

# Market Comment | Equity volatility rose

Global Financial Markets Unit  
15 Nov 2017

- **Financial markets showed higher equity volatility** (the VIX index breached the 13 level), while stock prices fell, especially in Europe, whose **stocks registered their longest losing streak in a year**, following declines in Asia and in the commodities market.
- **In the US, stock prices inched down given the concerns on US tax reform**, as US House leaders cleared the way for a Thursday vote ([see](#)). Meanwhile, sovereign bond yields remained steady across the board. Meanwhile the **US inflation reading rose in October** ([see](#)), underpinning the expected Fed rate hike for December.
- **Commodities tumbled after China's economic data** (industrial production, retail sales and fixed asset investment) slowed on deepening structural reform ([see](#)). Additionally, oil prices continued to decline as US stockpiles showed an unexpected increase and Russia's position on further cuts in oil supply remained unclear ([see](#)). In this context, EM currencies were little changed, although EM stocks declined.

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Table 1

D&M markets (10Y % changes in bp)					
	level	Daily	Weekly	Monthly	YTD
<b>Developed Markets</b>					
US (2-yr)	1.69	0.4	4.8	15	48
US	2.35	1.9	1.8	1	9
GER (2-yr)	-0.71	2.8	4.8	2	6
Germany	0.38	-2.1	5.0	0	2
France	0.73	-2.8	3.6	-21	-23
Spain	1.55	1.7	6.6	-3	8
Italy	1.84	0.7	9.0	-20	8
Portugal	2.00	3.1	9.7	-33	-218
Greece	5.10	2.0	-1.8	-39	-178
Japan (2-yr)	-0.18	-0.1	1.8	-4	1
Japan	0.05	2.0	-1.8	2	-2
<b>Emerging Markets</b>					
Brazil	10.49	0.0	46.1	64	-93
Chile	4.45	0.9	1.8	-13	12
Colombia	6.76	-0.7	6.2	41	-33
Mexico	7.33	2.3	9.0	4	-31
Peru	5.07	7.4	4.1	15	-140
Poland	3.43	-1.6	3.9	16	-28
Russia	7.72	-5.4	0.0	10	-72
Turkey	12.03	3.0	6.0	105	103
India	7.02	-3.2	8.0	29	64
Indonesia	6.07	0.1	1.6	11	-118
<b>Country risk (bp changes in bp)</b>					
<b>Developed Markets</b>					
<b>10-yr sovereign spread vs Germany</b>					
France	36	-0.7	-1.4	-21	-33
Italy	146	2.8	4.0	-20	-16
Portugal	162	5.2	-5.7	-33	-192
Spain	118	3.8	1.6	-3	2
<b>2-yr sovereign spread vs Germany</b>					
France	13	-3.9	-2.5	-8	2
Italy	41	-4.5	-4.2	-11	-20
Portugal	53	-4.1	-5.8	-21	-94
Spain	36	-3.5	-6.7	9	-12
<b>Emerging Markets</b>					
<b>5-yr sovereign CDS *</b>					
Brazil	181	2.3	4	1	-91
Chile	55	0.9	1	-3	-28
Colombia	124	0.9	4	5	-39
Mexico	113	2.2	3	-3	-44
Peru	75	0.3	1	-5	-33
Poland	52	-1.1	0	-1	-24
Russia	139	-0.5	0	8	-38
Turkey	213	0.3	8	37	-59
China	62	0.3	4	5	95
India	74	-1.1	2	-2	-53
Indonesia	101	-1.1	3	3	-55
<b>Risk indicators</b>					
<b>Volatility indicators (v)</b>					
VIX	13	8.3	28	27	1
VST OXX	16	2.3	26	31	-1
EM EFT volatility index	18	5.9	11	19	9
Dobrosrva volatility	7	-2.7	3.3	3	-29
EM FX volatility index	8	-0.7	0	0	-27
Credit spread (BAA) (bp)	196	1.9	5	-3	-31
US bonds volatility index	48	2.0	9	-3	-27
<b>Banking 5y CDS (bps) *</b>					
US	54	0.8	4	2	-18
EZ	47	0.7	0	-8	-61
UK	48	0.2	4	0	-43
Large Spanish	45	0.9	-1	-10	-72
Medium Spanish	82	-1.5	2	-6	-69
<b>Corporate 5y CDS (bps) *</b>					
US Non-financial	158	0.8	4	2	-18
EZ Non-financial	69	0.7	0	-8	-61
UK Non-financial	101	0.4	27	-2	-24
<b>Interbank markets (% changes in bp)</b>					
	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
Euribor 12m	-0.19	0.00	0.0	0.0	-0.1
Libor 3m	1.42	0.00	0.0	0.1	0.4
Libor 12m	1.89	0.01	0.0	0.1	0.2
<b>Stock markets (%)</b>					
	level	Daily	Weekly	Monthly	YTD
<b>Main indices</b>					
S&P500	2,571	-0.3	-0.9	1	13
Dow Jones	23,332	-0.3	-1.0	2	17
Nikkei	22,028	-1.6	-3.9	4	12
FTSE 100	7,373	-0.6	-2.1	-2	3
EuroStoxx 50	3,546	-0.3	-3.0	-2	7
IBEX	10,014	0.2	2.1	-2	6
DAX	12,876	0.4	-3.0	0	12
CAC	5,301	-0.3	-3.1	-1	8
MIB	22,159	-0.6	2.9	-1	13
ASE Athens	719	-0.2	3.1	-6	9
MSCI Latam *	81,222	-1.5	-2.4	-6	11
Ibovespa (Brazil)	70,827	0.0	-4.8	-8	15
Moexv	47,799	-0.2	-2.1	-4	3
MSCI EM Europe *	5,339	0.3	-0.9	1	6
Poland	2,419	-1.8	-3.8	-5	21
Micos (Russia)	2,132	-1.6	-1.4	1	-6
lse 100 (Turkey)	107,717	-2.2	-3.7	1	41
MSCI EM Asia *	919	-0.4	-1.0	1	32
Shanghai Com (China)	3,403	-0.8	-0.4	1	8
Jakarta (Indonesia)	5,972	-0.8	-1.5	1	13
<b>Banking sector</b>					
	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>					
JPM	132.4	0.7	-0.9	0	10
Citi	98.5	1.3	0.9	1	13
Chf	71.8	0.3	-0.8	0	17
BofA	26.7	1.9	-0.2	2	17
MS	48.4	0.1	-1.2	-1	11
GS	237.5	0.1	-1.5	-2	-2
<b>EZ banks</b>					
BNP	110.8	0.4	-0.6	-3	5
Crédit Agricole	63.8	0.6	-1.5	-4	2
Deutsche Bank	14.2	0.6	-0.6	-4	15
ING	15.8	1.9	6.9	12	-3
Intesa	19.3	0.3	-2.9	-2	10
SG	2.8	0.0	-2.0	-2	10
Ultraredo	43.5	0.2	-1.5	-8	-10
Ultraredo	16.8	0.8	2.5	-2	19
<b>UK banks</b>					
HSBC	88.2	0.0	-0.1	-1	0
Barclays	735.5	-0.1	-0.4	-1	10
Lloyds	274.9	0.0	-0.3	0	17
Large Spanish banks	182.4	0.9	1.6	-4	22
BBVA	66.3	-0.6	-0.9	1	2
CaixaBank	86.0	1.3	0.8	0	10
Sabadell	5.5	1.2	-1.3	-1	9
Medium Spanish banks	7.2	1.3	-0.3	0	11
CaixaBank	75.6	0.9	0.4	0	3
Sabadell	4.0	1.4	0.2	0	22
Bankinter	1.7	0.6	-0.2	2	21
Bankinter	7.8	0.8	1.1	-1	3
Bankia	3.9	1.1	0.2	-2	-4
<b>Currencies (% ind for currency depreciation)</b>					
	level	Daily	Weekly	Monthly	Year
<b>Developed</b>					
EURUSD	1.18	-0.1	1.7	0.0	12
GBPUSD	1.32	0.0	0.4	0.7	7
USDJPY	113.18	0.2	0.6	0.9	3
DXY	93.88	0.1	-1.0	-0.6	9
<b>Emerging</b>					
USDARS (Argentina)	17.54	-0.3	0.1	-1.1	9
USDBRL (Brazil)	3.32	0.0	2.0	-4.6	-3
USDCLP (Chile)	633.34	0.2	-0.1	-2.2	6
USDCOP (Colombia)	3027	-0.3	-0.3	-3.1	-2
USDMXN (Mexico)	19.26	-0.5	-0.9	-1.2	10
USDPEN (Peru)	3.25	0.8	0.2	-0.3	4
LACI	63.25	-0.3	-1.0	-2.4	3
USDPLN (Poland)	3.60	-0.1	1.4	0.3	14
USD RUB (Russia)	60.12	0.6	-1.5	-5.0	0
USDTRY (Turkey)	3.88	0.1	0.5	6.5	9
USDCNY (China)	6.62	0.2	0.1	-0.5	4
USDINR (India)	65.21	0.3	0.4	-0.8	4
USDIDR (Indonesia)	13,335	0.1	-0.2	-0.4	-1
ADXY	107.9	0.2	0.2	0.0	4
<b>Commodities (%)</b>					
	level	Daily	Weekly	Monthly	Year
<b>Brent</b>					
WTX	62.1	-0.2	-2.2	10	10
Copper	55	-0.4	-2.4	7	4
Gold	305	-0.2	-1.3	-5	20
S&P Spot commodity *	1277	-0.2	-0.3	-1	10
S&P Brent Spot *	422	-1.6	-1.3	4	6
S&P Metals Spot *	528	-1.6	-2.1	8	10
S&P Agri Spot *	368	-2.0	-1.7	-3	21
S&P Agri Futures *	283	0.5	0.1	1	-6

Source: Bloomberg, Datastream and Haver

\* With one day delay

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Table 1