

# Market Comment | Oil prices trigger volatility ahead of FOMC meeting and Dutch elections

Global Financial Markets Unit

14 Mar 2017

- Financial markets showed a **slight risk-aversion** sentiment, as global stocks declined, dragged down by **oil-sensitive stocks**, while safe-haven asset prices edged up. Nonetheless, bond markets were little changed ahead of tomorrow's **Dutch elections** (a test for European populism) and **FOMC meeting** (markets fully priced in a 25 bps rate hike). Moreover, economic data brought no significant surprises: inflation in February was confirmed at 3% in Spain and at 2.2% in Germany, while the ZEW economic sentiment indicator was better than expected for the euro zone but lower than expected in Germany.
- **OPEC's report on oil supply intensified the recent downward trend in oil prices** - Brent is hovering around the US\$50 threshold - and dragged down prices of assets and commodity currencies. The OPEC report blamed non-OPEC production (mainly from the US and Europe) for the increase in oil supply ([see](#)).
- **The GBP depreciated amid political uncertainty in the UK.** The UK government is ready to trigger Article 50 in the coming days, with the need for parliament's approval ([see](#)) and the announcement that Scotland will seek a second independence referendum ([see](#)) being the main sources of uncertainty.
- **China's economic data remained supportive in February.** The latest data releases point to another month of strong growth. In particular, fixed asset investments and industrial production strengthened in February, while trade figures improved in line with an upturn in global activity. ([see](#))

Update 18 CET 14 March, 2017

Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.37	0.1	4.5	18	16	
US	2.59	-3.3	7.5	19	5	
GER (2-yr)	0.81	0.0	6.3	-2	-4	
Germany	0.45	-2.2	13.0	13	17	
France	1.10	0.2	13.2	4	29	
Spain	1.88	-2.4	14.4	18	45	
Italy	2.36	-0.8	16.3	8	49	
Portugal	3.98	-3.4	0.8	-13	9	
Greece	7.29	8.2	8.3	-10	41	
Japan (2-yr)	0.26	-0.4	3.3	-5	-7	
Japan	0.10	2.1	0.5	3	3	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
Brazil	10.31	9.7	6.4	-3	-111	
Chile	4.32	-0.3	11.7	14	0	
Colombia	7.03	-2.2	-9.6	34	-6	
Mexico	7.34	-0.3	2.7	2	-30	
Peru	6.06	-1.0	-7.2	-6	-41	
Poland	3.75	2.3	4.8	-9	3	
Russia	8.19	-5.0	6.3	-5	-26	
Turkey	11.08	8.0	21.0	38	8	
India	6.90	-0.1	6.9	10	52	
Indonesia	7.44	-3.8	0.7	6	-40	
Country Risk (bp, changes in bp)						
Developed Markets						
1-yr sovereign spread vs Germany						
level	Daily	Weekly	Monthly	YTD		
France	65	2.4	0.2	-9	11	
Italy	191	1.5	3.4	-4	31	
Portugal	353	-1.2	-12.2	-26	-9	
Spain	143	-0.2	1.4	5	28	
2-yr sovereign spread vs Germany						
France	35	-0.2	1.1	9	25	
Italy	83	-1.1	0.7	5	22	
Portugal	82	-5.0	-6.5	-5	0	
Spain	69	-4.3	-1.3	17	21	
Emerging Markets						
5-yr sovereign CDS *						
level	Daily	Weekly	Monthly	YTD		
Brazil	229	-2	14	-1	-43	
Chile	75	0	5	-3	-7	
Colombia	137	0	8	-8	-26	
Mexico	138	0	9	-14	-18	
Peru	102	1	6	-2	-6	
Venezuela	3,380	42	168	-18	-525	
Poland	65	-1	-1	-5	-10	
Russia	170	1	9	-6	-6	
Turkey	232	1	6	-16	-40	
China	88	-1	-2	-17	-29	
India	99	0	-2	-12	-28	
Indonesia	130	-1	1	-9	-26	
Risk indicators						
Volatility indicators (%)						
level	Daily	Weekly	Monthly	YTD		
VIX	12	9.3	8	14	1	
VST OXX	16	2.5	4	6	0	
EM EFT volatility index	16	3.8	-6	-3	-22	
Dollar Euro volatility	7	-1.8	-3	-13	-22	
EM FX volatility index	9	-0.7	1	-8	-16	
Credit spread (BAA) (bps)	220	3.3	5	-7	-7	
US bonds volatility index	66	0.0	-1	-6	-14	
Banking S&P CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US	60	0.4	1	-8	-12	
EZ	105	1.5	-1	-8	-2	
UK	72	0.7	0	-12	-19	
Large Spanish	108	1.2	3	-5	-9	
Medium Spanish	159	-0.8	0	2	7	
Government S&P CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US Non-financial	142	0.4	1	-8	-12	
EZ Non-financial	98	1.5	-1	-9	-2	
UK Non-financial	112	0.3	2	-6	-13	
Interbank markets (% changes in bp)						
level	Daily	Weekly	Monthly	YTD		
EOBNA Index	-0.35	0.00	0.0	0.0	0.0	
Euro3m	-0.33	0.00	0.0	0.0	0.0	
Barclay 12m	-0.11	0.00	0.0	0.0	0.0	
Libor 3m	1.13	0.01	0.0	0.1	0.1	
Libor 12m	1.82	0.00	0.0	0.1	0.1	
EZTED spread 3m	58.0	0.30	4.8	8.5	8.4	
Stock markets (%)						
Index indices						
level	Daily	Weekly	Monthly	YTD		
S&P500	2,382	0.5	0.3	2	4	
Dow Jones	20,823	-0.3	0.5	3	4	
Nikkei	19,610	-0.1	1.4	1	0	
FTSE 100	7,357	-0.1	0.2	1	2	
EuroStoxx 50	3,398	-0.5	0.4	4	2	
IBEX	9,902	-0.9	1.0	6	5	
DAX	11,988	0.0	0.2	3	2	
CAC	4,969	-0.6	0.3	3	1	
MIB	19,542	-0.8	0.4	4	0	
ASE Athens	639	-1.9	0.7	2	-3	
MSCI Latam *	76,375	1.0	1.2	0	4	
Ibovespa (Brazil)	65,546	0.0	0.3	-1	6	
Mobd	46,974	-0.3	0.9	-2	1	
MSCI EM Europe *	4,834	0.9	1.6	3	-4	
Poland	2,238	-0.2	1.7	4	12	
Micex (Russia)	2,001	0.1	-1.2	-7	-12	
Ne 100 (Turkey)	89,137	-0.3	-1.8	2	17	
MSCI EM Asia *	747	-1.1	1.0	2	7	
Shanghai Com (China)	3,239	0.1	-0.1	1	3	
Jakarta (Indonesia)	5,432	0.8	0.4	1	3	
Banking Sector						
level	Daily	Weekly	Monthly	YTD		
US banks	124.7	-0.7	0.5	5	5	
JPM	91.2	-0.2	0.2	5	5	
Citi	61.2	-0.6	1.1	6	0	
BaK	25.1	0.6	0.3	9	10	
MS	45.9	-0.8	-0.9	3	5	
GS	246.3	-0.8	-1.8	1	1	
EZ banks	103.9	-1.6	3.1	8	-2	
BNP	59.8	-2.3	1.6	7	-5	
Crédit Agricole	12.3	-1.7	1.9	8	0	
Deutsche Bank	18.2	-1.0	4.9	2	0	
ING	14.3	-1.7	3.5	7	-3	
Intesa	2.4	-1.6	3.8	13	-5	
SG	46.9	-1.6	3.9	11	-3	
Unicredit	14.1	-0.7	2.8	12	1	
UK banks	88.1	-1.2	0.1	0	0	
HSBC	670.2	-0.3	0.8	-2	0	
RIS	235.5	-2.4	-1.4	3	0	
Barclays	226.7	-1.5	-0.2	-1	-4	
Lloyds	67.8	-1.1	0.4	3	5	
Large Spanish banks	81.6	-1.5	2.3	10	5	
Santander	5.4	-1.8	1.4	6	4	
BBVA	6.8	-1.3	3.1	14	5	
Medium Spanish banks	76.4	-0.9	4.0	7	5	
Cálabank	3.7	-0.9	7.8	12	14	
Populr	0.9	-2.4	5.4	7	-8	
Sabadell	1.6	-1.2	4.7	7	16	
Bankinter	7.4	-0.5	0.5	2	-2	
BanKia	1.0	-0.7	4.0	8	0	
Currencies (% ind for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
EURUSD	1.06	-0.1	0.7	0.0	1	
GBPUSD	1.22	-0.5	0.3	-2.6	-1	
USDJPY	114.59	0.3	0.5	1.2	-2	
DKK	101.49	0.2	-0.3	-0.2	1	
Emerging						
level	Daily	Weekly	Monthly	Year		
USDARS (Argentina)	15.55	-0.1	0.0	-0.1	3	
USD BRL (Brazil)	3.16	-0.4	-1.5	-1.6	2	
USD CLP (Chile)	669.02	-0.3	1.5	4.6	0	
USD COP (Colombia)	2994	-0.3	-1.3	-4.9	-1	
USDMXN (Mexico)	19.64	-0.1	0.7	3.5	8	
USD PEN (Peru)	3.28	0.0	0.2	-1.0	-3	
LACI	64.20	-0.2	-1.0	-0.3	1	
USD PLN (Poland)	4.06	0.0	0.2	-0.7	2	
USD RUB (Russia)	59.39	-1.0	-2.1	-1.9	2	
USD TRY (Turkey)	3.74	0.0	1.7	-1.2	-6	
USD CNY (China)	6.92	0.0	-0.2	-0.5	0	
USD INR (India)	65.82	1.2	1.3	1.6	3	
USD IDR (Indonesia)	13,370	-0.1	0.1	-0.4	-1	
ADXY	104.5	0.0	0.0	0.1	1	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
Brent	50.4	-1.0	-9.8	-11	-11	
WTI	47	-2.3	-11.0	-12	-11	
Copper	263	0.7	0.9	-5	-3	
Gold	1285	0.1	0.9	-2	-4	
S&P Spot commodity *	380	0.0	-4.3	-7	-4	
S&P Brent Spoz *	439	0.0	-7.8	-9	-9	
S&P Metals Spoz *	323	0.9	0.4	-3	6	
S&P Agricultural *	296	-0.8	-3.0	-6	-1	



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China	88	-1	-2	-17	-29
India	99	0	-2	-12	-28
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Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	12	9.3	8	14	1
VSTOXX	16	2.5	4	6	0
EM EFT volatility index	16	3.8	6	-3	-22
Dollar/euro volatility	7	-1.8	-3	-13	-32
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US bonds volatility index	66	-3.0	-1	-6	-14
Banking S&P CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	60	0.4	1	-8	-12
EU	105	1.5	-1	-9	-2
UK	72	0.7	0	-12	-19
Large Spanish	108	1.2	3	-5	-9
Medium Spanish	159	-0.8	0	2	7
Corporate S&P CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	142	0.4	1	-8	-12
EU Non-financial	98	1.5	-1	-9	-2
UK Non-financial	112	0.3	2	-6	-13
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	-0.11	0.00	0.0	0.0	0.0
Libor 3m	1.13	0.01	0.0	0.1	0.1
Libor 12m	1.82	0.00	0.0	0.1	0.1
EZ TED spread 3m	58.0	0.30	4.8	8.9	-8.4
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,362	-0.5	-0.3	2	4
Dow Jones	29,823	0.3	0.5	3	4
Nikkei	19,610	-0.1	1.4	1	0
FTSE 100	7,357	-0.1	0.2	1	2
Eurostoxx 50	3,338	-0.5	0.4	4	2
IBEX	9,902	-0.9	1.0	6	5
DAX	11,988	0.0	0.2	3	3
CAC	4,969	-0.6	0.3	3	1
MBI	19,542	0.8	0.4	4	0
ASE Athens	639	-1.9	-0.7	2	-3
MSCI Latam *	76,375	1.0	-1.2	0	4
Bovespa (Brazil)	65,546	0.0	0.3	-1	6
Moodi	46,974	-0.3	-0.9	-2	1
MSCI EM Europe *	4,834	0.9	-1.6	-3	-4
Poland	2,238	-0.2	1.7	4	12
Misc (Russia)	2,901	0.1	-1.2	-7	-12
Ise 100 (Turkey)	89,137	-0.3	-1.8	2	17
MSCI EM Asia *	747	1.1	1.0	2	7
Shanghai Com (China)	3,239	0.1	-0.1	1	3
Jakarta (Indonesia)	5,432	0.8	0.4	1	3
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	124.7	-0.7	-0.5	5	4
JPM	91.2	-0.2	-0.2	5	5
Citi	61.2	-0.6	1.1	6	0
BoA	25.1	-0.6	-0.3	9	10
MS	45.9	-0.8	-0.9	3	5
GS	246.3	0.8	1.8	1	1
EZ banks	103.9	-1.6	3.1	8	-2
BNP	99.8	-2.3	1.6	7	-5
Credit Agricole	12.3	-1.7	1.9	8	0
Deutsche Bank	18.2	-1.0	4.9	2	0
ING	14.3	-1.7	3.5	7	3
Intesa	2.4	-1.6	3.8	13	-5
SG	46.9	-1.6	3.9	11	-3
Unicredit	14.1	-0.7	2.8	12	1
UK banks	88.1	-1.2	0.1	0	0
HSBC	670.2	-0.3	0.8	-2	0
RBS	235.5	-2.4	1.4	3	0
Barclays	226.7	-1.5	-0.2	-1	-4
Lloyds	67.8	-1.1	0.4	3	5
Large Spanish banks	81.6	-1.5	2.3	10	5
Santander	5.4	-1.8	1.4	6	4
BBVA	6.8	-1.3	3.1	14	5
Medium Spanish banks	76.4	-0.9	4.0	7	5
Cajabank	3.7	-0.9	2.8	12	14
Popular	0.9	-2.4	5.4	7	-8
Sabadell	1.6	-1.2	4.7	7	16
Bankinter	7.4	0.5	0.5	2	-2
Bankia	1.0	-0.7	4.0	8	0
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EUR/USD	1.06	-0.1	0.7	0.0	1
GBP/USD	1.22	-0.5	-0.3	-2.6	-1
USD/JPY	114.59	0.3	-0.5	1.2	-2
DKK	101.49	0.2	-0.3	-0.7	1
Emerging	level	Daily	Weekly	Monthly	Year
USD/ARS (Argentina)	15.55	-0.1	0.0	-0.1	3
USD/BRL (Brazil)	3.16	-0.4	-1.5	-1.6	2
USD/CLP (Chile)	669.02	-0.3	-1.5	-4.6	0
USD/COP (Colombia)	296.4	-0.3	1.3	-4.9	-1
USD/MXN (Mexico)	19.64	-0.1	-0.7	3.5	8
USD/PEN (Peru)	3.28	0.0	0.2	-1.0	3
LACI	64.20	-0.2	-1.0	-0.3	4
USD/PLN (Poland)	4.06	0.0	0.2	-0.7	2
USD/RUB (Russia)	59.39	-1.0	-2.1	-1.9	2
USD/TRY (Turkey)	3.74	0.0	-1.7	-1.2	-5
USD/CNY (China)	6.82	0.0	0.2	-0.5	0
USD/INR (India)	65.82	1.2	1.3	1.6	3
USD/IDR (Indonesia)	13,370	-0.1	-0.1	0.4	1
ADXY	104.5	0.0	0.0	-0.1	1
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	50.4	-1.8	-9.8	-11	-11
WTX	47	-2.3	-11.0	-12	-11
Copper	263	0.7	0.9	-5	3
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S&P Spot commodity *	380	0.0	-4.3	-7	-4
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S&P Metals Spot *	323	0.9	0.4	-3	6
S&P Agricultural *	296	-0.8	-3.0	-6	-1

Source: Bloomberg, Datastream and Haver

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\* With one day delay

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