

Market Comment | Peripheral bond yields continued to edge down

Global Financial Markets Unit
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- **Stock prices were slightly positive in Europe and very positive in Spain as Catalonia tensions continued to ease** ([see](#)). On the other hand, US stocks were slightly higher on positive earnings reports and ahead of an **imminent announcement of both US tax reform** ([see](#)) and the next Fed Chair ([see](#)). The USD and US Treasury yields remained little changed **ahead of tomorrow's FOMC meeting**.
- In the same way, **peripheral bond yields inched down**, led by the Spanish risk premium following the recent rally after political uncertainty eased. European core yields and the EUR remained little changed, despite a **lower-than-expected EZ inflation figure** (October), reinforcing the 'lower for longer' strategy of the ECB ([see](#)). Nonetheless, **EZ 3Q GDP was higher than expected** ([see](#)).
- The JPY depreciated slightly after the **BoJ kept its monetary policy steady**, showing lingering signs of a continuation of easing measures ([see](#)).
- Oil prices rose slightly as oil output fell, driven by a decrease in Iraqi exports ([see](#)). The **MXN appreciated slightly despite Mexican 3Q GDP slowed, hit by earthquakes** ([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	1.0	0.3	10	37
US	2.37	0.4	-4.7	4	7
GER (2-yr)	0.75	0.3	-4.5	6	2
Germany	0.38	-0.4	-11.3	-10	1
France	0.76	0.8	-12.4	-14	-21
Spain	1.46	-3.4	-19.6	-14	-1
Italy	1.83	-2.1	-23.4	-31	-7
Portugal	2.07	-2.1	-23.8	-31	-210
Greece	5.47	-8.6	-6.5	-19	-141
Japan (2-yr)	0.16	-0.5	3.0	-4	3
Japan	0.07	0.2	0.3	1	1
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	9.83	-2.6	13.0	9	-158
Chile	4.49	0.0	2.1	8	17
Colombia	6.59	1.0	1.4	2	-50
Mexico	7.27	-3.5	2.8	41	-37
Peru	5.12	-1.1	12.1	25	-136
Poland	3.44	0.2	5.7	7	-27
Russia	7.65	4.4	0.2	-1	-39
Turkey	11.50	-4.0	15.0	82	50
India	6.86	-2.3	8.7	20	48
Indonesia	6.80	-2.4	7.1	30	-105
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	39	-0.4	-1.1	-4	-30
Italy	146	-1.7	-12.1	-21	16
Portugal	171	-1.7	-12.5	-21	-183
Spain	110	-3.0	-8.3	-4	-6
2-yr sovereign spread vs Germany					
France	16	-0.1	-2.3	-5	6
Italy	47	-0.2	0.5	1	-14
Portugal	62	-0.6	0.6	-6	-85
Spain	41	-1.0	-2.2	3	-7
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	172	0.3	2	-25	-100
Chile	51	0.2	-3	8	-31
Colombia	111	0.9	0	-12	-52
Mexico	108	1.1	2	-3	-48
Peru	73	0.4	-2	-10	-35
Venezuela	5,905	14.9	-1229	-768	2000
Poland	48	-0.2	0	-6	-27
Russia	126	-1.0	-4	-18	50
Turkey	182	-5.2	7	-5	-90
China	51	2.4	-1	-12	-65
India	71	0.1	-4	-6	-56
Indonesia	94	0.4	0	-11	-62
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	10	-2.7	-8	7	-2
VSTOXX	12	-6.6	-7	-1	-4
EM EFT volatility Index	17	-4.6	3	8	-14
Dollar/reserve volatility	6	-5.1	-10	-19	-42
EM FX volatility Index	8	-0.4	0	4	-26
Credit spread (BAA) (bps)	192	-0.4	0	-7	-35
US bonds volatility index	52	-5.5	-8	-2	-32
Banking Sy CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US	50	0.6	2	-3	-22
EZ	50	-0.8	4	-4	-58
UK	45	-0.3	-4	-2	-45
Large Spanish	49	-2.5	-4	-6	-68
Medium Spanish	82	-2.4	-5	-3	-69
Corporate Sy CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	137	0.6	2	-3	-22
EZ Non-financial	67	-0.8	-4	-4	-58
UK Non-financial	101	0.3	-2	-6	-24
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EDNA Index	-0.35	0.00	0.0	0.0	0.0
Earlibor 3m	-0.33	0.00	0.0	0.0	0.0
Earlibor 12m	-0.19	0.00	0.0	0.0	-0.1
Libor 3m	1.38	0.00	0.0	0.0	0.4
Libor 12m	1.84	-0.01	0.0	0.1	0.2
Stock markets (%)					
Indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,577	0.1	0.3	-2	13
Dow Jones	23,376	0.1	0.3	4	17
Nikkei	22,012	0.0	0.9	8	12
FTSE 100	7,483	0.1	-0.4	2	4
EuroStoxx 50	3,674	0.3	1.8	2	11
IBEX	10,524	0.7	3.1	1	11
DAX	13,230	0.0	1.7	3	14
CAC	5,803	0.2	2.0	3	12
MIB	22,794	0.2	0.7	0	16
ASE Athens	759	-2.1	3.0	0	15
MSCI Latam *	64,354	-0.9	-0.9	-1	16
Ibovespa (Brazil)	74,449	-0.5	-2.5	0	21
Mexbol	48,666	-0.4	-3.0	-3	4
MSCI EM Europe *	5,214	0.3	0.8	1	3
Pabest	2,525	0.3	3.1	3	26
Micex (Russia)	2,064	0.0	0.1	-1	-9
Ise TOO (Turkey)	110,143	1.5	2.7	7	45
MSCI EM Asia *	906	0.5	0.2	5	30
Shanghai Com (China)	3,393	0.1	0.2	1	7
Jakarta (Indonesia)	6,006	0.5	0.9	3	14
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	136.0	-0.2	-1.1	-4	13
JPM	101.2	-0.2	0.2	6	16
CB	73.7	-0.1	0.7	1	20
BaK	27.5	-0.4	-0.7	8	20
MS	50.1	-0.7	-1.9	4	15
GS	242.1	0.5	-1.1	2	0
EZ banks	114.5	-1.3	-2.1	-3	9
BNP	67.0	-0.7	-1.5	-2	7
Crédit Agricole	15.0	-1.5	-2.4	-3	22
Deutsche Bank	14.0	0.0	-4.8	-5	-14
ING	15.9	-0.3	0.4	2	14
Intesa	2.9	-0.8	0.6	-4	14
SG	47.8	-1.3	-2.2	-4	-1
Unicredit	16.4	-1.7	-5.8	-9	17
UK banks	89.7	0.1	-1.5	-1	2
HSBC	734.3	-0.4	-1.7	0	10
RBS	282.5	-0.6	0.5	5	21
Barclays	186.0	1.3	-6.1	-4	-21
Lloyds	68.3	0.3	1.3	1	5
Large Spanish banks	90.1	0.7	3.5	-1	16
Santander	5.8	-0.1	3.5	-1	15
BBVA	7.5	1.4	3.5	-1	16
Medium Spanish banks	78.0	0.4	2.5	-1	7
Cababank	4.0	0.5	4.0	-5	23
Sabadell	1.7	2.4	3.6	-3	25
Bankinter	8.1	-0.6	1.8	1	7
Banque	4.1	-0.4	1.2	0	0
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.17	0.0	0.9	-1.3	11
GBPUSD	1.33	0.5	1.1	0.9	8
USD JPY	113.70	-0.5	0.2	1.1	-3
DOY	94.53	0.0	0.6	-1.6	8
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	17.68	0.1	-1.0	-2.1	-10
USD BRL (Brazil)	3.28	0.0	-1.0	-3.7	-2
USD CIP (Chile)	635.34	0.5	-0.5	0.6	5
USD COP (Colombia)	3043	-0.7	-2.3	-3.6	-2
USD MXN (Mexico)	19.12	0.6	0.6	-4.8	11
USD PEN (Peru)	3.25	0.1	-0.3	0.5	4
LACI	63.54	0.3	0.5	-3.0	3
USD PLN (Poland)	3.64	0.2	-0.8	0.3	13
USD RUB (Russia)	58.24	-0.8	-1.2	-1.4	3
USD TRY (Turkey)	3.80	-0.3	-1.4	-6.5	6
USD CNY (China)	6.64	0.2	0.0	0.3	4
USD INR (India)	64.75	0.2	0.5	0.8	5
USD IDR (Indonesia)	13,563	0.1	0.2	0.7	1
ADXY	107.6	0.1	0.2	0.4	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	61.1	0.4	4.8	6	8
WTX	54	0.1	3.3	5	2
Copper	309	-0.2	-2.9	5	21
Gold	1269	-0.6	0.6	-1	9
S&P Spot commodity *	414	0.4	1.7	4	4
S&P Brent Spot *	516	0.8	4.2	7	7
S&P Metals Spot *	375	0.3	-1.1	4	23
S&P Agricultural *	279	-0.1	-0.7	1	-7

Source: Bloomberg, Datastream and Haver

* With one day delay

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Table 1