

# Market Comment | Market steadiness amid lingering low volatility

Global Financial Markets Unit  
10 May 2017

- **Financial markets continued to be little changed and showed historically low volatility levels** both in equities and in interest rates. Nonetheless, today the market sentiment was slightly less optimistic on the back of fresh new political uncertainty in the US. This market steadiness was reflected in slightly lower sovereign bond yields and lower stock prices.
- **The USD remained moderately lower**, amid mild increase in US political uncertainty (see). Nonetheless, the decrease in the USD was not significant as the USD is still supported by increasing Fed interest rate hike probabilities, after **Fed's Kaplan** said that "the base case for removal of accommodation is three times this year" (see).
- On other currencies, the EUR continued to show weakness after the rally due to decreasing political uncertainty in France, while the GBP was steady ahead of tomorrow's BoE monetary policy meeting, where investors will seek any signs of change in monetary policy (see).
- When it comes to **EM currencies**, they appreciated across the board on the back of a **significant increase in oil prices** due to a sharp drop in US crude oil inventories (see) and lower USD. In particular, the TRY led the appreciation, halting the recent trend, as investors are digesting Syria tensions (see).

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Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.34	-0.2	4.5	6	12	
US	2.38	-1.8	0.2	1	6	
GER (2-yr)	0.66	0.8	5.4	18	11	
Germany	0.42	-1.1	9.3	21	14	
France	0.85	-2.2	3.9	9	3	
Spain	1.61	-1.3	0.4	0	10	
Italy	2.25	-3.1	-1.1	1	38	
Portugal	3.40	-4.1	-6.9	-42	-78	
Greece	5.64	-1.0	-37.0	-115	-125	
Japan (2-yr)	0.18	0.4	1.9	3	1	
Japan	0.04	2.1	1.7	-2	-2	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
Brazil	10.11	-4.5	-16.0	6	-130	
Chile	4.00	0.0	-0.8	5	-33	
Colombia	6.25	2.1	8.7	-35	-84	
Mexico	7.27	-3.5	9.7	3	-37	
Peru	5.56	-4.3	7.5	-22	-91	
Poland	3.42	-5.9	-4.9	-6	-30	
Russia	7.29	-7.6	1.9	-33	-65	
Turkey	10.34	4.0	22.0	-38	-66	
India	6.94	0.0	-1.1	8	56	
Indonesia	7.26	12.5	13.3	14	-59	
Country Risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
1-yr sovereign spread vs Germany						
France	43	-1.0	-5.3	-30	-11	
Italy	183	-2.0	-10.4	-20	24	
Portugal	298	-3.0	-16.2	-64	-64	
Spain	119	-0.2	-9.7	-22	3	
2-yr sovereign spread vs Germany						
France	23	-1.5	-3.5	-29	13	
Italy	52	-2.6	-9.3	-27	-9	
Portugal	103	0.2	-8.2	-25	-43	
Spain	37	-1.8	-6.5	-27	-11	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS*						
Brazil	211	-2	2	-11	-61	
Chile	76	0	4	3	-7	
Colombia	133	0	11	1	-30	
Mexico	120	1	7	-8	-37	
Peru	102	0	6	1	-6	
Venezuela	3,951	32	575	356	46	
Poland	67	0	1	-2	-9	
Russia	156	0	7	-13	-20	
Turkey	205	2	8	-27	-68	
China	80	-1	-1	-4	-37	
India	97	0	-1	-2	-30	
Indonesia	124	0	0	-6	-32	
Risk indicators						
Volatility indicators (%)						
VIX	10	-1.2	-8	-30	-2	
VST OXX	14	-0.2	-19	-36	-2	
EM EFT volatility index	16	-0.5	2	-11	-20	
Dollar Euro volatility	7	0.8	-5	-43	-32	
EM FX volatility index	8	1.3	-1	-10	-24	
Credit spread (BAA) (bps)	224	1.6	0	-2	-3	
US bonds volatility index	55	0.3	7	-19	-28	
Banking 5y CDS (bps)*						
US	56	-0.4	2	-6	-16	
EZ	79	-2.5	-8	-30	-28	
UK	59	-1.6	-4	-21	-32	
Large Spanish	72	-2.9	-10	-29	-45	
Medium Spanish	156	-0.6	1	-7	-4	
Corporate 5y CDS (bps)*						
US Non-financial	153	-0.4	-2	-6	-16	
EZ Non-financial	91	-2.5	-8	-30	-28	
UK Non-financial	110	-0.7	1	-5	-9	
Interbank markets (bp, changes in bp)						
level	Daily	Weekly	Monthly	YTD		
EONIA Index	-0.36	0.00	0.0	0.0	0.0	0.0
Euribor 3m	-0.33	0.00	0.0	0.0	0.0	0.0
<b>Euribor 12m</b>	-0.12	0.00	0.0	0.0	0.0	0.0
Libor 3m	1.18	0.00	0.0	0.0	0.0	0.2
Libor 12m	1.79	0.00	0.0	0.0	0.0	0.1
EZ TED spread 3m	54.5	-2.0	1.5	10.4	-11.9	
Stock markets (%)						
Index indices						
S&P500	2,399	0.0	0.4	2	6	
Dow Jones	20,954	-0.1	0.0	1	5	
Nikkei	19,900	0.3	2.3	6	2	
FTSE 100	7,385	0.6	2.1	0	-3	
EuroStoxx 50	3,646	-0.1	1.7	5	10	
IBEX	11,035	-0.1	1.8	6	17	
OAX	12,757	0.1	1.8	5	10	
CAC	5,400	0.0	1.9	6	10	
MIB	21,553	0.3	3.8	7	10	
ASE Athens	792	1.7	5.8	16	20	
<b>MSCI Latam*</b>	78,272	0.9	-0.2	1	7	
Ibovespa (Brazil)	67,239	1.5	1.7	4	9	
Mobd	49,976	0.1	1.8	1	7	
<b>MSCI EM Europe*</b>	4,993	0.8	0.1	2	-1	
Poland	2,380	-1.4	-0.5	6	19	
Micex (Russia)	2,028	1.3	1.7	3	-10	
Ne 100 (Turkey)	96,194	0.9	2.5	5	26	
<b>MSCI EM Asia*</b>	780	0.6	1.1	3	13	
Shanghai Com (China)	3,053	-0.9	-2.6	-7	-3	
Jakarta (Indonesia)	5,653	-1.0	-0.4	0	7	
Banking sector						
level	Daily	Weekly	Monthly	YTD		
<b>US banks</b>						
JPM	87.2	0.5	0.3	2	0	
Citi	60.4	0.3	0.3	2	-2	
BaK	24.2	0.7	1.6	5	5	
MS	43.2	0.7	-0.8	3	-1	
GS	224.9	0.5	-0.6	-2	-8	
<b>EZ banks</b>						
BNP	115.5	0.1	1.6	12	10	
Credit Agricole	66.8	0.2	1.0	11	6	
Diadache Bank	14.3	0.5	2.6	16	16	
ING	17.5	0.6	4.1	12	7	
Intesa	15.4	-1.4	0.6	9	10	
SG	2.9	0.1	5.9	13	12	
Urodb	49.7	0.3	-3.2	8	3	
Urodb	16.1	-1.2	4.3	16	15	
<b>UK banks</b>						
HSBC	88.8	1.1	1.5	4	1	
RIS	670.9	0.9	4.0	2	0	
Barclays	263.1	-0.1	0.7	10	12	
Barclays	210.0	2.3	0.5	-3	-11	
Lloyds	69.9	1.2	1.2	11	8	
<b>Large Spanish banks</b>						
Santander	91.9	-0.6	0.8	8	18	
Santander	6.1	-0.4	1.0	8	19	
<b>BBVA</b>	7.6	-0.7	0.6	7	16	
<b>Medium Spanish banks</b>	86.1	0.7	3.0	9	18	
CaixaBank	4.3	0.2	0.8	8	30	
Poplar	0.8	9.0	27.1	15	-14	
Sabadell	1.9	0.1	3.2	13	35	
Bankinter	0.6	0.9	2.5	8	13	
Bankia	1.1	-0.5	1.2	4	8	
Currencies (% ind for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
<b>EURUSD</b>						
EURUSD	1.09	0.0	-0.1	2.6	4	
GBPUSD	1.29	0.0	0.5	4.2	5	
USDJPY	114.00	0.0	-1.1	2.8	-3	
DKK	95.89	-0.1	0.4	1.4	-3	
Emerging	level	Daily	Weekly	Monthly	Year	
<b>USDARS (Argentina)</b>						
USDARS (Brazil)	15.55	-0.2	-1.8	-2.3	3	
USD BRL (Brazil)	3.16	1.1	0.3	-0.8	2	
USD CLP (Chile)	672.07	0.9	-0.4	-2.9	0	
USD COP (Colombia)	2944	0.9	-0.4	-2.7	1	
USD MXN (Mexico)	18.97	1.1	0.6	-1.5	12	
USD PEN (Peru)	3.28	0.2	-1.0	-1.2	3	
LACI	65.03	0.9	-0.2	-1.5	6	
USD PLN (Poland)	3.88	0.4	-0.4	3.0	7	
USD RUB (Russia)	57.48	1.6	-0.2	-0.5	5	
USD TRY (Turkey)	3.58	1.1	1.4	3.8	0	
USD CNY (China)	6.90	0.1	-0.1	0.0	0	
USD INR (India)	64.63	0.0	-0.7	-0.1	5	
USD IDR (Indonesia)	13,359	-0.1	-0.4	-0.5	1	
ADXY	105.2	0.1	0.2	0.2	2	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
<b>Brent</b>						
WTI	47	3.3	-0.9	-11	-11	
Copper	249	0.1	-1.6	-4	-2	
Gold	1222	0.0	-1.3	-3	-5	
S&P Spot commodity*	369	-0.6	-2.6	-8	-7	
S&P Brent Spoz*	417	-1.1	-3.6	-13	-13	
S&P Metals Spoz*	311	0.2	-1.5	-3	-2	
S&P Agricultural*	288	0.0	-2.3	-1	-4	



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Spain	1.61	-1.3	0.4	0	10
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Portugal	3.40	-4.1	6.9	42	28
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Colombia	6.25	2.1	8.7	-35	-84
Mexico	7.27	-1.5	9.7	3	-37
Peru	5.56	-4.3	7.5	-22	-91
Poland	3.42	-5.9	-4.9	-6	-30
Russia	7.79	-7.6	0.9	-33	-66
Turkey	10.34	4.0	22.0	-38	-66
India	6.94	0.0	-1.1	8	56
Indonesia	7.26	12.5	21.3	14	-59
Country risk (bp changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
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<b>5-yr sovereign CDS *</b>					
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Venezuela	3,951	32	575	356	46
Poland	67	0	1	-2	-9
Russia	156	0	7	-13	-20
Turkey	205	8	27	68	-
China	80	-1	-4	-37	-
India	97	0	-1	-2	-30
Indonesia	124	0	0	6	-32
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	10	-1.2	-8	-30	-2
VSTOXX	14	-0.2	-19	-36	-2
EM EFT volatility index	16	0.5	2	-11	-20
Dollar/euro volatility	7	0.9	-5	-43	-32
EM FX volatility index	8	1.3	-1	-10	-24
Credit spread (BAA) (bps)	224	3.8	0	-2	-3
US bonds volatility index	55	-0.3	-7	-19	-28
Banking S&P CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	56	-0.4	-2	-6	-16
EZ	79	-2.5	-8	-30	-28
UK	59	1.6	4	-21	32
Large Spanish	72	-2.9	-10	-29	-45
Medium Spanish	156	-0.6	1	-7	4
Corporate S&P CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	153	-0.4	-2	-6	-16
EZ Non-financial	91	-2.5	-8	-30	-28
UK Non-financial	116	-0.7	1	-5	-9
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	-0.12	0.00	0.0	0.0	0.0
Libor 3m	1.18	0.00	0.0	0.0	0.2
Libor 12m	1.79	0.00	0.0	0.0	0.1
EZ TED spread 3m	54.5	4.20	1.5	10.4	-11.9
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,398	0.0	0.4	2	6
Dow Jones	29,864	-0.1	0.0	1	5
Nikkei	19,900	0.3	2.3	6	2
FTSE 100	7,385	0.6	2.1	0	3
Eurostoxx 50	3,646	-0.1	1.7	5	10
IBEX	11,035	-0.1	1.8	6	17
DAX	12,757	0.1	1.8	5	10
CAC	5,400	0.0	1.9	6	10
MBI	21,563	0.3	3.8	7	10
ASE Athens	792	1.7	5.8	16	20
MSCI Latam *	78,272	0.9	0.2	1	7
Bovespa (Brazil)	67,239	1.5	1.7	4	9
Moodi	49,976	0.1	1.8	1	7
MSCI EM Europe *	4,993	0.8	-0.1	2	-1
Poland	2,380	-1.4	-0.5	6	19
Mixx (Russia)	9,938	1.3	1.7	3	-10
Ise 100 (Turkey)	96,194	0.9	2.5	5	26
MSCI EM Asia *	789	0.6	1.1	3	13
Shanghai Com (China)	3,053	-0.9	-2.6	-7	-3
Jakarta (Indonesia)	5,653	-1.0	-0.4	0	7
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	118.5	0.6	0.2	2	-1
JPM	97.2	0.5	0.3	2	0
Citi	60.4	0.3	0.3	2	-2
BoA	24.2	0.7	1.6	5	5
MS	43.2	0.7	-0.8	3	-1
GS	224.9	0.5	0.6	2	8
EZ banks	115.5	0.1	1.6	12	10
BNP	66.8	0.2	1.0	11	6
Credit Agricole	14.3	0.5	2.6	16	16
Deutsche Bank	17.5	0.9	4.1	12	7
ING	15.4	-1.4	0.6	9	10
Intesa	2.9	0.1	5.9	13	12
SG	49.7	0.3	3.2	8	3
Unicredit	16.1	1.2	4.3	16	15
UK banks	88.8	1.1	1.5	4	1
HSBC	678.9	0.9	4.0	2	0
RBS	263.1	-0.1	-0.7	10	12
Barclays	210.0	2.3	0.5	-3	-11
Lloyds	69.9	1.2	1.2	11	8
<b>Large Spanish banks</b>					
BBVA	91.9	-0.6	0.8	8	18
Santander	6.1	-0.4	1.0	8	19
<b>Medium Spanish banks</b>					
Populr	0.8	9.0	27.1	15	-14
Sabadell	1.9	0.1	3.2	13	35
Banquepar	0.6	0.9	2.5	8	13
Bankia	1.1	-0.5	1.2	4	8
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
<b>Brent</b>					
Wtix	50.3	3.1	-1.1	-10	-11
Copper	47	-3.3	-0.8	-11	-11
Gold	249	0.1	-1.6	-4	-2
S&P Spot commodity *	1222	0.0	-1.3	-3	5
S&P Brent Spot *	369	-0.6	-2.6	-8	-7
S&P Metals Spot *	417	-1.1	-3.6	-13	-13
S&P Agricultural *	311	0.2	-1.5	-3	2
S&P Agricultural *	288	0.0	-2.3	-1	-4

Source: Bloomberg, Datastream and Haver

\* With one day delay

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