

# Market Comment | Spanish assets recovered slightly in steady markets

Global Financial Markets Unit  
09 Oct 2017

- Financial markets showed a slight increase in volatility on a day characterised by **low trading volumes**, as the **US bond market was closed for Columbus Day**. A slight rekindling of tensions with **North Korea over the weekend** ([see](#)) had little impact on volatility, which remained subdued in the US.
- **Spanish equities partially recovered from last week's drop**, as political tensions in Catalonia seemed to ease somewhat ([see](#)). Banks with major exposure registered the higher rebound effect, while the **Ibex index outperformed its peers**. The DAX Index also showed gains as German industrial production beat expectations. In bonds, **Spanish risk premium remained inched down**, in line with other peripheral countries.
- The **USD held firm at recent high levels**, reflecting expectations of tax cuts and higher interest rates in the US, while US stock prices also showed little advance ([see](#)), at their historical high levels.
- The **TRY fell sharply on tensions between the US and Turkey** as both sides suspended visa services ([see](#)). Moreover, Turkey's main stock index also fell significantly ([see](#)). EM currencies fell across the board, but to a lesser extent than the TRY, on the back of declining oil prices ([see](#)) and a rising USD.
- **Chinese assets outperformed after a week-long break**, following the release of FX reserves that showed a higher-than-expected figure today, and despite the disappointing Caixin Services PMI (September). The CNY appreciated, while the Shenzhen and Shanghai Index outperformed.

Update 18 CET 09 October, 2017  
Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.50	0.0	2.1	24	29
US	2.36	0.0	1.8	32	8
GER (2-yr)	0.70	-0.3	0.2	6	7
Germany	0.44	-1.5	-0.7	14	9
France	0.72	-1.7	-1.9	10	9
Spain	1.68	-3.2	-1.7	8	10
Italy	2.11	-3.3	-4.2	19	25
Portugal	2.41	-0.9	-2.3	-34	-177
Greece	5.59	-0.9	0.5	13	-129
Japan (2-yr)	0.14	0.0	3.2	1	5
Japan	0.06	1.8	4.6	-1	-1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.81	-8.0	9.0	2	-161
Chile	4.48	0.0	4.8	16	16
Colombia	6.48	0.0	7.5	-18	-62
Mexico	7.07	-0.3	20.7	31	-56
Peru	4.88	-0.3	1.2	-28	-159
Poland	3.49	-1.0	12.4	34	-23
Russia	7.70	4.0	1.5	11	-34
Turkey	11.21	41.0	52.0	82	21
India	6.78	2.2	11.6	26	40
Indonesia	6.55	2.9	5.1	0	-128
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	27	-0.2	-1.2	-3	-18
Italy	167	-1.8	-3.5	5	15
Portugal	196	0.6	-1.6	-48	-158
Spain	123	-1.7	-1.0	-8	-4
<b>2-yr sovereign spread vs Germany</b>					
France	21	-0.5	0.1	1	11
Italy	48	0.4	0.8	-4	-13
Portugal	67	-0.9	1.6	-7	-39
Spain	45	-0.5	1.3	5	-3
Emerging Markets	level	Daily	Weekly	Monthly	YTD
<b>5-yr sovereign CDS *</b>					
Brazil	185	2.0	8	1	-97
Chile	56	0.5	-2	0	-26
Colombia	116	2.0	-5	0	-47
Mexico	109	3.3	-1	11	-47
Peru	80	1.3	-2	0	-28
Venezuela	6.078	-32.5	-158	-121	2172
Poland	48	-0.5	-6	-6	-27
Russia	121	0.8	-11	-10	45
Turkey	176	3.4	-9	14	-96
China	59	0.9	-3	-1	-57
India	75	-0.4	-1	-7	-52
Indonesia	101	0.5	-1	-2	-55
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
<b>VIX</b>	10	3.4	6	-14	-2
VSTOXX	13	0.6	4	-17	4
EM EFT volatility Index	16	3.4	0	-1	-19
Dollar/reserve volatility	7	-0.3	-9	-14	-32
EM FX volatility Index	8	5.1	4	5	-26
Credit spread (BAA) (bps)	199	0.0	0	-19	-28
US bonds volatility index	55	-1.1	1	2	-28
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	49	1.7	-2	9	-23
EZ	54	-0.1	1	0	-53
UK	47	-0.1	0	0	-43
Large Spanish	57	-0.6	2	8	-60
Medium Spanish	86	2.9	-1	2	55
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	140	1.7	-2	9	-23
EZ Non-financial	72	-0.1	1	0	-53
UK Non-financial	105	0.6	-2	0	-20
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EDNA Index	-0.36	0.00	0.0	0.0	0.0
Earbar 3m	-0.33	0.00	0.0	0.0	0.0
Earbar 12m	-0.18	0.00	0.0	0.0	-0.1
Libor 3m	1.35	0.00	0.0	0.0	0.4
Libor 12m	1.90	0.00	0.0	0.1	0.1
Stock markets (%)					
Indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2549	0.1	0.7	3	12
Dow Jones	22,764	0.0	0.9	4	14
Nikkei	20,691	0.0	1.4	7	6
FTSE 100	7,508	-0.2	0.8	1	4
<b>EuroStoxx 50</b>	3,611	0.2	0.2	5	9
DAX	10,236	0.5	-0.2	1	8
CAC	12,976	0.2	0.6	6	12
MIB	5,366	0.1	0.3	5	10
IBEX	22,477	0.4	-1.5	3	15
ASE Athens	750	0.6	0.5	-8	14
<b>MSCI Latam *</b>	66,151	-0.4	1.7	3	18
Ibovespa (Brazil)	75,305	-1.0	1.3	3	22
Moex	50,163	-0.3	0.7	0	8
<b>MSCI EM Europe *</b>	5,197	0.2	0.8	0	3
Pobor	2,499	0.8	1.2	0	25
Micex (Russia)	2,096	0.1	1.0	4	-7
Ise TOI (Turkey)	101,298	-2.7	-2.5	-8	33
<b>MSCI EM Asia *</b>	894	0.5	2.4	4	28
Shanghai Com (China)	3,374	0.8	0.8	0	7
Jakarta (Indonesia)	5,915	0.2	0.2	2	12
Banking sector	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>	134.1	0.9	1.3	13	12
JPM	96.3	-0.6	0.5	9	11
CB	75.2	-0.6	1.8	14	22
BaK	25.9	-1.0	1.2	13	13
MS	49.5	-0.6	1.1	12	13
GS	242.5	-1.4	0.8	12	0
<b>EZ banks</b>	116.4	-0.6	-1.3	7	10
BNP	68.0	-0.6	-0.7	9	8
Crédit Agricole	15.3	-1.2	-0.4	6	25
Deutsche Bank	14.4	-2.3	-0.8	8	-12
ING	15.8	0.3	0.5	8	13
Intesa	2.9	-0.6	-2.7	4	15
SG	48.7	-0.4	-2.3	6	1
Unicredit	17.3	-0.2	-4.1	4	23
<b>UK banks</b>	89.6	-0.3	0.2	4	2
HSBC	755.6	-0.2	2.1	4	13
RBS	272.2	-0.1	1.5	13	16
Barclays	188.4	-1.0	2.3	2	-30
Lloyds	66.6	-0.1	-1.4	6	3
<b>Large Spanish banks</b>	88.1	-0.6	-1.3	5	13
Santander	5.8	0.1	-0.6	9	14
BBVA	7.2	-1.1	-2.0	1	11
<b>Medium Spanish banks</b>	77.2	0.9	0.6	1	6
Cababank	4.1	1.4	2.1	1	26
Sabobal	1.7	0.9	0.8	-2	22
Bankinter	7.9	0.8	-0.3	3	5
Banque	4.0	0.4	1.9	4	2
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
<b>EURUSD</b>	1.18	0.2	0.2	-2.2	12
GBPUSD	1.32	0.6	0.9	0.4	7
USD JPY	112.67	0.0	0.1	3.9	-4
DOY	93.66	-0.1	0.1	-2.2	9
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	17.45	0.0	0.2	-1.4	8
USD BRL (Brazil)	3.18	-0.9	-0.9	-2.7	1
USD CIP (Chile)	633.40	-0.1	0.8	-3.1	6
USD COP (Colombia)	2954	-0.5	-0.2	-1.6	1
USD MXN (Mexico)	18.65	-0.7	-2.3	-5.5	13
USD PEN (Peru)	3.27	-0.1	0.8	-1.2	3
LACI	64.95	-0.5	-1.0	-3.2	5
USD PLN (Poland)	3.66	0.3	0.3	-3.6	12
USD RUB (Russia)	58.32	-0.3	-0.8	-2.5	3
USD TRY (Turkey)	3.72	-3.0	4.3	9.3	4
USD CNY (China)	6.63	0.4	0.4	-2.1	4
USD INR (India)	65.36	0.0	-0.1	-2.1	4
USD IDR (Indonesia)	13,518	0.0	0.2	-1.6	1
ADXY	107.2	0.2	0.3	-1.6	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
<b>Brent</b>	55.8	0.4	-0.5	2	-1
WTX	50	0.6	-1.9	1	-7
Copper	302	0.0	2.6	-3	18
Gold	1282	0.4	0.9	-5	10
S&P Spot commodity *	392	-1.7	-0.5	0	-1
S&P Brent Spot *	473	-2.5	-1.0	2	-2
S&P Metals Spot *	369	-0.8	2.1	0	21
S&P Agricultural *	280	0.2	0.2	-1	-7

Source: Bloomberg, Datastream and Haver

\* With one day delay

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