

Market Comment | Earnings guided stocks ahead of the ECB meeting

Global Financial Markets Unit
25 Oct 2017

- **Earnings reports continued to drive financial markets**, both in the US and in Europe. Today saw more disappointing results, dragging down financial stocks ([_see](#)) and leading to **an increase in equity volatility**.
- **European yields remained little changed ahead of tomorrow's ECB meeting**, in which a potential tapering may be announced. Only a slight decline of peripheral risk premium was observed. On the other hand, the EUR appreciated slightly on upbeat confidence data as **German IFO Business Climate (October)** surprised to the upside.
- **US Treasury yields rose**, surpassing the recent high levels, **amid positive economic data** ([_see](#)) in the US (strong US core durable goods orders and new home sales), talks of a potentially hawkish next Fed Chair and a tax reform on the horizon ([_see](#)).
- The **GBP appreciated at a significant pace**, while UK Gilt yields rose significantly as **3Q UK GDP growth was higher than previously expected** ([_see](#)), paving the way for a potential rate hike in the UK.
- **Oil prices continued steady**, maintaining their recent four-week highs ([_see](#)), as news of the potential reduction of oil supply offset the disappointing growth of US crude oil inventories. Against this backdrop, EM currencies slightly appreciated. Notably, the **MXN appreciated sharply after Banxico said in a statement that it would react to recent MXN volatility** ([_see](#)).

Update 18.00 CET 25 October 2017
Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.60	1.8	3.6	15	38
US	2.44	2.0	9.9	22	0
GER (2-yr)	0.70	0.2	1.9	1	7
Germany	0.48	0.3	8.3	8	13
France	0.88	0.1	7.3	3	8
Spain	1.64	-1.5	2.3	2	17
Italy	2.03	-2.7	-0.7	-10	14
Portugal	2.80	11.0	4.4	15	-187
Greece	5.57	3.7	6.3	1	-131
Japan (2-yr)	0.14	-0.5	-0.7	-1	6
Japan	0.07	0.2	4.2	1	1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.65	-5.1	6.2	-11	-177
Chile	4.46	0.0	10.0	17	14
Colombia	6.58	0.8	15.2	6	-51
Mexico	7.25	0.8	16.2	46	-39
Peru	5.02	2.1	5.9	17	-146
Poland	3.43	4.4	12.2	14	-29
Russia	7.62	-2.6	0.2	-8	-82
Turkey	11.38	3.0	27.0	63	38
India	6.81	3.7	5.2	19	43
Indonesia	6.33	10.1	20.0	54	-102
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	40	-0.2	-1.0	-5	-29
Italy	156	-3.0	-9.0	-18	-7
Portugal	182	-1.3	-12.7	-23	-172
Spain	116	-1.8	-6.0	-6	1
2-yr sovereign spread vs Germany					
France	18	-0.6	-3.2	-2	7
Italy	46	-0.4	-3.5	-3	-15
Portugal	61	-1.5	-12.3	-8	-86
Spain	42	-1.3	-2.2	1	-6
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	170	0.0	6	-29	-102
Chile	53	-0.7	-2	8	-29
Colombia	112	0.2	-3	-15	-51
Mexico	106	0.0	-4	-7	-50
Peru	75	-0.2	-4	-9	-33
Venezuela	6.942	-191.9	573	673	3037
Poland	48	-0.2	-4	-5	-27
Russia	129	-0.8	-1	-16	47
Turkey	179	4.0	3	-4	-93
China	52	-0.2	-5	-9	-65
India	75	-0.3	-1	-2	-52
Indonesia	94	0.4	-4	9	-62
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	12	9.4	21	20	0
VSTOXX	15	12.3	32	18	2
EM EFT volatility Index	18	7.8	16	2	-11
Dollar/reserve volatility	7	0.7	-2	-12	-35
EM FX volatility Index	8	-0.2	2	5	-26
Credit spread (BAA) (bps)	190	-2.0	-4	-14	-37
US bonds volatility index	56	3.4	11	9	-27
Banking Sy CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	49	1.3	-2	-8	-23
EZ	54	-0.4	-1	1	-54
UK	48	-0.7	-1	1	-42
Large Spanish	51	-1.8	-2	-4	-66
Medium Spanish	86	0.3	-1	3	-65
Corporate Sy CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	140	1.3	-2	8	-23
EZ Non-financial	70	-0.4	-1	1	-54
UK Non-financial	102	0.3	-1	-7	-23
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	1.83	0.00	0.0	0.1	0.1
Stock markets (%)					
Indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,554	0.6	0.3	2	12
Dow Jones	23,314	-0.5	0.7	5	17
Nikkei	21,708	-0.4	1.6	6	11
FTSE 100	7,447	-1.1	-1.3	2	4
EuroStoxx 50	3,591	-0.5	0.8	2	8
IBEX	10,153	-0.5	-1.2	-1	7
DAX	12,953	-0.5	-0.7	3	12
CAC	5,375	-0.4	0.2	2	10
MIB	22,446	-0.8	0.4	0	14
ASE Athens	737	0.0	2.7	-1	12
MSCI Latam *	66,471	1.0	0.2	-1	18
Ibovespa (Brazil)	75,990	-0.5	0.8	2	23
Mexbol	49,455	-1.4	-1.0	-2	6
MSCI EM Europe *	5,170	-0.1	-1.7	0	2
Pabest	2,450	0.1	-2.1	0	27
Micex (Russia)	2,049	-0.6	-2.1	-1	-9
Ise 100 (Turkey)	108,355	1.1	1.3	6	42
MSCI EM Asia *	903	-0.2	-0.8	-2	30
Shanghai Com (China)	3,397	0.3	0.4	2	8
Jakarta (Indonesia)	6,025	1.3	1.3	2	14
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks					
JPM	126.5	0.7	1.6	7	14
Citi	100.8	-0.1	2.9	7	16
CB	73.8	-0.6	1.0	4	20
Bok	27.8	-0.3	4.2	11	20
MS	50.3	-1.5	0.3	5	15
GS	243.2	-0.7	0.5	6	0
EZ banks	116.4	-0.5	1.2	2	10
BNP	67.5	-0.9	0.1	2	7
Crédit Agricole	15.3	-0.6	2.0	2	24
Deutsche Bank	14.5	-0.9	1.1	6	-11
ING	16.0	0.2	1.7	5	15
Intesa	2.9	-0.2	0.6	-2	14
SG	48.3	-1.1	0.6	0	0
Unicredit	17.5	0.5	3.1	0	25
UK banks	90.9	-0.2	0.7	4	3
HSBC	741.9	-0.7	-0.9	3	11
RBS	280.1	-0.3	0.3	7	19
Barclays	191.0	-0.5	2.3	4	-16
Lloyds	67.9	0.8	1.7	3	5
Large Spanish banks	87.1	0.0	0.2	-1	12
Santander	5.6	0.1	-0.1	-1	12
BBVA	7.3	-0.1	0.3	-2	12
Medium Spanish banks	75.7	-0.5	-1.6	-1	4
Cabobank	3.9	0.3	-1.7	-6	18
Sabobal	1.6	-2.5	-3.1	-5	18
Bankinter	8.0	-0.1	-1.2	3	5
Banque	4.0	-0.2	0.7	3	-1
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.18	0.4	0.2	-0.4	13
GBPUSD	1.33	0.9	0.4	-1.6	8
USD JPY	113.65	-0.2	-0.6	1.7	-3
DKK	93.69	-0.1	0.4	-1.1	9
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)					
USDARS	17.48	0.1	0.6	0.0	-9
USD BRL (Brazil)					
USD BRL	3.25	-0.2	2.6	-2.9	-1
USD CLP (Chile)					
USD CLP	630.71	0.2	-0.6	-0.2	6
USD COP (Colombia)					
USD COP	2993	-0.6	2.3	-2.3	-1
USD MXN (Mexico)					
USD MXN	19.12	0.6	-1.4	-6.7	11
USD PEN (Peru)					
USD PEN	3.23	0.1	0.1	0.0	4
LACI	63.95	0.1	-1.6	-3.4	4
USD PLN (Poland)					
USD PLN	3.59	0.5	0.0	0.4	14
USD RUB (Russia)					
USD RUB	57.78	-0.2	-0.5	-0.4	4
USD TRY (Turkey)					
USD TRY	3.75	-0.2	2.0	5.7	5
USD CNY (China)					
USD CNY	6.64	0.0	-0.2	-0.3	4
USD INR (India)					
USD INR	64.90	0.3	0.2	0.3	5
USD IDR (Indonesia)					
USD IDR	13,578	-0.3	0.5	-1.9	-1
ADXY	107.4	0.1	-0.2	-0.2	4
Commodities (%)					
	level	Daily	Weekly	Monthly	Year
Brent					
Brent	58.2	-0.3	0.0	-1	3
WTI	52	-0.6	0.2	0	-2
Copper	318	-0.3	0.4	9	25
Gold	1276	0.0	0.4	-3	10
S&P Spot commodity *	407	0.9	0.9	1	3
S&P Brent Spot *	495	1.6	0.6	0	3
S&P Metals Spot *	379	0.6	1.1	5	24
S&P Agricultural *	261	0.3	0.9	1	-7

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Eurbor 3m	-0.33	0.00	0.0	0.0	0.0
Eurbor 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	1.83	0.00	0.0	0.1	0.1
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,554	-0.6	-0.3	2	12
Dow Jones	23,314	-0.9	0.7	5	17
Nikkei	21,708	-0.4	1.6	6	11
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Mumbai	49,955	-1.4	-1.0	2	6
MSCI EM Europe *	5,170	-0.1	-1.7	0	2
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MSCI EM Asia *	903	-0.2	-0.8	2	30
Shanghai Com (China)	3,397	0.3	0.4	2	8
Jakarta (Indonesia)	6,025	1.3	1.5	2	14
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	100.8	-0.1	2.9	7	16
CB	73.8	-0.6	1.0	-4	20
BoA	27.6	-0.3	4.2	11	20
MS	50.3	-1.5	0.3	5	15
GS	243.2	-0.7	0.5	6	0
EZ banks					
BNP	116.4	-0.5	1.2	2	10
Crédit Agricole	67.5	-0.9	0.1	2	7
Crédit Agricole	15.3	-0.6	2.0	2	24
Deutsche Bank	14.5	-0.9	1.1	6	-11
ING	16.0	0.2	1.7	5	15
Intesa	2.9	-0.2	0.6	-2	14
SG	48.3	-1.1	0.6	0	0
Unicredit	17.5	0.5	3.1	0	25
UK banks					
HSBC	90.9	-0.2	0.7	4	3
HSBC	741.9	-0.7	-0.9	3	11
RBS	280.1	-0.3	0.3	7	19
Barclays	193.0	-0.5	2.3	4	16
Large Spanish banks					
Santander	87.1	0.0	0.2	-1	12
Santander	5.6	0.1	0.1	-1	12
BBVA	7.3	-0.1	-0.3	-2	12
Medium Spanish banks					
Cajabank	75.7	-0.5	-1.6	-1	4
Cajabank	3.9	0.3	-1.7	-6	18
Sabadell	1.6	-0.5	-3.1	-5	18
Bankinter	8.0	-0.1	-1.2	3	5
Bankia	4.0	-0.2	0.7	3	1
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.18	0.4	0.2	-0.4	13
GBPUSD	1.33	0.9	0.4	-1.6	8
USD JPY	113.65	0.2	-0.6	1.7	-3
USD DXY	93.69	-0.1	0.4	-1.1	9
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)					
USDARS (Brazil)	17.48	0.1	-0.6	0.0	-9
USDARS (Brazil)	3.25	-0.2	-2.6	-2.9	-1
USD COP (Chile)	630.71	0.2	-0.6	-0.2	6
USD COP (Colombia)	2993	-0.6	-2.3	-2.3	-1
USD MXN (Mexico)	19.12	0.6	-1.4	-6.7	11
USD PEN (Peru)	3.23	0.1	0.1	0.8	4
LACI	63.95	0.1	-1.6	-3.4	4
USD PLN (Poland)	3.59	0.5	0.0	0.4	14
USD RUB (Russia)	57.78	-0.2	-0.5	-0.4	4
USD TRY (Turkey)	3.75	-0.2	-2.0	-5.7	-5
USD CNY (China)	6.64	0.0	0.2	-0.3	4
USD INR (India)	64.90	0.3	0.2	0.3	5
USD IDR (Indonesia)	13,578	-0.3	-0.5	-1.9	-1
ADXY	102.4	0.1	-0.2	-0.2	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
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Source: Bloomberg, Datastream and Haver

* With one day delay

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Table 1