

# Market Comment | Global market rally ahead of Trump's tax legislation approval

Global Financial Markets Unit  
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- Global stocks showed significant gains after the publication of an agreed text of new **US tax legislation** ([see](#)), which could be approved by the end of this week. US indices are hovering around all-time highs, while the banking sector was among the standout performers. Despite this environment, the USD depreciated, after the recent rally enjoyed during the last week.
- European sovereign bond yields inched down, especially in Portugal, **after Fitch rating agency decided to upgrade Portugal's rating** by one notch to BBB- ([see](#)), recovering investment grade, due to lower public debt.
- **Oil prices moved higher** amid several supply risks: North Sea pipeline outage and a strike by Nigerian oil workers. The combination of lower USD and higher oil prices led to a widespread appreciation of EM currencies.
- **Political events weighed on some assets in LatAm**: the CLP appreciated after the outcome of the presidential election, ([see](#)) while the PEN suffered from the political uncertainty in the country ([see](#)), although ended up higher.

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Table 1

Debt markets (10Y % changes in bp)					
	level	Daily	Weekly	Monthly	YTD
<b>Developed Markets</b>					
US (2-yr)	1.83	-0.8	0.5	12	61
US	2.37	2.0	-1.6	0	-7
GER (2-yr)	-0.71	1.1	2.9	0	7
Germany	0.31	0.8	1.6	-7	3
France	0.63	-0.1	0.8	-10	-18
Spain	1.44	-2.3	2.3	-11	0
Italy	1.80	-1.0	14.7	-4	-7
Portugal	1.78	-6.1	-1.6	-200	-212
Greece	3.96	-0.6	-55.5	-124	-292
Japan (2-yr)	-0.15	0.1	0.4	4	4
Japan	0.04	-0.8	-1.0	2	-2
<b>Emerging Markets</b>					
Brazil	10.44	5.0	17.8	14	-97
Chile	4.62	-6.8	-5.5	14	30
Colombia	6.36	-13.3	-23.5	-32	-73
Mexico	7.46	-2.4	12.2	15	-18
Peru	5.15	-3.7	22.3	9	-133
Poland	3.24	1.2	2.9	-15	-47
Russia	7.62	-0.9	-7.9	-7	-82
Turkey	11.85	-24.0	19.0	-18	85
India	7.18	5.0	0.9	12	80
Indonesia	6.50	0.2	-3.3	-18	-135
<b>Country risk (bp, changes in bp)</b>					
<b>Developed Markets</b>					
<b>10-yr sovereign spread vs Germany</b>					
France	32	-0.9	-0.8	-3	-37
Italy	149	-1.8	13.1	3	-13
Portugal	147	-6.9	-3.2	-13	-207
Spain	113	-3.1	0.7	-4	-3
<b>2-yr sovereign spread vs Germany</b>					
France	16	0.3	1.6	4	5
Italy	40	-1.1	3.0	0	-22
Portugal	44	0.6	1.1	-7	-102
Spain	33	-4.2	-4.3	3	-15
<b>Emerging Markets</b>					
<b>5-yr sovereign CDS *</b>					
Brazil	166	-1.4	1	-18	-106
Chile	57	1.7	0	1	-26
Colombia	110	-1.5	-1	-17	-54
Mexico	106	0.4	2	-11	-51
Peru	79	7.0	8	2	-29
Poland	50	0.2	1	-1	-25
Russia	125	-2.3	-5	-13	-52
Turkey	175	-5.0	-9	-35	-98
China	52	-1.3	-4	-11	-65
India	71	-0.1	-1	-4	-56
Indonesia	91	-1.5	-4	-13	-65
<b>Risk indicators</b>					
<b>Volatility indicators (v)</b>					
VIX	9	-0.4	0	-20	-2
VST OXX	11	-9.4	-17	-29	-6
EM EFT volatility index	13	-5.3	-12	-23	-33
Dobrosrta volatility	5	2.1	-12	-20	-49
EM FX volatility index	8	-0.4	-3	-5	-31
Credit spread (BAA) (bps)	178	-2.0	-7	-12	-49
US bonds volatility index	46	2.6	0	-3	-29
<b>Banking 5y CDS (bps) *</b>					
US	44	-0.9	-2	-12	-28
EZ	41	0.5	1	-6	-67
UK	43	0.6	1	-7	-48
Large Spanish	39	0.0	2	-8	-78
Medium Spanish	77	-0.5	1	-6	-74
<b>Corporate 5y CDS (bps) *</b>					
US Non-financial	147	0.9	-2	-12	-26
EZ Non-financial	64	0.5	1	-6	-67
UK Non-financial	94	0.2	0	-8	-31
<b>Interbank markets (% change 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	1.63	0.01	0.1	0.2	0.6
Libor 12m	2.05	0.00	0.0	0.2	0.4
<b>Stock markets (%)</b>					
	level	Daily	Weekly	Monthly	YTD
<b>Main indices</b>					
S&P500	2,693	0.6	1.2	4	19
Dow Jones	24,841	0.8	1.9	6	25
Nikkei	22,902	1.5	-0.2	2	17
FTSE 100	7,537	0.6	1.1	2	5
EuroStoxx 50	3,609	1.4	0.8	1	9
IBEX	10,244	0.9	0.6	2	8
DAX	13,312	1.6	1.4	2	15
CAC	5,421	1.3	0.6	2	11
MIB	22,391	1.3	-1.3	1	14
ASE Athens	784	2.1	6.1	-12	19
MSCI Latam *	82,195	0.2	0.6	1	12
Ibovespa (Brazil)	73,412	1.1	0.8	1	19
Moexv	48,706	1.3	2.1	2	5
MSCI EM Europe *	5,344	0.6	1.2	2	6
Poland	2,466	2.0	3.3	2	23
Micos (Russia)	2,135	-0.4	0.7	0	-6
Ise 100 (Turkey)	110,248	0.8	1.0	3	45
MSCI EM Asia *	903	-0.4	0.4	-1	30
Shanghai Com (China)	3,268	0.1	-1.6	-4	3
Jakarta (Indonesia)	6,134	0.3	1.2	3	16
<b>Banking sector</b>					
	level	Daily	Weekly	Monthly	YTD
<b>US banks</b>					
JPM	144.3	1.3	1.8	9	20
Citi	106.9	0.8	1.2	9	23
Chf	75.9	1.5	0.1	6	24
BofA	29.4	1.4	1.7	10	28
MS	53.3	0.5	1.1	10	22
GS	261.6	1.7	4.6	9	8
<b>EZ banks</b>					
BNP	111.9	0.9	-1.4	1	6
Crédit Agricole	63.4	0.7	-1.7	-1	1
Deutsche Bank	14.3	0.9	-2.3	1	16
ING	12.1	3.4	4.7	6	5
Intesa	15.6	0.5	-0.5	2	12
SG	2.8	0.6	-2.0	1	11
Umgroff	43.3	0.3	-1.4	0	-10
Umgroff	16.4	1.7	6.6	-3	17
<b>UK banks</b>					
HSBC	91.6	0.6	0.6	4	4
RBS	75.1	0.6	0.6	3	13
Barclays	276.7	0.1	-1.4	1	18
Lloyds	204.5	1.1	3.0	10	13
Large Spanish banks	66.8	0.5	0.2	1	3
Santander	87.4	1.2	0.5	1	12
BBVA	5.7	0.8	0.6	2	12
Medium Spanish banks	7.3	1.4	0.4	0	12
CaixaBank	76.4	1.4	-1.7	1	5
Sabadell	3.9	0.7	-3.2	-2	20
Bankinter	1.7	2.4	-0.2	2	22
Bankinter	7.9	0.7	0.5	2	5
Banque	4.0	2.1	3.2	3	-1
<b>Currencies (% ind for currency depreciation)</b>					
	level	Daily	Weekly	Monthly	Year
<b>Developed</b>					
EURUSD	1.18	0.5	0.3	0.3	13
GBPUSD	1.34	0.6	0.4	1.5	9
USDJPY	112.41	0.7	1.0	-0.6	4
DXY	93.56	-0.4	-0.3	0.4	9
<b>Emerging</b>					
USDARS (Argentina)	17.59	-0.5	2.1	-0.7	-9
USDBRL (Brazil)	3.38	0.6	0.6	-0.2	-2
USDCLP (Chile)	621.42	2.3	5.2	1.5	7
USDCOP (Colombia)	2969	1.0	1.5	1.6	0
USDMXN (Mexico)	19.04	0.4	0.1	0.1	11
USDPEN (Peru)	3.28	0.4	-1.5	-1.1	3
LACI	63.90	0.7	0.7	0.2	4
USDPLN (Poland)	3.56	0.7	0.2	1.2	15
USDRUB (Russia)	58.63	0.2	0.5	1.8	3
USDTRY (Turkey)	3.83	0.9	0.3	0.9	7
USDCNY (China)	6.62	-0.1	0.0	0.2	5
USDINR (India)	64.24	-0.3	0.2	1.7	6
USDIDR (Indonesia)	13,391	-0.1	-0.2	0.3	-1
ADXY	108.7	0.0	0.1	0.5	5
<b>Commodities (%)</b>					
	level	Daily	Weekly	Monthly	Year
<b>Brent</b>					
WTX	63.4	0.3	-1.9	12	12
Copper	57	0.2	-1.0	4	8
Gold	311	0.1	4.1	2	22
S&P Spot commodity *	1263	0.6	1.7	-1	9
S&P Brent Spot *	420	0.2	-0.9	0	6
S&P Metals Spot *	533	0.0	-2.5	2	11
S&P Energy Spot *	371	1.3	2.8	1	22
S&P Agricultural *	276	-0.1	0.0	-2	-8

Source: Bloomberg, Datastream and Haver

\* With one day delay

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Table 1