

# Market Comment | Corporate earnings under the spotlight

Global Financial Markets Unit  
17 Oct 2017

- **Equity prices rose in a positive context with earnings in the corporate reporting period** under the spotlight ([see](#)). In the US, stock prices hovered around record highs, while in Europe stocks also rose, led by **Spanish assets**, that outperformed after yesterday's fall. Nonetheless, on the downside, China's stocks sank ahead of the start of the Chinese Communist Party Congress.
- **Major sovereign bond yields inched down**, led by UK bonds amid a UK inflation figure for September ([see](#)) that failed to top expectations, although it did rise to the highest level in more than five years. The **GBP also weakened after the inflation result came out**.
- The USD firmed after reports that the **US president may appoint economist John Taylor** to head the Fed, who is seen as more hawkish than current Chair Janet Yellen ([see](#)). Moreover, **US industrial production** bounced back in September. On the other hand, the **EUR depreciated** following a disappointing ZEW economic sentiment reading ([see](#)) and **EZ inflation** in September that stuck at the same levels ([see](#)).
- **Oil prices suffered from high volatility** on political uncertainty over relations between Iraqi and Kurdish forces, which adds oil supply risk from northern Iraq ([see](#)). **EM currencies see-sawed** between gains and losses during the session, yet ended the session easier.

Update 18.00 CET 17 October 2017  
Table 1

Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.54	0.4	3.0	16	33
<b>US</b>	2.30	0.0	-5.7	10	-14
GER (2-yr)	-0.73	0.9	-2.8	-3	5
<b>Germany</b>	0.37	-0.6	-7.6	-7	1
France	0.78	-1.0	-9.4	-9	-19
Spain	1.55	-3.5	-14.8	-6	7
Italy	2.00	-3.5	-15.7	-11	10
Portugal	2.32	-0.9	-7.2	-48	-186
Greece	5.46	-2.9	-12.2	2	-142
Japan (2-yr)	-0.14	0.5	0.9	0	6
<b>Japan</b>	0.07	1.5	4.1	1	1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.77	-7.4	3.0	-4	-164
Chile	4.57	0.0	9.2	24	25
Colombia	6.41	5.1	-1.5	9	-69
Mexico	7.24	-4.7	9.8	44	-40
Peru	4.93	0.9	6.8	-8	-154
Poland	3.29	1.5	-17.8	5	-43
Russia	7.65	2.8	0.6	8	-79
Turkey	11.04	6.0	-4.0	60	4
India	6.76	3.0	2.3	17	38
Indonesia	6.61	5.5	3.3	9	-123
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	41	-0.4	-1.8	-2	-28
Italy	163	-3.0	-8.2	-4	1
Portugal	195	-0.3	0.4	-42	-159
Spain	118	-2.9	-7.2	1	2
2-yr sovereign spread vs Germany					
France	20	-0.2	-0.5	-2	10
Italy	49	-2.2	0.9	-3	-12
Portugal	73	-1.0	2.9	0	-74
Spain	44	-1.1	-3.3	1	-4
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	10	3.7	2	1	-2
VSTOXX	12	-2.3	-13	-5	-5
EM EFT volatility Index	16	2.9	-1	14	-22
Dollar/euro volatility	7	-2.4	-5	8	-33
EM FX volatility index	8	0.4	-2	6	-27
Credit spread (BAA) (bps)	197	0.0	1	13	-30
US bonds volatility index	49	-3.1	-9	-3	-35
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	51	-0.5	2	-2	-21
EZ	55	0.3	0	3	-53
UK	49	0.5	1	1	-42
Large Spanish	55	0.2	-1	6	-62
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
<b>Euribor 12m</b>	-0.18	0.00	0.0	0.0	-0.1
Libor 3m	1.35	0.00	0.0	0.0	0.4
Libor 12m	1.81	0.00	0.0	0.1	0.1
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2,557	0.0	0.2	2	13
Dow Jones	22,978	0.1	0.6	3	15
Nikkei	21,336	0.4	2.5	7	9
FTSE 100	7,516	-0.1	-0.3	4	5
<b>EuroStoxx 50</b>	3,608	0.0	0.2	3	9
IBEX	10,217	0.3	0.7	-1	8
DAX	12,995	-0.1	0.4	4	12
CAC	5,361	0.0	0.0	3	9
MIB	22,338	-0.4	0.0	0	14
ASE Athens	762	-0.5	0.9	-2	16
<b>MSCI Latam *</b>	86,590	-0.1	0.9	2	18
Ibovespa (Brazil)	76,203	-0.9	-0.9	1	24
Mediolan	49,739	0.0	0.5	0	7
<b>MSCI EM Europe *</b>	5,283	0.4	1.8	2	5
Poland	2,514	-0.8	-0.1	1	26
Moscú (Russia)	2,093	-0.7	0.3	2	-8
Ise 100 (Turkey)	106,991	0.5	3.5	-1	41
<b>MSCI EM Asia *</b>	913	0.6	2.2	4	31
Shanghai Com (China)	3,372	-0.2	-0.3	1	7
Jakarta (Indonesia)	5,947	0.4	0.5	2	13
Banking sector	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>	132.6	0.0	-1.2	6	11
JPM	97.8	0.0	0.7	7	13
Cit	72.4	0.8	-3.8	5	18
BoA	26.3	0.0	1.2	8	14
MS	49.2	0.6	-0.5	6	13
GS	238.3	-1.7	-1.8	6	-2
<b>EZ banks</b>	113.8	0.1	-1.6	-1	8
BNP	66.3	0.1	-1.7	0	6
Crédit Agricole	14.8	0.0	-3.3	-3	20
Deutsche Bank	14.3	1.0	-0.4	3	-13
ING	15.6	0.3	-0.8	3	12
Intesa	2.9	-0.3	-1.0	-2	13
SG	47.4	-0.1	-2.5	-2	-2
Unicredit	17.0	-0.4	0.1	-4	21
<b>UK banks</b>	89.4	0.4	-1.3	4	2
HSBC	743.5	-0.1	-2.6	5	11
RBS	273.4	-0.3	-1.5	9	17
Barclays	191.4	1.1	0.7	3	-19
Lloyds	66.3	1.1	-1.1	2	2
<b>Large Spanish banks</b>	86.8	0.6	0.3	-1	11
Santander	5.6	1.2	0.4	1	11
<b>BBVA</b>	7.2	0.1	0.3	-2	11
<b>Median Spanish banks</b>	76.2	0.4	0.4	-3	4
CaixaBank	4.0	-0.5	-2.4	-9	21
Sabadell	1.6	0.9	-0.9	-7	20
Bankinter	7.9	0.8	0.6	1	5
Bankia	4.0	0.1	1.1	1	-2
Currencies (% ref for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
<b>EURUSD</b>	1.18	-0.4	-0.5	1.6	12
GBPUSD	1.32	-0.5	-0.2	-3.0	7
USDJPY	112.33	-0.1	0.1	1.4	-4
DX	93.62	0.3	0.4	-1.9	9
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	17.40	-0.3	0.1	-2.5	-8
USDBRL (Brazil)	3.18	-0.4	0.0	2.3	1
USDCLP (Chile)	623.18	-0.6	1.0	0.4	7
USDCOP (Colombia)	2946	-0.4	0.3	-1.7	1
USDMXN (Mexico)	19.04	-0.1	-1.1	-7.8	11
USDPEN (Peru)	3.25	-0.1	0.6	0.1	4
USDLACI	64.68	0.2	0.1	-3.2	5
USDPLN (Poland)	3.60	-0.4	0.9	-0.7	13
USD RUB (Russia)	57.54	-0.5	0.7	0.0	5
USD TRY (Turkey)	3.68	-0.9	0.8	-7.0	-3
USD CNY (China)	6.62	-0.5	-0.7	-1.1	4
USDINR (India)	65.03	-0.5	0.4	-1.5	4
USDIDR (Indonesia)	13,507	-0.2	0.0	-2.0	0
ADXY	107.7	-0.2	-0.1	-0.7	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
<b>Brent</b>	57.3	-0.9	1.2	3	2
WTX	51	-1.0	0.8	3	-4
Copper	318	-1.5	4.3	9	25
Gold	1284	-0.8	-0.3	-3	10
S&P Spot commodity *	405	0.5	1.5	2	2
S&P Brent spot *	490	1.1	1.9	4	2
S&P Metals Spot *	381	1.5	2.0	7	25
S&P Agricultural *	280	-1.0	0.3	-2	-7



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Mexico	7.24	-4.7	9.8	44	-40
Peru	4.93	0.9	6.8	-8	-154
Poland	3.29	1.5	-17.8	5	-43
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Euribor 12m	-0.18	0.00	0.0	0.0	0.1
Libor 3m	1.39	0.00	0.0	0.0	0.4
Libor 12m	1.81	0.00	0.0	0.1	0.1
<b>Stock markets (%)</b>					
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<b>Banking sector</b>					
<b>US banks</b>					
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SG	47.4	-0.1	-2.5	-2	-2
Unicredit	17.0	-0.4	0.1	-4	21
<b>UK banks</b>					
HSBC	89.4	0.4	-1.3	4	2
RBS	743.5	-0.1	-2.6	5	11
RBS	273.4	-0.3	-1.5	9	17
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Lloyds	66.3	1.1	-1.1	2	2
<b>Large Spanish banks</b>					
Santander	86.8	0.6	0.3	-1	11
BVVA	5.6	1.2	0.4	1	11
BVVA	7.2	0.1	0.3	-2	11
<b>Medium Spanish banks</b>					
Cakabank	76.2	0.4	-0.4	-3	4
Sabadell	4.0	-0.5	-2.4	-9	21
Sabadell	1.6	0.9	-0.9	-7	20
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<b>Currencies (% red for currency depreciation)</b>					
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DXY	93.62	0.3	0.4	-1.9	9
<b>Emerging</b>					
USD ARS (Argentina)	17.40	-0.3	0.1	-2.5	-8
USD BRL (Brazil)	3.18	-0.4	0.0	2.3	1
USD CLP (Chile)	623.18	-0.6	1.0	0.4	7
USD COP (Colombia)	2946	-0.4	0.3	-1.7	1
USD MXN (Mexico)	19.04	-0.1	-1.1	-7.8	11
USD PEN (Peru)	3.25	-0.1	0.6	0.1	4
LACI	64.68	-0.2	-0.1	-3.2	5
USD PLN (Poland)	3.60	-0.4	0.9	-0.7	13
USD RUB (Russia)	57.54	-0.5	0.7	0.0	5
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USD IDR (Indonesia)	13,507	-0.2	0.0	-2.0	0
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<b>Commodities (%)</b>					
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Source: Bloomberg, Datastream and Haver

\* With one day delay

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