

# Market Comment | EUR at its highest against the USD since 2014

Global Financial Markets Unit  
28 Aug 2017

- **The low trading volume environment** remained after the Jackson Hole meeting, with financial markets little changed around the globe with one significant exception: during the weekend the EUR broke its highest level since 2014 against the US and this trend persisted today. Moreover, the lack of economic releases and important events also contributed to underpin the calm mood of investors.
- The **EUR climbed to its highest level in two and a half years**, following the recent upward trend in the exchange rate, after the speeches of major central bankers in the Jackson Hole symposium. **Janet Yellen** ([see](#)) did not mention financial stability in the US as a key issue that could influence the Fed's upcoming monetary policy normalization (as some analysts were expecting) while **Mario Draghi** ([see](#)) did not appear concerned about the recent upward trend in the EUR.
- **Gasoline prices soared as Hurricane Harvey** (the most powerful in Texas in 50 years) advanced and forced US refineries to shut down, and the US has lost 10-15% of its fuel-making capacity during the past few days ([see](#)). Meanwhile, in the US, the **energy and insurance sectors were the worst performers**.
- **Equity and bond markets were little changed across the board**. Sovereign bond yields edged down, while US stocks inched up despite Hurricane Harvey and share prices in the **EZ inched down due to the pressure of a stronger EUR**.
- **The GBP slightly appreciated as the UK entered the third round of Brexit talks with the EU**, while the Labour party called for the UK to remain in the single market for an extended period of time.
- **EM currencies were little changed, with the exception of the MXN**, which depreciated significantly against the USD, following critical comments from **Donald Trump** about NAFTA and his insistence on building a wall along the Mexican border ([see](#)).

Update 18 CET 28 August, 2017  
Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.24	0.6	3.6	-3	12
US	2.17	0.3	1.2	-14	27
GER (2-yr)	0.74	-1.4	-2.7	-7	3
Germany	0.38	-0.4	-2.4	-16	2
France	0.69	0.1	0.4	-11	-12
Spain	1.60	-0.8	5.4	-1	3
Italy	2.08	-1.9	4.9	-1	21
Portugal	2.86	-0.9	11.4	-9	-131
Greece	5.54	0.0	-7.9	22	-134
Japan (2-yr)	0.15	-0.2	2.0	-4	4
Japan	0.01	-2.0	-6.2	-5	5
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	10.10	-1.6	10.0	11	-131
Chile	4.40	6.1	2.1	10	8
Colombia	6.72	0.0	-1.0	-23	-37
Mexico	6.85	2.7	5.1	-1	-39
Peru	5.17	-2.4	-9.2	-21	-130
Poland	3.29	-0.6	-2.1	-2	-43
Russia	7.88	6.1	7.1	1	-56
Turkey	10.29	-6.0	-7.0	-5	-71
India	6.57	3.0	5.8	13	19
Indonesia	6.38	2.8	-11.8	-17	-106
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	32	0.3	2.0	5	-14
Italy	171	-1.5	7.3	15	19
Portugal	249	-0.5	13.8	7	-106
Spain	123	-0.4	7.8	13	-5
<b>2-yr sovereign spread vs Germany</b>					
France	24	-0.1	-0.2	-2	13
Italy	60	1.3	6.4	12	-1
Portugal	79	-2.3	2.0	2	-67
Spain	41	0.3	5.1	1	-7
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	196	1.3	5	-15	-76
Chile	61	-0.2	-1	-6	-21
Colombia	126	-1.4	-4	-4	-37
Mexico	104	-1.0	-4	0	-53
Peru	77	-0.3	1	-6	-31
Venezuela	6,123	-365.7	-41	1100	2217
Poland	56	-0.5	-2	-4	-19
Russia	145	0.3	-5	-17	-31
Turkey	170	-3.0	-8	-13	-103
China	59	-3.0	-7	-5	-58
India	82	-2.0	-4	-1	-45
Indonesia	104	-3.3	-7	-8	-52
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	12	3.2	-12	15	0
VSTOXX	16	3.4	-15	24	-1
EM EFT volatility Index	17	3.1	-7	15	-16
Dollar/reserve volatility	8	2.0	-4	6	-24
EM FX volatility Index	7	1.0	-2	-4	-35
Credit spread (BAA) (bps)	212	-0.5	0	4	-15
US bonds volatility index	51	-3.7	-3	4	-34
Banking Sy CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	57	-0.3	-1	5	-15
EZ	59	-0.9	1	6	-49
UK	49	-0.4	-1	4	-41
Large Spanish	58	-0.7	2	9	-58
Medium Spanish	92	0.1	1	-1	-59
Corporate Sy CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	144	-0.3	-1	5	-15
EZ Non-financial	76	-0.9	1	6	-49
UK Non-financial	109	0.2	-2	2	-16
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	-0.16	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 (%)					
Indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,443	0.0	0.6	0.6	9
Dow Jones	21,809	0.0	0.5	0	9
Nikkei	19,450	0.0	0.3	-3	-1
FTSE 100	7,401	0.0	1.1	-1	-3
EuroStoxx 50	3,421	-0.5	-0.1	-2	3
IBEX	10,286	-0.6	-0.7	-3	9
DAX	12,123	-0.4	0.5	-1	5
CAC	5,689	-0.5	-0.2	-2	4
MIB	21,726	-0.1	-0.1	0	11
ASE Athens	838	0.4	1.5	2	28
MSCI Latam *	63,000	0.0	2.2	5	13
Ibovespa (Brazil)	71,264	0.3	3.8	9	16
Mexbol	51,061	-0.6	0.4	0	10
MSCI EM Europe *	5,132	0.4	2.9	3	2
Pobor	2,531	0.4	6.5	6	27
Micex (Russia)	1,987	0.4	2.6	2	-12
Ise TOI (Turkey)	110,340	0.5	1.6	2	45
MSCI EM Asia *	867	0.1	1.8	1	25
Shanghai Com (China)	3,363	0.9	2.3	3	6
Jakarta (Indonesia)	5,903	0.2	0.2	2	12
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	121.9	-0.8	1.2	-2	2
JPM	91.4	-0.6	0.8	0	5
CI	67.6	-0.4	2.5	0	10
BofA	23.6	-0.7	1.0	-2	3
MS	45.5	-0.9	1.9	-3	4
GS	219.6	-1.3	-0.5	-1	-10
EZ banks	112.3	-0.1	-0.9	-4	6
BNP	64.0	-0.4	-1.1	-3	2
Crédit Agricole	15.0	0.2	-1.0	-1	22
Deutsche Bank	13.7	-0.6	-0.4	-12	-16
ING	14.9	-0.2	-1.0	-6	7
Intesa	2.9	0.6	-1.1	-1	13
SG	46.8	-0.4	-0.9	-7	-3
Unicredit	17.8	-0.1	0.1	5	27
UK banks	88.1	0.0	0.7	-3	0
HSBC	742.8	0.0	1.2	-1	11
RBS	255.8	0.0	0.2	2	9
Barclays	194.3	0.0	0.5	-7	-17
Lloyds	64.9	0.0	0.5	-4	0
Large Spanish banks	86.9	-0.4	0.0	-5	11
Santander	5.4	-0.4	0.1	-6	8
BBVA	7.4	-0.4	-0.1	-4	14
Medium Spanish banks	80.2	-0.3	-0.7	-4	10
Cabobank	4.3	-0.3	-0.2	0	33
Sabobal	1.8	-0.2	0.6	-5	24
Bankinter	7.9	-0.3	-0.8	-4	5
Banque	4.1	-0.5	-1.1	-6	0
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.20	0.4	1.3	2.5	14
GBPUSD	1.29	0.4	0.2	-1.1	5
USD JPY	109.21	0.1	-0.2	-1.8	-7
DOY	92.27	-0.5	-0.9	1.7	10
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	17.22	0.0	0.3	2.3	-7
USDRL (Brazil)	3.16	0.1	0.3	-0.2	2
USDCLP (Chile)	628.87	0.9	2.1	3.2	6
USDCOP (Colombia)	2940	-0.5	1.6	2.4	1
USDMXN (Mexico)	17.83	-1.2	-1.0	-0.6	17
USDPEN (Peru)	3.23	0.1	0.1	0.2	4
LACI	66.29	-0.2	0.2	0.8	8
USDPLN (Poland)	3.55	0.7	2.1	2.5	15
USDRL (Russia)	58.55	0.1	1.0	1.6	3
USDTRY (Turkey)	3.44	-0.1	1.5	2.6	4
USDCNY (China)	6.61	0.5	0.8	1.9	5
USDINR (India)	63.91	0.2	0.4	0.3	6
USDIDR (Indonesia)	13,340	0.0	0.1	-0.2	1
ADXY	107.9	0.2	0.6	0.8	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	51.6	-1.5	-0.1	0	9
WTX	46	-3.3	-2.2	-6	-13
Copper	307	1.1	2.9	7	20
Gold	1306	1.2	1.3	4	12
S&P Spot commodity *	379	0.0	0.7	-1	-4
S&P Brent Spot *	442	0.6	1.4	1	-8
S&P Metals Spot *	361	-1.2	0.1	6	19
S&P Agricultural *	277	-0.3	0.1	-6	-8



Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.34	0.6	3.6	-3	12
US	2.17	0.3	-1.2	-14	27
GER (2-yr)	0.74	-1.4	-2.7	-7	3
Germany	0.38	-0.4	-2.4	-16	2
France	0.69	-0.1	-0.4	-11	12
Spain	1.60	-0.8	5.4	-1	3
Italy	2.08	-1.9	4.9	-1	21
Portugal	2.86	-0.9	11.4	-9	-131
Greece	5.54	0.0	-7.9	22	-134
Japan (2-yr)	0.15	-0.2	2.0	-4	4
Japan	0.01	-2.0	-6.2	-5	-5
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	10.10	-1.6	10.0	11	-131
Chile	4.40	6.1	2.1	10	8
Colombia	6.72	0.0	-1.0	-23	-37
Mexico	6.85	2.7	5.1	-1	-79
Peru	5.17	-2.4	-9.2	-21	-130
Poland	3.29	-0.6	-2.1	-2	-43
Russia	7.88	6.1	7.1	1	-56
Turkey	10.29	-5.0	-7.0	-5	-71
India	6.57	3.0	5.8	13	19
Indonesia	6.78	-2.8	-11.8	-17	-106
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	32	0.3	2.0	5	-14
Italy	171	-1.5	7.3	15	19
Portugal	249	-0.5	13.8	7	-106
Spain	123	-0.4	7.8	13	5
2-yr sovereign spread vs Germany					
France	24	-0.1	0.2	-2	13
Italy	60	1.3	6.4	12	-1
Portugal	79	-2.3	2.0	2	-67
Spain	41	0.3	5.1	1	-7
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *					
Brazil	196	1.3	-5	-15	-76
Chile	61	-0.2	-1	-6	-21
Colombia	126	-1.4	-4	-4	-37
Mexico	104	-1.0	-4	0	-53
Peru	77	-0.3	1	-6	-31
Venezuela	6,123	-365.7	-41	1100	2217
Poland	86	-0.5	-2	-4	-19
Russia	145	0.3	-5	-17	-31
Turkey	170	-3.0	-8	-13	-103
China	59	-3.0	-7	-5	-58
India	82	-2.0	-4	-1	-45
Indonesia	104	-3.3	-7	-8	-52
Risk indicators					
level	Daily	Weekly	Monthly	YTD	
Volatility indicators (%)					
VIX	12	3.2	-12	15	0
VSTOXX	16	3.4	-15	24	-1
EM EFT volatility Index	17	3.1	-7	15	-16
Dollar/Euro volatility	8	2.0	-4	6	-24
EM FX volatility index	7	1.0	-2	4	-35
Credit spread (BAA) (bps)	212	-0.5	0	4	-15
US bonds volatility index	51	-3.7	-3	4	-34
Banking by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	57	0.3	-1	15	15
EZ	59	-0.9	1	6	-49
UK	49	-0.4	-1	4	-41
Large Spanish	58	-0.7	2	9	-59
Medium Spanish	92	-0.1	1	-1	-59
Corporate by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	144	-0.3	-1	5	-15
EZ Non-financial	76	-0.9	1	6	-49
UK Non-financial	109	0.2	-2	2	-16
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
Eurbor 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	1.73	0.00	0.0	0.0	0.0
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,443	0.0	0.6	-1	8
Dow Jones	21,809	0.0	0.5	0	9
Nikkei	19,450	0.0	0.3	-3	-1
FTSE 100	7,401	0.0	1.1	-1	3
EuroStoxx 50	3,421	-0.5	-0.1	-2	3
IBEX	10,286	-0.6	0.7	-3	9
DAX	12,123	-0.4	0.5	-1	5
CAC	5,080	-0.5	0.2	-2	4
MBI	21,276	-0.1	-0.1	0	11
ASE Athens	838	0.4	1.5	2	28
MSCI Latam *	83,000	0.0	2.2	5	13
Ibovespa (Brazil)	21,264	0.3	3.8	9	16
Mumbai	51,061	-0.6	-0.4	0	10
MSCI EM Europe *	5,132	0.4	2.9	3	2
Poland	2,531	2.4	6.5	8	27
Moscow (Russia)	1,967	0.4	2.6	-2	-12
Ise 100 (Turkey)	110,340	0.5	1.6	2	45
MSCI EM Asia *	867	0.1	1.8	1	25
Shanghai Com (China)	3,363	0.9	2.3	3	6
Jakarta (Indonesia)	5,903	0.2	0.2	2	12
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	91.4	-0.6	0.8	0	5
CB	67.6	-0.4	2.5	0	10
BoA	23.6	-0.7	1.0	-2	3
MS	45.5	-0.9	1.9	-3	4
GS	215.6	-1.3	0.5	-1	-10
EZ banks					
BNP	64.0	-0.4	-1.1	-3	2
Credit Agricole	15.0	0.2	-1.0	-1	22
Deutsche Bank	131.7	-0.5	-0.4	-12	-16
ING	14.9	-0.2	1.0	-6	7
Intesa	2.9	0.8	-1.1	-1	13
SG	46.8	-0.4	-0.9	-7	-3
Unicredit	17.8	-0.1	0.1	5	27
UK banks					
HSBC	742.8	0.0	1.2	-1	11
RBS	255.8	0.0	0.2	-2	9
Barclays	194.3	0.0	0.5	-7	-17
Lloyds	64.9	0.0	0.5	-4	0
Large Spanish banks					
Santander	86.9	-0.4	0.0	-5	11
Banco Sabadell	5.4	-0.4	0.1	-6	8
BBVA	7.4	-0.4	-0.1	-4	14
Medium Spanish banks					
Cajabank	80.2	-0.3	-0.7	-4	10
Caja de Pensiones	4.3	-0.3	0.2	0	33
Sabadell	1.8	-0.2	0.6	-5	24
Bankinter	7.9	-0.3	-0.8	-4	5
Bankia	4.1	-0.5	-1.1	-6	0
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
	1.20	0.4	1.3	2.5	14
GBPUSD					
	1.29	0.4	0.2	-1.1	5
USD JPY					
	109.21	0.1	-0.2	-1.8	-7
DXY					
	92.27	-0.5	-0.9	-1.7	10
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)					
	17.22	0.0	0.3	2.3	-7
USD BRL (Brazil)					
	3.16	0.1	0.3	-0.2	2
USD CLP (Chile)					
	628.87	0.9	2.1	3.2	6
USD COP (Colombia)					
	2940	-0.5	1.6	2.4	1
USD MXN (Mexico)					
	17.83	-1.2	-1.0	-0.6	17
USD PEN (Peru)					
	3.23	0.1	0.1	0.2	4
LACI					
	66.29	-0.2	0.2	0.8	8
USD PLN (Poland)					
	3.55	0.7	2.1	2.5	15
USD RUB (Russia)					
	58.55	0.1	1.0	1.6	3
USD TRY (Turkey)					
	3.44	-0.1	1.5	2.6	4
USD CNY (China)					
	6.61	0.5	0.8	1.9	5
USD INR (India)					
	63.91	0.2	0.4	0.3	6
USD IDR (Indonesia)					
	13,340	0.0	0.1	-0.2	1
ADXY					
	102.9	0.2	0.6	0.8	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
	51.6	-1.5	-0.1	0	9
WTI					
	46	-3.3	2.2	6	13
Copper					
	307	1.1	2.9	7	20
Gold					
	1306	1.2	1.1	4	12
S&P Spot commodity *					
	379	0.0	0.7	-1	-4
S&P Brent Spot *					
	442	0.6	1.4	1	-8
S&P Metals Spot *					
	361	-1.2	0.1	6	19
S&P Agricultural *					
	277	-0.3	-0.1	-6	-8

Source: Bloomberg, Datastream and Haver

\* With one day delay

---

#### DISCLAIMER

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: [www.bbva.com](http://www.bbva.com) / Corporate Governance".

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of

Spain with number 0182.