

# Market Comment | Markets steady ahead of ECB monetary policy meeting

Global Financial Markets Unit  
19 Jul 2017

- Financial markets were **relatively steady ahead of tomorrow's meetings of developed countries' central banks**, as reflected in low volatility across the board and in assets (currencies, sovereign bonds and stocks). The main focus is on the **ECB meeting**, from which investors will seek new hints regarding a potential additional tweak in the normalization process in upcoming meetings. Investors will also keep an eye on tomorrow's **BoJ monetary policy decision**.
- **European sovereign yields and the EUR** (close to its highest level since May 2016) remained almost unchanged ahead of tomorrow's ECB monetary policy meeting. We do not expect any change in monetary policy in this meeting, **but potential changes in communication regarding the QE tapering bias may be implemented**. According to our forecast, the ECB could announce its tapering strategy in the final term of this year. If, as expected, the ECB makes no changes in July's meeting, the **Jackson Hole symposium in late August** ([see](#)) could be an excellent opportunity to prepare markets for September's meeting. Meanwhile, the ECB's François Villeroy stressed that loose monetary policy is still needed ([see](#)).
- **Oil prices rose** on signs of strong gasoline demand and lower inventories. Nonetheless, the gains were limited due to higher-than-expected supply ([see](#)). EM currencies were little changed and mixed, in line with today's overall market steadiness.
- Asian stock prices rose, led by China amid releases of upbeat economic data (higher-than-expected GDP, among other indicators) coupled with reduced concerns about the negative effects on the economy of the tightening process of monetary conditions that Chinese authorities are implementing to prevent financial risks. The weaker USD also pushed up EM stocks, sending the MSCI World Index to a new record high ([see](#)).

Update 19 CET 19 July, 2017  
Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.36	0.8	1.3	0	14	
US	2.27	0.9	-5.0	0	17	
GER (2-yr)	0.64	-0.1	-1.8	2	14	
Germany	0.54	-1.2	-11.3	19	19	
France	0.30	-1.5	-6.2	17	-1	
Spain	1.56	0.4	-8.4	11	5	
Italy	2.19	-0.1	-6.6	24	32	
Portugal	3.07	0.2	-3.8	19	-111	
Greece	5.26	0.9	-10.3	-37	-162	
Japan (2-yr)	0.11	-0.9	0.4	-1	8	
Japan	0.08	1.4	2.0	1	1	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
Brazil	10.09	-5.1	-21.4	-28	-132	
Chile	4.35	-0.2	-1.0	6	-18	
Colombia	6.73	6.1	-5.6	31	-36	
Mexico	6.82	0.2	1.2	-5	-32	
Peru	5.42	-0.1	-13.5	7	-106	
Poland	3.28	2.7	-7.1	11	-44	
Russia	7.90	-3.5	-5.8	-12	-55	
Turkey	10.23	-7.0	-21.0	6	-77	
India	6.45	-0.7	-1.0	-2	7	
Indonesia	6.93	2.5	-15.9	14	-91	
Country risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
<b>10-yr sovereign spread vs Germany</b>						
France	26	-0.3	5.1	-1	-20	
Italy	165	1.1	4.7	5	13	
Portugal	253	1.4	7.5	1	-102	
Spain	102	1.6	2.9	-7	-6	
<b>2-yr sovereign spread vs Germany</b>						
France	24	-0.4	0.6	5	13	
Italy	47	-1.2	-0.1	1	-14	
Portugal	76	0.1	5.1	6	-21	
Spain	35	-1.4	-0.3	-1	-13	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
<b>5-yr sovereign CDS *</b>						
Brazil	219	0.2	14	-17	-53	
Chile	67	0.6	0	-2	-15	
Colombia	134	-0.5	-7	5	-29	
Mexico	108	-0.1	-5	-2	-48	
Peru	84	0.8	-3	-2	-24	
Venezuela	4,104	-13.5	-80	-454	199	
Poland	61	-0.1	-1	-1	-15	
Russia	165	1.9	-6	2	-11	
Turkey	186	-1.2	-13	-1	-86	
China	68	1.5	-2	1	-49	
India	86	-0.3	-3	-3	-41	
Indonesia	117	1.1	-3	2	-39	
Risk indicators						
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD	
<b>VIX</b>	10	-1.2	-5	6	-2	
VSTOXX	13	-0.9	-3	2	-3	
EM EFT volatility Index	14	0.1	-7	3	-30	
Dollar/reserve volatility	7	-1.6	4	20	-34	
EM FX volatility Index	7	0.3	-3	0	-33	
Credit spread (BAA) (bps)	208	-0.9	-2	-8	-19	
US bonds volatility index	50	-0.9	-6	-4	-35	
Banking Sy CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US	54	0.2	0	-2	-17	
EZ	53	0.3	-5	-18	-55	
UK	45	-0.6	-4	-12	-45	
Large Spanish	53	-0.6	-6	-15	-64	
Medium Spanish	96	-1.4	-2	-18	-55	
Corporate Sy CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US Non-financial	138	0.2	0	-2	-17	
EZ Non-financial	70	0.3	-5	-18	-55	
UK Non-financial	111	-0.5	-4	-3	-14	
Interbank markets (% changes in bp)						
level	Daily	Weekly	Monthly	YTD		
EDNA Index	-0.36	0.00	0.0	0.0	0.0	
Earbar 3m	-0.33	0.00	0.0	0.0	0.0	
Earbar 12m	-0.15	0.00	0.0	0.0	-0.1	
Libor 3m	1.31	0.00	0.0	0.0	0.3	
Libor 12m	1.33	0.00	0.0	0.0	0.0	
Stock markets (%)						
Index	level	Daily	Weekly	Monthly	YTD	
<b>US indices</b>						
S&P500	2,469	0.3	1.1	0	9	
Dow Jones	21,595	0.1	0.3	0	8	
Nikkei	20,021	0.1	-0.4	0	2	
FTSE 100	7,431	0.6	0.2	-1	-3	
<b>EuroStoxx 50</b>						
IBEX	10,588	0.6	0.3	-2	12	
DAX	12,452	0.2	-1.4	-3	7	
CAC	5,216	0.8	-0.1	-2	6	
MIB	21,479	0.6	0.2	2	9	
ASE Athens	854	0.6	1.2	4	30	
<b>MSCI Latam *</b>						
MSCI Latam *	78,790	0.0	2.0	5	8	
Ibovespa (Brazil)	64,972	-0.6	0.2	5	5	
Mobol	51,144	0.1	0.7	4	10	
<b>MSCI EM Europe *</b>						
MSCI EM Europe *	4,992	-0.7	1.5	5	-1	
Pobor	2,374	0.6	1.4	2	19	
Micex (Russia)	1,952	0.2	-0.1	6	-14	
Ise TOI (Turkey)	107,418	1.6	3.5	8	41	
<b>MSCI EM Asia *</b>						
MSCI EM Asia *	847	0.2	2.0	4	22	
Shanghai Com (China)	3,231	1.4	1.0	3	2	
Jakarta (Indonesia)	5,807	-0.6	0.6	1	10	
Banking sector						
level	Daily	Weekly	Monthly	YTD		
<b>US banks</b>						
JPM	122.8	0.5	0.4	1	2	
Citi	91.2	0.2	-1.4	4	5	
BoA	66.7	-0.3	-0.3	3	9	
Wells	24.0	0.4	-1.4	0	5	
MS	46.1	0.1	2.5	1	6	
GS	222.8	-0.2	-2.0	-1	-8	
<b>EZ banks</b>						
BNP	114.2	0.1	-1.5	4	8	
Commerzbank	64.8	0.1	-1.7	3	3	
Crédit Agricole	14.6	0.3	-1.2	4	18	
Deutsche Bank	15.9	0.0	-3.0	4	-2	
ING	15.4	0.0	-1.0	1	11	
Intesa	2.9	-0.5	0.3	12	12	
SG	48.1	0.4	-2.0	2	0	
Unicredit	16.8	0.9	-3.5	7	20	
<b>UK banks</b>						
RBS	89.8	0.7	0.1	2	2	
HSBC	738.8	0.7	-0.9	7	10	
NBS	249.8	-0.4	-0.7	0	7	
Barclays	206.3	0.6	-0.8	0	-12	
Lloyds	68.1	1.8	3.1	-1	5	
<b>Large Spanish banks</b>						
Santander	88.9	-0.1	-1.1	-1	14	
Caixa	5.7	-0.5	-2.3	-3	12	
BBVA	7.5	0.2	-0.1	1	16	
<b>Medium Spanish banks</b>						
Cababank	81.4	-0.2	-1.9	2	11	
Cababank	4.2	-0.1	-1.2	1	28	
Sabadell	1.8	0.1	-1.7	3	23	
Bankinter	8.2	-0.1	-1.9	-1	8	
Banque	4.4	-0.9	-2.9	7	7	
Currencies (% red for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
<b>EURUSD</b>						
EURUSD	1.15	-0.3	0.9	3.3	10	
GBPUSD	1.30	-0.1	1.1	2.3	6	
USD JPY	111.78	0.3	1.2	0.2	-8	
DKK	94.28	0.2	-1.0	2.8	8	
Emerging						
level	Daily	Weekly	Monthly	Year		
<b>USDARS (Argentina)</b>						
USDARS (Argentina)	17.29	-1.2	-2.0	-7.1	-7	
<b>USD BRL (Brazil)</b>						
USD BRL (Brazil)	3.15	-0.1	1.7	3.9	2	
<b>USD CLP (Chile)</b>						
USD CLP (Chile)	63.76	0.3	1.4	1.2	3	
<b>USD COP (Colombia)</b>						
USD COP (Colombia)	3008	0.1	1.4	-1.1	-1	
<b>USD MXN (Mexico)</b>						
USD MXN (Mexico)	17.49	-0.1	1.6	2.6	18	
<b>USD PEN (Peru)</b>						
USD PEN (Peru)	3.24	0.1	0.2	0.0	4	
<b>LACI</b>						
LACI	66.28	0.1	1.1	1.7	8	
<b>USD PLN (Poland)</b>						
USD PLN (Poland)	3.65	-0.5	1.4	3.4	12	
<b>USD RUB (Russia)</b>						
USD RUB (Russia)	58.95	-0.9	1.7	-0.8	2	
<b>USD TRY (Turkey)</b>						
USD TRY (Turkey)	3.53	-0.1	1.2	0.1	1	
<b>USD CNY (China)</b>						
USD CNY (China)	6.75	-0.1	0.5	1.0	3	
<b>USD INR (India)</b>						
USD INR (India)	64.28	0.1	0.4	0.2	6	
<b>USD IDR (Indonesia)</b>						
USD IDR (Indonesia)	13,321	-0.1	0.4	-0.3	1	
<b>ADXY</b>						
ADXY	106.8	0.0	0.5	0.6	3	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
<b>Brent</b>						
Brent	49.5	1.3	3.6	5	-12	
WTX	47	1.3	3.3	6	-12	
Copper	271	-0.5	1.2	5	6	
Gold	1241	-0.2	1.7	0	7	
S&P Spot commodity *	374	0.5	0.9	3	-6	
S&P Brent Spot *	418	0.8	2.4	4	-13	
S&P Metals Spot *	331	0.2	1.4	5	-9	
S&P Agricultural *	297	0.2	-2.1	2	-1	



Debt markets (10Y, %, changes in bp)					
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US (2-yr)	1.36	0.8	1.3	0	14
<b>US</b>	2.27	-0.2	-5.0	6	-17
GER (2-yr)	-0.64	-0.1	-1.8	2	14
<b>Germany</b>	0.54	-1.2	-11.3	19	19
France	0.80	-1.5	-6.2	17	-1
Spain	1.56	0.4	-8.4	11	5
Italy	2.19	-0.1	-6.6	24	32
Portugal	3.07	0.2	-3.8	19	-111
Greece	5.26	0.9	-10.3	-37	-162
Japan (2-yr)	0.11	-0.9	0.4	-1	8
<b>Japan</b>	0.88	-1.4	2.0	1	1
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level	Daily	Weekly	Monthly	YTD	
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Chile	4.15	-0.2	-1.0	6	-18
Colombia	6.73	6.1	-5.6	31	-36
Mexico	6.82	0.2	1.2	-5	-82
Peru	5.42	-0.1	-13.5	7	-106
Poland	3.28	2.7	-7.1	11	-44
Russia	7.90	-3.5	-5.8	-12	-55
Turkey	10.23	-7.0	-21.0	6	-77
India	6.45	-0.7	-1.0	-2	7
Indonesia	6.93	-2.5	-15.9	14	-91
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
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Italy	165	1.1	4.7	5	13
Portugal	253	1.4	7.5	1	-102
Spain	102	1.6	2.9	-7	6
<b>2-yr sovereign spread vs Germany</b>					
France	24	-0.4	0.6	5	13
Italy	47	-1.2	0.1	1	-14
Portugal	76	0.1	5.1	6	-71
Spain	35	-1.4	0.3	-1	-13
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
<b>5-yr sovereign CDS *</b>					
Brazil	219	0.2	-14	-17	-53
Chile	67	0.6	0	-2	-15
Colombia	134	-0.5	-7	5	-29
Mexico	108	-0.1	-5	-2	-48
Peru	84	0.8	-3	-2	-24
Venezuela	4,104	-13.5	-80	-454	199
Poland	61	-0.1	-1	-1	-15
Russia	165	1.9	-6	2	-11
Turkey	186	-1.2	-13	-1	-86
China	68	1.5	-2	1	-49
India	86	-0.3	-3	-3	-41
Indonesia	117	1.1	-3	2	-39
Risk indicators					
level	Daily	Weekly	Monthly	YTD	
<b>Volatility indicators (%)</b>					
VIX	10	1.2	-5	-2	-2
VSTOXX	13	-3.0	-3	2	-3
EM EFT volatility Index	14	0.1	-7	3	-30
Dollar/euro volatility	7	-1.6	4	20	-34
EM FX volatility index	7	0.3	-3	0	-33
Credit spread (BAA) (bps)	208	-0.9	-2	-8	-19
US bonds volatility index	50	-0.9	-6	-4	-35
Banking by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	54	0.2	0	-2	17
EZ	53	0.3	-5	-18	-55
UK	45	-0.6	-4	-12	-45
Large Spanish	53	-0.6	-6	-15	-64
Medium Spanish	96	-1.4	-2	-18	-55
Corporate by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	138	0.2	0	-2	-17
EZ Non-financial	78	0.3	-5	-18	-55
UK Non-financial	111	0.5	-4	-3	-14
Interbank markets (% , changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EONIA Index	-0.36	0.00	0.0	0.0	0.0
Eurbor 3m	-0.33	0.00	0.0	0.0	0.0
<b>Eurbor 12m</b>	-0.15	0.00	0.0	0.0	-0.1
Libor 3m	1.31	0.00	0.0	0.0	0.3
Libor 12m	1.73	0.00	0.0	0.0	0.0
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
<b>Main indices</b>					
S&P500	2,469	0.3	1.1	-1	9
Dow Jones	21,695	0.1	0.3	0	8
Nikkei	20,021	0.1	-0.4	0	2
FTSE 100	7,431	0.6	0.2	-1	3
<b>EuroStoxx 50</b>	3,500	0.6	-0.4	-2	6
IBEX	10,588	0.6	0.3	-2	12
DAX	12,452	0.2	-1.4	-3	7
CAC	5,216	0.8	0.1	-2	6
MBI	21,479	0.6	0.2	2	9
ASE Athens	854	0.6	1.2	4	30
<b>MSCI Latam *</b>	78,790	0.0	2.0	5	8
Ibovespa (Brazil)	64,972	-0.6	0.2	5	5
Mumbai	51,144	0.1	0.7	4	10
<b>MSCI EM Europe *</b>	4,992	-0.7	1.5	5	-1
Poland	2,374	0.6	1.4	2	19
Moscow (Russia)	1,952	0.2	-0.1	6	-14
Isr 100 (Turkey)	107,418	1.6	3.5	8	41
<b>MSCI EM Asia *</b>	847	0.2	2.0	4	22
Shanghai Com (China)	3,231	1.4	1.0	3	2
Jakarta (Indonesia)	5,807	-0.6	0.6	1	10
Banking sector					
level	Daily	Weekly	Monthly	YTD	
<b>US banks</b>					
JPM	122.8	0.5	-0.4	1	2
CB	91.2	0.2	-1.4	4	5
BoA	66.7	-0.3	-0.3	3	9
MS	24.0	0.4	-1.4	0	5
GS	46.1	2.1	2.5	1	6
<b>EZ banks</b>	222.8	-0.2	2.0	-1	8
BNP	114.2	0.1	-1.5	4	8
Credit Agricole	64.8	0.1	-1.7	3	3
Deutsche Bank	14.6	0.3	-1.2	4	18
ING	15.9	0.0	-3.0	4	-2
Intesa	15.4	0.0	-1.0	1	11
SG	2.9	-0.5	0.3	12	12
UniCredit	48.1	0.4	-2.0	2	0
<b>UK banks</b>	16.8	0.9	3.5	7	20
HSBC	89.8	0.7	0.1	2	2
RBS	738.8	0.7	0.9	7	10
Barclays	249.8	-0.4	-0.7	0	7
Lloyds	206.3	0.6	-0.8	0	-12
<b>Large Spanish banks</b>	68.1	1.8	3.1	-1	5
Santander	88.9	-0.1	-1.1	-1	14
BBVA	5.7	-0.5	2.3	-3	12
<b>Medium Spanish banks</b>	7.5	0.2	-0.1	1	16
Cabobank	81.4	-0.2	-1.9	2	11
Sabadell	4.2	-0.1	-1.2	1	28
Bankinter	1.8	0.1	-1.7	3	33
Bankia	8.2	-0.1	-1.9	-1	8
Bankia	4.4	-0.9	-2.9	7	7
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
<b>EURUSD</b>					
EURUSD	1.15	-0.3	0.9	3.3	10
GBPUSD	1.30	-0.1	1.1	2.3	6
USDJPY	111.78	0.3	1.2	0.2	5
USDY	94.78	0.2	-1.0	2.8	8
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.29	-1.2	-2.0	-7.1	-7
USD BRL (Brazil)	3.15	0.1	1.7	3.9	2
USD CUP (Cuba)	653.76	0.3	1.4	1.2	3
USDCOP (Colombia)	3008	0.1	1.4	-1.1	-1
USDMXN (Mexico)	17.49	-0.1	1.6	2.6	18
USD PEN (Peru)	3.24	0.1	0.3	0.8	4
LACI	66.28	0.1	1.1	1.7	8
USD PLN (Poland)	3.65	-0.5	1.4	3.4	12
USD RUB (Russia)	59.95	0.9	1.7	-0.8	2
USD TRY (Turkey)	3.53	-0.1	1.2	-0.1	1
USDCNY (China)	6.75	-0.1	0.5	1.0	3
USD INR (India)	64.28	0.1	0.4	0.2	6
USD IDR (Indonesia)	13,321	-0.1	0.4	-0.3	1
ADNY	106.8	0.0	0.5	0.6	3
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
<b>Brent</b>					
Brent	49.5	1.3	3.6	5	-12
WTI	47	1.3	3.3	6	-12
Copper	271	-0.5	1.2	5	6
Gold	1241	-0.2	1.7	0	7
S&P Spot commodity *	374	0.5	0.9	3	-6
S&P Brent Spot *	418	0.8	2.4	4	-13
S&P Metals Spot *	331	0.2	1.4	5	9
S&P Agricultural *	297	0.2	-2.1	2	-1

Source: Bloomberg, Datastream and Haver

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\* With one day delay

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