

Market Comment | Sovereign yields rose after the BoJ reassured on stimulus

Global Financial Markets Unit
23 Jan 2018

- **The BoJ maintained its monetary policy stance and both inflation and growth forecasts** ([see statement](#)). The BoJ's Governor said that the **BoJ is not ready to reduce monetary stimulus**. Bond yields declined across the board after the announcement ([see](#)), especially in the US. European sovereign risk premiums also narrowed further. In addition, Japanese stock prices rose notably ([see](#)).
- US stock prices rose notably after the US government reached an agreement to avoid the government shutdown at least until mid-February ([see](#)) and positive corporate earnings. Nonetheless, **the early optimism faded after Trump made his first tariffs move** ([see](#)) raising concerns about protectionism. The USD suffered slightly after the announcement ([see](#)).
- European stock prices remained little changed, as did the EUR after yesterday's rise and despite the positive surprise in the European ZEW economic sentiment index ([see](#)).
- **Oil prices rose** after the IMF rose world economic growth prospects, while OPEC continued to give reassurances on oil production cuts ([see](#)). Nonetheless, EM currencies declined across the board, amid NAFTA negotiations.

Update 18 CET 23 January 2018
Table 1

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
US (2-yr)	2.62	-0.8	3.9	16	84
US	2.62	-2.8	8.5	14	8
GER (2-yr)	0.59	1.7	-1.6	4	19
Germany	0.58	-0.3	0.2	7	22
France	0.84	0.1	0.7	10	3
Spain	1.36	-3.3	-14.2	-11	-7
Italy	1.89	-3.2	6.0	2	2
Portugal	1.91	-2.5	-11.1	-16	-222
Greece	3.77	-6.9	-1.1	-37	-311
Japan (2-yr)	0.14	-0.8	-1.0	0	5
Japan	0.08	-0.7	2.8	1	1
Emerging Markets	level	Daily	Weekly	Monthly	Year
Brazil	10.00	9.2	6.9	-30	-141
Chile	4.55	-0.5	-2.2	-5	23
Colombia	6.42	-3.1	-3.4	-7	67
Mexico	7.56	-3.1	0.7	20	6
Peru	4.45	-0.4	-1.2	-48	-202
Poland	3.32	-1.1	4.5	0	-39
Russia	7.47	-4.0	-4.1	-16	-88
Turkey	11.79	-1.0	15.0	12	79
India	7.25	-1.0	-12.9	-2	87
Indonesia	6.18	0.3	1.6	-10	-166
Country Risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
1-yr sovereign spread vs Germany					
France	28	0.4	0.5	3	-18
Italy	133	-2.9	8.2	-10	-20
Portugal	135	-2.2	-11.3	0	-220
Spain	80	-3.0	-14.4	-19	-29
2-yr sovereign spread vs Germany					
France	15	-1.1	0.3	0	4
Italy	28	-1.7	1.9	9	-33
Portugal	48	-3.1	-1.9	-24	-52
Spain	20	-1.8	0.9	-6	-28
Emerging Markets	level	Daily	Weekly	Monthly	Year
5-yr sovereign CDS *					
Brazil	149	0.5	8	-15	-123
Chile	43	-0.1	-1	-7	-39
Colombia	91	-0.3	-1	-14	-72
Mexico	99	0.1	1	-8	-57
Peru	67	-0.1	1	-7	-41
Poland	46	0.0	0	0	27
Russia	112	-0.7	1	-7	-65
Turkey	165	-2.7	4	-3	-107
China	51	0.3	3	-1	66
India	68	0.3	1	-3	-59
Indonesia	81	0.4	1	-6	-75
Risk Indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	Year
VIX	11	-1.1	6	10	-1
VSTOXX	12	-0.1	5	0	-5
EM EFT volatility Index	17	4.0	6	28	-14
Dollar/Euro volatility	7	-1.3	2	27	-31
EM FX volatility Index	8	-0.6	2	1	-28
Credit spread (BAA)(bps)	168	2.8	1	-14	-59
US bonds volatility Index	53	1.2	15	4	-31
Inflation expectations (%)	level	Daily	Weekly	Monthly	Year
US Inflation expectations (5YV)	2.38	-3.3	7	5	-16
EZ Inflation expectations (5YV)	1.77	-0.5	1	6	-2
Emerging 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year
US	43	-0.3	1	0	-29
EZ	36	-0.5	0	-4	-72
UK	41	-0.9	0	0	-49
Large Spanish	31	-2.4	-3	-6	-66
Medium Spanish	64	-2.9	-4	-12	-88
Corporate 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year
US Non-financial	139	-0.3	1	0	-29
EZ Non-financial	60	-0.5	0	-4	-72
UK Non-financial	96	0.0	0	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	0.00	0.0	0.0	-0.1
Libor 3m	1.74	0.00	0.0	0.1	0.7
Libor 12m	2.23	0.00	0.0	0.1	0.5
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	Year
S&P500	2,838	0.2	2.2	6	25
Dow Jones	26,195	-0.1	1.6	6	31
Nikkei	24,124	1.3	0.7	5	23
FTSE 100	7,732	0.2	-0.3	2	8
EuroStoxx 50	3,672	0.2	1.4	3	11
IBEX	10,610	0.2	0.8	4	12
DAX	13,560	0.7	2.4	4	17
CAC	5,535	-0.1	0.4	3	13
MIIB	23,837	-0.2	1.5	7	21
ASE Athens	972	-1.6	2.3	8	33
MSCI Latam *	90,426	0.5	2.4	7	23
Ibovexa (Brazil)	81,116	-0.7	1.6	8	32
Ibexcl (Mexico)	49,906	-0.1	0.8	3	7
MSCI EM Europe *	5,793	1.2	3.0	9	15
Poland	2,630	0.4	1.5	8	32
Mosc (Russia)	2,299	-0.4	1.8	9	2
He 100 (Turkey)	118,400	1.0	3.5	7	55
MSCI EM Asia *	979	0.3	2.1	8	41
Shanghai Com (China)	3,547	1.3	3.2	8	12
Jakarta (Indonesia)	6,635	2.2	4.0	7	26
Banking sector	level	Daily	Weekly	Monthly	Year
US banks					
JPM	151.1	-0.3	2.3	5	26
CIT	114.3	0.0	1.8	6	32
Ch	78.7	0.2	2.1	4	28
BoA	31.9	0.0	2.2	7	39
MS	57.1	-0.4	4.7	8	31
GS	258.3	-1.2	-0.1	0	6
EZ banks					
BNP	118.4	-0.4	1.1	7	12
Créd Agricole	67.6	0.0	0.9	7	8
Deutsche Bank	15.3	-0.7	0.4	9	25
ING	15.9	0.6	4.3	-3	3
Intesa	16.4	-1.8	-0.8	5	18
Intesa	3.1	0.1	2.8	10	23
SG	46.1	0.2	0.1	6	-4
Unicredit	17.7	-0.7	3.1	11	26
UK banks					
RBS	96.3	0.0	1.1	5	10
HSC	785.1	0.1	-1.0	3	17
RBS	296.0	-0.2	-0.9	7	26
Barclays	209.2	0.0	4.9	3	-11
Lloyds	72.1	0.2	2.3	7	11
Large Spanish banks					
Santander	91.4	-0.2	0.7	5	17
BBVA	6.0	-0.4	1.2	7	19
Caixa	7.5	-0.1	0.2	3	15
Medium Spanish banks					
Sabadell	84.0	-0.2	1.5	9	15
Cakabank	4.4	-1.2	2.6	11	33
Sabadell	1.9	-0.4	2.3	13	38
Bankinter	0.7	-0.3	2.2	9	16
Bankia	4.3	1.6	-1.4	6	4
Currencies (% ind for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.23	0.1	0.2	3.5	17
GBPUSD	1.40	-0.1	1.3	4.6	13
USDJPY	110.43	0.4	0.0	2.5	6
DKK	90.21	-0.2	0.2	-3.4	-12
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)					
USDARS	19.34	-1.0	-2.4	-7.0	-20
USD BRL (Brazil)					
USD BRL	3.23	-0.9	-0.2	3.2	0
USD CLP (Chile)					
USD CLP	699.22	-0.5	0.3	2.2	9
USD COP (Colombia)					
USD COP	2852	0.0	0.4	3.7	4
USD MXN (Mexico)					
USD MXN	18.77	-0.5	0.0	5.0	12
USD PEN (Peru)					
USD PEN	3.22	-0.1	-0.2	0.6	5
LACI					
LACI	64.32	-0.6	0.2	2.6	4
USD PLN (Poland)					
USD PLN	3.40	0.1	0.2	3.9	18
USD RUB (Russia)					
USD RUB	56.45	0.1	0.2	3.2	6
USD TRY (Turkey)					
USD TRY	3.77	0.1	0.7	1.0	6
USD CNY (China)					
USD CNY	6.40	0.0	0.6	2.6	8
USD INR (India)					
USD INR	63.78	0.1	0.4	0.4	6
USD IDR (Indonesia)					
USD IDR	13,331	0.1	0.1	1.7	1
ADXY	111.0	0.0	0.3	1.8	7
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
Brent	70.0	-1.4	1.3	-7	-24
WTI	65	1.7	1.3	10	21
Copper	310	-2.4	-3.0	-3	-22
Gold	1328	0.3	-0.1	5	15
S&P Spot commodity *	452	0.4	0.3	5	14
S&P Brent Spoz *	584	0.6	-0.2	6	22
S&P Metals Spoz *	392	0.7	1.2	2	29
S&P Agricultural *	281	0.2	1.1	0	-7

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level	Daily	Weekly	Monthly	Year	
ECBIA 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	1.74	0.00	0.0	0.1	0.7
Libor 12m	2.23	0.00	0.0	0.1	0.5
Stock markets (%)					
Index	level	Daily	Weekly	Monthly	Year
Developed					
S&P500	2,839	0.2	-2.2	6	25
Dow Jones	26,195	-0.1	1.6	6	31
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DAX	13,560	0.7	2.4	4	17
CAC	5,935	-0.1	0.4	3	13
MIB	23,837	-0.2	1.5	7	21
ASE Athens	872	1.6	2.3	8	33
MSCI Latam *	90,426	0.5	2.4	7	23
Ibovespa (Brazil)	81,116	-0.7	1.6	8	32
Mexol	49,906	-0.1	0.8	3	7
MSCI EM Europe *	5,793	1.2	3.0	9	15
Poland	2,630	0.4	1.5	8	32
Moor (Russia)	2,299	-0.4	1.8	9	2
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Shanghai Com (China)	3,547	1.3	3.2	8	12
Jakarta (Indonesia)	6,635	2.2	4.0	7	26
Banking sector					
level	Daily	Weekly	Monthly	Year	
US banks					
JPM	114.3	0.0	1.8	6	32
Citi	78.7	0.2	2.1	4	28
BoA	31.9	0.0	2.2	7	39
MS	57.1	-0.4	4.7	8	31
GS	258.3	-1.2	-0.1	0	6
EZ banks					
BNP	118.4	-0.4	1.1	7	12
BP	67.6	0.0	0.8	7	8
Credit Agricole	15.3	-0.7	0.4	-9	25
Deutsche Bank	15.9	0.6	4.3	-3	-3
ING	16.4	-1.8	-0.8	5	18
Intesa	3.1	0.1	2.8	10	23
SG	46.1	0.2	0.1	6	4
Unicredit	17.7	-0.7	3.1	11	26
UK banks					
HSBC	96.3	0.0	1.1	5	10
RBS	785.1	0.1	-1.0	3	17
RBS	296.0	-0.2	-0.9	7	26
Barclays	209.2	0.0	4.9	3	-11
Lloyds	72.1	0.2	2.3	7	11
Large Spanish banks					
Santander	91.4	-0.2	0.7	5	17
Santander	6.0	-0.4	1.2	7	19
BBVA	7.5	-0.1	0.2	3	15
Medium Spanish banks					
Cakobank	84.0	-0.2	1.5	9	15
Cakobank	4.4	-1.2	2.6	11	33
Sabadell	1.9	-0.4	2.3	13	38
Bankinter	0.7	-0.3	2.2	9	16
Bankia	4.3	1.6	-1.4	6	4
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.23	0.1	0.2	3.5	17
GBPUSD	1.40	-0.1	1.3	4.6	13
USDJPY	110.43	0.4	0.0	2.5	6
DX	90.21	-0.2	0.2	-3.4	-12
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	19.34	-1.0	-2.4	-7.0	-20
USDBRL (Brazil)	3.23	-0.9	-0.2	3.2	0
USDCLP (Chile)	609.22	-0.5	-0.3	2.2	9
USDCOP (Colombia)	286.2	0.0	0.4	3.7	4
USDMXN (Mexico)	18.77	-0.5	0.0	5.0	12
USDPEN (Peru)	3.22	-0.1	-0.2	0.6	5
LACI	64.32	-0.6	0.3	2.6	4
USDPLN (Poland)	3.40	0.1	0.2	3.9	18
USD RUB (Russia)	56.45	0.1	0.2	3.2	6
USDTRY (Turkey)	3.77	0.1	0.7	1.0	-8
USDCNY (China)	6.40	0.0	0.6	2.6	8
USDINR (India)	63.78	0.1	0.4	0.4	6
USDIDR (Indonesia)	13,331	0.1	0.1	1.7	1
ADXY	111.0	0.0	0.3	1.8	7
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	70.0	1.4	1.3	7	24
WTX	69	1.7	1.3	10	21
Copper	310	-2.4	-3.0	-3	22
Gold	1338	0.3	-0.1	5	15
S&P Spot commodity *	452	0.4	0.3	5	14
S&P Brent Spot *	584	0.6	-0.2	6	22
S&P Metals Spot *	392	0.7	1.2	2	29
S&P Agricultural *	281	0.2	1.1	0	-7

Source: Bloomberg, Datastream and Haver

* With one day delay

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