

# Market Comment | Calm in markets in low-volume trading on Memorial Day

Global Financial Markets Unit  
29 May 2017

- Financial markets were calm during the session **as some of the main financial hubs were closed (US, UK and China)**, due to different festivals and bank holidays. Low trading volume and no fresh significant events and news, contributed to an absence of large movements in asset prices.
- **The major exception was Italian sovereign debt**, the yield on which was very volatile on reports that Renzi may go for a snap general election early than expected (September of this year) (see). This uncertainty hit the Italian banking sector in particular as doubts regarding the health of the financial sector still linger in Italy (see). Nonetheless, the rest of the European peripherals remained steady, without any contagion effect.
- **Mario Draghi** was in the spotlight in his last intervention before the next Governing Council meeting (next week). As expected, and as he has been remarking in his previous interventions, he insisted that there are no significant reasons to change current monetary policy stance (see), with a **mute impact on markets**
- Last Friday, **Brazil's credit outlook was changed from stable to negative by Moody's (Ba2)(see)**. Behind this revision were the increasing uncertainty about the expected reforms -following recent political events - and the effects on the ongoing economic recovery. Mild impact on markets: sovereign bond yields rose appreciably, while the BRL and equities remained little changed. As in the recent peaks in volatility in Brazil, no contagion effect was perceived in other countries in the region.
- **Oil prices rose after last week's sharp decline**, despite signs that increasing **US oil drilling activity** is on the move, overshadowing the recently agreed OPEC deal (see).

Update 18 CET 29 May, 2017  
Table 1

Debt markets (10Y, % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.29	0.0	1.1	4	8	
US	2.25	0.0	0.7	5	-19	
GER (2-yr)	0.72	-3.3	-4.2	2	6	
Germany	0.30	-3.3	9.9	0	2	
France	0.74	-1.6	-10.5	9	-7	
Spain	1.56	1.2	-6.8	-7	4	
Italy	2.18	6.2	4.4	-6	31	
Portugal	3.15	0.9	0.1	-31	-102	
Greece	5.98	1.5	33.1	-39	-90	
Japan (2-yr)	0.17	-0.4	-0.6	2	2	
Japan	0.04	-1.4	1.6	-3	-3	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
Brazil	10.88	-3.1	-0.0	51	-54	
Chile	4.26	14.9	24.9	24	-7	
Colombia	6.33	0.0	2.3	11	-76	
Mexico	7.30	-0.6	1.6	4	-34	
Peru	5.53	0.9	-4.8	-18	-94	
Poland	3.27	-1.5	-8.9	-15	-45	
Russia	7.76	1.5	10.8	-13	-69	
Turkey	10.33	-1.0	-9.0	21	-67	
India	6.67	1.8	0.3	-27	-29	
Indonesia	6.95	-0.2	-4.4	-9	-69	
Country Risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
1-yr sovereign spread vs Germany						
France	44	1.7	-0.6	-9	-9	
Italy	188	11.5	14.3	-6	29	
Portugal	286	4.2	10.0	-31	-76	
Spain	126	4.5	3.1	-7	10	
2-yr sovereign spread vs Germany						
France	23	3.0	2.8	-6	13	
Italy	55	4.6	11.3	-11	6	
Portugal	94	-3.3	-4.6	-16	-52	
Spain	42	0.5	0.2	-8	-6	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
5-yr sovereign CDS *						
Brazil	233	-5	-10	11	-39	
Chile	71	0	-1	-3	-11	
Colombia	124	0	-1	-6	-39	
Mexico	115	0	1	-11	-41	
Peru	94	0	-1	-5	-14	
Venezuela	3,594	-15	-56	245	-311	
Poland	65	0	-1	-2	-11	
Russia	147	1	-4	-8	-29	
Turkey	195	0	-14	-17	-78	
China	78	-1	-1	-4	-39	
India	93	-4	-4	-6	-34	
Indonesia	124	0	2	-1	-32	
Risk indicators						
level	Daily	Weekly	Monthly	YTD		
Volatility indicators (%)						
VIX	10	0.0	-10	-5	-2	
VST OXX	14	2.3	-4	-12	-2	
EM EFT volatility index	16	0.0	-7	5	-22	
Dollar Euro volatility	7	2.8	-5	-6	-28	
EM FX volatility index	8	-1.1	-3	-7	-27	
Credit spread (BAA) (bps)	224	0.0	1	-4	-3	
US bonds volatility index	54	-0.5	-2	-10	-29	
Banking 5y CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US	55	-0.5	-2	-3	-17	
EZ	78	0.7	-3	-13	-29	
UK	63	-0.8	0	-4	-28	
Large Spanish	85	2.2	4	0	-32	
Medium Spanish	159	0.2	11	2	8	
Corporate 5y CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US Non-financial	153	-0.5	-2	-3	-17	
EZ Non-financial	87	0.7	-3	-13	-29	
UK Non-financial	114	-0.2	-3	-1	-11	
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	1.20	0.00	0.0	0.0	0.2	
Libor 12m	1.72	0.00	0.0	-0.1	0.0	
EZ TED spread 3m	49.6	-3.00	-3.9	-1.2	-16.8	
Stock markets (%)						
level	Daily	Weekly	Monthly	YTD		
Index indices						
S&P500	2,416	0.0	0.9	1	6	
Dow Jones	21,080	0.0	0.9	0	6	
Nikkei	19,683	0.0	0.0	2	0	
FTSE 100	7,548	0.0	0.7	-4	-5	
EuroStoxx 50	3,579	0.0	0.1	0	8	
IBEX	10,884	-0.2	0.8	2	15	
DAX	12,629	0.2	0.1	1	9	
CAC	5,332	-0.1	0.2	1	9	
MIB	20,784	-2.0	-2.5	1	6	
ASE Athens	777	-0.1	-1.4	10	18	
MSCI Latam *	77,022	0.0	1.8	0	5	
Ibovespa (Brazil)	63,613	-0.7	3.1	-2	3	
Mobd	49,628	-0.1	1.4	0	7	
MSCI Europe *	4,901	-0.8	0.6	-2	-3	
Poland	2,324	-0.1	-0.8	-2	16	
Micex (Russia)	1,941	0.3	0.5	4	-14	
Ne 100 (Turkey)	97,276	0.2	1.4	4	28	
MSCI EM Asia *	811	-0.3	1.9	4	17	
Shanghai Com (China)	3,110	0.0	1.1	-1	-2	
Jakarta (Indonesia)	5,712	0.2	-1.4	0	8	
Banking sector						
level	Daily	Weekly	Monthly	YTD		
US banks						
JPM	85.4	0.0	0.8	-3	-2	
Citi	62.1	0.0	1.7	5	1	
BaK	23.2	0.0	0.9	2	1	
MS	42.8	0.0	2.8	-2	-2	
GS	223.5	0.0	3.5	-1	-8	
EZ banks						
BNP	66.4	-0.1	1.4	2	6	
Crédit Agricole	13.9	-4.1	-3.2	2	13	
Deutsche Bank	16.4	-0.4	-3.3	-2	1	
ING	15.1	-0.5	0.5	1	9	
Intesa	2.6	-2.1	-4.3	-4	1	
SG	49.7	0.8	0.3	0	3	
Unicredit	15.9	-4.3	-5.4	6	13	
UK banks	89.7	0.0	0.1	2	2	
HSBC	675.0	0.0	1.3	5	1	
RIS	261.6	0.0	0.0	3	12	
Barclays	211.7	0.0	-0.9	-5	-10	
Lloyds	71.7	0.0	-0.1	4	11	
Large Spanish banks						
Santander	89.6	-0.2	2.4	0	15	
BBVA	5.9	-0.1	2.7	-1	14	
Medium Spanish banks						
CaixaBank	7.5	0.5	2.1	0	15	
Bankia	82.9	-0.1	1.3	2	13	
CaixaBank	4.2	-0.4	1.3	4	29	
Populr	0.7	-1.2	-5.2	3	-33	
Sabadell	1.8	0.0	1.2	4	33	
Bankinter	0.3	0.6	1.9	3	10	
Banella	1.1	0.2	2.0	-4	3	
Currencies (% ind for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
EURUSD	1.12	0.0	0.5	2.0	7	
GBPUSD	1.28	0.3	-1.2	0.4	4	
USDJPY	111.30	0.0	0.0	0.0	-5	
DKK	97.36	-0.1	0.4	1.2	-5	
Emerging						
level	Daily	Weekly	Monthly	Year		
USDARS (Argentina)	15.98	0.2	1.2	-3.6	1	
USDBRL (Brazil)	3.27	-0.2	0.0	-2.6	-1	
USDCLP (Chile)	674.14	-0.3	0.6	-1.5	0	
USDCOP (Colombia)	2911	0.0	-0.2	0.9	2	
USDMXN (Mexico)	18.50	0.1	0.9	2.8	14	
USDPEN (Peru)	3.28	-0.2	-0.2	-1.1	3	
LACI	64.68	-0.3	0.0	-0.5	5	
USDPLN (Poland)	3.74	-0.1	-0.2	3.6	10	
USD RUB (Russia)	56.31	0.4	0.6	1.3	7	
USDTRY (Turkey)	3.58	0.0	0.5	0.5	0	
USDCNY (China)	6.86	0.0	0.4	0.6	1	
USDINR (India)	64.50	-0.1	0.1	-0.5	5	
USDIDR (Indonesia)	13,320	-0.2	-0.1	0.0	1	
ADXY	106.0	-0.1	0.0	0.5	3	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
Brent						
WTI	50	0.8	-1.0	3	-6	
Copper	256	0.0	-1.1	-1	0	
Gold	1267	0.0	0.5	0	9	
S&P Spot commodity *	386	0.6	-2.1	1	-3	
S&P Brent Spoz *	447	1.4	3.0	1	-7	
S&P Metals Spoz *	319	-0.5	-0.2	0	5	
S&P Agricultural *	287	0.1	-1.8	0	-4	



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Euribor 12m	-0.13	0.00	0.0	0.0	0.0
Libor 3m	1.20	0.00	0.0	0.0	0.2
Libor 12m	1.72	0.00	0.0	-0.1	0.0
EZ TED spread 3m	49.6	-3.00	-3.9	-1.2	-16.8
Stock markets (%)					
Main indices					
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MSCI EM Asia *	811	0.3	1.9	4	17
Shanghai Com (China)	3,110	0.0	1.1	-1	-2
Jakarta (Indonesia)	5,712	0.2	-1.4	0	8
Banking sector					
US banks	117.6	0.0	2.2	0	-2
JPM	85.4	0.0	0.8	-3	-2
CB	62.1	0.0	1.7	5	1
BoA	23.2	0.0	0.9	-2	1
MS	42.8	0.0	2.8	-2	-2
GS	223.5	0.0	3.5	-1	-8
EZ banks	112.1	-1.3	-1.5	1	6
BNP	66.4	-0.1	1.4	2	6
Credit Agricole	13.9	-4.1	-3.2	2	13
Deutsche Bank	16.4	-0.4	-3.3	2	1
ING	15.1	-0.5	0.5	1	9
Intesa	2.6	-2.1	-4.3	-4	1
SG	49.7	0.8	0.3	0	3
Unicredit	15.9	-4.3	-5.4	6	13
UK banks	89.7	0.0	0.1	2	2
HSBC	675.0	0.0	1.3	5	1
RBS	261.6	0.0	0.0	3	12
Barclays	211.7	0.0	-0.9	-5	-10
Lloyds	71.7	0.0	-0.1	4	11
Large Spanish banks	89.6	0.2	2.4	0	15
Santander	5.9	-0.1	2.7	-1	14
BBVA	7.5	0.5	2.1	0	15
Medium Spanish banks	22.9	0.1	1.3	2	13
Cajabank	4.2	-0.4	1.3	4	29
Populr	0.7	-1.2	-5.2	3	-33
Sabadell	1.8	0.0	1.2	4	33
Banquepar	8.3	0.6	1.9	3	10
Bankia	1.1	0.2	2.0	-4	3
Currencies (% red for currency depreciation)					
Developed					
EURUSD	1.12	0.0	0.5	2.5	7
GBPUSD	1.28	0.3	-1.2	0.4	4
USDJPY	111.30	0.0	0.0	0.0	-5
DX1	97.36	-0.1	0.4	1.7	5
Emerging					
USDARS (Argentina)	15.98	0.2	1.2	-3.6	1
USDBRL (Brazil)	3.27	-0.2	0.0	-2.6	-1
USDCUP (Cuba)	674.14	-0.3	-0.6	-1.5	0
USDCOP (Colombia)	291.1	0.0	-0.2	0.9	2
USDMXN (Mexico)	18.50	0.1	0.9	2.8	14
USDPEN (Peru)	3.28	-0.2	-0.2	-1.1	3
LACI	64.68	-0.3	0.0	-0.5	5
USDPLN (Poland)	3.74	-0.1	-0.2	3.6	10
USD RUB (Russia)	56.31	0.4	0.6	1.3	7
USDTRY (Turkey)	3.58	0.0	-0.5	-0.5	0
USDCNY (China)	6.86	0.0	0.4	0.5	1
USDINR (India)	64.50	-0.1	0.1	-0.5	5
USDIR (Indonesia)	13.320	-0.2	-0.1	0.0	1
ADXY	106.0	-0.1	0.0	0.5	3
Commodities (%)					
Brent	52.5	0.7	-2.5	2	-7
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Source: Bloomberg, Datastream and Haver

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\* With one day delay

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