

# Market Comment | Steady financial markets ahead of FOMC decision

Global Financial Markets Unit  
03 May 2017

- **Investors showed cautiousness ahead of the FOMC's decision later today**, as reflected in financial markets' performance: the USD nudged up, stock prices were little changed and sovereign bond yields inched down. Nonetheless, no significant changes are expected, but the statement will be scrutinized for **further hints of coming interest rate hikes or plans for reducing the balance sheet**.
- **The USD inched up on the back of slightly encouraging economic data**: the US private sector added slightly more jobs than estimated in April ([see](#)), while the US ISM Non-manufacturing PMI (April) was well-above expectations.
- **Oil prices swung between gains and losses** on the back of a mix of news flows ([see](#)). Firstly, OPEC deepened production cuts in April, while Russia backed an extension of the production cut deal. Secondly, US crude oil inventories declined less than previously expected.
- Sovereign bond yields inched down ahead of the **last electoral debate between Emmanuel Macron and Marine Le Pen later today** ([see](#)), which, although investors expect a comfortable victory for Mr Macron, may mobilize some undecided electorate for next Sunday's run-off.

Update 18:00 CET 03 May, 2017  
Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.28	2.0	0.6	5	6	
US	2.29	0.9	1.4	-3	-15	
GER (2-yr)	0.72	0.3	-3.0	9	6	
Germany	0.32	-0.4	2.8	5	5	
France	0.81	-1.3	8.5	-15	-1	
Spain	1.61	-4.4	8.9	-3	10	
Italy	2.26	-4.6	5.1	6	39	
Portugal	3.46	-10.0	-11.0	-45	-71	
Greece	6.01	1.6	-40.0	-101	-88	
Japan (2-yr)	0.20	0.0	0.9	-4	-1	
Japan	0.02	0.5	5.4	-4	-4	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
Brazil	10.14	6.9	-19.1	15	-127	
Chile	4.00	-0.1	-1.1	-6	-32	
Colombia	6.13	-2.1	-18.3	-47	-97	
Mexico	7.16	-1.3	-12.2	10	-47	
Peru	5.49	-2.2	-25.7	-29	-98	
Poland	3.47	0.0	0.4	4	-25	
Russia	7.78	-0.3	-0.6	-30	-67	
Turkey	10.12	-10.0	-11.0	-53	-88	
India	6.95	-3.3	0.2	30	57	
Indonesia	7.04	-1.1	0.8	0	-60	
Country Risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
<b>1-yr sovereign spread vs Germany</b>						
France	40	-0.9	-5.7	-19	-5	
Italy	194	-4.2	-2.3	-11	34	
Portugal	314	-9.6	8.2	-49	-48	
Spain	129	-4.0	-6.1	-8	13	
<b>2-yr sovereign spread vs Germany</b>						
France	27	-1.0	-1.1	-20	16	
Italy	62	-2.8	-2.4	-12	1	
Portugal	112	1.7	5.0	-25	-34	
Spain	43	-3.2	-4.0	-17	-5	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
<b>5-yr sovereign CDS*</b>						
Brazil	208	-6	-8	-14	-63	
Chile	72	-1	0	1	-10	
Colombia	122	-5	-5	-12	-41	
Mexico	113	-6	-8	-16	-44	
Peru	96	-2	-1	-6	-12	
Venezuela	3,376	26	-5	-568	-529	
Poland	66	-1	-1	-3	-10	
Russia	149	-4	-7	-17	-27	
Turkey	197	-13	-21	-39	-75	
China	80	-1	-1	-2	-36	
India	97	0	-2	-3	-30	
Indonesia	124	-1	-3	-4	-32	
Risk indicators						
level	Daily	Weekly	Monthly	YTD		
<b>Volatility indicators (%)</b>						
VIX	11	4.1	2	-11	-1	
VST OXX	17	0.8	12	-3	1	
EM EFT volatility index	16	5.2	6	-3	-21	
Dollar-denominated volatility	8	-2.5	12	-11	-28	
EM FX volatility index	9	-1.5	-3	-4	-23	
Credit spread (BAA) (bps)	230	-0.9	1	2	3	
US bonds volatility index	60	1.6	-1	-1	-21	
<b>Banking by CDS (bps)*</b>						
US	57	-0.2	-1	-7	-14	
EZ	87	-2.2	-3	-21	-21	
UK	63	-0.8	-5	-16	-28	
Large Spanish	82	-2.3	-6	-25	-35	
Medium Spanish	155	-3.1	-2	-6	4	
<b>Government by CDS (bps)*</b>						
US Non-financial	148	-0.2	-1	-7	-14	
EZ Non-financial	93	-2.2	-3	-21	-21	
UK Non-financial	115	-0.4	0	-6	-10	
Interbank markets (% changes in bp)						
level	Daily	Weekly	Monthly	YTD		
EONIA Index	-0.36	0.00	0.0	0.0	0.0	
Euribor 3m	-0.33	0.00	0.0	0.0	0.0	
Euribor 12m	-0.13	0.00	0.0	0.0	0.0	
Libor 3m	1.17	0.00	0.0	0.0	0.2	
Libor 12m	1.78	0.01	0.0	0.0	0.1	
EZ TED spread 3m	50.6	-2.00	3.2	1.5	-15.8	
Stock markets (%)						
level	Daily	Weekly	Monthly	YTD		
<b>Index indices</b>						
S&P500	2,334	0.3	0.1	1	5	
Dow Jones	20,927	-0.1	-0.2	1	5	
Nikkei	19,446	0.0	0.8	2	-1	
FTSE 100	7,230	-0.3	-0.8	-1	3	
EuroStoxx 50	3,583	0.1	0.1	3	8	
IBEX	10,830	0.1	0.6	5	14	
DAX	12,519	0.1	0.4	2	8	
CAC	5,296	-0.1	0.2	4	6	
MIB	20,740	0.0	0.5	2	6	
ASE Athens	749	2.0	6.0	12	14	
MSCI Latam*	78,449	1.4	1.1	2	7	
Ibovespa (Brazil)	66,138	0.9	2.0	1	7	
Mobd	49,193	-0.8	0.7	1	6	
MSCI Europe*	4,998	0.2	0.8	4	11	
Poland	2,392	0.0	0.3	8	20	
Micex (Russia)	1,996	-1.5	-1.5	-1	-12	
Ne 100 (Turkey)	93,863	-0.5	-0.7	6	23	
MSCI EM Asia*	780	0.5	0.6	3	12	
Shanghai Com (China)	3,135	-0.3	-0.2	-3	-1	
Jakarta (Indonesia)	5,647	-0.7	0.6	1	7	
Banking sector						
level	Daily	Weekly	Monthly	YTD		
<b>US banks</b>						
JPM	86.5	0.0	-2.2	-1	0	
Citi	59.7	0.0	-0.6	0	-3	
BaK	23.5	-0.2	-1.7	0	7	
MS	43.4	0.2	-2.1	2	0	
GS	225.2	0.0	-0.4	-2	-7	
<b>EZ banks</b>						
BNP	66.2	0.6	0.5	8	5	
Crédit Agricole	14.0	1.1	1.4	12	13	
Deutsche Bank	16.8	0.7	-3.1	7	-3	
ING	15.3	0.9	1.7	9	10	
Intesa	2.7	0.5	-1.6	7	6	
SG	51.4	1.7	1.5	11	6	
Unicredit	15.5	-2.2	0.6	10	10	
<b>UK banks</b>						
HSBC	87.5	0.1	-0.2	1	0	
RIS	644.8	0.8	0.4	0	-4	
Barclays	208.6	-0.6	-7.1	-6	-11	
Lloyds	69.1	-0.2	2.5	5	7	
<b>Large Spanish banks</b>						
Santander	91.2	0.6	0.6	8	17	
BBVA	6.1	0.1	0.2	7	18	
Mediana Spanish banks	7.5	1.0	-1.3	8	16	
CaixaBank	83.3	0.0	0.0	5	14	
Populr	4.2	0.0	2.3	7	29	
Sabadell	0.7	-0.6	-3.2	-19	-33	
Banqueparibas	1.8	0.3	0.4	8	31	
Banque	0.3	0.2	0.6	7	10	
Banque	1.1	-0.6	-2.9	4	7	
Currencies (% ind for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
<b>EURUSD</b>						
EURUSD	1.09	-0.1	0.1	2.3	4	
GBPUSD	1.29	-0.2	0.5	3.4	5	
USDJPY	112.33	-0.3	-1.1	1.3	-4	
DKK	59.88	0.1	0.0	1.5	4	
<b>Emerging</b>						
USDARS (Argentina)	15.24	0.4	1.6	1.0	5	
USD BRL (Brazil)	3.14	0.2	1.0	-0.9	2	
USD CLP (Chile)	668.24	0.0	0.5	-1.5	0	
USD COP (Colombia)	2930	0.4	0.0	-2.1	1	
USD MXN (Mexico)	18.80	-0.1	2.1	0.7	12	
USD PEN (Peru)	3.25	-0.3	0.1	-0.1	4	
LACI	65.85	0.1	1.0	-1.0	6	
USD PLN (Poland)	3.85	-0.2	0.6	2.9	7	
USD RUB (Russia)	57.29	-0.4	-0.3	-2.1	5	
USD TRY (Turkey)	3.54	0.4	1.1	2.9	1	
USD CNY (China)	6.90	0.0	-0.1	-0.2	1	
USD INR (India)	64.15	0.1	-0.1	1.4	6	
USD IDR (Indonesia)	13,308	0.0	-0.2	0.1	1	
ADXY	105.5	-0.1	0.0	0.0	2	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
<b>Brent</b>						
WTI	47	-0.4	-4.3	-5	-11	
Copper	253	-3.5	-2.2	-2	-1	
Gold	1248	-0.5	-1.6	0	7	
S&P Spot commodity*	378	-0.9	-1.3	-2	-5	
S&P Brent Spoz*	429	-2.1	-3.7	-5	-11	
S&P Metals Spoz*	323	0.9	0.5	-1	6	
S&P Agricultural*	295	-0.6	2.8	2	-2	



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Venezuela	3,376	26	-5	-668	-579
Poland	66	-1	-1	-3	-10
Russia	149	-4	7	-17	-27
Turkey	197	-13	-21	-39	-75
China	80	-1	-1	-2	-36
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Medium Spanish	155	-3.1	-2	-6	4
Corporate by CDS (bps) *					
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Euribor 3m	-0.33	0.00	0.0	0.0	0.0
Euribor 12m	-0.13	0.00	0.0	0.0	0.0
Libor 3m	1.17	0.00	0.0	0.0	0.2
Libor 12m	1.78	0.01	0.0	0.0	0.1
EZ TED spread 3m	50.6	-2.00	3.2	1.9	-15.8
Stock markets (%)					
Main indices					
level	Daily	Weekly	Monthly	YTD	
S&P500	2,384	-0.3	-0.1	1	5
Dow Jones	29,927	0.1	0.2	1	5
Nikkei	19,446	0.0	0.8	2	-1
FTSE 100	7,230	-0.3	-0.8	-1	1
Eurostoxx 50	3,503	-0.1	0.1	3	8
IBEX	10,830	0.1	0.6	5	14
DAX	12,519	0.1	0.4	2	8
CAC	5,296	-0.1	0.2	4	8
MBI	20,740	0.0	0.5	2	6
ASE Athens	749	2.0	6.0	12	14
MSCI Latam *	78,449	1.4	1.1	2	7
Bovespa (Brazil)	66,138	-0.9	2.0	1	7
Moody's	49,193	-0.8	-0.7	1	6
MSCI EM Europe *	4,998	0.2	0.8	4	-1
Poland	2,392	0.0	0.3	8	20
Misc (Russia)	1,996	-1.5	1.5	-1	-12
Ise 100 (Turkey)	93,863	-0.5	-0.7	6	23
MSCI EM Asia *	780	0.5	0.6	3	12
Shanghai Com (China)	3,135	-0.3	-0.2	-3	-1
Jakarta (Indonesia)	5,647	-0.7	-0.6	1	7
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	117.4	0.0	-1.2	0	-2
JPM	86.5	0.0	-2.2	-1	0
Citi	99.7	0.0	-0.6	0	-3
BoA	23.5	-0.2	-1.7	0	2
MS	43.4	0.2	-2.1	2	0
GS	225.2	0.0	0.4	-2	-7
EZ banks	113.7	1.0	0.3	9	8
BNP	66.2	0.6	0.5	8	5
Credit Agricole	14.0	1.1	1.4	12	13
Deutsche Bank	16.8	0.7	3.1	7	3
ING	15.3	0.9	1.7	9	10
Intesa	2.7	0.5	-1.6	7	6
SG	51.4	1.7	1.5	11	6
Unicredit	15.5	2.2	-0.6	10	10
UK banks	87.5	0.1	-0.2	1	0
HSBC	644.8	0.8	0.4	0	-4
RBS	264.9	0.1	4.8	10	13
Barclays	208.6	-0.6	-7.1	-6	-11
Lloyds	69.1	-0.2	2.5	5	7
Large Spanish banks	91.2	0.6	0.6	8	17
Santander	6.1	0.1	0.2	7	18
BBVA	7.5	1.0	-1.3	8	16
Medium Spanish banks	83.3	0.0	0.0	5	14
Cajabank	4.2	0.0	2.3	7	29
Populr	0.7	-0.6	-3.2	-19	-33
Sabadell	1.8	0.3	0.4	8	31
Banqueparibas	8.3	0.2	0.6	7	10
Bankia	1.1	-0.6	-2.9	4	7
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	50.4	-0.2	-2.8	-5	-11
WTX	47	-0.4	-4.3	-5	-11
Copper	253	-3.5	-2.2	-2	-1
Gold	1248	-0.5	-1.6	0	7
S&P Spot commodity *	378	-0.9	-1.3	-2	-5
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S&P Agricultural *	295	-0.6	2.8	2	-2

Source: Bloomberg, Datastream and Haver

\* With one day delay

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