

# Market Comment | A week in which prospects of higher US interest rates were revived

Global Financial Markets Unit  
29 Sep 2017

- **Financial markets were largely driven by the US during this eventful week.** On the one hand, **Janet Yellen** showed a hawkish tone in her speech ([see](#)), in line with other Fed members, such as **Dudley**, who said that further interest rate hikes were likely as **inflation weakness would be temporary** ([see](#)). On the other hand, the **US President unveiled a tax cut plan** ([see](#)), although markets still remained cautious as difficulties in legislative approval are expected.
- **US Treasury yields rose during the week and interest hike probabilities reached 70% for the end of this year.** The USD recovered some ground, amid upbeat economic indicators in the US (Durable Goods Orders in August and the upward revision in the **US GDP Q2** ([see](#))), easing concerns about the devastation caused by hurricanes ([see](#)). In this context, US inflation expectations also rose.
- The **EUR declined during the week** ([see](#)), after the **results of German elections** ([see](#)), in view of uncertainties regarding the coalition building process, new parties entering parliament and potential changes in the new German government's commitment to the European project ([see](#)). Investors also moderated their **long speculative positions on the EUR**, amid higher uncertainty regarding the ECB's monetary policy. In this regard, Mario Draghi gave a bullish assessment of the euro zone ([see](#)), while Peter Praet expressed a dovish view on monetary policy.
- Against this backdrop, stock prices remained little changed in developed markets, with the exception of the banking sector, which outperformed on the back of rekindled expectations on higher US yields. As an exception, **Athens index showed high volatility**, on wobbly bank share prices, affected by news flow on requirement to Greek banks ([see](#)).
- **Emerging markets underperformed during the week**, as reflected in lower equity indices and lower bond prices. EM currencies also reflected a widespread depreciation on the back of moderate USD appreciation, despite **higher oil prices**, amid rebalancing signals and concerns on oil supply risks. Turkish lira registered high volatility due to the uncertainty regarding the situation in Kurdistan region ([see](#)).

BBVA Research suggests the following reading list:

- Demographic Transition and Low U.S. Interest Rates ([see](#))
- Authers' Note: The next crisis, in charts ([see](#))
- Central bank disputes: Yellen versus Borio ([see](#))

Update 16 CET 29 September, 2017  
Table 1

| Debt markets (% 10Y, % changes in bp)        |         |        |         |         |       |
|--|---------|--------|---------|---------|-------|
| Developed Markets                            | level   | Daily  | Weekly  | Monthly | YTD   |
| US (2-yr)                                    | 1.48    | 3.2    | 5.2     | 16      | 27    |
| US   | 2.33    | 2.0    | 7.8     | 20      | -11   |
| GER (2-yr)                                   | -0.69   | 0.6    | -0.9    | 3       | 8     |
| Germany                                      | 0.47    | -0.7   | 2.5     | 11      | 12    |
| France                                       | 0.76    | -1.1   | 2.3     | 8       | -6    |
| Spain  | 1.63    | 0.7    | 0.7     | -5      | 6     |
| Italy  | 2.12    | 0.2    | 1.7     | 5       | 26    |
| Portugal                                     | 2.39    | 2.8    | -4.6    | -47     | -178  |
| Greece                                       | 5.65    | -5.7   | 10.3    | 11      | -124  |
| Japan (2-yr)                                 | -0.12   | -1.3   | 0.4     | 3       | 7     |
| Japan  | 0.02    | 3.4    | 5.7     | 0       | 0     |
| Emerging Markets                             |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| Brazil                                       | 9.74    | -3.4   | 8.6     | -34     | -168  |
| Chile  | 4.35    | 0.0    | 2.6     | -1      | 3     |
| Colombia                                     | 6.58    | -1.0   | 6.1     | -16     | -51   |
| Mexico                                       | 6.84    | -3.7   | 7.4     | 1       | -80   |
| Peru   | 4.89    | -0.6   | 6.4     | -26     | -158  |
| Poland                                       | 3.37    | 1.1    | 3.5     | 6       | -34   |
| Russia                                       | 7.66    | -3.7   | 0.6     | -21     | -79   |
| Turkey                                       | 10.68   | -2.0   | -2.0    | 35      | -32   |
| India  | 6.66    | 2.2    | 0.0     | 13      | 28    |
| Indonesia                                    | 6.50    | 5.0    | 7.0     | 23      | -135  |
| Country risk (bp, changes in bp)             |         |        |         |         |       |
| Developed Markets                            | level   | Daily  | Weekly  | Monthly | YTD   |
| 10-yr sovereign spread vs Germany            |         |        |         |         |       |
| France                                       | 28      | -0.4   | -0.2    | -3      | -18   |
| Italy  | 165     | 0.9    | -0.8    | -7      | 14    |
| Portugal                                     | 192     | -2.1   | -7.1    | -58     | -162  |
| Spain  | 116     | 1.4    | -1.8    | -18     | -12   |
| 2-yr sovereign spread vs Germany             |         |        |         |         |       |
| France                                       | 21      | -0.3   | 0.4     | 0       | 10    |
| Italy  | 45      | -3.2   | -2.0    | -12     | -16   |
| Portugal                                     | 68      | -3.4   | 0.7     | -6      | -78   |
| Spain  | 37      | -1.1   | 0.6     | -1      | -11   |
| Emerging Markets                             |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| 5-yr sovereign CDS *                         |         |        |         |         |       |
| Brazil                                       | 197     | -4.1   | -4      | -2      | -75   |
| Chile  | 60      | -1.4   | -1      | 0       | -23   |
| Colombia                                     | 123     | -2.8   | -4      | -4      | -40   |
| Mexico                                       | 112     | -1.9   | -2      | 6       | -45   |
| Peru   | 83      | -1.9   | -1      | 7       | -25   |
| Venezuela                                    | 6,673   | 193.7  | 240     | -249    | 2,768 |
| Poland                                       | 54      | 0.8    | 2       | 2       | 21    |
| Russia                                       | 144     | -2.2   | -6      | -3      | -32   |
| Turkey                                       | 187     | -2.6   | -1      | 17      | -85   |
| China  | 63      | -0.8   | 4       | 3       | -53   |
| India  | 77      | -0.5   | -7      | -5      | -50   |
| Indonesia                                    | 105     | 0.1    | 4       | 0       | -51   |
| Risk indicators                              |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| Volatility indicators (%)                    |         |        |         |         |       |
| VIX  | 10      | 0.7    | 0       | 14      | -2    |
| VST OXX                                      | 12      | 1.6    | 5       | -25     | -4    |
| EM EFT volatility index                      | 16      | -3.3   | 4       | 8       | -22   |
| Dollar/euro volatility                       | 8       | -3.3   | 1       | 8       | -27   |
| EM FX volatility index                       | 8       | -2.5   | 2       | 6       | -27   |
| Credit spread (BAA) (bps)                    | 204     | -2.0   | -2      | -10     | -23   |
| US bonds volatility index                    | 52      | -0.4   | 3       | 1       | -32   |
| Banking by CDS (bps) *                       |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| US   | 53      | 0.7    | 0       | -5      | -19   |
| EZ   | 54      | -0.2   | 2       | -7      | -54   |
| UK   | 47      | 0.8    | 1       | 4       | -43   |
| Large Spanish                                | 55      | 0.4    | 2       | -6      | -62   |
| Medium Spanish                               | 85      | 0.3    | 1       | -8      | -66   |
| Corporate by CDS (bps) *                     |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| US Non-financial                             | 150     | -0.7   | -2      | -5      | -19   |
| EZ Non-financial                             | 74      | -0.2   | 2       | -7      | -54   |
| UK Non-financial                             | 107     | -0.2   | -3      | -1      | -18   |
| Interbank markets (% changes in bp)          |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| EONIA 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                                  | -0.17   | 0.00   | 0.0     | 0.0     | -0.1  |
| Libor 3m                                     | 1.33    | 0.00   | 0.0     | 0.0     | 0.3   |
| Libor 12m                                    | 1.79    | 0.00   | 0.0     | 0.1     | 0.1   |
| Stock markets (%)                            |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| Main indices                                 |         |        |         |         |       |
| S&P500                                       | 2,511   | 0.0    | 0.3     | 2       | 11    |
| Dow Jones                                    | 22,356  | -0.1   | 0.0     | 2       | 12    |
| Nikkei                                       | 20,356  | 0.0    | 0.3     | 4       | 4     |
| FTSE 100                                     | 7,375   | 0.7    | 0.9     | 0       | 3     |
| EuroStoxx 50                                 | 3,575   | 0.3    | 0.9     | 5       | 8     |
| IBEX   | 10,322  | -0.1   | 0.2     | 1       | 9     |
| DAX  | 12,768  | 0.5    | 1.4     | 6       | 10    |
| CAC  | 5,301   | 0.1    | 0.4     | 5       | 8     |
| MIB  | 22,635  | 0.2    | 0.5     | 5       | 15    |
| ASE Athens                                   | 756     | 0.2    | -2.3    | -8      | 15    |
| MSCI Latam *                                 | 84,107  | -0.2   | -1.7    | 1       | 15    |
| Ibovespa (Brazil)                            | 74,012  | 0.6    | -1.8    | 4       | 20    |
| Bovespa                                      | 50,269  | 0.3    | -0.1    | -2      | 8     |
| MSCI EM Europe *                             | 5,143   | 0.1    | -0.3    | 0       | 2     |
| Poland                                       | 2,459   | 1.3    | -0.9    | -3      | 23    |
| Moscú (Russia)                               | 2,074   | 0.1    | 1.1     | 3       | 8     |
| lse 100 (Turkey)                             | 103,155 | 0.5    | -0.9    | -7      | 35    |
| MSCI EM Asia *                               | 867     | -0.6   | -2.8    | 1       | 24    |
| Shanghai Com (China)                         | 3,349   | 0.3    | -0.1    | 0       | 6     |
| Jakarta (Indonesia)                          | 5,901   | 0.5    | -0.1    | 0       | 12    |
| Banking sector                               |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| US banks                                     |         |        |         |         |       |
| JPM  | 130.4   | -0.1   | 1.2     | 6       | 9     |
| Cit  | 95.3    | -0.1   | 0.5     | 4       | 10    |
| Ch   | 72.7    | 0.0    | 1.8     | 7       | 18    |
| BoA  | 25.4    | -0.1   | 1.6     | 6       | 11    |
| MS   | 48.0    | -0.3   | -0.4    | 5       | 10    |
| GS   | 235.3   | -0.1   | 1.9     | 6       | -3    |
| EZ banks                                     |         |        |         |         |       |
| BNP  | 117.0   | 0.1    | 1.0     | 6       | 11    |
| BNP  | 67.8    | 0.2    | 0.8     | 7       | 8     |
| Crédit Agricole                              | 15.3    | -0.5   | 0.7     | 5       | 24    |
| Deutsche Bank                                | 14.5    | 0.3    | -4.3    | 8       | -11   |
| ING  | 15.5    | -0.3   | 0.7     | 5       | 11    |
| Intesa                                       | 3.0     | 0.1    | 0.6     | 6       | 18    |
| SG   | 49.3    | 0.9    | 0.9     | 6       | 2     |
| Unicredit                                    | 18.0    | -0.1   | 1.0     | 6       | 28    |
| UK banks                                     |         |        |         |         |       |
| HBS  | 89.3    | 0.5    | 1.2     | 3       | 2     |
| HSC  | 735.4   | 0.5    | 1.1     | 2       | 10    |
| RBS  | 268.0   | 0.6    | 2.2     | 8       | 14    |
| Barclays                                     | 192.6   | 0.2    | 0.5     | 1       | -18   |
| Lloyds                                       | 67.7    | 0.7    | 1.2     | 6       | 5     |
| Large Spanish banks                          |         |        |         |         |       |
| Santander                                    | 90.2    | 0.0    | 0.8     | 5       | 16    |
| Santander                                    | 5.9     | -0.5   | 2.1     | 8       | 16    |
| BBVA   | 7.5     | 0.6    | -0.3    | 2       | 15    |
| Medium Spanish banks                         |         |        |         |         |       |
| Cajabank                                     | 78.6    | -0.4   | 1.1     | -1      | 8     |
| Cajabank                                     | 4.2     | -0.4   | -1.3    | -2      | 29    |
| Sabadell                                     | 5.8     | 0.9    | 1.6     | -4      | 27    |
| Bankinter                                    | 7.9     | -0.7   | 2.1     | 0       | 5     |
| Bankia                                       | 4.1     | 0.7    | 2.0     | 1       | -1    |
| Currencies (% red for currency depreciation) |         |        |         |         |       |
| Developed                                    | level   | Daily  | Weekly  | Monthly | Year  |
| EURUSD                                       |         |        |         |         |       |
| EURUSD                                       | 1.18    | 0.1    | -1.3    | 0.7     | 12    |
| GBPUSD                                       | 1.34    | -0.5   | -1.0    | 3.4     | 8     |
| USDJPY                                       | 112.66  | -0.3   | -0.6    | 2.2     | -4    |
| DKK  | 93.10   | 0.0    | 1.0     | 0.2     | 9     |
| Emerging                                     |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | Year    |       |
| USDARS (Argentina)                           | 17.29   | 1.2    | 0.1     | 0.6     | -8    |
| USD BRL (Brazil)                             | 3.17    | 0.4    | -1.4    | -0.3    | 2     |
| USDCUP (Cuba)                                | 638.40  | -0.3   | -2.3    | -1.3    | 5     |
| USDCOP (Colombia)                            | 2937    | 0.2    | -1.1    | 0.5     | 1     |
| USDMXN (Mexico)                              | 18.18   | -0.1   | -2.4    | -2.6    | 15    |
| USDPEN (Peru)                                | 3.27    | 0.0    | -0.6    | -0.8    | 4     |
| LKR  | 65.61   | 0.2    | -1.8    | -1.1    | 6     |
| USDPLN (Poland)                              | 3.65    | 0.4    | -2.1    | -1.9    | 12    |
| USD RUB (Russia)                             | 57.71   | 0.4    | -0.4    | 1.4     | 4     |
| USDTRY (Turkey)                              | 3.56    | 0.0    | -1.8    | -3.1    | 0     |
| USDCNY (China)                               | 6.66    | 0.1    | -1.0    | -0.9    | 4     |
| USDINR (India)                               | 65.28   | 0.3    | -0.7    | -2.0    | 4     |
| USDIDR (Indonesia)                           | 13,472  | 0.3    | -1.2    | -0.9    | 0     |
| ADNY   | 107.2   | 0.1    | -0.8    | -0.7    | 4     |
| Commodities (%)                              |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | Year    |       |
| Brent  |         |        |         |         |       |
| Brent  | 57.8    | 0.3    | 1.2     | 13      | 2     |
| WTI  | 51      | 0.1    | 1.6     | 12      | -3    |
| Copper                                       | 295     | 0.5    | 0.8     | -4      | 16    |
| Gold   | 1284    | -0.3   | -1.1    | -2      | 10    |
| S&P Spot commodity *                         | 400     | -0.5   | 0.5     | 6       | 1     |
| S&P Brent Spot *                             | 486     | 0.7    | 1.3     | 13      | 1     |
| S&P Metals Spot *                            | 362     | 0.8    | 0.3     | -1      | 19    |
| S&P Agricultural *                           | 281     | -0.5   | -1.0    | -2      | 6     |



| Debt markets (10Y, %, changes in bp)           |         |        |         |         |       |
|--|---------|--------|---------|---------|-------|
| Developed Markets                              | level   | Daily  | Weekly  | Monthly | YTD   |
| US (2-yr)                                      | 1.48    | 3.2    | 5.2     | 16      | 27    |
| US   | 2.33    | 2.0    | 7.8     | 20      | 111   |
| GER (2-yr)                                     | -0.69   | 0.6    | -0.9    | 3       | 8     |
| Germany  | 0.47    | -0.7   | 2.5     | 11      | 12    |
| France   | 0.76    | -1.1   | 2.3     | 8       | -6    |
| Spain  | 1.63    | 0.7    | 0.7     | -5      | 6     |
| Italy  | 2.12    | 0.2    | 1.7     | 5       | -26   |
| Portugal                                       | 2.39    | -2.8   | -4.5    | -47     | -178  |
| Greece   | 5.65    | -5.7   | 10.3    | 11      | -124  |
| Japan (2-yr)                                   | 0.12    | -1.3   | 0.4     | 3       | 7     |
| Japan  | 0.07    | 3.4    | 5.7     | 0       | 0     |
| Emerging Markets                               |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| Brazil   | 9.74    | -3.4   | 8.6     | -34     | -168  |
| Chile  | 4.35    | 0.0    | 2.6     | -1      | 3     |
| Colombia                                       | 6.58    | -1.0   | 6.1     | -16     | -51   |
| Mexico   | 6.84    | -3.7   | 7.4     | 1       | -80   |
| Peru   | 4.89    | -0.6   | 6.4     | -26     | -158  |
| Poland   | 3.37    | 1.1    | 3.5     | 6       | -34   |
| Russia   | 7.66    | -3.7   | 0.6     | -21     | -79   |
| Turkey   | 10.68   | -2.0   | 2.0     | 35      | -32   |
| India  | 6.66    | 2.2    | 0.0     | 13      | 28    |
| Indonesia                                      | 6.50    | -5.0   | 7.0     | -23     | -135  |
| Country risk (bp, changes in bp)               |         |        |         |         |       |
| Developed Markets                              | level   | Daily  | Weekly  | Monthly | YTD   |
| 10-yr sovereign spread vs Germany              |         |        |         |         |       |
| France   | 28      | -0.4   | -0.2    | -3      | -18   |
| Italy  | 165     | 0.9    | -0.8    | -7      | 14    |
| Portugal                                       | 192     | -2.1   | -7.1    | -58     | -162  |
| Spain  | 116     | 1.4    | -1.8    | -18     | -12   |
| 2-yr sovereign spread vs Germany               |         |        |         |         |       |
| France   | 21      | -0.3   | 0.4     | 0       | 10    |
| Italy  | 45      | -3.2   | -2.0    | -12     | -16   |
| Portugal                                       | 68      | -3.4   | 0.7     | -6      | -78   |
| Spain  | 37      | -1.1   | 0.6     | -1      | -11   |
| Emerging Markets                               |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| 5-yr sovereign CDS *                           |         |        |         |         |       |
| Brazil   | 197     | -4.1   | -4      | -2      | -75   |
| Chile  | 60      | -1.4   | -1      | 0       | -23   |
| Colombia                                       | 123     | -2.8   | -4      | -4      | -40   |
| Mexico   | 112     | -1.9   | -2      | 6       | -45   |
| Peru   | 83      | -1.9   | -1      | 7       | -25   |
| Venezuela                                      | 6,673   | 193.7  | 240     | -249    | 2,768 |
| Poland   | 94      | -0.6   | -2      | -3      | -21   |
| Russia   | 144     | -2.2   | -6      | -3      | -32   |
| Turkey   | 187     | -2.6   | -1      | 17      | -85   |
| China  | 63      | -0.8   | 4       | 3       | -53   |
| India  | 77      | -0.5   | -7      | -5      | -50   |
| Indonesia                                      | 105     | 0.1    | 4       | 0       | -51   |
| Risk indicators                                |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| Volatility indicators (%)                      |         |        |         |         |       |
| VIX  | 10      | 0.7    | 0       | -14     | -2    |
| VSTOXX   | 12      | 1.6    | 5       | -25     | -4    |
| EM EFT volatility Index                        | 16      | -3.3   | 4       | -8      | -22   |
| Dollar/euro volatility                         | 8       | -3.3   | 1       | -8      | -27   |
| EM FX volatility index                         | 8       | 2.5    | 2       | 6       | -27   |
| Credit spread (BAA) (bps)                      | 204     | -2.0   | -2      | -10     | -23   |
| US bonds volatility index                      | 52      | -0.4   | 3       | 1       | -32   |
| Banking by CDS (bps) *                         |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| US   | 53      | 0.7    | -2      | -5      | -19   |
| EZ   | 54      | -0.2   | 2       | -7      | -54   |
| UK   | 47      | 0.8    | 1       | -4      | -43   |
| Large Spanish                                  | 55      | 0.4    | 2       | -6      | -62   |
| Medium Spanish                                 | 85      | 0.3    | 1       | -8      | -66   |
| Corporate by CDS (bps) *                       |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| US Non-financial                               | 150     | -0.7   | -2      | -5      | -19   |
| EZ Non-financial                               | 74      | -0.2   | 2       | -7      | -54   |
| UK Non-financial                               | 102     | 0.2    | -3      | -1      | -18   |
| 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                                     | -0.17   | 0.00   | 0.0     | 0.0     | -0.1  |
| Libor 3m                                       | 1.33    | 0.00   | 0.0     | 0.0     | 0.3   |
| Libor 12m                                      | 1.79    | 0.00   | 0.0     | 0.1     | 0.1   |
| Stock markets (%)                              |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| Main indices                                   |         |        |         |         |       |
| S&P500   | 2,511   | 0.0    | 0.3     | 2       | 11    |
| Dow Jones                                      | 22,356  | -0.1   | 0.0     | 2       | 12    |
| Nikkei   | 20,356  | 0.0    | 0.3     | 4       | 4     |
| FTSE 100                                       | 7,375   | 0.7    | 0.9     | 0       | 3     |
| EuroStoxx 50                                   | 3,575   | 0.3    | 0.9     | 5       | 8     |
| IBEX   | 10,322  | -0.1   | 0.2     | 1       | 9     |
| DAX  | 12,768  | 0.5    | 1.4     | 6       | 10    |
| CAC  | 5,301   | 0.1    | 0.4     | 5       | 8     |
| MIIB   | 22,635  | 0.2    | 0.5     | 5       | 15    |
| ASE Athens                                     | 756     | 0.2    | -2.3    | -8      | 15    |
| MSCI Latam *                                   | 84,107  | -0.2   | -1.7    | 1       | 15    |
| Ibovespa (Brazil)                              | 74,012  | 0.6    | -1.8    | -4      | 20    |
| Mumbai   | 59,269  | 0.3    | -0.1    | 2       | 8     |
| MSCI EM Europe *                               | 5,143   | 0.1    | -0.3    | 0       | 2     |
| Poland   | 2,459   | 1.3    | -0.9    | -3      | 23    |
| Moscow (Russia)                                | 2,074   | 0.1    | 1.1     | 3       | 8     |
| Isr 100 (Turkey)                               | 103,155 | 0.5    | -0.9    | -7      | 35    |
| MSCI EM Asia *                                 | 867     | -0.6   | -2.8    | 1       | 24    |
| Shanghai Com (China)                           | 3,349   | 0.3    | -0.1    | 0       | 6     |
| Jakarta (Indonesia)                            | 5,901   | 0.6    | -0.3    | 0       | 12    |
| Banking sector                                 |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | YTD     |       |
| US banks                                       |         |        |         |         |       |
| JPM  | 95.3    | -0.1   | 0.5     | 4       | 10    |
| CB   | 72.7    | 0.0    | 1.8     | 7       | 18    |
| BoA  | 25.4    | -0.1   | 1.6     | 6       | 11    |
| MS   | 48.0    | -0.3   | -0.4    | 5       | 10    |
| GS   | 235.3   | -0.1   | 1.9     | 6       | -3    |
| EZ banks                                       |         |        |         |         |       |
| BNP  | 117.0   | 0.1    | 1.0     | 6       | 11    |
| Credit Agricole                                | 15.3    | -0.5   | 0.7     | 5       | 24    |
| Deutsche Bank                                  | 14.5    | -0.9   | 4.3     | 8       | -11   |
| ING  | 15.5    | -0.3   | 0.7     | 5       | 11    |
| Intesa   | 3.0     | 0.1    | 0.6     | 6       | 18    |
| SG   | 49.3    | 0.9    | 0.9     | 6       | 2     |
| Unicredit                                      | 18.0    | -0.1   | 1.0     | 6       | 28    |
| UK banks                                       |         |        |         |         |       |
| HSBC   | 89.3    | 0.5    | 1.2     | 3       | 2     |
| RBS  | 735.4   | 0.5    | 1.1     | -2      | 10    |
| HBS  | 268.0   | 0.6    | 2.2     | 8       | 14    |
| Barclays                                       | 192.6   | 0.2    | 0.5     | 1       | -18   |
| Lloyds   | 67.7    | 0.7    | 1.2     | 6       | 5     |
| Large Spanish banks                            |         |        |         |         |       |
| Santander                                      | 90.2    | 0.0    | 0.8     | 5       | 16    |
| Banco Sabadell                                 | 5.9     | -0.5   | 2.1     | 8       | 16    |
| BBVA   | 7.5     | 0.6    | -0.3    | 2       | 15    |
| Medium Spanish banks                           |         |        |         |         |       |
| Cajabank                                       | 78.6    | -0.4   | 1.1     | -1      | 8     |
| CaixaBank                                      | 4.2     | -0.4   | -1.3    | -2      | 29    |
| Sabadell                                       | 1.8     | -0.9   | 1.6     | -4      | 27    |
| Bankinter                                      | 7.9     | -0.7   | 2.1     | 0       | 5     |
| Banco  | 4.1     | 0.7    | 2.0     | 1       | -1    |
| Currencies (% , red for currency depreciation) |         |        |         |         |       |
| Developed                                      | level   | Daily  | Weekly  | Monthly | Year  |
| EURUSD   |         |        |         |         |       |
| EURUSD   | 1.18    | 0.1    | -1.3    | -0.7    | 12    |
| GBPUSD   | 1.34    | -0.5   | -1.0    | 3.4     | 8     |
| USD JPY  | 112.66  | -0.3   | -0.6    | 2.2     | 4     |
| USD AUD  | 93.10   | 0.0    | 1.0     | -0.2    | 9     |
| Emerging                                       |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | Year    |       |
| USDARS (Argentina)                             |         |        |         |         |       |
| USDARS   | 17.29   | 1.2    | 0.1     | 0.6     | -8    |
| USD BRL (Brazil)                               |         |        |         |         |       |
| USD BRL  | 3.17    | 0.4    | -1.4    | -0.3    | 2     |
| USD CUP (Cuba)                                 |         |        |         |         |       |
| USD CUP  | 638.40  | -0.3   | -2.3    | -1.3    | 5     |
| USD COP (Colombia)                             |         |        |         |         |       |
| USD COP  | 2937    | 0.2    | -1.1    | 0.5     | 1     |
| USD MXN (Mexico)                               |         |        |         |         |       |
| USD MXN  | 18.18   | -0.1   | -2.4    | -2.6    | 15    |
| USD PEN (Peru)                                 |         |        |         |         |       |
| USD PEN  | 3.27    | 0.0    | -0.6    | -0.8    | 4     |
| LACI   |         |        |         |         |       |
| LACI   | 65.61   | 0.2    | -1.8    | -1.1    | 6     |
| USD PLN (Poland)                               |         |        |         |         |       |
| USD PLN  | 3.65    | 0.4    | -2.1    | -1.9    | 12    |
| USD RUB (Russia)                               |         |        |         |         |       |
| USD RUB  | 57.71   | 0.4    | -0.4    | 1.4     | 4     |
| USD TRY (Turkey)                               |         |        |         |         |       |
| USD TRY  | 3.56    | 0.0    | -1.8    | -3.1    | 0     |
| USD CNY (China)                                |         |        |         |         |       |
| USD CNY  | 6.66    | 0.1    | -1.0    | -0.9    | 4     |
| USD INR (India)                                |         |        |         |         |       |
| USD INR  | 65.28   | 0.3    | -0.7    | -2.0    | 4     |
| USD IDR (Indonesia)                            |         |        |         |         |       |
| USD IDR  | 13,472  | 0.3    | -1.2    | -0.9    | 0     |
| ADXY   | 102.2   | 0.1    | -0.8    | -0.7    | 4     |
| Commodities (%)                                |         |        |         |         |       |
| level  | Daily   | Weekly | Monthly | Year    |       |
| Brent  |         |        |         |         |       |
| Brent  | 57.6    | -0.3   | 1.2     | 13      | 2     |
| WTIX   | 51      | -0.1   | 1.6     | 12      | -3    |
| Copper   | 295     | -0.5   | 0.8     | -4      | 16    |
| Gold   | 1284    | -0.3   | -1.1    | -2      | 10    |
| S&P Spot commodity *                           | 400     | -0.5   | 0.5     | 6       | 1     |
| S&P Brent Spot *                               | 496     | -0.7   | 1.3     | 13      | 1     |
| S&P Metals Spot *                              | 362     | 0.8    | 0.3     | -1      | 19    |
| S&P Agricultural *                             | 281     | -0.5   | -1.0    | 2       | 6     |



| Debt markets (10Y % changes in bp)  |         |        |         |         |      |
|-------------------------------------|---------|--------|---------|---------|------|
| Developed Markets                   | level   | Daily  | Weekly  | Monthly | YTD  |
| US (2-yr)                           | 1.48    | 3.2    | 5.2     | 16      | 27   |
| US                                  | 2.33    | 2.0    | 7.8     | 20      | 11   |
| GER (2-yr)                          | -0.69   | 0.6    | -0.9    | 3       | 8    |
| Germany                             | 0.87    | -0.7   | 2.5     | 11      | 12   |
| France                              | 0.76    | -1.1   | 2.1     | 8       | 6    |
| Spain                               | 1.63    | 0.7    | 0.7     | -5      | 6    |
| Italy                               | 2.12    | 0.2    | 1.7     | 5       | 26   |
| Portugal                            | 2.28    | -2.8   | -4.6    | -47     | -178 |
| Greece                              | 5.65    | -5.7   | 10.3    | 11      | -124 |
| Japan (2-yr)                        | 0.12    | -1.3   | 0.4     | 3       | 7    |
| Japan                               | 0.07    | 3.4    | 5.7     | 0       | 0    |
| Emerging Markets                    |         |        |         |         |      |
| level                               | Daily   | Weekly | Monthly | YTD     |      |
| Brazil                              | 9.74    | -3.4   | 8.6     | -34     | -168 |
| Chile                               | 4.25    | 0.0    | 7.6     | -1      | 9    |
| Colombia                            | 6.58    | -1.0   | 6.1     | -16     | -51  |
| Mexico                              | 6.84    | -3.7   | 7.4     | 1       | -80  |
| Peru                                | 4.69    | -0.6   | 6.4     | -25     | -150 |
| Poland                              | 3.37    | 1.1    | 3.5     | 6       | -34  |
| Russia                              | 7.66    | -3.7   | 0.6     | -21     | -79  |
| Turkey                              | 10.68   | -2.0   | 2.0     | 35      | -32  |
| India                               | 6.66    | 2.2    | 0.0     | 13      | 28   |
| Indonesia                           | 6.50    | -5.0   | 7.0     | -23     | -135 |
| Country risk (sp. changes in bp)    |         |        |         |         |      |
| Developed Markets                   | level   | Daily  | Weekly  | Monthly | YTD  |
| 10-yr sovereign spread vs Germany   |         |        |         |         |      |
| France                              | 28      | -0.4   | 0.2     | -3      | -18  |
| Italy                               | 165     | 0.9    | -0.8    | -7      | 14   |
| Portugal                            | 192     | -2.3   | -7.1    | -58     | -162 |
| Spain                               | 116     | 1.4    | -1.8    | -18     | -12  |
| 2-yr sovereign spread vs Germany    |         |        |         |         |      |
| France                              | 21      | -0.3   | 0.4     | 0       | 10   |
| Italy                               | 45      | -3.2   | -2.0    | -12     | -16  |
| Portugal                            | 68      | -3.4   | 0.7     | -6      | -78  |
| Spain                               | 37      | -1.1   | 0.6     | -1      | -11  |
| Emerging Markets                    |         |        |         |         |      |
| level                               | Daily   | Weekly | Monthly | YTD     |      |
| 5-yr sovereign CDS *                |         |        |         |         |      |
| Brazil                              | 197     | -4.1   | -4      | -2      | -75  |
| Chile                               | 60      | -1.4   | -1      | 0       | -23  |
| Colombia                            | 123     | -2.8   | -4      | -4      | -40  |
| Mexico                              | 112     | -1.9   | -2      | 6       | -45  |
| Peru                                | 83      | 1.9    | -1      | 7       | -25  |
| Venezuela                           | 6,673   | 193.7  | 240     | -249    | 2766 |
| Poland                              | 54      | -0.8   | -2      | -2      | -21  |
| Russia                              | 144     | -2.2   | -6      | -3      | -32  |
| Turkey                              | 187     | -2.6   | -1      | 17      | -85  |
| China                               | 63      | 0.8    | 4       | 3       | -53  |
| India                               | 77      | -0.5   | -7      | -5      | -50  |
| Indonesia                           | 105     | 0.1    | 4       | 0       | -51  |
| Risk indicators                     |         |        |         |         |      |
| Volatility indicators (%)           | level   | Daily  | Weekly  | Monthly | YTD  |
| VIX                                 | 10      | 0.7    | 0       | -14     | -2   |
| VSTOXX                              | 12      | 1.6    | 5       | -25     | -4   |
| EM EFT volatility Index             | 16      | -3.3   | 4       | -8      | -22  |
| Duker euro volatility               | 8       | -3.3   | 1       | -8      | -27  |
| EM FX volatility index              | 8       | -2.5   | 2       | 6       | -27  |
| Credit spread (GAA) (bps)           | 204     | -2.0   | -2      | -10     | -23  |
| US bonds volatility index           | 52      | -0.4   | 3       | 1       | -32  |
| Banking 5y CDS (bps) *              |         |        |         |         |      |
| level                               | Daily   | Weekly | Monthly | YTD     |      |
| US                                  | 53      | -0.7   | -2      | -5      | -19  |
| EZ                                  | 54      | -0.2   | 2       | -7      | -54  |
| UK                                  | 47      | 0.8    | 1       | -4      | -43  |
| Large Spanish                       | 55      | 0.4    | 2       | -6      | -62  |
| Medium Spanish                      | 85      | 0.3    | 1       | 8       | -66  |
| Corporate 5y CDS (bps) *            |         |        |         |         |      |
| level                               | Daily   | Weekly | Monthly | YTD     |      |
| US Non-financial                    | 150     | -0.7   | -2      | -5      | -19  |
| EZ Non-financial                    | 74      | -0.2   | 2       | -7      | -54  |
| UK Non-financial                    | 107     | -0.2   | -3      | -1      | -18  |
| Interbank markets (% changes in bp) |         |        |         |         |      |
| level                               | Daily   | Weekly | Monthly | YTD     |      |
| EONIA Index                         | -0.26   | 0.00   | 0.0     | 0.0     | 0.0  |
| Euribor 3m                          | -0.33   | 0.00   | 0.0     | 0.0     | 0.0  |
| Euribor 12m                         | -0.17   | 0.00   | 0.0     | 0.0     | -0.1 |
| Libor 3m                            | 1.33    | 0.00   | 0.0     | 0.0     | 0.3  |
| Libor 12m                           | 1.79    | 0.00   | 0.0     | 0.1     | 0.1  |
| Stock markets (%)                   |         |        |         |         |      |
| Main indices                        | level   | Daily  | Weekly  | Monthly | YTD  |
| S&P500                              | 2,511   | 0.0    | 0.3     | 2       | 11   |
| Dow Jones                           | 22,356  | -0.1   | 0.0     | 2       | 12   |
| Nikkei                              | 20,356  | 0.0    | 0.3     | 4       | 4    |
| FTSE 100                            | 7,375   | 0.7    | 0.8     | 0       | 3    |
| EuroStoxx 50                        | 3,575   | 0.3    | 0.9     | 5       | 8    |
| IBEX                                | 10,322  | -0.1   | 0.2     | 1       | 9    |
| DAX                                 | 12,768  | 0.5    | 1.4     | 6       | 10   |
| CAC                                 | 5,301   | 0.1    | 0.4     | 5       | 8    |
| MIB                                 | 22,635  | 0.2    | 0.5     | 5       | 15   |
| ASE Athens                          | 756     | 0.2    | 2.3     | 8       | 15   |
| MSCI Latam *                        | 84,107  | 0.2    | 1.7     | 1       | 15   |
| Ibovespa (Brazil)                   | 74,012  | 0.6    | 1.8     | 4       | 20   |
| Mexbol                              | 50,269  | 0.3    | 0.1     | -2      | 8    |
| MSCI EM Europe *                    | 5,143   | 0.1    | -0.2    | 0       | 2    |
| Poland                              | 2,459   | 1.3    | -0.9    | -3      | 23   |
| Moor (Russia)                       | 2,074   | 0.1    | 1.1     | 3       | -8   |
| Ise 100 (Turkey)                    | 103,155 | 0.5    | -0.9    | -7      | 35   |
| MSCI EM Asia *                      | 867     | -0.6   | 2.8     | 1       | 24   |
| Shanghai Com (China)                | 3,349   | 0.3    | -0.1    | 0       | 6    |
| Jakarta (Indonesia)                 | 5,901   | 0.6    | -0.1    | 0       | 12   |
| Banking sector                      |         |        |         |         |      |
| level                               | Daily   | Weekly | Monthly | YTD     |      |
| US banks                            |         |        |         |         |      |
| JPM                                 | 130.4   | -0.1   | 1.2     | 6       | 9    |
| Citi                                | 95.3    | -0.1   | 0.5     | 4       | 10   |
| BoA                                 | 72.7    | 0.0    | 1.8     | 7       | 18   |
| MS                                  | 25.4    | -0.1   | 1.6     | 6       | 11   |
| GS                                  | 48.0    | -0.3   | -0.4    | 5       | 10   |
| Wells Fargo                         | 235.3   | -0.1   | 1.9     | 6       | -3   |
| EZ banks                            |         |        |         |         |      |
| BNP                                 | 117.0   | 0.1    | 1.0     | 6       | 11   |
| ING                                 | 67.8    | 0.2    | 0.8     | 7       | 8    |
| Credit Agricole                     | 15.3    | -0.5   | 0.7     | 5       | 24   |
| Deutsche Bank                       | 14.5    | 0.9    | 4.3     | 8       | -11  |
| Commerzbank                         | 15.5    | -0.3   | 0.7     | 5       | 11   |
| Intesa                              | 3.0     | 0.1    | 0.6     | 6       | 18   |
| SG                                  | 49.3    | 0.9    | 0.9     | 6       | 2    |
| Unicredit                           | 18.0    | -0.1   | 1.0     | 6       | 28   |
| UK banks                            |         |        |         |         |      |
| HSBC                                | 89.3    | 0.5    | 1.2     | 3       | 2    |
| RBS                                 | 735.4   | 0.5    | 1.1     | -2      | 10   |
| Lloyds                              | 268.0   | 0.6    | 2.2     | 8       | 14   |
| Barclays                            | 192.6   | 0.2    | 0.5     | 1       | -18  |
| Large Spanish banks                 |         |        |         |         |      |
| Santander                           | 67.7    | 0.7    | 1.2     | 6       | 5    |
| Caixa                               | 90.2    | 0.0    | 0.8     | 5       | 16   |
| Santander                           | 5.9     | -0.5   | 2.1     | 8       | 16   |
| BBVA                                | 7.5     | 0.6    | -0.3    | 2       | 15   |
| Mediana Spanish banks               | 78.6    | -0.4   | 1.1     | -1      | 8    |
| Cakobank                            | 4.2     | -0.4   | -1.3    | -2      | 29   |
| Sabadell                            | 1.8     | -0.9   | 1.6     | -4      | 27   |
| Banqueparibas                       | 7.9     | -0.7   | 2.1     | 0       | 5    |
| Banque                              | 4.1     | 0.7    | 2.0     | 1       | -1   |
| Commodities (%)                     |         |        |         |         |      |
| level                               | Daily   | Weekly | Monthly | Year    |      |
| Developed                           |         |        |         |         |      |
| EURUSD                              | 1.18    | 0.1    | -1.3    | -0.7    | 12   |
| GBPUSD                              | 1.34    | 0.5    | -1.0    | 3.4     | 8    |
| USDJPY                              | 112.66  | -0.3   | -0.6    | 2.2     | -4   |
| DX                                  | 93.10   | 0.0    | 1.0     | -0.2    | 9    |
| Emerging                            |         |        |         |         |      |
| USDARS (Argentina)                  | 17.29   | 1.2    | 0.1     | 0.5     | 8    |
| USDBRL (Brazil)                     | 3.17    | 0.4    | -1.4    | -0.3    | 2    |
| USDCLP (Chile)                      | 638.40  | -0.3   | -2.3    | -1.3    | 5    |
| USDCOP (Colombia)                   | 292.7   | 0.2    | -1.1    | 0.5     | 1    |
| USDMXN (Mexico)                     | 18.18   | -0.1   | -2.4    | -2.6    | 15   |
| USDPEN (Peru)                       | 3.27    | 0.0    | -0.6    | -0.8    | 4    |
| LACI                                | 65.61   | 0.2    | -1.8    | -1.1    | 6    |
| USDRN (Poland)                      | 3.65    | 0.4    | -2.1    | -1.9    | 12   |
| USDRUB (Russia)                     | 57.71   | 0.4    | 0.4     | 1.4     | 4    |
| USDTRY (Turkey)                     | 3.56    | 0.0    | -1.8    | -3.1    | 0    |
| USDCHF (China)                      | 6.66    | 0.1    | -1.0    | -0.9    | 4    |
| USDINR (India)                      | 65.28   | 0.3    | -0.7    | -2.0    | 4    |
| USDIDR (Indonesia)                  | 13.472  | 0.3    | -1.2    | -0.9    | 0    |
| ADXY                                | 107.2   | 0.1    | -0.8    | -0.7    | 4    |
| Commodities (\$)                    |         |        |         |         |      |
| level                               | Daily   | Weekly | Monthly | Year    |      |
| Brent                               | 57.6    | 0.3    | 1.2     | 13      | 2    |
| WTI                                 | 51      | -0.1   | 1.6     | 12      | -3   |
| Copper                              | 295     | -0.5   | 0.8     | -4      | 16   |
| Gold                                | 1284    | -0.3   | -1.1    | -2      | 10   |
| S&P Spot commodity *                | 400     | -0.5   | 0.5     | 6       | 1    |
| S&P Brent Spot *                    | 486     | -0.7   | 1.3     | 13      | 1    |
| S&P Metals Spot *                   | 362     | 0.8    | 0.3     | -1      | 19   |
| S&P Agricultural *                  | 281     | -0.5   | -1.0    | 2       | -6   |

Source: Bloomberg, Datastream and Haver

\* With one day delay

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- After yesterday's widespread positive mood after easing concerns over North Korea, **today financial markets were broadly steady**, with little variation among stock and bond prices.
- The **USD continued in its recent upward trend while the EUR continued eroding its recent high level**, as factors recently weighing on USD strength started to blur: geopolitical tensions, political uncertainty and hurricane effects, among others.
- **US Treasury yields inched up after the release of PPI inflation**, which rose on the back of **surging gasoline prices due to the effects of hurricanes** ([see](#)). Financial markets will be closely watching the developments of US inflation (tomorrow), a key variable for the Fed to design the path of US interest rate hikes onwards.
- Stock prices inched up in Europe, led by industrials and the finance sector. Meanwhile, US indices remained hovering around their highest levels despite the disappointment about the release date of the new Apple product, which affected suppliers ([see](#))
- **Oil prices increased after the IEA released its report** ([see](#)) pointing to lower inventories due to higher demand. Moreover, today's release of gasoline inventories, which dropped significantly more than expected, supported the increase in oil prices. EM currencies also benefited from the higher oil prices.