

Market Comment | China GDP 4Q figure surprised to the upside

Global Financial Markets Unit
18 Jan 2018

- **Increasing volatility in financial markets** (VIX) since its recent lowest levels did not lead to significant movements in financial markets, while **China released better-than-expected growth figures for 4Q** ([see BBVA Research report](#)). Equity markets remained almost unchanged amid mixed releases of corporate earnings, with a slight underperformance of European equity indices, which could still be suffering from the EUR's recent high levels.
- US yields inched up today to reach the 2.6% level for the first time since the last US elections, amid speculation that the US Congress will avert a **government shutdown** ([see](#)). Sovereign bond yields in the euro area remained little changed across the board, although peripheral risk premiums continued their downward trend.
- The **EUR appreciated today despite the ECB's Nowotny's warnings** about EUR strength, arguing that the recent EUR appreciation is not explained by [fundamentals](#) ([see](#)). On the other hand, the USD remained flat as shown in the DXY Index.
- **Oil prices declined as OPEC released** higher forecasts for US oil production ([see](#)). Nonetheless, EM currencies appreciated across the board, boosted by other commodities' good performance after China's GDP figures showed higher-than-expected growth. Even the MXN rose, despite Trump's comments on the NAFTA renegotiation ([see](#)).

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Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	Year	
US (2-yr)	2.65	0.6	7.1	20	84	
US	2.65	1.7	7.0	14	17	
GER (2-yr)	0.58	-1.0	-1.3	10	19	
Germany	0.57	1.2	0.7	13	23	
France	0.85	1.1	-1.4	14	4	
Spain	1.49	-1.0	-4.6	1	6	
Italy	1.59	-1.3	6.4	7	12	
Portugal	2.02	-1.6	-3.7	-4	-211	
Greece	3.80	2.9	8.4	-31	-309	
Japan (2-yr)	-0.13	0.0	0.5	2	6	
Japan	0.08	1.2	4.2	2	2	
Emerging Markets	level	Daily	Weekly	Monthly	Year	
Brazil	9.85	-4.6	5.7	72	-156	
Chile	4.55	-1.4	-1.6	-8	22	
Colombia	6.44	0.6	9.0	10	66	
Mexico	7.56	1.8	2.2	5	9	
Peru	4.43	-0.7	-26.2	-58	-204	
Poland	3.34	4.8	-1.1	2	-38	
Russia	7.51	0.3	-4.8	-13	-63	
Turkey	11.75	-2.0	27.0	-8	75	
India	7.26	4.0	-0.2	8	86	
Indonesia	6.19	1.1	-1.5	-30	-166	
Country Risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	Year	
1-yr sovereign spread vs Germany						
France	28	-0.1	-0.7	2	-19	
Italy	141	-2.5	-5.7	-5	-11	
Portugal	144	-2.8	-3.0	6	-211	
Spain	92	-2.2	-3.9	-12	-17	
2-yr sovereign spread vs Germany						
France	16	0.8	1.0	0	5	
Italy	28	1.1	0.5	-13	-33	
Portugal	53	2.8	5.3	-12	-46	
Spain	22	2.5	1.4	-10	-26	
Emerging Markets	level	Daily	Weekly	Monthly	Year	
5-yr sovereign CDS *						
Brazil	145	0.3	-2	-17	-127	
Chile	43	-0.7	-3	-8	-40	
Colombia	91	-0.8	-4	-17	-73	
Mexico	95	-1.3	6	-10	-62	
Peru	67	-0.4	-1	-10	-41	
Poland	49	0.1	3	-1	-26	
Russia	111	2.0	-2	-9	-65	
Turkey	164	3.0	0	-5	-109	
China	48	1.0	3	-4	-68	
India	67	0.4	-1	-4	-60	
Indonesia	80	0.9	1	-11	-76	
Risk Indicators						
Volatility indicators (%)	level	Daily	Weekly	Monthly	Year	
VIX	12	-0.3	2.0	16	0	
VSTOXX	12	0.3	6	7	-4	
EM EFT volatility Index	17	-0.5	9	17	-17	
Dollar/Euro volatility	7	0.9	17	35	-29	
EM FX volatility Index	8	1.4	6	5	-29	
Credit spread (BAA)(bps)	162	-1.7	-7	-17	-65	
US bonds volatility Index	46	-0.1	-5	-6	-40	
Inflation expectations (%)	level	Daily	Weekly	Monthly	Year	
US Inflation expectations (5Y5Y)	2.38	5.9	7	11	-16	
EZ Inflation expectations (5Y5Y)	1.77	1.3	3	6	-3	
Emerging 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year	
US	43	0.2	0	0	-29	
EZ	37	1.4	-2	-3	-71	
UK	41	1.1	0	-2	-49	
Large Spanish	35	1.4	-1	-2	-82	
Medium Spanish	67	0.7	-2	-10	-84	
Corporate 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year	
US Non-financial	143	0.2	0	0	-29	
EZ Non-financial	61	1.4	-2	-3	-71	
UK Non-financial	96	-0.3	6	2	-29	
Interbank markets (% changes in bp)						
level	Daily	Weekly	Monthly	Year		
CONA Index	-0.26	0.00	0.0	0.0	0.0	
Euribor 3m	-0.33	0.00	0.0	0.0	0.0	
Euribor 12m	-0.19	-0.01	0.0	0.0	-0.1	
Libor 3m	1.74	0.01	0.0	0.1	0.7	
Libor 12m	2.21	0.02	0.1	0.2	0.5	
Stock markets (%)						
Main indices	level	Daily	Weekly	Monthly	Year	
S&P500	2,798	-0.2	1.1	4	23	
Dow Jones	25,976	-0.5	1.6	5	30	
Nikkei	23,763	-0.4	0.2	4	21	
FTSE 100	7,701	-0.3	-0.8	2	7	
EuroStoxx 50	3,620	0.2	0.7	1	9	
IBEX	10,415	-0.6	-0.2	2	10	
DAX	13,281	0.7	0.6	0	15	
CAC	5,495	0.0	0.1	2	12	
MIIB	23,631	0.5	1.4	6	20	
ASE Athens	938	-0.5	1.4	7	27	
MSCI Latam *	89,700	1.3	3.1	8	22	
Ibovespa (Brazil)	81,157	0.0	2.3	12	32	
Midex1	49,236	0.0	1.9	3	7	
MSCI EM Europe *	5,722	0.9	2.6	7	13	
Poland	2,591	-0.4	2.2	6	30	
Moon (Russia)	2,297	0.9	2.3	8	1	
He 100 (Turkey)	116,856	0.2	1.9	6	53	
MSCI EM Asia *	969	0.2	1.4	7	39	
Shanghai Com (China)	3,475	0.9	1.4	5	10	
Jakarta (Indonesia)	6,473	0.7	1.6	6	23	
Banking sector	level	Daily	Weekly	Monthly	Year	
US banks						
JPM	147.8	0.0	1.5	3	23	
WFC	113.6	0.5	2.4	7	31	
CIT	77.3	-0.2	2.3	3	26	
BoA	31.4	0.7	2.4	7	37	
MS	55.5	0.2	2.3	5	27	
GS	251.5	-0.8	1.4	2	3	
EZ banks						
BNP	117.1	0.4	-0.1	5	11	
BBVA	66.6	0.4	0.6	6	6	
Citibank	15.3	0.5	0.2	7	24	
Deutsche Bank	15.2	0.5	-1.1	-10	-7	
ING	16.5	-0.1	-0.5	6	18	
Intesa	3.1	1.2	3.5	11	22	
SG	45.1	-0.3	-3.1	3	-6	
Unicredit	17.5	1.2	1.2	6	25	
UK banks						
HSBC	95.1	0.2	0.4	4	8	
RBS	788.3	-0.6	1.0	4	-18	
RBS	297.3	0.8	0.2	7	27	
Barclays	199.3	0.4	1.6	-2	-15	
Lloyds	70.9	0.7	1.6	6	10	
Large Spanish banks						
Santander	89.9	-0.1	0.2	3	15	
BBVA	5.9	0.1	0.2	4	17	
Caixa	7.4	-0.3	0.5	1	14	
Medium Spanish banks						
CaixaBank	82.1	0.1	0.5	7	12	
Sabadell	4.3	0.0	-0.3	7	30	
Bankinter	1.8	0.1	-1.0	8	34	
Banqueparibas	8.6	0.6	1.6	8	14	
Banque	4.2	-0.7	-3.2	4	3	
Currencies (% ind for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
EURUSD						
EURUSD	1.22	0.5	1.7	3.4	17	
GBPUSD	1.39	0.5	2.7	3.9	13	
USDJPY	110.90	0.4	0.3	1.8	5	
DKK	90.50	0.0	-1.5	-3.1	-12	
Emerging	level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)						
USDARS	18.86	0.0	-0.8	-7.0	-17	
USDBRL (Brazil)	3.22	0.1	-0.1	2.2	0	
USDCLP (Chile)	605.37	0.1	0.1	2.4	10	
USDCOP (Colombia)	2842	0.1	0.5	4.3	4	
USDMXN (Mexico)	18.66	0.3	3.2	2.9	13	
USDPEN (Peru)	3.21	-0.1	0.2	2.1	5	
LACI	64.77	0.0	1.0	1.8	5	
USDPLN (Poland)	3.40	0.5	1.8	4.1	18	
USD RUB (Russia)	56.44	0.7	0.1	4.0	7	
USDTRY (Turkey)	3.77	1.4	0.2	1.7	-6	
USDCNY (China)	6.42	0.2	1.3	2.8	7	
USDINR (India)	63.86	0.0	-0.3	0.3	6	
USDIDR (Indonesia)	13,347	0.1	0.4	1.7	1	
ADXY	110.7	0.1	0.4	1.9	7	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
Brent						
WTI	64	0.0	0.2	11	20	
Copper	318	0.4	-1.0	2	25	
Gold	1330	0.2	0.6	5	14	
S&P Spot commodity *	453	0.4	0.3	7	14	
S&P Brent Spoz *	587	0.3	0.2	9	22	
S&P Metals Spoz *	386	-0.4	-0.5	3	27	
S&P Agricultural *	280	0.8	0.6	1	-7	

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Germany	0.57	1.2	-0.7	13	23
France	0.85	-1.1	-1.4	14	4
Spain	1.49	-1.0	-4.6	1	6
Italy	1.99	-1.3	-6.4	7	12
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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	-0.01	0.0	0.0	-0.1
Libor 3m	1.74	0.01	0.0	0.1	0.7
Libor 12m	2.21	0.02	0.1	0.2	0.5
Stock markets (%)					
Market Indices					
S&P500	2,790	-0.2	1.1	4	23
Dow Jones	25,876	-0.5	1.6	5	30
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Shanghai Com (China)	3,475	0.9	1.4	5	10
Jakarta (Indonesia)	6,473	0.7	1.6	6	23
Banking sector					
level	Daily	Weekly	Monthly	Year	
US banks					
JPM	113.6	0.5	2.4	7	31
Citi	77.3	-0.2	2.3	3	26
BoA	31.4	0.7	2.4	7	37
MS	35.5	0.2	2.3	5	27
GS	251.5	-0.8	-1.4	-2	3
EZ banks					
BNP	117.1	0.4	-0.1	5	11
Credit Agricole	66.6	0.4	-0.6	6	6
Deutsche Bank	15.2	0.5	-1.1	-10	-7
ING	16.5	-0.1	-0.5	6	18
Intesa	3.1	1.2	3.5	13	22
SG	45.1	-0.3	-3.1	3	6
Unicredit	17.5	1.2	1.2	6	25
UK banks					
HSBC	95.1	0.2	0.4	4	8
RBS	788.3	-0.6	-1.0	4	18
RBS	297.3	0.8	0.2	7	27
Barclays	199.3	0.4	1.6	-2	-15
Lloyds	70.9	0.7	1.6	6	10
Large Spanish banks					
Santander	89.9	-0.1	0.2	3	15
BBVA	5.9	0.1	-0.2	4	17
Caixa	7.4	-0.3	0.5	1	14
Medium Spanish banks					
Cakobank	82.1	0.1	-0.5	7	12
Sabadell	4.3	0.0	-0.3	7	30
Banque	1.8	0.1	-1.0	8	34
Banque	0.6	0.6	1.8	8	14
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Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Energy					
WTI	69.3	-0.1	0.0	9	23
WTI	64	0.0	0.2	11	20
Copper	318	0.4	-1.0	2	25
Gold	1330	0.2	0.6	5	14
S&P Spot commodity *	453	0.4	0.3	7	14
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S&P Metals Spot *	386	-0.4	-0.5	3	27
S&P Agricultural *	280	0.8	-0.6	1	-7
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.22	0.5	1.7	34	17
GBPUSD	1.39	0.5	2.7	3.0	13
USDJPY	110.90	0.4	0.3	1.8	5
DXY	90.50	0.0	-1.5	-3.1	-12
Emerging					
USDARS (Argentina)	18.86	0.0	-0.8	-7.0	-17
USD BRL (Brazil)	3.22	0.1	-0.1	2.2	0
USD CUP (Cuba)	605.37	0.1	0.1	2.4	10
USD COP (Colombia)	2842	0.1	0.5	4.3	4
USD MXN (Mexico)	18.66	0.3	3.2	2.9	13
USD PEN (Peru)	3.21	-0.1	0.2	2.1	5
LACI	64.77	0.0	1.0	1.8	5
USD PLN (Poland)	3.40	0.5	1.8	4.1	18
USD RUB (Russia)	56.44	0.7	0.1	4.0	7
USD TRY (Turkey)	3.77	3.4	0.2	1.7	-5
USD CNY (China)	6.42	0.2	1.3	2.8	7
USD INR (India)	63.86	0.0	-0.3	0.3	6
USD IDR (Indonesia)	13,347	0.1	0.4	1.7	1
ADXY	110.7	0.1	0.4	1.9	7

Source: Bloomberg, Datastream and Haver

* With one day delay

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