

Market Comment | Oil prices dragged down energy stocks

Global Financial Markets Unit
20 Jun 2017

- Early in the trading session, European stocks were hovering around historical high levels, but the sentiment worsened as **the significant drop in oil prices dragged down the energy sector worldwide, bringing a rise in equity volatility**. At the same time, sovereign bond yields continued on their downward trend, especially in the European periphery.
- **Oil prices suffered a significant drop** on the back of increasing jitters about a **supply glut** in the oil market, as the increase in US, Libyan and Nigerian oil production overshadowed the recent curb in OPEC oil production ([see](#)). The fall in oil prices weighed on EM currencies.
- The **GBP weakened today as the BoE's Carney dissipated nagging doubts about the possibility of early interest rate hikes in the UK**. Mr Carney pointed to ongoing uncertainties related to Brexit talks to maintain the current level of interest rates ([see](#)).
- The Fed's Rosengren added to the recent slew of **hawkish Fed speakers**, saying that low interest rates posed financial stability risks ([see](#)). In addition, Stanley Fischer said that low interest rates may discoordinate real estate markets. However, market reaction was muted, as the USD was little changed and US Treasury yields reached their lowest level since the US election. On the other hand, the speaker of the US House of Representatives, Paul Ryan, vowed to complete tax reform in 2017 ([see](#)).

Update 18 CET 20 June, 2017
Table 1

Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.35	-0.8	-1.5	8	13
US (10-yr)	2.16	-2.6	-4.9	-7	-29
Germany (2-yr)	0.65	0.6	5.2	3	13
Germany (10-yr)	0.27	-1.8	-0.1	-10	-1
France	0.61	-2.3	-0.2	-20	-20
Spain	1.39	-5.7	-4.5	-19	-12
Italy	1.92	-3.1	-5.8	-21	5
Portugal	2.67	-0.1	-7.7	-31	-130
Greece	5.57	-6.0	-26.5	-12	-131
Japan (2-yr)	-0.11	-0.6	-1.1	5	8
Japan (10-yr)	0.06	-0.7	1.7	-1	-1
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	10.46	9.3	-29.3	103	95
Chile	4.09	0.0	1.1	1	-24
Colombia	6.53	11.1	29.6	22	-56
Mexico	6.89	2.3	-19.7	-36	-75
Peru	5.35	0.5	-8.6	-17	-112
Poland	3.18	0.8	0.2	-17	-54
Russia	8.01	-0.9	23.0	36	-44
Turkey	10.22	5.0	-10.0	-35	-78
India	6.45	-1.6	-4.3	-26	-7
Indonesia	6.27	-1.5	-12.1	-28	-107
Country risk (bp, changes in bp)					
Developed Markets					
10-yr sovereign spread vs Germany					
France	34	-0.7	-0.1	-10	-19
Italy	166	-1.5	-5.7	-11	6
Portugal	261	1.5	-7.6	-21	-101
Spain	113	-4.1	-4.4	-8	-3
2-yr sovereign spread vs Germany					
France	17	-1.1	-3.3	-7	7
Italy	44	-1.9	0.5	0	-17
Portugal	67	-2.2	-12.7	-33	-60
Spain	35	-1.1	-5.4	-5	-13
Emerging Markets					
5-yr sovereign CDS *					
Brazil	234	-1.2	-1	-27	-38
Chile	69	-0.7	0	-6	-14
Colombia	130	1.4	5	-2	-33
Mexico	111	0.1	1	-9	-46
Peru	85	-0.6	-2	-15	-23
Venezuela	4,526	-32.0	134	820	621
Poland	61	-0.1	-1	-5	-14
Russia	164	0.7	8	4	-12
Turkey	188	1.3	1	-26	-84
China	66	-0.6	-3	-15	-51
India	89	-0.2	-3	-6	-38
Indonesia	115	-0.1	-2	-18	-42
Risk indicators					
Volatility indicators (%)					
level	Daily	Weekly	Monthly	YTD	
VIX	11	-0.9	2	-11	1
VST OXX	14	7.6	3	-9	-2
EM FT volatility Index	14	2.0	-13	-22	-31
Dollar/Euro volatility	6	3.8	-1	-24	-43
EM FX volatility index	8	-0.8	-2	-13	-32
Credit spread (BAA) (bps)	220	2.6	-1	-8	-7
US bonds volatility index	52	0.2	0	-11	-32
Downing by CDS (bps) *					
US	56	-0.6	-3	-4	-16
EZ	69	-2.0	-5	-13	-39
UK	56	-1.3	-5	-8	-34
Large Spanish	66	-2.2	-6	-16	-51
Medium Spanish	113	-1.1	-5	-44	-39
Corporate 5y CDS (bps) *					
US Non-financial	150	-0.6	-3	-4	-16
EZ Non-financial	81	-2.0	-5	-13	-39
UK Non-financial	112	-1.0	-2	-5	-13
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EDNA 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	-0.16	0.00	0.0	0.0	-0.1
Libor 3m	1.28	0.01	0.0	0.1	0.3
Libor 12m	1.73	0.00	0.0	0.0	0.0
EZ TED spread 3m	53.1	0.60	0.4	0.4	13.3
Stock markets (%)					
Main indices					
level	Daily	Weekly	Monthly	YTD	
S&P500	2,445	-0.4	0.2	3	8
Dow Jones	21,521	0.0	0.9	3	8
Nikkei	20,730	0.8	1.7	3	3
FTSE 100	7,483	-0.5	0.2	0	-4
EuroStoxx 50	3,565	-0.4	0.2	-1	-7
BSE	10,758	-0.8	-1.1	-1	-14
DAX	12,831	-0.5	0.5	2	11
CAC	5,301	-0.2	0.7	0	8
IBEX	20,866	-0.7	-1.1	-3	6
ASE Athens	827	0.7	3.7	5	26
MSCI Latam *	75,443	0.4	0.5	1	3
Ibovespa (Bovespa)	61,561	-0.7	0.4	-2	0
Motdci	49,011	-0.3	0.0	0	5
MSCI EM Europe *	4,814	1.4	0.2	-2	-5
Poland	2,303	-1.3	0.0	-1	15
Nikkei (Russia)	1,856	0.3	0.2	-5	-18
Ise 100 (Turkey)	99,269	-0.1	0.0	4	30
MSCI EM Asia *	820	1.1	0.8	3	18
Shanghai Com (China)	2,140	-0.1	-0.4	-2	-1
Jakarta (Indonesia)	5,792	1.2	1.8	3	10
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	121.1	-0.6	0.0	5	1
JPM	97.7	0.4	0.5	3	1
Citi	64.2	-0.4	-0.7	5	5
BofA	23.7	-0.8	-0.2	3	3
MS	45.4	-0.6	0.5	9	4
GS	224.9	-0.6	0.3	4	8
EZ banks	108.9	-0.6	-1.3	-5	-3
BNP	62.7	-0.6	-1.0	-5	0
Credit Agricole	14.0	0.7	-1.1	-2	13
Deutsche Bank	15.3	-0.8	-2.0	-11	-6
ING	15.1	-1.1	-0.9	0	9
Intesa	2.5	-0.4	-2.0	-10	0
SG	47.0	-0.2	-0.1	6	-2
Unicredit	15.7	-0.4	-3.3	-7	12
UK banks	87.1	-1.2	-1.1	-3	-1
HSC	689.0	-0.4	0.1	4	3
RBS	248.7	-0.6	-1.4	-5	6
Barclays	203.4	-1.8	-1.4	-5	-13
Lloyds	67.1	-2.3	-2.1	-6	4
Large Spanish banks	88.5	-1.2	-2.2	0	13
Santander	5.8	-1.5	-3.7	0	14
BBVA	7.4	-0.8	-0.9	-1	13
Medium Spanish banks	78.8	-1.2	-0.4	-5	8
Cakabank	4.1	-0.9	1.1	-2	27
Sabell	1.8	-1.7	0.5	-4	27
Bankinter	8.1	-1.3	-0.7	-2	8
Banika	4.0	-1.2	-2.7	-3	-1
Currencies (% red for currency depreciation)					
Developed					
level	Daily	Weekly	Monthly	Year	
EUR/USD	1.11	-0.2	-0.8	-0.7	5
GBP/USD	1.26	-0.9	-1.0	-3.2	2
USD/JPY	111.58	0.0	-1.4	0.3	-5
DXY	97.83	0.3	0.9	-0.7	5
Emerging					
USD/ARS (Argentina)	16.15	0.0	-1.6	-0.8	0
USD/BRL (Brazil)	3.21	-0.9	0.1	-1.8	-3
USD/CLP (Chile)	665.14	0.5	0.6	0.5	1
USD/COP (Colombia)	3038	-2.1	-3.6	-5.3	-2
USD/MXN (Mexico)	18.11	-0.9	-0.3	3.3	16
USD/PEN (Peru)	3.28	-0.3	0.0	-0.3	-3
LACI	64.69	-0.8	-0.5	0.5	5
USD/PLN (Poland)	3.81	-0.7	-1.9	-1.7	9
USD/RUB (Russia)	59.67	-2.0	-4.7	-4.9	1
USD/TRY (Turkey)	3.55	-0.7	0.8	0.8	1
USD/CNY (China)	6.83	-0.1	-0.4	0.8	2
USD/INR (India)	64.50	-0.1	-0.2	0.2	5
USD/IDR (Indonesia)	12,292	-0.1	0.0	0.2	1
ADXY	105.9	-0.2	-0.5	-0.1	3
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	45.8	-2.4	6.0	-15	-19
WTI	43	-2.8	-7.5	-15	-19
Copper	256	-1.3	-1.4	-1	0
Gold	1244	0.0	-1.8	-1	7
S&P Spot commodity *	361	-0.8	-2.3	-8	-9
S&P Brent Spot *	401	-1.0	-3.9	-12	-17
S&P Metals Spot *	315	-1.0	0.7	-1	-3
S&P Agricultural *	291	-0.7	0.2	0	-3

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Mexico	6.89	2.3	-19.7	-36	-75
Peru	5.35	0.5	-8.6	-17	-112
Poland	3.18	0.8	0.2	-17	-54
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Euribor 12m	0.16	0.00	0.0	0.0	-0.1
Libor 3m	1.28	0.01	0.0	0.1	0.3
Libor 12m	1.73	0.00	0.0	0.0	0.0
EZ TED spread 3m	53.1	0.60	0.4	0.4	-13.3
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Shanghai Com (China)	3,140	-0.1	-0.4	2	-1
Jakarta (Indonesia)	5,792	1.2	1.8	3	10
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	87.7	-0.4	0.5	3	1
Citi	64.2	-0.4	-0.7	5	5
BofA	23.7	-0.8	-0.2	3	3
MS	45.4	-0.6	0.6	9	4
GS	224.9	-0.6	0.3	4	-8
EZ banks	108.9	-0.6	-1.3	-5	3
BNP	62.7	-0.6	-1.0	-5	0
Crédit Agricole	14.0	-0.7	-1.1	-2	13
Deutsche Bank	15.3	-0.8	2.0	-11	-6
ING	15.1	-1.1	-0.9	0	9
Intesa	2.5	-0.4	-2.0	-10	0
SG	47.0	-0.2	-0.1	-6	-2
Unicredit	15.7	-0.4	-3.3	-7	12
UK banks	87.1	-1.2	-1.1	3	-1
HBS	689.0	-0.4	0.1	4	3
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Lloyds	67.1	-2.3	-2.1	-6	4
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Currencies (% red for currency depreciation)					
level	Daily	Weekly	Monthly	Year	
Developed					
EURUSD	1.11	-0.2	-0.8	-0.7	6
GBPUSD	1.26	-0.9	-1.0	-3.2	2
USD JPY	111.58	0.0	-1.4	0.3	-5
DKK	97.83	0.3	0.9	-0.7	5
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	16.15	0.0	-1.6	-0.8	0
USD BRL (Brazil)	3.31	-0.9	0.1	-1.8	-3
USD CLP (Chile)	665.14	-0.5	-0.6	0.5	1
USD COP (Colombia)	3038	-2.1	-3.6	-5.3	-2
USD MXN (Mexico)	18.11	-0.9	-0.3	3.3	16
USD PEN (Peru)	3.28	-0.3	0.0	-0.3	3
LACI	64.69	-0.8	0.5	0.5	5
USD PLN (Poland)	3.81	-0.7	-1.9	-1.7	9
USD RUB (Russia)	59.67	-2.0	4.7	4.9	1
USD TRY (Turkey)	3.55	-0.7	-0.8	0.8	1
USD CNY (China)	6.83	-0.1	0.4	0.8	2
USD INR (India)	64.50	-0.1	-0.2	0.2	5
USD IDR (Indonesia)	13,292	-0.1	0.0	0.2	1
ADXY	105.9	-0.2	-0.5	-0.1	3
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
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Source: Bloomberg, Datastream and Haver

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* With one day delay

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