

# Market Comment | Equity rally continued

Global Financial Markets Unit  
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- **Global equities continued trending higher. Fresh new confidence data in the euro zone were above expectations**, supporting the optimistic movements in markets, although inflationary expectations continued subdued ([see](#)).
- **Sovereign bond yields declined in the euro zone**, after better confidence data and amid optimistic German coalition talks with the SPD ([see](#)).
- Against this backdrop, the **E UR was weaker, despite better economic confidence, after last week's rally** ([see](#)). The USD also regained some ground after **FOMC member comments** (Loretta Mester and John Williams) suggesting from 3 to 4 rate hikes this year ([see](#)), due to better economic activity and the positive impact of the tax reform.
- Commodities eased its recent upward trend, amid a slight drop in oil prices due to US oil rig activity ([see](#)). Against this backdrop, EM currencies declined amid a slightly higher USD.

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Table 1

D&K markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
US (2-yr)	1.96	0.0	7.7	16	75
US	2.49	0.9	8.0	12	5
GER (2-yr)	-0.62	-1.1	1.1	14	16
Germany	0.43	-0.8	0.4	14	16
France	0.79	0.9	0.1	18	2
Spain	1.48	-4.0	-8.5	7	5
Italy	1.98	-2.2	-3.2	31	12
Portugal	1.87	-2.4	-7.6	5	-203
Greece	3.69	-7.6	-42.4	-109	-319
Japan (2-yr)	-0.13	0.0	0.2	2	7
Japan	0.06	1.5	0.6	0	0
Emerging Markets					
level	Daily	Weekly	Monthly	Year	
Brazil	10.01	-5.8	-24.3	-23	-140
China	4.52	-1.8	-3.8	-13	00
Colombia	6.35	0.0	-13.1	-17	-75
Mexico	7.43	-2.1	-21.7	14	-21
Peru	4.69	7.1	-18.4	-27	-178
Poland	3.24	1.6	-6.4	-1	-48
Russia	7.64	0.0	0.0	-2	-81
Turkey	11.41	-3.9	6.0	-26	41
India	7.34	5.6	0.7	29	96
Indonesia	6.13	1.5	-2	-19.0	-43
-171					
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
<b>10-yr sovereign spread vs Germany</b>					
France	36	-0.1	-0.1	4	-33
Italy	155	-1.4	3.6	17	-7
Portugal	144	-6.6	-8.0	-9	-211
Spain	105	-3.2	-8.9	-7	-11
<b>2-yr sovereign spread vs Germany</b>					
France	15	-0.1	-1.6	1	4
Italy	29	0.7	-8.2	-11	-32
Portugal	39	-9.2	-13.5	-6	-108
Spain	22	-0.1	-5.5	-19	26
Emerging Markets					
level	Daily	Weekly	Monthly	Year	
<b>5-yr sovereign CDS *</b>					
Brazil	145	-1.3	-15	-17	-127
Chile	46	0.4	-3	-13	-36
Colombia	96	0.0	-8	-14	-67
Mexico	97	-0.2	-10	-6	-59
Peru	68	0.3	-4	-4	-40
Poland	49	2.6	0	-1	-27
Russia	116	-1.8	-2	-15	-60
Turkey	157	-3.6	-8	-29	-116
China	47	-1.2	-3	-9	-70
India	69	-0.6	-1	-3	-58
Indonesia	80	-3.4	-5	-15	-76
Risk indicators					
Volatility indicators (v)					
level	Daily	Weekly	Monthly	Year	
VIX	10	4.3	-13	-5	-2
VST OXX	11	3.3	-15	-15	-5
EM EFT volatility index	16	2.1	0	-11	-20
Dobson's volatility	6	-2.4	-12	-8	-44
EM FX volatility index	8	0.4	-2	-4	-30
Credit spread (BAA) (bps)	174	-0.9	-2	-13	-53
US bonds volatility index	46	2.8	-1	-6	-40
Banking 5y CDS (bps) *					
level	Daily	Weekly	Monthly	Year	
US	41	-0.5	-2	-5	-31
EZ	36	0.6	-4	-5	-72
UK	39	0.7	-2	-5	-51
Large Spanish	33	0.7	-3	-6	-84
Medium Spanish	69	-4.4	-5	-7	-82
Corporate 5y CDS (bps) *					
level	Daily	Weekly	Monthly	Year	
US Non-financial	141	0.6	-3	-5	-31
EZ Non-financial	62	0.6	-4	-5	-72
UK Non-financial	90	0.7	-2	-7	-35
Interbank markets (% change in bp)					
level	Daily	Weekly	Monthly	Year	
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	1.70	0.00	0.0	0.2	0.7
Libor 12m	2.15	0.01	0.0	0.2	0.5
Stock markets (%)					
level	Daily	Weekly	Monthly	Year	
<b>Main indices</b>					
S&P500	2,743	0.0	2.6	4	21
Dow Jones	25,264	-0.1	2.2	4	27
Nikkei	23,715	0.0	4.2	5	21
FTSE 100	7,697	-0.4	0.1	5	7
EuroStoxx 50	3,616	0.2	3.2	1	9
IBEX	10,398	-0.1	3.5	1	10
DAX	13,368	0.4	3.5	2	15
CAC	5,487	0.3	3.3	2	12
MIB	22,846	0.4	4.5	2	16
ASE Athens	837	0.9	4.3	15	27
MSCI Latam *	88,162	0.6	2.8	8	20
Ibovespa (Brazil)	78,923	-0.2	3.3	9	28
Moexv	50,206	0.6	1.7	7	8
MSCI EM Europe *	5,381	0.4	3.6	6	10
Poland	2,549	0.8	3.6	6	27
Micos (Russia)	2,207	0.0	4.6	5	-2
Ise 100 (Turkey)	116,305	-0.3	0.8	9	53
MSCI EM Asia *	953	0.8	3.2	7	37
Shanghai Com (China)	3,409	0.5	3.1	4	8
Jakarta (Indonesia)	6,385	1.5	0.5	6	21
Banking sector					
level	Daily	Weekly	Monthly	Year	
<b>US banks</b>					
JPM	143.3	-0.8	0.7	20	20
Citi	108.5	0.1	1.4	4	25
Chf	74.5	-1.2	0.1	-1	21
Bok	30.1	0.7	2.0	5	31
MS	53.0	-0.3	0.9	1	21
GS	253.4	-0.8	0.5	2	4
<b>EZ banks</b>					
BNP	112.9	0.4	3.5	2	7
Crédit Agricole	64.5	1.0	3.6	2	3
Deutsche Bank	14.8	1.1	7.4	5	21
ING	15.3	-1.0	-3.4	-4	-6
Intesa	19.9	0.4	3.6	3	14
SG	2.8	-0.3	1.4	0	11
Umgroff	45.1	0.1	4.8	5	-6
Umgroff	16.4	0.7	5.1	-5	17
<b>UK banks</b>					
HSBC	91.8	0.0	-0.7	4	4
Barclays	276.7	-0.7	1.2	4	13
Lloyds	276.7	0.9	0.3	1	19
Large Spanish banks	200.1	0.5	-1.5	4	15
Santander	68.1	0.0	0.0	6	5
BBVA	87.4	0.0	2.7	2	12
Medium Spanish banks	5.7	0.3	3.9	3	13
CaixaBank	7.2	-0.2	1.7	1	11
Sabadell	78.7	-0.3	3.9	3	8
Bankinter	4.1	0.0	4.7	4	24
Banque	1.8	0.5	6.0	6	28
Banker	8.1	-0.2	2.8	3	8
Banque	4.1	-0.7	2.9	2	0
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
<b>Brent</b>					
WTX	67.6	0.0	1.2	9	20
Copper	62	0.1	1.8	8	15
Gold	321	0.0	2.2	9	26
S&P 500 commodity *	1318	0.1	1.2	6	13
S&P Brent Spot *	444	-0.9	0.3	6	12
S&P Metals Spot *	575	-0.7	1.1	9	20
S&P Energy Spot *	388	-1.3	-1.6	9	27
S&P Agricultural *	283	-0.4	0.5	1	-6
Currencies (% ind for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.20	-0.5	-0.3	1.7	14
GBPUSD	1.36	0.0	0.5	0.7	10
USDJPY	113.09	0.0	0.4	0.0	4
DXF	92.33	0.4	0.1	1.6	10
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	19.10	-1.1	2.6	-10.5	-19
USDBRL (Brazil)	3.23	-0.7	2.4	1.9	0
USDCLP (Chile)	605.31	0.1	1.6	7.7	10
USDCOP (Colombia)	2909	-0.1	2.6	3.4	2
USDMXN (Mexico)	19.21	-0.2	2.3	-1.3	10
USDPEN (Peru)	3.22	-0.1	0.7	0.6	5
LACI	63.88	-0.2	1.8	0.4	4
USDPLN (Poland)	3.48	-0.9	0.0	2.6	16
USD RUB (Russia)	57.09	-0.3	1.0	3.5	5
USDTRY (Turkey)	3.75	-0.3	1.2	3.0	5
USDCNY (China)	6.50	-0.2	0.1	1.8	6
USDINR (India)	63.50	-0.2	0.3	1.7	7
USDIDR (Indonesia)	13,429	-0.1	0.9	0.9	0
ADXY	110.1	-0.3	0.3	1.5	7
Commodities (%)					
level	Daily	Weekly	Monthly	Year	

Source: Bloomberg, Datastream and Haver

\* With one day delay

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