

Market Comment | Calm markets at the start of a busy week in the US

Global Financial Markets Unit
10 Jul 2017

- Equity volatility diminished as investors started the week with a slightly **higher risk appetite**. The focus in the financial markets this upcoming week will be on the US, specifically on **Yellen's testimony**, the release of inflation data for June and the start of the Q2 earnings season this week.
- **Euro zone bond yields diminished from multi-month highs** across the board, especially in peripheral countries. This movement was accompanied by positive **reports on German exports**, which grew by more than expected ([see](#)). **Stock prices inched up across the board**, curbing last week's apathetic mood thanks to, among other things, the positive US jobs report released on Friday, which increased the appetite for risk.
- **Oil prices went higher** on reports that Libya and Nigeria may attend a meeting between OPEC and non-OPEC nations to seek ways to cap rising production ([see](#)). EM currencies appreciated after the news. Meanwhile, DM currencies remained stable.

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Table 1

Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.38	-2.0	3.1	6	17
US (10-yr)	2.37	-2.0	1.6	18	7
Germany (2-yr)	0.61	-1.0	2.0	13	17
Germany (10-yr)	0.54	-3.3	6.4	28	28
France	0.91	-3.0	8.2	26	10
Spain	1.67	-6.1	14.5	20	16
Italy	2.28	-6.3	14.5	10	41
Portugal	3.13	-9.4	11.7	10	-105
Greece	5.38	-5.6	-1.9	-69	-150
Japan (2-yr)	0.10	0.7	2.3	1	9
Japan (10-yr)	0.09	0.8	2.5	3	3
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	10.52	-7.5	4.0	35	90
Chile	4.22	0.4	7.6	17	-10
Colombia	6.73	-2.8	30.4	56	-37
Mexico	6.78	-4.8	-7.6	-32	-66
Peru	5.68	0.7	22.7	25	-79
Poland	3.33	-4.4	4.1	12	-39
Russia	7.94	-3.4	3.2	13	-50
Turkey	10.51	-9.0	18.0	29	-49
India	6.47	-5.8	-9.0	6	9
Indonesia	7.36	-1.2	27.5	22	-69
Country risk (bp, changes in bp)					
Developed Markets					
10-yr sovereign spread vs Germany					
France	37	0.3	1.8	-2	-16
Italy	174	-3.0	8.1	-18	15
Portugal	259	-0.1	5.3	-18	-103
Spain	113	-2.8	8.1	-9	-3
2-yr sovereign spread vs Germany					
France	24	-0.9	0.8	3	14
Italy	49	-1.2	3.0	-1	-13
Portugal	69	-3.1	3.2	-22	-78
Spain	41	-0.9	8.5	-4	-7
Emerging Markets					
5-yr sovereign CDS *					
level	Daily	Weekly	Monthly	YTD	
Brazil	238	-3.6	0	1	-34
Chile	67	-0.8	2	-1	-15
Colombia	141	-1.1	6	14	-22
Mexico	114	-1.6	2	3	-42
Peru	87	-1.4	1	-2	-21
Venezuela	4,317	21.4	67	101	412
Poland	61	0.0	0	-1	-14
Russia	177	-0.1	9	24	0
Turkey	205	1.3	12	10	-67
China	73	1.1	3	-1	-44
India	91	0.8	1	-2	-36
Indonesia	123	2.3	6	4	-33
Risk indicators					
Volatility indicators (%)					
level	Daily	Weekly	Monthly	YTD	
VIX	11	-2.0	-2	8	-1
VST OXX	15	-2.6	2	5	-2
EM EFT volatility Index	16	-5.7	0	2	-21
Dollar/Euro volatility	8	-5.1	-4	-3	-38
EM FX volatility index	8	0.1	2	0	-28
Credit spread (BAA) (bps)	210	2.0	3	-15	-17
US bonds volatility index	56	-2.1	1	4	-27
Defaulting 5Y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	52	-0.4	0	-8	-20
EZ	59	1.5	2	-22	-49
UK	50	0.5	9	-17	-40
Large Spanish	62	2.6	3	-20	-55
Medium Spanish	99	0.8	-1	-22	-53
Corporate 5Y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	144	-0.4	0	-8	-50
EZ Non-financial	82	1.5	2	-22	-49
UK Non-financial	115	1.1	1	-1	-9
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	0.01	0.0	0.0	-0.1
Libor 3m	1.31	0.00	0.0	0.1	0.3
Libor 12m	1.76	0.00	0.0	0.0	0.1
EZ TED spread 3m	47.8	0.10	1.8	3.4	18.6
Stock markets (%)					
Main indices					
level	Daily	Weekly	Monthly	YTD	
S&P500	2,429	0.2	0.0	0	7
Dow Jones	21,831	0.1	0.2	1	7
Nikkei	20,081	0.8	0.1	1	2
FTSE 100	7,370	0.3	0.1	-1	3
EuroStoxx 50	3,478	0.4	0.4	-2	5
BSE	10,510	0.2	0.9	-4	11
DAX	12,446	0.5	-0.2	-2	7
CAC	5,166	0.4	-0.6	-2	5
IBEX	21,191	0.8	0.8	1	8
ASE Athens	844	0.8	2.0	8	28
MSCI Latam *	75,951	-0.1	-0.2	0	4
Bovespa (B3SP)	62,812	0.8	-0.7	0	2
Merckel	50,521	0.9	0.8	3	8
MSCI EM Europe *	4,853	-0.5	0.6	1	-4
Poland	2,301	0.2	-1.0	-2	15
Nikkei (Russia)	1,926	0.7	1.2	-1	1
Ise 100 (Turkey)	101,097	1.0	0.6	3	33
MSCI EM Asia *	818	-0.5	-0.5	0	18
Shanghai Com (China)	3,213	0.4	0.5	2	2
Jakarta (Indonesia)	5,772	-1.3	-1.0	1	9
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	124.6	-0.2	-0.1	6	4
JPM	93.3	0.6	0.6	10	7
Citi	67.6	-0.5	-1.0	7	10
BofA	24.8	-0.3	0.3	8	8
MS	46.0	-0.1	0.8	4	5
GS	225.7	0.2	0.7	3	-7
EZ banks	116.0	-0.1	1.4	5	10
BNP	65.6	0.1	1.0	3	4
Credit Agricole	14.7	0.2	1.3	4	9
Deutsche Bank	16.6	-0.6	3.0	6	2
ING	15.6	0.0	0.8	2	12
Intesa	2.9	0.7	0.4	11	13
SG	49.2	0.5	1.7	3	2
Unicredit	17.5	0.1	3.2	9	25
UK banks	89.9	0.3	0.5	1	2
HSSC	738.3	1.4	1.2	8	10
RBS	256.4	-0.9	0.4	0	9
Barclays	207.7	-0.2	0.3	1	-12
Lloyds	66.6	0.0	0.2	6	3
Large Spanish banks	90.1	-0.1	-0.7	-1	15
Santander	5.8	0.0	-1.6	-2	15
BBVA	7.5	-0.1	0.2	-1	16
Medium Spanish banks	82.9	0.2	0.7	3	13
Cakabank	4.3	0.3	1.9	4	30
Sabell	1.8	-0.1	0.2	5	34
Bankinter	8.3	0.4	1.3	0	10
Banika	4.6	0.2	3.4	8	12
Currencies (% red for currency depreciation)					
level	Daily	Weekly	Monthly	Year	
Developed					
EURUSD	1.14	0.0	0.2	1.5	9
GBPUSD	1.29	-0.1	-0.4	-0.6	5
USDJPY	114.08	-0.1	-0.6	3.7	-3
DXY	96.07	0.1	-0.1	0.9	6
Emerging					
USDARS (Argentina)	17.02	-0.3	-1.2	-6.8	-6
USD BRL (Brazil)	3.26	0.5	1.2	0.1	-1
USD CLP (Chile)	666.41	0.1	0.6	0.1	1
USD COP (Colombia)	3062	0.8	-0.5	-4.9	-3
USD MXN (Mexico)	17.98	0.6	1.3	1.2	16
USD PEN (Peru)	3.26	-0.1	0.1	0.4	4
LACI	64.79	0.0	0.7	-0.6	5
USD PLN (Poland)	3.72	-0.1	0.5	0.6	11
USD RUB (Russia)	60.26	0.2	-1.8	-5.9	0
USD TRY (Turkey)	3.61	0.2	-1.6	2.5	-1
USD CNY (China)	6.80	0.0	0.0	0.0	2
USD INR (India)	64.53	0.1	0.5	-0.5	5
USD IDR (Indonesia)	13,390	0.0	0.2	0.9	0
ADXY	105.9	0.0	0.0	-0.6	2
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	47.0	0.6	-5.4	-2	-17
WTI	45	0.7	-5.4	-2	-16
Copper	264	0.0	-1.6	1	4
Gold	1213	0.0	-0.6	-5	4
S&P Spot commodity *	366	-1.6	-3.2	-1	-8
S&P Brent Spot *	398	-2.9	-6.0	-3	-17
S&P Metals Spot *	325	-0.4	-1.2	4	7
S&P Agricultural *	306	0.4	0.2	5	2

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Colombia	6.73	-2.8	30.4	56	-37
Mexico	6.78	-4.8	-7.6	-32	-86
Peru	5.68	0.7	22.7	25	-79
Poland	3.33	-4.4	4.1	12	-39
Russia	7.94	-3.4	3.2	13	-50
Turkey	10.51	-9.0	18.0	29	-49
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Euribor 3m	0.33	0.00	0.0	0.0	0.0
Euribor 12m	0.16	0.01	0.0	0.0	-0.1
Libor 3m	1.31	0.00	0.0	0.1	0.3
Libor 12m	1.76	0.00	0.0	0.0	0.1
EZ TED spread 3m	47.8	0.10	1.8	3.4	-18.6
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Main indices					
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MSCI EM Europe *	4,853	0.5	0.6	1	4
Poland	2,301	0.2	-1.0	-2	15
Moex (Russia)	1,926	0.7	1.2	3	-15
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Shanghai Com (China)	3,213	-0.2	0.5	2	2
Jakarta (Indonesia)	5,772	-1.3	-1.0	-1	9
Emerging sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	93.3	-0.6	0.6	10	7
Citi	67.6	-0.5	-1.0	7	10
BofA	24.8	-0.5	0.3	8	8
MS	46.0	-0.1	0.8	4	5
GS	225.7	0.2	0.7	3	-7
EZ banks					
BNP	116.0	-0.1	1.4	5	10
Crédit Agricole	14.7	-0.2	1.3	4	19
Deutsche Bank	16.6	-0.6	3.0	6	2
ING	15.6	0.0	0.8	2	12
Intesa	2.9	0.7	0.4	11	13
SG	49.2	-0.5	1.7	3	2
Unicredit	17.5	0.1	3.2	9	25
UK banks					
HSBC	89.9	0.3	0.5	1	2
RBS	738.3	1.4	1.2	8	10
Barclays	256.4	-0.9	0.4	0	9
Lloyds	207.7	-0.2	0.3	-1	-12
Large Spanish banks					
Santander	66.6	0.0	0.2	-6	3
BBVA	90.1	-0.1	0.7	-1	15
CaixaBank	5.8	0.0	-1.6	-2	15
Medium Spanish banks					
Sabell	7.5	-0.1	0.2	1	16
CaixaBank	82.9	0.2	0.7	3	13
CaixaBank	4.3	0.3	-1.9	4	30
Sabell	1.8	0.1	0.2	5	34
Bankinter	8.3	0.4	1.3	0	10
Bankia	4.6	0.2	3.4	8	12
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.14	0.0	0.3	1.6	9
GBPUSD	1.29	-0.1	0.4	0.6	5
USD JPY	114.08	-0.1	0.6	3.7	-3
DKK	95.87	0.1	-0.1	0.9	6
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.02	-0.3	-1.2	-6.8	-6
USD BRL (Brazil)	3.26	0.5	1.2	0.1	-1
USD CLP (Chile)	666.41	0.1	-0.6	-0.1	1
USD COP (Colombia)	3,062	0.8	0.5	-4.9	-3
USD MXN (Mexico)	17.98	0.6	1.3	1.2	16
USD PEN (Peru)	3.26	-0.1	0.1	0.4	4
LACI	64.79	0.0	0.7	-0.6	5
USD PLN (Poland)	3.72	-0.1	0.5	0.6	11
USD RUB (Russia)	60.26	0.2	-1.8	-5.9	0
USD TRY (Turkey)	3.61	0.2	-1.5	-2.5	-1
USD CNY (China)	6.80	0.0	0.0	0.0	2
USD INR (India)	64.53	0.1	0.5	-0.5	5
USD IDR (Indonesia)	13,398	0.0	0.2	-0.8	0
ADXY	105.9	0.0	0.0	-0.6	-2
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
WTX	47.0	0.6	-5.4	-2	-17
Copper	45	0.7	-5.4	-2	-16
Gold	264	0.0	-1.6	1	4
S&P Spot commodity *	1213	0.0	0.6	-5	4
S&P Brent Spot *	366	-1.6	-3.2	-1	-8
S&P Metals Spot *	398	-2.9	-6.0	-3	-17
S&P Agricultural *	325	-0.4	-1.2	4	7
S&P Agricultural *	306	0.4	0.2	5	2

Source: Bloomberg, Datastream and Haver

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* With one day delay

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