

# Market Comment | Relief rally in financial markets

Global Financial Markets Unit  
14 Aug 2018

- **Financial markets were little changed in today's session, however the cautious mood remained.** Equity indices in the US were slightly positive, while the equity implied volatility VIX positioned at 13% despite an intraday spike. Meanwhile, European stocks were flat, while Asian equities indices were mixed, with Chinese equity indices slightly negative amid the release of lower-than-expected economic data for China ([see](#)).
- **Core yields remained steady:** The US 10Y Treasury yield continued to hover below 2.90%, while the 10Y Bund was unchanged despite both the better-than-expected second revision of 2Q18 GDP ([see](#)) for the EZ and the economic sentiment (ZEW) for Germany ([see](#)). **Peripheral risk premia narrowed slightly as peripheral yields declined** in line with the improvement in the movement of financial markets.
- **The EUR depreciated against the USD, breaking down the 1.14 USD/EUR without any special driver** beyond the USD strength couple with ongoing European political concerns. In EM Fx market, yesterday's most penalized EM currencies recovered, with the TRY, RUB, ARS and MXN all appreciating against the USD.
- Regarding commodity markets, **crude oil prices continued steady, while gold prices recovered some ground** after yesterday's biggest drop.

Table 1

Update 17:45 CET August 14

Debt markets (10Y % change in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US G10	2.63	1.6	-4.1	5	71
US	2.89	1.1	8.3	6	43
GER (2-yr)	-0.64	0.9	5.8	-1	-3
Germany	0.33	1.8	8.0	-1	-19
France	0.68	0.2	-4.6	7	-14
Spain	1.41	-3.0	1.9	9	-26
Italy	3.03	-7.2	16.1	48	94
Portugal	1.81	-3.3	6.0	8	-20
Greece	4.26	-2.5	36.8	41	16
Japan (2-yr)	-0.11	0.0	-0.6	2	2
Japan	0.11	1.1	0.4	7	6
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	11.69	-13.8	48.2	29	143
Chile	4.50	-0.7	-3.2	2	-1
Colombia	6.85	0.1	-2.2	24	41
Mexico	7.79	0.7	9.0	3	22
Peru	5.09	-0.3	3.6	-6	-22
Poland	3.16	0.0	2.4	-1	-15
Russia	8.44	-5.6	46.2	79	81
Turkey	20.34	-119.0	173.0	296	898
India	7.82	0.5	3.2	2	43
Indonesia	8.03	9.1	26.0	5.3	173
Country risk (bp, changes in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	35	-1.6	3.4	8	5
Italy	230	-5.0	24.1	49	113
Portugal	148	-5.1	14.0	9	0
Spain	109	-8.8	9.9	10	-7
2-yr sovereign spread vs Germany					
France	20	0.4	0.5	0	4
Italy	188	-9.9	39.1	56	151
Portugal	49	-3.8	6.7	-2	-1
Spain	37	-4.9	8.6	4	10
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
1-yr sovereign CDO *					
Brazil	247	10.1	36	1	87
Chile	52	0.8	4	-5	3
Colombia	113	2.5	9	2	8
Argentina	617	51.0	181	184	379
Mexico	121	-0.2	7	8	14
Peru	81	1.6	4	-3	9
Poland	63	0.7	1	3	15
Russia	174	4.4	37	49	56
Turkey	567	118.2	226	238	403
China	64	0.4	1	-3	14
India	91	3.4	2	-8	22
Indonesia	124	4.4	10	2	39
Risk indicators					
Volatility indicators (change in ppt)	level	Daily	Weekly	Monthly	YTD
VIX	13	-1.3	3	1	4
VSTOXX	16	-0.6	3	3	2
EM EFT volatility index	19	-1.5	1	1	2
Dollar euro volatility	8	0.0	2	1	1
EM FX volatility index	13	0.7	2	3	5
Credit spread (BAA) (change in bps)	190	-1.1	7	0	12
Inflation expectations (%)					
level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.40	-	6	1	8
EZ Inflation expectations (5Y5Y)	1.71	-	0	0	-2
Inflation (YoY) (%)					
level	Daily	Weekly	Monthly	YTD	
US	54	0.7	5	0	12
EZ	99	2.6	11	11	60
UK	67	0.5	2	5	26
Large Spanish	92	1.6	16	6	56
Medium Spanish	92	2.2	0	4	17
Commodity prices (Bps)					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	157	0.7	5	0	12
EZ Non-financial	77	2.6	11	11	60
UK Non-financial	101	1.3	7	-4	9
Interbank markets (% change in bps)					
level	Daily	Weekly	Monthly	YTD	
LIBOR Index	-0.36	0	0	1	1
Eurobor 3m	-0.32	0	0	0	1
Earlibor 12m	-0.17	0	1	1	2
Libor 3m	2.31	-1	-3	-3	62
Libor 12m	2.80	-1	-2	2	70
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,838	0.6	-0.7	1.3	5
Dow Jones	25,294	0.4	-1.3	1.1	2
Nikkei	22,356	2.3	1.4	-1.1	-2
FTSE 100	7,612	-0.4	-1.4	0.2	0
Euro Stoxx 50	3,409	0.0	-2.7	-1.3	-2
IBEX	8,507	-0.2	-2.7	-2.3	-6
DAX	12,359	0.0	-2.3	-1.5	-4
CAC	5,403	-0.4	-2.1	-0.6	-2
NIB	20,906	-0.3	-4.3	-4.5	-4
ASE Athens	720	-0.1	5.4	5.5	12
MSCI LatAm *	84,949	0.8	3.1	0.5	-1
Bovespa (Brazil)	77,816	0.4	-3.1	1.6	0
Merbi (Mexico)	49,107	0.7	-1.7	1.4	2
IBOV (Argentina)	26,207	-0.5	8.2	0.8	-15
MSCI EM Europe *	5,240	-0.2	-2.0	0.8	-3
Poland	2,273	0.5	-1.4	5.4	-8
Index 10 (Russia)	4,256	-0.1	2.5	5.9	3
ISE 100 (Turkey)	92,419	0.8	-2.9	3.9	-21
MSCI EM Asia	872	-1.6	-0.7	-1.4	-5
Shanghai Com (China)	2,281	-0.2	0.1	-1.8	-17
Jakarta Indonesia	5,770	-5.1	5.4	2.3	-9
Financial sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	114.2	0.3	-2.8	7.4	6
Ch	69.8	0.9	-3.6	4.2	-6
BaK	38.7	0.6	-2.6	7.4	3
MS	47.9	1.1	-4.5	0.5	-8
GS	229.3	1.1	-3.6	1.3	-10
EZ banks					
BIF	81.5	-0.9	6.6	7.6	-20
BNP	51.9	-0.3	-4.9	-1.0	-16
Crédit Agricole	11.8	-1.7	-5.3	3.5	-15
Diēdie Bank	10.0	-0.5	8.2	4.5	-37
ING	11.8	-0.3	6.6	5.1	-23
Intesa	2.2	-0.9	8.2	9.0	-19
SC	35.5	-0.9	5.3	1.7	-18
UK banks					
Unicredit	13.1	-2.0	-11.1	8.0	-16
UK banks	83.7	-0.5	-2.0	-1.2	-9
RISK					
RBS	715.6	0.1	0.1	1.0	-6
RBS	242.2	-1.5	-4.1	-1.4	-13
Barclays	184.0	-0.3	-2.9	3.0	-9
Lloyds	61.0	-0.7	-2.2	-2.3	-10
Large Spanish banks					
Santander	66.8	-0.2	8.2	7.2	-21
4A	4.4	-0.3	-6.6	-4.4	-19
BBVA	5.5	-0.1	9.7	0.6	-23
Medium Spanish banks					
Cajabank	68.8	-0.7	4.2	3.2	-10
Cajabank	3.8	-1.2	-4.1	2.3	-4
Sabadel	1.3	-1.2	6.6	-4.8	-20
Bankinter	7.8	-0.5	-3.1	9.1	-2
Banisa	3.2	0.0	4.2	2.3	-20
Commodities (% change in bps)					
level	Daily	Weekly	Monthly	YTD	
Developed					
EURUSD	1,135	-0.6	-2.2	-2.9	-6
GBPUSD	1.27	-0.3	-1.6	3.7	6
USDJPY	110.94	-0.2	0.4	1.3	1
DXY	96.56	0.2	1.4	2.0	5
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	29.32	2.1	-7.0	-7.6	-59
USD BRL (Brazil)	3.88	0.0	-3.5	0.9	-19
USDCJP (China)	663.88	-0.4	3.3	2.0	9
USDCOP (Colombia)	3003	0.0	-3.5	5.0	-2
USDMXN (Mexico)	19.00	0.6	-2.9	0.6	3
USDREN (Peru)	3.29	-0.1	0.7	0.6	-2
LACI	56.97	0.0	-3.4	1.9	-10
USDPLN (Poland)	3.79	-0.5	-3.3	-2.8	-10
USD RUB (Russia)	66.47	1.6	-4.6	6.4	16
USDTRY (Turkey)	6.50	5.5	-24.4	-34.4	-73
USD CNY (China)	6.88	0.1	0.8	-2.9	6
USDINR (India)	69.89	0.1	1.8	-2.8	-10
USDIDR (Indonesia)	14,584	0.2	-1.0	-1.4	-8
ADXY	104.7	0.1	-0.9	-1.6	-5
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent	72.7	0.1	-2.6	-4	9
WTI	67	0.0	-2.8	-5	11
Copper	268	-1.5	-2.2	-3	-18
Gold	1197	0.3	-3.2	-4	-9
S&P Spot commodity *	455	-0.7	-2.5	-2	-3
S&P Brent Spot *	621	-0.2	-2.4	-3	10
S&P Metals Spot *	345	-0.9	0.0	0	-13
S&P Agricultural *	290	-0.8	-2.9	5	2

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

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Fuente: BBVA Research

Debt markets (10Y, %, changes in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.63	1.6	-4.1	5	71
US	2.89	1.1	8.3	6	43
GER (2-yr)	-0.64	0.0	5.8	-1	-3
Germany	0.33	1.8	8.0	-1	-19
France	0.68	0.2	4.6	7	-14
Spain	1.41	-0.0	11.9	9	26
Italy	3.03	-7.2	16.1	48	94
Portugal	1.81	-3.5	6.0	8	-20
Greece	4.36	-2.5	16.6	41	16
Japan (2-yr)	0.11	0.0	0.6	2	2
Japan	0.11	1.1	0.4	7	6
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	11.69	-13.0	45.2	29	143
Chile	4.60	-0.7	3.2	8	-1
Colombia	6.85	0.1	-2.2	24	41
Mexico	7.79	0.7	9.0	3	22
Peru	5.09	-0.3	3.6	-6	-22
Poland	3.16	0.0	2.4	-1	-15
Russia	8.44	-5.0	46.2	79	01
Turkey	20.34	-119.0	173.0	296	898
India	7.82	-0.5	3.2	2	43
Indonesia	8.03	0.1	26.0	53	173
Country risk (bp, changes in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	35	-1.6	3.4	8	5
Italy	270	-9.0	24.1	49	113
Portugal	148	-5.1	14.0	9	0
Spain	109	5.8	9.9	10	-7
<b>2-yr sovereign spread vs Germany</b>					
France	20	0.4	8.5	0	4
Italy	188	-9.9	39.1	56	151
Portugal	49	-3.9	6.7	-2	-1
Spain	37	-4.9	8.6	4	10
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
<b>5-yr sovereign CDS *</b>					
Brazil	247	10.1	36	1	87
Chile	52	0.8	4	5	3
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Turkey	567	118.2	226	238	403
China	64	0.4	1	-3	14
India	91	-3.4	2	8	22
Indonesia	124	4.4	10	2	39
Risk indicators					
Volatility indicators (change in bps)	level	Daily	Weekly	Monthly	YTD
VIX	13	-1.5	3	3	4
VSTOXX	16	-0.1	3	3	2
EM EFT volatility Index	19	-1.5	1	1	2
Diversifiers volatility	8	0.0	2	1	1
EM FX volatility index	13	0.7	2	3	5
Credit spread (BAA) change in bps	190	-1.1	7	0	12
US bonds volatility index	51	0.1	4	2	7
Inflation expectations (%)					
level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.40	-	-6	1	8
EZ Inflation expectations (5Y5Y)	1.21	-	0	0	-2
Bonding 5-yr CDS (bps)					
level	Daily	Weekly	Monthly	YTD	
US	54	0.7	5	0	12
EZ	99	2.6	11	11	60
UK	67	0.5	2	5	26
Large Spanish	92	1.6	16	6	56
Medium Spanish	92	2.2	0	-4	17
Government 5-yr CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	157	0.7	5	0	12
EZ Non-financial	77	2.6	11	11	60
UK Non-financial	101	1.3	2	-4	9
Interbank markets (% change in bps)					
level	Daily	Weekly	Monthly	YTD	
EURIBOR Index	-0.36	0	0	1	1
EURibor 3m	-0.32	0	0	0	1
EURibor 12m	-0.17	0	1	1	2
Libor 3m	2.31	-1	3	3	62
Libor 12m	2.80	-1	2	2	70
Stock markets (%)					
Index	level	Daily	Weekly	Monthly	YTD
S&P500	2,838	0.6	0.7	1.3	5
Dow Jones	25,294	0.4	-1.3	1.1	2
Nikkei	22,356	2.3	-1.4	-1.1	-2
FTSE 100	7,612	-0.4	-1.4	0.7	0
EuroStoxx 50	3,409	0.0	-2.7	-1.3	-2
IBEX	9,507	-0.2	-2.7	-2.3	-6
DAX	12,359	0.0	-2.3	-1.5	-4
CAC	5,403	-0.2	-2.1	0.5	2
MI	20,906	-0.3	-4.3	-4.5	-4
ASE Athens	720	-0.1	-5.4	-5.5	-12
MSCI Latam *	84,249	0.8	-3.1	0.6	-1
Bovespa (Brazil)	77,816	0.4	-3.1	1.6	0
Merval (Mexico)	49,107	0.7	-1.7	1.4	-2
Merval (Argentina)	26,307	0.9	5.3	0.8	-15
MSCI EM Europe *	5,240	-0.2	2.0	0.8	-3
Poland	2,273	0.5	-1.4	5.4	8
Moon 10 (Russia)	4,258	-0.1	2.5	5.9	3
Ru 100 (Turkey)	93,419	0.8	-2.9	3.9	-21
MSCI EM Asia *	872	-1.6	0.7	-1.4	5
Shanghai Com (China)	2,781	-0.2	0.1	1.8	-17
Jakarta Indonesia	5,770	-5.1	5.4	-2.3	-9
FX rates (level)					
level	Daily	Weekly	Monthly	YTD	
<b>US banks</b>					
JPM	114.2	0.3	2.8	7.4	6
Ch	69.8	0.9	1.6	4.2	6
BoA	30.7	0.6	2.6	7.4	3
MS	47.9	1.1	4.5	0.5	-8
GS	229.3	1.1	3.6	1.3	-10
<b>EZ banks</b>					
BNP	51.9	-0.3	4.9	1.0	16
Credit Agricole	11.8	-1.7	5.3	3.5	15
Deutsche Bank	10.0	-0.5	8.2	4.5	37
ING	11.8	-0.3	6.6	5.1	-23
Intesa	2.2	-0.9	8.2	9.0	-19
SG	35.5	-0.9	5.3	-1.7	-18
Unicredit	13.1	-2.0	-11.1	8.0	-16
<b>UK banks</b>					
HSBC	83.7	-0.5	2.0	-1.2	-9
RBS	715.6	-0.1	0.1	1.0	-6
RES	242.2	-1.5	-4.1	-1.4	-13
Barclays	184.0	-0.3	2.9	3.0	9
Lloyds	61.0	-0.7	-2.2	-2.3	-10
<b>Large Spanish banks</b>					
Santander	66.8	-0.2	8.2	7.2	21
CaixaBank	4.4	-0.3	6.6	4.4	-19
BBVA	5.5	-0.1	9.7	9.6	-23
<b>Medium Spanish banks</b>					
Sabadell	66.8	-0.7	-4.2	-3.2	-10
CaixaBank	3.8	-1.2	-4.1	2.3	-4
Sabadell	1.3	-1.2	6.6	4.8	-20
Bankinter	7.8	-0.5	-3.1	9.1	-2
Banisa	3.2	0.0	-4.2	2.3	-20
Commodities (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
<b>EURUSD</b>					
EURUSD	1,135	-0.6	-2.2	2.9	-6
GBPUSD	1,127	-0.9	1.6	3.2	-6
USDJPY	110.94	-0.2	0.4	1.3	1
DX	96.56	0.2	1.4	2.0	5
Emerging					
level	Daily	Weekly	Monthly	YTD	
<b>USDARS (Argentina)</b>					
USDARS (Bazil)	29.32	2.1	-7.0	-7.6	-59
USDARS (Mexico)	3.88	0.0	-3.5	0.9	-19
USDOP (Colombia)	663.88	-0.4	3.3	2.0	-9
USDOP (Mexico)	3003	0.0	3.5	5.0	-2
USDMDN (Mexico)	19.00	0.6	-2.9	0.6	3
USDPEN (Peru)	3.29	-0.1	0.7	0.6	-2
LACI	56.97	0.0	3.4	-1.9	-10
USDPLN (Poland)	3.79	-0.5	3.3	2.8	-10
USDRON (Russia)	66.47	1.6	-4.6	6.4	-16
USDTRY (Turkey)	6.50	5.5	-24.4	-34.4	-73
USDCHY (China)	6.88	0.1	0.8	2.9	-6
USDINR (India)	69.89	0.1	-1.8	2.0	-10
USDIDR (Indonesia)	14,584	0.2	-1.0	-1.4	-8
ADXX	104.7	0.1	0.9	1.6	-5
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
<b>Brent</b>					
Brent	72.7	0.1	2.6	-4	9
WTX	57	0.0	2.8	-5	11
Copper	268	-1.5	-2.2	-3	-18
Gold	1197	0.3	-1.2	-4	-9
S&P Spot commodity *	455	-0.7	-2.5	-2	3
S&P Brent Spot *	621	0.2	2.4	-3	10
S&P Metals Spot *	345	-0.9	0.0	0	-13
S&P Agricultural *	290	-0.8	-2.9	5	2

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

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Fuente: BBVA Research

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