

Market Comment | Pressure on Spanish assets eased

Global Financial Markets Unit
05 Oct 2017

- **Financial markets showed a positive tone across the board**, with lower equity volatility and increasing stock prices, both in the US and in Europe. Political tension remained in Spain, but markets were given some breathing space amid uncertainty regarding unilateral declaration of independence and changes in some companies' HQ addresses ([see](#)). The ECB minutes contained nothing new of significance and had little impact on financial markets.
- **Pressure on Spanish assets eased**, leading to a rebound in stocks and sovereign bonds ([see](#)). IBEX regained the 10,000 level, while Spanish risk premiums trimmed their recent increase. The banking sector also outperformed after yesterday's sharp drop. Other European countries did not register major changes in either sovereign interest rates or equity indices.
- In the US, **share prices reached new record highs** ahead of tomorrow's Nonfarm payrolls data. Meanwhile, US rate hike expectations remained little changed.
- The **EUR dropped after the ECB released its minutes** ([see](#)). The minutes unveiled an internal debate about the QE exit strategy, a choice between a longer but lower-quantity extension of the QE programme and a shorter but higher-quantity extension.
- The **GBP depreciated sharply** amid political uncertainty and fading hawkish sentiment regarding BoE monetary policy ([see](#)).
- **Oil prices rose sharply amid talks of a new OPEC deal**, as Saudi Arabia and Russia would limit production through next year ([see](#)). Some EM commodity-related currencies appreciated.

Update 18 CET 05 October, 2017
Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.49	2.2	4.3	20	28
US	2.35	3.1	4.5	29	9
GER (2-yr)	0.70	0.9	0.2	6	8
Germany	0.46	0.4	-2.4	12	11
France	0.74	-1.2	-3.1	9	8
Spain	1.70	-8.4	7.4	7	13
Italy	2.15	-4.3	3.0	15	28
Portugal	2.40	-1.4	-1.7	-4.4	-17.7
Greece	5.60	0.4	-10.2	10	-128
Japan (2-yr)	0.14	-0.5	2.8	1	5
Japan	0.05	2.8	4.0	-2	2
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.82	4.7	5.0	6	-159
Chile	4.46	2.9	11.0	15	14
Colombia	6.47	0.7	-12.2	-28	-62
Mexico	6.95	2.5	7.3	8	-68
Peru	4.88	-0.5	-2.4	-28	-160
Poland	3.41	2.5	5.3	18	-30
Russia	7.64	-1.0	-5.9	2	-61
Turkey	10.74	0.0	4.0	36	-26
India	6.73	2.7	8.8	23	35
Indonesia	6.50	-0.1	-5.1	-13	-135
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	28	-1.6	0.9	-3	-18
Italy	170	-4.7	5.2	3	18
Portugal	195	-1.8	0.5	-56	-160
Spain	124	-8.8	9.6	-7	-3
2-yr sovereign spread vs Germany					
France	22	-0.2	0.5	1	11
Italy	47	-1.6	-1.6	-8	-15
Portugal	66	-0.3	3.4	-6	-78
Spain	44	-0.9	6.0	3	-4
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	184	-1.5	-1.7	-1	-88
Chile	56	-0.6	-6	0	-27
Colombia	113	-0.3	-13	-7	-50
Mexico	103	1.2	-10	3	-53
Peru	79	0.4	-6	5	-29
Venezuela	5,949	-17.5	-531	-509	2044
Poland	50	-0.9	-6	-4	-26
Russia	123	-1.7	-13	-7	-43
Turkey	176	-2.9	-14	15	-97
China	60	-0.2	-5	1	-57
India	76	-0.2	-2	-4	-51
Indonesia	101	1.0	-5	-1	-55
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	9	-5.2	4	-25	-3
VSTOXX	12	-5.4	0	-27	4
EM EFT volatility Index	15	-2.1	-6	-16	-24
Dollar/reserve volatility	7	-2.8	-8	-15	-30
EM FX volatility Index	8	0.0	-3	0	-30
Credit spread (BAA) (bps)	199	-3.1	-6	-15	-28
US bonds volatility index	54	-0.2	5	2	-29
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	49	-0.4	-5	-7	-23
EZ	55	1.2	1	-1	-53
UK	47	0.2	1	-2	-43
Large Spanish	60	1.9	6	9	-57
Medium Spanish	89	0.9	5	1	-62
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	143	-0.4	-5	-7	-23
EZ Non-financial	73	1.2	1	-1	-53
UK Non-financial	106	0.6	-1	0	-19
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	1.35	0.00	0.0	0.0	0.3
Libor 12m	1.90	0.00	0.0	0.1	0.1
Stock markets (%)					
Indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,547	0.3	1.5	4.2	12
Dow Jones	22,746	0.4	1.6	5	14
Nikkei	20,629	0.0	1.3	6	5
FTSE 100	7,508	0.5	2.5	2	4
EuroStoxx 50	3,614	0.5	1.4	6	9
IBEX	10,215	2.5	-1.1	0	8
DAX	12,968	0.0	2.1	7	12
CAC	5,379	0.3	1.6	6	10
MIB	22,566	0.5	-0.1	4	15
ASE Athens	745	-0.8	-1.3	-8	13
MSCI Latam *	66,474	-0.2	2.6	4	18
Ibovespa (Brazil)	77,608	1.3	5.5	8	26
Mexbol	50,862	0.6	1.4	1	9
MSCI EM Europe *	5,170	0.0	0.7	0	2
Pobor	2,463	0.8	1.5	-2	21
Micex (Russia)	2,088	0.5	0.8	4	-8
Ise TOI (Turkey)	104,334	-0.2	1.6	-4	37
MSCI EM Asia *	889	-0.2	2.0	3	28
Shanghai Com (China)	3,349	0.0	0.3	-1	6
Jakarta (Indonesia)	5,902	-0.6	0.7	2	12
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks					
JPM	134.2	1.1	2.8	11	12
Citi	96.6	0.2	1.2	8	11
CB	75.0	1.3	3.2	12	22
BofA	26.0	1.1	2.1	11	13
MS	49.4	0.7	2.5	10	13
GS	243.4	1.3	3.4	12	0
EZ banks	117.3	0.8	0.4	7	11
BNP	68.5	1.8	1.3	9	9
Crédit Agricole	15.5	0.6	1.2	7	26
Deutsche Bank	14.7	2.4	2.3	11	-10
ING	15.7	0.5	1.1	7	13
Intesa	2.9	0.2	-1.5	4	16
SG	49.2	0.4	0.7	6	2
Unicredit	17.5	0.5	-3.1	3	24
UK banks	90.1	0.1	1.4	5	3
HSBC	755.3	0.8	3.2	3	13
RBS	274.2	1.1	2.9	10	17
Barclays	190.2	-1.1	-1.1	-1	-19
Lloyds	67.3	-0.4	0.1	7	4
Large Spanish banks	88.9	2.8	-1.5	5	14
Santander	5.8	2.9	-2.1	8	14
BBVA	7.4	2.8	0.9	2	14
Medium Spanish banks	76.7	3.7	-2.8	-1	5
Cabobank	4.1	-4.9	-3.1	-2	25
Sabadell	1.7	6.2	-4.5	-5	23
Bankinter	7.8	2.1	-2.1	1	4
Banque	3.9	2.4	-2.1	1	-4
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.17	-0.5	-0.7	-1.8	12
GBPUSD	1.31	-0.9	-2.4	0.7	7
USD JPY	112.76	0.0	-0.4	3.6	-4
DOY	93.90	0.5	0.9	-1.8	9
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	17.33	0.1	1.0	-0.5	-8
USD BRL (Brazil)	3.13	0.0	1.5	-0.5	3
USD CLP (Chile)	627.35	0.7	1.5	-0.9	7
USD COP (Colombia)	2921	0.6	0.8	0.4	2
USD MXN (Mexico)	18.31	-0.2	-0.8	-2.3	15
USD PEN (Peru)	3.25	0.2	0.4	-0.5	4
LACI	65.85	0.0	0.6	1.0	7
USD PLN (Poland)	3.68	-0.6	0.5	-3.4	12
USD RUB (Russia)	57.52	-0.3	0.7	0.0	5
USD TRY (Turkey)	3.57	-0.1	0.4	4.0	0
USD CNY (China)	6.65	0.0	0.1	-1.7	4
USD INR (India)	65.14	-0.2	0.6	-1.6	4
USD IDR (Indonesia)	13,464	0.1	0.4	-0.9	0
ADXY	107.2	0.0	0.1	-1.0	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
WTX	51	2.2	-0.9	5	-4
Copper	303	2.7	2.1	-3	19
Gold	127.3	-0.2	-1.1	-5	9
S&P Spot commodity *	394	0.0	-1.6	1	-1
S&P Brent Spot *	475	-0.4	-2.4	5	-1
S&P Meats Spot *	367	0.6	1.5	-1	21
S&P Agrikultural *	278	0.1	-1.0	-2	-7

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Mexico	6.95	2.5	7.3	8	-69
Peru	4.88	-0.5	-2.1	-28	-160
Poland	3.41	2.5	5.3	18	-30
Russia	7.64	-1.8	-5.8	2	-81
Turkey	10.74	0.0	4.0	36	-26
India	6.73	2.7	8.8	23	35
Indonesia	6.50	-0.1	-5.1	-13	-135
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Russia	133	-1.7	-13	-7	-43
Turkey	176	-2.9	-14	15	-97
China	60	-0.2	-5	1	-57
India	75	-0.2	-2	-4	-51
Indonesia	101	-1.0	-5	-1	-55
Risk indicators					
level	Daily	Weekly	Monthly	YTD	
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VIX	9	-2.2	-4	-25	-3
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US	49	0.4	-5	-7	23
EZ	55	1.2	1	-1	-53
UK	47	0.2	1	-2	-43
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Medium Spanish	89	0.9	5	1	-62
Corporate by CDS (bps) *					
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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	1.35	0.00	0.0	0.0	0.3
Libor 12m	1.80	0.00	0.0	0.1	0.1
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,547	0.3	1.5	4	12
Dow Jones	22,746	0.4	1.6	5	14
Nikkei	20,629	0.0	1.3	6	5
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IBEX	10,215	2.5	-1.1	0	8
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ASE Athens	745	-0.8	-1.3	-8	13
MSCI Latam *	86,474	-0.2	2.6	4	18
Ibovespa (Brazil)	77,608	1.3	5.5	8	26
Hang Seng	59,062	0.6	1.4	1	9
MSCI EM Europe *	5,170	0.0	0.7	0	2
Poland	2,463	0.8	1.5	-2	23
Moscú (Russia)	2,088	0.5	0.8	-4	8
Isr 100 (Turkey)	104,334	-0.2	1.6	-4	37
MSCI EM Asia *	889	0.2	2.0	3	28
Shanghai Com (China)	3,349	0.0	0.3	-1	6
Jakarta (Indonesia)	5,902	-0.6	0.7	2	12
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	96.6	0.2	1.2	8	11
CB	75.0	1.3	3.2	12	22
BoA	26.0	1.1	2.1	11	13
MS	49.4	0.7	2.5	10	13
GS	243.4	1.3	3.4	12	0
EZ banks					
BNP	117.3	0.8	0.4	7	11
Credit Agricole	15.5	0.6	1.2	7	26
Deutsche Bank	141.7	2.4	2.3	11	-10
ING	15.7	0.5	1.1	7	13
Intesa	2.9	0.2	-1.5	4	16
SG	49.2	0.4	0.7	6	2
Unicredit	17.5	0.5	3.1	3	24
UK banks					
HSBC	90.1	0.1	1.4	5	3
RBS	755.3	0.8	3.2	3	13
HSB	274.2	1.1	2.9	10	17
Barclays	190.2	-1.1	-1.1	1	-19
Lloyds	67.3	-0.4	0.1	7	4
Large Spanish banks					
Santander	88.9	2.8	1.5	5	14
Banque	5.8	2.9	2.1	8	14
BBVA	7.4	2.8	-0.9	2	14
Medium Spanish banks					
Cajabank	76.7	3.7	-2.8	-1	5
Sabadell	4.1	-4.9	-3.1	-2	25
Bankia	1.7	6.2	-4.5	-5	23
Bankinter	7.8	2.1	-2.1	1	4
Bankia	3.9	2.4	-2.1	1	4
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.17	-0.5	-0.7	-1.8	12
GBPUSD	1.31	-0.9	-2.4	0.7	7
USDJPY	112.76	0.0	0.4	3.6	4
USDCHF	93.90	0.5	0.5	-1.8	9
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.33	0.1	1.0	-0.5	-8
USD BRL (Brazil)	3.13	0.0	1.5	-0.5	3
USD CUP (Cuba)	627.35	0.7	1.5	-0.9	7
USDCOP (Colombia)	2921	0.6	0.8	0.4	2
USDMXN (Mexico)	18.31	-0.2	-0.8	-2.3	15
USD PEN (Peru)	3.25	0.2	0.4	-0.5	4
LACI	65.85	0.0	0.6	1.0	7
USD PLN (Poland)	3.68	-0.6	-0.5	-3.4	12
USD RUB (Russia)	57.52	0.3	0.7	0.0	5
USD TRY (Turkey)	3.57	-0.1	-0.4	-4.0	0
USDCNY (China)	6.65	0.0	0.1	-1.7	4
USD INR (India)	65.14	-0.2	0.6	-1.6	4
USD IDR (Indonesia)	13,464	0.1	0.4	-0.9	0
ADXY	102.2	0.0	0.1	-1.0	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
Brent	57.1	2.3	-0.5	7	1
WTI	51	2.2	-0.9	5	4
Copper	303	2.7	2.1	-3	19
Gold	1273	-0.2	-1.1	-5	9
S&P Spot commodity *	394	0.0	-1.6	-1	-1
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France	0.24	-1.2	-3.1	9	8
Spain	1.70	-8.4	7.4	7	13
Italy	2.15	-4.3	3.0	15	28
Portugal	2.40	-1.4	-1.7	-44	-177
Greece	5.60	0.4	-10.2	10	-128
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Poland	3.41	2.5	5.3	18	-30
Russia	7.64	-1.8	-5.8	2	-81
Turkey	10.24	0.0	4.0	36	-26
India	6.73	2.7	8.8	23	35
Indonesia	6.50	-0.1	-0.1	-13	-135
Country risk (sp. changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	28	-1.6	0.9	3	-18
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Peru	79	0.4	-6	5	-29
Venezuela	5,949	-17.5	531	-509	2044
Poland	50	-0.9	-6	-4	-26
Russia	133	-1.7	-13	-7	-43
Turkey	176	-2.9	-14	15	-97
China	60	-0.2	-5	1	-57
India	76	-0.2	-2	-4	-51
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Credit spread (GAA) (bps)	199	-3.1	-6	-15	-28
US bonds volatility index	54	-0.2	5	2	-39
Banking 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	49	-0.4	-5	-7	-23
EZ	55	1.2	1	-1	-53
UK	47	0.2	1	-2	-43
Large Spanish	60	1.9	6	9	-57
Medium Spanish	89	0.9	5	1	-62
Corporate 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	143	-0.4	-9	-7	-23
EZ Non-financial	73	1.2	1	-1	-53
UK Non-financial	106	0.6	-1	0	-19
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EONIA Index	-0.35	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	1.35	0.00	0.0	0.0	0.3
Libor 12m	1.80	0.00	0.0	0.1	0.1
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,547	0.3	1.5	4	12
Dow Jones	22,746	0.4	1.6	5	14
Nikkei	20,629	0.0	1.3	6	5
FTSE 100	7,508	0.5	2.5	2	4
EuroStoxx 50	3,614	0.5	1.4	6	9
IBEX	10,215	2.5	-1.1	0	8
DAX	12,958	0.0	2.1	7	12
CAC	5,319	0.3	1.6	6	10
MIB	22,566	0.5	-0.1	4	15
ASE Athens	745	-0.8	-1.3	-8	13
MSCI Latam *	86,474	0.2	2.6	4	19
Ibovespa (Brazil)	77,608	1.3	5.5	8	26
Mexbol	50,862	0.6	1.4	1	9
MSCI EM Europe *	5,170	0.0	0.7	0	2
Poland	2,463	0.8	1.5	-2	23
Moor (Russia)	2,088	0.5	0.8	4	-8
Ise 100 (Turkey)	104,334	-0.2	1.6	-4	37
MSCI EM Asia *	889	-0.2	2.0	3	28
Shanghai Com (China)	3,349	0.0	0.3	-1	6
Jakarta (Indonesia)	5,902	-0.6	0.7	2	12
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	134.2	1.1	2.8	11	12
Citi	96.6	0.2	1.2	8	11
BoA	75.0	1.3	3.2	12	22
MS	26.0	1.1	2.1	11	13
GS	49.4	0.7	2.5	10	13
Wells Fargo	243.4	1.3	3.4	12	0
EZ banks					
BNP	117.3	0.8	0.4	7	11
ING	68.5	1.8	1.3	9	9
Credit Agricole	15.5	0.6	1.2	7	26
Deutsche Bank	14.7	2.4	2.3	11	-10
ING	15.7	0.5	1.1	7	13
Intesa	2.9	0.2	1.5	4	16
SG	49.2	0.4	0.7	6	2
Unicredit	17.5	0.5	-3.1	3	24
UK banks					
HSBC	90.1	0.1	1.4	5	3
HSBC	755.3	0.8	3.2	3	13
RBS	274.2	1.1	2.9	10	17
Barclays	190.2	-1.1	-1.1	1	-19
Lloyds	67.3	0.4	0.1	7	4
Large Spanish banks					
Santander	88.9	2.8	1.5	5	14
Santander	5.8	2.9	-2.1	8	14
BBVA	7.4	-2.8	-0.9	2	14
BBVA	76.7	3.7	-2.8	-1	5
Medium Spanish banks					
Cakobank	4.1	4.9	-3.1	-2	25
Sabadell	1.7	6.2	-4.3	-5	23
Banque	7.8	-2.1	2.1	1	4
Banque	3.9	2.4	-2.1	1	-4
Currencies (% ind for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.17	-0.5	-0.7	-1.8	12
GBPUSD	1.31	-0.9	-2.4	0.7	7
USDJPY	112.76	0.0	0.4	3.6	-4
DX	93.90	0.5	0.9	-1.8	9
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.33	0.1	1.0	-0.5	6
USDBRL (Brazil)	3.13	0.0	1.5	-0.5	3
USDCLP (Chile)	627.35	0.7	1.5	0.9	7
USDCOP (Colombia)	2921	0.6	0.8	0.4	2
USDMXN (Mexico)	18.31	-0.2	-0.8	-2.3	15
USDPEN (Peru)	3.25	0.2	0.4	-0.5	4
LACI	65.85	0.0	0.6	1.0	7
USDRPL (Poland)	3.68	-0.6	-0.5	-3.4	12
USD RUB (Russia)	57.52	0.3	0.7	0.0	5
USDTRY (Turkey)	3.57	-0.1	-0.4	-4.0	0
USDCHF (China)	6.65	0.0	0.1	-1.7	4
USDINR (India)	65.14	-0.2	0.6	-1.6	4
USDIDR (Indonesia)	13,464	0.1	0.4	-0.9	0
ADXY	107.2	0.0	0.1	-1.0	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	57.1	2.3	0.5	7	1
WTX	51	2.2	0.9	5	-4
Copper	303	2.7	2.1	-3	19
Gold	1273	-0.2	-1.1	-5	9
S&P Spot commodity *	394	0.0	-1.6	1	-1
S&P Brent Spot *	475	-0.4	2.4	5	-1
S&P Metals Spot *	367	0.6	1.5	-1	21
S&P Agricultural *	278	-0.1	-1.0	-2	-7

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.