

Market Comment | EUR climbed further against USD, while global volatility receded

Global Financial Markets Unit
22 May 2017

- **Financial markets were relatively calm** (VIX returned to previous levels after last week's peak) with global stocks mixed with no significant changes in stock or bond prices.
- **The EUR climbed once again against the USD**, after Angela Merkel said that Germany's significant trade surplus stems from the euro's being "too weak". Moreover, the **USD (DXY) depreciated once again**, despite Fed interest rate hike probabilities increasing to 100% for the next FOMC meeting and US positive economic data ([see](#)). In addition, a number of Fed members are set to speak during this week. On another front, the **GBP inched down**, after polls suggested slipping support for Theresa May and the UK hardened its Brexit narrative ([see](#)).
- **Greek sovereign bond yields diminished**, as the **Eurogroup** will attempt to find an agreement so as to grant a new set of rescue loans for Greece ([see](#)). Portuguese sovereign debt also outperformed, after the European Commission recommended ending the disciplinary process for its excessive deficit ([see](#)).
- **Oil prices continued their upward trend**, showing their strongest level in a month, ahead of this week's **OPEC meeting**, in which investors expect an extension of oil production cuts until March 2018 ([see](#)).
- Brazilian assets continued to suffer after political **pressure on Brazil's President continued** ([see](#)). The BRL bucked the trend and depreciated against the USD, the Bovespa equity Index showed losses, while sovereign bond yields increased sharply.

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Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.28	0.0	-2.0	9	6	
US	2.24	0.8	10.0	1	-20	
GER (2-yr)	0.67	0.3	0.0	12	10	
Germany	0.40	-2.8	-2.3	15	12	
France	0.85	3.9	-3.3	-8	-4	
Spain	1.62	4.4	-0.9	-8	11	
Italy	2.14	0.1	-13.9	-13	27	
Portugal	3.15	-3.1	-22.7	-6.3	-102	
Greece	5.65	-4.3	-2.1	-106	-123	
Japan (2-yr)	0.16	-0.5	0.4	6	3	
Japan	0.05	0.9	3.3	-1	-1	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
Brazil	113.3	24.2	168.1	15.2	32	
Chile	4.01	-7.1	-14.6	12	-32	
Colombia	6.32	0.3	-3.3	-5	-77	
Mexico	7.28	-3.1	9.6	9	-35	
Peru	5.55	2.7	3.9	-18	-93	
Poland	3.36	0.9	-0.2	-5	-36	
Russia	7.65	-0.2	-7.7	-3	-80	
Turkey	10.42	-15.0	8.0	-6	-58	
India	6.67	-4.3	-14.5	-21	29	
Indonesia	6.99	-2.6	-6.5	-11	-65	
Country Risk (bp, changes in bp)	level	Daily	Weekly	Monthly	YTD	
10-yr sovereign spread vs Germany						
France	45	1.0	-1.0	-2.3	-8	
Italy	174	-2.8	-11.6	-28	15	
Portugal	276	-6.0	-20.4	-78	-86	
Spain	123	1.5	1.4	-2.3	7	
2-yr sovereign spread vs Germany						
France	26	1.9	0.3	-2.2	15	
Italy	44	0.0	0.0	3.3	-17	
Portugal	99	-0.6	-4.3	-2.2	-48	
Spain	41	1.4	0.8	-1.9	-7	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *						
Brazil	243	-18	43	19	-29	
Chile	72	-3	-1	-8	-10	
Colombia	126	-7	-4	-11	-37	
Mexico	114	6	-4	-17	-42	
Peru	96	-4	-3	-10	-12	
Venezuela	3,650	-56	-81	209	-255	
Poland	65	-1	-1	-3	-10	
Russia	152	-8	-2	-12	-24	
Turkey	209	-5	3	-21	-63	
China	78	-3	-1	-11	-38	
India	98	0	1	-7	-29	
Indonesia	122	-10	-6	-14	-34	
Risk indicators						
Volatility indicators (%)						
VIX	12	-4.2	11	-19	0	
VST OXX	15	-4.2	4	-40	-2	
EM EFT volatility index	17	-4.7	6	-15	-15	
Dollar Euro volatility	8	-0.5	7	-38	-24	
EM FX volatility index	9	-4.2	15	-4	-22	
Credit spread (BAA) (bps)	225	-0.9	0	-3	-2	
US bonds volatility index	59	0.0	2	-22	-24	
Banking 5y CDS (bps) *						
US	57	-1.9	2	-5	-15	
EZ	81	-1.3	-1	-34	-27	
UK	63	-1.1	0	-18	-27	
Large Spanish	82	-0.5	5	-25	-35	
Medium Spanish	148	-0.4	7	-18	-3	
Corporate 5y CDS (bps) *						
US Non-financial	156	-1.9	-2	-5	-15	
EZ Non-financial	90	-1.3	-1	-34	-27	
UK Non-financial	117	0.0	-1	-7	-8	
Interbank markets (% 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
Euribor 12m	-0.13	0.00	0.0	0.0	0.0	0.0
Libor 3m	1.19	0.01	0.0	0.0	0.2	
Libor 12m	1.72	0.02	0.0	0.0	0.0	
EZTED spread 3m	53.5	-2.60	-0.3	-4.0	-12.9	
Stock markets (%)						
EU indices						
S&P500	2,330	0.3	0.5	1	5	
Dow Jones	20,885	0.4	-0.5	1	5	
Nikkei	19,678	0.4	-1.0	7	0	
FTSE 100	7,496	-0.3	0.6	5	4	
EuroStoxx 50	3,577	-0.3	-1.8	4	4	
IBEX	10,793	-0.4	-1.5	4	14	
DAX	12,619	-0.2	-1.5	5	9	
CAC	5,323	0.0	-1.7	5	9	
MIB	21,319	-1.2	-1.8	7	9	
ASE Athens	789	0.6	0.8	17	20	
MSCI Latam *	75,093	1.4	-4.9	0	3	
Ibovespa (Brazil)	61,207	-2.3	-10.6	4	-1	
Mobd	49,044	0.0	-1.3	0	5	
MSCI EM Europe *	4,930	0.3	-0.8	3	-2	
Poland	2,343	0.6	-1.4	3	17	
Micex (Russia)	1,951	0.6	2.6	1	-14	
Ne 100 (Turkey)	96,400	1.3	0.8	5	27	
MSCI EM Asia *	796	0.4	0.3	6	14	
Shanghai Com (China)	3,076	-0.5	-0.5	-3	-3	
Jakarta (Indonesia)	5,749	1.8	1.3	3	9	
Banking sector						
level	Daily	Weekly	Monthly	YTD		
US banks						
JPM	84.7	-0.1	-3.0	-1	-3	
Citi	61.1	-0.1	0.6	5	-1	
BaK	23.0	0.2	4.4	0	0	
MS	41.7	-0.1	-3.9	-2	-4	
GS	215.8	0.2	-4.1	-1	-11	
EZ banks						
BNP	113.8	-0.9	2.2	10	6	
Crédit Agricole	65.5	0.3	2.4	8	4	
Crédit Agricole	14.4	0.4	0.2	17	17	
Deutsche Bank	17.0	-0.6	-3.3	11	4	
ING	15.1	-0.3	-2.0	6	6	
Intesa	2.7	-4.1	-5.6	8	6	
SG	49.6	-0.9	-1.2	9	3	
Unicredit	16.8	-0.1	-1.8	21	20	
UK banks						
HSBC	89.6	0.0	0.4	8	2	
RIS	666.6	0.2	2.7	7	-1	
Barclays	261.6	-0.5	-0.2	9	12	
Barclays	213.7	0.0	1.4	3	-9	
Lloyds	71.8	0.0	3.5	12	11	
Large Spanish banks						
Santander	87.4	-1.6	-4.2	3	12	
Santander	5.7	-2.1	-7.1	1	11	
Medium Spanish banks						
BBVA	7.3	-1.2	-1.5	4	13	
Mediana Spanish banks	81.8	-1.5	-3.6	4	12	
Cáscar	4.2	-1.5	-2.9	6	27	
Poplar	0.7	-3.2	-1.3	2	-29	
Sabadell	1.8	-0.3	-2.7	10	32	
Banque	0.2	-2.1	2.7	3	8	
Banque	1.0	-1.3	-7.0	-2	0	
Currencies (% ind for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
EURUSD	1.12	0.3	2.4	4.0	7	
GBPUSD	1.30	-0.2	0.9	1.5	6	
USDJPY	111.12	0.1	2.3	1.6	-5	
DKK	57.00	-0.2	1.9	2.0	6	
Emerging	level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	16.08	-0.4	-3.6	4.5	0	
USD BRL (Brazil)	3.29	-1.2	-5.9	-4.6	-2	
USDCLP (Chile)	668.10	0.2	0.0	2.8	1	
USDCOP (Colombia)	2903	-0.6	-0.3	-1.8	2	
USDMXN (Mexico)	18.88	0.2	0.1	0.6	13	
USDPEN (Peru)	3.27	-0.1	-0.1	-0.7	3	
LACI	64.35	0.0	-2.0	-2	1	
USDPLN (Poland)	3.74	0.3	2.3	6.1	10	
USD RUB (Russia)	56.65	0.4	-0.5	-0.9	6	
USDTRY (Turkey)	3.57	0.2	0.6	2.0	0	
USDCNY (China)	6.89	0.0	0.1	-0.1	1	
USDINR (India)	64.55	0.1	-0.8	0.0	5	
USDIDR (Indonesia)	13,302	0.2	0.0	0.2	1	
ADXY	106.0	0.0	0.2	0.6	3	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
Brent						
WTI	51	0.7	3.7	1	-5	
Copper	258	0.2	1.9	2	1	
Gold	1261	0.4	2.4	-2	8	
S&P Spot commodity *	391	1.8	2.2	1	-1	
S&P Brent Spot *	458	2.1	3.4	1	-5	
S&P Metals Spot *	319	1.7	1.4	0	-5	
S&P Agricultural *	292	1.6	0.5	2	-3	

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Portugal	3.15	-3.1	22.7	-63	-102
Greece	5.65	-4.3	-2.1	-106	-123
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Colombia	6.32	0.3	-3.3	-5	-77
Mexico	7.28	3.1	9.6	9	-35
Peru	5.55	2.7	3.9	-18	-93
Poland	3.36	0.9	-0.2	-5	-36
Russia	7.65	-0.2	-7.7	-32	-60
Turkey	10.42	-15.0	8.0	-6	-58
India	6.67	-4.3	-14.5	-21	29
Indonesia	6.50	3.6	-6.5	-11	-85
Country risk (bp changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	45	1.0	-1.0	-23	-8
Italy	174	-2.8	-11.6	-28	15
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Spain	123	1.5	1.4	-23	7
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Poland	65	-1	-1	-3	-10
Russia	152	-8	2	-12	-24
Turkey	209	-5	3	-21	-63
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VIX	12	-4.2	11	-19	0
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EM FX volatility index	9	-4.2	15	-4	-22
Credit spread (BAA) (bps)	225	-0.9	0	-3	-2
US bonds volatility index	58	-2.0	2	-22	-24
Banking S&P CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	57	-1.9	2	-5	-15
EZ	81	-1.3	-1	-34	-27
UK	63	-1.1	0	-18	-27
Large Spanish	82	-0.5	5	-25	-35
Medium Spanish	148	-0.4	7	-18	-3
Deposits by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	156	-1.9	2	-5	-15
EZ Non-financial	90	-1.3	-1	-34	-27
UK Non-financial	117	-1.0	-1	-7	-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	1.19	0.01	0.0	0.0	0.2
Libor 12m	1.72	0.02	0.0	0.0	0.0
EZ TED spread 3m	53.5	2.60	-0.3	4.0	-12.9
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,390	0.3	-0.3	1	5
Dow Jones	20,885	0.4	0.5	1	5
Nikkei	19,678	0.4	-1.0	7	0
FTSE 100	7,496	0.3	0.6	5	4
Eurostoxx 50	3,577	-0.3	1.8	4	8
IBEX	10,793	-0.4	-1.5	4	14
DAX	12,619	-0.2	-1.5	5	9
CAC	5,323	0.0	-1.7	5	9
MBI	21,319	-1.2	-1.8	7	9
ASE Athens	789	0.6	0.8	17	20
MSCI Latam *	75,693	1.4	4.9	0	3
Bovespa (Brazil)	61,207	-2.3	-10.6	-4	-1
Moodi	49,044	0.0	-1.3	0	5
MSCI EM Europe *	4,930	0.3	-0.9	3	-2
Poland	2,343	0.6	-1.4	3	17
Misc (Russia)	1,951	-0.6	2.6	1	-14
Ise 100 (Turkey)	96,400	1.3	0.8	5	27
MSCI EM Asia *	796	0.4	0.3	6	14
Shanghai Com (China)	3,076	-0.5	-0.5	-3	-3
Jakarta (Indonesia)	5,749	1.8	1.3	3	9
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	115.1	-0.1	-3.3	0	-4
JPM	84.7	-0.1	-3.0	-1	-3
Citi	61.1	-0.1	-0.6	5	-1
BoA	23.0	-0.2	-4.4	0	0
MS	41.7	-0.1	-3.9	-2	-4
GS	215.8	0.2	-4.1	-1	-11
EZ banks	113.8	-0.9	-2.2	10	8
BNP	65.5	-0.3	-2.4	8	4
Credit Agricole	14.4	0.4	-0.2	17	17
Deutsche Bank	17.0	-0.6	-3.3	11	4
ING	15.1	-0.3	-2.0	6	8
Intesa	2.7	-4.1	5.6	8	6
SG	49.6	-0.9	-1.2	9	3
Unicredit	16.8	-0.1	-1.8	21	20
UK banks	89.6	0.0	0.4	8	2
HSBC	666.6	0.2	-2.7	7	-1
RBS	261.6	-0.5	-0.2	9	12
Barclays	213.7	0.0	1.4	3	-9
Lloyds	71.8	0.0	3.5	12	11
Large Spanish banks					
Santander	97.4	-1.6	-4.2	3	12
Santander	5.7	-2.1	-7.1	1	11
BBVA	7.3	-1.2	-1.5	4	13
Medium Spanish banks					
Cajabank	81.0	-1.5	-3.6	4	12
Populr	0.7	-3.2	-1.3	2	-29
Sabadell	1.8	-0.3	-2.7	10	32
Banquepar	0.2	-2.1	2.7	3	8
Bankia	1.0	-1.3	-7.0	-2	0
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.12	0.3	2.4	4.3	7
GBPUSD	1.30	-0.2	0.9	1.5	6
USDJPY	111.12	0.1	2.3	1.6	-5
DX1	97.00	-0.2	-1.9	2.3	6
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	16.08	-0.4	-3.6	-4.5	0
USDBRL (Brazil)	3.29	-1.2	-5.9	-4.6	-2
USDCLP (Chile)	668.10	0.2	0.0	-2.8	1
USDCOP (Colombia)	290.3	-0.6	-0.3	-1.8	2
USDMXN (Mexico)	18.68	0.2	0.1	0.6	13
USDPEN (Peru)	3.27	-0.1	-0.1	-0.7	3
LACI	64.36	0.0	2.0	-2.2	4
USDPLN (Poland)	3.74	0.3	2.3	6.1	10
USD RUB (Russia)	56.65	0.4	0.5	0.9	6
USDTRY (Turkey)	3.57	0.2	-0.6	2.0	0
USDCNY (China)	6.89	0.0	0.1	0.1	1
USDINR (India)	64.55	0.1	-0.8	0.0	5
USDIDR (Indonesia)	13,302	0.2	0.0	0.2	1
ADXY	106.0	0.0	0.2	0.6	3
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	53.9	0.5	4.0	2	-5
WTX	91	0.7	3.7	1	-5
Copper	258	0.2	1.9	2	1
Gold	1261	0.4	2.4	-2	8
S&P Spot commodity *	391	1.8	2.2	1	-1
S&P Brent Spot *	456	-2.1	3.4	1	-5
S&P Metals Spot *	319	1.7	1.4	0	5
S&P Agricultural *	292	1.6	0.5	2	-3

Source: Bloomberg, Datastream and Haver

* With one day delay

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