

# Market Comment | Quiet markets favoured by US-N Korea agreement

Global Financial Markets Unit  
12 Jun 2018

- **The outcome of the long-awaited meeting between North Korea and the US contributed to keep the market calm ahead of tomorrow's FOMC meeting** as they signed an agreement for seeking the complete denuclearisation of the Korean peninsula ([see](#)).
- **The release of strong US CPI growth figures**([see](#)) paved the way for tomorrow's already priced hike in US interest rates. The FOMC is poised to raise rates for the second time this year. Given the latest data on unemployment and prices, we expect the language and communication to continue to hint at a hawkish outlook, however recent financial volatility, stress in emerging markets and pressures on European debt markets could surface as a possible downward bias to the outlook
- **Very calm markets across developed markets:** US yields inched up, while equity indices increased slightly, favoured by very low volatility. Mixed performance in European equity markets, while sovereign yields remained stable, despite worse-than-expected confidence data (ZEW) in [Germany](#) ([see](#)). Peripheral risk premia also remained stable
- **In spite of the stability of the USD against its main peers, EM currencies showed a mixed performance**, while oil prices remained steady. Turkey's lira continued to underperform despite the recent efforts of its monetary authority, while the Argentinean peso and Brazilian real recovered some ground.

Table1

Update 18:00 CET 12 June

Debt markets (10Y % change in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.53	1.2	4.1	0	51
US (10-yr)	2.96	1.3	3.7	0	50
GER (2-yr)	-0.59	1.3	6.2	-1	2
Germany	0.49	-0.2	12.2	-7	2
France	0.88	-2.8	18.3	9	6
Spain	1.45	1.1	5.6	16	16
Italy	2.87	2.7	7.6	99	77
Portugal	1.99	-1.1	13.3	31	2
Greece	4.55	3.4	2.1	52	44
Japan (2-yr)	-0.13	-0.1	0.1	1	1
Japan	0.05	0.0	0.7	1	1
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	11.68	3.5	-40.0	161	142
China	4.57	0.5	0.6	11	6
Colombia	6.58	0.9	1.0	5	14
Mexico	7.91	3.8	5.1	31	33
Peru	5.31	0.0	5.9	34	46
Poland	3.25	-4.8	1.9	2	-7
Russia	7.62	0.0	13.6	17	-2
Turkey	15.02	25.0	34.0	174	366
India	7.57	0.7	13.5	24	58
Indonesia	7.30	0.0	17.9	16	100
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	39	-2.6	6.1	16	10
Italy	237	2.9	-4.6	106	75
Portugal	150	-0.9	1.1	38	5
Spain	96	1.3	-6.6	25	-19
2-yr sovereign spread vs Germany					
France	11	-0.2	-1.3	2	-5
Italy	157	-12.5	-8.9	125	120
Portugal	94	-2.4	-0.4	-3	-14
Spain	45	6.5	4.7	21	18
Emerging Markets					
5-yr sovereign CDS *	level	Daily	Weekly	Monthly	YTD
Brazil	253	4.6	24	73	92
Chile	57	-0.8	2	5	8
Colombia	124	3.4	8	19	19
Argentina	360	14.2	6	0	122
Mexico	150	1.2	13	38	43
Peru	89	-0.3	1	10	17
Venezuela	16,590	0.0	0	0	0
Poland	68	-0.4	2	16	19
Russia	136	0.4	3	4	18
Turkey	279	5.7	4	37	114
China	56	-0.4	0	-3	6
India	88	-0.6	-3	10	19
Indonesia	127	-1.3	5	11	42
Risk indicators					
Volatility indicators (change in pp)	level	Daily	Weekly	Monthly	YTD
VIX	12	0.1	0	0	2
VSTOXX	14	-0.3	-1	1	0
EM EFT volatility Index	17	-0.5	-1	0	0
Dollar Euro volatility	8	0.0	0	1	1
EM FX volatility Index	10	0.0	0	1	2
Credit spread (BAA) (change in bps)	189	-1.3	-1	6	11
US 10-yr Treasury yield	58	-1.7	3	11	9
Inflation expectations (%)					
level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.45	-	0	1	13
EU Inflation expectations (5Y5Y)	1.74	-	1	2	0
Bonding 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	56	-2.4	-1	6	14
CZ	100	-7.6	19	44	61
UK	57	-1.0	10	13	16
Large Spanish	87	-7.1	5	37	51
Medium Spanish	100	-0.2	7	29	25
Corporate 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	149	-2.4	-1	6	14
EU Non-financial	83	-7.6	19	44	61
UK Non-financial	108	-0.8	2	4	15
Interbank markets (% change in bp)					
level	Daily	Weekly	Monthly	YTD	
EDMA Index	-0.36	0	0	0	1
Euro 3m	-0.32	0	0	1	1
Barclay 12m	-0.18	0	0	1	1
Libor 3m	2.33	1	2	-2	64
Libor 12m	2.76	2	2	-1	65
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,307	0.2	1.8	2.2	3
Dow Jones	25,343	0.1	2.2	2.1	2
Nikkei	22,878	0.3	1.5	0.5	0
FTSE 100	7,304	-0.4	0.2	0.3	1
EuroStoxx 50	3,476	-0.1	0.5	2.5	0
IBEX	9,914	0.2	2.4	-3.5	-2
DAX	12,842	0.0	0.4	-1.2	0
CAC	5,453	-0.4	-0.1	-1.6	3
MBI	22,120	0.2	1.7	8.4	1
ASE Athens	762	0.5	3.4	7.3	-7
MSCI Latam *	81,830	-0.3	-4.0	-10.1	-5
Bovespa (Brazil)	72,957	0.9	-4.8	-14.4	-6
Mexcel (Mexico)	46,554	0.5	3.2	0.4	7
Merval (Argentina)	31,351	-1.1	3.3	5.0	1
MSCI Europe *	5,286	-0.1	-2.0	-3.4	-2
Poland	2,292	0.8	0.2	3.3	8
Micex 10 (Russia)	4,388	0.0	-1.6	-3.7	6
IX-100 (Turkey)	95,207	-1.8	-2.6	-6.4	-19
MSCI EM Asia *	946	0.3	0.4	1.1	3
Shanghai Com (China)	3,080	0.9	-1.1	-2.6	-8
Jakarta (Indonesia)	5,094	0.0	0.4	1.5	6
US banks					
level	Daily	Weekly	Monthly	YTD	
JPM	145.2	0.1	2.6	-4.1	-2
CIT	111.1	0.2	3.0	-2.4	3
GE	68.4	0.4	2.4	6.2	8
BuA	30.2	0.3	3.5	2.5	1
MS	51.6	-0.3	1.7	6.4	-1
GS	233.3	-0.3	2.2	-4.0	-9
EU banks	93.7	0.1	2.5	-12.3	-14
BNP	54.7	0.0	2.9	-12.8	-12
Credit Agricole	12.1	0.2	1.7	-10.1	-13
Deutsche Bank	9.7	0.4	3.2	-16.5	-39
ING	12.9	-0.2	2.2	3.5	16
Intesa	2.6	-0.1	3.5	-17.8	-6
SG	38.0	0.5	1.9	-11.1	12
Unicredit	14.5	0.3	2.1	-19.2	8
UK banks	88.2	-0.2	0.8	5.2	-4
HSBC	733.0	0.4	1.3	0.4	4
RBS	265.7	-1.3	0.1	9.7	-4
Barclays	198.8	-0.6	0.5	7.3	-2
Lloyds	63.2	0.3	1.1	-5.8	-7
Large Spanish banks	74.4	-0.3	3.7	-11.1	-12
Santander	4.8	-0.2	2.6	-12.7	-12
BBVA	6.2	-0.3	4.6	9.7	-13
Medium Spanish banks	75.4	0.6	0.9	-7.0	-2
Caixabank	4.0	0.0	8.3	-7.9	0
Sabadell	1.5	0.1	5.3	-12.9	-10
Banqueparibas	8.9	1.2	7.3	-2.7	11
Banella	3.5	0.7	7.0	7.5	-14
Commodities (€, net for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.180	0.1	0.7	-1.2	-2
GBPUSD	1.34	0.3	0.2	0.9	-1
USDJPY	110.22	0.2	0.4	0.8	2
DXY	93.52	-0.1	-0.4	1.1	2
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	25.84	0.5	-3.6	-11.8	40
USDBRL (Brazil)	3.67	1.1	3.6	-2.0	-13
USDCUP (Cuba)	634.27	-0.3	-0.3	2.3	5
USDCOP (Colombia)	2858	0.0	-0.2	0.8	3
USDMXN (Mexico)	20.60	0.0	-0.7	6.0	-5
USDPEN (Peru)	3.27	-0.1	0.0	0.4	1
USDRUB (Russia)	57.76	0.3	0.4	0.6	9
LACI	3.62	-0.1	0.9	-1.4	5
USDRIL (India)	62.96	-0.2	-1.3	-1.7	-10
USDTRY (Turkey)	4.57	-1.1	0.6	-8.8	-21
USDCHF (China)	6.40	0.0	0.1	-1.1	1
USDINR (India)	67.49	-0.1	-0.5	-0.2	6
USDIDR (Indonesia)	13,966	-0.2	0.6	0.0	-3
ADXY	109.8	0.0	-0.2	0.5	0
Commodity (%)					
level	Daily	Weekly	Monthly	YTD	
Brent	76.4	0.0	1.4	-1	15
WTI	86	0.5	1.4	-6	10
Copper	324	-0.3	1.5	5	0
Gold	1298	-0.2	0.1	-2	-1
S&P Spot Commodity *	475	-0.2	0.7	-2	7
S&P Brent Spot *	649	-0.1	1.2	-1	15
S&P Metals Spot *	400	-0.4	0.2	4	2
S&P Agriculture *	302	-1.0	0.0	0	6

Source: Bloomberg, Datastream and Haver

---

Fuente: BBVA Research

Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.53	1.2	4.1	0	61
<b>US</b>	2.96	1.3	3.7	0	50
GER (2-yr)	0.59	1.3	6.2	-1	2
<b>Germany</b>	0.49	-0.2	12.2	-7	2
France	0.88	-2.8	18.3	9	6
Spain	1.45	1.1	5.8	18	-16
Italy	2.87	-2.7	1.6	99	77
Portugal	1.99	-1.1	13.3	31	-2
Greece	4.55	3.4	2.3	52	44
Japan (2-yr)	-0.13	-0.1	0.1	1	1
<b>Japan</b>	0.05	0.0	0.7	1	1
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	11.68	3.5	-40.0	161	142
Chile	4.57	0.5	-0.6	11	8
Colombia	6.58	0.9	1.0	5	14
Mexico	7.91	3.9	6.1	31	33
Peru	5.33	0.0	5.9	24	46
Poland	3.25	-4.8	1.9	2	-7
Russia	7.62	0.0	13.6	17	-2
Turkey	15.02	25.0	34.0	174	366
India	7.97	0.7	13.5	24	58
Indonesia	7.30	0.0	17.9	16	100
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	39	-2.6	6.1	16	10
Italy	237	2.9	-4.6	106	75
Portugal	150	-0.9	1.1	38	-5
Spain	96	1.3	-6.6	25	-19
2-yr sovereign spread vs Germany					
France	11	-0.2	-1.3	2	-5
Italy	157	-12.5	8.9	125	120
Portugal	54	-2.4	-10.4	-3	-14
Spain	45	8.5	4.7	21	18
Emerging Markets					
5-yr sovereign CDS *	level	Daily	Weekly	Monthly	YTD
Brazil	293	4.6	24	73	92
Chile	57	-0.8	2	5	8
Colombia	124	3.4	8	19	19
Argentina	360	14.2	6	0	122
Mexico	150	1.2	13	38	43
Peru	89	-0.3	1	10	17
Venezuela	16.599	0.0	0	0	0
Poland	68	-0.4	2	16	19
Russia	136	0.4	3	4	18
Turkey	278	5.7	4	37	114
China	56	-0.4	0	3	6
India	88	-0.6	-2	10	19
Indonesia	127	-1.3	5	11	42
Risk indicators					
Volatility indicators (change in pp)	level	Daily	Weekly	Monthly	YTD
VIX	12	-0.1	0	0	2
VSTOXX	14	-0.3	-1	1	0
EM EFT volatility index	17	-0.5	-1	0	0
Dollar/euro volatility	6	0.0	0	1	1
EM FX volatility index	10	0.0	0	1	2
Credit spread (BAA) change in bp	189	-1.3	-1	6	11
US bonds volatility index	58	-1.7	3	11	9
Inflation expectations (%)					
level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.45	-	0	0	13
EZ Inflation expectations (5Y5Y)	1.74	-	1	2	0
Banking 5Y CDS (pp) *					
level	Daily	Weekly	Monthly	YTD	
US	56	-2.4	-1	6	14
EZ	100	-7.6	19	44	61
UK	57	-1.0	10	13	16
Large Spanish	87	-7.1	5	37	51
Medium Spanish	100	-0.2	7	29	25
Corporate 5Y CDS (pp) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	149	-2.4	-1	6	14
EZ Non-financial	82	-7.6	19	44	61
UK Non-financial	108	-0.8	2	4	15
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EOHA Index	-0.26	0	0	0	1
Euribor 3m	-0.32	0	0	1	1
Euribor 12m	-0.18	0	0	1	1
Libor 3m	2.33	1	2	-2	64
Libor 12m	2.76	2	2	-1	65
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
<b>S&amp;P500</b>	2,787	0.2	1.4	2.2	3
Dow Jones	25,343	0.1	2.2	2.1	2
Nike	22,878	0.3	1.5	0.5	0
FTSE 100	7,704	-0.4	0.2	-0.3	1
<b>EuroStoxx 50</b>	3,476	-0.1	0.5	2.5	0
IBEX	9,914	0.2	2.4	3.5	2
DAX	12,842	0.0	0.4	-1.2	0
CAC	5,453	-0.4	0.1	1.6	3
MB	22,120	0.2	1.7	8.4	1
ASE Athens index	762	0.5	-3.4	-7.3	-7
<b>MSCI Latam *</b>	81,830	0.3	-4.0	-10.1	5
Ibovespa (Brazil)	72,957	0.9	-4.8	-14.4	-6
Mercol (Mexico)	46,554	0.5	3.2	0.4	-7
Merval (Argentina)	31,351	-1.1	3.3	0.0	1
<b>MSCI EM Europe *</b>	5,286	-0.1	-2.0	3.4	-2
Poland	2,252	0.8	-0.2	3.3	8
Mosc 10 (Russia)	4,388	0.0	11.6	3.7	6
Isse 100 (Turkey)	95,307	-1.4	-2.6	6.4	-19
<b>MSCI EM Asia *</b>	946	0.3	0.4	1.1	3
Shanghai Com (China)	3,080	0.8	11.7	7.6	8
Jakarta (Indonesia)	5,994	0.0	-0.4	1.5	-6
Banking sector					
level	Daily	Weekly	Monthly	YTD	
<b>US banks</b>	145.2	0.1	2.6	4.1	-2
JPM	111.1	0.2	3.0	2.4	3
Cit	68.4	0.4	2.4	6.2	-8
BofA	30.2	0.3	3.5	2.5	1
MS	51.6	-0.3	1.7	6.4	-1
GS	233.3	-0.3	2.2	4.0	-9
<b>EZ banks</b>	93.7	0.1	2.5	-12.3	-14
BNP	54.7	0.0	2.9	-12.9	-12
Credit Agricob	12.1	0.2	1.7	-10.1	-13
Deutsche Bank	9.7	0.4	3.2	-16.5	-39
ING	12.9	-0.2	2.2	3.5	-16
Intesa	2.6	-0.1	3.5	-17.8	-6
SG	38.0	0.5	1.9	-11.1	-12
Unicredit	14.5	0.3	3.1	-19.2	-8
<b>UK banks</b>	88.2	-0.2	0.8	5.2	-4
HSBC	733.0	0.4	1.5	0.4	4
RBS	265.7	-1.3	-0.1	9.7	4
Barclays	198.8	-0.6	0.5	7.3	-2
Lloyds	63.2	0.3	1.1	5.8	-7
<b>Large Spanish banks</b>	74.4	-0.3	3.7	-11.1	-12
Santander	4.8	-0.2	2.6	-12.7	-12
<b>BBVA</b>	6.2	-0.3	4.6	-9.7	-13
<b>Medium Spanish banks</b>	75.4	0.6	6.9	7.0	-2
Caixabank	4.0	0.0	8.3	7.9	0
Sabadell	1.5	0.1	5.3	-12.9	-10
Bankiatar	8.9	1.2	7.3	-2.7	11
Bankia	3.5	0.7	7.0	7.5	-14
Currencies (% net for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
<b>EURUSD</b>	1.180	0.1	0.7	-1.2	-2
GBPUSD	1.34	0.3	0.2	-0.9	-1
USDJPY	110.22	-0.2	0.4	0.8	2
DXU	93.52	-0.1	-0.4	1.1	2
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	25.84	0.0	-3.6	-11.4	-40
USDBRL (Brazil)	3.67	1.1	3.6	2.0	13
USDCUP (Cuba)	634.27	-0.3	-0.3	2.3	5
USDCOP (Colombia)	285.8	0.4	0.2	-0.8	3
USDMXN (Mexico)	20.60	0.0	-0.7	6.0	-5
USDPEN (Peru)	3.27	-0.1	0.0	-0.4	-1
ILCI	57.76	0.3	0.4	3.5	9
USZPLN (Poland)	3.62	-0.1	0.9	1.4	5
USDRLB (Russia)	62.96	-0.2	-1.3	1.7	-10
USDTRY (Turkey)	4.57	-1.1	0.6	5.9	-21
USDCNY (China)	6.40	0.0	0.1	-1.1	1
USDINR (India)	67.49	-0.1	-0.5	0.2	-6
USDIDR (Indonesia)	13,946	-0.2	0.5	0.0	-3
ADXY	109.8	0.0	-0.2	0.5	0
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
<b>Brent</b>	76.4	0.0	1.4	-1	15
WTX	66	0.5	1.4	6	10
Copper	3.24	-0.3	1.5	5	0
Gold	1298	-0.2	0.1	-2	-1
S&P Spot commodity *	475	-0.2	0.7	-2	7
S&P Brent Spot *	649	-0.1	1.2	-1	15
S&P Metals Spot *	400	-0.4	0.2	-1	2
S&P Agriculture *	302	-1.0	0.0	0	6

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

---

Fuente: BBVA Research

---

---

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