

Market Comment | Earnings reports and confidence data kept markets trending higher

Global Financial Markets Unit
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- **Financial markets showed a positive performance across the board**, with US indices hovering around record highs, amid positive economic data and corporate earnings reports [\(see\)](#). Despite the ongoing political uncertainty in Spain, Ibex 35 recovered slightly from yesterday's drop.
- **US Treasuries breached their highest level since May** on growing expectations that Trump's tax reform is on the horizon, as House and Senate leaders released an ambitious schedule for **tax legislation** [\(see\)](#) and amid uncertainty about the next Fed Chair. **Positive US PMI data also weighed**.
- **European sovereign bond yields rose** [\(see\)](#) across the board and the EUR appreciated against the USD, helped by **confidence data** (manufacturing PMI was higher than expected, although EZ Services PMI missed expectations [\(see\)](#)) and **earnings releases waiting for this Thursday's ECB meeting**.
- Chinese stocks showed higher volatility amid the closure of the **19th Chinese Communist Party Congress**, which may further increase the Chinese President's powers [\(see\)](#), while China's government ensured that economic stability was maintained during the Congress [\(see\)](#).
- Despite the fact that oil prices [\(see\)](#) rose, EM currencies depreciated mildly today as US yields continued to trend higher. The **GBP declined slightly** on uncertainty about Brexit negotiations and BoE policy [\(see\)](#).

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Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.58	1.3	3.1	15	36
US	2.41	4.0	10.7	16	3
GER (2-yr)	0.71	2.1	2.2	2	7
Germany	0.47	4.1	10.8	3	12
France	0.88	4.1	10.2	-1	9
Spain	1.66	3.4	11.4	4	19
Italy	2.06	5.9	6.4	-7	17
Portugal	2.32	2.8	0.5	-12	-186
Greece	5.53	-2.1	7.4	-1	-135
Japan (2-yr)	0.13	0.4	0.5	-1	6
Japan	0.07	0.1	3.5	0	0
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.70	-0.6	2.3	5	-172
Chile	4.45	0.0	-12.0	13	13
Colombia	6.53	3.1	12.2	1	-56
Mexico	7.23	6.1	6.7	46	-41
Peru	4.99	1.9	-0.5	16	-148
Poland	3.38	0.2	9.3	5	-33
Russia	7.65	6.6	-0.5	0	-50
Turkey	11.35	3.0	31.0	65	35
India	6.78	-1.5	1.8	12	40
Indonesia	6.33	0.8	11.3	30	-112
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	41	0.0	-0.6	-3	-28
Italy	159	1.8	-4.4	-10	-3
Portugal	184	-1.3	-11.3	-15	-170
Spain	119	-0.7	0.6	1	3
2-yr sovereign spread vs Germany					
France	18	-0.6	-2.0	-2	8
Italy	47	-0.7	-2.1	0	-14
Portugal	61	-3.1	-11.0	-6	-85
Spain	44	-0.7	0.8	8	-4
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	170	1.4	-10	-31	-102
Chile	54	-0.6	-3	-7	-28
Colombia	112	0.4	-8	-16	-51
Mexico	106	0.5	-11	-8	-50
Peru	75	-0.1	-5	-9	-33
Venezuela	7,134	413.3	954	700	3229
Poland	49	-0.6	-4	-8	-27
Russia	130	0.1	1	-20	-46
Turkey	175	2.7	2	-13	-97
China	52	-1.3	-5	-8	-65
India	75	-0.1	0	-9	-52
Indonesia	94	1.1	-5	-9	-62
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	11	-2.6	5	12	-1
VSTOXX	13	2.8	11	11	-4
EM EFT volatility Index	16	-2.1	7	6	-20
Dollar/reserve volatility	7	-3.8	-4	-11	-35
EM FX volatility Index	8	1.7	1	4	-26
Credit spread (BAA) (bps)	191	-4.0	-4	-11	-36
US bonds volatility index	54	0.2	10	7	-29
Banking 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	47	-0.4	-4	-8	-25
EZ	54	-0.3	-1	3	-54
UK	49	-1.5	0	3	-42
Large Spanish	53	-0.2	-2	0	-64
Medium Spanish	87	-1.5	-1	3	-64
Corporate 5y CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	139	-0.4	-4	-8	-25
EZ Non-financial	70	-0.3	-1	3	-54
UK Non-financial	103	0.2	0	-7	-22
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	-0.18	0.00	0.0	0.0	-0.1
Libor 3m	1.37	0.00	0.0	0.0	0.4
Libor 12m	1.84	0.00	0.0	0.1	0.1
Stock markets (%)					
Index	level	Daily	Weekly	Monthly	YTD
S&P500	2,569	0.2	0.4	3	13
Dow Jones	23,474	0.9	2.1	5	18
Nikkei	21,805	0.5	2.2	7	11
FTSE 100	7,531	0.1	0.2	3	5
EuroStoxx 50	3,614	0.1	0.2	7	9
IBEX	10,214	0.5	0.0	-1	8
DAX	13,023	0.2	0.2	3	12
CAC	5,399	0.2	0.7	-2	10
MIB	22,631	1.1	1.3	0	15
ASE Athens	737	0.4	-3.2	-5	12
MSCI Latam *	65,625	-0.9	-1.1	0	17
Ibovespa (Brazil)	76,000	0.8	-0.3	1	23
Mexbol	49,915	0.7	0.5	-1	7
MSCI EM Europe *	5,173	-0.6	-2.1	0	-2
Rubor	2,448	-1.0	-2.6	-1	22
Micex (Russia)	2,065	0.1	-1.3	1	-9
Ise TOI (Turkey)	107,206	-0.1	0.2	3	41
MSCI EM Asia *	905	-0.1	-0.8	-2	30
Shanghai Com (China)	3,388	0.2	0.5	1	7
Jakarta (Indonesia)	5,952	0.4	0.0	1	13
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	137.5	1.5	-1.1	-2	15
JPM	100.8	1.5	3.2	6	16
CB	74.4	1.2	3.1	4	21
BaK	27.7	1.9	5.6	11	21
MS	51.2	1.2	4.3	6	17
GS	244.1	0.8	3.4	6	0
EZ banks	116.9	1.3	2.8	1	11
BNP	68.1	0.3	2.6	1	8
Crédit Agricole	15.4	1.6	4.1	1	25
Deutsche Bank	14.6	2.8	2.7	5	-10
ING	15.9	1.0	2.1	4	14
Intesa	2.9	1.2	1.5	-2	14
SG	48.9	1.4	3.2	0	1
Unicredit	17.4	1.8	2.8	-2	24
UK banks	91.2	0.8	2.0	-1	4
HSBC	748.6	0.7	0.7	3	12
RBS	281.1	0.6	2.8	7	20
Barclays	198.1	1.4	3.5	3	-16
Lloyds	67.5	0.8	1.8	1	4
Large Spanish banks	87.2	1.5	0.5	-3	12
Santander	5.6	1.5	-0.1	-2	11
BBVA	7.3	1.4	1.0	-3	12
Medium Spanish banks	76.0	1.4	-0.2	-2	4
Cababank	3.9	1.1	-1.9	-9	18
Sabobal	1.7	3.0	0.2	-4	20
Bankinter	8.0	0.8	0.4	2	5
Banque	4.0	0.0	0.5	2	-1
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.18	0.2	0.0	-1.5	12
GBPUSD	1.31	-0.6	0.5	-2.8	7
USD JPY	113.98	-0.5	-1.6	1.8	-3
DOY	93.92	0.0	0.5	-1.9	9
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	17.54	-0.7	-1.2	-1.3	-9
USD BRL (Brazil)	3.25	-0.6	-3.0	-4.2	-1
USD CIP (Chile)	631.77	0.0	-1.4	-1.2	6
USD COP (Colombia)	2974	-0.8	-0.9	-2.4	0
USD MXN (Mexico)	19.20	-0.6	-2.2	-8.2	10
USD PEN (Peru)	3.24	0.0	0.3	0.2	4
LACI	63.81	-0.5	-2.0	-4.5	4
USD PLN (Poland)	3.61	-0.2	-0.2	-1.0	13
USD RUB (Russia)	57.63	-0.2	-0.5	-0.2	5
USD TRY (Turkey)	3.73	-0.3	-1.7	-6.7	4
USD CNY (China)	6.64	0.1	-0.2	-0.7	4
USD INR (India)	65.07	-0.1	-0.1	-0.4	4
USD IDR (Indonesia)	13,533	0.1	-0.2	-1.7	1
ADXY	107.4	0.0	-0.3	-0.6	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	58.1	1.2	0.3	-2	3
WTX	52	0.8	0.9	3	-2
Copper	318	0.2	0.0	9	25
Gold	1276	-0.5	-0.1	-2	10
S&P Spot commodity *	403	0.1	-0.1	1	2
S&P Brent Spot *	487	-0.5	0.5	2	1
S&P Metals Spot *	377	0.6	0.1	4	24
S&P Agricultural *	280	1.4	0.3	-2	-7

Source: Bloomberg, Datastream and Haver

* With one day delay

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Table 1