

# Market Comment | Italy gives markets a break ahead of the FOMC & ECB meeting (preview)

Global Financial Markets Unit  
11 Jun 2018

- **Global trade tensions increased after the G-7 meeting, as the US refused to sign a joint G7 statement**([see](#)). Nonetheless financial markets began the week positively ahead of tomorrow's meeting between the US and North Korea ([see](#)). The US Treasury 10Y yield continued on its upwards trend (ahead of this week FOMC meeting see preview below), while the equity volatility index remained subdued (below 13%).
- **European assets benefited from fresh news from Italy.** The Italian Finance Minister's commitment to the euro contributed to moderating the risk perception in [Italy](#) ([see](#)). Against this backdrop, Italian sovereign risk premia narrowed in both the shorter and longer terms (-30 bps), favouring an improvement of Spanish and Portuguese risk premia. The Bund yield increased as safe-haven flows moderated ahead of next Thursday's ECB meeting, at which it is likely to signal the end of QE.
- **In this context the EUR appreciated against the USD,** while EM currencies remained steady despite decreasing oil prices ([see](#)). The main exceptions were the TRY which depreciated despite the stronger-than-expected GDP growth ([see](#)) and the MXN, which suffered from global trade uncertainty.

## **ECB preview.**

**On monetary policy:** We expect changes in forward guidance hinting at the end of QE will be possible at this week's meeting as easing financial conditions pave the way for the exit (euro depreciation and lower German yields). However, the decision could be delayed to July, as the global and domestic environment is becoming more complex. We continue to expect the ECB to end QE in 4Q18 (two-month extension into Q4 18) and hike rates in 2019 (by March the first depo hike and by June the first refi rate hike) but it is conditional on a positive macroeconomic outlook and the absence of major changes in the political outlook.

**On economic projections:** The recovery in the eurozone slowed markedly in 1Q18 due to the negative contribution of net exports, while domestic demand remained robust. Economic indicators so far, mostly stemming from confidence surveys, point to a more moderate growth onwards (around 0.4% QoQ) than that observed in the second half of last year (0.7% QoQ). Core inflation continues to exhibit a very gradual upward trend so far this year (around 0.2 pp from the end of 2017 until May).

Compared with March ECB Staff forecasts, economic growth has surprised on the downside, while inflation figures were in line with expectations or even surprised slightly on the upside, especially the core measure. Looking forward, the main changes in economic drivers stem from oil prices and the exchange rate, while global demand seems to remain robust. As of today oil price futures stand at around 11% higher in 2018 than assumed in the March forecasts, and around 17% in 2019 and 2020, respectively, while the EURUSD is about 5% more depreciated than it was then. Although the effect of the changes in these drivers will

depend on the ECB's view on whether the change in oil prices is a supply or demand shock, the negative impact of higher energy prices on economic growth should be offset by the depreciation of the euro, while for inflation both changes in drivers should increase inflation at the forecast horizon. All in all, we think that the ECB Staff could revise down its GDP growth forecast this year, but will maintain it broadly unchanged in 2019-2020 (March Staff: 2.4% in 2018, 1.9% in 2019 and 1.7% in 2020). Regarding headline inflation forecasts, we expect the Staff to revise up its projections by around 0.3 pp over the forecast horizon (March Staff: 1.4% in 2018 and 2019, 1.7% in 2020), and though we expect minor changes in its forecasts for the core measure (March Staff: 1.1% in 2018, 1.5% in 2019 and 1.8% in 2020), the ECB is expected to sound more confident on its view of a gradual increase in inflation towards the target in the next two years, in line with recent declarations by Peter Praet.

However, downward risks to this scenario have increased considerably since March, both global (increasing protectionism, geopolitical tensions, vulnerabilities in emerging countries) and domestic (higher uncertainty in Italy), so the ECB's assessment of these risks could be more important than the updated scenario in nuancing the tone on monetary policy at the meeting.

**Topics for the Q&A:** Italian political concerns and global trade tensions are very likely to be the focus of the Q&A at this week's press conference, particularly their consequences for the global and the European economy. Mr Draghi will have to perform a balancing act. At this point in time, as the economic expansion remains on track and confidence of the recovery of inflation is increasing and, as a consequence, the central bank can take a step forward in the monetary normalization process. However, going forward, Draghi will retain a cautious stance, emphasizing that uncertainty has increased and that the next steps on the exit strategy will be data-dependent.

#### **FOMC preview.**

At its June 12th-13th meeting, the FOMC is poised to raise rates for the second time this year and the seventh time since beginning its normalization plans in 2015. Given the strong jobs report in May, the historically low unemployment rate and ongoing convergence of inflation with the 2% target, we expect the language and communication to continue to hint a hawkish outlook. Although recent financial volatility, stress in emerging markets and pressures on European debt markets could surface as a possible downward bias to the outlook, we expect Powell's post-meeting communication to stress the strength of the U.S. economy while at the same time side-stepping any questions regarding the U.S. tariffs and potential trade wars. As such, market expectations will likely continue to be closely aligned with our baseline of two additional rate hikes in 2H18. A modest rotation in the dot plot, reflecting greater consensus around overshooting the long-term equilibrium levels in 2019 and upside risks to inflation, will increase the probability of more than two rate increases in 2019.

Table1

Update 18:00 CET 11 June

| Debt markets (10Y, % changes in bp)           |        |        |         |         |     |
|---|--------|--------|---------|---------|-----|
| Developed Markets                             | level  | Daily  | Weekly  | Monthly | YTD |
| US (2-yr)                                     | 2.52   | 2.3    | 0.4     | -1      | 60  |
| US (10-yr)                                    | 2.96   | 0.9    | 1.3     | -1      | 49  |
| GER (2-yr)                                    | -0.60  | 4.9    | 2.0     | -2      | 1   |
| Germany                                       | 0.49   | 4.4    | 7.5     | -6      | 3   |
| France  | 0.91   | 8.9    | 18.1    | 11      | 8   |
| Spain   | 1.44   | -2.9   | 11.1    | 13      | -17 |
| Italy   | 2.84   | -29.3  | 30.0    | 9.0     | 74  |
| Portugal                                      | 2.00   | -5.7   | 23.7    | 27      | -1  |
| Greece  | 4.51   | -19.1  | 4.9     | 42      | 41  |
| Japan (2-yr)                                  | -0.13  | -0.4   | 0.7     | 1       | 1   |
| Japan   | 0.05   | -0.2   | -0.4    | 0       | 0   |
| Emerging Markets                              |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| Brazil  | 11.64  | 0.0    | 19.6    | 166     | 139 |
| Chile   | 4.56   | 0.2    | -1.6    | 10      | 5   |
| Colombia                                      | 6.97   | 0.0    | -3.4    | 3       | 13  |
| Mexico  | 7.86   | 2.3    | 1.0     | 27      | 28  |
| Peru  | 5.33   | 0.0    | -5.2    | 30      | 46  |
| Poland  | 3.29   | -1.6   | 8.2     | 6       | -2  |
| Russia  | 7.62   | 1.6    | 15.8    | 14      | 2   |
| Turkey  | 14.77  | 28.0   | 43.0    | 161     | 341 |
| India   | 7.96   | 1.5    | 8.6     | 25      | 58  |
| Indonesia                                     | 2.30   | 0.0    | 28.4    | -9      | 100 |
| Country risk (bp, changes in bp)              |        |        |         |         |     |
| Developed Markets                             | level  | Daily  | Weekly  | Monthly | YTD |
| <b>10-yr sovereign spread vs Germany</b>      |        |        |         |         |     |
| France  | 41     | 4.5    | 10.6    | 17      | 13  |
| Italy   | 235    | -33.7  | 22.5    | 97      | 72  |
| Portugal                                      | 151    | -10.1  | 16.2    | 34      | -4  |
| Spain   | 95     | -7.3   | 5.6     | 19      | -20 |
| <b>2-yr sovereign spread vs Germany</b>       |        |        |         |         |     |
| France  | 12     | -3.3   | -0.8    | 4       | -5  |
| Italy   | 169    | -66.0  | 31.7    | 136     | 133 |
| Portugal                                      | 56     | -11.2  | -0.1    | -3      | -11 |
| Spain   | 37     | -6.2   | -4.4    | 11      | 10  |
| Emerging Markets                              |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| <b>5-yr sovereign CDS *</b>                   |        |        |         |         |     |
| Brazil  | 248    | -7.4   | 11      | 56      | 88  |
| Chile   | 58     | 0.4    | 0       | 2       | 9   |
| Colombia                                      | 121    | 1.2    | -2      | 9       | 16  |
| Argentina                                     | 346    | -11.5  | -38     | -43     | 107 |
| Mexico  | 149    | 0.6    | 12      | 27      | 42  |
| Peru  | 90     | -9.6   | -4      | 5       | 18  |
| Venezuela                                     | 16,599 | 0.0    | 0       | 0       | 0   |
| Poland  | 68     | 3.6    | 2       | 16      | 20  |
| Russia  | 136    | 3.1    | 1       | -4      | 18  |
| Turkey  | 273    | 5.1    | -7      | 26      | 108 |
| China   | 57     | 0.8    | 0       | 5       | 6   |
| India   | 89     | 0.6    | -2      | 11      | 19  |
| Indonesia                                     | 128    | 3.5    | 6       | 1       | 43  |
| Risk indicators                               |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| <b>Volatility indicators (change in pp)</b>   |        |        |         |         |     |
| VIX   | 12     | 0.1    | -1      | 1       | 2   |
| VSTOXX  | 14     | -1.0   | 0       | 1       | 1   |
| EM EFT volatility Index                       | 10     | -0.7   | 0       | -1      | 1   |
| Dollar/euro volatility                        | 8      | 0.0    | 1       | 1       | 1   |
| EM FX volatility Index                        | 10     | 0.2    | 1       | 1       | 2   |
| Credit spread (BAA)(change in bp)             | 107    | 0.3    | 0       | 3       | 10  |
| US bonds volatility Index                     | 60     | 3.0    | 5       | 12      | 10  |
| Inflation expectations (%)                    |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| US Inflation expectations (5Y5Y)              | 2.44   | 0      | 0       | 0       | 12  |
| EZ Inflation expectations (5Y5Y)              | 1.75   | -      | 1       | 4       | 1   |
| Banking Sy CDS (bps) *                        |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| US  | 59     | 0.5    | 0       | 7       | 16  |
| EZ  | 108    | 8.6    | 19      | 51      | 68  |
| UK  | 58     | 2.4    | 9       | 13      | 17  |
| Large Spanish                                 | 94     | 2.3    | 7       | 43      | 58  |
| Medium Spanish                                | 101    | 2.4    | 5       | 29      | 26  |
| Corporate Sy CDS (bps) *                      |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| US Non-financial                              | 151    | 0.5    | 0       | 7       | 16  |
| EZ Non-financial                              | 93     | 8.6    | 19      | 51      | 68  |
| UK Non-financial                              | 109    | 1.9    | 3       | 5       | 16  |
| Interbank markets (% changes in bp)           |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| EOHA Index                                    | -0.35  | 0      | 0       | 0       | 1   |
| Euribor 3m                                    | -0.32  | 0      | 0       | 1       | 1   |
| Euribor 12m                                   | -0.18  | 0      | 0       | 1       | 1   |
| Libor 3m                                      | 2.33   | 0      | 1       | -3      | 63  |
| Libor 12m                                     | 2.74   | -1     | 2       | -3      | 63  |
| Stock markets (%)                             |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| <b>Main indices</b>                           |        |        |         |         |     |
| S&P500  | 2,707  | 0.3    | 1.5     | 2.3     | 3   |
| Dow Jones                                     | 25,361 | 0.2    | 2.2     | 2.5     | 2   |
| Nikkei  | 22,804 | 0.5    | 1.5     | 1.4     | 0   |
| FTSE 100                                      | 7,297  | 0.7    | 0.0     | 0.5     | 1   |
| Euro Stoxx 50                                 | 3,480  | 1.0    | 0.3     | 2.5     | 0   |
| IBEX  | 9,898  | 1.6    | 1.5     | 3.4     | -2  |
| DAX   | 12,843 | 0.6    | 0.6     | -1.4    | 0   |
| CAC   | 5,474  | 0.4    | 0.0     | -1.3    | 4   |
| MB  | 22,086 | 3.4    | 0.3     | -8.1    | 1   |
| ASE Athens                                    | 759    | -1.8   | -2.6    | -7.2    | -7  |
| MSCI Latam *                                  | 82,077 | -0.1   | 1.5     | 4.5     | -4  |
| Ibovespa (Brazil)                             | 72,925 | 0.0    | -7.2    | -15.1   | -6  |
| Mercol (Mexico)                               | 46,007 | 0.1    | 1.7     | -1.2    | -8  |
| Merval (Argentina)                            | 31,600 | 0.5    | 8.8     | 6.8     | 2   |
| MSCI EM Europe *                              | 5,289  | -1.9   | -0.8    | -2.5    | -2  |
| Poland  | 2,235  | -0.7   | 1.1     | -3.0    | -9  |
| Nice 10 (Russia)                              | 4,385  | 0.0    | -2.0    | -3.0    | 6   |
| Ise 100 (Turkey)                              | 96,661 | 0.8    | -2.6    | -5.6    | -18 |
| MSCI EM Asia *                                | 943    | -1.1   | 1.4     | 1.4     | 2   |
| Shanghai Com (China)                          | 3,053  | -0.5   | -1.2    | -3.8    | -9  |
| Jakarta (Indonesia)                           | 5,994  | -1.9   | 0.2     | 1.5     | -6  |
| Banking sector                                |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| <b>US banks</b>                               |        |        |         |         |     |
| JPM   | 111.2  | 0.1    | 2.6     | -2.7    | 3   |
| Cit   | 68.6   | 0.1    | 1.8     | -5.5    | -8  |
| BAK   | 30.2   | 0.7    | 2.8     | -2.2    | 11  |
| MS  | 51.9   | 0.0    | 0.7     | -5.7    | 0   |
| GS  | 233.9  | 0.2    | 1.7     | -3.9    | -9  |
| <b>EZ banks</b>                               |        |        |         |         |     |
| BNP   | 93.6   | 2.9    | 0.1     | -12.2   | -14 |
| BNP   | 54.7   | 1.8    | 1.1     | -12.9   | -12 |
| Credit Agricole                               | 12.1   | 1.6    | -0.6    | -10.0   | -14 |
| Deutsche Bank                                 | 9.7    | 1.3    | 1.5     | -16.6   | -39 |
| ING   | 12.9   | 2.2    | 0.2     | -3.5    | -16 |
| Intra   | 2.6    | 6.6    | -0.4    | -17.4   | -6  |
| SG  | 37.8   | 1.6    | 0.0     | -11.1   | -12 |
| Unicredit                                     | 14.4   | 6.2    | -0.9    | -19.1   | -8  |
| <b>UK banks</b>                               |        |        |         |         |     |
| HBC   | 88.4   | 0.3    | -1.6    | -4.2    | -4  |
| RBS   | 230.0  | 0.0    | -0.2    | -6.2    | -5  |
| RBS   | 269.2  | 0.6    | -4.2    | 6.0     | -3  |
| Barclays                                      | 200.0  | 0.5    | -2.2    | 6.5     | -2  |
| Dynis   | 63.0   | 0.2    | -0.9    | 5.8     | -7  |
| <b>Large Spanish banks</b>                    |        |        |         |         |     |
| Santander                                     | 74.6   | 2.4    | 1.8     | -10.6   | -12 |
| BVIA  | 4.8    | 2.8    | 1.1     | -12.0   | -11 |
| BBVA  | 6.2    | 2.1    | 2.5     | -9.4    | -12 |
| <b>Medium Spanish banks</b>                   |        |        |         |         |     |
| Cajabank                                      | 4.0    | 3.0    | 6.5     | -7.2    | 0   |
| Sabadell                                      | 1.5    | 3.3    | 1.9     | -12.4   | -10 |
| Baninter                                      | 8.8    | 3.7    | 4.7     | -4.0    | 10  |
| Banika  | 3.4    | 2.6    | 3.8     | -7.2    | -15 |
| Commodities (% net for currency depreciation) |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| <b>Developed</b>                              |        |        |         |         |     |
| <b>EURUSD</b>                                 |        |        |         |         |     |
| EURUSD  | 1.180  | 0.3    | 0.9     | -1.0    | -2  |
| GBPUSD  | 1.34   | -0.2   | 0.5     | -1.0    | -2  |
| USDJPY  | 109.95 | -0.4   | -0.1    | 0.5     | 2   |
| DXY   | 93.49  | 0.0    | -0.6    | 0.9     | 2   |
| Emerging                                      |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| USDARS (Argentina)                            | 23.44  | 0.4    | -1.9    | -12.1   | -38 |
| USDBRL (Brazil)                               | 3.68   | 0.6    | 1.6     | 3.8     | -13 |
| USDCLP (Chile)                                | 633.63 | 0.4    | -0.4    | -1.5    | -4  |
| USDCOP (Colombia)                             | 2866   | 0.0    | 0.2     | -1.3    | -2  |
| USDMXN (Mexico)                               | 20.55  | -1.3   | -2.4    | -6.9    | -5  |
| USDPEN (Peru)                                 | 3.27   | -0.1   | 0.0     | 0.0     | -1  |
| USDRUB (Russia)                               | 57.84  | 0.2    | -0.2    | 4.5     | -9  |
| USDPOL (Poland)                               | 3.62   | 0.5    | 1.0     | -1.5    | -5  |
| USDTRY (Turkey)                               | 62.71  | 0.6    | -1.0    | -1.5    | -9  |
| USDTRY (Turkey)                               | -4.52  | -1.8   | 1.6     | 6.8     | -30 |
| USDCNY (China)                                | 6.40   | 0.1    | 0.1     | -0.8    | 1   |
| USDINR (India)                                | 67.43  | 0.1    | -0.5    | -0.2    | -6  |
| USDIRR (Indonesia)                            | 13.932 | 0.0    | -0.4    | 1.1     | -3  |
| ADXY  | 109.8  | 0.0    | -0.1    | 0.5     | 0   |
| Commodities (%)                               |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| <b>Brent</b>                                  |        |        |         |         |     |
| WTI   | 66     | 0.7    | 2.2     | -7      | 10  |
| Copper  | 325    | -1.2   | 4.1     | 5       | 0   |
| Gold  | 1301   | 0.2    | 0.7     | -2      | -1  |
| S&P Spot commodity *                          | 476    | -0.3   | 1.2     | -2      | 8   |
| S&P Brent Spot *                              | 650    | -1.2   | 1.4     | -1      | 15  |
| S&P Metal Spot *                              | 402    | 0.4    | 1.7     | 4       | 2   |
| S&P Agrikultra *                              | 305    | 0.7    | 1.2     | 0       | 7   |

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

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Fuente: BBVA Research

| Debt markets (10Y, %; changes in bps)         |        |        |         |         |     |
|---|--------|--------|---------|---------|-----|
| Developed Markets                             | level  | Daily  | Weekly  | Monthly | YTD |
| US (2-yr)                                     | 2.52   | -2.3   | 0.4     | -1      | 60  |
| US  | 2.96   | 0.9    | 1.3     | -1      | 49  |
| GER (2-yr)                                    | 0.60   | 4.9    | 2.0     | -2      | 1   |
| Germany                                       | 0.49   | 4.4    | 7.5     | -6      | 3   |
| France  | 0.91   | 8.9    | 18.1    | 1.1     | 8   |
| Spain   | 1.44   | -2.9   | 11.1    | 1.3     | 17  |
| Italy   | 2.84   | -29.9  | 30.0    | 1.5     | 74  |
| Portugal                                      | 2.00   | -5.7   | 23.7    | 2.7     | -1  |
| Greece  | 4.51   | -19.1  | 4.9     | 4.2     | 41  |
| Japan (2-yr)                                  | -0.13  | -0.4   | 0.7     | 1       | 1   |
| Japan   | 0.05   | -0.2   | -0.4    | 0       | 0   |
| Emerging Markets                              |        |        |         |         |     |
| Brazil  | 11.64  | 0.0    | 19.6    | 166     | 139 |
| Chile   | 4.58   | 0.5    | -1.6    | 1.0     | 5   |
| Colombia                                      | 6.37   | 0.0    | 3.4     | 3       | 13  |
| Mexico  | 7.86   | 2.3    | 1.0     | 2.7     | 28  |
| Peru  | 5.33   | 0.0    | -5.2    | 3.0     | 46  |
| Poland  | 3.29   | -1.6   | 8.2     | 6       | -2  |
| Russia  | 7.62   | -1.8   | 15.8    | 14      | -2  |
| Turkey  | 14.77  | 28.0   | 43.0    | 161     | 341 |
| India   | 7.96   | 1.5    | 8.6     | 25      | 58  |
| Indonesia                                     | 7.30   | 0.0    | 28.4    | -9      | 100 |
| Country risk (bp; changes in bp)              |        |        |         |         |     |
| Developed Markets                             |        |        |         |         |     |
| 10-yr sovereign spread vs Germany             |        |        |         |         |     |
| France  | 41     | 4.5    | 10.6    | 1.7     | 13  |
| Italy   | 235    | -33.7  | 22.5    | 9.7     | 72  |
| Portugal                                      | 151    | -10.1  | 16.2    | 34      | -4  |
| Spain   | 95     | -7.3   | 3.6     | 1.9     | 20  |
| 2-yr sovereign spread vs Germany              |        |        |         |         |     |
| France  | 12     | -3.3   | -0.8    | 4       | -5  |
| Italy   | 169    | -66.0  | 31.7    | 13.6    | 133 |
| Portugal                                      | 56     | -11.2  | -0.1    | -3      | -11 |
| Spain   | 37     | -6.2   | -4.4    | 1.1     | 10  |
| Emerging Markets                              |        |        |         |         |     |
| 5-yr sovereign CDS *                          |        |        |         |         |     |
| Brazil  | 248    | -7.4   | 11      | 56      | 88  |
| Chile   | 58     | 0.4    | 0       | 2       | 9   |
| Colombia                                      | 121    | 1.2    | -2      | 9       | 16  |
| Argentina                                     | 346    | -11.5  | -38     | -43     | 107 |
| Mexico  | 149    | 0.6    | 12      | 27      | 42  |
| Peru  | 90     | -0.8   | -4      | 5       | 18  |
| Venezuela                                     | 16.599 | 0.0    | 0       | 0       | 0   |
| Poland  | 68     | 3.6    | 2       | 16      | 20  |
| Russia  | 136    | 3.1    | 1       | -4      | 18  |
| Turkey  | 273    | 5.1    | -7      | 26      | 108 |
| China   | 57     | 0.9    | 0       | 5       | 6   |
| India   | 83     | 0.6    | -2      | 11      | 10  |
| Indonesia                                     | 128    | 3.5    | 6       | 1       | 43  |
| Risk indicators                               |        |        |         |         |     |
| Volatility indicators (change in bps)         |        |        |         |         |     |
| VIX   | 12     | 0.1    | -1      | -1      | 2   |
| VSTOXX  | 14     | -1.0   | 0       | 1       | 1   |
| EM EFT volatility index                       | 18     | -0.7   | 0       | -1      | 1   |
| Dollar/euro volatility                        | 6      | 0.0    | 1       | 1       | 1   |
| EM FX volatility index                        | 10     | 0.2    | 1       | 1       | 2   |
| Credit spread (BAA) change in bps             | 187    | -0.3   | 0       | 3       | 10  |
| US bonds volatility index                     | 60     | 3.0    | 5       | 12      | 10  |
| Inflation expectations (%)                    |        |        |         |         |     |
| US Inflation expectations (5Y5Y)              | 2.44   | -      | 0       | -2      | 12  |
| EZ Inflation expectations (5Y5Y)              | 1.35   | -      | 1       | 4       | 1   |
| Banking 5Y CDS (bps) *                        |        |        |         |         |     |
| US  | 59     | 0.5    | 0       | 7       | 16  |
| EZ  | 108    | 0.6    | 1.9     | 5.1     | 68  |
| UK  | 58     | 2.4    | 9       | 1.3     | 17  |
| Large Spanish                                 | 94     | 2.3    | 7       | 4.9     | 58  |
| Medium Spanish                                | 101    | 1.4    | 5       | 2.9     | 26  |
| Corporate 5Y CDS (bps) *                      |        |        |         |         |     |
| US Non-financial                              | 151    | 0.5    | 0       | 7       | 16  |
| EZ Non-financial                              | 83     | 0.6    | 1.9     | 5.1     | 68  |
| UK Non-financial                              | 109    | 1.9    | 3       | 5       | 16  |
| Interbank markets (%; changes in bp)          |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| EURIBOR 3m                                    | -0.26  | 0      | 0       | 0       | 1   |
| EURIBOR 12m                                   | -0.32  | 0      | 0       | 1       | 1   |
| Libor 3m                                      | -0.18  | 0      | 0       | 1       | 1   |
| Libor 6m                                      | 2.33   | 0      | 1       | -3      | 63  |
| Libor 12m                                     | 2.74   | -1     | 2       | -3      | 63  |
| Stock markets (%)                             |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| Main indices                                  |        |        |         |         |     |
| S&P500  | 2,787  | 0.3    | 1.5     | 2.3     | 3   |
| Dow Jones                                     | 25,341 | 0.2    | 2.2     | 2.5     | 2   |
| Nike  | 22,804 | 0.5    | 1.5     | 1.4     | 0   |
| FTSE 100                                      | 7,737  | 0.7    | 0.0     | 0.5     | 1   |
| EuroStoxx 50                                  | 3,460  | 1.0    | 0.3     | 2.5     | 0   |
| IBEX  | 9,898  | 1.6    | 1.5     | 3.4     | -2  |
| DAX   | 12,843 | 0.6    | 0.6     | -1.4    | 0   |
| CAC   | 5,474  | 0.4    | 0.0     | 1.3     | 4   |
| MB  | 22,086 | 3.4    | 0.3     | 8.1     | 1   |
| ASE Athens                                    | 759    | -1.8   | -2.5    | -7.2    | -7  |
| MSCI Latam *                                  |        |        |         |         |     |
| Ibovespa (Brazil)                             | 72,925 | 0.0    | -7.2    | -15.1   | -6  |
| Mercol (Mexico)                               | 46,007 | 0.1    | 1.7     | -1.2    | -8  |
| Merval (Argentina)                            | 31,600 | 0.5    | 8.8     | 6.8     | 2   |
| MSCI EM Europe *                              |        |        |         |         |     |
| Poland  | 5,289  | -1.9   | -0.8    | 2.5     | -2  |
| Moscú 10 (Russia)                             | 2,235  | -0.7   | 1.1     | 3.0     | 9   |
| Ise 100 (Turkey)                              | 4,388  | 0.0    | 2.0     | 3.0     | 6   |
| Ise 100 (Turkey)                              | 96,661 | 0.8    | -2.6    | 5.6     | -18 |
| MSCI Asia *                                   |        |        |         |         |     |
| Shanghai Com (China)                          | 943    | -1.1   | 1.4     | 1.4     | 2   |
| Jakarta (Indonesia)                           | 3,053  | -0.5   | -1.2    | -7.8    | -9  |
| Banking sector                                |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| US banks                                      |        |        |         |         |     |
| JPM   | 145.6  | 0.3    | 2.0     | 3.8     | -2  |
| Cit   | 111.2  | 0.1    | 2.6     | 2.2     | 3   |
| BofA  | 68.6   | 0.1    | 1.8     | 5.5     | -8  |
| Wells   | 30.2   | 0.7    | 2.8     | 2.2     | 1   |
| MS  | 51.9   | 0.0    | 0.7     | 5.7     | 0   |
| GS  | 233.9  | 0.2    | 1.7     | 3.9     | -9  |
| EZ banks                                      |        |        |         |         |     |
| BNP   | 93.6   | 2.9    | 0.1     | -12.2   | -14 |
| Credit Agricole                               | 54.7   | 1.8    | 1.1     | -12.9   | -12 |
| Deutsche Bank                                 | 12.1   | 1.6    | -0.6    | -10.0   | -14 |
| ING   | 9.7    | 1.3    | 1.5     | -16.6   | -39 |
| Intesa  | 12.9   | 2.2    | 0.2     | 3.5     | 16  |
| SG  | 2.6    | 6.6    | -0.4    | -17.4   | -6  |
| Unicredit                                     | 37.8   | 1.6    | 0.0     | -11.1   | -12 |
| UK banks                                      | 14.4   | 6.2    | -0.9    | 19.3    | -8  |
| HSBC  | 88.4   | 0.3    | -1.6    | -4.2    | -4  |
| RBS   | 730.0  | 0.0    | 6.2     | 0.2     | 5   |
| Barclays                                      | 269.2  | 0.6    | -4.2    | 6.0     | -3  |
| Lloyds  | 200.0  | 0.5    | -2.2    | 6.5     | -2  |
| Large Spanish banks                           |        |        |         |         |     |
| Santander                                     | 63.0   | 0.2    | -0.9    | 5.8     | -7  |
| BBVA  | 74.6   | 2.4    | 1.8     | -10.6   | -12 |
| Casabank                                      | 4.8    | 2.8    | 1.1     | -12.0   | -11 |
| Medium Spanish banks                          |        |        |         |         |     |
| Sabadell                                      | 6.2    | 2.1    | 2.5     | 9.4     | -12 |
| Bankia  | 74.9   | 3.2    | 4.3     | 7.1     | -2  |
| Bankinter                                     | 4.0    | 3.0    | 6.5     | 7.2     | 0   |
| Banco Popular                                 | 1.5    | -3.3   | 1.9     | -12.4   | -10 |
| Banco de Sabadell                             | 8.8    | 3.7    | 4.7     | -4.0    | 10  |
| Banco de Valencia                             | 3.4    | 2.6    | 3.8     | 7.2     | -15 |
| Currencies (%; red for currency depreciation) |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| Developed                                     |        |        |         |         |     |
| EURUSD  | 1.180  | 0.3    | 0.9     | -1.0    | -2  |
| GBPUSD  | 1.34   | -0.2   | 0.5     | -1.9    | -2  |
| USDJPY  | 109.95 | 0.4    | 0.1     | 0.5     | 2   |
| USDCHF  | 93.49  | 0.0    | -0.6    | 0.9     | 2   |
| Emerging                                      |        |        |         |         |     |
| USDARS (Argentina)                            | 25.44  | -0.4   | -1.9    | -12.1   | -38 |
| USDBRL (Brazil)                               | 3.68   | 0.6    | 1.6     | 3.8     | 13  |
| USDCUP (Cuba)                                 | 633.63 | -0.4   | -0.4    | 1.5     | -4  |
| USDCOP (Colombia)                             | 2860   | 0.0    | 0.2     | 1.3     | 2   |
| USDMXN (Mexico)                               | 20.55  | -1.3   | -2.4    | -6.9    | -5  |
| USDPEN (Peru)                                 | 3.27   | -0.1   | 0.0     | 0.0     | -1  |
| INR1  | 57.84  | 0.2    | 0.2     | 4.5     | 9   |
| USDPIN (Poland)                               | 3.62   | 0.5    | 1.0     | 1.5     | 5   |
| USDRUB (Russia)                               | 62.71  | -0.6   | -1.0    | 1.5     | 9   |
| USDTRY (Turkey)                               | 4.52   | -1.0   | 1.6     | 6.8     | -20 |
| USDCNY (China)                                | 6.40   | 0.1    | 0.1     | 0.8     | 1   |
| USDINR (India)                                | 67.43  | 0.1    | -0.5    | 0.2     | -6  |
| USDIDR (Indonesia)                            | 13,332 | 0.0    | -0.4    | 1.1     | -3  |
| ADXY  | 108.8  | 0.0    | -0.1    | 0.5     | 0   |
| Commodities (%)                               |        |        |         |         |     |
| level   | Daily  | Weekly | Monthly | YTD     |     |
| Brent   |        |        |         |         |     |
| WTX   | 76.6   | 0.2    | 1.8     | -1      | 15  |
| Copper  | 66     | 0.7    | 2.2     | 7       | 10  |
| Gold  | 325    | -1.2   | 4.1     | 5       | 0   |
| S&P Spot commodity *                          | 1301   | 0.2    | 0.7     | -2      | -1  |
| S&P Metal Spot *                              | 476    | -0.3   | 1.2     | -2      | 8   |
| S&P Energy Spot *                             | 650    | -1.2   | 1.4     | -1      | 15  |
| S&P Agriculture *                             | 402    | 0.4    | 1.7     | 4       | 2   |
| S&P Agriculture *                             | 305    | 0.7    | 1.2     | 0       | 7   |

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

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