

Market Comment | Strong US job openings boost risk-on mood

Global Financial Markets Unit
08 Aug 2017

- **Financial markets showed little change, amid a typical August low market liquidity**, increasing the probability of a sudden movement taking place. That happened today after data showing a strong increase in US job openings were released.
- **Before the release of the US labour data, financial markets had been steady**, with China's sharper-than-expected slowdown in both imports and exports having a mild impact on commodity prices and cyclical sectors (see). Moreover, the fall in German exports (see) failed to weaken the euro, which opened the day above the USD 1.18 level, dragging down European equity markets for most of the day.
- However, **the surge in US job openings (see) reversed the market trend**. The implied probability of a Fed interest rate hike in December has increased to 45%, from 40% last Friday. **The US dollar rallied, with the euro returning to levels below 1.18, boosting European equity markets, which reversed early losses. The movement also slightly spurred risk-on mood**, with safe haven bonds declining, underperforming lower rated bonds, while both gold and the Japanese yen reversed early gains.
- **The rally in the US dollar had a mute impact on EM currencies**. Meanwhile, oil prices remained broadly steady, waiting for the meeting between OPEC and non-OPEC members.

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Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.38	1.2	2.2	4	15
US	2.28	3.0	3.0	-10	16
GER (2-yr)	0.66	1.7	3.2	-7	11
Germany	0.47	1.5	-1.7	-10	12
France	0.76	2.0	1.0	-18	5
Spain	1.45	-0.5	1.6	-28	-6
Italy	2.01	1.1	-1.4	-34	14
Portugal	2.86	0.1	2.3	-30	-131
Greece	5.45	0.0	1.9	1	-143
Japan (2-yr)	0.10	0.1	1.3	0	9
Japan	0.07	0.8	-1.7	1	1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.91	2.2	9.8	68	-150
Chile	4.36	1.8	6.8	14	3
Colombia	6.90	-2.5	8.3	15	-19
Mexico	6.87	0.5	1.0	4	-36
Peru	5.26	-0.3	-8.2	-41	-121
Poland	3.37	-0.5	0.5	0	-35
Russia	7.79	-0.5	-11.2	-18	-65
Turkey	10.40	1.0	10.0	-20	-60
India	6.46	0.0	1.6	-7	8
Indonesia	6.88	1.8	-4.1	-28	-86
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	28	0.5	2.7	8	-17
Italy	153	0.4	0.3	-24	1
Portugal	239	-1.6	4.0	-20	-116
Spain	98	-2.0	3.3	-18	-10
2-yr sovereign spread vs Germany					
France	22	0.9	-0.2	-3	11
Italy	44	-2.0	-4.1	-6	-17
Portugal	70	-4.2	10.0	-2	-36
Spain	36	-2.1	0.0	-6	-12
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	191	-3.4	15	50	-80
Chile	61	-1.6	4	7	-21
Colombia	122	-2.7	-2	-20	-41
Mexico	98	-2.0	-4	-18	-59
Peru	74	1.5	-6	-14	-34
Venezuela	5,620	15.8	-141	1325	1715
Poland	58	-0.3	0	-3	-17
Russia	154	-1.2	-9	-23	-22
Turkey	171	-0.7	-10	-33	-101
China	64	-0.5	-1	8	-53
India	85	0.2	4	-5	-42
Indonesia	109	0.7	-3	-12	-47
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	10	-2.5	-4	-13	-2
VSTOXX	13	-3.1	-5	-16	-4
EM EFT volatility Index	15	-2.1	1	-13	-28
Dollar/reserve volatility	8	0.8	5	19	-22
EM FX volatility Index	7	-0.9	-2	-6	-33
Credit spread (BAA) (bps)	204	-3.0	-3	-2	-23
US bonds volatility index	47	-0.8	-6	-16	-39
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	52	0.1	-1	0	-20
EZ	53	1.1	1	-4	-55
UK	47	1.1	2	-3	-44
Large Spanish	52	2.1	2	-7	-65
Medium Spanish	89	0.7	-3	-9	-82
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	137	0.1	-1	0	-20
EZ Non-financial	71	1.1	1	-4	-55
UK Non-financial	106	0.7	-2	-8	-19
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EDNA Index	-0.35	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	1.31	0.00	0.0	0.0	0.3
Libor 12m	1.33	0.01	0.0	0.0	0.0
Stock markets (%)					
Indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,457	0.2	0.4	3	10
Dow Jones	22,164	0.2	0.9	3	11
Nikkei	19,996	-0.3	0.1	0	2
FTSE 100	7,543	0.1	1.6	3	5
EuroStoxx 50	3,515	0.3	1.1	1	6
IBEX	10,735	0.5	1.4	2	13
DAX	12,292	0.3	0.3	-1	6
CAC	5,219	0.2	1.8	1	7
MIB	22,048	0.1	2.0	5	12
ASE Athens	830	0.3	1.6	-1	26
MSCI Latam *	60,714	0.9	1.9	6	10
Ibovespa (Braz)	68,412	0.7	2.9	10	11
Moex	51,667	0.5	0.9	3	11
MSCI EM Europe *	5,078	0.8	1.9	4	0
Pabst	2,425	1.5	1.6	6	21
Micex (Russia)	1,990	1.0	2.5	4	-12
Ise 100 (Turkey)	109,639	-0.1	3.3	10	44
MSCI EM Asia *	864	0.7	0.8	5	24
Shanghai Com (China)	3,282	0.1	-0.3	2	4
Jakarta (Indonesia)	5,811	0.6	0.5	-1	10
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	129.4	1.1	2.7	4	9
JPM	95.1	1.1	2.2	1	9
CB	69.7	0.9	0.1	3	13
BaK	25.3	1.3	3.4	2	10
MS	48.9	1.2	3.5	6	12
GS	235.3	1.0	3.6	4	-3
EZ banks	118.9	0.4	2.0	2	13
BNP	68.9	0.5	3.1	5	10
Crédit Agricole	15.7	2.8	5.6	7	27
Deutsche Bank	15.5	0.0	1.0	-7	-5
ING	15.8	0.2	0.9	1	13
Intesa	2.9	-0.2	0.2	3	15
SG	50.0	-0.6	-0.4	1	4
Unicredit	18.3	-0.1	0.0	5	31
UK banks	92.2	0.7	2.2	3	5
HSBC	769.5	0.4	0.6	6	15
RBS	264.6	1.2	5.6	2	13
Barclays	210.4	0.2	1.8	1	-10
Lloyds	67.3	1.1	2.6	1	4
Large Spanish banks	93.0	0.6	1.3	3	19
Santander	5.9	0.4	0.5	1	16
BBVA	7.9	0.7	2.1	5	22
Medium Spanish banks	84.3	0.0	1.6	2	15
Cabobank	4.5	0.1	1.2	6	37
Sabadell	1.9	0.1	1.0	4	39
Bankinter	8.4	0.2	2.9	3	12
Banque	4.4	-0.7	1.0	-5	7
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.17	-0.6	-0.7	-2.8	12
GBPUSD	1.30	-0.5	-1.8	0.6	5
USD JPY	110.72	0.0	-0.3	-2.8	-6
DKK	93.24	0.3	0.6	2.4	9
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	17.72	-0.1	0.8	-4.4	-10
USD BRL (Brazil)	3.13	-0.1	-0.1	4.6	3
USD CLP (Chile)	649.09	0.3	0.6	2.7	3
USD COP (Colombia)	2990	-0.2	-0.7	3.2	-1
USD MXN (Mexico)	17.91	0.1	-0.1	1.0	16
USD PEN (Peru)	3.24	0.0	-0.1	0.4	4
LACI	65.85	0.0	-0.1	1.7	7
USD PLN (Poland)	3.63	-0.8	-0.8	2.2	13
USD RIL (Russia)	59.76	0.5	1.0	1.0	1
USD TRY (Turkey)	3.53	-0.1	0.1	2.4	1
USD CNY (China)	6.71	0.2	0.2	1.5	3
USD INR (India)	63.64	0.3	0.7	1.5	6
USD IDR (Indonesia)	13,313	0.1	0.1	0.6	1
ADXY	107.2	0.1	0.0	1.3	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	52.5	0.2	1.3	12	-7
WTI	49	0.2	0.7	12	-7
Copper	291	0.0	1.0	10	14
Gold	1253	-0.4	-1.2	3	8
S&P Spot commodity *	385	0.1	0.5	5	-3
S&P Brent Spot *	446	-0.1	1.2	12	-7
S&P Metals Spot *	345	1.5	1.9	6	13
S&P Agricultural *	291	1.6	0.9	-5	-3

Fuente: BBVA Research

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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	1.31	0.00	0.0	0.0	0.3
Libor 12m	1.73	0.01	0.0	0.0	0.0
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,487	0.2	0.4	3	10
Dow Jones	22,164	0.2	0.9	3	11
Nikkei	19,996	-0.3	0.1	0	2
FTSE 100	7,543	0.1	1.6	3	5
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Minib	51,667	0.5	0.9	3	11
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Poland	2,425	1.5	1.6	6	21
Moscow (Russia)	1,980	1.0	2.5	-4	-12
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Shanghai Com (China)	3,282	0.1	-0.3	2	4
Jakarta (Indonesia)	5,811	0.6	-0.5	-1	10
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	129.4	1.1	2.7	4	8
CB	95.1	1.1	2.2	1	9
BoA	69.7	0.9	0.1	3	13
MS	25.3	1.3	3.4	2	10
GS	48.9	1.2	3.5	6	12
Wells	235.3	1.0	3.6	-4	-8
EZ banks	119.9	0.4	2.0	2	13
BNP	68.9	0.5	3.1	5	10
Credit Agricole	15.7	2.8	5.6	7	27
Deutsche Bank	15.5	0.0	1.0	-7	-5
ING	15.8	0.2	0.9	1	13
Intesa	2.9	-0.2	0.2	3	15
SG	50.0	-0.6	-0.4	1	4
Unicredit	18.3	-0.1	9.0	5	21
UK banks	92.2	0.7	2.2	3	5
HSBC	769.5	0.4	0.6	6	15
RBS	264.6	1.2	5.6	2	13
Barclays	210.4	0.2	1.8	1	10
Lloyds	67.3	1.1	2.6	1	4
Large Spanish banks	93.0	0.6	1.3	3	19
Santander	5.9	0.4	0.5	1	16
BBVA	7.9	0.7	2.1	5	22
Medium Spanish banks	84.3	0.0	1.6	2	15
Cabobank	4.5	0.1	1.2	6	37
Sabadell	1.9	0.1	1.0	4	39
Bankinter	8.4	0.2	2.9	3	12
Bankia	4.4	-0.7	1.0	-5	7
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.17	-0.6	-0.7	2.8	12
GBPUSD	1.30	-0.5	-1.8	0.6	5
USDJPY	110.72	0.0	-0.3	-2.8	-6
USDY	93.74	0.3	0.5	2.4	9
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.72	-0.1	-0.8	-4.4	-10
USD BRL (Brazil)	3.13	-0.1	-0.1	4.6	3
USD COP (Chile)	649.09	0.3	0.6	2.7	3
USD COP (Colombia)	2990	-0.2	-0.7	3.2	-1
USD MXN (Mexico)	17.91	0.1	-0.1	1.0	16
USD PEN (Peru)	3.24	0.0	0.1	0.4	4
LACI	65.85	0.0	-0.1	1.7	7
USD PLN (Poland)	3.63	-0.8	-0.8	2.2	13
USD RUB (Russia)	59.76	0.5	1.0	1.0	1
USD TRY (Turkey)	3.53	-0.1	-0.1	2.4	1
USD CNY (China)	6.71	0.2	0.2	1.5	3
USD INR (India)	63.64	0.3	0.7	1.5	6
USD IDR (Indonesia)	13,313	0.1	0.1	0.6	1
ADXY	102.2	0.1	0.0	1.3	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
Brent	52.5	0.2	1.3	12	-7
WTI	49	0.2	0.7	12	-7
Copper	291	0.0	1.0	10	14
Gold	1253	-0.4	-1.2	3	8
S&P Spot commodity *	385	0.1	0.5	5	-3
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S&P Metals Spot *	345	1.5	1.9	6	13
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* With one day delay

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