

Market Comment | European Banks rose as bond yields resumed their upward trend

Global Financial Markets Unit
13 Jul 2017

- The **sentiment remained slightly positive in the financial markets**, following yesterday's testimony by Yellen, considered to be dovish. This sentiment was also underpinned by **today's positive trade data from China**. There was less volatility across the board. Moreover, the upward trend in oil prices also served to prop up the positive sentiment.
- Nonetheless, **European sovereign yields resumed their upward trend, pushing up banking sector stock prices**. This movement was also reinforced by **higher-than-expected exports from China**, allaying concerns of a potential slowdown in its economy ([see](#)). Moreover, the **MSCI World index today hit an all-time high** ([see](#)), indicating the appetite for equity shown recently by investors.
- **Oil prices rose once again**, despite reports suggesting that **OPEC compliance rates** with oil production cuts may be at their lowest level in six months ([see](#)). Nonetheless, **EM currencies were mixed**, following yesterday's strong appreciation.

Update 18 CET 13 July, 2017
Table 1

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.37	2.5	-2.7	0	15
US	2.36	3.9	-0.9	15	8
GER (2-yr)	0.61	0.8	-3.5	9	16
Germany	0.60	2.3	-3.6	26	25
France	0.88	1.8	-3.7	27	7
Spain	1.70	6.0	2.5	27	19
Italy	2.33	7.0	6.1	35	46
Portugal	3.19	8.8	11.2	24	98
Greece	5.37	0.1	-0.6	-47	-152
Japan (2-yr)	0.11	0.0	1.1	-1	8
Japan	0.08	-2.0	2.0	2	7
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	10.32	-2.0	-20.4	-43	-109
Chile	4.14	-1.9	-7.6	7	-18
Colombia	6.74	-4.8	-6.2	50	-35
Mexico	6.83	2.1	-2.6	-26	-81
Peru	5.50	-5.4	-8.4	6	-97
Poland	3.34	-0.5	-7.2	17	-37
Russia	7.95	-0.6	-0.1	10	-50
Turkey	10.43	-1.0	-11.0	11	-57
India	6.46	-0.3	-8.2	-4	7
Indonesia	6.98	-1.0	5.0	8	-86
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	28	-0.5	-0.1	1	-18
Italy	173	4.7	9.7	9	21
Portugal	259	6.5	16.8	-2	-95
Spain	110	3.7	6.1	1	2
2-yr sovereign spread vs Germany					
France	23	-0.2	-3.1	2	12
Italy	49	1.9	2.9	6	-12
Portugal	77	6.4	8.0	-3	-90
Spain	37	1.8	-6.4	-3	-11
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	225	-7.5	-14	-10	-47
Chile	65	-1.4	-1	-3	-17
Colombia	137	-4.0	-3	12	-26
Mexico	111	-2.9	-5	1	-46
Peru	85	-2.3	-2	-2	-23
Venezuela	4,199	15.1	-24	-193	294
Poland	61	-0.5	-1	-2	-15
Russia	165	-6.6	-9	9	-12
Turkey	194	-4.5	-7	8	-78
China	68	-1.4	-3	-2	-49
India	88	-0.9	-2	-3	-39
Indonesia	118	-1.9	-2	1	-38
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	10	-2.1	-20	-3	-2
VSTOXX	13	-4.6	-15	-3	-3
EM EFT volatility Index	15	-3.7	-18	-9	-27
Dollar/reserve volatility	6	-2.5	-4	7	-38
EM FX volatility Index	8	0.0	-3	1	-30
Credit spread (BAA) (bps)	206	-3.9	-1	-11	-21
US bonds volatility index	52	-1.5	-8	1	-31
Banking Sy CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	54	-0.7	2	-5	-10
EZ	57	-1.4	0	-17	-51
UK	49	-0.6	2	-12	-41
Large Spanish	58	-1.6	0	-15	-59
Medium Spanish	98	0.0	0	-20	-53
Corporate Sy CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	142	-0.7	2	-5	-18
EZ Non-financial	81	-1.4	0	-17	-51
UK Non-financial	113	-1.2	-1	-1	-12
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	-0.15	0.00	0.0	0.0	-0.1
Libor 3m	1.30	0.00	0.0	0.1	0.3
Libor 12m	1.35	-0.01	0.0	0.0	-0.1
Stock markets (%)					
Index	level	Daily	Weekly	Monthly	YTD
S&P500	2,446	0.1	1.5	0	8
Dow Jones	21,565	0.2	1.1	1	8
Nikkei	20,100	0.0	0.5	1	3
FTSE 100	7,413	0.0	1.0	-1	-3
EuroStoxx 50	3,528	0.4	1.9	-1	6
IBEX	10,658	0.9	1.5	-2	13
DAX	12,641	0.1	2.1	-1	9
CAC	5,235	0.3	1.6	-1	7
MIB	21,522	0.4	2.1	2	10
ASE Athens	854	1.2	1.2	7	30
MSCI LatAm *	78,166	1.2	1.9	4	7
Ibovespa (Brazil)	65,167	0.5	4.3	5	6
Mexbol	50,791	0.0	1.6	4	9
MSCI EM Europe *	4,975	-1.1	1.8	3	-2
Rubor	2,351	0.4	2.2	2	-18
Micex (Russia)	1,960	0.3	1.9	5	-13
Ise 100 (Turkey)	104,210	0.4	3.6	5	37
MSCI EM Asia *	825	0.5	1.3	3	20
Shanghai Com (China)	3,218	0.6	0.2	2	2
Jakarta (Indonesia)	5,830	1.0	0.1	2	11
Banking sector					
US banks	level	Daily	Weekly	Monthly	YTD
JPM	124.2	0.8	0.4	3	4
Citi	92.8	0.3	0.7	6	7
CB	67.0	0.1	-1.0	4	9
BofA	24.5	0.7	-0.8	3	7
MS	45.6	1.4	-1.1	1	5
GS	229.8	1.1	1.4	3	-5
EZ banks	116.9	0.8	0.4	6	11
BNP	66.9	1.4	2.4	6	7
Crédit Agricole	14.9	1.1	1.2	6	21
Deutsche Bank	16.5	0.5	-1.0	6	1
ING	15.7	1.1	0.9	3	13
Intesa	2.9	0.1	0.5	10	12
SG	49.6	1.0	0.5	5	3
Unicredit	17.4	-0.3	-0.6	7	24
UK banks	90.8	1.2	1.0	1	3
HSBC	744.0	-0.2	2.2	8	11
RBS	256.8	2.1	-1.2	2	10
Barclays	211.3	1.6	1.0	2	-10
Lloyds	67.4	2.1	1.1	-2	4
Large Spanish banks	91.2	1.5	0.7	1	17
Santander	5.9	1.1	-0.4	-2	16
BBVA	7.7	1.9	1.8	-3	18
Medium Spanish banks	83.7	1.0	1.0	6	15
Cabobank	4.3	1.6	-0.3	5	32
Sabadi	1.9	1.9	3.4	9	38
Bankinter	8.4	0.5	2.0	2	11
Bankia	4.5	0.3	-1.3	9	11
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.14	-0.2	0.3	1.6	9
GBPUSD	1.29	0.3	0.4	1.3	5
USD JPY	113.41	-0.2	-0.2	3.0	-3
DXY	95.87	0.1	0.1	1.1	7
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	16.95	0.0	0.8	-6.7	-5
USD BRL (Brazil)	3.21	-0.1	2.6	3.1	0
USD CLP (Chile)	660.28	0.4	0.8	0.2	2
USD COP (Colombia)	3045	0.2	1.6	-3.8	-3
USDMXN (Mexico)	17.74	0.2	2.8	1.7	17
USDRIN (Peru)	3.25	0.0	0.1	0.8	4
LACI	65.55	0.0	1.5	0.8	6
USD PLN (Poland)	3.71	-0.1	0.0	0.8	11
USD RUB (Russia)	59.96	-0.0	0.3	-5.2	11
USD TRY (Turkey)	3.57	-0.1	1.4	-1.5	0
USD CNY (China)	6.78	0.1	0.3	0.2	2
USD INR (India)	64.45	0.1	0.5	-0.2	5
USD IDR (Indonesia)	13,348	0.2	0.3	-0.4	1
ADXY	106.2	0.0	0.4	-0.2	3
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	48.4	1.3	0.5	-1	-14
WTX	46	1.3	1.3	-1	-13
Copper	267	-0.3	0.6	3	5
Gold	1218	-0.2	0.6	-4	5
S&P Spot commodity *	370	0.0	0.3	0	-7
S&P Brent Spot *	408	0.6	0.4	-2	-15
S&P Metals Spot *	326	0.2	0.1	4	7
S&P Agricultural *	304	-2.1	-0.4	5	1

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Euribor 12m	-0.15	0.00	0.0	0.0	-0.1
Libor 3m	1.30	0.00	0.0	0.1	0.3
Libor 12m	1.75	-0.01	0.0	0.0	0.1
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,446	0.1	1.5	0	8
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MS	45.6	1.4	-1.1	1	5
GS	228.8	1.1	1.4	3	-5
EZ banks	116.9	0.8	0.4	6	11
BNP	66.9	1.4	2.4	6	7
Credit Agricole	14.9	1.1	1.2	6	21
Deutsche Bank	16.5	0.5	-1.0	6	1
ING	15.7	1.1	0.9	3	13
Intesa	2.9	0.1	-0.5	10	12
SG	49.6	1.0	-0.5	5	3
Unicredit	17.4	-0.3	0.6	7	24
UK banks	90.8	1.2	1.0	3	3
HSBC	744.0	-0.2	2.2	8	11
RBS	256.8	2.1	-1.2	2	10
Barclays	211.3	1.6	1.0	2	-10
Lloyds	67.4	2.1	1.1	-2	4
Large Spanish banks	91.2	1.5	0.7	1	17
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USD JPY	113.41	-0.2	-0.2	3.0	-3
DKY	95.87	0.1	0.3	1.1	7
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	16.95	0.0	0.8	-6.7	-5
USD BRL (Brazil)	3.21	-0.1	2.6	3.1	0
USD CUP (Cuba)	660.28	0.4	0.2	0.2	2
USDCOP (Colombia)	3045	0.2	1.6	-3.8	-3
USDMXN (Mexico)	17.74	0.2	2.8	1.7	17
USD PEN (Peru)	3.25	0.0	0.1	0.8	4
LACI	65.55	0.0	1.5	0.8	6
USD PLN (Poland)	3.71	-0.1	0.0	0.8	11
USD RUB (Russia)	59.96	0.0	0.3	-5.2	1
USD TRY (Turkey)	3.57	-0.1	1.4	-1.5	0
USDCNY (China)	6.78	0.1	0.3	0.2	2
USD INR (India)	64.45	0.1	0.5	-0.2	5
USD IDR (Indonesia)	13,348	0.2	0.3	-0.4	1
ADNY	106.2	0.0	0.4	-0.2	3
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	48.4	1.3	0.5	-1	-14
WTIX	46	1.3	1.2	-1	-13
Copper	267	-0.3	0.6	3	5
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S&P Spot commodity *	370	0.0	-0.3	0	-7
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Source: Bloomberg, Datastream and Haver

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* With one day delay

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