

Market Comment | Positive mood in markets leads S&P to its highest point

Global Financial Markets Unit
12 Sep 2017

- **Financial markets extended their positive mood** due to the easing of concerns about escalation of geopolitical tensions and the impact of the hurricanes that have ravaged the US. In this context - and without new events or significant economic releases - yesterday's market movements extended.
- **Sovereign bond yields increased mostly in the EZ** (Bund above the 0.40% threshold), while equity indices rose, with US equity indices reaching new record highs. **Meanwhile, demand for safe-haven assets (JPY and gold) decreased**, while the USD was little changed against the EUR.
- **The United Nations Security Council unanimously increased sanctions on North Korea**([see](#)). Despite geopolitical tensions having eased at the beginning of the week, this issue is expected to linger as an important driver in financial markets.
- **OPEC raises its forecast oil demand for 2017 and 2018**([see](#)). Better-than-expected performance from OECD America and Europe in 2Q17 and China are behind the revision. OPEC members declared that "it is clear the rebalancing process is under way". This would beef up current efforts of oil producers to curb excess supply: **OPEC output fell in August**([see](#)). Oil prices increase slightly, to their highest level since April.
- In spite of the current trend in oil prices, **EM currencies depreciated today** due to the mild recovery of the USD and UST yields. For its part, the Chinese yuan continued to depreciate (to a lesser extent than yesterday) after the latest regulatory changes.

Update 18 CET 12 September, 2017
Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.33	1.8	4.5	4	12	
US	2.17	3.8	10.9	2	27	
GER (2-yr)	0.73	2.4	2.3	-1	5	
Germany	0.40	6.3	6.3	2	5	
France	0.70	6.6	5.1	2	-11	
Spain	1.60	3.6	6.8	4	3	
Italy	2.03	5.7	2.6	-1	16	
Portugal	2.85	3.2	0.9	0	-133	
Greece	5.45	-1.3	-5.3	-10	-143	
Japan (2-yr)	0.13	1.6	1.6	2	6	
Japan	0.02	1.4	-4.3	-3	5	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
Brazil	9.85	5.9	2.3	-26	-156	
Chile	4.32	0.7	0.3	-5	-1	
Colombia	6.59	-0.1	-16.1	-16	-51	
Mexico	6.74	0.2	-12.7	-9	-90	
Peru	5.11	-4.7	-4.2	-16	-136	
Poland	3.21	4.5	-2.4	-23	-50	
Russia	7.69	0.4	-1.2	-20	-84	
Turkey	10.38	5.0	0.0	-17	-62	
India	6.56	-0.5	5.7	5	18	
Indonesia	6.44	4.4	-18.3	-46	-140	
Country risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
10-yr sovereign spread vs Germany						
France	30	0.1	-1.2	0	-16	
Italy	162	0.8	-3.7	-3	11	
Portugal	245	-3.3	-5.4	-2	-109	
Spain	120	-2.9	0.5	0	-8	
2-yr sovereign spread vs Germany						
France	21	0.2	0.6	-3	11	
Italy	53	-0.6	-1.2	0	-8	
Portugal	71	-2.9	3.4	-7	-16	
Spain	43	-2.2	1.5	2	-5	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *						
Brazil	178	-1.6	-7	-27	-94	
Chile	54	-0.8	-1	-11	-28	
Colombia	113	-2.0	-7	-18	-50	
Mexico	98	-1.3	-2	-8	-59	
Peru	68	-1.7	-5	-10	-40	
Venezuela	6,089	-116.0	-368	-25	2184	
Poland	55	-0.5	1	-4	-21	
Russia	136	-2.1	-4	-19	-40	
Turkey	159	-3.1	-2	-18	-113	
China	58	-2.4	0	-8	-58	
India	80	-3.8	0	-6	-47	
Indonesia	98	-2.5	-4	-15	-58	
Risk indicators						
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD	
VIX	11	0.1	-1.2	-31	-1	
VSTOXX	13	-3.7	-1.6	-30	-3	
EM EFT volatility Index	16	2.6	-1.4	-25	-23	
Dollar/reserve volatility	8	0.2	-8	-4	-25	
EM FX volatility Index	8	4.5	0	-3	-30	
Credit spread (BAA) (bps)	212	-3.8	-5	4	-15	
US bonds volatility index	52	-5.4	-3	0	-32	
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD	
US	56	-2.9	1	-2	-15	
EZ	52	-1.3	-4	-6	-56	
UK	48	-0.2	-1	-4	-43	
Large Spanish	48	-1.2	-3	-8	-69	
Medium Spanish	85	0.2	-3	-7	-67	
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD	
US Non-financial	138	-2.9	1	-2	-15	
EZ Non-financial	71	-1.3	-4	-6	-56	
UK Non-financial	104	-0.9	-1	-6	-21	
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	-0.17	0.00	0.0	0.0	-0.1	
Libor 3m	1.32	0.01	0.0	0.0	0.3	
Libor 12m	1.30	0.00	0.0	0.0	0.0	
Stock markets (%)						
Indices	level	Daily	Weekly	Monthly	YTD	
S&P500	2,493	0.2	1.4	-2	10	
Dow Jones	22,115	0.3	1.7	1	11	
Nikkei	19,777	1.2	2.0	0	1	
FTSE 100	7,401	-0.2	0.4	1	-3	
EuroStoxx 50	3,513	0.5	2.7	3	6	
IBEX	10,336	0.1	1.5	1	9	
DAX	12,525	0.4	3.3	4	8	
CAC	5,209	0.6	2.4	-3	6	
MIB	22,233	0.4	2.3	4	13	
ASE Athens	811	0.6	0.3	-2	23	
MSCI Latam *	64,549	1.2	1.5	6	15	
Ibovespa (Braz)	74,981	0.9	3.9	11	22	
Moex	50,638	0.6	0.7	0	9	
MSCI EM Europe *	5,210	0.6	0.7	3	-3	
Pobor	2,506	0.8	-0.5	6	25	
Micex (Russia)	2,059	0.7	2.7	6	-9	
Ise TOI (Turkey)	109,130	-0.3	0.2	2	43	
MSCI EM Asia *	874	0.6	1.2	3	26	
Shanghai Com (China)	3,379	0.1	-0.1	5	7	
Jakarta (Indonesia)	5,872	0.3	1.0	1	11	
Banking sector	level	Daily	Weekly	Monthly	YTD	
US banks	124.0	2.0	2.8	-1	3	
JPM	91.0	1.3	1.7	0	5	
CB	68.9	1.8	2.6	3	12	
BofA	23.9	2.3	2.6	0	14	
MS	45.7	1.2	1.7	0	5	
GS	227.1	2.7	4.3	1	-7	
EZ banks	114.7	2.1	4.4	1	9	
BNP	65.8	2.4	5.0	0	5	
Crédit Agricole	15.3	1.5	4.6	1	24	
Deutsche Bank	14.2	3.6	7.5	0	-13	
ING	15.2	1.9	3.4	0	9	
Intesa	2.9	1.0	2.3	1	13	
SG	48.6	2.6	5.0	3	1	
Unicredit	17.7	3.1	4.7	2	26	
UK banks	97.1	1.5	1.3	-1	1	
HSBC	736.2	0.1	0.3	0	10	
RBS	249.7	2.4	0.5	-3	7	
Barclays	191.4	2.5	1.8	-4	-19	
Lloyds	64.8	1.9	2.8	0	0	
Large Spanish banks	87.6	0.7	3.1	0	12	
Santander	5.6	0.9	4.2	2	10	
BBVA	7.4	0.4	2.2	1	14	
Medium Spanish banks	78.2	0.4	0.7	-3	7	
Cababank	4.3	0.7	1.5	-1	31	
Sabobal	1.7	0.5	-2.2	-5	26	
Bankinter	7.8	-0.1	0.9	-3	4	
Banque	4.0	0.8	2.6	-3	-2	
Currencies (% red for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
EURUSD	1.20	0.1	0.5	1.3	14	
GBPUSD	1.33	0.9	1.9	2.0	8	
USD JPY	109.99	-0.5	-1.1	0.7	-6	
DOY	91.87	0.0	0.4	1.3	11	
Emerging	level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.10	0.4	0.9	3.5	-6	
USD BRL (Brazil)	3.11	-0.2	0.3	2.6	-3	
USD CLP (Chile)	622.41	0.1	-0.1	3.8	7	
USD COP (Colombia)	2925	-0.1	0.3	1.8	1	
USD MXN (Mexico)	17.75	-0.4	0.8	0.4	17	
USD PEN (Peru)	3.23	0.0	0.3	0.3	4	
LACI	66.86	-0.3	2.5	2.1	9	
USD PLN (Poland)	3.56	-0.2	0.1	1.8	15	
USD RUB (Russia)	57.67	-0.8	-0.2	3.6	4	
USD TRY (Turkey)	3.43	-0.7	0.2	2.9	4	
USD CNY (China)	6.54	-0.1	0.1	1.9	6	
USD INR (India)	64.04	-0.2	0.1	0.2	6	
USD IDR (Indonesia)	13,200	-0.3	1.0	1.2	2	
ADXY	108.5	0.0	0.2	1.2	5	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
Brent	54.4	1.0	1.9	-4	-4	
WTX	48	0.7	-0.5	-1	-9	
Copper	301	-1.1	-3.1	3	18	
Gold	1327	0.0	0.9	3	14	
S&P Spot commodity *	388	0.3	-0.5	1	-2	
S&P Brent Spot *	458	0.1	0.7	4	-5	
S&P Meats Spot *	366	1.0	-1.1	4	20	
S&P Agricultural *	282	-0.2	-0.5	-2	-6	

Fuente: BBVA Research

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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	-0.17	0.00	0.0	0.0	-0.1
Libor 3m	1.32	0.01	0.0	0.0	0.3
Libor 12m	1.70	0.00	0.0	0.0	0.0
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,493	0.2	1.4	2	10
Dow Jones	22,915	0.3	1.2	1	11
Nikkei	19,777	1.2	2.0	0	1
FTSE 100	7,401	-0.2	0.4	1	3
EuroStoxx 50	3,513	0.5	2.7	3	6
IBEX	10,336	0.1	1.5	1	9
DAX	12,525	0.4	3.3	4	8
CAC	5,209	0.6	2.4	3	6
MBI	22,233	0.4	2.3	4	13
ASE Athens	811	0.6	-0.3	-2	23
MSCI Latam *	84,549	1.2	1.5	6	15
Ibovespa (Brazil)	74,981	0.9	3.9	11	22
Mobtel	59,638	0.6	0.7	0	9
MSCI EM Europe *	5,210	0.6	0.7	3	3
Poland	2,506	-0.3	-0.5	6	25
Micox (Russia)	2,059	-0.7	2.7	6	9
Ise 100 (Turkey)	109,130	-0.3	0.2	2	43
MSCI EM Asia *	874	0.8	1.2	3	26
Shanghai Com (China)	3,379	0.1	-0.1	5	7
Jakarta (Indonesia)	5,872	0.3	1.0	3	11
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	91.0	1.3	1.7	0	5
CB	68.9	1.8	2.6	-3	12
BoA	23.9	2.3	2.6	0	4
MS	45.7	1.2	1.7	0	5
GS	227.1	2.7	4.3	1	7
EZ banks	114.7	2.1	4.4	1	9
BNP	65.8	2.4	5.0	0	5
Crédit Agricole	15.3	1.5	4.6	1	24
Deutsche Bank	14.2	3.5	7.5	0	-13
ING	15.2	1.9	3.4	0	9
Intesa	2.9	1.0	2.3	1	13
SG	48.6	2.6	5.0	3	1
Unicredit	17.7	3.1	4.7	2	26
UK banks	87.1	1.5	1.3	-1	-1
HSBC	736.2	0.1	0.3	0	10
RBS	245.7	2.4	0.5	-3	7
Barclays	191.4	2.5	1.8	-4	-19
Lloyds	64.8	1.9	2.8	0	0
Large Spanish banks	87.6	0.7	3.1	0	12
Santander	5.6	0.9	4.2	2	10
BBVA	7.4	0.4	2.2	-1	14
Medium Spanish banks	78.2	0.4	0.7	-3	7
Cabobank	4.3	0.7	1.5	-1	31
Sabadell	1.7	0.5	2.2	-5	26
Bankinter	7.8	-0.1	0.9	-3	4
Banque	4.0	0.8	2.6	-3	2
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.20	0.1	0.5	1.3	14
GBPUSD	1.33	0.9	1.9	2.0	8
USD JPY	109.99	-0.5	-1.1	0.7	-6
DKY	91.87	0.0	-0.4	1.3	11
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.10	0.4	0.9	3.5	-6
USD BRL (Brazil)	3.11	-0.2	0.3	2.6	3
USD CUP (Cuba)	622.41	0.1	-0.1	3.8	7
USDCOP (Colombia)	2925	-0.1	0.3	1.8	1
USDMXN (Mexico)	17.75	-0.4	0.8	0.4	17
USD PEN (Peru)	3.23	0.0	0.1	0.3	4
LACI	66.86	-0.3	2.5	2.1	9
USD PLN (Poland)	3.56	-0.2	-0.1	1.8	15
USD RUB (Russia)	57.67	-0.8	-0.2	3.6	4
USD TRY (Turkey)	3.43	-0.7	0.2	2.9	4
USDCNY (China)	6.54	-0.1	0.1	1.9	6
USD INR (India)	64.04	-0.2	0.1	0.2	6
USD IDR (Indonesia)	13,200	-0.3	1.0	1.2	2
ADXY	100.5	0.0	0.2	1.2	5
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
Brent	54.4	1.0	1.0	4	-4
WTI	48	0.7	-0.5	-1	8
Copper	301	-1.1	-3.1	3	18
Gold	1327	0.0	-0.9	3	14
S&P Spot commodity *	388	0.3	-0.5	1	-2
S&P Brent Spot *	458	0.1	0.7	4	5
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Fuente: BBVA Research

Source: Bloomberg, Datastream and Haver

* With one day delay

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