

Market Comment | Calm in markets on the brink of Jackson Hole symposium.

Global Financial Markets Unit
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- **Volatility in financial markets slightly receded in a cautious trading mood ahead of tomorrow's much-awaited speeches of Draghi and Yellen** in the Jackson Hole symposium. Equity indices remained unchanged across the board and bond yields inched up slightly, while typical safe-haven assets such as the JPY and gold lost some ground. Nonetheless, concerns about the Trump administration's ability to carry out the promised measures or to **deal with the debt ceiling linger in financial markets, as is beginning to show in shorter Treasury tenors**[\(see\)](#).
- **US assets remained stable after yesterday's drop** as markets put Trump's threats about the potential shutdown of the government and NAFTA on the backburner for now. The USD appreciated against its main peers (DXY) while bond yields and equity indices little changed amid the release of existing home sales [\(see\)](#) and jobless claims data [\(see\)](#).
- Positive business confidence data in France added to yesterday's better-than-expected PMI flash to give support to EZ assets: **equity markets registered timid gains across the board, while sovereign yields remained almost unchanged.**
- UK assets did not suffer as a result of the confirmation of **2Q UK growth data**[\(see\)](#) or the **worse-than-expected retail sales**[\(see\)](#) which added some uncertainty about future growth amid political noise.
- **The calm continued in emerging markets**, waiting for new hints from the Jackson Hole meeting, while Brent crude halted its upward slide, due among other things to the partial recovery process of the USD.

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Table1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.32	1.8	2.6	-7	11
US	2.18	1.4	0.5	-16	26
GER (2-yr)	0.74	-0.8	-3.5	-9	4
Germany	0.38	-0.2	-5.1	-19	2
France	0.69	0.4	-3.4	-13	-12
Spain	1.60	2.4	5.7	-6	2
Italy	2.11	-0.9	8.2	-3	24
Portugal	2.87	4.8	9.0	-12	-131
Greece	5.54	-2.4	-8.6	24	-134
Japan (2-yr)	0.14	-0.7	-3.2	-3	5
Japan	0.03	2.7	-5.9	-4	4
Emerging Markets					
	level	Daily	Weekly	Monthly	YTD
Brazil	10.88	-5.2	-11.3	-3	-134
Chile	4.34	0.0	4.2	4	2
Colombia	6.74	-2.6	0.9	-6	-35
Mexico	6.82	1.1	-2.3	-6	-32
Peru	5.23	0.7	-2.6	-15	-124
Poland	3.30	-1.9	-6.5	-2	-42
Russia	7.86	-3.0	7.1	-11	-58
Turkey	10.39	-2.0	-10.0	1	-61
India	6.54	0.0	0.5	11	16
Indonesia	6.57	0.3	-3.8	-7	-98
Country risk (bp, changes in bp)					
10-yr sovereign spread vs Germany					
	level	Daily	Weekly	Monthly	YTD
France	31	0.6	1.7	6	-15
Italy	174	0.7	13.3	16	22
Portugal	249	5.0	14.1	8	-105
Spain	122	2.6	8.8	12	-6
2-yr sovereign spread vs Germany					
	level	Daily	Weekly	Monthly	YTD
France	23	0.1	-0.3	-3	13
Italy	58	0.2	8.5	12	-3
Portugal	79	0.1	4.2	4	-68
Spain	39	0.1	4.2	-1	-9
Emerging Markets					
5-yr sovereign CDS *					
	level	Daily	Weekly	Monthly	YTD
Brazil	197	-4.1	1	-15	-75
Chile	62	-0.3	0	-5	-20
Colombia	128	-0.8	-2	-6	-35
Mexico	106	-1.5	-1	-1	-51
Peru	77	-0.5	0	-6	-31
Venezuela	6,599	388.9	651	1,358	2,694
Poland	57	-0.1	0	-3	-18
Russia	146	-1.4	-3	-19	-21
Turkey	172	-0.6	-1	-12	-100
China	64	0.7	0	-2	-53
India	83	-1.1	-4	-2	-44
Indonesia	109	1.0	0	-6	-47
Risk indicators					
Volatility indicators (%)					
	level	Daily	Weekly	Monthly	YTD
VIX	12	-2.0	-2.0	3.2	1
VSTOXX	16	-3.9	1	14	-1
EM EFT volatility Index	17	-1.0	-2.3	1.3	-18
Dollar/ euro volatility	8	-3.7	1	1.3	-25
EM FX volatility Index	7	-0.8	-3	-4	-35
Credit spread (BAA) (bps)	211	-1.4	0	8	-16
US bonds volatility index	52	1.5	7	5	-32
Banking 5y CDS (bps) *					
	level	Daily	Weekly	Monthly	YTD
US	50	0.4	3	4	-14
EZ	61	2.1	5	9	-47
UK	50	-0.1	0	4	-41
Large Spanish	59	1.6	6	9	-58
Medium Spanish	92	0.0	0	-3	-59
Corporate 5y CDS (bps) *					
	level	Daily	Weekly	Monthly	YTD
US Non-financial	146	0.4	3	4	-14
EZ Non-financial	76	2.1	5	9	-47
UK Non-financial	109	0.3	1	0	-16
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	0.00	0.0	0.0	-0.1
Libor 3m	1.32	0.00	0.0	0.0	0.3
Libor 12m	1.33	0.00	0.0	0.0	0.0
Stock markets (%)					
EU Indices					
	level	Daily	Weekly	Monthly	YTD
S&P500	2,440	0.2	0.4	1.1	7
Dow Jones	21,781	-0.1	0.1	1	9
Nikkei	19,354	-0.4	-1.8	-3	-1
FTSE 100	7,421	0.5	0.4	0	3
Eurostoxx 50	3,448	0.3	-0.4	-1	4
IBEX	10,381	0.4	-0.6	-1	10
DAX	12,191	0.1	-0.1	-1	5
CAC	5,119	0.1	0.5	1	4
MIB	21,748	0.6	-0.2	1	11
ASE Athens	836	0.8	0.4	-1	27
MSCI Latam *	62,477	0.4	1.7	5	13
Ibovespa (Braz)	70,889	0.6	4.3	8	15
Mobol	51,471	0.4	0.9	0	10
MSCI EM Europe *	5,867	0.5	1.0	2	0
Pabest	2,456	0.7	4.4	2	23
Micex (Russia)	1,970	0.6	1.5	2	-13
Ise TOI (Turkey)	109,154	0.2	2.2	2	43
MSCI EM Asia *	862	0.3	1.3	1	24
Shanghai Com (China)	3,272	-0.5	0.1	1	4
Jakarta (Indonesia)	5,894	0.2	0.0	2	12
Banking sector					
	level	Daily	Weekly	Monthly	YTD
US banks	123.1	0.5	1.4	-1	3
JPM	91.9	0.2	1.3	-1	6
CB	67.5	0.5	1.4	-1	10
BaK	23.9	0.4	0.9	-3	14
MS	46.0	0.5	2.1	-3	6
GS	223.8	0.5	1.1	1	-8
EZ banks	112.8	0.3	-1.6	-3	7
BNP	64.5	0.5	2.5	-1	3
Crédit Agricole	15.1	0.0	-0.4	2	23
Deutsche Bank	13.8	0.0	-2.2	-16	-15
ING	15.1	0.2	-1.5	-4	-8
Intesa	2.8	0.1	-2.7	-2	12
SG	47.1	0.4	-1.4	-5	-2
Unicredit	17.6	1.6	-0.5	3	25
UK banks	89.2	0.2	0.0	-1	0
HSBC	743.2	0.3	0.7	-2	11
RBS	256.8	0.3	-0.5	2	10
Barclays	195.0	1.1	-1.2	-7	-17
Lloyds	64.7	-1.1	0.5	6	0
Large Spanish banks	87.6	1.0	0.3	-4	12
Santander	5.5	1.0	-0.2	-6	9
BBVA	7.5	1.0	0.3	-2	15
Medium Spanish banks	81.0	0.8	-0.5	-3	11
Cababank	4.4	0.8	0.1	2	34
Sabell	1.9	1.1	0.7	-3	35
Bankinter	8.0	0.5	-0.7	-4	6
Bankia	4.1	0.9	0.8	-7	0
Commodities (% red for currency depreciation)					
Developed					
	level	Daily	Weekly	Monthly	Year
EURUSD	1.18	0.0	0.7	1.4	13
GBPUSD	1.28	0.0	0.5	-1.7	4
USD JPY	109.27	-0.2	0.3	-2.3	-7
DXY	93.25	0.1	-0.4	0.9	9
Emerging					
	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	17.17	0.4	1.0	1.8	-7
USD BRL (Brazil)	3.15	-0.1	0.9	0.8	2
USD CLP (Chile)	638.67	0.3	1.1	1.8	5
USD COP (Colombia)	2978	0.1	0.4	1.7	0
USD MXN (Mexico)	17.73	-0.2	0.7	0.3	17
USD PEN (Peru)	3.24	0.1	0.2	0.5	4
LACI	66.34	0.0	0.8	0.9	8
USD PLN (Poland)	3.61	0.5	1.0	1.4	13
USD RUB (Russia)	59.25	-0.3	-0.1	1.1	2
USD TRY (Turkey)	3.48	-0.1	1.2	2.5	2
USD CNY (China)	6.66	0.0	0.2	1.3	4
USD INR (India)	64.03	0.1	0.2	0.5	6
USD IDR (Indonesia)	13,346	0.1	0.1	0.1	1
ADXY	107.4	0.0	0.3	0.6	4
Commodities (%)					
	level	Daily	Weekly	Monthly	Year
Brent	52.1	-0.9	2.1	4	8
WTX	48	-1.5	1.3	0	-10
Copper	304	1.9	3.4	7	19
Gold	1268	-0.2	0.0	3	11
S&P Spot commodity *	380	0.7	1.4	1	-4
S&P Brent Spot *	445	1.3	2.9	4	-7
S&P Metals Spot *	362	0.2	1.3	7	19
S&P Agricultural *	276	0.1	0.8	5	8

Source: Bloomberg, Datastream and Haver

* With one day delay

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