

# Market Comment | European equity indices inch down on disappointing results and higher EUR

Global Financial Markets Unit  
02 Aug 2017

- **Financial markets continued steady once again**, although a mild increase in equity volatility was perceived today, driven by **mixed corporate results and the uncertainty about the US political agenda**, adding some pressure on stocks. However, sovereign bond yields remained little changed.
- The **EUR extended its gains, reaching January 2015 levels**, as the USD remained under pressure due to uncertainty about the US political agenda. In addition, in a speech the **Fed's Bullard** opposed further Fed interest rate hikes ([see](#)), slightly dragging down interest rate hike prospects and adding downward pressure on the USD. On the other hand, the **Fed's Mester** supported a gradual tightening as she considered weak inflation a transitory factor ([see](#)). Moreover, **ADP Nonfarm employment change** in July ([see](#)) was weaker than expected, although previous data were revised upwards.
- **Stocks declined across the board, especially in Europe**. A stronger EUR weighed on European companies, along with disappointing corporate results among European banks, dragging down share prices. In the US, stocks inched down, after the encouraging results from Apple ([see](#)) boosted technology shares. Meanwhile, the Dow Jones is set to reach another record high.
- Oil prices declined after US crude oil inventories showed a smaller-than-expected decline. Nonetheless, EM currencies remained little changed, even though the USD was weaker.

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Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.36	1.4	0.0	-6	14
US	2.25	0.0	3.4	-10	19
GER (2-yr)	0.69	0.4	-2.8	-10	8
Germany	0.49	-0.4	-7.4	1	14
France	0.75	0.1	-6.5	-6	6
Spain	1.46	1.9	-9.0	-7	-6
Italy	2.01	-0.5	-11.5	-12	15
Portugal	2.86	2.2	-11.3	-15	-131
Greece	5.48	5.0	17.3	8	-140
Japan (2-yr)	0.11	0.0	0.8	1	8
Japan	0.08	0.1	0.8	1	1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.94	-7.2	-14.8	-54	-148
Chile	4.28	-1.3	-2.7	-13	-5
Colombia	6.84	2.1	13.3	42	-25
Mexico	6.85	-1.2	1.1	-1	-39
Peru	5.29	-5.3	-8.6	-16	-118
Poland	3.36	0.0	3.9	7	-36
Russia	7.88	-2.7	-5.2	-3	-57
Turkey	10.32	2.0	-2.0	-1	-68
India	6.46	2.2	2.0	-10	8
Indonesia	6.93	0.1	-2.8	5	-92
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	26	0.5	0.6	-9	-20
Italy	153	0.1	-4.1	-13	1
Portugal	238	2.7	-3.8	-16	-117
Spain	97	2.3	-1.6	-8	-11
<b>2-yr sovereign spread vs Germany</b>					
France	20	-2.2	-6.2	-4	9
Italy	47	-1.3	0.1	1	-14
Portugal	82	1.5	4.0	10	-65
Spain	36	-0.8	-5.9	3	-12
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	204	-2.8	10	-34	-68
Chile	64	-1.1	-4	-2	-18
Colombia	122	-2.3	-12	-13	-41
Mexico	100	-1.5	-8	-12	-56
Peru	79	-1.0	-6	-7	-29
Venezuela	6.281	519.9	1240	2031	2376
Poland	56	-2.4	-3	-5	-19
Russia	161	-1.7	-4	-7	-15
Turkey	180	-0.8	-6	-13	-92
China	63	-1.3	-2	-7	-54
India	86	5.4	3	-4	-41
Indonesia	110	1.5	-6	-7	-46
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	10	2.7	8	-8	-1
VSTOXX	14	2.1	6	-6	-3
EM EFT volatility Index	15	1.4	4	-8	-28
Dollar/reserve volatility	8	2.0	14	18	-24
EM FX volatility Index	8	0.7	1	-3	-32
Credit spread (BAA) (bps)	207	0.0	-1	0	-20
US bonds volatility index	50	3.8	6	-10	-35
Banking Sy CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	52	-0.7	0	0	-20
EZ	52	0.4	0	-4	-56
UK	45	0.1	0	-1	-45
Large Spanish	49	-0.6	-1	-10	-68
Medium Spanish	91	-1.0	-3	-9	-60
Corporate Sy CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	135	-0.7	0	0	-20
EZ Non-financial	73	0.4	0	-4	-56
UK Non-financial	106	-1.5	-2	-8	-19
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EDNA Index	-0.36	0.00	0.0	0.0	0.0
Earlibor 3m	-0.33	0.00	0.0	0.0	0.0
Earlibor 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 (%)					
Indices	level	Daily	Weekly	Monthly	YTD
S&P500	2471	0.2	0.3	2	9
Dow Jones	22,006	0.2	1.4	2	10
Nikkei	20,080	0.5	0.1	0	2
FTSE 100	7,411	-0.2	-0.5	0	3
EuroStoxx 50	3,459	-0.5	-0.9	-1	4
IBEX	10,514	-0.7	-0.6	-1	11
DAX	12,181	-0.6	-1.0	-2	5
CAC	5,107	-0.6	-1.6	-2	4
MIB	21,574	-0.2	0.0	3	10
ASE Athens	876	1.0	0.5	0	26
MSCI Latam *	79,769	0.7	0.5	5	9
Ibovespa (Braz)	67,000	0.7	3.1	6	9
Mercol	51,262	0.1	0.7	2	10
MSCI EM Europe *	4,987	0.1	0.5	3	-1
Pabest	2,366	-0.9	0.2	-7	18
Micex (Russia)	1,965	1.3	1.7	3	-13
Ise TOI (Turkey)	106,525	0.4	-0.6	6	40
MSCI EM Asia *	859	0.2	0.7	5	23
Shanghai Com (China)	3,285	-0.2	1.2	3	4
Jakarta (Indonesia)	5,824	-0.3	0.2	0	10
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	125.9	-0.1	1.3	1	5
JPM	93.0	-0.1	1.1	0	7
CB	69.5	-0.2	2.2	2	13
BaK	24.5	0.0	1.0	-1	7
MS	47.2	-0.1	0.1	3	8
GS	226.9	0.0	2.1	0	-7
EZ banks	115.0	-1.3	-1.8	1	9
BNP	66.6	-0.8	1.0	2	6
Crédit Agricole	14.8	-0.3	-1.3	2	20
Deutsche Bank	15.1	-1.1	-8.8	-6	-7
ING	15.7	-1.3	-0.5	1	13
Intesa	2.9	-0.5	-0.1	2	14
SG	48.2	-4.0	-3.7	0	0
Unicredit	16.6	-1.1	-1.9	-2	19
UK banks	90.3	0.1	-1.3	1	3
HSBC	764.6	0.0	1.4	5	14
RBS	250.9	0.1	-0.6	-2	7
Barclays	207.7	0.5	-1.7	0	-12
Lloyds	65.6	0.0	-5.1	-2	1
Large Spanish banks	90.8	-1.0	0.2	0	16
Santander	5.7	-1.9	-1.6	-3	13
BBVA	7.7	-0.2	1.0	3	19
Medium Spanish banks	82.7	-0.4	0.1	0	13
Cabobank	4.4	-0.5	1.7	2	35
Sabadell	1.9	-0.7	-1.5	2	37
Bankinter	8.2	0.1	0.1	1	9
Banque	4.3	-0.6	0.1	-3	5
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.19	0.5	1.0	4.3	13
GBPUSD	1.32	0.3	0.9	2.3	7
USD JPY	110.46	-0.1	0.6	-2.6	-6
DKK	92.82	-0.2	-0.9	3.5	10
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	17.56	0.1	0.3	-4.4	-9
USDRL (Brazil)	3.12	0.2	0.6	5.5	3
USDCLP (Chile)	652.05	0.1	-0.7	1.5	3
USDCOP (Colombia)	2961	0.2	1.9	2.8	0
USDMXN (Mexico)	17.82	0.4	-1.3	2.2	17
USDPEN (Peru)	3.24	-0.1	0.1	0.5	4
LACI	66.10	0.3	0.4	2.7	7
USDPLN (Poland)	3.59	0.4	0.9	4.0	14
USDRL (Russia)	60.62	-0.5	-2.0	-2.4	0
USDTRY (Turkey)	3.53	0.0	0.3	0.8	1
USDCNY (China)	6.72	-0.1	0.5	1.2	3
USDINR (India)	63.70	0.6	1.0	1.8	6
USDIDR (Indonesia)	13,324	0.0	0.1	0.3	1
ADXY	107.2	0.1	0.1	1.2	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	52.1	0.6	2.2	5	8
WTX	49	0.4	1.3	5	-7
Copper	288	-0.1	0.2	7	13
Gold	1271	0.2	0.8	4	9
S&P Spot commodity *	383	-1.3	0.4	1	-3
S&P Brent Spot *	441	-1.8	1.3	4	-8
S&P Metals Spot *	338	-0.4	-0.5	3	11
S&P Agricultural *	289	-2.0	-1.3	-5	-4



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EONIA Index	-0.36	0.00	0.0	0.0	0.0
Euribor 3m	-0.33	0.00	0.0	0.0	0.0
<b>Euribor 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	2,471	-0.2	-0.3	2	9
Dow Jones	22,006	0.2	1.4	2	10
Nikkei	20,080	0.5	0.1	0	2
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ASE Athens	826	1.0	-0.5	0	26
<b>MSCI Latam *</b>	79,769	0.7	0.5	5	9
Ibovespa (Brazil)	67,000	0.7	3.1	6	9
Mumbai	51,262	0.1	-0.7	2	10
<b>MSCI EM Europe *</b>	4,987	0.1	0.6	3	-1
Poland	2,366	-0.9	0.2	2	18
Moscow (Russia)	1,965	1.3	1.7	-3	-13
Isr 100 (Turkey)	106,525	0.4	-0.6	6	40
<b>MSCI EM Asia *</b>	859	0.2	0.7	5	23
Shanghai Com (China)	3,285	-0.2	1.2	3	4
Jakarta (Indonesia)	5,824	-0.3	0.2	0	10
Banking sector					
level	Daily	Weekly	Monthly	YTD	
<b>US banks</b>					
JPM	93.0	-0.1	1.1	0	7
CB	69.5	-0.2	2.2	2	13
BoA	24.5	0.0	1.0	-1	7
MS	47.2	-0.1	-0.1	3	8
GS	226.9	0.0	2.1	0	7
<b>EZ banks</b>	115.0	-1.3	-1.8	1	9
BNP	66.6	-0.3	1.0	2	6
Credit Agricole	14.8	-0.3	-1.3	2	20
Deutsche Bank	15.1	-1.1	-0.8	-6	-7
ING	15.7	-1.3	0.5	1	13
Intesa	2.9	-0.5	-0.1	2	14
SG	48.2	-4.0	-3.7	0	0
Unicredit	16.6	-1.1	-1.9	-2	19
<b>UK banks</b>	90.3	0.1	-1.3	1	3
HSBC	764.6	0.0	1.4	5	14
RBS	250.9	0.1	-0.6	-2	7
Barclays	207.7	0.5	-1.7	0	-12
Lloyds	65.6	0.0	-5.1	-2	1
<b>Large Spanish banks</b>					
Santander	90.8	-1.0	0.2	0	16
Banque	5.7	-1.9	-1.6	-3	13
<b>BBVA</b>	7.7	-0.2	1.0	3	19
<b>Medium Spanish banks</b>					
Cajabank	82.7	-0.4	0.1	0	13
Sabadell	4.4	-0.5	1.7	2	35
Bankinter	1.9	-0.7	-1.5	2	37
Bankia	8.2	0.1	0.1	1	9
Banco	4.3	-0.6	0.1	-3	5
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
<b>EURUSD</b>					
EURUSD	1.19	0.5	1.0	4.3	13
GBPUSD	1.32	0.3	0.9	2.3	7
USDJPY	110.46	-0.1	0.6	-2.6	-6
USDY	92.82	-0.2	-0.9	3.5	10
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.56	0.1	-0.3	-4.4	-9
USD BRL (Brazil)	3.12	0.2	0.6	5.5	3
USD CUP (Cuba)	652.05	0.1	-0.7	1.5	3
USDCOP (Colombia)	2961	0.2	1.9	2.8	0
USDMXN (Mexico)	17.82	0.4	-1.3	2.2	17
USD PEN (Peru)	3.24	-0.1	0.1	0.5	4
LACI	66.10	0.3	-0.4	2.7	7
USD PLN (Poland)	3.59	0.4	0.9	4.0	14
USD RUB (Russia)	60.62	-0.5	-2.0	-2.4	0
USD TRY (Turkey)	3.53	0.0	0.3	0.8	1
USDCNY (China)	6.72	-0.1	0.5	1.2	3
USD INR (India)	63.70	0.6	1.0	1.8	6
USD IDR (Indonesia)	13,324	0.0	0.1	0.3	1
ADXY	102.2	0.1	0.1	1.2	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
<b>Brent</b>					
WTI	52.1	0.6	2.2	5	-8
Copper	49	0.4	1.3	5	-7
Copper	288	-0.1	0.2	7	13
Gold	1271	0.2	0.8	4	9
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\* With one day delay

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