

# Market Comment | The EUR remained strong on Martin Luther King holiday

Global Financial Markets Unit  
15 Jan 2018

- The **EUR remained at its 3-year highest levels** amid optimism on tighter monetary policy from the ECB and the chance of a pro-EU German government, as the government talks are progressing ([see](#)). The EUR strength weighed on stock prices, which were mixed in Europe.
- Trading volume was significantly lower as US markets remained closed due to Martin Luther King Day. Sovereign bond yields remained little changed across the board, even in Europe.
- In Asia, the **JPY appreciated slightly after the BoJ governor offered an optimistic view on the economy and inflation**, underpinning recent expectations of a winding down of BoJ stimulus measures ([see](#)), while Chinese bonds and equities stumbled after authorities announced new steps to fight against financial risks ([see](#)).
- **Oil prices remained little changed amid mixed newsflow**. On the one hand, OPEC members gave renewed assurances on oil production cuts. On the other hand, higher US rig activity added concerns to the oil market ([see](#)). Nonetheless, commodities started the week rising across the board, due to a softer USD and robust demand.
- **EM currencies appreciated across the board with the exception of the TRY**, which suffered from idiosyncratic uncertainties ([see](#)).

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Table 1

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
US (2-yr)	2.00	0.0	1.0	19	73
US	2.55	0.0	6.6	20	11
GER (2-yr)	0.57	-0.6	4.2	13	20
Germany	0.59	0.6	8.6	20	24
France	0.86	0.9	7.3	22	5
Spain	1.53	2.9	4.8	8	10
Italy	2.00	1.8	1.7	21	13
Portugal	1.80	0.7	6.6	-2	-209
Greece	3.90	-0.3	20.4	-22	-299
Japan (2-yr)	0.13	0.2	0.7	2	6
Japan	0.08	1.4	2.7	1	1
Emerging Markets	level	Daily	Weekly	Monthly	Year
Brazil	9.82	-1.6	-19.2	53	-159
Chile	4.57	0.0	5.1	-14	25
Colombia	6.38	-0.2	3.0	-14	-72
Mexico	7.51	-6.2	6.6	12	-13
Peru	4.44	-5.9	-24.2	-49	-203
Poland	3.30	-2.3	5.8	6	-42
Russia	7.49	-3.8	15.0	-18	-66
Turkey	11.58	15.0	17.0	40	58
India	7.28	-0.5	6.7	15	90
Indonesia	6.20	-1.2	7.4	31	164
Country Risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
<b>1-yr sovereign spread vs Germany</b>					
France	27	0.3	-1.3	1	-19
Italy	141	1.2	6.9	1	-11
Portugal	121	0.1	-15.2	-23	-234
Spain	94	2.3	-3.8	-12	-14
<b>2-yr sovereign spread vs Germany</b>					
France	16	1.1	1.0	2	5
Italy	27	-0.2	2.0	-13	-34
Portugal	33	5.2	-5.5	-10	-48
Spain	20	-0.1	-2.2	-16	-28
Emerging Markets	level	Daily	Weekly	Monthly	Year
<b>5-yr sovereign CDS *</b>					
Brazil	144	-0.6	-1	-20	-127
Chile	44	-1.1	-3	-10	-39
Colombia	92	-1.4	-4	-18	-71
Mexico	96	-2.8	1	-5	-59
Peru	66	-0.3	-2	-4	-42
Poland	49	-0.3	0	-1	-27
Russia	109	-1.1	-6	-17	-67
Turkey	157	-2.7	1	-17	-115
China	47	0.8	0	-7	-70
India	67	-1.9	-2	-4	-60
Indonesia	79	0.5	-1	-12	-77
Risk Indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	Year
VIX	10	0.0	7	-3	-2
VSTOXX	11	1.6	4	-10	-5
EM EFT volatility Index	15	0.0	-5	0	-25
Dollar/Euro volatility	8	9.8	32	43	-27
EM FX volatility Index	8	2.4	2	0	-31
Credit spread (BAA)(bps)	168	0.0	-7	-14	-59
US bonds volatility Index	48	-1.2	4	6	-38
Default expectations (%)	level	Daily	Weekly	Monthly	Year
US Inflation expectations (5Y5Y)	2.29	1.6	-5	0	-25
EZ Inflation expectations (5Y5Y)	1.75	1.1	4	4	-4
Emerging 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year
US	42	-0.4	-2	-2	-29
EZ	35	-1.0	-1	-5	-73
UK	40	-0.6	2	-2	-50
Large Spanish	33	-0.7	0	-5	-84
Medium Spanish	68	-1.8	-1	-9	-83
Corporate 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year
US Non-financial	142	-0.4	2	-2	-29
EZ Non-financial	61	1.0	-1	-5	-73
UK Non-financial	96	5.5	6	1	-29
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	Year	
CONA Index	-0.26	0.00	0.0	0.0	0.0
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	1.72	0.00	0.0	0.1	0.7
Libor 12m	2.17	0.01	0.0	0.1	0.5
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	Year
S&P500	2,786	0.0	1.4	5	23
Dow Jones	25,803	0.0	2.1	5	29
Nikkei	23,715	0.3	0.0	4	21
FTSE 100	7,769	-0.1	0.9	4	8
EuroStoxx 50	3,612	0.0	0.1	2	9
IBEX	10,467	0.0	0.7	3	11
DAX	13,201	-0.3	-1.3	1	14
CAC	5,510	-0.1	0.4	3	12
MIIB	23,544	0.5	3.1	6	20
ASE Athens	948	-0.4	1.3	10	29
MSCI Latam *	87,994	0.2	-0.2	7	20
Ibovexa (Brazil)	79,752	0.5	0.5	10	29
Midex1	49,235	0.2	1.5	2	6
MSCI EM Europe *	5,647	0.5	1.2	6	12
Poland	2,543	0.1	0.2	4	27
Micex (Russia)	2,262	0.0	2.5	5	0
He 100 (Turkey)	112,159	-0.2	3.6	2	47
MSCI EM Asia *	960	0.8	0.8	6	38
Shanghai Com (China)	3,410	-0.5	0.0	4	8
Jakarta (Indonesia)	6,382	-0.1	0.4	5	21
Banking sector	level	Daily	Weekly	Monthly	Year
<b>US banks</b>					
JPM	147.8	0.0	3.3	5	23
WFC	112.7	0.0	3.8	8	30
CIT	76.8	0.0	3.1	4	25
BoA	31.2	0.0	3.6	9	36
MS	55.1	0.0	4.2	5	26
GS	257.0	0.0	2.1	1	6
<b>EZ banks</b>					
BNP	67.5	0.1	4.7	6	8
Credit Agricole	15.3	0.4	3.1	7	24
Deutsche Bank	15.4	0.4	0.1	-6	-6
ING	16.6	-0.1	4.5	7	19
Intesa	3.0	0.4	8.2	8	20
SG	46.4	-0.2	2.7	5	-4
Unicredit	17.5	0.1	6.8	6	25
<b>UK banks</b>					
RBS	94.6	-0.3	3.1	4	8
HSC	784.9	-0.9	3.5	4	17
RBS	300.1	-0.8	7.7	8	28
Barclays	195.5	0.5	2.3	-4	-17
Lloyds	70.6	0.1	3.7	6	9
<b>Large Spanish banks</b>					
Santander	90.5	0.1	3.5	5	16
BBVA	5.9	-0.3	3.7	5	17
CAIXA	7.5	0.4	3.4	5	15
<b>Medium Spanish banks</b>					
Cajabank	82.8	0.0	5.2	9	13
Sabadell	4.3	-0.2	4.9	9	30
Banqueparibas	1.9	0.6	7.0	14	37
Banque	0.5	0.0	4.2	7	12
Banque	4.3	-0.2	5.3	7	6
Currencies (% ind for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
<b>EURUSD</b>					
EURUSD	1.23	0.5	2.5	4.1	17
GBPUSD	1.38	0.5	1.7	2.8	12
USDJPY	110.53	0.5	2.3	-1.7	-6
USDCHF	90.45	-0.6	2.1	3.3	12
Emerging	level	Daily	Weekly	Monthly	Year
<b>USDARS (Argentina)</b>					
USDARS (Brazil)	18.79	-0.5	1.2	-7.7	-17
USD BRL (Chile)	3.20	0.3	1.2	4.2	1
USD CLP (Colombia)	602.76	0.1	0.4	5.6	10
USD COP (Columbia)	2849	0.4	2.0	4.9	4
USD MXN (Mexico)	18.81	1.2	2.2	1.7	12
USD PEN (Peru)	3.21	0.2	0.1	1.0	5
LACI	64.81	0.5	1.5	2.2	5
USD PLN (Poland)	3.41	0.4	2.3	5.0	18
USD RUB (Russia)	56.41	0.3	1.3	4.2	7
USD TRY (Turkey)	3.69	-1.3	1.4	2.3	6
USD CNY (China)	6.44	0.5	1.0	2.6	7
USD INR (India)	63.49	0.2	0.0	1.3	7
USD IDR (Indonesia)	13,332	0.2	0.7	1.8	1
ADXY	110.8	0.3	0.7	2.0	7
Commodities (%)					
Brent	level	Daily	Weekly	Monthly	Year
WTI	65	0.4	4.6	13	21
Copper	325	1.5	1.4	6	27
Gold	1341	0.2	1.5	7	15
S&P Spot commodity *	453	0.4	2.1	8	14
S&P Brent Spoz *	590	0.7	2.5	11	23
S&P Metals Spot *	389	0.4	0.4	6	28
S&P Agricultural *	279	-0.9	0.8	1	-7



Debt markets (10Y % changes in bp)					
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Turkey	11.58	15.0	17.0	-40	88
India	7.28	-0.5	-6.7	15	90
Indonesia	6.20	-1.2	7.4	-31	-164
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China	47	6.8	0	-7	-10
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Risk indicators					
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UK Non-financial	96	5.5	6	1	-29
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	Year	
EURIBOR 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	1.72	0.00	0.0	0.1	0.7
Libor 12m	2.17	-0.01	0.0	0.1	0.5
Stock markets (%)					
Index Prices					
level	Daily	Weekly	Monthly	Year	
S&P500	2,785	0.0	1.4	5	23
Dow Jones	25,803	0.0	2.1	5	29
Nikkei	23,715	0.3	0.0	4	21
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ASE Athens	848	-0.4	1.3	10	29
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Ibovespa (Brazil)	79,752	0.5	0.5	10	29
Mexcol	49,235	0.2	-1.5	2	6
MSCI EM Europe *	5,647	0.5	1.2	6	12
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Ise 100 (Turkey)	112,159	-2.2	-3.6	2	47
MSCI EM Asia *	960	0.8	0.8	6	38
Shanghai Com (China)	3,410	-0.5	0.0	4	8
Jakarta (Indonesia)	6,382	-0.1	0.4	5	21
Banking sector					
level	Daily	Weekly	Monthly	Year	
US banks	147.8	0.0	3.3	5	23
JPM	112.7	0.0	3.8	8	30
Citi	76.8	0.0	3.1	4	25
BoA	31.2	0.0	3.6	9	36
MS	55.1	0.0	4.2	5	26
GS	257.0	0.0	2.1	1	6
EZ banks	117.8	0.1	4.3	5	12
BNP	67.5	0.1	4.7	6	8
Credit Agricole	15.3	0.4	3.1	7	24
Deutsche Bank	15.4	0.4	0.1	-6	-6
ING	16.6	-0.1	4.5	7	19
Intesa	3.9	0.4	8.2	8	20
SG	46.4	-0.2	2.7	5	-4
Unicredit	17.5	0.1	6.8	6	25
UK banks	94.6	-0.3	3.1	4	8
HSBC	784.9	-0.9	3.5	4	17
RBS	300.1	-0.8	7.7	8	28
Barclays	195.5	0.5	-2.3	-4	-17
Lloyds	70.6	0.1	3.7	6	9
Large Spanish banks	90.5	0.1	3.5	5	16
Santander	5.9	-0.3	3.7	5	17
BBVA	7.5	0.4	3.4	5	15
Medium Spanish banks	82.8	0.0	5.2	9	13
Cakobank	4.3	-0.2	4.9	9	30
Sabadell	1.9	0.6	7.0	14	37
Bankinter	8.5	0.0	4.2	7	12
Bankia	4.3	-0.2	5.3	7	6
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.23	0.5	2.5	4.1	17
GBPUSD	1.38	0.5	1.7	2.8	12
USDJPY	110.53	0.5	2.3	-1.7	-6
DX1	90.45	-0.6	-2.1	-3.3	-12
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	18.79	-0.5	1.2	-7.7	-17
USD BRL (Brazil)	3.20	0.3	1.2	4.2	1
USD CUP (Cuba)	602.76	0.1	0.4	5.6	10
USDCOP (Colombia)	2849	0.4	2.0	4.9	4
USDMXN (Mexico)	18.81	1.2	2.2	1.7	12
USDPEN (Peru)	3.21	0.2	0.1	1.0	5
LACI	64.81	0.5	1.5	2.2	5
USDPLN (Poland)	3.41	0.4	2.3	5.0	18
USD RUB (Russia)	56.41	0.3	1.3	4.2	7
USD TRY (Turkey)	3.80	-1.3	-1.4	2.3	-6
USDCNY (China)	6.44	0.5	1.0	2.6	7
USDINR (India)	63.49	0.2	0.0	1.3	7
USDIDR (Indonesia)	13,332	0.2	0.7	1.8	1
ADXY	110.8	0.3	0.7	2.0	7
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	70.0	0.2	3.2	11	24
WTX	65	0.4	4.6	13	21
Copper	325	1.5	1.4	6	27
Gold	1341	0.2	1.5	7	15
S&P Spot commodity *	453	0.4	2.1	8	14
S&P Brent Spot *	590	0.7	2.5	11	23
S&P Metals Spot *	389	0.4	0.4	6	28
S&P Agricultural *	279	-0.9	-0.8	1	-7

Source: Bloomberg, Datastream and Haver

\* With one day delay

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