

Market Comment | The ECB surprised markets, while the Fed remained on track

Global Financial Markets Unit
15 Jun 2018

- The monetary policy meetings, the geopolitical events (North Korea-US meeting) and trade tensions were the main highlights driving financial markets during the week.
- **The FOMC increased the target range for federal funds to 2.0% and the median projections of the FOMC for year-end 2018 increased to two rate increases from one previously.** The FOMC expects economic conditions to remain solid and inflation to be near 2% over the medium term. The GDP projections increased slightly in 2018 while inflation expectations were revised up. We maintain our baseline scenario of two additional rate increases in 2018. After the FOMC meeting, the market implied probability of two additional interest rate hikes increased to 50%. The release of strong US CPI growth figures ([see](#)) early this week also supported the FOMC economic outlook.
- **Mild reaction in financial markets to the fresh news from the FOMC** as the rate hike was priced in financial markets. 10Y Treasury yields remained hovering around 3%. Nonetheless, **trade tensions returned to the forefront today** (and odds of a trade war increased) as the US approved US\$50 billion of tariffs on imports of goods from China ([see](#)), **which weighed on bond and equity markets.**
- At yesterday's meeting, **the ECB unveiled more details of its monetary normalization process.** The central bank decided to extend the **asset purchase programme until December 2018 but at a monthly pace of €15 billion.** Regarding standard measures, key interest rates were left unchanged, as expected, while the ECB strengthened its forward guidance on rates and announced **“the key ECB interest rates to remain at their present levels at least through the summer of 2019”**. The updated EZ GDP growth forecasts are weaker in 2018 due to the first quarter slowdown but remain unchanged in 2019-20. Changes in oil prices and the exchange rate led the ECB to revise its headline inflation forecasts considerably upwards, while core inflation has also been revised slightly upwards ([see BBVA Research report](#)).
- **Eurozone markets reacted abruptly** given that the ECB decisions were read as dovish by financial markets. Sharp EUR depreciation and drop in Eurozone 10Y yields after the meeting. Bund returned below 0.40% threshold and the EUR stood at 1.15 against the USD hours after the meeting. Meanwhile peripheral risk premia remaining almost unchanged, with little differentiation between Spain and Italy. European equity indices showed a positive performance, particularly those that benefited more from the EUR depreciation, such as the DAX.
- **The outcome of the long-awaited meeting between North Korea and the US** had a mild effect on financial markets despite the signing of an agreement seeking the complete denuclearisation of the Korean peninsula ([see](#)).

- **The Japanese yen depreciated against the USD despite the BoJ meeting** ([see](#)) while EM currencies depreciated across the board against the USD during the week despite the fact that the Fed's hike was almost fully priced before the meeting. After a week of relative calm, the Argentinian peso and the Turkish lira felt the market's pressure again.

Table1

Update 17:50 CET 15 June

Debt markets (10Y % change in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.55	-1.0	5.0	13	63
US	2.92	-1.0	5.9	-10	45
GER (2-yr)	-0.62	0.6	3.3	-4	-1
Germany	0.40	2.2	-4.5	-20	6
France	0.73	-3.3	-8.4	-11	-9
Spain	1.30	-5.4	-17.5	-12	-32
Italy	2.61	-13.2	-23.6	49	51
Portugal	1.82	-9.5	-23.6	1	-19
Greece	4.50	-9.7	-20.6	13	39
Japan (2-yr)	0.03	-0.1	-1.0	0	0
Japan	0.04	-0.9	-1.9	-1	-1
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	12.03	-27.9	39.1	184	178
Chile	4.60	0.2	4.5	10	9
Colombia	6.63	4.6	5.8	4	19
Mexico	7.99	4.0	15.8	24	42
Peru	5.40	5.4	7.2	25	53
Poland	3.25	2.9	-6.2	2	-6
Russia	7.84	15.9	20.4	37	21
Turkey	15.64	0.0	115.0	161	428
India	7.89	-5.4	-5.6	-1	51
Indonesia	7.30	0.0	0.0	8	100
Country risk (bp change in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	33	-1.1	-3.9	9	4
Italy	220	-11.0	-43.1	69	57
Portugal	142	-7.3	-19.1	22	-13
Spain	89	-3.2	-13.0	9	-26
2-yr sovereign spread vs Germany					
France	12	0.0	-3.0	1	-5
Italy	128	-12.2	-107.3	62	91
Portugal	49	-3.1	-10.2	-14	-18
Spain	39	-4.2	-4.5	11	12
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *					
Brazil	269	8.5	14	78	109
Chile	57	1.5	0	0	8
Colombia	127	5.0	7	15	22
Argentina	410	28.8	53	30	172
Mexico	145	2.4	0	26	42
Peru	90	2.2	-1	5	18
Poland	68	-0.4	4	14	20
Russia	140	-1.1	8	6	23
Turkey	300	-2.2	32	41	135
China	55	-0.6	0	-4	5
India	88	0.5	0	5	19
Indonesia	127	-0.3	2	7	42
Risk indicators					
Volatility indicators (change in pp)	level	Daily	Weekly	Monthly	YTD
VIX	13	0.4	0	-1	3
VSTOXX	12	0.7	-3	-1	-1
EM EET volatility Index	18	0.3	0	0	2
Dollar/euro volatility	7	-0.2	0	0	1
EM FX volatility Index	10	0.1	0	1	2
Credit spread (BAA) (change in bp)	190	1.3	2	11	13
US bonds volatility Index	52	-1.3	-7	-3	3
Inflation expectations (%)					
level	Daily	Weekly	Monthly	YTD	
US inflation expectations (5Y5Y)	2.44	-	0	2	12
EZ inflation expectations (5Y5Y)	1.73	-	-1	0	-1
Banking 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	54	-1.1	-4	2	12
EZ	86	-5.7	-13	31	47
UK	52	-2.2	-3	10	11
Large Spanish	77	-5.7	-15	28	41
Medium Spanish	100	4.3	2	29	25
Corporate 5y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	144	-1.1	-4	2	12
EZ Non-financial	78	-5.7	-13	31	47
UK Non-financial	107	-1.5	0	3	14
Interbank markets (% change in bp)					
level	Daily	Weekly	Monthly	YTD	
EOBA Index	-0.35	0	1	1	1
Euribor 3m	-0.32	0	0	1	1
Euribor 12m	-0.18	0	0	1	0
Libor 3m	-3.33	-1	1	1	64
Libor 12m	2.77	0	2	2	66
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,768	-0.5	-0.4	1.7	3
Dow Jones	24,927	-1.0	-1.5	0.6	0
Nikkei	22,852	0.5	0.7	0.6	0
FTSE 100	7,649	-1.5	-0.4	-1.1	0
EuroStoxx 50	3,508	-0.5	-1.0	-1.5	1
IBEX	9,870	-0.9	1.3	-2.4	-2
DAX	13,019	-0.7	2.0	0.2	1
CAC	5,508	-0.4	1.1	-1.1	4
MB	22,242	-1.1	4.2	-6.3	2
ASE Athens	763	-2.0	-1.2	-3.1	-7
MSCI Latam *	81,598	-0.4	-0.9	-10.0	5
Ibovespa (Brazil)	70,531	-1.2	-3.3	-18.5	-9
Mexbol (Mexico)	46,686	-1.1	1.6	0.6	7
Nifty (Argentina)	30,147	0.1	-4.1	-4.8	-3
MSCI EM Europe *	5,260	-0.1	-2.5	-4.0	-2
Poland	2,203	-1.6	-2.1	-3.2	-10
Wse10 (Russia)	4,313	-0.8	-1.8	-5.2	5
Isx 100 (Turkey)	94,541	0.0	-1.4	-3.5	20
MSCI EM Asia *	936	-0.9	-1.8	-0.1	2
Shanghai Com (China)	3,022	-0.7	-1.5	-4.7	-10
Jakarta (Indonesia)	5,994	0.0	-1.9	-2.7	-6
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	140.8	-1.2	-3.1	-6.6	-5
JPB	106.8	-1.2	-3.9	-6.8	-1
BoA	29.0	-1.6	-3.3	-6.5	-3
HS	59.9	-1.0	-2.1	-7.6	-3
GS	230.1	-1.5	-1.4	-4.5	-10
EZ banks	91.8	-1.5	0.9	-12.7	-16
BNP	54.3	-1.3	0.8	-13.1	-13
Credit Agricole	11.8	-1.9	-0.5	-12.4	-15
Deutsche Bank	9.5	-1.7	-0.6	-13.5	-41
ING	12.6	-1.3	-0.8	-5.6	-18
Intesa	2.5	-1.8	5.1	-17.8	7
SG	36.9	-1.5	0.8	-12.1	-14
Unicredit	14.2	-1.5	5.2	-15.8	9
UK banks					
level	Daily	Weekly	Monthly	YTD	
HSBC	722.8	-1.6	-1.0	-2.2	-6
RBS	254.5	-3.5	-4.9	-12.7	-8
Barclays	194.5	-3.0	-2.2	-5.7	-4
Lloyds	62.0	-1.7	-1.4	-5.6	-8
Large Spanish banks					
level	Daily	Weekly	Monthly	YTD	
Santander	4.7	-2.2	-0.3	-12.1	-14
Medium Spanish banks					
level	Daily	Weekly	Monthly	YTD	
BBVA	6.0	-2.0	-1.7	-9.8	-16
CaixaBank	72.0	-2.2	-0.8	-9.1	-6
Sabadell	3.7	-3.3	-3.0	-9.9	-6
Santitas	1.4	-1.8	-1.2	-13.6	-14
Bankinter	8.5	-1.9	0.0	-5.9	7
Banisa	3.3	-2.0	-1.0	-9.5	-18
Commodities (%; not for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1,162	0.5	-1.3	-1.6	-4
GBPUSD	1.33	0.2	-0.9	-1.5	-2
USDJPY	110.55	0.1	-0.9	0.1	2
DOX	94.69	0.2	1.2	1.4	3
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	28.13	-0.5	-11.0	-15.9	-53
USDBRL (Brazil)	3.76	1.3	-1.3	-2.3	-15
USDCLP (Chile)	634.53	0.2	0.6	0.7	5
USDCOP (Colombia)	2894	-1.1	-1.2	-1.2	1
USDMXN (Mexico)	20.63	1.2	-1.7	-5.4	-6
USDPEN (Peru)	3.98	0.1	-0.5	-0.5	-1
LACI	56.75	0.9	-1.6	-4.2	-11
USDPLN (Poland)	3.69	0.4	-1.4	-1.9	-7
USDRLB (Russia)	63.12	-0.9	-1.3	-2.3	-10
USDTRY (Turkey)	4.72	0.1	-5.6	-7.0	-25
USDTRY (China)	6.44	-0.6	-0.5	-1.1	1
USDINR (India)	68.02	-0.6	-0.7	-0.3	-7
USDIDR (Indonesia)	13,932	0.0	0.0	1.2	-3
ADXY	108.9	-0.3	-0.8	-1.0	-1
Commodity %					
level	Daily	Weekly	Monthly	YTD	
Brent	73.3	-3.5	-4.1	-8	10
WTI	65	-3.2	-1.6	9	7
Copper	314	-2.4	-4.6	3	4
Gold	1278	-1.8	-1.6	-1	-3
S&P Spot commodity *	474	-0.8	-0.4	-3	7
S&P Brent Spot *	644	-1.1	-1.0	-4	14
S&P Metals Spot *	395	-1.1	-1.8	2	0
S&P Agriculture*	301	-2.0	-1.6	0	6

Source: Bloomberg, Datastream and Haver

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.55	-1.0	5.6	-3	63
US	2.92	-1.8	2.9	-18	45
GER (2-yr)	-0.62	0.6	3.3	-4	-1
Germany	0.40	-2.8	-4.5	-20	-6
France	0.73	-3.3	-8.4	-11	-9
Spain	1.30	-5.4	-17.5	-12	-32
Italy	2.61	-13.2	-32.6	-49	-51
Portugal	1.82	-9.5	-23.6	1	-19
Greece	4.50	-9.7	-20.6	13	39
Japan (2-yr)	-0.13	-0.1	-1.0	0	15
Japan	0.04	-0.9	-1.9	-1	-1
Emerging Markets					
Brazil	12.03	-27.9	-39.1	-184	-178
Chile	4.60	0.2	4.5	10	9
Colombia	6.63	-4.1	5.8	4	19
Mexico	7.99	4.0	15.8	24	42
Peru	5.40	5.0	7.2	25	52
Poland	3.28	-2.8	-6.2	-2	-5
Russia	7.84	15.9	20.4	37	21
Turkey	15.64	-6.7	-115.0	151	-428
India	7.89	-5.4	-5.6	-1	51
Indonesia	7.30	0.0	0.0	8	100
Country risk (Op. Changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	33	-1.1	-3.9	9	4
Italy	220	-11.0	-48.1	69	57
Portugal	142	-7.3	-19.1	22	-13
Spain	89	-3.2	-13.0	9	-26
2-yr sovereign spread vs Germany					
France	12	0.0	-3.0	1	-5
Italy	128	-12.2	-107.3	62	91
Portugal	49	-3.1	-18.2	14	-18
Spain	39	-4.2	-4.5	11	12
Emerging Markets					
5-yr average CDS *					
Brazil	269	8.5	14	78	109
Chile	57	1.5	0	0	8
Colombia	127	5.0	7	15	22
Argentina	410	28.8	53	30	172
Mexico	149	2.4	0	26	42
Peru	90	2.2	-1	5	16
Poland	68	-0.4	4	14	20
Russia	140	-1.1	8	6	23
Turkey	300	-2.2	32	41	135
China	55	0.6	0	-4	5
India	88	0.5	0	5	19
Indonesia	127	0.3	2	7	42
Risk Indicators					
Volatility Indicators (Change in ppt)	level	Daily	Weekly	Monthly	YTD
VIX	13	0.4	0	-1	3
VSTOXX	12	0.7	-3	-1	-1
EM EET Volatility Index	18	0.3	0	0	2
Dollar/euro volatility	7	-0.2	0	0	1
EM FX volatility index	10	0.1	0	1	2
Credit losses (BAs) (Change in bp)	190	1.8	2	11	13
US bonds volatility index	52	-1.3	-7	-3	3
Inflation Expectations (bps)					
US Inflation expectations (5Y5Y)	2.44	0	0	-2	12
EZ Inflation expectations (5Y5Y)	1.73	-	-1	0	-1
Banking Sy CDS (ppt) *					
US	54	-1.1	-4	2	12
EZ	86	-5.7	-13	31	47
UK	52	-2.2	-3	10	11
Large Spanish	77	-5.7	-15	28	41
Medium Spanish	100	-4.3	-2	29	25
Corporate Sy CDS (ppt) *					
US Non-financial	144	-1.1	-4	2	12
EZ Non-financial	79	-5.7	-13	31	47
UK Non-financial	107	-1.5	0	3	14
Interbank markets (% change in bp)					
level	Daily	Weekly	Monthly	YTD	
COBA Index	-0.36	0	-1	1	1
Euribor 3m	-0.32	0	0	1	1
Euribor 12m	-0.18	0	0	1	0
Libor 3m	2.33	-1	1	1	64
Libor 12m	2.77	0	2	2	66
Stock markets (%)					
Main Indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,768	-0.5	-0.4	1.7	3
Dow Jones	24,927	-1.0	-1.5	0.6	0
Nikkei	22,852	0.5	0.7	0.6	0
FTSE 100	7,649	-1.5	-0.4	1.1	0
Euro Stoxx 50	3,508	-0.5	1.5	1.5	1
IBEX	9,870	-0.9	1.3	-2.4	-2
DAX	13,019	-0.7	2.0	0.2	1
CAC	5,508	-0.4	1.1	-1.1	-4
MB	22,242	-1.1	4.2	-6.3	2
ASE Athens	763	-2.0	1.2	-3.1	-7
MSCI Latam *	81,598	-0.4	-0.9	-10.0	-5
Ibovespa (Brazil)	70,531	-1.2	-3.3	-18.5	-9
Mercol (Mexico)	46,686	-1.1	1.6	0.6	-7
Merval (Argentina)	30,147	-0.1	-4.1	-4.6	-3
MSCI EM Europe *	5,260	0.1	2.5	4.0	1
Poland	2,203	-1.6	-2.1	-3.2	-10
Moscú (Russia)	4,313	-0.8	-1.8	-5.2	5
Isr 100 (Turkey)	94,541	0.0	-1.4	-7.5	-9
MSCI EM Asia *	936	-0.9	-1.8	0.1	2
Shanghai Com (China)	3,022	-0.7	-1.5	-4.7	-10
Jakarta (Indonesia)	5,994	0.0	-1.8	-2.7	-6
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks	140.8	-1.2	-3.1	-6.6	-5
JPM	106.8	-1.2	-3.8	-5.8	-1
Cit	65.7	-0.7	-4.0	8.7	-12
BoA	29.0	-1.6	-3.3	-6.5	-3
MS	59.8	-1.0	-2.3	-7.6	-3
GS	230.1	-1.5	-1.4	4.5	-10
EZ banks	91.8	-1.5	0.9	-12.7	-16
BNP	54.1	-1.3	0.8	-13.1	-13
Crédit Agricole	11.8	-1.9	-0.5	-12.4	-15
Deutsche Bank	9.5	-1.7	-0.6	-13.5	-41
ING	12.6	-1.3	0.8	-5.6	-18
Intesa	2.5	-1.8	5.1	-17.8	-7
SG	36.9	-1.5	0.8	-12.1	-14
Unicredit	14.3	-1.5	5.2	-15.8	-9
UK banks	86.2	-2.3	-2.1	6.1	-6
HSBC	722.8	-1.6	-1.0	-2.2	-6
RBS	254.5	-3.5	-4.9	-12.7	-8
Barclays	194.5	-3.0	-2.2	-6.7	-4
Lloyds	62.0	-1.7	-1.4	-5.6	-8
Large Spanish banks	72.1	-2.1	-1.1	-10.9	-15
Santander	4.7	-2.2	-0.3	-12.1	-14
BBVA	6.0	-2.0	-1.7	-9.8	-16
Medium Spanish banks	72.0	-2.2	-0.8	-9.1	-6
Cajabank	3.7	-3.3	-3.0	-9.9	-6
Sabadell	1.4	-1.8	-1.2	-13.6	-14
Banque	8.5	-1.9	0.9	-5.9	7
Banisa	3.3	-2.0	-1.0	-9.5	-18
Commodities (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1,162	0.5	-1.3	-1.6	-4
GBPUSD	1.33	0.2	-0.9	-1.5	-2
USDJPY	110.55	0.1	0.9	0.1	2
DXY	94.69	0.2	1.2	1.4	3
Emerging					
USDARS (Argentina)	28.13	-0.5	-11.0	-15.9	-53
USDBRL (Brazil)	3.76	1.3	-1.3	-2.3	-15
USDCOP (Chile)	634.53	0.2	0.6	0.7	5
USDCOP (Colombia)	2894	-1.1	-1.2	-1.2	1
USDMXN (Mexico)	20.63	1.2	-1.7	-5.4	-6
USDPHN (Phil)	3.28	0.1	0.6	0.5	-1
LAC1	56.75	0.9	-1.6	-4.2	-11
USDPLN (Poland)	3.69	0.4	-1.4	-1.9	-7
USDRLR (Russia)	63.12	-0.9	1.3	2.3	-10
USDTRY (Turkey)	4.72	0.1	5.6	-7.0	-25
USDCHY (China)	6.44	-0.6	-0.5	-1.1	1
USDINR (India)	68.02	-0.6	-0.7	-0.3	-7
USDIDR (Indonesia)	13.932	0.0	0.0	1.2	-3
ADXY	108.9	0.3	-0.8	-1.0	-1
Commodities (\$)					
level	Daily	Weekly	Monthly	YTD	
Brent	73.3	-3.5	-4.1	-8	10
WTX	65	-3.2	-1.6	9	7
Copper	314	-2.4	-4.6	3	-4
Gold	1278	-1.8	-1.6	-1	-3
S&P Spot commodity *	474	-0.8	-0.4	-3	7
S&P Brent Spot *	644	-1.1	-1.0	-4	14
S&P Metals Spot *	395	-1.1	-1.8	2	0
S&P Agricultural *	301	-2.0	-1.6	0	6

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

Fuente: BBVA Research

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 / 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