.1	17.9	34	41
Portugal	388	0.7	12.6	13	26
Spain	141	-0.4	25.0	17	26
2-yr sovereign spread vs Germany					
France	23	-1.6	1.4	11	13
Italy	81	-1.9	7.1	16	20
Portugal	84	-1.6	7.4	-10	2
Spain	52	-0.4	7.2	5	4
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	235	-1	-12	-16	-37
Chile	77	1	-7	-1	-5
Colombia	144	0	-9	-7	-19
Mexico	156	1	9	-7	-1
Peru	104	1	6	0	-4
Venezuela	3,397	-39	13	-290	-508
Poland	70	0	-1	0	-5
Russia	174	0	-5	5	-2
Turkey	242	-2	20	24	30
China	105	0	6	-6	-12
India	113	-3	5	-11	-14
Indonesia	142	-1	8	-3	-14
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	11	-1.1	-6	-1	-1
VST OXX	17	2.3	-3	10	0
EM EFT volatility index	17	1.9	-8	-11	-16
Dollars vs volatility	8	-0.0	-3	-17	-24
EM FX volatility index	10	-1.0	-4	-7	-7
Credit spread (BAA) (bps)	228	1.7	5	2	1
US bonds volatility index	68	0.2	-7	-10	-12
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	67	-0.2	4	-4	-5
EZ	116	7.2	3	9	8
UK	83	-2.1	-1	-7	-7
Large Spanish	109	7.8	-1	-7	-8
Medium Spanish	155	-1.1	4	7	3
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	145	-0.2	-4	-4	-5
EZ Non-financial	103	7.2	3	9	8
UK Non-financial	118	4	0	-6	-7
Interbank markets (changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EONIA Index	-0.35	0.00	0.0	0.0	0.0
Euribor 3m	-0.33	0.00	0.0	0.0	0.0
Euribor 12m	-0.10	0.00	0.0	0.0	0.0
Libor 3m	1.04	0.00	0.0	0.0	0.0
Libor 12m	1.71	-0.01	0.0	0.0	0.0
EZTED spread 3m	50.8	-1.60	0.7	-15.0	-15.6
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Americas					
S&P500	2,296	0.1	0.7	1	1
Dow Jones	20,100	0.2	1.2	1	1
Nikkei	18,911	-0.3	0.7	-3	-3
FTSE 100	7,187	0.2	1.2	0	0
EuroStoxx 50	3,237	0.0	0.2	-3	-2
IBEX	9,333	-0.3	0.2	-2	-1
DAX	11,559	0.4	0.2	0	0
CAC	4,794	-0.5	0.1	-3	-3
MIB	18,675	-0.1	0.5	-5	-5
ASE Athens	623	0.4	1.9	-6	-5
MSCI Latam *	75,412	0.9	0.1	2	3
Ibovespa (Brazil)	64,480	0.8	0.3	5	5
MoBI	46,739	-1.0	0.6	1	0
MSCI EM Europe *	5,038	-0.6	0.3	1	1
Poland	2,087	-0.1	1.4	4	4
Micex (Russia)	2,219	0.4	0.1	0	-2
Ne 100 (Turkey)	87,477	0.1	1.4	13	15
MSCI EM Asia *	730	0.8	0.6	3	5
Shanghai Com (China)	3,153	-0.1	-0.2	0	0
Jakarta (Indonesia)	5,581	0.4	1.5	1	2
European sector	level	Daily	Weekly	Monthly	YTD
US banks					
JPM	87.0	0.2	2.8	1	0
Citi	57.6	-0.2	3.1	-5	-6
BaK	23.1	0.0	2.1	2	1
MS	44.8	0.3	5.3	2	3
GS	240.6	0.3	4.9	-2	-1
EZ banks					
BNP	97.6	-2.0	1.9	-7	-5
Crédit Agricole	11.7	-2.3	-4.6	-5	-5
Deutsche Bank	18.4	-0.6	0.1	0	1
ING	13.7	0.2	3.1	-2	-2
Intesa	2.1	-1.8	-1.2	-16	-16
SG	43.5	-2.8	-3.9	-8	-10
Unicredit	12.3	0.5	2.7	-13	-13
UK banks					
HSBC	87.6	0.1	2.1	-1	0
RIS	697.8	0.2	1.7	3	3
Barclays	226.5	-0.4	3.2	-4	-4
Lloyds	66.1	0.1	1.8	0	2
Large Spanish banks					
Santander	75.5	-1.0	1.6	4	-3
BBVA	5.1	-1.9	-0.5	-1	0
Mediana Spanish banks	6.1	-0.1	2.6	-7	-6
Celabank	71.5	-0.9	-1.3	-3	-2
Popular	3.4	-1.8	0.5	3	4
Sabadell	0.8	-0.2	-11.4	-16	-14
Banque	1.4	1.8	3.9	4	5
Banesto	7.2	-2.3	2.7	-4	-4
Banika	1.0	-0.8	2.6	-8	-7
Currencies (% ind for currency depreciation)					
level	Daily	Weekly	Monthly	Year	
Eurozone					
EURUSD	1.07	-0.5	1.0	1.5	2
GBPUSD	1.25	0.0	0.9	1.5	1
USD JPY	112.14	-0.4	0.6	-4.2	-4
DX	100.32	0.4	0.8	1.9	2
Emerging					
USDARS (Argentina)	15.68	0.6	1.4	0.8	3
USDBRL (Brazil)	3.13	-0.2	0.7	3.0	3
USDCLP (Chile)	647.33	-1.1	0.0	3.1	4
USDCOP (Colombia)	2862	-0.2	2.1	2.1	4
USDMXN (Mexico)	20.64	-0.4	0.9	2.8	4
USDPEN (Peru)	3.29	-0.2	0.6	2.6	3
USCNY (China)	63.79	-0.2	0.6	2.7	4
USDRPLN (Poland)	4.02	-0.6	-0.4	2.8	3
USDRUB (Russia)	59.29	-0.6	1.5	0.6	2
USDTRY (Turkey)	3.74	1.4	1.4	2.6	6
USDCNY (China)	6.89	-0.3	0.0	0.6	1
USDINR (India)	67.41	-0.3	0.7	0.8	1
USDIDR (Indonesia)	13,329	-0.1	0.3	0.3	1
ADXY	104.6	-0.4	0.1	1.4	1
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
WTI	52.1	-1.8	-1.4	-4	-2
Copper	264	-0.2	2.9	4	4
Gold	1,234	-0.1	1.9	5	6
S&P Spot commodity *	397	-0.9	0.2	0	0
S&P Brent Spoz *	474	-1.9	0.3	-2	-1
S&P Metals Spot *	324	0.7	0.9	6	6
S&P Agricultural *	304	-0.4	1.0	2	1







Debt markets (% changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.16	0.8	-4.7	-5	-6
US	2.39	-1.7	6.2	-3	7
GER (2-yr)	0.78	-0.3	-7.8	-5	0
Germany	0.35	-1.7	-8.3	6	8
France	1.11	-3.3	6.8	28	30
Spain	1.77	-2.1	16.7	23	33
Italy	2.36	-1.8	9.6	40	49
Portugal	4.23	-1.0	4.3	16	34
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Japan (2-yr)	-0.21	0.1	-1.7	-1	-2
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Emerging Markets					
Brazil	10.54	2.6	-37.5	-87	-87
Chile	4.16	0.0	3.9	-3	-17
Colombia	6.76	-0.6	-9.1	-19	-33
Mexico	7.43	1.8	2.0	-21	-21
Peru	6.14	2.0	10.8	-29	-34
Poland	3.82	4.4	-6.1	15	11
Russia	8.25	0.7	-7.9	-18	-19
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Interbank markets (% changes in bp)					
EONIA Index	-0.35	0.00	0.0	0.0	0.0
Euribor 3m	-0.33	0.00	0.0	0.0	0.0
Euribor 12m	-0.10	0.00	0.0	0.0	0.0
Libor 3m	1.04	0.00	0.0	0.0	0.0
Libor 12m	1.71	-0.01	0.0	0.0	0.0
EZTED spread 3m	50.8	1.00	0.7	15.0	15.6
Stock markets (%)					
Main indices					
S&P500	2,296	0.1	0.7	1	1
Dow Jones	20,100	0.2	1.2	1	1
Nikkei	18,911	-0.3	-0.7	-3	-3
FTSE 100	7,187	-0.2	1.2	0	0
EuroStoxx 50	3,237	0.0	0.2	-3	-2
IBEX	9,333	-0.3	0.2	-2	-1
DAX	11,559	0.4	0.2	0	0
CAC	4,754	-0.5	0.1	-3	-3
MI8	18,675	-0.1	0.5	-5	-5
ASE Athens	621	0.4	1.9	-6	-5
MSCI Latin*	75,412	-0.9	-0.1	2	3
Ibovespa (Brazil)	64,480	0.8	-0.3	5	5
Mexbol	46,739	-1.0	-0.6	1	0
MSCI EM Europe*	5,028	-0.6	0.3	1	-1
Poland	2,087	-0.1	1.4	4	4
Micex (Russia)	2,219	0.4	0.1	0	-2
Ise 100 (Turkey)	87,477	0.1	1.4	13	15
MSCI EM Asia*	730	0.8	0.5	3	5
Shanghai Com (China)	3,153	-0.1	-0.2	0	0
Jakarta (Indonesia)	5,381	0.4	1.5	1	2
Banking sector					
US banks	118.8	0.1	3.8	-1	1
JPM	87.0	0.2	2.8	1	0
Citi	57.6	-0.2	3.1	-5	-6
BAC	23.1	0.0	2.1	2	1
MS	44.8	0.3	5.3	2	3
GS	240.6	0.3	4.9	-2	-1
EZ banks	97.6	-2.0	-1.9	-7	-8
BNP	57.1	-4.8	-3.5	-9	-9
Crédit Agricole	11.7	-2.3	-4.6	-5	-5
Deutsche Bank	18.4	-0.6	-0.1	0	1
ING	13.7	0.2	3.1	-2	-2
Intesa	2.1	-1.8	-1.2	-16	-16
SG	43.5	-2.8	-3.9	-8	-10
Unicredit	12.3	0.5	-2.7	-13	-13
UK banks	87.6	0.1	2.1	-1	0
HSBC	687.8	0.2	1.7	3	3
RBS	225.6	0.8	1.7	-3	-4
Barclays	226.5	0.4	3.2	4	4
Lloyds	66.1	0.1	1.8	0	2
Large Spanish banks	75.5	-1.0	-1.6	-4	-3
Santander	5.1	-1.9	-0.5	-1	0
BBVA	6.1	-0.1	-2.6	-7	-6
Medium Spanish banks	71.5	-0.9	-1.3	-3	-2
Cajabank	3.4	-1.8	0.5	3	4
Popular	0.8	-0.2	-11.4	-16	-14
Sabadell	1.4	1.8	3.9	4	5
Bankinter	7.2	-2.3	-2.7	-4	-4
Bankia	1.0	-0.8	2.6	8	-7
Currencies (% incl for currency depreciation)					
Developed					
EURUSD	1.07	-0.5	-1.0	1.5	2
GBPUSD	1.25	0.0	-0.9	1.5	1
USDJPY	112.14	-0.4	0.6	-4.2	-4
DXY	100.32	0.4	0.8	1.9	2
Emerging					
USDARS (Argentina)	15,680	0.0	1.4	0.0	3
USDBRL (Brazil)	3.13	-0.2	0.7	3.0	3
USDCLP (Chile)	647.33	-1.1	0.0	3.1	4
USDCOP (Colombia)	2862	-0.2	2.1	2.1	4
USDMXN (Mexico)	20.64	-0.4	0.9	2.6	4
USDPEN (Peru)	3.29	-0.2	-0.6	2.6	3
LACI	63.79	-0.2	0.8	2.7	4
USDPLN (Poland)	4.02	-0.6	0.4	2.8	3
USD RUB (Russia)	59.29	-0.6	1.5	0.6	2
USDTRY (Turkey)	3.74	-1.4	1.0	-2.5	-5
USD CNY (China)	6.89	-0.3	0.0	0.6	1
USD INR (India)	67.41	-0.3	0.7	0.8	1
USD IDR (Indonesia)	13,329	-0.1	0.3	0.3	1
ADXY	104.6	-0.4	-0.1	1.4	1
Commodities (%)					
Brent	54.9	-1.5	-1.4	-4	-3
WTX	52.1	-1.8	-1.4	-4	-2
Copper	264	-0.2	-2.9	4	4
Gold	1,234	-0.1	1.9	5	6
S&P Spot commodity*	397	-0.9	0.2	0	0
S&P Brent Spot*	474	-1.9	-0.3	-2	-1
S&P Metals Spot*	324	0.7	-0.9	6	6
S&P Agricultural*	304	-0.4	1.0	2	1

Source: Bloomberg, Datastream and Haver

\* With one day delay

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