

Market Comment | European yields rose after ECB minutes hinted changes

Global Financial Markets Unit
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- The **EUR rose notably right after the publication of ECB minutes** ([see](#)), along with German sovereign bond yields. The ECB minutes **hinted at a forward guidance change as soon as early 2018** ([see](#)), showing that a decoupling between QE and inflation is under discussion within the ECB. Nonetheless, ECB members pointed out that the communication should be gradual, while they were confident about European economic growth.
- Early in the session, sovereign bond yields were reversing yesterday's increase after China dismissed news on lower US Treasury purchases ([see](#)). However, after the release of the ECB minutes, **yields increased across the board, led by European core yields, as investors saw the ECB minutes as hawkish**. The EUR also could be supported by positive economic data, as Eurozone industrial production (November) beat estimates ([see](#)).
- Meanwhile, **stock prices continued to rise in the US**, underpinned by higher energy stock prices ([see](#)), while they remained mixed in the Eurozone, amid higher yields. The European banking sector outperformed today.
- **Oil prices continued robust at their highest level in 3 years**, despite signs of an overheating market ([see](#)). A lower USD and higher oil prices led to an appreciation of EM currencies, with the exception of the MXN amid **NAFTA jitters**. The lack of progress on the NAFTA renegotiations amid worries about a NAFTA withdrawal led to a decline in the MXN and the Canadian dollar. Mexican stocks were also hit ([see](#)).

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Source: Bloomberg, Datastream and Haver

* With one day delay

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