

Market Comment | Risk-aversion remain in financial markets, but eased somewhat

Global Financial Markets Unit
18 May 2017

- **Risk aversion remained in markets for a second day in a row but it eased somewhat** as the session went by. US political uncertainty ([see](#)) continued as the main driver in financial markets and continued dragging down stock prices (especially in Europe) and maintaining volatility at its highest level this year (still above historical average). The slight easing of the prevailing risk-off movement was perceived in the halt of appetite for safe-havens assets (gold, JPY).
- The **slightly positive mood when US equity markets** opened - after yesterday's drop - contributed to halt the downward trend in EZ equity indices (which recovered some ground from today's lowest levels) and to leave bond markets almost unchanged (US and EZ). The USD appreciated, partly offsetting yesterday's falls, although it remains at its weakest level against the EUR within 2017.
- The **ECB also published the accounts of its monetary policy meeting** ([see](#)), revealing that the **ECB's Peter Praet** had warned ECB members to be particularly cautious about publicly discussing plans regarding monetary policy stance. In this regard, the **ECB's Coeuré** stressed in an interview ([see](#)) the current positive economic conditions in the Euro zone and bet on a slight change in wording as the flow of new information came, to avoid an excessive gradualism that could cause a "forceful" market adjustment.
- **Brazilian assets suffered sharply on policy uncertainty** triggered by news about the current president, according to local media ([see](#)). The BRL plummeted, as well as the Bovespa equity index. There was a limited contagion effect to the rest of EM countries.
- **Oil prices declined as investors focused on increasing US drilling activity**, playing down potential extensions of OPEC oil production cuts ([see](#)). EM currencies depreciated today across the board, following the Brazilian turmoil.

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Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.25	0.4	-0.5	9	-4	
US (10-yr)	2.21	-1.1	17.4	5	-13	
GER (2-yr)	0.70	-1.3	2.6	17	8	
Germany	0.34	-3.5	0.9	19	7	
France	0.80	-3.3	-7.6	-9	-1	
Spain	1.57	0.3	-8.0	-10	5	
Italy	2.15	0.7	-14.6	-11	28	
Portugal	3.20	-0.8	-18.8	-62	-97	
Greece	5.76	5.5	12.1	-103	-113	
Japan (2-yr)	0.15	0.2	2.4	7	4	
Japan	0.05	-0.7	3.7	-2	-2	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
Brazil	10.01	0.1	0.5	-6	-140	
Chile	4.07	-3.3	1.8	17	-25	
Colombia	6.34	0.1	1.9	-23	-75	
Mexico	7.45	1.9	-10.6	2	-49	
Peru	5.54	1.6	0.7	-25	-94	
Poland	3.34	2.0	-2.2	-3	-38	
Russia	7.02	3.6	4.8	-27	-63	
Turkey	10.57	14.0	17.0	-9	-43	
India	6.68	-0.2	-26.5	-19	30	
Indonesia	7.08	3.5	-18.0	2	-77	
Country Risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
10-yr sovereign spread vs Germany						
France	46	0.2	1.3	-28	-8	
Italy	181	2.8	-5.7	-30	21	
Portugal	286	2.7	-9.9	-80	-76	
Spain	122	3.0	0.8	-29	7	
2-yr sovereign spread vs Germany						
France	25	-1.2	1.0	-29	14	
Italy	45	0.9	-7.1	-38	-16	
Portugal	102	2.7	0.0	-25	-45	
Spain	41	3.6	1.5	-24	-7	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
5-yr sovereign CDS*						
Brazil	203	10	-2	-19	-68	
Chile	75	4	2	-3	-7	
Colombia	132	7	3	-2	-31	
Mexico	120	6	5	-9	-36	
Peru	100	5	1	-4	-8	
Venezuela	3,677	9	-200	212	-229	
Poland	67	1	1	-1	-8	
Russia	157	8	5	-10	-20	
Turkey	207	5	3	-24	-66	
China	81	3	2	-7	-36	
India	97	0	0	-3	-30	
Indonesia	131	4	6	-7	-25	
Risk indicators						
level	Daily	Weekly	Monthly	YTD		
Volatility indicators (%)						
VIX	15	-4.7	40	3	3	
VST OXX	17	5.8	19	-33	1	
EM EFT volatility index	22	5.1	33	4	7	
Dollars vs volatility	8	-3.6	15	-29	-25	
EM FX volatility index	9	22.7	12	0	-17	
Credit spread (BAA) (bps)	227	1.0	2	-5	0	
US bonds volatility index	63	2.8	15	-14	-18	
Banking 5y CDS (bps)*						
level	Daily	Weekly	Monthly	YTD		
US	57	3.1	2	-6	-15	
EZ	82	1.9	2	-35	-26	
UK	64	-4.6	5	-12	-26	
Large Spanish	80	4.7	8	-27	-37	
Medium Spanish	152	0.1	2	-13	0	
Corporate 5y CDS (bps)*						
level	Daily	Weekly	Monthly	YTD		
US Non-financial	157	3.1	2	-6	-15	
EZ Non-financial	90	1.9	2	-35	-26	
UK Non-financial	116	4.7	0	-7	-9	
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						
EURIBOR 3m	-0.33	0.00	0.0	0.0	0.0	
EURIBOR 12m						
EURIBOR 12m	-0.13	0.00	0.0	0.0	0.0	
LIBOR 3m						
LIBOR 3m	1.18	0.00	0.0	0.0	0.2	
LIBOR 12m						
LIBOR 12m	1.73	-0.01	-0.1	0.0	0.0	
EZ TED spread 3m	54.11	0.20	-1.8	7.2	-12.3	
Stock markets (%)						
level	Daily	Weekly	Monthly	YTD		
Index indices						
S&P500	2,360	0.1	1.4	1	4	
Dow Jones	20,620	0.1	-1.4	0	3	
Nikkei	19,554	-1.3	2.0	6	0	
FTSE 100	7,436	-0.8	0.7	4	3	
EuroStoxx 50	3,562	-0.6	-1.7	4	7	
IBEX	10,685	-0.9	-1.6	4	13	
DAX	12,590	-0.3	-1.0	5	9	
CAC	5,290	0.5	-1.7	6	8	
MIB	21,299	0.1	-0.9	10	9	
ASE Athens	783	-0.8	-1.8	16	19	
MSCI Latam*	78,961	1.4	0.1	3	8	
Ibovespa (Brazil)	61,469	9.0	9.0	4	0	
Midcap	48,364	-0.8	-2.4	-1	4	
MSCI EM Europe*	4,960	-0.6	-1.4	4	-2	
Poland	2,295	-0.3	-3.0	3	15	
Micex (Russia)	1,968	-1.3	-1.7	2	-13	
Ne 100 (Turkey)	95,147	-0.6	0.0	4	25	
MSCI EM Asia*	797	-0.3	0.9	5	14	
Shanghai Com (China)	3,090	-0.5	0.9	-3	-2	
Jakarta (Indonesia)	5,645	0.0	0.1	1	7	
Banking sector						
level	Daily	Weekly	Monthly	YTD		
US banks						
JPM	83.6	-0.8	-4.1	-2	-4	
Citi	59.6	-0.7	-1.9	-2	-3	
BaK	22.6	0.0	4.3	-1	2	
MS	41.1	0.2	-4.2	0	-6	
GS	214.3	0.3	-4.8	-1	-12	
EZ banks						
BNP	113.1	-0.2	-1.8	15	7	
Crédit Agricole	64.4	-1.2	-3.1	12	2	
Crédit Agricole	14.2	0.9	0.0	21	15	
Deutsche Bank	16.8	-0.3	-3.1	13	3	
ING	14.9	-0.5	-2.5	9	7	
Intesa	2.8	-0.4	-1.6	17	10	
SG	48.8	-0.1	-1.0	13	1	
Unicredit	16.5	0.5	-1.3	28	17	
UK banks						
HSBC	89.3	-0.1	0.8	9	2	
RIS	664.2	-2.1	-2.0	6	-1	
Barclays	262.4	1.9	1.0	17	12	
Barclays	212.3	1.3	2.8	2	-10	
Lloyds	71.3	-0.3	2.3	15	10	
Large Spanish banks						
Santander	87.1	-2.2	-3.6	6	12	
Santander	5.7	-3.7	-5.3	5	12	
BBVA	7.2	-0.8	-2.0	7	11	
Medium Spanish banks						
Cáscar	81.6	-0.6	-4.0	7	12	
Cáscar	4.2	0.2	-1.8	13	27	
Poplar	0.7	-2.1	-17.0	1	-34	
Sabadell	1.8	0.3	-2.2	12	30	
Banque	0.2	-0.5	-2.9	4	9	
Banque	1.0	-2.5	-6.5	2	0	
Currencies (% ind for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
EURUSD						
EURUSD	1.11	-0.3	2.5	3.7	6	
GBPUSD						
GBPUSD	1.30	0.3	0.9	1.3	6	
USDJPY						
USDJPY	110.91	-0.1	2.6	2.3	-5	
DKK						
DKK	97.53	0.0	-2.1	2.0	-5	
Emerging						
level	Daily	Weekly	Monthly	Year		
USDARS (Argentina)						
USDARS (Brazil)	16.04	-2.7	-3.9	-4.9	0	
USD BRL (Brazil)	3.38	-7.7	-7.7	-8.8	-5	
USD CLP (Chile)	676.01	-1.0	0.6	-4.2	-1	
USD COP (Colombia)	2932	-1.2	-0.1	-3.3	1	
USD MXN (Mexico)	18.91	-0.6	0.4	-1.7	12	
USD PEN (Peru)	3.29	-0.3	0.0	-1.1	3	
LACI	63.41	-3.2	-2.8	-4.6	1	
USD PLN (Poland)	3.79	-1.0	2.5	3.9	9	
USD RUB (Russia)	57.58	-0.8	-0.9	-2.3	5	
USD TRY (Turkey)	3.63	-1.7	1.5	0.8	-2	
USD CNY (China)	6.89	-0.2	0.2	-0.1	1	
USD INR (India)	64.85	-1.1	-0.7	-0.3	5	
USD IDR (Indonesia)	13,356	-0.2	-0.1	-0.4	1	
ADXY	105.5	-0.3	0.0	0.1	2	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
Brent						
WTI	49	0.8	3.4	-6	-7	
Copper	252	-0.7	0.9	0	-1	
Gold	1255	-0.5	2.5	-3	8	
S&P Spot commodity*	384	0.7	1.6	-3	-3	
S&P Brent Spot*	446	1.0	2.7	-5	-7	
S&P Metals Spot*	315	0.3	0.9	1	3	
S&P Agricultural*	292	0.7	0.6	0	-3	

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Peru	5.54	1.6	0.7	-25	-94
Poland	3.34	2.0	-2.2	-3	-38
Russia	7.82	3.6	4.8	-27	-63
Turkey	10.57	14.0	17.0	9	-43
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VIX					
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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	1.18	0.00	0.0	0.0	0.2
Libor 12m	1.73	-0.01	-0.1	0.0	0.0
EZ TED spread 3m	54.1	0.20	-1.8	7.2	-12.3
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,360	0.1	-1.4	1	4
Dow Jones	29,620	0.1	1.4	0	3
Nikkei	19,554	-1.3	-2.0	6	0
FTSE 100	7,436	-0.9	0.7	4	3
Eurostoxx 50	3,562	-0.6	-1.7	4	7
IBEX	10,685	-0.9	-1.6	4	13
DAX	12,590	-0.3	-1.0	5	9
CAC	5,290	-0.5	-1.7	6	8
MBI	21,299	0.1	0.9	10	9
ASE Athens	783	-0.8	-1.8	16	19
MSCI Latam *	78,961	-1.4	-0.1	3	8
Bovespa (Brazil)	61,469	-9.0	9.0	-4	0
Mexcol	48,364	-0.8	-2.4	-1	4
MSCI EM Europe *	4,960	-0.6	-1.4	4	-2
Poland	2,295	-0.3	-3.0	3	15
Mircz (Russia)	1,968	-1.3	-1.7	2	-13
Ise 100 (Turkey)	95,147	-0.6	0.0	4	25
MSCI EM Asia *	797	-0.3	0.9	5	14
Shanghai Com (China)	3,090	-0.5	0.9	-3	-2
Jakarta (Indonesia)	5,645	0.0	-0.1	1	7
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	113.1	-0.1	-4.3	0	-6
JPM	83.6	-0.8	-4.1	-2	-4
Citi	99.6	-0.7	-1.9	2	-3
BoA	22.6	0.0	-6.3	-1	-2
MS	41.1	0.2	-4.2	0	-6
GS	214.3	0.3	-4.6	1	12
EZ banks	113.1	-0.2	-1.8	15	7
BNP	64.4	-1.2	-3.1	12	2
Credit Agricole	14.2	0.9	0.0	21	15
Deutsche Bank	16.8	0.3	-3.1	13	3
ING	14.9	-0.5	-2.5	9	7
Intesa	2.8	-0.4	-1.6	17	10
SG	48.8	0.1	-1.0	13	1
Unicredit	16.5	0.5	-1.3	28	17
UK banks	89.3	-0.1	0.8	9	2
HSBC	664.2	-2.1	-2.8	6	-1
RBS	263.4	1.9	1.0	17	12
Barclays	212.3	1.3	2.8	2	-10
Lloyds	71.3	-0.3	2.3	15	10
Large Spanish banks					
Santander	97.1	-2.2	-3.6	6	12
Santander	5.7	-3.7	-5.3	5	12
BBVA	7.2	-0.8	2.0	7	11
Medium Spanish banks					
Cajabank	4.2	0.2	-1.8	13	27
Populr	0.7	-2.1	-17.0	1	-34
Sabadell	1.8	0.3	-2.2	12	30
Banqueer	0.2	-0.5	2.9	4	9
Bankia	1.0	-2.5	-6.5	2	0
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.11	-0.3	2.5	3.7	6
GBPUSD	1.30	0.3	0.9	1.3	6
USDJPY	110.91	-0.1	2.6	2.3	-5
DXJ	97.53	0.0	-2.1	2.0	5
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	16.04	-2.7	-3.9	-4.9	0
USDBRL (Brazil)	3.38	-7.7	-7.7	-8.8	-5
USDCLP (Chile)	676.01	-1.0	-0.6	-4.2	-1
USDCOP (Colombia)	293.2	-1.2	-0.1	-3.3	1
USDMXN (Mexico)	18.91	-0.6	-0.4	-1.7	12
USDPEN (Peru)	3.29	-0.3	0.0	-1.1	3
LACI	63.41	-3.3	-2.9	-4.6	3
USDPLN (Poland)	3.79	-1.0	2.5	3.9	9
USD RUB (Russia)	57.58	-0.8	0.9	-2.3	5
USDTRY (Turkey)	3.63	-1.7	-1.5	0.8	-2
USD CNY (China)	6.89	-0.2	0.2	0.1	1
USDINR (India)	64.85	-1.1	-0.7	-0.3	5
USDIDR (Indonesia)	13,356	-0.2	-0.1	0.4	1
ADXY	105.5	-0.3	0.0	0.1	2
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
Brent	52.6	0.8	3.6	-4	-7
WTX	49	0.8	3.4	-6	-7
Copper	252	-0.7	0.9	0	-1
Gold	1295	-0.5	2.5	-3	8
S&P Spot commodity *	384	0.7	1.6	-3	-3
S&P Brent Spot *	446	1.0	2.7	-5	7
S&P Metals Spot *	315	0.3	0.9	1	3
S&P Agricultural *	292	0.7	0.6	0	-3

Source: Bloomberg, Datastream and Haver

* With one day delay

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