

Market Comment | EM currencies remained in the spotlight despite higher oil prices

Global Financial Markets Unit
07 May 2018

- **Positive mood in developed financial markets and VIX continued hovering around 15 points.** Investors kept their attention on US production and inflation data coming this week, which will impact the financial markets' mood. Meanwhile in the eurozone, the release of new data continued to show some deceleration (new orders in Germany ([see](#))), in line with last week's indicators (GDP and inflation).
- In this context, **the 10Y US Treasury yield continues close to the 3% threshold**, pushed, among others, by inflation expectations due to increasing oil prices. Regarding the eurozone, the Bund yield remains subdued, due to weak economic data and doubts about global trade, as recent meetings failed to end the uncertainty.
- **The USD appreciated against its main peers** (it stands at its highest so far in 2018) but especially against the EUR, which was also hampered by downbeat economic data. Against this backdrop, European stocks increased today, also favoured by earnings updates and energy stocks' performance as well as in the US, which showed gains today.
- **EM assets remained under high pressure:** EM equity indices and sovereign spreads failed to recover from last week's sharp correction, while EM currencies continued to suffer from the USD's strength. The TRY continued depreciating at a significant pace while the Argentine peso recovered slightly after the coordinated forceful actions of the monetary authority and the government ([see](#)).
- **Oil prices at their highest level (above \$75 per barrel) since the end of 2014**, boosted by the supply side ([see](#)). Nonetheless, the effect of increasing commodity prices on EM assets was more than offset by the USD and sovereign yields in the US.

Table1
Update 18.0 CET 7 May

Debt markets (10Y, %, changes in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.50	0.4	1.9	20	58
US	2.96	0.6	0.2	12	49
GER (2-yr)	-0.57	0.8	1.5	1	4
Germany	0.53	1.2	2.7	1	7
France	0.77	-1.4	1.8	1	-5
Spain	1.28	-2.1	0.2	4	-34
Italy	1.76	-3.5	2.3	-3	-33
Portugal	1.68	-2.6	0.6	1	-33
Greece	4.14	0.0	0.7	13	3
Japan (2-yr)	0.14	-4.2	-0.3	-1	0
Japan	0.05	-1.0	-0.1	0	0
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	9.85	1.7	1.8	11	-40
Chile	4.44	-2.2	0.9	1	-12
Colombia	6.48	0.9	4.9	-1	4
Mexico	7.83	6.1	15.0	36	5
Peru	5.02	5.4	9.2	48	14
Poland	3.15	-1.9	6.3	3	-12
Russia	7.46	-3.4	0.6	33	-18
Turkey	13.47	15.0	125.0	75	211
India	7.62	-10.4	-14.3	50	24
Indonesia	7.16	13.9	23.9	26	86
Country risk (bp, changes in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	24	-0.2	0.9	0	-5
Italy	123	-2.3	0.4	-4	-40
Portugal	115	-1.4	3.3	0	-39
Spain	75	-0.9	2.5	4	-40
2-yr sovereign spread vs Germany					
France	9	-0.3	0.2	-1	-7
Italy	26	-0.9	-2.8	-3	-11
Portugal	42	2.3	0.8	-12	-26
Spain	24	-0.3	-1.7	-2	-3
Emerging Markets					
5-yr sovereign CDS*					
Brazil	182	-9.0	14	17	22
Chile	53	-3.8	4	4	4
Colombia	109	-7.0	4	6	4
Mexico	114	-7.2	3	10	7
Peru	81	-3.4	6	2	9
Poland	50	1.4	1	2	1
Russia	142	0.6	11	21	24
Turkey	231	9.1	38	39	67
China	59	-1.2	1	-4	9
India	26	0.2	0	2	7
Indonesia	116	1.5	10	14	31
Risk indicators					
Volatility indicators (change in ppt)	level	Daily	Weekly	Monthly	YTD
VIX	15	0.1	-1	-4	5
VSTOXX	13	-0.1	0	-4	0
EMST volatility index	19	0.1	0	-6	3
Dollar/euro volatility	7	0.2	0	0	0
EM FX volatility index	9	0.1	0	1	1
Credit spread (BAA)(change in bps)	185	-0.6	7	2	8
US bonds volatility index	49	0.0	-1	-4	0
Inflation expectations (%)					
level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)					
US	2.44	-	-2	0	12
EZ Inflation expectations (5Y5Y)					
EZ	1.70	-	-1	2	-4
Banking 5y CDS (bps)*					
level	Daily	Weekly	Monthly	YTD	
US	55	-0.9	1	13	13
EZ	57	0.4	5	-4	17
UK	45	0.2	2	-7	4
Large Spanish	60	0.5	4	-3	14
Medium Spanish	70	-0.1	2	-5	-5
Corporate 5y CDS (bps)*					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	151	-0.9	1	3	13
EZ Non-financial	68	0.4	5	-4	17
UK Non-financial	105	0.7	1	-3	12
Interbank markets (% change in bps)					
level	Daily	Weekly	Monthly	YTD	
EONIA Index	-0.36	0	-1	1	1
Eurobor 3m	-0.33	0	0	0	0
Eurobor 12m	-0.19	0	0	0	0
Libor 3m	2.37	1	1	4	67
Libor 12m	2.78	0	0	10	67
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Indices					
S&P500	2,278	0.5	1.1	0.6	-1
Dow Jones	24,436	0.7	1.1	0.3	-2
Nikkei	22,467	0.0	0.0	3.8	-1
FTSE 100	7,597	0.0	0.8	5.1	-1
Eurostoxx 50	3,564	0.4	0.8	3.9	2
IBEX	10,141	0.6	1.6	-1	1
DAX	12,948	1.0	2.7	5.2	1
CAC	5,531	0.3	0.2	4.8	5
MIIB	24,544	0.9	2.4	6.9	12
ASE Athens	811	-1.6	9.5	1.2	-1
MSCI Latam*	89,198	-0.3	-3.4	-1.4	4
Bovespa (Brazil)	83,299	-0.2	-3.3	-2.8	7
Mexbol	46,833	-0.3	-3.2	-2.3	-6
MSCI EM Europe*	5,403	-0.2	-1.9	-1.2	0
Poland	2,214	-0.9	3.4	-1.3	-10
Mixex 10 (Russia)	4,515	0.3	-0.1	1.2	10
Ice 100 (Turkey)	100,866	-1.7	-3.3	-12.3	-14
MSCI EM Asia*	917	-0.4	0.8	0.6	-1
Shanghai Com (China)	3,137	1.5	1.8	0.2	-6
Jakarta (Indonesia)	5,885	0.5	0.6	-4.4	-7
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	137.1	1.0	0.2	-4.3	-4
C	106.9	0.4	0.1	2.7	1
CB	68.4	0.6	0.2	2.6	8
BoA	29.5	0.8	-1.3	-2.6	-1
MS	52.2	1.5	1.0	-4.9	0
GS	237.4	1.0	0.4	-7.2	-7
EZ banks					
BNP	107.2	0.1	-1.8	0.7	-2
BP	62.4	-0.5	-2.5	2.1	0
Credit Agricole	13.4	0.1	-1.4	0.3	-4
Deutsche Bank	11.5	0.1	-1.4	-1.1	-28
ING	14.0	0.5	0.0	0.9	9
Intesa	3.2	0.3	0.1	5.3	15
SG	42.3	-0.7	-7.0	-5.3	-2
Unicredit	17.9	0.9	-0.4	3.2	14
UK banks					
HSBC	89.3	0.0	0.2	1.5	-3
HSBC	714.4	0.0	-1.5	6.0	-7
RBS	272.2	0.0	0.7	3.6	-2
Barclays	205.6	0.0	0.8	3.1	1
Lloyds	65.4	0.0	1.1	-1.2	-3
Large Spanish banks					
Santander	87.3	0.4	0.5	2.0	3
BBVA	5.4	0.1	0.1	0.3	-1
BBVA	6.8	0.7	0.9	4.3	4
Medium Spanish banks					
Citibank	78.1	0.2	1.3	1.7	2
Citibank	4.2	0.8	3.8	6.8	6
Sabadell	1.7	0.1	3.0	0.3	0
Bankinter	8.7	-0.2	0.3	2.4	10
Banisa	2.6	0.6	2.2	3.3	12
Currencies (% red for currency depreciation)					
level	Daily	Weekly	Monthly	YTD	
International					
EURUSD	1.19	-0.3	-1.3	-2.6	-1
GBPUSD	1.36	0.2	-1.5	-3.1	0
USD JPY	109.17	0.0	0.2	-1.7	3
DOY	92.77	0.2	1.0	2.6	1
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	21.87	0.0	6.5	-8.3	-19
USDINR (India)	3.55	-0.7	-1.4	6.2	9
USDCLP (Chile)	629.42	-1.2	-2.6	-4.3	-4
USDCOP (Colombia)	2818	0.2	0.6	-1.0	4
USDREN (Mexico)	19.45	-0.9	-3.9	-4.8	0
USDREN (Peru)	3.28	-0.2	-0.8	-1.6	-1
LACI	60.61	-1.2	-2.7	-5.1	-5
USDINR (Russia)	3.57	0.6	-1.8	-4.2	-4
USDINR (Russia)	62.72	-0.4	0.4	-8.7	-9
USDTRY (Turkey)	4.26	-0.8	-5.0	-5.2	-13
USDQY (China)	6.37	0.1	0.5	1.0	2
USDINR (India)	67.14	-0.4	0.7	-3.4	-6
USDIDR (Indonesia)	14,001	-0.4	0.6	-1.7	4
ADXY	110.2	-0.2	0.6	-1.4	0
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent					
Brent	76.1	1.6	1.2	-1.1	14
WTI	71	1.2	2.9	1.1	17
Copper	387	0.3	0.7	0	6
Gold	1314	-0.1	0.1	-1	0
S&P Spot commodity*	479	1.1	0.8	7	8
S&P Brent Spot*	637	1.7	0.2	10	12
S&P Metals Spot*	388	2.0	1.7	5	-2
S&P Agribusl*	312	-1.0	1.1	5	10

* With one day delay
Source: Bloomberg, Datastream and Haver

Fuente: BBVA Research

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Eurobor 3m	-0.33	0	0	0	0
Eurobor 12m	-0.19	0	0	0	0
Libor 3m	2.37	1	1	4	67
Libor 12m	2.78	0	0	10	67
Stock markets (%)					
Main Indices					
level	Daily	Weekly	Monthly	YTD	
S&P500	2,678	0.5	1.1	0.6	-1
Dow Jones	24,436	0.7	1.1	0.3	-2
Nikkei	22,467	0.0	0.0	3.8	-1
FTSE 100	7,567	0.0	0.6	5.1	-1
Eurostoxx 50	3,564	0.4	0.8	3.9	2
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Mexbol	46,833	-0.3	-3.2	-2.3	-6
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Poland	2,214	-0.9	3.4	1.3	-10
Milse 10 (Russia)	4,515	0.3	0.1	1.2	10
Ise 100 (Turkey)	100,866	-1.7	-3.3	-12.3	-14
MSCI EM Asia *	917	-0.4	0.8	0.6	-1
Shanghai Com (China)	3,137	1.5	1.8	0.2	6
Jakarta (Indonesia)	5,885	0.5	0.6	-4.4	-7
Banking sector					
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US banks	137.1	1.0	-0.2	-4.2	-4
JPM	106.9	0.4	0.1	-2.7	-1
BoA	68.4	0.6	0.2	-2.6	-8
MS	29.5	0.8	-1.3	-2.6	-1
GS	52.2	1.5	1.0	-4.9	0
EZ banks	237.4	1.0	-0.4	-7.2	-7
BNP	107.2	0.1	-1.8	0.7	-2
Credit Agricole	62.4	-0.5	2.9	2.1	0
Deutsche Bank	13.4	0.1	-1.4	0.3	-4
ING	11.5	0.1	1.4	-1.1	-28
Intesa	14.0	0.5	0.0	0.9	-9
SG	3.2	0.3	0.1	5.3	15
SC	42.3	-0.7	-7.0	-5.2	-2
Ukrainko	12.8	-0.6	1.4	3.2	14
UK banks	89.3	0.0	-0.3	1.5	-3
HSBC	714.4	0.0	-1.5	6.0	-7
RBC	272.2	0.0	0.7	3.6	-2
Barclays	205.6	0.0	-0.8	-3.1	1
Lloyds	65.4	0.0	1.1	-1.2	-3
Large Spanish banks	82.3	0.4	0.5	2.0	-3
Santander	5.4	0.1	0.1	-0.3	-1
BBVA	6.8	0.7	0.9	4.2	-4
Medium Spanish banks	78.1	0.2	1.3	1.7	2
Cabobank	4.2	0.8	3.9	6.8	6
Sabadell	1.7	0.1	3.0	-0.2	0
Banquepar	8.7	0.2	0.3	2.4	10
Banco	3.6	-0.6	-2.2	-3.3	-12
Currencies (% red for currency depreciation)					
Developed					
level	Daily	Weekly	Monthly	YTD	
EURUSD	1.19	-0.3	-1.3	-2.6	-1
GBPUSD	1.36	0.2	-1.5	-3.1	0
USD JPY	109.17	0.0	0.2	-1.2	3
DOY	92.27	0.2	1.0	2.6	1
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	21.87	0.0	6.5	-8.3	-19
USDIBR (Brazil)	3.55	-0.7	1.4	6.2	-9
USDCLP (Chile)	629.42	-1.2	-2.6	-4.3	-4
USDCOP (Colombia)	2818	0.2	0.6	-1.0	4
USDMMX (Mexico)	19.45	-0.9	3.9	6.8	-2
USDPEN (Peru)	3.28	-0.2	0.8	-1.6	-1
LACI	60.61	-1.2	-2.7	-5.1	-5
USDPLN (Poland)	3.57	-0.6	1.8	-4.3	-4
USD RUB (Russia)	62.72	-0.4	0.4	-8.7	-9
USDTRY (Turkey)	4.26	-0.8	5.0	-5.2	-13
USD CNY (China)	6.37	-0.1	0.5	-1.0	2
USDINR (India)	67.14	-0.4	0.7	-3.4	6
USDIDR (Indonesia)	14,001	-0.4	0.6	-1.7	-4
ADXY	110.2	-0.2	0.6	-1.4	0
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent	76.1	1.6	3.2	11	14
WTX	71	1.2	2.9	11	17
Copper	307	0.3	0.7	0	6
Gold	1314	-0.1	0.1	-1	0
S&P Spot commodity *	479	1.1	0.8	7	8
S&P Brent Spot *	637	1.7	0.2	10	12
S&P Midec Spot *	388	2.0	1.7	5	-2
S&P Agricultural *	312	-1.0	1.1	5	10

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Fuente: BBVA Research

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