

Market Comment | European yields jumped in reaction to ECB policy makers' statements

Global Financial Markets Unit
19 Dec 2017

- Equity stocks were little changed across the board, following yesterday's rise, waiting for Trump's tax legislation to be approved ([see](#)). The House is scheduled to vote today, and the Senate could follow in the next two days. In equities, lower trading volumes along with lower volatility were perceived, ahead of holidays.
- Higher activity was seen in bond markets as **European bond yields jumped** as ECB policy makers (Makuch, Weidmann and Hansson) **called for an earlier QE exit** ([see](#)). **Italian sovereign bond yields** led the rise amid political uncertainties in the country ([see](#)). Likewise, the rise in European yields supported the **European banking sector**. US yields inched up, but to a lesser extent than in Europe.
- Developed countries' currencies were largely flat, including the USD, despite positive economic data in the country while EM currencies showed a mixed performance in a context of increasing oil prices ([see](#)).

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Table 1

D&K markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.85	2.5	2.5	13	64
US	2.45	5.6	4.9	11	1
GER (2-yr)	-0.69	2.0	5.0	3	9
Germany	0.38	7.1	6.6	2	10
France	0.71	7.8	6.6	0	10
Spain	1.49	5.6	3.0	-6	6
Italy	1.92	11.6	21.0	8	5
Portugal	1.84	6.3	0.1	-14	-205
Greece	4.11	14.2	-27.4	-112	-278
Japan (2-yr)	-0.15	-0.4	0.0	5	4
Japan	0.04	-0.5	0.6	-2	-2
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	10.53	3.6	20.2	35	-88
Chile	4.62	0.3	4.3	11	30
Colombia	6.34	-2.5	-30.8	-30	-76
Mexico	7.48	1.8	13.7	21	-116
Peru	5.04	3.0	16.0	-2	-143
Poland	3.32	7.4	7.1	-10	-40
Russia	7.65	3.4	-1.6	-7	-80
Turkey	11.83	-2.0	9.0	-25	83
India	7.18	-0.3	-0.7	13	80
Indonesia	6.38	1.2	-5.1	-15	-136
Country risk (bp, changes in bp)	level	Daily	Weekly	Monthly	YTD
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	33	0.7	0.0	-2	-36
Italy	154	4.5	14.4	6	9
Portugal	146	-0.8	-6.5	-16	-208
Spain	111	-1.5	-3.6	-8	-4
2-yr sovereign spread vs Germany					
France	15	-0.6	0.2	4	5
Italy	40	0.7	2.6	2	-21
Portugal	49	5.0	1.5	-2	-97
Spain	31	-1.8	-7.0	7	-17
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	162	-4.1	-4	-16	-110
Chile	51	6.0	-7	-3	-32
Colombia	108	-1.9	-2	-14	-55
Mexico	105	-1.1	0	-8	-52
Peru	77	-2.6	4	3	-31
Poland	50	0.1	0	-1	-25
Russia	120	-4.2	-8	-14	-56
Turkey	169	-5.8	-14	-32	-104
China	52	0.3	-3	-10	-64
India	71	-0.3	-1	-4	-56
Indonesia	91	0.0	-3	-8	-65
Risk indicators	level	Daily	Weekly	Monthly	YTD
Volatility indicators (v)					
VIX	10	2.5	-2	-15	-2
VST OXX	11	4.9	-10	-24	-5
EM EFT volatility index	15	4.1	-13	-10	-27
Dobrosrva volatility	5	2.7	-10	-19	-48
EM FX volatility index	7	-2.1	-5	-6	-33
Credit spread (BAA) (bp)	175	-5.6	-9	-13	-52
US bonds volatility index	47	0.6	0	-5	-29
Banking 5y CDS (bps) *					
US	43	-0.8	-2	-10	-29
EZ	40	-0.5	1	-5	-67
UK	43	0.1	0	-6	-48
Large Spanish	37	-1.3	1	-6	-80
Medium Spanish	77	-0.1	2	-6	-74
Corporate 5y CDS (bps) *					
US Non-financial	147	-0.6	-2	-10	-29
EZ Non-financial	64	-0.5	1	-5	-67
UK Non-financial	94	-0.5	-1	-7	-31
Interbank markets (% changes in bp)	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	2.06	0.01	0.0	0.2	0.4
Stock markets (%)	level	Daily	Weekly	Monthly	YTD
Main indices					
S&P500	2.688	-0.1	0.9	4	18
Dow Jones	24.758	-0.1	1.0	6	24
Nikkei	22.968	-0.1	0.9	2	17
FTSE 100	7.544	0.1	0.6	2	5
EuroStoxx 50	3.582	-0.8	-0.5	1	8
IBEX	10.231	-0.1	0.6	2	8
DAX	13.216	-0.7	0.2	2	14
CAC	5.383	-0.7	-0.8	1	10
MIIB	22.270	-0.5	2.0	1	13
ASE Athens	784	0.0	6.2	10	19
MSCI Latam *	83.392	1.5	1.6	1	14
Ibovespa (Brazil)	72.554	-0.8	-1.7	-1	18
Moexv	48.601	-0.1	1.9	2	4
MSCI EM Europe *	5.371	0.5	1.2	2	6
Poland	2.456	-0.4	1.8	0	23
Micos (Russia)	2.118	-0.8	2.0	-1	-6
lse 100 (Turkey)	110.177	-0.1	1.0	4	45
MSCI EM Asia *	907	0.5	0.0	-1	30
Shanghai Com (China)	3.297	0.9	0.5	-3	4
Jakarta (Indonesia)	6.168	0.8	2.2	2	17
Banking sector					
US banks	level	Daily	Weekly	Monthly	YTD
JPM	143.0	-0.7	-0.7	6	19
WFC	106.8	-0.2	-0.1	9	23
Citi	74.8	-1.1	-1.7	5	22
BofA	29.5	0.1	0.5	11	28
MS	53.1	-0.3	-1.4	9	22
GS	256.3	-1.4	-0.5	8	5
EZ banks					
BNP	111.7	-0.2	2.1	1	6
Crédit Agricole	63.1	-0.5	-2.7	0	0
Deutsche Bank	14.3	0.0	-2.8	2	16
RBS	16.8	-1.7	1.7	4	3
ING	19.6	0.1	-0.4	2	12
Intesa	2.8	-0.8	-3.8	1	10
SG	43.7	0.9	-1.9	1	-9
Unicredit	16.5	0.6	5.1	-1	10
UK banks					
HSBC	91.8	0.2	0.0	4	4
RBS	756.3	0.0	-0.1	3	13
Barclays	277.3	0.2	-1.3	1	18
Lloyds	204.2	0.1	1.8	10	-13
Large Spanish banks					
Santander	67.2	0.6	0.4	2	4
BBVA	87.6	0.2	0.4	2	12
Mediana Spanish banks	5.7	0.0	0.2	4	12
Cajabank	7.3	0.4	0.9	1	12
Sabadell	77.0	0.7	0.0	2	5
CaixaBank	4.0	0.9	-1.0	1	21
Sabodad	1.7	1.3	1.3	4	24
Bankinter	8.0	0.6	0.4	2	6
Banque	4.0	0.0	-0.8	4	-1
Currencies (% ind for currency depreciation)	level	Daily	Weekly	Monthly	Year
Developed					
EURUSD	1.18	0.3	0.6	0.2	13
GBPUSD	1.33	-0.3	0.2	1.0	8
USD JPY	113.02	-0.4	0.5	0.8	4
DXF	93.67	0.0	0.5	0.0	9
Emerging					
USDARS (Argentina)	17.62	-0.3	1.5	-0.8	-10
USDBRL (Brazil)	3.30	-0.3	0.6	-1.3	-2
USDCLP (Chile)	620.18	0.2	5.2	1.1	8
USDCOP (Colombia)	2967	0.4	2.1	1.2	0
USDMXN (Mexico)	19.22	-0.7	-0.2	-1.6	10
USDPEN (Peru)	3.27	0.2	-1.2	-0.0	3
LACI	63.60	-0.3	0.7	-0.9	3
USDPLN (Poland)	3.55	0.5	0.9	1.0	15
USDRUB (Russia)	58.81	-0.2	0.7	0.4	3
USDTRY (Turkey)	3.84	-0.2	0.3	1.0	7
USDCNY (China)	6.60	0.2	0.3	0.3	5
USDINR (India)	64.04	0.3	0.6	1.5	6
USDIDR (Indonesia)	13.576	0.0	0.0	-0.3	-1
ADXY	108.6	0.0	0.2	0.5	5
Commodities (%)	level	Daily	Weekly	Monthly	Year
Brent					
WTX	63.5	0.1	0.2	1	12
Copper	57	0.1	0.2	1	7
Gold	313	0.2	4.3	2	23
S&P 500	1261	-0.1	1.3	-3	8
S&P Spot commodity *	421	0.3	0.6	-1	6
S&P Brent Spot *	535	0.4	0.1	1	11
S&P Metals Spot *	372	0.4	3.2	1	22
S&P Agricultural *	276	0.0	0.7	-3	-8

Debt markets (10Y, %, changes in bp)					
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Turkey	11.83	-2.0	9.0	-95	83
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Poland	50	-0.1	0	-1	-25
Russia	120	-4.2	-8	-14	-56
Turkey	169	-9.8	-14	-32	-104
China	52	0.3	-3	-10	-64
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Risk indicators					
Volatility indicators (%)					
level	Daily	Weekly	Monthly	YTD	
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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	2.06	0.01	0.0	0.2	0.4
Stock markets (%)					
Main indices					
level	Daily	Weekly	Monthly	YTD	
S&P500	2,588	-0.1	0.5		18
Dow Jones	24,758	-0.1	1.0	6	24
Nikkei	22,868	-0.1	0.0	2	17
FTSE 100	7,544	0.1	0.6	2	5
EuroStoxx 50	3,582	-0.8	-0.5	1	8
IBEX	10,231	-0.1	-0.6	2	8
DAX	13,216	-0.7	0.2	2	14
CAC	5,383	-0.7	-0.8	1	10
MI8	22,270	-0.5	-2.0	1	13
ASE Athens	784	0.0	6.2	10	19
MSCI Latam *	63,392	1.5	1.6	1	14
Ibovespa (Brazil)	72,554	-0.8	-1.7	-1	18
Mexbol	48,601	-0.1	1.9	2	4
MSCI EM Europe *	5,371	0.5	1.2	2	6
Poland	2,456	0.4	1.3	0	23
Miloo (Russia)	2,118	-0.8	-2.0	-1	6
Ise 100 (Turkey)	110,177	-0.1	1.0	4	45
MSCI EM Asia *	907	0.5	0.0	-1	30
Shanghai Com (China)	3,297	0.9	0.5	-3	4
Jakarta (Indonesia)	6,168	0.8	2.3	2	17
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	143.0	-0.7	0.7	8	19
JPM	106.8	-0.2	0.1	9	23
Citi	74.8	-1.1	-1.7	5	22
BoA	29.5	-0.1	0.5	11	28
MS	53.1	-0.3	-1.4	9	22
GS	296.3	-1.4	-0.5	8	5
EZ banks	111.7	-0.2	-2.1	1	6
BNP	63.1	-0.5	-2.7	0	0
Credit Agricole	14.3	0.0	2.8	2	16
Deutsche Bank	16.8	-1.7	1.7	4	3
ING	15.6	0.1	-0.4	2	12
Intesa	2.8	-0.8	-3.8	1	10
SG	43.7	0.9	-1.9	1	9
Unicredit	16.5	0.6	-5.1	-1	18
UK banks	91.8	0.2	0.0	4	4
HSBC	756.3	0.0	-0.1	3	13
RBS	277.3	0.2	-1.3	1	18
Barclays	204.2	-0.1	1.8	10	-13
Lloyds	67.2	0.6	0.4	2	4
Large Spanish banks	87.6	0.2	0.4	2	12
Santander	5.7	0.0	-0.2	4	12
BBVA	7.3	0.4	0.9	1	12
Medium Spanish banks	77.0	0.7	0.0	2	5
Catalobank	4.0	0.9	-1.0	1	21
Sabadell	1.7	1.3	1.3	4	24
Bankinter	8.0	0.6	0.4	2	6
Banika	4.0	0.0	-0.8	4	-1
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	63.5	0.1	0.2	1	12
WTI	57	0.1	0.2	1	7
Copper	313	0.2	4.3	2	23
Gold	1261	-0.1	1.3	-3	8
S&P Spot commodity *	421	0.3	0.6	-1	6
S&P Brent Spot *	535	0.4	0.1	1	11
S&P Metals Spot *	372	0.4	3.2	1	22
S&P Agricultural *	276	0.0	0.7	-3	-8
Currencies (% net for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.18	0.3	0.6	0.2	13
GBPUSD	1.33	-0.3	0.2	1.0	8
USD JPY	113.02	-0.4	0.5	0.8	4
DXY	93.67	0.0	-0.5	0.0	9
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.62	-0.3	-1.5	-0.8	-10
USD BRL (Brazil)	3.30	-0.3	0.6	-1.3	-2
USD CNY (China)	620.18	0.2	5.2	1.1	8
USD COP (Colombia)	2967	0.4	2.1	1.2	0
USD MXN (Mexico)	19.22	0.7	-0.2	-1.6	10
USD PEN (Peru)	3.27	0.2	-1.2	-1.0	3
LACI	63.60	-0.3	0.7	-0.9	3
USD PLN (Poland)	3.55	0.5	0.9	1.0	15
USD RUB (Russia)	58.81	-0.2	0.7	0.4	3
USD TRY (Turkey)	3.84	-0.2	0.3	1.0	-7
USD CNY (China)	6.00	0.2	0.3	0.3	5
USD INR (India)	64.04	0.3	0.6	1.5	6
USD IDR (Indonesia)	13,576	0.0	0.0	-0.3	-1
ADXY	108.6	0.0	0.2	0.5	5

Source: Bloomberg, Datastream and Haver

* With one day delay

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