

Market Comment | Positive mood in markets waiting for US payrolls

Global Financial Markets Unit
31 Aug 2017

- **Financial markets showed a positive mood**, as risk asset prices rose across the board, mainly driven by better-than-expected economic indicators. Nonetheless, developed countries' sovereigns yields are hovering around their lowest level since November 2016.
- The **EUR remained little changed against the USD**. The release of the **EZ inflation figure** for August, which at 1.5% was higher than expected ([see](#)) due to energy prices, had little effect on markets, and core inflation remained unchanged. In the US, favourable incoming macroeconomic data fuelled the partial recovery of US assets from their recent underperformance.
- The release of **China's official manufacturing PMI** ([see](#)), which rose by more than expected, contributed to sustain the positive mood across the board, while the CNY remained at its highest level in more than a year due to the USD's weakness.
- **Stock prices rose in both the euro zone and the US**, led by the financial and energy sectors respectively. At the same time, **sovereign bond yields remained almost unchanged**, hovering around their lowest since late 2016.
- **Oil and gasoline prices surged** as Hurricane Harvey forced the closure of the key Colonial Pipeline, and the east coast of US closed 23% of the country's refining capacity in the wake of the storm ([see](#)). At the same time, the US Department of Energy released half a million barrels of crude oil from the US Strategic Petroleum Reserve ([see](#)). **Other commodities such as zinc, copper and iron ore also rose, influenced by positive economic data from China** ([see](#)).

Update 18 CET 31 August, 2017

Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.32	-0.4	-0.8	-2	11
US	2.12	0.7	7.0	13	32
GER (2-yr)	0.73	-0.5	1.2	-3	5
Germany	0.36	0.0	-1.7	-13	1
France	0.66	-1.1	-2.6	-9	-15
Spain	1.36	-2.2	-4.0	2	-2
Italy	2.04	-3.8	-7.2	2	17
Portugal	2.83	-3.1	-3.8	-1	-135
Greece	5.53	-0.5	-1.6	10	-135
Japan (2-yr)	0.16	-1.4	2.4	-5	3
Japan	0.01	1.8	6.9	5	6
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.88	-19.9	19.3	-13	-153
Chile	4.36	0.3	2.5	8	4
Colombia	6.73	-1.6	0.1	9	-36
Mexico	6.84	0.9	1.2	-2	-30
Peru	5.16	0.0	-8.2	-19	-131
Poland	3.30	-1.0	0.3	6	-42
Russia	7.76	-11.1	-10.8	-15	-69
Turkey	10.35	2.0	-4.0	5	-65
India	6.53	-1.0	-1.1	9	15
Indonesia	6.30	-2.4	-17.1	-23	-115
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	30	-1.1	-1.1	4	-16
Italy	168	-3.8	-5.5	15	16
Portugal	247	-3.1	-2.1	12	-107
Spain	120	-2.2	-2.3	13	-8
2-yr sovereign spread vs Germany					
France	21	-0.1	-2.9	-1	10
Italy	55	-2.4	-4.0	6	-7
Portugal	73	-1.8	6.6	8	-24
Spain	38	-0.4	-1.9	1	-11
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	195	-3.2	1	-12	-77
Chile	59	-1.4	-3	-6	-24
Colombia	125	-3.0	-4	0	-39
Mexico	102	-4.1	-4	0	-55
Peru	75	-1.8	-2	-6	-33
Venezuela	6.704	-218.7	104	942	2798
Poland	55	-0.7	-2	-3	-20
Russia	143	-4.0	-3	-20	34
Turkey	165	-5.2	-7	-16	-107
China	58	-2.6	-7	-7	-59
India	82	0.2	-1	2	-45
Indonesia	102	-3.2	-6	-9	-54
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	11	-5.2	-13	5	-1
VSTOXX	16	-5.1	0	16	-1
EM EFT volatility Index	17	-1.7	1	17	-17
Dollar/reserve volatility	8	-0.2	5	7	-21
EM FX volatility Index	8	1.2	6	1	-32
Credit spread (BAA) (bps)	217	0.7	5	9	-11
US bonds volatility index	52	0.3	-2	3	-33
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	57	-1.2	-1	4	-15
EZ	59	-1.5	-2	7	-49
UK	50	-1.1	0	5	-41
Large Spanish	56	-5.3	-4	6	-61
Medium Spanish	93	-0.4	1	0	-59
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	141	-1.2	-1	4	-15
EZ Non-financial	76	-1.5	-2	7	-49
UK Non-financial	108	0.5	-1	0	-17
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	1.31	0.00	0.0	0.0	0.0
Stock markets (%)					
Indices	level	Daily	Weekly	Monthly	YTD
S&P500					
Dow Jones	24627	0.4	1.1	0	9
Nikkei	19,646	0.7	1.5	-2	0
FTSE 100	7,438	1.0	0.4	0	-3
EuroStoxx 50	3,427	0.7	-0.5	-1	3
IBEX	10,306	0.6	-0.5	-3	9
DAX	12,075	0.6	-0.9	-1	4
CAC	5,092	0.7	0.4	1	4
MIB	21,687	0.9	-0.2	0	10
ASE Athens	825	0.2	-1.2	1	26
MSCI Latam *	62,670	-0.5	0.2	4	13
Ibovespa (Brazil)	70,531	-0.5	0.8	6	15
Mexbol	51,151	-0.1	0.6	0	10
MSCI EM Europe *	5,189	0.8	2.4	4	3
Pobor	2,516	-0.3	2.4	1	26
Micex (Russia)	2,020	0.6	2.4	4	-11
Ise TOI (Turkey)	110,010	-0.4	0.8	4	44
MSCI EM Asia *	869	0.9	0.5	1	25
Shanghai Com (China)	3,361	-0.1	2.7	2	6
Jakarta (Indonesia)	5,864	-0.4	0.8	0	11
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks					
JPM	123.0	0.1	0.0	-2	3
CB	91.3	0.0	0.3	-2	5
BoA	67.9	-0.1	0.4	-2	11
Wells	23.9	0.3	0.4	-2	14
MS	45.6	-0.2	0.9	-3	4
GS	223.5	0.5	0.2	-2	-8
EZ banks	111.8	1.3	0.8	-4	6
BNP	64.1	1.4	0.5	4	2
Crédit Agricole	14.8	2.2	-1.6	0	21
Deutsche Bank	13.5	0.2	-2.4	-12	-17
ING	14.9	1.1	-0.5	-6	7
Intesa	2.8	1.1	0.3	-2	12
SG	47.1	1.3	0.0	-6	-2
Unicredit	17.1	0.8	2.3	2	22
UK banks	97.5	0.5	0.6	1	0
HSBC	751.9	0.4	1.3	-2	12
RBS	251.8	1.3	-1.6	0	7
Barclays	191.3	0.3	-1.7	-7	-19
Lloyds	63.9	0.5	-1.3	-3	-1
Large Spanish banks	87.1	1.3	0.2	-5	12
Santander	5.5	1.2	0.0	-6	8
BBVA	7.4	1.4	0.4	-4	15
Medium Spanish banks	80.4	1.3	-0.7	-3	10
Cabobank	4.4	1.4	0.8	-2	33
Sabidell	1.8	1.5	0.9	-3	24
Bankinter	8.0	0.8	-0.4	-3	6
Banque	4.1	1.6	0.8	-6	0
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.19	0.1	0.8	0.8	13
GBPUSD	1.29	-0.3	0.6	-2.4	5
USD JPY	109.96	0.3	-0.4	-0.4	-6
DKK	92.90	0.0	0.4	0.2	10
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)					
USDARS	17.35	0.2	0.9	1.3	8
USD BRL (Brazil)					
USD BRL	3.15	0.4	0.1	-0.6	2
USD CLP (Chile)					
USD CLP	627.58	0.4	1.7	3.9	7
USD COP (Colombia)					
USD COP	2947	0.2	0.5	0.7	1
USD MXN (Mexico)					
USD MXN	17.81	-0.5	0.5	0.4	17
USD PEN (Peru)					
USD PEN	3.24	0.0	-0.1	-0.1	4
LACI					
LACI	66.31	0.0	0.0	0.6	8
USD PLN (Poland)					
USD PLN	3.57	0.2	1.1	0.9	14
USD RUB (Russia)					
USD RUB	58.10	0.7	1.8	3.7	4
USD TRY (Turkey)					
USD TRY	3.45	-0.1	0.8	2.1	3
USD CNY (China)					
USD CNY	6.39	0.1	1.1	1.9	5
USD INR (India)					
USD INR	63.91	0.1	0.2	0.3	6
USD IDR (Indonesia)					
USD IDR	13,342	0.0	0.0	0.1	1
ADXY	107.9	0.0	0.5	0.8	4
Commodities (%)					
	level	Daily	Weekly	Monthly	Year
Brent					
Brent	52.1	2.4	0.1	1	8
WTX	47	2.5	-0.7	-4	-12
Copper	308	0.5	1.5	7	21
Gold	1318	0.7	2.5	4	13
S&P Spot commodity *	376	-0.4	0.8	-2	-5
S&P Brent Spot *	432	-1.8	-1.8	-2	-10
S&P Metals Spot *	365	-0.4	0.0	8	20
S&P Agricultural *	275	-0.2	-1.3	-5	-9

Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.32	-0.4	-0.8	-2	11
US	2.12	-0.7	-7.0	-13	32
GER (2-yr)	0.73	-0.5	1.2	-3	5
Germany	0.36	0.0	-1.7	-13	1
France	0.66	-1.1	-2.8	-9	-15
Spain	1.56	-2.2	-4.0	2	-2
Italy	2.04	-3.8	-7.2	2	17
Portugal	2.63	-3.1	-3.8	-1	-135
Greece	5.53	-0.5	-1.6	10	-135
Japan (2-yr)	0.16	-1.4	-2.4	-5	3
Japan	0.01	-1.8	-6.9	-6	-6
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	9.88	-19.9	-19.3	-13	-153
Chile	4.36	0.3	2.5	8	4
Colombia	6.73	-1.6	0.1	-9	-36
Mexico	6.84	0.9	1.2	-2	-80
Peru	5.16	0.0	-0.2	-19	-131
Poland	3.30	-1.0	-0.3	-6	-42
Russia	7.76	-11.1	-10.8	-15	-69
Turkey	10.35	2.0	-4.0	5	-65
India	6.53	-1.0	-1.1	9	15
Indonesia	6.70	-3.4	-17.1	-23	-115
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	30	-1.1	-1.1	4	-16
Italy	168	-3.8	-5.5	15	16
Portugal	247	-3.1	-2.1	11	-107
Spain	120	-2.2	-2.3	13	8
2-yr sovereign spread vs Germany					
France	21	-0.1	-2.9	-1	10
Italy	55	-2.4	-4.0	6	-7
Portugal	73	-1.8	-6.6	-8	-74
Spain	38	-0.4	-1.9	1	-11
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *					
Brazil	195	-3.2	-1	-12	-77
Chile	59	-1.4	-3	-6	-24
Colombia	125	-3.0	-4	0	-39
Mexico	102	-4.1	-4	0	55
Peru	75	-1.8	-2	-5	-33
Venezuela	6,704	-218.7	104	942	2,798
Poland	55	-0.7	-2	-3	-20
Russia	143	-4.0	-3	-20	-34
Turkey	165	-5.2	-7	-16	-107
China	58	-2.6	-7	-7	-59
India	82	-0.2	-1	2	45
Indonesia	102	-3.2	-6	-9	-54
Risk indicators					
level	Daily	Weekly	Monthly	YTD	
Volatility indicators (%)					
VIX	11	-0.2	-1.3	5	-1
VSTOXX	16	-5.1	0	16	-1
EM EFT volatility Index	17	-1.7	1	17	-17
Dollar/euro volatility	8	-0.2	5	7	-21
EM FX volatility index	8	1.2	6	1	-32
Credit spread (BAA) (bps)	217	0.7	5	9	-11
US bonds volatility index	52	0.3	-2	3	-33
Banking by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	57	1.2	-1	1	15
EZ	59	-1.5	-2	7	-49
UK	50	-1.1	0	5	-41
Large Spanish	56	-5.3	-4	6	-61
Medium Spanish	93	-0.4	1	0	-59
Corporate by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	141	-1.2	-1	4	-15
EZ Non-financial	76	-1.5	-2	7	-49
UK Non-financial	108	0.5	-1	0	17
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	1.71	0.00	0.0	0.0	0.0
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,467	0.4	1.1	0	9
Dow Jones	21,932	0.2	0.7	0	10
Nikkei	19,646	0.7	1.5	-2	0
FTSE 100	7,438	1.0	0.4	0	3
EuroStoxx 50	3,477	0.7	-0.5	-1	3
IBEX	10,306	0.6	0.5	-3	9
DAX	12,075	0.6	-0.9	-1	4
CAC	5,092	0.7	0.4	-1	4
MBI	21,687	0.9	-0.2	0	10
ASE Athens	825	0.2	-1.2	1	26
MSCI Latam *	82,670	-0.5	0.2	4	13
Ibovespa (Brazil)	70,531	-0.5	-0.8	6	15
Mobx (Russia)	51,151	-0.1	0.6	0	10
MSCI EM Europe *	5,189	0.8	2.4	4	3
Poland	2,516	-0.3	2.4	5	26
Moscow (Russia)	2,020	0.6	2.4	4	-11
Ise 100 (Turkey)	110,010	-0.4	0.8	4	44
MSCI EM Asia *	869	0.9	0.9	1	25
Shanghai Com (China)	3,361	-0.1	2.7	2	6
Jakarta (Indonesia)	5,864	-0.4	-0.3	0	11
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	91.3	0.0	-0.3	-2	5
CB	67.9	-0.1	0.4	-2	11
BoA	23.9	0.3	0.4	-2	4
MS	45.6	-0.2	-0.9	-3	4
GS	223.5	0.5	0.2	-2	8
EZ banks					
BNP	111.8	1.3	-0.8	-4	6
Crédit Agricole	64.1	1.4	-0.5	-4	2
Crédit Agricole	14.8	2.2	-1.6	0	21
Deutsche Bank	13.5	0.2	-2.4	-12	-17
ING	14.9	1.1	0.5	-6	7
Intesa	2.8	1.1	0.3	-2	12
SG	47.1	1.3	0.0	-6	-2
Unicredit	17.1	0.8	2.3	2	22
UK banks					
HSBC	87.5	0.5	-0.6	-3	0
HSBC	751.9	0.4	1.3	-2	12
RBS	251.8	1.3	-1.6	0	7
Barclays	191.3	0.3	-1.7	-2	-19
Lloyds	63.9	0.5	-1.3	-3	-1
Large Spanish banks					
Santander	87.1	1.3	0.2	-5	12
Santander	5.5	1.2	0.0	-6	8
BBVA	7.4	1.4	-0.4	-4	15
Medium Spanish banks					
Cajabank	80.4	1.3	-0.7	-3	10
Cajabank	4.4	1.4	0.8	-2	33
Sabadell	1.8	1.5	-0.9	-3	34
Bankinter	8.0	0.8	-0.4	-3	6
Bankia	4.1	1.6	-0.8	-6	0
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.19	0.1	0.6	0.8	13
GBPUSD	1.29	-0.3	0.6	-2.4	5
USD JPY	109.96	0.3	-0.4	-0.4	-6
USD DXY	92.90	0.0	-0.4	0.2	10
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.35	0.2	-0.9	1.3	8
USD BRL (Brazil)	3.15	0.4	0.1	-0.6	2
USD COP (Chile)	627.58	0.4	1.7	-3.9	7
USD COP (Colombia)	2947	0.2	0.5	0.7	1
USD MXN (Mexico)	17.81	-0.5	-0.5	0.4	17
USD PEN (Peru)	3.24	0.0	0.1	-0.1	4
LACI	66.31	0.0	0.0	0.6	8
USD PLN (Poland)	3.57	0.2	1.1	0.9	14
USD RUB (Russia)	58.10	0.7	1.8	3.7	4
USD TRY (Turkey)	3.45	-0.1	0.8	-2.1	3
USD CNY (China)	6.59	0.1	1.1	1.9	5
USD INR (India)	63.91	0.1	0.2	0.3	6
USD IDR (Indonesia)	13,342	0.0	0.0	-0.1	1
ADXY	102.9	0.0	0.5	0.8	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
Brent	52.1	-2.4	0.1	1	8
WTI	47	2.5	-0.7	-4	12
Copper	308	0.5	1.5	7	21
Gold	1318	0.7	2.5	4	13
S&P Spot commodity *	376	-0.4	-0.8	-2	5
S&P Brent Spot *	432	-1.8	-1.8	-2	-10
S&P Metals Spot *	365	-0.4	0.0	8	20
S&P Agricultural *	275	-0.2	-1.3	-5	9

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 / 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.