

Market Comment | Focus turns to commodities as European markets breathe a sigh of relief

Global Financial Markets Unit
04 May 2017

- **Frexit fears diminished further after Emmanuel Macron was perceived as having won yesterday's debate against Marine Le Pen**, further increasing the prospect of a Macron victory next Sunday in the electoral run-off. As a result, the EUR jumped to a six-month high [\(see\)](#) and peripheral risk premiums narrowed in the euro zone.
- Moreover, regarding the ECB's exit strategy, **Peter Praet from the ECB** said that the recent economic recovery in the euro zone was not enough to back a tightening in monetary policy and that any change in policy stance should be gradual [\(see\)](#).
- As expected, the **FOMC decided to maintain interest rates unchanged in May** [\(see\)](#). However, the market's perceived probability of a Fed interest rate hike in June rose further, reaching nearly 94%, after the **FOMC played down the recent weak economic data**, arguing that they would be transitory. On the other hand, markets will be focused on the US House vote later today on the Republican healthcare plan, which may affect expectations as regards US reflationary policy [\(see\)](#).
- **Commodity prices continued their downward trend once again**, amid concerns on China's slowdown, as China's Caixin PMI (April) signalled the lowest level since 2016 and short-term borrowing costs tightened once again. Metal prices suffered most, while oil prices slid below \$50 a barrel for the first time since March. In these circumstances, EM currencies depreciated across the board.

Update 18:00 CET 04 May, 2017
Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.31	1.0	3.2	6	10	
US (10-yr)	2.36	1.3	6.7	0	9	
GER (2-yr)	0.70	1.9	4.2	9	8	
Germany	0.39	6.6	9.6	14	12	
France	0.83	2.4	0.1	-10	2	
Spain	1.61	-0.4	-1.8	-1	10	
Italy	2.26	0.0	1.7	-1	39	
Portugal	3.43	-3.5	-3.0	-50	-75	
Greece	5.96	-4.2	-41.3	-112	-92	
Japan (2-yr)	0.20	0.0	-1.0	-2	-1	
Japan	0.02	-0.2	-4.5	-4	-4	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
Brazil	10.26	-1.4	-11.3	24	-116	
Chile	4.01	0.3	-0.8	4	-32	
Colombia	6.20	3.3	-1.8	-38	-89	
Mexico	7.20	3.3	-6.0	10	-44	
Peru	5.52	3.4	-19.0	-28	-95	
Poland	3.48	1.2	6.7	3	-24	
Russia	7.67	9.2	-2.2	-15	-37	
Turkey	10.21	9.0	9.0	48	-79	
India	6.97	1.4	2.5	32	59	
Indonesia	7.06	-1.4	1.4	2	-79	
Country Risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
10-yr sovereign spread vs Germany						
France	44	-4.2	9.5	-23	-10	
Italy	187	-6.6	-7.9	-15	28	
Portugal	304	-9.9	-12.4	63	-58	
Spain	122	-7.0	-11.4	-14	6	
2-yr sovereign spread vs Germany						
France	26	-1.0	2.8	-22	15	
Italy	59	-3.2	7.2	-13	-3	
Portugal	106	-5.5	-4.2	-28	-41	
Spain	40	-3.0	9.0	-18	8	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
5-yr sovereign CDS*						
Brazil	207	-1	-14	-14	-65	
Chile	73	1	-1	0	-10	
Colombia	123	1	-8	-11	-41	
Mexico	113	0	-14	-18	-44	
Peru	96	0	-4	-5	-12	
Venezuela	3,531	156	182	-443	-374	
Poland	65	0	-2	-3	-10	
Russia	151	2	-4	-14	-25	
Turkey	198	1	-14	-38	-74	
China	80	-1	-1	-3	-37	
India	97	0	-2	-3	-30	
Indonesia	123	-1	-2	-5	-33	
Risk indicators						
level	Daily	Weekly	Monthly	YTD		
Volatility indicators (%)						
VIX	11	0.6	4	-9	-1	
VST OXX	16	-5.3	2	-8	0	
EM EFT volatility index	17	7.5	14	2	-16	
Bolivia's volatility	7	-0.1	-6	-15	-28	
EM FX volatility index	9	-0.8	-3	-6	-23	
Credit spread (BAA) (bps)	220	-4.5	9	-2	-7	
US bonds volatility index	59	1.6	-1	-8	-22	
Banking by CDS (bps)*						
US	57	-0.5	-1	-8	-15	
EZ	86	-1.3	-5	-26	-22	
UK	62	-0.5	-5	-18	-28	
Large Spanish	79	-2.6	-6	-29	-38	
Medium Spanish	156	0.5	-1	-13	-4	
Corporate by CDS (bps)*						
US Non-financial	148	-0.5	-1	-8	-15	
EZ Non-financial	92	-1.3	-5	-26	-22	
UK Non-financial	117	2	1	-5	8	
Interbank markets (% changes in bp)						
level	Daily	Weekly	Monthly	YTD		
ECBNA Index						
ECBNA 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	1.77	-0.01	0.0	0.0	0.1	
EZTED spread 3m	53.0	-2.40	2.2	2.0	-13.4	
Stock markets (%)						
level	Daily	Weekly	Monthly	YTD		
Index indices						
S&P500	2,389	0.0	0.0	1	5	
Dow Jones	20,944	-0.1	-0.2	1	5	
Nikkei	19,446	0.0	1.0	3	-1	
FTSE 100	7,250	0.2	0.2	-1	1	
EuroStoxx 50	3,624	1.0	1.7	4	9	
IBEX	11,000	1.5	3.0	6	16	
DAX	12,632	0.8	1.5	3	9	
CAC	5,367	-1.2	1.8	5	10	
MIB	21,181	2.0	2.8	5	8	
ASE Athens	749	0.0	6.0	12	14	
MSCI Latam*	77,132	-0.9	0.6	0	6	
Ibovespa (Brazil)	65,097	-1.5	0.7	-1	6	
Mobd	49,142	0.1	0.6	0	5	
MSCI EM Europe*	4,950	-1.0	0.8	2	2	
Poland	2,381	-0.5	-0.1	6	19	
Micex (Russia)	2,000	0.3	0.6	-1	-12	
Ne 100 (Turkey)	93,038	-0.9	-1.3	5	22	
MSCI EM Asia*	780	0.0	0.0	2	12	
Shanghai Com (China)	3,127	-0.3	-0.8	-3	-1	
Jakarta (Indonesia)	5,669	-0.1	-1.0	1	7	
Banking sector						
level	Daily	Weekly	Monthly	YTD		
US banks						
JPM	87.1	0.1	-0.6	0	0	
Citi	60.7	0.7	2.2	2	-1	
BaK	23.9	0.5	1.1	2	4	
MS	43.6	0.3	0.1	3	0	
GS	226.9	0.2	0.5	-1	-7	
EZ banks						
BNP	115.3	1.4	3.6	11	9	
Crédit Agricole	66.1	0.2	1.6	9	5	
Crédit Agricole	14.1	1.4	4.2	14	15	
Deutsche Bank	17.2	2.3	2.9	10	5	
ING	15.5	1.3	3.4	11	11	
Intesa	2.8	2.7	3.5	10	9	
SG	51.8	0.7	4.0	13	7	
Unicredit	16.0	3.6	6.9	14	14	
UK banks	89.0	1.7	1.0	4	1	
HSBC	663.7	2.9	3.6	2	-1	
RIS	267.1	0.8	5.4	13	14	
Barclays	212.1	1.5	-5.3	-3	-10	
Lloyds	70.0	1.3	1.4	7	8	
Large Spanish banks						
Santander	92.6	-1.6	3.0	9	19	
Santander	6.2	1.3	3.5	9	20	
BBVA	7.6	1.8	2.5	9	18	
Medium Spanish banks						
Cáscar	85.8	2.7	5.3	8	17	
Cáscar	4.4	3.5	8.4	11	33	
Poplar	0.7	3.2	6.5	-15	-30	
Sabadell	1.8	2.3	4.1	12	34	
Bankinter	0.5	1.6	4.5	8	13	
Bankia	1.1	3.6	3.5	7	11	
Currencies (% ind for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
EURUSD						
EURUSD	1.10	0.6	0.8	2.6	4	
GBPUSD	1.29	0.4	0.1	3.8	5	
USDJPY	112.77	0.0	-1.4	1.8	-4	
DKK	59.04	-0.2	0.0	1.5	4	
Emerging						
USDARS (Argentina)	15.39	-0.7	0.2	-0.2	4	
USD BRL (Brazil)	3.18	-0.5	0.1	-2.8	1	
USD CLP (Chile)	675.45	-0.9	-1.7	2.3	-1	
USD COP (Colombia)	2967	-1.2	-1.0	-3.5	0	
USDMXN (Mexico)	19.00	-0.7	0.1	0.9	11	
USD PEN (Peru)	3.27	-0.5	-0.7	-0.5	3	
LACI	64.83	-0.5	0.2	-2.1	5	
USD PLN (Poland)	3.85	0.5	0.9	3.4	8	
USD RUB (Russia)	58.25	-1.5	-2.1	-4.0	4	
USD TRY (Turkey)	3.56	0.6	0.1	3.3	0	
USD CNY (China)	6.90	0.0	0.0	-0.1	1	
USD INR (India)	64.17	0.0	0.0	1.3	6	
USD IDR (Indonesia)	13,328	-0.2	-0.1	0.0	1	
ADXY	105.4	-0.1	-0.1	0.0	2	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
Brent						
WTX	46	-3.4	5.7	9	-13	
Copper	250	-1.4	-3.2	-4	-2	
Gold	122.7	-0.9	2.8	-2	5	
S&P Spot commodity*	379	0.2	-0.4	-3	-4	
S&P Brent Spoz*	432	0.7	2.0	6	-10	
S&P Metals Spoz*	316	-2.2	-0.9	3	-4	
S&P Agricultural*	295	0.1	2.7	3	-2	

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.31	1.6	5.2	6	10
US	2.36	4.3	6.7	0	8
GER (2-yr)	-0.70	1.9	4.2	9	8
Germany	0.39	6.6	9.6	14	12
France	0.83	2.4	0.1	-10	2
Spain	1.61	-0.4	-1.8	-1	10
Italy	2.26	0.0	1.7	-1	39
Portugal	3.43	-3.5	-3.0	-50	-25
Greece	5.96	-4.2	-41.3	-112	-92
Japan (2-yr)	-0.20	0.0	-1.0	-2	-1
Japan	0.02	-0.2	-4.5	-4	-4
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	10.26	-1.4	-11.3	34	-116
Chile	4.01	0.3	-0.8	4	-32
Colombia	6.20	3.3	-1.8	-38	-89
Mexico	7.20	3.3	-6.0	10	-44
Peru	5.52	3.4	19.0	-28	-95
Poland	3.48	1.2	6.7	3	-24
Russia	7.87	9.2	-2.2	-15	-57
Turkey	10.21	9.0	9.0	-48	-29
India	6.97	1.4	2.5	32	59
Indonesia	7.06	1.4	1.4	2	-79
Country risk (bp changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	44	-4.2	-9.5	-23	-10
Italy	187	-6.6	-7.9	-15	-28
Portugal	304	-9.9	-12.4	-63	-58
Spain	122	-7.0	-11.4	-14	6
2-yr sovereign spread vs Germany					
France	26	-1.0	-2.8	-22	15
Italy	59	-3.2	-7.2	-13	-3
Portugal	106	-5.5	-4.2	-28	-41
Spain	40	-3.0	0.0	-13	8
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *					
Brazil	207	-1	-14	-14	-65
Chile	72	1	-1	0	-10
Colombia	123	1	-8	-11	-41
Mexico	113	0	-14	-18	-44
Peru	96	0	-4	-5	-12
Venezuela	5,531	196	182	-443	-374
Poland	65	0	-2	-3	-10
Russia	151	2	-4	-14	-25
Turkey	198	1	-14	-38	-24
China	80	-1	-1	-3	-37
India	97	0	-2	-3	-30
Indonesia	123	-1	-2	-5	-33
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	11	0.6	4	-9	-1
VSTOXX	16	-5.3	2	-8	0
EM EFT volatility index	17	7.5	14	2	-16
Dollar/euro volatility	7	-0.1	-6	-15	-28
EM FX volatility index	9	-0.8	-3	-6	-23
Credit spread (BAA) (bps)	220	-4.5	-9	-2	-7
US bonds volatility index	59	1.6	-1	-8	-22
Banking by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	57	-0.5	-1	-8	-15
EZ	86	-1.3	-5	-26	-22
UK	62	-0.5	-5	-18	-28
Large Spanish	79	-2.6	-6	-29	-38
Medium Spanish	156	0.5	-1	-13	-4
Corporate by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	148	-0.5	-1	-8	-15
UK Non-financial	92	-1.3	-5	-26	-22
UK Non-financial	117	1.2	1	-5	-8
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	1.77	-0.01	0.0	0.0	0.1
EZ TED spread 3m	53.0	2.40	2.2	2.0	-13.4
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,398	0.0	0.0	1	5
Dow Jones	20,944	-0.1	-0.2	1	5
Nikkei	19,446	0.0	1.0	3	-1
FTSE 100	7,250	0.2	0.2	-1	1
Eurostoxx 50	3,624	1.0	1.7	4	9
IBEX	11,000	1.5	3.0	6	16
DAX	12,632	0.8	1.5	3	9
CAC	5,367	1.2	1.8	5	10
MBI	21,181	2.0	2.8	5	9
ASE Athens	749	0.0	6.0	12	14
MSCI Latam *	77,732	-0.9	0.6	0	6
Bovespa (Brazil)	65,097	-1.5	0.7	-1	6
Moodi	49,142	0.1	-0.6	0	5
MSCI EM Europe *	4,950	-1.0	-0.9	2	-2
Poland	2,381	-0.5	-0.1	6	19
Mixx (Russia)	7,000	0.3	0.6	1	-12
Ise 100 (Turkey)	93,038	-0.9	-1.3	5	22
MSCI EM Asia *	780	0.0	0.4	2	12
Shanghai Com (China)	3,127	-0.3	-0.0	-3	-1
Jakarta (Indonesia)	5,669	-0.1	-1.0	1	7
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	118.8	0.4	0.9	1	-1
JPM	97.1	0.1	-0.6	0	0
Citi	60.7	0.7	2.2	2	-1
BoA	23.9	0.5	1.1	2	4
MS	43.6	0.3	0.1	3	0
GS	226.9	0.2	0.5	-1	-7
EZ banks					
BNP	66.1	-0.2	1.6	9	5
Credit Agricole	14.1	1.4	4.2	14	15
Deutsche Bank	17.2	-3.3	2.9	10	5
ING	15.5	1.3	3.4	11	11
Intesa	2.8	2.7	3.5	10	9
SG	51.8	0.7	4.0	13	7
Unicredit	16.0	3.6	6.9	14	14
UK banks					
RBS	89.0	1.7	1.0	4	1
HSBC	663.7	-2.9	3.6	2	-1
RBS	267.1	0.8	5.4	13	14
Barclays	212.1	1.5	-5.3	-3	-10
Lloyds	70.0	1.3	1.4	7	8
Large Spanish banks					
Santander	92.6	1.6	3.0	9	19
Santander	6.2	1.3	3.5	9	20
BBVA	7.6	1.8	2.5	9	18
Medium Spanish banks					
Cajabank	4.4	3.5	8.4	11	33
Popular	0.7	3.2	6.5	-15	-30
Sabadell	1.8	2.3	4.1	12	34
Banquepar	0.5	1.6	4.8	8	13
Bankia	1.1	3.6	3.5	7	11
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.10	0.6	0.8	2.6	4
GBPUSD	1.29	0.4	0.1	3.8	5
USDJPY	112.77	0.0	-1.4	1.8	-4
DKX	99.04	-0.2	0.0	1.5	4
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	15.39	-0.7	0.2	-0.2	4
USD BRL (Brazil)	3.18	-0.5	0.1	-2.8	1
USD CUP (Cuba)	675.45	-0.9	-1.7	-2.3	-1
USDCOP (Colombia)	296.7	-1.2	-1.0	-3.5	0
USDMXN (Mexico)	19.00	-0.7	0.1	-0.9	11
USD PEN (Peru)	3.27	-0.5	-0.7	-0.5	3
LACI	64.83	-0.5	0.3	-2.1	5
USD PLN (Poland)	3.85	0.5	0.9	3.4	8
USD RUB (Russia)	58.25	-1.5	-2.1	-4.0	4
USD TRY (Turkey)	3.56	-0.6	0.1	3.3	0
USDCNY (China)	6.90	0.0	0.0	0.1	1
USD INR (India)	64.17	0.0	0.0	1.3	6
USD IDR (Indonesia)	13,328	-0.2	-0.1	0.0	1
ADXY	105.4	-0.1	-0.1	0.0	2
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	49.2	-3.2	-4.4	-9	-13
WTX	46	-3.4	-5.7	-9	-13
Copper	250	-1.4	-3.2	-4	-2
Gold	1227	-0.9	-2.9	-2	5
S&P Spot commodity *	379	0.2	-0.4	-3	-4
S&P Brent Spot *	432	0.7	-2.0	-6	-10
S&P Metals Spot *	316	-2.2	-0.9	-3	4
S&P Agricultural *	295	0.1	2.7	3	-2

Source: Bloomberg, Datastream and Haver

* With one day delay

DISCLAIMER

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: www.bbva.com / Corporate Governance".

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.