

Market Comment | EUR at its six-month highest levels against USD

Global Financial Markets Unit
16 May 2017

- Financial markets were slightly positive today as equity volatility continued to fall once again, especially in European markets, even though stocks and debt were little changed, while currencies registered higher variations.
- The **EUR appreciated significantly**, boosted by **encouraging economic indicators** ([see](#)). Signs of further European integration as **talks between Germany's and France's leaders** advanced after Macron's victory ([see](#)) also supported the EUR. In the same line, **EZ peripheral risk premiums narrowed**.
- On the other hand, the **USD dropped to a 6-month low**, driven by weak economic indicators ([see](#)), while political uncertainty also weighed on the USD's performance ([see](#)). It depreciated against both developed and emerging currencies.
- **UK inflation surprised to the upside**, reaching a 4-year high in April ([see](#)), causing a GBP depreciation and driving the FTSE 100 to a new record high.
- **Oil prices kept the recent upward trend** after OPEC's most important producers backed an extension in oil supply cuts until March 2018 ([see](#)). Against this backdrop, EM currencies appreciated across the board.

Update 18 CET 16 May, 2017
Table 1

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.29	-0.4	-4.6	9	8
US	2.32	-2.3	-7.7	8	-12
GER (2-yr)	0.66	1.6	1.2	20	12
Germany	0.44	1.5	0.5	25	16
France	0.89	1.1	2.4	-3	5
Spain	1.63	-0.4	0.7	-8	12
Italy	2.24	-4.0	-4.4	8	33
Portugal	3.30	-8.0	-13.8	-59	-88
Greece	5.71	3.6	6.3	-96	-117
Japan (2-yr)	0.16	0.1	1.7	6	3
Japan	0.05	0.6	3.6	-2	-2
Emerging Markets					
Brazil	9.89	-15.9	-15.4	25	-152
Chile	4.14	-1.5	14.2	24	-19
Colombia	6.39	3.6	15.4	-24	-70
Mexico	7.47	-1.6	-19.8	-4	-47
Peru	5.51	0.7	-9.4	-29	-96
Poland	3.35	-0.5	-12.5	-6	-36
Russia	7.23	0.0	13.9	-35	-72
Turkey	10.37	3.0	7.0	-45	-63
India	6.67	-14.3	-27.4	-15	-29
Indonesia	7.65	-3.0	-8.2	0	-79
Country Risk (bp, changes in bp)					
Developed Markets					
1-yr sovereign spread vs Germany					
France	46	-0.4	1.9	-28	-8
Italy	180	-5.5	-4.9	-33	21
Portugal	286	-9.5	-14.3	-83	-76
Spain	119	-1.9	0.2	-32	-4
2-yr sovereign spread vs Germany					
France	25	-0.1	0.6	-28	15
Italy	45	-6.5	9.7	-40	-16
Portugal	99	-4.0	-3.7	-27	-47
Spain	39	-3.4	0.1	-29	-9
Emerging Markets					
5-yr sovereign CDS *					
Brazil	196	-4	-17	-27	-76
Chile	71	-2	-4	-5	-11
Colombia	126	-3	-7	-7	-37
Mexico	116	-3	-5	-13	-41
Peru	96	-3	-6	-6	-12
Venezuela	3,694	-47	-235	195	-221
Poland	67	1	1	-1	-8
Russia	151	-3	-5	-16	-25
Turkey	203	-3	0	-27	-70
China	79	0	-1	-9	-38
India	97	0	0	-3	-30
Indonesia	129	1	5	-8	-27
Risk indicators					
Volatility indicators (%)					
VIX	10	-0.7	4	-35	-2
VST OXX	14	-4.7	-4	-42	-3
EM EFT volatility index	16	0.0	0	-19	-20
Dollar Euro volatility	8	-4.4	9	-41	-26
EM FX volatility index	7	-6.0	-11	-19	-33
Credit spread (BAA) (bps)	227	2.3	3	-4	0
US bonds volatility index	57	-1.8	3	-24	-26
Banking by CDS (bps) *					
US	54	-0.7	2	-8	-17
EZ	81	-0.7	-1	-35	-27
UK	63	-0.2	3	-18	-27
Large Spanish	77	0.4	2	-30	-40
Medium Spanish	159	4.2	3	-5	8
Government by CDS (bps) *					
US Non-financial	156	-0.7	-2	-8	-17
EZ Non-financial	91	-0.7	-1	-35	-27
UK Non-financial	117	-1.1	0	-6	-8
Interbank markets (% change in bp)					
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	1.18	0.00	0.0	0.0	0.2
Libor 12m	1.75	-0.02	0.0	0.0	0.1
EZTED spread 3m	53.8	-1.90	-0.7	6.6	-12.6
Stock markets (%)					
Index indices					
S&P500	2,401	0.0	0.2	3	6
Dow Jones	20,997	0.1	0.1	3	5
Nikkei	19,920	0.3	0.4	9	2
FTSE 100	7,522	-0.8	2.4	3	5
EuroStoxx 50	3,642	0.0	0.2	6	10
IBEX	10,982	0.2	0.6	6	16
DAX	12,805	0.0	0.4	6	11
CAC	5,496	-0.2	0.1	7	10
MIB	21,788	0.4	1.4	10	11
ASE Athens	789	0.8	1.3	15	20
MSCI LatAm *	80,035	0.6	3.1	6	9
Ibovespa (Brazil)	68,268	-0.3	3.0	9	11
HangSeng	49,608	-0.1	0.7	1	6
MSCI EM Europe *	4,999	0.5	0.9	5	14
Poland	2,340	-1.5	-3.0	5	17
MOEX (Russia)	1,993	0.5	0.5	4	-12
NYE 100 (Turkey)	96,162	0.6	0.9	7	26
MSCI EM Asia *	797	0.4	1.6	5	14
Shanghai Com (China)	3,113	0.7	1.1	-4	-1
Jakarta (Indonesia)	5,647	-0.5	-1.1	1	7
Banking sector					
US banks	119.5	0.4	1.4	6	0
JPM	87.9	0.7	1.3	4	1
Citi	62.4	1.5	3.6	7	2
BofA	24.0	0.1	0.3	8	5
MS	43.4	0.0	1.4	7	0
GS	225.6	0.2	0.8	1	-7
EZ banks	116.5	0.0	0.9	17	10
BNP	67.2	0.2	0.8	15	7
Crédit Agricole	14.4	-0.3	0.8	21	17
Diutsche Bank	17.5	-0.6	0.7	15	7
ING	15.4	0.4	-1.0	12	11
Intesa	2.8	-0.1	-0.3	16	12
SG	50.3	0.2	1.4	16	4
Unicredit	17.1	0.1	7.5	33	22
UK banks	89.8	0.6	2.2	8	2
HSBC	687.3	0.3	3.4	7	3
RIS	263.2	0.5	0.0	15	12
Barclays	211.6	0.5	3.1	0	-10
Lloyds	70.2	1.1	1.6	12	8
Large Spanish banks	91.2	-0.1	-1.3	10	17
Santander	6.1	-0.1	-0.4	12	19
BBVA	7.4	0.0	2.2	9	15
Median Spanish banks	84.9	0.0	-0.7	12	16
Cáscabank	4.3	-1.1	1.9	16	32
Poplar	0.7	-1.1	-9.9	14	-29
Sabadell	1.9	-0.3	0.2	17	35
Bankinter	0.4	-0.3	-1.3	7	11
Bankia	1.1	-0.5	-1.3	9	8
Currencies (% ind for currency depreciation)					
Developed					
EURUSD	1.11	0.9	1.9	4.3	6
GBPUSD	1.29	0.1	0.2	3.1	5
USDJPY	113.18	0.5	0.7	4.2	-3
DKK	98.28	-0.6	-1.4	2.2	-4
Emerging					
USDARS (Argentina)	15.59	-0.4	-0.4	-2.8	3
USD BRL (Brazil)	3.09	0.6	3.1	1.7	4
USDCLP (Chile)	666.14	0.3	1.7	2.5	-1
USDCOP (Colombia)	2879	0.5	3.0	-0.4	3
USDMXN (Mexico)	18.62	0.4	2.9	0.6	13
USDPEN (Peru)	3.26	0.4	1.1	-0.1	4
LACI	66.07	0.6	2.5	0.2	7
USDPLN (Poland)	3.78	1.0	2.8	5.2	9
USD RUB (Russia)	56.44	-0.1	3.4	-0.5	7
USDTRY (Turkey)	3.55	0.1	2.0	4.2	1
USD CNY (China)	6.89	0.1	0.3	0.0	1
USDINR (India)	64.08	0.0	0.9	0.5	6
USDIDR (Indonesia)	13,300	0.0	0.4	-0.2	1
ADXY	105.8	0.1	0.7	0.4	2
Commodities (%)					
Brent	51.8	0.0	6.4	-7	8
WTI	49	0.0	6.5	8	8
Copper	254	0.2	1.9	-1	0
Gold	1227	0.5	1.3	-4	6
S&P Spot commodity *	383	0.8	3.7	-5	-3
S&P Brent Spot *	443	1.9	6.2	-8	-8
S&P Metals Spot *	315	0.7	1.1	-2	-3
S&P Agricultural *	290	-0.3	0.6	-2	-3

Debt markets (10Y % changes in bp)					
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Greece	5.71	3.6	6.3	-96	-117
Japan (2-yr)	-0.16	0.1	1.7	6	3
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level	Daily	Weekly	Monthly	YTD	
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Mexico	7.17	-1.6	-10.8	-4	-47
Peru	5.51	0.7	-0.4	-29	-96
Poland	3.35	-0.5	-12.5	-6	-36
Russia	7.73	0.0	-13.9	-35	-72
Turkey	10.17	3.0	7.0	-45	-63
India	6.67	-14.3	-27.4	-15	29
Indonesia	7.05	1.0	8.2	0	-79
Country risk (bp changes in bp)					
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Mexico	116	-3	-5	-13	-41
Peru	96	-3	-6	-8	-12
Venezuela	3,604	-47	-235	195	-221
Poland	67	1	1	-1	-8
Russia	151	-3	-5	-16	-25
Turkey	203	-3	0	-27	-70
China	79	0	-1	-9	-38
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Indonesia	129	1	5	8	-27
Risk indicators					
Volatility indicators (%)					
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VIX	10	-0.7	4	-35	-2
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US	54	-0.7	-2	-8	-17
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UK	63	-0.2	3	-18	-27
Large Spanish	77	0.4	2	-30	-40
Medium Spanish	159	4.2	3	-5	8
Corporate S&P CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	156	-0.7	-2	-8	-17
EZ Non-financial	91	-0.7	-1	-35	-27
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Interbank markets (% changes in bp)					
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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	1.18	0.00	0.0	0.0	0.2
Libor 12m	1.75	-0.02	0.0	0.0	0.1
EZ TED spread 3m	53.8	-1.50	-0.7	6.6	-12.6
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,401	0.0	0.2	3	6
Dow Jones	29,987	0.1	0.1	3	5
Nikkei	19,520	0.3	0.4	9	2
FTSE 100	7,522	0.9	2.4	3	5
Eurostoxx 50	3,642	0.0	0.2	6	10
IBEX	10,982	0.2	-0.6	6	16
DAX	12,805	0.0	0.4	6	11
CAC	5,406	-0.2	0.1	7	10
MBI	21,788	0.4	1.4	10	11
ASE Athens	789	0.8	1.3	15	20
MSCI Latam *	80,035	0.6	3.1	6	9
Bovespa (Brazil)	68,268	-0.3	3.0	9	11
Moodex	49,608	-0.1	-0.7	1	6
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Poland	2,340	-1.5	-3.0	5	17
Misc (Russia)	1,993	-0.5	-0.5	4	-12
Ise 100 (Turkey)	96,162	0.6	0.9	7	26
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Shanghai Com (China)	3,113	0.7	1.1	-4	-1
Jakarta (Indonesia)	5,647	-0.5	-1.1	1	7
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	119.5	0.4	1.4	6	0
Citi	97.9	0.7	1.3	4	1
BoA	62.4	1.5	3.6	7	2
MS	24.0	-0.1	0.3	8	5
GS	43.4	0.0	1.4	7	0
GS	225.6	0.2	0.8	1	7
EZ banks					
BNP	116.5	0.0	0.9	17	10
Credit Agricole	67.2	0.2	0.8	15	7
Deutsche Bank	14.4	-0.3	0.8	21	17
ING	17.5	-0.6	0.7	15	7
Intesa	15.4	0.4	-1.0	12	11
SG	2.8	-0.1	-0.3	16	12
UniCredit	59.3	0.2	1.4	16	4
UK banks					
RBS	17.1	0.1	7.5	33	22
HBC	89.8	0.6	2.2	8	2
RBS	687.3	0.3	3.4	7	3
Barclays	263.2	0.5	0.0	15	12
Lloyds	211.6	0.5	3.1	0	-10
Large Spanish banks					
Santander	70.2	1.1	1.6	12	8
BBVA	91.2	-0.1	1.3	10	17
CaixaBank	6.1	-0.1	-0.4	12	19
Popular	7.4	0.0	-2.2	9	15
Medium Spanish banks					
Sabadell	84.9	0.0	-0.7	12	16
Bankia	4.3	-1.1	1.9	16	32
Bankia	0.7	-1.1	-9.9	14	-29
Bankia	1.9	-0.3	-0.2	17	35
Bankia	8.4	-0.3	1.3	7	11
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Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
WTI	51.8	0.0	6.4	-7	-8
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Source: Bloomberg, Datastream and Haver

* With one day delay

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