

# Market Comment | Caution in financial markets at the beginning of the week

Global Financial Markets Unit  
19 Nov 2018

- Cautious mood in financial markets at the beginning of the week. **Geopolitical tensions are expected to remain as a key issue until the Xi-Trump G-20 summit** later this month. **Developments in Europe could also drive financial markets:** Brexit negotiations and Italy's budget issue in the spotlight.
- **Last week's hopes for an easing in trade frictions between the US and China were offset partially** by last weekend's APEC summit in which no joint closing statement was reached between these two economies ([see](#)).
- **Sovereign core yields remained broadly steady:** the US Treasury 10Y positioned below 3.10%, and the German 10Y Bund yield continued hovering around 0.40%. Italy's risk premium widened amid uncertainty on its 2019 budget plan while the rest of peripheral risk premia remained unchanged ([see](#)).
- **Developed equity markets dropped:** US stocks showed losses fuelled by the technology sector ([see](#)), while European equity indices drop amid the surrounding political noise. In Asia, Chinese equity indices were up following last Friday's positive trend in developed markets.
- **The US dollar changed very little against its main peers.** Meanwhile, the GBP remained very volatile waiting for new developments. EM currencies were mixed with the **MXN underperforming despite the hike in interest rates by last week's Banxico meeting.**
- **Crude oil prices fell** amid comments from Iran's President reaffirming that Iran will not stop exporting oil despite the US sanctions ([see](#)).

Table 1

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Debt markets (10Y, %, changes in bps)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2 yr)	2.81	-4.2	-11.2	-5	89	
US	3.09	-1.8	-9.0	-11	63	
GER (2 yr)	0.59	0.2	1.0	-1	2	
Germany	0.37	1.0	-3.7	-9	-15	
France	0.76	1.1	-2.5	-5	-6	
Spain	1.64	0.7	4.0	-1	-3	
Italy	3.48	-1.0	8.0	-6	139	
Portugal	1.98	0.6	3.1	-3	-3	
Greece	4.58	-0.8	18.7	25	47	
Japan (2 yr)	-0.14	0.5	0.4	-2	-1	
Japan	0.10	0.5	1.0	-4	6	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
Brazil	10.16	-2.1	23.8	-5	-9	
Chile	4.50	0.0	-4.1	-14	-1	
Colombia	7.05	2.6	-2.4	0	61	
Mexico	9.01	0.2	13.9	91	143	
Peru	5.47	0.9	-3.1	9	60	
Poland	3.29	3.8	5.9	9	-3	
Russia	8.79	0.7	24.6	13	116	
Turkey	16.05	10.0	39.0	-111	469	
India	7.82	6.0	5.3	9	43	
Indonesia	8.05	0.6	0.2	-63	175	
Country risk (bp, changes in bps)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
10 yr sovereign spread vs Germany						
France	39	0.1	1.2	4	9	
Italy	311	-2.0	11.7	3	154	
Portugal	161	-0.4	6.8	12	12	
Spain	127	-0.3	7.7	8	12	
2 yr sovereign spread vs Germany						
France	15	-1.5	-4.9	-3	-2	
Italy	192	-3.6	36.4	-1	155	
Portugal	44	0.1	-0.1	-3	-6	
Spain	47	0.7	0.7	4	20	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
5 yr sovereign CDS*						
Brazil	206	0.7	7	6	45	
Chile	52	1.7	2	7	3	
Colombia	127	1.7	7	12	22	
Argentina	593	6.6	22	-2	355	
Mexico	149	0.7	11	32	42	
Peru	82	1.1	3	4	10	
Poland	67	0.0	0	0	19	
Russia	150	2.2	1	5	32	
Turkey	364	-3.6	1	-24	199	
China	18	-0.9	5	2	17	
India	110	1.5	1	0	43	
Indonesia	147	0.5	6	3	62	
Risk indicators						
Volatility indicators (change in pp)	level	Daily	Weekly	Monthly	YTD	
VIX	21	1.0	4	4	11	
VST OXX	20	-0.1	4	3	7	
EM CT volatility index	38	0.4	2	4	12	
Dollar/euro volatility	8	0.4	1	1	1	
EM FX volatility index	10	0.0	0	1	2	
Credit spread (BAA)(change in bps)	212	1.6	13	25	34	
US bonds volatility index	56	2.3	3	7	7	
Inflation expectations (%)						
level	Daily	Weekly	Monthly	YTD		
US Inflation expectations (5Y5Y)	2.31	-	-4	-9	-1	
EZ Inflation expectations (5Y5Y)	1.69	-	-2	0	-5	
Ranking by CDS (bps)*						
level	Daily	Weekly	Monthly	YTD		
US	44	2.2	12	9	21	
EZ	108	4.5	9	10	69	
UK	83	7.9	13	18	42	
Large Spanish	78	3.7	8	3	42	
Medium Spanish	102	-0.2	0	9	27	
Corporate by CDS (bps)*						
level	Daily	Weekly	Monthly	YTD		
US Non-financial	182	2.2	12	9	21	
EZ Non-financial	83	4.5	9	10	69	
UK Non-financial	109	3.7	7	6	16	
Interbank markets (% change in bp)						
level	Daily	Weekly	Monthly	YTD		
EONIA Index	-0.37	0	-1	0	0	
Euro3 3m	-0.32	0	0	0	1	
Carbon 12m	-0.15	0	0	1	4	
Libor 3m	2.63	0	1	18	93	
Libor 12m	3.13	0	-1	16	102	
Stock markets (%)						
level	Daily	Weekly	Monthly	YTD		
Main indices						
S&P500	2,715	0.5	-2.4	-3.3	1	
Dow Jones	25,257	-0.1	-2.6	-1.7	2	
Nikkei	21,680	-0.6	-2.6	-5.1	-5	
FTSE 100	6,989	-0.7	-1.6	-0.9	9	
EuroStoxx 50	3,164	-0.8	-2.0	-2.4	-8	
IBEX	9,026	-0.5	-1.2	0.3	-10	
DAK	11,261	-0.8	-2.3	-3.9	-13	
CAC	4,995	-0.8	-2.2	-2.9	-6	
MIB	18,825	-0.4	-2.2	-3.2	-14	
MSCI Japan	627	-0.6	-2.6	-1.6	-23	
MSCI Latam*	86,133	-0.2	-1.3	-3.5	0	
Ibovespa (Brazil)	86,316	0.4	0.8	0.6	11	
Mexico (Mexico)	41,489	0.1	-6.3	-13.4	-17	
Merval (Argentina)	30,738	0.9	2.8	7.0	-1	
MSCI EM Europe*	5,340	-0.1	-2.3	-1.0	-1	
Poland	2,158	-2.0	-3.3	-1.8	-12	
Moscow 10 (Russia)	4,264	-0.8	-1.4	-1.0	-3	
Istanbul 100 (Turkey)	93,408	0.1	0.6	-5.6	-21	
MSCI EM Asia*	8,006	1.3	0.6	0.5	-13	
Shanghai Com (China)	2,679	0.4	3.1	4.6	-20	
Jakarta (Indonesia)	6,012	2.6	0.6	3.6	-5	
Lending sector						
level	Daily	Weekly	Monthly	YTD		
US banks	132.7	-1.1	-4.1	-6.0	-11	
JPM	109.1	-0.9	-2.0	-0.7	1	
Cit	64.2	-0.6	-2.3	-8.0	-14	
BofA	27.5	-1.3	-3.8	-4.7	-8	
MS	43.7	-1.4	-4.5	-7.4	-16	
GS	201.4	-1.1	-9.5	-11.8	-21	
EZ banks	77.8	-1.2	-3.7	-7.3	-29	
BNP	45.1	-0.9	-2.7	-9.1	-27	
Credit Agricole	10.8	-1.4	-4.6	-10.9	-22	
Deutsche Bank	6.5	-0.9	-4.6	-12.8	-17	
ING	10.8	-0.8	-4.2	-0.6	-29	
Intesa	1.9	-2.0	-4.5	-8.4	-30	
SIF	32.9	-1.1	-2.4	-6.5	-24	
Unicredit	10.8	-1.3	-3.4	-10.0	-31	
UK banks	75.4	-1.6	-5.6	-1.6	-18	
RSC	689.9	-1.2	2.5	4.1	-15	
RBS	217.7	-2.9	-13.6	-9.1	-21	
Barclays	165.2	-0.8	-6.6	0.1	-19	
Lloyds	54.5	-1.7	9.1	-9.0	-20	
Large Spanish banks	61.9	-0.8	-0.2	-4.3	-27	
Santander	4.2	-0.6	-0.8	-1.3	-23	
BBVA	4.9	-1.0	0.3	-7.0	-30	
Medium Spanish banks	64.9	0.1	0.4	-4.4	-15	
CaixaBank	3.7	-0.1	1.4	-2.4	-6	
Sabell	1.2	-0.3	-1.9	-7.8	-31	
Bankinter	7.7	1.0	1.5	-2.4	-4	
Banca	2.9	-0.7	-0.7	-7.9	-29	
Currencies (% not for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	YTD	
EURUSD	1.140	0.7	0.6	0.8	-5	
GBPUSD	1.29	0.7	-0.8	-1.9	-6	
USDJPY	112.77	0.8	0.9	-0.1	0	
DXY	96.42	-0.5	-0.5	0.5	5	
Emerging						
level	Daily	Weekly	Monthly	YTD		
USDARS (Argentina)	35.97	0.3	-1.6	0.7	-49	
USD BRL (Brazil)	3.74	1.3	0.2	-1.3	-13	
USD CLP (Chile)	670.89	0.8	2.1	0.1	-10	
USD COP (Colombia)	3170	0.6	0.3	-3.3	-7	
USD MXN (Mexico)	20.22	0.1	0.4	-6.6	-3	
USD PEN (Peru)	3.36	0.5	0.2	1.2	-4	
LACI	55.04	0.6	0.0	-3.0	-13	
USD PLN (Poland)	3.78	0.3	0.2	-1.2	-9	
USD RUB (Russia)	65.79	0.1	3.3	0.4	-13	
USD TRY (Turkey)	5.33	0.4	2.4	4.8	-29	
USD CNY (China)	6.94	0.0	0.3	-0.1	-6	
USD INR (India)	71.93	0.5	0.8	2.3	-12	
USD IDR (Indonesia)	14,612	0.4	0.5	3.7	-8	
ADXY	104.3	0.0	0.3	0.3	-5	
Commodities (%)						
level	Daily	Weekly	Monthly	YTD		
Brent	68.0	2.1	-3.1	-1.5	-2	
WTX	58	1.9	-4.4	-1.6	-5	
Copper	275	0.0	2.3	-1	-16	
Gold	1223	0.8	1.1	0	-7	
S&P Spot commodity*	430	-0.7	-2.4	-10	-3	
S&P Brent Spot*	569	0.6	-4.9	-16	0	
S&P Metals Spot*	331	0.6	0.1	-4	-16	
S&P Agricultural*	290	0.1	0.2	-1	-2	

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

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Fuente: BBVA Research

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.63	-4.2	11.2	-5	89
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Germany	0.37	1.6	-3.7	-9	-15
France	0.76	1.1	2.5	5	-6
Spain	1.64	0.7	4.0	-1	-3
Italy	3.48	-1.0	8.0	-6	139
Portugal	1.98	0.6	3.1	3	-3
Greece	4.58	0.8	18.7	25	47
Japan (2-yr)	-0.14	-0.5	-0.4	-2	-1
Japan	0.10	-0.5	-1.9	-4	6
Emerging Markets					
Brazil	10.16	-24.1	23.8	-5	-9
Chile	4.50	0.0	-4.4	-14	-1
Colombia	7.05	-2.6	-2.4	0	61
Mexico	9.01	0.2	13.9	91	143
Peru	5.47	0.9	3.1	9	60
Poland	3.29	3.8	5.9	9	-3
Russia	8.79	-0.7	24.6	13	116
Turkey	16.05	10.9	39.0	-11	469
India	7.82	6.0	5.3	-9	43
Indonesia	8.05	6.8	-9.2	-63	125
Country risk (bp, changes in bp)					
Developed Markets					
10-yr sovereign spread vs Germany					
France	39	0.1	1.2	4	9
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2-yr sovereign spread vs Germany					
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Emerging Markets					
5-yr sovereign CDS *					
Brazil	206	0.7	7	-6	45
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Russia	150	-2.2	1	5	32
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China	68	0.9	5	2	17
India	110	-1.5	1	0	41
Indonesia	117	0.5	6	3	62
Risk indicators					
Volatility indicators (change in ppt)					
VIX	21	1.0	4	4	11
VSTOXX	28	-0.1	4	3	7
EMEFT volatility Index	28	0.4	2	4	12
Dollar/euro volatility	8	-0.4	1	1	1
EM FX volatility index	10	0.0	0	1	2
Credit stress (BAA) (change in bps)	212	1.8	13	25	34
US bonds volatility index	56	2.3	3	7	7
Inflation expectations (%)					
US inflation expectations (5Y)					
US	2.31	-	-4	-2	-
EZ inflation expectations (5Y)					
EZ	1.69	-	-2	0	-5
Banking S&P CDS (bps) *					
US	64	2.2	12	9	21
EZ	108	4.5	9	10	69
UK	83	7.9	13	18	42
Large Spanish	78	3.7	8	3	42
Medium Spanish	102	-0.2	0	9	27
Corporate S&P CDS (bps) *					
US Non-financial	182	2.2	12	9	21
EZ Non-financial	83	4.5	9	10	69
UK Non-financial	109	3.7	7	6	16
Interbank markets (% changes in bp)					
EOANA Index	-0.37	0	-1	0	0
Euribor 3m	-0.32	0	0	0	1
Euribor 12m	-0.15	0	0	1	4
Libor 3m	2.63	0	1	16	93
Libor 12m	3.13	0	-1	16	102
Stock markets (%)					
Main indices					
S&P500	2,715	0.5	2.4	-3.3	1
Dow Jones	25,267	-0.1	2.8	-1.7	2
Nikkei	21,680	-0.6	2.6	-5.1	-5
FTSE 100	6,989	0.7	1.6	-0.9	-9
Euro Stoxx 50	3,154	0.8	-2.0	-2.4	-9
IBEX	9,026	-0.5	-1.2	0.3	-10
DAX	11,261	-0.8	-2.3	-3.9	-13
CAC	4,995	-0.8	-2.2	-2.9	-6
MI8	16,925	-0.4	-2.2	-3.2	-14
ASE Athens *	627	-0.6	2.6	-1.6	-23
MSCI Latin *	86,133	-0.2	-1.3	-3.5	0
Bovespa (Brazil)	86,316	0.4	0.4	0.6	11
Mexbol (Mexico)	41,489	0.1	6.3	-13.4	-17
Merval (Argentina)	30,738	0.9	2.8	7.0	-1
MSCI EM Europe *	5,240	0.1	-2.3	-1.0	-1
Poland	2,159	-2.0	-3.3	-1.8	-12
Mosx 10 (Russia)	4,264	-0.8	-1.4	-1.0	-3
Isx 100 (Turkey)	93,408	0.1	0.6	5.6	21
MSCI EM Asia *	806	1.3	-0.6	0.5	-13
Shanghai Com (China)	2,679	0.4	3.1	4.6	-20
Jakarta (Indonesia)	6,012	2.6	0.6	3.6	-5
Banking sector					
US banks					
JPM	132.7	1.1	4.1	-6.0	-11
WFC	109.1	-0.8	-2.0	-0.7	-1
CS	69.2	-0.6	-2.3	-8.0	-14
BoA	27.5	-1.3	-3.5	-4.7	-8
MS	43.7	-1.4	-4.5	-7.4	-16
GS	201.4	1.1	9.5	-11.8	-21
EZ banks					
BNP	77.8	-1.2	-3.7	-7.3	-29
BBVA	45.1	-0.9	-2.7	-9.1	-27
Credit Agricole	10.8	-1.4	-4.6	-10.9	-22
Deutsche Bank	8.5	-0.9	-4.8	-12.8	-47
ING	10.8	-0.8	-4.2	0.6	-29
Intesa	1.9	-2.0	-4.5	6.4	-30
SG	32.9	-1.1	-2.4	6.5	-24
Unicredit	10.8	-1.3	3.4	10.0	-31
UK banks					
HSBC	75.4	-1.6	-5.6	-1.6	-18
Barclays	649.9	-1.2	2.5	4.1	-15
RBS	217.7	-2.9	-13.6	-9.1	-21
Bank of Scotland	165.2	0.8	6.6	0.1	-19
Lloyds	54.5	-1.7	-9.1	-5.0	-20
Large Spanish banks					
Santander	61.9	-0.8	-0.2	-4.3	-27
BBVA	4.2	0.6	0.8	-1.3	-23
Medium Spanish banks					
Cajabank	64.9	0.1	0.4	-4.4	-15
Sabadell	3.7	-0.1	1.4	2.4	-6
Bankia	1.2	-0.3	-1.9	-7.8	-31
Bankinter	7.7	1.0	1.5	-2.4	-4
Bankia	2.9	0.7	-0.7	-7.9	-29
Currencies (% ind for currency depreciation)					
Developed					
EURUSD	1.140	0.7	0.6	0.8	-5
GBPUSD	1.29	0.7	0.8	-1.9	-5
USDJPY	112.77	0.8	0.9	-0.1	0
DXF	96.42	0.5	0.5	0.0	5
Emerging					
USDARS (Argentina)	35.97	0.3	-1.0	0.7	-49
USDBRL (Brazil)	3.74	1.3	0.2	-1.3	-13
USDCLP (Chile)	670.89	0.8	2.1	0.1	-10
USDCOP (Colombia)	3170	0.6	0.3	-3.3	-7
USDMXN (Mexico)	20.22	0.1	-0.4	-6.6	-3
USDPEN (Peru)	3.38	0.1	-0.2	-1.2	-4
LACT	55.04	0.6	0.0	-3.0	-13
USDPLN (Poland)	3.78	0.3	0.2	-1.2	-9
USD RUB (Russia)	65.29	0.1	3.3	0.4	-13
USDTRY (Turkey)	5.33	0.4	2.4	4.8	-28
USDCNY (China)	6.94	0.0	0.3	-0.1	-6
USDINR (India)	71.93	0.1	0.8	2.3	-12
USDIDR (Indonesia)	14,612	0.4	0.5	3.7	-8
ADFX	104.3	0.0	0.3	0.3	-5
Commodities (%)					
Brent	68.0	2.1	-3.1	-1.5	-2
WTX	58	1.9	-4.4	-1.8	-5
Copper	275	0.0	2.3	-1	-16
Gold	1223	0.8	1.1	0	-7
S&P Spot commodity *	430	-0.7	-2.4	-10	-3
S&P Brent Spot *	569	0.6	-4.3	-16	0
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S&P Agricultural *	290	0.1	0.2	-1	2

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Fuente: BBVA Research

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