

Market Comment | Stock prices' positive mood rekindled

Global Financial Markets Unit
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- **Financial markets showed a positive performance, with lower equity volatility**, especially in Europe as stock indices showed gains. Meanwhile, the S&P500 reached new record highs. The fading of the recent **sell-off in China's equities** also could have contributed to this positive mood ([see](#)). Meanwhile, sovereign bond yields were little changed across the board.
- The **USD appreciated slightly after Jerome Powell, the incoming Fed Chair, said that he expects interest rates to increase** and the Fed's balance sheet to decline to \$2.5-3 tn ([see](#)). Also, investors are awaiting the US tax cut reform vote in the US Senate ([see](#)). US consumer confidence was also higher than expected ([see](#)).
- **Meade resigned as Mexico's finance minister to run for the presidency**. The first poll published since the resignation showed a narrow difference between the new candidate (PRI) and Lopez Obrador ([see](#)).
- **Commodities declined slightly during the session**, including oil prices, ahead of the OPEC meeting at the end of this week. EM currencies showed a mixed performance following lower commodity prices and higher USD and Turkish assets continued to suffer.

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Table 1

Source: Bloomberg, Datastream and Haver

* With one day delay

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Table 1