

Market Comment | All eyes on Fed minutes and news of US-China trade talks

Global Financial Markets Unit
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- **Cautious mood in financial markets ahead of the start of US-China trade [talks](#) (see) and the release of the FOMC minutes**, which could pave the way for two additional interest rate hikes in 2018. The **Jackson Hole meeting, at the end of the week, will be another meaningful event** to hint at the route map of the main developed central banks.
- **US equity markets were steady amid political uncertainty, while European stocks showed gains.** In Asia, Chinese equity indices trimmed recent gains. Meanwhile, **core sovereign yields were mixed**: the US Treasury 10Y yield inched down slightly, while the 10Y Bund rose. Italy's risk premium widened, without contagion to Spain's and Portugal's risk premia, which were unchanged.
- **The USD depreciated against most DM and EM currencies due to political concerns in the US(see)and was also hampered by decreasing appetite for safe-haven assets**, given the expectations of easing trade disputes in China-US talks. In this context, the euro recovered some ground and stood near its two-week highest level against the USD ([see](#)).
- **EM currencies took advantage of today's weakness of the USD with the main exception of the Russian rouble**, which depreciated strongly after recent news about interference in US elections ([see](#)).
- **Crude oil prices rose and positioned above \$74 per barrel after the release of a decline in US oil inventories and due to supply concerns amid US sanctions on Iran(see).** Moreover, OPEC members and other oil exporting nations set up a meeting for September in Algeria in order to review crude oil output and seek to reach an agreement for monitoring oil production in 2019 ([see](#)).

Table 1

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Debt markets (10Y % change in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US 10Y	2.60	0.2	-1.1	-3	68
US	2.82	-0.6	3.8	13	36
GER (2-yr)	-0.59	0.9	5.8	1	2
Germany	0.34	1.2	3.9	6	18
France	0.69	1.5	1.8	-3	-14
Spain	1.38	1.4	6.8	6	29
Italy	3.07	7.7	-10.4	43	97
Portugal	1.80	2.4	5.1	2	21
Greece	4.21	-2.5	-6.6	37	11
Japan (2-yr)	-0.12	0.5	0.5	-2	2
Japan	0.10	1.3	0.2	1	5
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	12.20	-9.6	68.9	125	205
Chile	4.47	-0.3	-3.3	-11	-4
Colombia	6.81	-3.1	-2.4	13	37
Mexico	7.81	-2.7	8.8	9	23
Peru	5.14	-0.8	3.4	-6	27
Poland	3.15	1.7	1.6	-4	17
Russia	8.71	1.7	14.2	89	107
Turkey	20.91	0.0	49.0	473	955
India	7.63	0.0	1.9	2	44
Indonesia	7.85	0.0	-16.5	4	155
Country risk (bp, changes in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	34	0.3	-2.1	3	-4
Italy	272	6.5	-14.3	49	115
Portugal	145	1.2	9.0	9	-3
Spain	104	0.2	-10.7	1	-11
2-yr sovereign spread vs Germany					
France	19	1.4	-2.4	-1	2
Italy	170	4.0	-30.9	46	133
Portugal	41	-1.1	-10.5	10	-9
Spain	25	-0.7	-11.7	-7	-2
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
1-yr sovereign CDO *					
Brazil	252	7.6	18	30	92
Chile	52	-0.5	2	-4	3
Colombia	110	-1.2	2	0	5
Argentina	581	15.8	22	149	343
Mexico	117	-2.4	1	2	10
Peru	81	-0.7	3	-1	9
Poland	63	0.2	0	3	15
Russia	164	-0.3	5	30	46
Turkey	485	-26.5	-19	180	321
China	59	-2.7	-4	-6	8
India	89	0.1	-1	-8	20
Indonesia	130	2.8	-3	1	34
Risk indicators					
Volatility indicators (change in ppt)	level	Daily	Weekly	Monthly	YTD
VIX	12	-0.6	-2	0	2
VSTOXX	14	0.0	-6	0	0
EM EFT volatility index	19	-0.1	-4	1	2
Dollar Euro volatility	7	0.0	-1	1	1
EM FX volatility index	12	-0.2	0	2	4
Credit spread (BAA) (change in bps)	191	0.6	1	-1	13
US bonds volatility index					
level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.35	-	8	8	4
EZ Inflation expectations (5Y5Y)	1.71	-	0	1	-3
Inflation (YoY % change)					
level	Daily	Weekly	Monthly	YTD	
US	53	-1.4	-1	0	11
EZ	91	-2.6	-4	0	52
UK	64	-1.5	-1	-4	24
Large Spanish	83	-3.7	-4	1	47
Medium Spanish	91	-1.5	-3	0	16
Commodity prices (Bps)					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	158	-1.4	-1	0	11
EZ Non-financial	-79	-2.6	-4	0	52
UK Non-financial	101	-1.6	0	-2	6
Interbank markets (% change in bp)					
level	Daily	Weekly	Monthly	YTD	
LIBOR Index	-0.36	0	0	0	1
Euro3m 3m	-0.32	0	0	0	1
Earlier 12m	-0.17	0	0	1	2
Libor 3m	2.31	0	0	-3	62
Libor 12m	2.81	-1	-1	1	70
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2.865	0.1	1.7	2.1	6
Dow Jones	25.806	-0.1	2.6	3.0	4
Nikkei	22.363	0.6	0.7	0.2	-7
FTSE 100	7.580	0.2	1.1	1.0	-1
Euro Stoxx 50	3.422	0.3	1.9	-0.9	-2
IBEX	8.888	0.4	2.2	-1.4	-5
DAX	12.390	0.0	1.9	1.3	-4
CAC	5.424	0.3	2.7	0.8	3
NIB	20.695	-0.4	1.0	4.2	5
ASE Athens	7.19	-2.0	-0.1	4.3	-12
MSCI Latam *	83.808	-0.4	2.3	-3.0	-2
Bovespa (Brazil)	75.780	0.8	-1.7	-2.8	3
Merckel (Mexico)	49.573	0.5	2.1	1.5	-1
Merval (Argentina)	26.421	1.4	2.3	-4.6	-15
MSCI EM Europe *	5.253	0.9	0.0	1.1	-2
Poland	2.296	0.6	1.0	4.1	-7
Index 10 (Russia)	4.258	-0.5	0.8	1.3	3
ISE 100 (Turkey)	90.186	0.0	0.1	5.4	-23
MSCI EM Asia	873	1.0	0.7	-1.4	5
Shanghai Com (China)	2.2115	-0.7	0.3	5.1	-19
Jakarta Indonesia	5.944	0.9	3.0	1.2	6
Financial sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	115.3	0.0	1.4	1.7	7
Ch	71.3	0.1	3.9	1.6	-4
BaK	31.0	-0.1	2.1	0.8	4
MS	48.4	-0.2	2.1	-4.6	-7
GS	238.6	0.0	4.1	2.1	-7
EZ banks					
BNP	88.2	0.6	1.5	-2.0	-19
Credit Agricole	52.1	0.6	1.3	-0.1	-16
Deutsche Bank	12.1	1.6	3.2	5.2	-13
ING	10.0	0.5	1.8	3.7	-36
Intesa	12.0	0.8	2.1	-4.6	-22
SC	2.2	-1.4	-1.3	-7.9	-20
UniCredit	36.0	0.9	2.1	0.4	-12
Unkradit	13.3	0.6	0.9	5.4	-16
UK banks					
HSBC	83.1	0.0	0.6	-1.9	-10
RBS	689.9	-0.5	-2.3	-4.5	-10
RBS	246.8	0.0	3.0	2.0	-11
Barclays	185.2	0.4	3.0	0.7	9
Lloyds	61.0	0.3	0.9	2.1	-10
Large Spanish banks					
Santander	67.1	0.2	1.8	7.2	21
BBVA	4.4	-0.8	0.6	-6.5	-20
Medium Spanish banks	5.6	1.1	2.8	7.8	22
Cajabank	69.1	0.3	2.4	2.0	-10
Sabadell	3.9	0.6	4.1	1.6	-2
Bankinter	1.4	0.0	2.6	1.3	-20
Bankia	7.7	0.0	1.4	9.6	-4
Banica	3.3	0.6	2.3	3.2	-19
Commodities (% change in currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.159	0.2	2.2	0.9	-4
GBPUSD	1.29	0.0	1.6	1.8	-5
USDJPY	110.54	-0.2	0.2	0.7	2
DXY	95.14	-0.1	-1.6	0.5	4
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	30.21	-0.7	-1.1	9.4	64
USD BRL (Brazil)	4.07	-0.6	-4.3	7.7	-25
USDCUP (Cuba)	661.61	0.3	0.3	0.3	9
USDCOP (Colombia)	2962	0.6	2.9	2.0	-1
USD MEX (Mexico)	18.82	0.7	1.7	0.3	4
USD MNI (Peru)	3.28	0.3	1.0	6.1	-2
LACI	56.16	0.1	-0.9	-3.4	-12
USD PIN (Poland)	3.69	0.4	3.0	0.2	7
USD RUB (Russia)	67.92	-1.1	0.9	7.2	-18
USD TRY (Turkey)	6.04	0.6	-1.6	-27.4	-60
USD CNY (China)	6.84	0.1	1.3	0.6	5
USD INR (India)	69.83	0.0	0.1	1.4	-10
USD IDR (Indonesia)	14.574	0.0	0.0	0.6	-8
ADXY	105.2	-0.1	1.0	0.2	-4
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent	74.3	-2.3	5.0	2	12
WTI	68	0.3	3.9	-1	12
Copper	268	-0.5	4.7	-2	-18
Gold	1196	0.0	1.8	-2	-9
S&P Spot commodity *	45.4	0.3	2.0	-1	3
S&P Brent Spot *	621	0.5	2.5	-1	10
S&P Metal Spot *	338	0.7	3.5	-2	-14
S&P Agricultural *	290	-0.8	0.3	2	2

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

Fuente: BBVA Research

Debt markets (10Y, %; changes in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.60	0.2	-1.1	-3	68
US	2.82	-0.6	-3.8	-13	36
GER (2-yr)	-0.59	0.0	5.8	1	2
Germany	0.34	1.2	3.8	-6	-18
France	0.69	1.5	1.8	-3	-14
Spain	1.38	1.4	6.8	-6	-28
Italy	3.07	7.7	-10.4	43	97
Portugal	1.80	2.4	-5.1	2	-21
Greece	4.21	-2.5	6.6	37	11
Japan (2-yr)	0.12	0.5	0.5	2	2
Japan	0.10	1.3	0.2	1	5
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	12.30	-9.6	66.9	125	205
Chile	4.47	-0.3	3.3	-11	-4
Colombia	6.81	-3.1	-2.4	13	37
Mexico	7.81	-2.7	8.8	9	23
Peru	5.14	-0.8	3.4	-6	-27
Poland	3.15	1.7	-1.6	-4	-17
Russia	8.71	1.7	14.7	89	107
Turkey	20.91	0.0	49.0	473	955
India	7.83	0.0	1.0	2	44
Indonesia	7.85	0.0	16.5	4	155
Country risk (bp; changes in bp)					
Developed Markets					
10-yr sovereign spread vs Germany					
level	Daily	Weekly	Monthly	YTD	
France	34	0.3	-2.1	3	4
Italy	272	6.5	-14.3	49	115
Portugal	145	1.2	-9.0	9	-3
Spain	104	0.2	-10.7	1	-11
2-yr sovereign spread vs Germany					
France	19	1.4	-2.4	-1	2
Italy	170	4.0	-30.9	46	133
Portugal	41	-1.1	-10.5	-10	-9
Spain	25	-0.7	-11.7	-7	-2
Emerging Markets					
5-yr sovereign CDS *					
level	Daily	Weekly	Monthly	YTD	
Brazil	252	7.6	18	30	92
Chile	52	-0.5	2	4	3
Colombia	110	-1.2	2	0	5
Argentina	581	15.8	22	149	343
Mexico	117	-2.4	1	2	10
Peru	81	-0.7	3	-1	9
Poland	63	-0.2	0	3	15
Russia	164	-3.3	5	30	46
Turkey	485	-26.5	-19	180	371
China	59	-2.7	-4	-6	8
India	89	0.1	-1	-8	20
Indonesia	120	-2.8	-3	1	34
Risk indicators					
Volatility indicators (change in bp)					
level	Daily	Weekly	Monthly	YTD	
VIX	12	-0.6	2	0	2
VSTOXX	14	0.0	5	0	0
EM EFT volatility index	19	-0.1	-4	1	2
Diversifiers volatility	7	0.0	-1	1	1
EM FX volatility index	12	-0.2	0	2	4
Credit spread (BAA) change in bps	191	0.6	1	-1	13
US bonds volatility index	50	-0.7	-1	-1	1
Inflation expectations (%)					
level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.35	-	-8	-8	4
EZ Inflation expectations (5Y5Y)	1.21	-	0	-1	-3
Bonding 5-yr CDS (bps)					
level	Daily	Weekly	Monthly	YTD	
US	53	-1.4	-1	0	11
EZ	91	-2.6	-4	0	52
UK	64	-1.5	-1	-4	24
Large Spanish	83	-3.7	-4	1	47
Medium Spanish	91	-1.5	-3	0	16
Credit default swap (CDS) (bps)					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	158	-1.4	-1	0	11
EZ Non-financial	79	-2.6	-4	0	52
UK Non-financial	101	-1.6	0	-2	8
Interbank markets (%; changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EURIBOR Index	-0.36	0	0	0	1
Euribor 3m	-0.32	0	0	0	1
Euribor 12m	-0.17	0	0	1	2
Libor 3m	2.31	0	0	3	62
Libor 12m	2.81	-1	-1	1	70
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
S&P500	2,865	0.1	1.7	2.1	6
Dow Jones	25,806	-0.1	2.6	3.0	4
Nikkei	22,363	0.5	0.7	0.2	-2
FTSE 100	7,580	0.2	1.1	1.0	-1
Euro Stoxx 50	3,422	0.3	1.9	0.9	-2
IBEX	9,589	0.4	2.2	1.6	-5
DAX	12,390	0.0	1.9	1.3	-4
CAC	5,424	0.3	2.2	0.8	3
MIB	20,695	-0.4	1.0	-4.2	-5
ASE Athens	719	2.0	-0.1	-4.3	-12
MSCI Latam *	83,808	-0.4	-2.3	-3.0	-2
Bovespa (Brazil)	75,780	0.8	-1.7	-2.8	-3
Mexcel (Mexico)	49,573	0.5	2.1	1.5	-1
Merval (Argentina)	26,421	1.4	-2.2	-4.6	-15
MSCI EM Europe *	5,253	0.9	0.0	1.1	-2
Polmix	2,296	0.6	1.0	4.1	-7
Mexco 10 (Russia)	4,258	-0.5	0.8	1.3	3
Ru 100 (Turkey)	90,186	0.0	-0.1	-5.4	-23
MSCI EM Asia *	873	1.0	0.7	1.4	-5
Shanghai Com (China)	2,715	-0.7	-0.3	-5.1	-19
Jakarta Indonesia	5,044	0.9	3.0	1.2	-6
Foreign banks					
level	Daily	Weekly	Monthly	YTD	
US banks	147.5	0.0	2.6	0.4	-1
JPM	115.3	0.0	1.4	1.7	7
Ch	71.3	0.1	3.9	1.6	-4
BoA	31.0	-0.1	2.1	0.8	4
MS	48.4	-0.2	2.1	-4.6	-7
GS	238.6	0.0	4.1	2.1	-7
EZ banks	88.2	0.6	1.5	-2.0	-19
BNP	52.1	0.6	1.3	0.1	16
Credit Agricole	12.1	1.6	3.2	5.2	13
Deutsche Bank	10.0	0.5	1.8	-3.7	-38
ING	12.0	0.8	2.1	-4.6	-22
Intesa	2.2	-1.4	-1.3	7.8	20
SG	36.0	0.9	2.1	0.4	-17
Unicredit	13.3	0.6	0.9	5.4	-16
UK banks	83.1	0.0	0.6	-1.9	-10
HSBC	689.3	-0.5	-2.3	-4.5	-10
RBS	246.8	0.0	3.0	2.0	-11
Barclays	185.2	0.4	3.0	0.2	-9
Lloyds	61.0	0.3	0.9	-2.1	-10
Large Spanish banks	67.1	0.2	1.8	-7.2	-21
Santander	4.4	-0.8	0.6	6.5	20
BBVA	5.6	1.1	2.9	-7.8	-22
Medium Spanish banks	69.1	0.3	2.4	-2.0	-10
Cabobank	3.9	0.6	4.1	-4.6	-2
Sabadell	1.4	0.0	2.6	-1.3	-20
Bankinter	7.7	0.0	1.4	9.6	-4
Banisa	3.3	0.6	2.3	3.2	-19
Commodities (%; red for currency depreciation)					
Developed					
level	Daily	Weekly	Monthly	YTD	
EURUSD	1,159	0.2	2.2	0.9	-4
GBPUSD	1,129	0.0	1.6	1.8	-5
USDJPY	110.54	-0.2	0.2	0.7	2
DX	95.14	-0.1	-1.6	0.5	-4
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	30.21	-0.7	-1.1	-9.4	-64
USD BRL (Brazil)	4.07	-0.6	-4.3	-7.7	-25
USDCP (Chile)	661.61	0.3	0.3	0.3	-9
USDCOP (Colombia)	296.2	0.6	2.9	2.0	-1
USD MXN (Mexico)	18.82	0.7	1.7	0.3	4
USD PEN (Peru)	3.28	0.3	1.0	0.1	-2
LACI	56.16	0.1	0.9	-3.4	-12
USD PLN (Poland)	3.69	0.4	3.0	0.2	-7
USD RUB (Russia)	67.92	-1.1	-0.9	-7.3	-18
USD TRY (Turkey)	6.04	0.6	-1.6	-27.4	-60
USD CNY (China)	6.84	0.1	1.3	0.6	-5
USD INR (India)	69.63	0.0	0.1	1.4	-10
USD IDR (Indonesia)	14,574	0.0	0.0	-0.6	-8
ADXY	105.2	-0.1	1.0	0.2	-4
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent	74.3	2.3	5.0	2	12
WTX	58	0.5	3.9	-1	12
Copper	269	-0.5	4.7	-2	-18
Gold	1196	0.0	1.8	-2	-9
S&P Spot commodity *	454	0.3	2.0	-1	3
S&P Brent Spot *	621	0.5	2.5	-1	10
S&P Metals Spot *	338	0.7	3.5	-2	-14
S&P Agricultural *	290	-0.8	0.3	2	2

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

Fuente: BBVA Research

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