

Market Comment | Tentative mood ahead of first Fed meeting chaired by Powell

Global Financial Markets Unit
21 Mar 2018

- **Financial markets were in a tentative mood, with major assets showing a mixed performance across the board, ahead of the Fed monetary policy meeting, the first to be held by the new Chairman Jerome Powell.** It is expected that the Fed will increase interest rates and review its forecasts ([see](#)).
- Technological stocks underperformed, especially those related to data misuse, information unveiled early this week ([see](#)).
- Meanwhile, **sovereign bond yields were mixed amid lingering worries about US tariffs** ([see](#)). Nonetheless, European peripheral risk premiums remained at their recent low levels.
- **Commodity prices rose across the board following the recent upward trend triggered by worries about the Middle East and after a surprise decline in US crude oil inventories.** Following higher commodity prices and lower USD, emerging currencies showed a widespread appreciation, especially the MXN amid positive news regarding NAFTA ([see](#)).

Table 1
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Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.34	-0.4	8.3	15	42
US	2.90	0.4	8.3	2	44
GER (2-yr)	0.59	-0.4	-1.3	-2	2
Germany	0.59	0.7	0.1	-14	13
France	0.83	0.4	0.8	-16	1
Spain	1.34	2.7	6.4	-26	-36
Italy	1.93	3.5	0.2	-20	-25
Portugal	1.76	2.9	-4.4	-26	-25
Greece	4.22	2.9	5.3	-5	11
Japan (2-yr)	0.15	0.8	-1.0	-1	-2
Japan	0.04	-0.7	-1.9	-1	-1
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	9.47	-6.1	1.3	-30	-78
Chile	4.50	0.0	-1.4	-7	-1
Colombia	6.71	1.2	-2.6	16	27
Mexico	7.55	-1.3	0.6	-19	-3
Peru	4.59	1.4	2.5	1	-28
Poland	3.38	4.8	6.3	-14	6
Russia	7.16	-3.3	-4.2	5	-47
Turkey	12.17	-11.0	-11.0	61	81
India	7.58	-3.5	-10.2	0	20
Indonesia	6.27	3.6	9.4	32	47
Country Risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
1-yr sovereign spread vs Germany					
France	24	-0.3	-0.7	-2	-5
Italy	134	2.8	8.1	-6	-31
Portugal	117	2.2	-4.3	-12	-30
Spain	74	2.0	-6.3	-11	-33
2-yr sovereign spread vs Germany					
France	12	0.3	1.2	-4	-4
Italy	33	0.2	2.6	5	-4
Portugal	49	3.9	2.0	-21	-19
Spain	29	-0.2	-2.4	-9	2
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *					
Brazil	163	11.7	19	12	3
Chile	51	5.8	8	4	2
Colombia	108	7.8	13	11	3
Mexico	116	9.1	12	15	9
Peru	82	8.3	11	9	10
Poland	48	-0.9	3	2	0
Russia	123	11.2	18	12	3
Turkey	195	14.8	22	32	30
China	65	7.1	10	8	14
India	74	-3.3	7	6	5
Indonesia	102	9.8	15	17	17
Risk Indicators					
Volatility indicators (change in pp)	level	Daily	Weekly	Monthly	YTD
VIX	17	-1.1	0	-2	7
VSTOXX	15	-0.5	-2	-4	1
EM EFT volatility Index	22	-0.9	1	-1	5
Dollar/Euro volatility	7	0.0	0	-2	0
EM FX volatility Index	8	0.0	0	-1	0
Credit spread (BAA) (change in bps)	178	-0.4	-1	13	0
US bonds volatility Index	56	-2.1	0	-5	0
Inflation expectations (%)					
level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.36	-	-1	-2	4
EZ Inflation expectations (5Y5Y)	1.69	-	0	6	-5
Emerging 5Y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	55	3.7	5	5	13
EZ	54	4.0	8	8	15
UK	50	3.9	8	7	9
Large Spanish	50	5.8	11	7	14
Medium Spanish	73	4.2	5	5	-1
Corporate 5Y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	157	3.7	5	5	13
EZ Non-financial	67	4.0	8	6	15
UK Non-financial	103	4.9	5	4	10
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
ECOA Index	0.37	0	-1	0	0
Euribor 3m	0.33	0	0	0	0
Euribor 12m	-0.19	0	0	0	-1
Libor 3m	2.25	-3	12	36	-55
Libor 12m	2.65	2	7	26	54
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,729	0.5	-0.7	0	1
Dow Jones	24,860	0.5	0.4	-1	0
Nikkei	21,381	0.0	-1.8	-3	-6
FTSE 100	7,039	-0.3	-1.3	-3	-8
EuroStoxx 50	3,401	-0.3	0.3	0	-3
IBEX	9,631	-0.5	-0.6	-2	-4
DAX	12,399	0.0	0.6	-1	-4
CAC	5,240	-0.2	0.1	0	-1
MIIB	22,820	0.1	1.6	1	4
ASE Athens	800	-0.7	2.4	5	2
MSCI Latam *	89,834	0.0	-2.4	-1	5
Ibovpa (Brazil)	84,565	0.5	-1.7	0	9
MIB30	47,493	0.9	-1.4	-3	-5
MSCI Europe *	5,570	0.7	-2.0	-1	3
Poland	2,321	2.1	0.7	-4	-6
Micex (Russia)	2,399	0.8	1.5	2	9
He 100 (Turkey)	117,891	1.0	0.0	2	0
MSCI EM Asia *	963	0.4	-0.3	3	4
Shanghai Com (China)	3,281	-0.3	-0.3	3	-2
Jakarta (Indonesia)	6,313	0.4	-1.6	-4	-1
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	149.9	0.4	0.1	0	5
WFC	115.7	0.9	0.7	1	7
CIT	73.5	0.8	0.0	-4	-1
BofA	32.1	0.3	-0.2	0	7
MS	57.6	0.2	1.0	4	10
GS	263.7	-0.2	-0.3	-1	-3
EZ banks					
BNP	107.4	-1.1	0.0	-3	-2
BNP	61.2	-0.6	0.6	-5	-1
Citibank	13.6	-0.7	0.7	-1	-3
Deutsche Bank	12.0	-5.2	-5.5	-9	-25
ING	14.0	-0.7	-0.2	-4	-9
Intesa	3.0	-0.6	1.5	-2	10
SG	45.1	-0.8	0.1	-3	4
Unicredit	17.0	-1.1	2.6	-3	8
UK banks					
HSBC	89.0	-1.1	1.1	-3	-4
HSBC	694.0	-0.7	0.5	-9	-9
RBS	261.9	-0.6	1.6	-5	-6
Barclays	211.5	-2.1	2.0	5	4
Lloyds	67.2	-1.0	0.7	-1	-1
Large Spanish banks					
Santander	80.2	-0.9	-0.6	-6	-5
BBVA	5.3	-0.8	0.6	-5	-2
BBVA	6.5	-1.0	-0.6	-7	-8
Medium Spanish banks					
Cakabank	77.1	-0.9	0.1	-5	0
Cakabank	3.9	-0.5	2.0	-4	-1
Sabadell	1.7	-0.8	1.1	-8	0
Banqueparibas	8.6	-1.3	-1.2	-3	-8
Banqueparibas	3.8	-1.1	-1.2	-4	-7
Currencies (% ind for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD					
EURUSD	1.23	0.2	0.9	-1.2	2
GBPUSD	1.41	0.5	0.8	0.5	4
USDJPY	106.32	0.2	0.0	0.3	5
EURCHF	90.18	-0.2	0.5	1.2	-2
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)					
USDARS (Brazil)	20.28	-0.1	-0.2	-1.9	-10
USDARS (Chile)	3.28	1.0	-0.5	-1.4	-1
USDARS (Colombia)	605.79	0.8	0.8	-1.9	0
USDARS (Cuba)	2849	0.7	-0.2	0.4	3
USDARS (Mexico)	18.59	1.0	0.0	0.3	5
USDARS (Peru)	3.26	0.3	-0.1	-0.3	-1
LACI	63.83	0.8	0.2	-1.0	1
USDARS (Poland)	3.45	0.2	-1.6	-3.5	0
USDARS (Russia)	57.30	0.5	-0.2	-1.4	0
USDARS (Turkey)	3.83	0.2	1.2	4.4	4
USDARS (China)	6.32	0.2	-0.1	0.3	3
USDARS (India)	65.21	0.0	-0.5	-1.5	-3
USDARS (Indonesia)	13.761	-0.1	0.2	-1.5	-2
ADXY	111.3	0.1	0.3	0.4	1
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent					
WTI	65	2.6	6.7	5	8
Copper	305	0.7	-2.9	-6	-6
Gold	1324	1.0	-0.1	-2	0
S&P Spot commodity *	446	1.1	1.0	1	1
S&P Brent Spot *	571	2.0	3.7	4	1
S&P Metals Spot *	370	-1.1	-2.1	-7	-6
S&P Agricultural *	293	0.2	-3.5	-1	-3

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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	40
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)	-0.15	-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	4.96	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	11.72	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
10-yr sovereign spread vs Germany					
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
2-yr sovereign spread vs Germany					
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	
5-yr sovereign CDS *					
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	38	-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	1	1	-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	8	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
US Indices					
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	
US banks					
JPM	109.4	1.4	-4.2	-1	26
Citi	72.8	1.3	-5.5	-4	19
BofA	30.1	1.1	-5.9	-2	31
HS	51.9	0.2	6.5	-4	19
GS	248.0	0.7	-4.6	-2	2
EZ banks					
BNP	109.8	-2.3	-4.6	-6	4
Credit Agricole	65.0	-2.2	-4.5	-5	0
Deutsche Bank	12.6	-1.7	-9.2	-19	-23
ING	14.7	-2.7	-6.2	-11	6
Intesa	3.1	2.1	-1.1	4	21
SG	44.0	-2.4	-4.1	-5	-9
Unicredit	17.7	0.9	0.6	4	26
UK banks					
HSC	89.3	-1.2	-2.7	-6	2
RBS	732.2	-0.2	-2.4	-8	9
RBS	275.6	-2.8	-3.8	-6	18
Barclays	192.6	-0.8	-1.5	-4	-18
Lloyds	65.5	-1.6	-3.2	-4	3
Large Spanish banks					
Santander	5.5	-1.8	-6.4	-6	9
BBVA	-7.0	-1.7	-4.7	-5	8
Medium Spanish banks					
Cajabank	4.0	-1.6	-5.4	-6	22
Sabadell	1.8	-1.9	-3.3	-5	29
Banque	6.9	2.2	-3.5	7	17
Bankia	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
USDY	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
USDIDR (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	
Brent					
Brent	63.9	-1.5	-6.9	-8	13
WTI	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

