

Market Comment | Markets steady ahead of US employment data

Global Financial Markets Unit

01 Feb 2018

- **As expected, the Fed left its monetary policy stance unchanged** ([see statement](#)). Inflation received strong attention; the committee expects it to move towards their target in the medium term. On interest rates, risks continue tilting to the upside; more hawkish appointments and rotations at the Fed reinforce this bias ([see BBVA report](#)). **Treasury yields rose in the aftermath.**
- **Stock prices were wobbly during the session as early gains in Europe triggered by positive corporate results turned into losses as the session advanced** ([see](#)). Asian and European shares ended up lower, while in the US stocks inched down ([see](#)).
- Sovereign bond yields remained little changed in Europe with the exception of Italian yields, which declined significantly, as new polling data for elections were released ([see](#)).
- **The USD was again under selling pressure**, after the FOMC meeting and ahead of the release of US January employment data. In addition, strong ISM Manufacturing PMI data (Jan) ([see](#)) were not enough to offset the effect of the disappointing fall in preliminary Nonfarm Productivity (Q4) in the USD ([see](#)). Against this backdrop, the EUR continued strong against its main peers, while European final PMI were mixed.
- Commodity prices (including Brent) rose, **as China's Caixin PMI (Jan) did not surprise to the downside** ([see](#)), along with upward pressure from a lower USD. As a result, EM currencies appreciated across the board

Table 1

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Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
US (2-yr)	2.15	1.2	18.0	23	94
US	2.75	1.1	12.9	28	31
GER (2-yr)	0.54	-1.4	2.9	7	23
Germany	0.72	-2.2	10.7	25	37
France	0.98	0.9	9.3	15	17
Spain	1.41	-2.1	0.4	-21	-3
Italy	1.96	-6.7	0.1	-13	9
Portugal	1.95	-1.8	4.2	-29	-218
Greece	3.71	-3.0	0.5	-40	-317
Japan (2-yr)	0.12	0.8	0.4	1	7
Japan	0.10	1.5	5.2	4	4
Emerging Markets	level	Daily	Weekly	Monthly	Year
Brazil	9.72	-0.3	1.9	54	-120
Chile	4.56	-0.2	0.0	5	24
Colombia	6.37	-2.7	-0.7	-7	-72
Mexico	7.57	-3.1	5.7	-1	-7
Peru	4.35	-4.7	-6.7	-53	-213
Poland	3.52	-3.7	13.3	20	-20
Russia	7.29	-9.5	-19.0	-35	-116
Turkey	11.34	-5.0	-17.0	-2	34
India	7.61	18.2	30.5	23	123
Indonesia	6.22	-4.4	-4.2	-8	-162
Country Risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
10-yr sovereign spread vs Germany					
France	26	-1.3	-1.4	-10	-21
Italy	124	-8.9	-10.8	-39	-28
Portugal	123	-4.0	-6.5	-31	-232
Spain	69	-4.3	-11.1	-46	-40
2-yr sovereign spread vs Germany					
France	14	0.9	0.2	-3	3
Italy	22	-1.2	5.1	15	40
Portugal	45	1.0	-18.9	-23	-55
Spain	18	0.7	0.7	-9	-30
Emerging Markets	level	Daily	Weekly	Monthly	Year
5-yr sovereign CDS *					
Brazil	143	-1.9	-3	-18	-129
Chile	42	-0.8	0	-7	-40
Colombia	89	-2.1	-1	-16	-74
Mexico	97	-1.9	-1	-10	-60
Peru	66	-2.0	-1	-6	-42
Poland	46	0.0	0	-1	-27
Russia	106	-4.4	-6	-11	-70
Turkey	164	-4.6	0	-1	-108
China	54	-1.0	4	4	62
India	68	0.6	1	-1	-59
Indonesia	82	-1.7	2	-4	-74
Risk Indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	Year
VIX	13	-2.7	14	25	1
VSTOXX	16	6.4	27	21	0
EM EFT volatility Index	20	-3.2	4	20	-1
Dollar/Euro volatility	7	-0.8	-4	12	-29
EM FX volatility Index	8	-1.1	-1	3	-26
Credit spread (BAA)(bps)	153	-4.1	9	20	-74
US bonds volatility Index	57	-0.1	7	16	-25
Inflation expectations (%)	level	Daily	Weekly	Monthly	Year
US Inflation expectations (5Y5Y)	2.44	-3.1	2	12	-10
EZ Inflation expectations (5Y5Y)	1.73	0.2	2	-1	-6
Emerging 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year
US	42	-0.2	-1	0	-30
EZ	37	-0.5	1	-2	-71
UK	39	-0.4	1	-1	-51
Large Spanish	33	-0.3	2	-2	-84
Medium Spanish	63	-0.1	0	-11	-88
Corporate 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year
US Non-financial	140	-0.2	-1	0	-30
EZ Non-financial	56	-0.5	1	-2	-71
UK Non-financial	96	0.2	1	3	-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	1.78	0.00	0.0	0.1	0.8
Libor 12m	2.27	0.00	0.0	0.2	0.6
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	Year
S&P500	2,829	0.2	-0.4	5	25
Dow Jones	26,263	0.4	0.5	6	32
Nikkei	23,486	1.7	0.8	3	20
FTSE 100	7,490	-0.6	-1.6	-2	4
EuroStoxx 50	3,577	-0.9	-1.5	2	8
IBEX	10,399	-0.5	-1.9	3	10
DAX	13,004	-1.4	-2.2	1	12
CAC	5,455	-0.5	-0.5	3	11
MI8	23,541	0.1	-0.8	8	20
ASE Athens	986	0.9	1.0	8	35
MSCI Latam *	92,794	0.3	0.7	8	27
Ibovexa (Brazil)	85,431	0.6	2.1	10	39
Ibexcl	50,599	0.3	0.4	1	9
MSCI EM Europe *	5,784	0.5	-0.8	7	14
Poland	2,534	-0.8	-2.1	3	27
Mosc (Russia)	2,393	0.5	-0.8	9	2
ISE 100 (Turkey)	119,044	-0.4	0.4	1	56
MSCI EM Asia *	990	0.3	-0.2	7	42
Shanghai Com (China)	3,447	-1.0	-2.9	3	9
Jakarta (Indonesia)	6,598	0.3	0.3	4	25
Banking sector	level	Daily	Weekly	Monthly	Year
US banks					
JPM	152.9	0.6	0.0	7	28
WFC	116.7	0.9	0.9	8	34
CIT	78.7	0.3	0.8	6	28
BofA	32.2	0.7	0.5	8	40
MS	57.1	0.9	0.5	9	31
GS	269.3	0.5	0.1	5	11
EZ banks	116.7	-0.3	-1.8	7	11
BNP	66.6	0.0	-2.0	7	6
Citib Agri/food	15.2	0.3	-1.5	9	24
Deutsche Bank	14.8	-0.1	-6.5	-7	9
ING	15.7	-1.0	-3.6	2	13
Intesa	3.1	-0.7	0.5	14	24
SG	46.6	-0.4	0.4	9	3
Unicredit	17.8	0.1	-1.7	13	27
UK banks	92.1	-0.4	-3.6	0	5
HSC	756.3	-0.1	2.4	2	12
RBS	286.9	-0.3	-4.1	3	22
Barclays	197.3	-1.3	-6.2	-3	-16
Lloyds	69.3	-0.3	-2.7	2	7
Large Spanish banks					
Santander	90.6	-1.1	-2.0	7	16
BBVA	5.9	-0.7	-2.2	9	18
CAIXA	7.5	-1.5	-1.8	5	15
Medium Spanish banks					
Cakabank	85.0	0.1	-1.3	11	16
Sabadell	4.4	0.4	-1.7	10	33
Bankinter	1.9	-0.8	-1.3	13	38
Banqueparibas	9.3	0.9	2.3	17	24
Banque	4.1	-0.5	6.5	0	-1
Currencies (% ind for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EUR/USD					
EUR/USD	1.25	0.5	0.7	3.5	19
GBP/USD	1.42	0.4	0.7	4.8	16
USD/JPY	109.50	-0.3	-0.1	2.5	7
CHF	88.79	-0.4	0.7	-3.4	-14
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)					
USDARS	19.43	1.1	0.8	-5.6	-21
USD BRL (Brazil)					
USD BRL	3.17	0.5	-0.7	2.8	2
USD CLP (Chile)					
USD CLP	597.03	0.7	0.3	1.6	11
USD COP (Colombia)					
USD COP	2803	1.0	-0.4	4.4	6
USD MXN (Mexico)					
USD MXN	18.39	1.1	1.1	5.9	14
USD PEN (Peru)					
USD PEN	3.21	0.2	0.0	0.7	5
LACI					
LACI	65.37	0.9	0.2	2.8	6
USD PLN (Poland)					
USD PLN	3.33	0.5	0.4	3.5	20
USD RUB (Russia)					
USD RUB	56.13	0.1	-0.4	2.4	7
USD TRY (Turkey)					
USD TRY	3.74	0.5	0.3	0.8	6
USD CNY (China)					
USD CNY	6.30	-0.1	0.5	3.0	9
USD INR (India)					
USD INR	64.03	-0.7	-0.8	-0.9	6
USD IDR (Indonesia)					
USD IDR	13,424	-0.3	-1.0	0.7	0
ADXY	111.9	0.0	0.1	1.7	8
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
WTI	65	1.0	-0.2	8	23
Copper	319	0.1	-0.4	-2	25
Gold	1342	-0.2	-0.4	2	15
S&P Spot commodity *	457	0.0	-0.9	3	15
S&P Brent Spoz *	586	0.5	1.5	3	22
S&P Metals Spoz *	394	1.0	-0.2	0	29
S&P Agricultural *	286	-0.7	1.1	1	5

Debt markets (10Y % changes in bp)					
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Spain	1.41	-2.1	-0.4	-21	-3
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Poland	3.52	-3.7	13.3	20	-20
Russia	7.29	-5.5	-19.0	-35	-116
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Italy	22	-1.2	-5.1	-15	-40
Portugal	45	1.0	-18.9	-23	-55
Spain	19	0.7	0.7	-9	-30
Emerging Markets	level	Daily	Weekly	Monthly	Year
5-yr sovereign CDS *					
Brazil	143	-1.9	-3	-18	-129
Chile	42	0.8	0	-7	-40
Colombia	89	-2.1	-1	-16	-74
Mexico	97	-1.9	-1	-10	-60
Peru	66	-2.0	-1	-6	-42
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Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	Year
VIX	13	-2.7	14	35	1
VSTOXX	16	6.4	27	21	0
EM EFT volatility index	20	-3.2	4	20	-1
Dobsonoro volatility	7	-0.8	-4	12	-9
EM FX volatility index	8	-1.1	-1	3	-26
Credit spread (BAA) (bps)	153	-4.1	9	20	-74
US bonds volatility index	57	-0.1	7	16	-25
Inflation expectations (%)	level	Daily	Weekly	Monthly	Year
US Inflation expectations (5YSY)	2.44	-3.1	2	12	-10
EZ Inflation expectations (5YSY)	1.73	0.2	2	-1	6
Banking 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year
US	42	-0.2	-1	0	-30
EZ	37	-0.5	1	-2	-71
UK	39	-0.4	1	-1	-51
Large Spanish	32	-0.3	2	-2	-84
Medium Spanish	63	-0.1	0	-11	-88
Corporate 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year
US Non-financial	140	-0.2	1	0	-30
EZ Non-financial	98	-0.5	1	-2	-71
UK Non-financial	96	0.2	1	3	-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	1.78	0.00	0.0	0.1	0.8
Libor 12m	2.27	0.00	0.0	0.2	0.6
Stock markets (%)					
Index	level	Daily	Weekly	Monthly	Year
US indices					
S&P500	2,829	0.2	-0.4	5	25
Dow Jones	26,263	0.4	-0.5	6	32
Nikkei	23,486	1.7	0.8	3	20
FTSE 100	7,490	-0.5	-1.6	-2	-4
EuroStoxx 50					
IBEX	10,399	-0.5	-1.9	3	10
DAX	13,004	-1.4	2.2	1	12
CAC	5,455	0.5	0.5	3	11
MIB	23,541	0.1	-0.8	8	20
ASE Athens	886	0.9	1.0	8	35
MSCI Latam *	92,794	-0.3	0.7	8	27
Ibovespa (Brazil)	85,431	0.6	2.1	10	39
Mexcol	50,599	0.3	0.4	1	9
MSCI EM Europe *	5,784	0.5	-0.8	7	14
Poland	2,514	-0.8	2.1	3	27
Moor (Russia)	2,303	0.5	-0.8	9	2
Ise 100 (Turkey)	119,044	-0.4	0.4	1	56
MSCI EM Asia *	990	-0.3	0.2	7	42
Shanghai Com (China)	3,447	-1.0	-2.9	3	9
Jakarta (Indonesia)	6,598	0.3	0.3	4	25
Banking sector	level	Daily	Weekly	Monthly	Year
US banks					
JPM	116.7	0.9	0.9	8	34
Citi	78.7	0.3	-0.9	6	28
BoA	32.2	0.7	0.5	8	40
MS	57.1	0.9	0.5	9	31
GS	269.3	0.5	0.1	5	11
EZ banks					
BNP	116.7	-0.3	-1.8	7	11
BP	66.6	0.0	-2.0	7	6
Credit Agricole	15.2	0.3	-1.5	9	24
Deutsche Bank	14.8	-0.1	-6.5	-7	-9
ING	15.7	-1.0	-3.6	2	13
Intesa	3.1	-0.7	0.5	14	24
SG	46.6	-0.4	0.4	8	-3
Unicredit	17.8	0.1	-1.7	13	27
UK banks					
HSBC	92.1	-0.4	-3.6	0	5
RBS	750.3	-0.1	-2.4	-2	12
RBS	286.9	-0.3	-4.1	3	22
Barclays	197.3	-1.3	-6.2	-3	-16
Lloyds	69.3	0.3	2.7	2	7
Large Spanish banks					
Santander	90.6	-1.1	-2.0	7	16
BBVA	5.9	-0.7	-2.2	9	18
Caixa	7.5	-1.5	-1.9	5	15
Medium Spanish banks					
Cakobank	85.0	0.1	-1.3	11	16
Sabadell	4.4	0.4	-1.7	10	33
Banque	1.9	-0.8	-1.3	13	38
Banque	9.3	0.9	2.3	17	24
Banque	4.1	-0.5	-6.5	0	-1
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.25	0.5	0.7	3.5	19
GBPUSD	1.42	0.4	0.7	4.8	16
USDJPY	109.50	-0.3	-0.1	2.5	7
DKX	88.79	-0.4	0.7	-3.4	-14
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	19.43	1.1	0.8	-5.6	-21
USD BRL (Brazil)	3.17	0.5	-0.7	2.8	2
USD CUP (Cuba)	597.03	0.7	0.3	1.6	11
USD COP (Colombia)	280.3	1.0	-0.4	4.4	6
USD MXN (Mexico)	18.39	1.1	1.1	5.9	14
USD PEN (Peru)	3.21	0.2	0.0	0.7	5
LACI	65.37	0.9	0.2	2.0	6
USD PLN (Poland)	3.33	0.5	0.4	3.5	20
USD RUB (Russia)	56.13	0.1	0.4	2.4	7
USD TRY (Turkey)	3.74	0.5	0.3	0.8	-5
USD CNY (China)	6.30	-0.1	0.5	3.0	9
USD INR (India)	64.03	-0.7	-0.8	-0.9	6
USD IDR (Indonesia)	13,424	-0.3	-1.0	0.7	0
ADXY	111.9	0.0	0.1	1.7	8
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
 Brent					
WTX	69.2	0.3	-1.7	4	23
Copper	3.19	0.1	-0.4	-2	25
Gold	1342	-0.2	0.4	2	15
S&P Spot commodity *	45.7	0.0	-0.9	3	15
S&P Brent Spot *	58.6	0.5	-1.5	3	22
S&P Metals Spot *	394	1.0	-0.2	0	29
S&P Agricultural *	286	-0.7	1.1	1	-5

Source: Bloomberg, Datastream and Haver

* With one day delay

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Table 1