

# Market Comment | Yields rose after BoJ's announcement

Global Financial Markets Unit

09 Jan 2018

- **Sovereign bond yields rose across the board, led by US Treasury yields, after Japan's central bank trimmed its long-term bond purchases**, triggering speculation on a reduction in monetary stimulus ([see](#)). Meanwhile, China's central bank also remained in track, increasing efforts to **accelerate country's deleveraging process**. US Treasury yields rose and the **USD appreciated**, despite a dovish speech by the Fed's Bostic ([see](#)), arguing for a slow tightening.
- On the other hand, exploratory government talks in Germany continued and favourable comments by Berlusconi regarding **Italy's membership of the euro area**, temporarily eased political worries ([see](#)).
- **Stock prices continued in upbeat mood**, with US stocks marking new record highs ([see](#)) and European stocks continuing to trend higher, amid **better-than-expected economic data, as German industrial production spiked in November** ([see](#)). Positive talks between North and South Korea contributed to reduce financial tensions even further on the geopolitical front.
- **Oil prices continued to rise**, supported by even bigger OPEC-led production cuts than promised ([see](#)). Nonetheless, EM currencies depreciated on a higher USD. Apart from this, **China's central bank took steps to curb the markets' role in the CNY fixing**, in an effort to reduce exchange rate volatility ([see](#)).

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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	0.4	4.3	17	75
US	2.54	0.9	7.5	16	10
GER (2-yr)	-0.61	0.2	-0.4	13	16
Germany	0.47	3.5	-0.1	16	19
France	0.82	3.0	-0.5	9	1
Spain	1.52	3.3	-9.9	11	8
Italy	2.04	5.1	-6.0	38	17
Portugal	1.86	-0.4	-14.6	6	-203
Greece	3.69	-0.5	-42.0	-83	-320
Japan (2-yr)	-0.13	-0.9	0.2	1	6
Japan	0.07	2.3	1.8	1	1
Emerging Markets					
Brazil	10.03	1.4	-22.7	-16	-138
Chile	4.53	0.5	1.4	-13	20
Colombia	6.35	0.0	-9.6	-17	-75
Mexico	7.47	2.4	-11.1	18	-17
Peru	4.70	2.2	-17.1	-26	-177
Poland	3.31	7.3	-0.1	6	-40
Russia	7.55	-8.3	-8.3	-10	-89
Turkey	11.35	-6.0	-1.0	-33	35
India	7.37	2.6	-1.6	28	99
Indonesia	6.18	5.2	-11.7	-38	-166
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
<b>10-yr sovereign spread vs Germany</b>					
France	35	-0.5	0.4	3	-34
Italy	157	1.6	-5.9	23	-5
Portugal	140	-3.9	-14.5	-10	-215
Spain	105	-0.2	-9.8	-4	-11
<b>2-yr sovereign spread vs Germany</b>					
France	15	0.0	-1.8	0	4
Italy	30	0.5	-7.2	-7	-32
Portugal	35	-3.8	-14.6	-9	-112
Spain	22	0.0	-4.6	-15	-26
Emerging Markets					
<b>5-yr sovereign CDS *</b>					
Brazil	144	-0.8	-16	22	-128
Chile	46	0.4	-3	-12	-36
Colombia	95	-1.4	-10	-16	-68
Mexico	96	-1.0	-11	-8	-60
Peru	67	-1.0	-5	-5	-41
Poland	46	-2.4	-2	-4	-29
Russia	117	0.8	-1	-14	-60
Turkey	161	4.3	-4	-25	-111
China	45	-2.0	-6	-12	-72
India	68	-0.7	-1	-4	-59
Indonesia	78	-1.4	-7	-17	-78
Risk indicators					
Volatility indicators (v)					
VIX	10	1.8	-1	1	-2
VST OXX	11	-2.0	-16	-12	-5
EM FTI volatility index	17	4.3	1	-2	-17
Dobroevo volatility	6	-1.3	-13	6	-45
EM FX volatility index	7	-2.1	-6	-6	-33
Credit spread (BAA) (bps)	169	-5.8	9	-12	-58
US bonds volatility index	46	0.4	-7	-3	-40
Banking 5y CDS (bps) *					
US	41	0.6	-1	-4	-30
EZ	37	1.7	-2	-3	-70
UK	40	0.9	-1	-4	-59
Large Spanish	34	1.4	-1	-4	-83
Medium Spanish	70	1.0	-4	-6	-81
Corporate 5y CDS (bps) *					
US Non-financial	142	0.6	-1	-1	-30
EZ Non-financial	61	1.7	-2	-3	-70
UK Non-financial	91	0.4	-2	-4	-34
Interbank markets (% changes 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	1.71	0.00	0.0	0.2	0.7
Libor 12m	2.15	0.00	0.0	0.2	0.5
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	Year
S&P500	2,755	0.3	2.2	4	21
Dow Jones	25,389	0.4	2.3	4	27
Nikkei	23,850	0.6	4.8	5	22
FTSE 100	7,731	0.4	1.1	5	8
EuroStoxx 50	3,623	0.2	3.8	1	9
IBEX	10,427	0.3	3.4	1	10
DAX	13,386	0.1	4.0	2	16
CAC	5,524	0.7	4.4	2	13
MIB	23,005	0.7	5.3	1	17
ASE Athens	841	0.5	2.8	14	28
MSCI Latam *	88,349	0.2	3.0	9	21
Ibovespa (Brazil)	79,033	-0.4	1.5	9	28
Moexv	49,722	-0.5	0.6	5	7
MSCI EM Europe *	5,594	0.2	3.9	7	11
Poland	2,528	-0.8	2.7	5	26
Micos (Russia)	2,225	0.8	5.5	6	-2
Ind 100 (Turkey)	115,023	-1.1	2.1	7	51
MSCI EM Asia *	960	0.7	4.1	8	38
Shanghai Com (China)	3,414	0.1	2.0	4	8
Jakarta (Indonesia)	6,773	0.3	0.5	6	21
Banking sector					
level	Daily	Weekly	Monthly	Year	
<b>US banks</b>					
JPM	109.3	0.7	1.2	3	26
Citi	75.5	1.3	1.5	0	23
BofA	30.4	1.0	1.7	5	33
MS	53.3	0.8	2.2	1	22
GS	253.4	0.6	0.9	1	4
<b>EZ banks</b>					
BNP	113.5	0.5	3.9	-1	8
BNP	65.4	1.4	5.4	1	4
Crédit Agricole	14.9	0.4	6.6	1	21
Deutsche Bank	15.1	-1.5	8.3	-8	-7
ING	16.0	0.6	4.1	7	15
Intesa	2.8	1.1	3.1	-1	12
SG	45.2	0.1	4.7	3	-6
Unicredit	16.5	0.7	4.9	-8	17
<b>UK banks</b>					
HSBC	92.5	0.8	0.4	3	5
HSBC	766.3	1.1	0.2	5	14
RBS	280.5	0.6	1.2	0	20
Barclays	201.8	0.8	-0.7	3	14
Lloyds	68.4	0.5	1.0	2	6
<b>Large Spanish banks</b>					
Santander	87.7	0.3	3.5	1	12
BBVA	5.7	0.2	4.5	1	13
BBVA	7.3	0.4	2.5	1	12
<b>Medium Spanish banks</b>					
CaixaBank	79.6	1.0	3.7	2	9
Sabadell	4.1	1.7	4.3	3	27
Bankinter	1.8	2.1	6.8	5	30
Bankinter	8.2	0.4	2.5	2	8
Bankia	4.1	0.2	1.8	-1	0
Currencies (% ind for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
<b>EURUSD</b>					
GBPUSD	1.19	-0.4	-1.1	1.3	14
USDJPY	1.35	-0.4	0.5	1.0	10
USDJPY	112.57	0.5	0.2	-0.8	4
DXF	92.57	0.2	0.8	1.4	10
Emerging					
USDARS (Argentina)	19.02	0.0	3.3	-10.0	-18
USDBRL (Brazil)	3.25	-0.4	0.4	1.3	-1
USDCLP (Chile)	607.89	-0.4	0.2	7.3	9
USDCOP (Colombia)	2913	-0.2	0.7	3.3	2
USDMXN (Mexico)	19.31	-0.5	1.2	-2.0	10
USDPEN (Peru)	3.22	-0.1	0.5	0.6	5
LACI	63.62	-0.4	0.1	0.0	3
USDPLN (Poland)	3.51	-0.6	1.6	1.6	16
USD RUB (Russia)	56.97	0.3	0.9	3.7	6
USDTRY (Turkey)	3.77	-0.7	0.1	1.7	6
USDCNY (China)	6.53	-0.5	-0.6	1.4	6
USDINR (India)	63.72	-0.3	0.4	1.1	6
USDIDR (Indonesia)	13,438	-0.1	0.6	0.8	0
ADXY	109.8	-0.2	-0.3	1.2	6
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
<b>Brent</b>					
WTX	68.6	1.3	3.1	5	22
Copper	63	1.6	3.8	9	18
Copper	320	-0.1	-1.8	8	26
Gold	1311	-0.7	-0.5	5	13
S&P Spot commodity *	444	0.0	0.2	6	12
S&P Brent Spot *	576	0.1	1.7	7	20
S&P Metals Spot *	387	-0.1	-1.6	9	27
S&P Agricultural *	281	-0.9	-1.3	1	-6



Debt markets (10Y, %, changes in bp)					
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Poland	3.31	7.3	-0.1	6	-50
Russia	7.55	-8.3	-8.3	-10	-89
Turkey	11.35	-6.0	-1.0	-33	35
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Volatility indicators (%)					
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VIX	10	1.8	-1	1	-2
VSTOXX	11	-2.0	-16	-12	-5
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Eurobor 3m	-0.33	0.00	0.0	0.0	0.0
Eurobor 12m	-0.19	0.00	0.0	0.0	-0.1
Libor 3m	1.71	0.00	0.0	0.2	0.7
Libor 12m	2.15	0.00	0.0	0.2	0.5
Stock markets (%)					
Main indices					
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CAC	5,524	0.7	4.4	2	13
MI8	23,005	0.7	5.3	1	17
ASE Athens	841	0.5	2.8	14	28
MSCI Latam *	68,349	0.2	3.0	9	21
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Mexbol	49,722	-0.5	-0.6	5	7
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Poland	2,526	-0.8	2.7	5	26
Mosx (Russia)	2,225	0.8	5.5	6	-2
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Shanghai Com (China)	3,414	0.1	2.0	4	8
Jakarta (Indonesia)	6,373	0.3	0.3	6	21
Banking sector					
level	Daily	Weekly	Monthly	Year	
US banks	144.4	0.9	1.2	2	20
JPM	109.3	0.7	1.2	3	26
Citi	75.5	1.3	1.5	0	23
BoA	30.4	1.0	1.7	5	33
MS	53.3	0.8	2.2	1	22
GS	293.4	0.6	0.9	1	4
EZ banks	113.5	0.5	3.9	-1	8
BNP	65.4	1.4	5.4	1	4
Credit Agricole	14.9	0.4	6.5	1	21
Deutsche Bank	15.1	-1.5	-5.3	-8	-7
ING	16.0	0.6	4.1	2	15
Intesa	2.8	1.1	3.1	-1	12
SG	45.2	0.1	4.7	3	6
Unicredit	16.5	0.7	4.9	-8	17
UK banks	92.5	0.8	0.4	3	5
HSBC	766.3	1.1	0.2	5	14
RBS	280.5	0.6	1.2	0	20
Barclays	201.8	0.8	-0.7	3	-14
Lloyds	68.4	0.5	1.0	2	6
Large Spanish banks	87.7	0.3	3.5	1	12
Santander	5.7	0.2	4.5	1	13
BBVA	7.3	0.4	2.5	1	12
Medium Spanish banks	79.6	1.0	3.7	2	9
Cajabank	4.1	1.7	4.3	3	27
Sabadell	1.8	2.1	6.8	5	30
Bankinter	8.2	0.4	2.5	2	8
Bankia	4.1	-0.2	1.8	-1	0
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	68.6	1.3	3.1	-8	22
WTI	63	1.6	3.8	9	18
Copper	320	-0.1	-1.8	8	26
Gold	1311	-0.7	0.5	5	13
S&P Spot commodity *	444	0.0	0.2	6	12
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S&P Metals Spot *	387	-0.1	-1.6	9	27
S&P Agricultural *	281	-0.9	-1.3	1	6
Currencies (% net for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.19	-0.4	-1.1	1.3	1.4
GBPUSD	1.35	-0.4	0.5	1.0	10
USD JPY	112.57	0.5	-0.2	-0.8	4
DKY	92.57	0.2	0.3	-1.4	10
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	19.02	0.0	-3.3	-10.0	-18
USD BRL (Brazil)	3.25	-0.4	0.4	1.3	-1
USD CNY (China)	607.89	-0.4	-0.2	7.3	9
USD COP (Colombia)	2913	-0.2	0.7	3.3	2
USD MXN (Mexico)	19.31	-0.5	1.2	-2.0	10
USD PEN (Peru)	3.22	-0.1	0.5	0.6	5
LACI	63.62	-0.4	0.1	0.0	3
USD PLN (Poland)	3.51	-0.6	-1.6	1.6	16
USD RUB (Russia)	56.97	0.3	0.9	3.7	6
USD TRY (Turkey)	3.77	-0.7	-0.1	1.7	6
USD CNY (China)	6.53	-0.5	-0.6	1.4	6
USD INR (India)	63.72	-0.3	-0.4	1.1	6
USD IDR (Indonesia)	13,438	-0.1	0.6	0.8	0
ADXY	109.8	-0.2	0.3	1.2	6

Source: Bloomberg, Datastream and Haver

\* With one day delay

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