

# Market Comment | Steady markets ahead of Fed meeting

Global Financial Markets Unit  
20 Mar 2018

- **Stock prices halted yesterday's sell-off triggered by the underperformance of technological stocks in the US.** Volatility receded slightly but remained close to the 19 level. Stock prices inched up across the board, but remained little changed waiting for tomorrow's Fed monetary policy meeting ([see](#)).
- **Sovereign bond yields remained little changed and European peripheral countries continued to show declining risk premiums.** Spanish sovereign risk premiums remained close to the 70 level.
- **The USD inched up amid expectations that the Fed may raise interest rates again in March.** The EUR depreciated against the USD, after ZEW survey expectations (Feb) came in below forecast.
- **Oil prices rose significantly during the session amid tensions in the Middle East** and lower output in Venezuela ([see](#)). EM currencies were mixed amid higher USD and higher oil prices.

Table 1

Update 18 CET 20 March 2018

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.33	2.1	7.4	14	41
US	2.88	2.2	3.5	0	41
GER (2-yr)	0.59	0.8	0.9	-2	3
Germany	0.59	1.6	3.4	12	12
France	0.83	0.8	3.7	13	0
Spain	1.31	-3.2	8.8	-23	-39
Italy	1.50	-6.7	9.6	18	-29
Portugal	1.73	-1.4	-7.4	-28	-28
Greece	4.19	-0.3	4.9	-9	8
Japan (2-yr)	0.15	-0.7	0.9	0	-2
Japan	0.04	-1.0	1.6	-1	-1
Emerging Markets					
Brazil	9.52	2.5	9.8	-32	-74
Chile	4.50	0.2	-2.6	-7	-1
Colombia	6.70	1.0	5.6	14	26
Mexico	7.53	0.1	11.3	-17	-4
Peru	4.60	-1.7	0.7	13	-27
Poland	3.33	5.8	-2.1	-15	1
Russia	7.20	-3.5	1.2	5	-44
Turkey	12.28	-25.0	6.0	67	92
India	7.62	1.1	-3.5	4	23
Indonesia	6.24	0.7	3.6	31	44
Country Risk (bp, changes in bp)					
Developed Markets					
1-yr sovereign spread vs Germany					
France	24	-0.8	-0.3	-1	-5
Italy	131	-8.3	6.2	-6	-34
Portugal	114	-3.0	-4.0	-16	-33
Spain	72	-4.8	-5.4	-11	-35
2-yr sovereign spread vs Germany					
France	12	0.9	1.3	-3	-4
Italy	33	-1.8	-1.2	-4	-4
Portugal	45	-1.9	-2.2	-23	-23
Spain	29	-2.1	-2.0	-8	-2
Emerging Markets					
5-yr sovereign CDS *					
Brazil	152	4.9	8	-1	-9
Chile	46	1.2	3	-5	-3
Colombia	100	5.1	4	-4	-5
Mexico	107	2.2	3	2	0
Peru	74	3.0	3	-4	2
Poland	49	0.4	4	2	1
Russia	111	3.3	7	-2	-7
Turkey	180	4.2	12	7	16
China	58	1.2	4	0	7
India	67	-1.3	0	-7	-2
Indonesia	93	2.9	5	5	7
Risk Indicators					
Volatility indicators (change in pp)					
VIX	19	-0.3	2	-1	9
VSTOXX	15	-1.1	-1	-2	2
EM EFT volatility Index	22	-0.8	0	-2	5
Dollar/rupee volatility	7	-0.1	0	-2	0
EM FX volatility Index	8	0.1	0	-1	0
Credit spread (BAA) (change in bps)	177	-2.2	-2	12	0
US bonds volatility Index	60	1.0	5	-3	11
Inflation expectations (%)					
US Inflation expectations (5Y5Y)					
US Inflation expectations (5Y5Y)	2.39	-	1	1	7
EZ Inflation expectations (5Y5Y)					
EZ Inflation expectations (5Y5Y)	1.68	-	2	7	6
Emerging 5y CDS (bps) *					
US	51	0.9	2	1	9
EZ	50	1.8	6	2	11
UK	46	1.6	5	2	5
Large Spanish	44	1.6	6	0	9
Medium Spanish	68	0.3	0	0	-6
Corporate 5y CDS (bps) *					
US Non-financial	145	0.9	2	1	9
EZ Non-financial	61	1.8	6	2	11
UK Non-financial	98	0.0	0	-2	5
Interbank markets (% changes in bp)					
EONIA Index	0.27	0	0	0	0
Euribor 3m	0.33	0	0	0	0
Euribor 12m	0.19	0	0	0	-1
Libor 3m	2.22	2	12	35	53
Libor 12m	2.63	2	7	25	53
Stock markets (%)					
Main indices					
S&P500	2,718	0.2	-1.7	-1	1
Dow Jones	24,719	0.4	-1.2	-2	0
Nikkei	21,381	-0.5	2.7	-2	-6
FTSE 100	7,061	0.3	-1.1	-3	-8
Eurostoxx 50	3,412	0.5	0.4	0	-2
IBEX	9,652	0.2	-0.1	-2	-4
DAX	12,387	0.7	0.7	-1	4
CAC	5,252	0.6	0.2	-1	-1
MIIB	22,798	0.7	0.5	0	4
ASE Athens	806	-0.2	2.9	5	2
MSCI Latam *	89,820	-0.7	-2.9	-2	-5
Ibovpa (Brazil)	84,272	0.4	2.4	0	8
MIB30	47,156	-0.7	2.9	4	6
MSCI EM Europe *	5,531	-1.0	-3.0	-2	-3
Poland	2,272	1.0	-3.4	-6	-8
Mosc (Russia)	2,291	0.4	-1.2	2	9
Hse 100 (Turkey)	116,432	0.9	1.6	0	1
MSCI EM Asia *	959	-0.6	-0.6	2	4
Shanghai Com (China)	3,291	0.3	0.6	3	-2
Jakarta (Indonesia)	6,244	-1.0	-4.0	-5	-2
Banking sector					
US banks					
JPM	149.8	0.6	-1.4	0	5
WFC	114.9	0.3	-1.1	0	6
CIT	73.2	0.7	-2.2	5	-2
BoA	32.1	0.4	-0.8	0	7
MS	57.6	1.2	-0.7	5	10
GS	263.4	0.3	1.9	-1	-3
EZ banks					
BNP	108.6	0.3	-0.2	-3	-1
BNP	61.6	-0.2	-1.6	-5	-1
Citib-AgriAde	13.7	0.5	0.3	0	-2
Deutsche Bank	12.7	0.9	-1.3	2	-21
ING	14.1	0.4	0.4	-4	-8
Intesa	3.1	0.6	0.5	-3	11
SG	45.5	-0.3	0.4	-2	5
Unicredit	17.2	0.5	2.4	-3	10
UK banks					
HSBC	90.0	0.7	1.4	-2	-2
HSBC	699.1	0.5	0.2	6	-9
RBS	263.5	2.3	1.6	-4	-5
Barclays	216.0	-0.5	3.0	8	6
Lloyds	67.9	1.1	1.4	0	0
Large Spanish banks					
Santander	81.0	0.4	-1.3	-6	4
BBVA	5.4	0.1	-1.6	-4	-2
BBVA	6.6	0.7	-1.1	-7	-7
Medium Spanish banks					
Cajabank	77.8	0.7	0.1	-3	1
Cajabank	3.9	2.4	1.2	-2	-1
Sabadell	1.7	1.5	1.2	-7	1
Bankinter	8.7	-0.3	0.4	-2	9
Bankia	3.8	-0.2	-1.3	-3	-6
Currencies (% ind for currency depreciation)					
Developed					
EURUSD	1.23	-0.7	-1.1	-1.2	2
GBPUSD	1.40	-0.2	0.2	0.2	3
USDJPY	106.42	-0.3	0.2	0.2	5
EURCHF	90.35	0.7	0.8	1.4	-2
Emerging					
USDARS (Argentina)	20.24	-0.1	-0.1	-2.4	-10
USDBRL (Brazil)	3.30	-0.5	-1.2	-2.2	-1
USDCLP (Chile)	610.65	-0.2	-1.3	-2.9	-1
USDCOP (Colombia)	2871	-0.5	-0.6	-1.2	2
USDMXN (Mexico)	18.78	-0.4	0.9	-1.4	4
USDPEN (Peru)	3.27	0.1	-0.2	-0.6	-1
USDRUB (Russia)	63.47	-0.3	-1.0	-1.9	0
USDLPL (Poland)	3.45	-0.8	-1.5	-3.0	0
USDTRY (Turkey)	57.59	0.3	0.9	-2.1	0
USDCNY (China)	3.93	0.1	1.5	-4.9	-4
USDCNY (China)	6.33	0.0	-0.2	0.1	2
USDINR (India)	65.20	0.0	-0.5	-1.5	-3
USDIR (Indonesia)	13.748	0.1	0.0	-1.7	-2
ADXY	111.2	-0.1	0.2	0.5	1
Commodities (%)					
Brent					
WTX	63	2.0	4.3	3	5
Copper	303	-1.3	-2.9	-7	-7
Gold	1310	-0.5	-1.2	-3	-1
S&P Spot commodity *	441	-0.8	0.2	-1	0
S&P Brent Spoz *	560	-0.3	2.0	2	-1
S&P Metals Spoz *	374	-0.3	-1.2	-6	-5
S&P Agricultural *	292	-2.2	-3.9	-1	-3

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: [www.bbva.com](http://www.bbva.com) / Corporate Governance".

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.

---

Fuente: BBVA Research

---

Fuente: BBVA Research

Debt markets (10Y, % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
US (2-yr)	2.11	0.6	-3.1	14	90
UK	2.85	2.9	1.2	0	41
GER (2-yr)	-0.56	-1.0	-2.0	5	21
Germany	0.75	-1.4	-1.9	21	48
France	0.99	-1.1	-3.3	17	18
Spain	1.46	0.5	-1.7	-10	2
Italy	2.01	2.1	-3.6	2	15
Portugal	2.07	4.1	5.5	0	205
Greece	4.10	28.1	42.3	39	-279
Japan (2-yr)	-0.35	-0.2	-2.0	3	4
Japan	0.07	-2.0	-2.0	0	0
Emerging Markets					
level	Daily	Weekly	Monthly	Year	
Brazil	9.91	5.3	11.3	-7	-150
Chile	4.56	0.0	0.3	2	24
Colombia	6.54	-0.1	17.8	19	-55
Mexico	7.68	4.2	9.4	12	4
Peru	4.46	2.5	8.9	-23	-201
Poland	3.59	0.5	0.9	26	-12
Russia	7.23	1.1	4.3	-33	-122
Turkey	13.72	11.0	32.0	27	72
India	7.49	2.1	-7.2	23	111
Indonesia	6.37	1.0	9.5	13	-142
Country risk bp (changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
<b>10-yr sovereign spread vs Germany</b>					
France	24	0.3	-1.4	-3	-23
Italy	127	3.5	-1.7	-23	-26
Portugal	132	5.5	7.4	3	-223
Spain	71	1.9	0.2	-30	-38
<b>2-yr sovereign spread vs Germany</b>					
France	14	0.2	0.1	0	4
Italy	24	-0.2	1.5	-8	-37
Portugal	48	0.2	17.3	-4	-52
Spain	36	0.4	15.9	13	-12
Emerging Markets					
level	Daily	Weekly	Monthly	Year	
<b>5-yr sovereign CDS *</b>					
Brazil	165	13.5	20	20	-107
Chile	49	3.5	7	4	-33
Colombia	101	6.6	13	8	-62
Mexico	109	8.1	13	13	-47
Peru	77	6.8	11	10	-31
Poland	51	1.4	3	5	-25
Russia	113	6.4	8	-2	-64
Turkey	174	8.4	12	11	-98
China	64	5.4	10	21	-52
India	72	1.0	5	3	-55
Indonesia	91	6.0	10	14	-65
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	Year
VIX	30	-9.4	75	209	18
VSTOXX	31	-2.6	78	166	15
EM EFT volatility index	31	-12.0	36	90	55
Dollar Euro volatility	9	-1.1	22	56	10
EM FX volatility index	9	5.4	9	23	-16
Credit spread (BAA) (bps)	161	2.9	3	9	66
US bonds volatility index	88	9.4	12	88	-11
Inflation expectations (%)					
level	Daily	Weekly	Monthly	Year	
US Inflation expectations (5Y5Y)	2.45	-	5	11	-9
EZ Inflation expectations (5Y5Y)	1.75	-	0	2	-5
Outgoing 5y CDS (bps) *					
level	Daily	Weekly	Monthly	Year	
US	49	-2.0	18	7	-23
EZ	45	4.6	8	6	-63
UK	44	2.5	5	3	-46
Large Spanish	42	5.8	10	6	-75
Medium Spanish	64	0.3	2	-6	-87
Corporate 5y CDS (bps) *					
level	Daily	Weekly	Monthly	Year	
US Non-financial	153	2.0	7	7	-23
EZ Non-financial	61	4.6	6	6	-63
UK Non-financial	97	0.5	2	7	-28
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	Year	
OMIA 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	1.80	0.00	0.0	0.1	0.8
Libor 12m	2.29	0.00	0.0	0.1	0.6
Stock markets (%)					
Index	level	Daily	Weekly	Monthly	Year
<b>US indices</b>					
S&P500	2,603	0.5	-3.8	5	15
Dow Jones	24,040	0.8	-5.8	-5	21
Nikkei	21,383	2.3	-8.1	-10	9
FTSE 100	7,123	-0.7	-4.3	-8	-1
EuroStoxx 50	3,344	-1.0	-5.1	-7	1
IBEX	9,664	-0.9	-5.4	-7	2
DAX	12,174	0.7	-4.8	-8	5
CAC	5,108	-0.8	-4.8	-7	4
MIIB	22,263	0.9	-4.0	-4	13
ASE Athens	829	-1.5	-5.3	-1	26
MSCI Latam *	88,661	-1.8	-4.9	1	21
Ibovespa (Brazil)	81,606	0.1	-2.9	4	33
Mexbol	47,988	0.3	-4.8	-2	3
MSCI EM Europe *	5,558	-1.5	-4.1	-1	10
Poland	2,395	-0.5	-4.5	-5	20
Micex (Russia)	2,205	-1.0	-3.4	-1	-3
ISEQ100 (Turkey)	113,590	0.6	-3.8	0	49
MSCI EM Asia *	922	-0.2	-6.3	4	32
Shanghai Com (China)	3,130	-4.1	-9.6	-9	-1
Jakarta Indonesia	6,506	-0.4	-1.4	2	23
Banking sector					
level	Daily	Weekly	Monthly	Year	
<b>US banks</b>					
JPM	141.1	0.5	-5.7	3	18
Citi	109.4	1.4	-4.2	-1	26
BoA	72.8	1.3	-5.5	-4	19
Wells	30.1	1.1	-5.9	-2	31
MS	51.9	0.2	6.5	-4	19
GS	248.0	0.7	-4.6	-2	2
<b>EZ banks</b>					
BNP	109.8	-2.3	-4.6	-6	4
Credit Agricole	65.0	-2.2	-4.5	-5	0
Deutsche Bank	19.9	-2.9	-7.3	-8	13
ING	12.6	-1.7	-9.2	-19	23
Intesa	14.7	-2.7	-6.2	-11	6
SG	3.1	2.1	-1.1	4	21
UkreaBank	44.0	-2.4	-4.1	-5	-9
Unicredit	17.7	0.9	0.6	4	26
<b>UK banks</b>					
HSC	89.3	-1.2	-2.7	-6	2
RBS	732.2	-0.2	-2.4	-8	9
Barclays	275.6	-2.8	-3.8	-6	18
Lloyds	192.6	-0.8	-1.5	-4	-18
<b>Large Spanish banks</b>					
Santander	65.5	-1.6	-3.2	-4	3
BBVA	84.4	-1.8	-5.5	-5	8
<b>Medium Spanish banks</b>					
Cajabank	5.5	-1.8	-6.4	-6	9
Sabadell	-7.0	-1.7	-4.7	-5	8
CaixaBank	79.7	-2.0	-4.0	-2	9
CaixaBank	4.0	-1.6	-5.4	-6	22
Sabadell	1.8	-1.9	-3.3	-5	29
Banqueparibas	6.9	2.2	-3.5	7	17
Banque	3.8	-2.3	-4.5	-10	-7
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.22	0.1	-1.8	-2.4	17
GBPUSD	1.38	0.8	-2.2	2.2	12
USDJPY	108.88	-0.1	1.2	2.3	7
USDX	90.35	0.1	1.3	-2.1	-12
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	20.05	-0.5	-2.9	-7.6	-25
USDBRL (Brazil)	3.28	0.1	-2.0	-1.5	-2
USDCLP (Chile)	602.97	0.0	0.0	1.0	10
USDCOP (Colombia)	2892	-0.2	-1.8	0.1	3
USDMXN (Mexico)	18.78	0.6	-1.0	2.7	12
USDPEN (Peru)	3.27	-0.2	-1.7	-1.6	3
USDRUB (Russia)	63.70	0.1	-1.5	-0.1	3
USDPOLN (Poland)	3.42	0.1	-2.2	2.1	18
USDRUS (Russia)	58.34	0.1	-3.2	-2.2	3
USDTRY (Turkey)	3.82	0.0	-1.4	-0.6	-7
USDCNY (China)	6.30	0.4	0.0	3.2	9
USDINR (India)	64.40	-0.2	-0.5	-1.3	5
USDIR (Indonesia)	13,628	-0.2	-1.3	-1.5	-1
ADXY	111.2	0.5	-0.4	1.2	8
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
<b>Energy</b>					
Brent	63.9	-1.5	-6.9	-8	13
NFA	69	-1.4	-7.8	-5	13
Copper	305	0.6	-3.9	-5	20
Gold	1312	0.5	-1.6	0	13
S&P Spot commodity *	438	-0.5	-4.0	-3	11
S&P Brent Spot *	550	-1.2	-7.7	-6	15
S&P Metals Spot *	382	0.2	-2.6	-2	25
S&P Agricultural *	290	0.0	1.7	3	-3

