

# Market Comment | Week starts relatively quietly, yet signs of worry are here to stay

Global Financial Markets Unit  
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- **The US releases some slightly disappointing regional data.** Chicago PMI fell in August more than estimated (by 0.3 points to 54.4; consensus: 54.5) while the Dallas Fed manufacturing activity index surprised negatively by falling 11.2 points (to -15.8; consensus: -4.0 points).
- **Higher-than-expected CPI readings for the eurozone as a whole.** In August, both CPI and core CPI rose more than expected in the eurozone (by 0.2% MoM and 1.0% YoY, respectively; BBVAe and consensus: 0.1% and 0.9%). At a country level, Italian CPI including tobacco also surprised to the upside (by 0.2% MoM and 0.2% YoY; consensus: 0.1% MoM and YoY). On a different front, German retail sales increased in July more than expected (rising by 1.4% MoM; BBVAe: 1.2%, consensus: 1.1%) while Italian retail sales disappointed in June (falling by -0.3% MoM; consensus: -0.2%).
- **Week starts relatively quietly, yet signs of worry are here to stay.** The week started relatively quietly after last week's extraordinary volatility and after a weekend when the Fed's conference at Jackson-Hall brought, as expected, little news from policy makers. On bond markets, European yields inched up (GER 10Y: +4bp, ITA 10Y: +2bp, SPA 10Y: +3bp, POR 10Y: +2bp, GRE 10Y: +5bp) while US yields remain unchanged at the time of writing. On equity markets, indices fell across the board, yet not by the magnitudes observed last week: in China (Shanghai: -0.82% and Shenzhen: -3.1%) and DM (Euro Stoxx: -1.1%, DAX: -0.9% IBEX-35: -1.4%, CAC: -1.0%, S&P 500: -0.8%, Dow Jones: -0.6%). A weaker and more uncertain outlook for China is also dragging commodity prices further down. The partial rebound in oil prices at the end of last week came to a halt, and prices fell once again (Brent: -2.0%). Similarly, the price of copper is also falling (-2.0%). Consequently, commodity-linked currencies were punished once again (RUB: -2.1%, BRL: -1.4%, MXN: -0.1%, CLP: -0.1%) on a day during which the USD has remained stable relative to other major currencies.

Table1





Current level and changes at daily, weekly, monthly and annual frequencies

Daily markets (changes in bps)

US 2yr 6.71 (61)(14)(2) (5)  
US 5yr 5.15 (116)(4)(3)(15)  
US 10yr 2.7 (1)(18)(48) (6)  
Japan 10yr 3.38 (5)(1)(5)(1)  
CDS 2yr 4.2 (1)(1)(1)(1)  
GDR 5yr 3.12 (2)(11)(18) (15)  
GDR 10yr 3.78 (5)(1)(1)(15)(14)  
Belgium 10yr 1.13 (4)(14)(17) (20)  
France 10yr 1.12 (4)(14)(17) (21)  
Germany 10yr 1.12 (4)(14)(17) (20)(16)  
Ireland 10yr 1.4 (4)(14)(17) (21)  
Italy 10yr 1.94 (2)(14)(17)(21) (5)  
Netherlands 10yr 1.2 (1)(18) (20)  
Portugal 10yr 2.52 (2)(4)(17)(18)  
Spain 10yr 2.8 (1)(18)(19)(48)

Emerging markets

Brazil 10yr 14.25 (4)(2)(11)(13)(19)  
China 10yr 4.5 (1)(1)(1)(1)  
Colombia 10yr 4.4 (1)(1)(1)(1)(15)  
Mexico 10yr 6.35 (6)(1)(1)(21)  
Peru 10yr 7.35 (1)(1)(1)(1)(19)  
Poland 10yr 2.86 (1)(1)(1)(1)(14)  
Russia 10yr 11.88 (1)(1)(1)(1)(23)  
Russia 10yr 11.87 (1)(1)(1)(1)(23)  
Turkey 10yr 9.93 (4)(1)(1)(1)(20)  
India 10yr 7.79 (1)(1)(1)(1)(4)(18)  
Indonesia 10yr 8.77 (2)(1)(1)(1)(21) (26)

Country risk (changes in bps)

Spain 10yr sovereign spreads (against Germany)  
Belgium 39 (1)(1)(1)(1)  
France 35 (1)(1)(1)(1)  
Germany 30 (1)(1)(1)(1)(14)  
Ireland 40 (1)(1)(1)(1)  
Italy 107 (1)(1)(1)(1)(18)  
Netherlands 30 (1)(1)(1)(1)(1)  
Portugal 185 (2)(1)(1)(1)(1)(19)  
Spain 121 (1)(1)(1)(1)(1)(14)

5yr sovereign spreads (against Germany)  
Belgium 15 (1)(1)(1)(1)  
France 15 (1)(1)(1)(1)  
Germany 10 (1)(1)(1)(1)(18)  
Ireland 21 (1)(1)(1)(1)  
Italy 79 (2)(1)(1)(1)(1)(1)  
Netherlands 11 (1)(1)(1)(1)(1)(1)  
Portugal 120 (1)(1)(1)(1)(1)(1)(14)  
Spain 92 (1)(1)(1)(1)(1)

3yr sovereign spreads (against Germany)  
Belgium 7 (1)(1)(1)(1)  
France 6 (1)(1)(1)(1)(1)  
Germany 5 (1)(1)(1)(1)(1)  
Ireland 11 (1)(1)(1)(1)(1)  
Italy 38 (2)(1)(1)(1)(1)(1)(14)  
Netherlands 1 (1)(1)(1)(1)(1)(1)  
Portugal 53 (1)(1)(1)(1)(1)(1)(17)  
Spain 35 (1)(1)(1)(1)(1)(1)

5yr sovereign CDS  
5yr CDS Belgium 38 (1)(1)(1)(1)(1)  
5yr CDS France 38 (1)(1)(1)(1)(1)  
5yr CDS Germany 34 (1)(1)(1)(1)(1)(14)  
5yr CDS Greece 158 (1)(1)(1)(1)(1)(20)  
5yr CDS Ireland 53 (1)(1)(1)(1)(1)  
5yr CDS Italy 115 (1)(1)(1)(1)(1)(14)  
5yr CDS Netherlands 11 (1)(1)(1)(1)(1)(14)  
5yr CDS Portugal 111 (1)(1)(1)(1)(1)(17)  
5yr CDS Spain 100 (1)(1)(1)(1)(1)(17)  
5yr CDS UK 10 (1)(1)(1)(1)(1)(1)  
5yr CDS US 18 (1)(1)(1)(1)(1)(1)

Emerging markets  
5yr sovereign CDS  
5yr CDS Brazil 132 (1)(1)(1)(1)(1)(13)  
5yr CDS China 119 (1)(1)(1)(1)(1)(13)  
5yr CDS Colombia 11 (1)(1)(1)(1)(1)(13)  
5yr CDS Mexico 142 (1)(1)(1)(1)(1)(13)  
5yr CDS Peru 119 (1)(1)(1)(1)(1)(13)  
5yr CDS Venezuela 88 (1)(1)(1)(1)(1)(13)(15)(18)(21)(23)

5yr CDS Russia 20 (1)(1)(1)(1)(1)  
5yr CDS Taiwan 200 (1)(1)(1)(1)(1)(17)  
5yr CDS Turkey 200 (1)(1)(1)(1)(1)(17)  
5yr CDS China 142 (1)(1)(1)(1)(1)(17)  
5yr CDS India 185 (1)(1)(1)(1)(1)(17)  
5yr CDS Indonesia 227 (1)(1)(1)(1)(1)(17)

Credit risk  
VIX 30 18.8 (1)(1)(1)(1)(1)(12)  
VIX 50 21.4 (2)(1)(1)(1)(1)(12)  
EIA EFT energy index 27 (1)(1)(1)(1)(1)(16)  
Diversum volatility 12 (1)(1)(1)(1)(1)(1)(16)  
EIA FT commodity index 12 (1)(1)(1)(1)(1)(16)  
Credit spread Brazil 115.2 (1)(1)(1)(1)(1)(16)  
US bank credit index 11 (1)(1)(1)(1)(1)(16)

Bank risk (changes in bps)  
US banks CDS 51 (1)(1)(1)(1)(1)(17)  
EU banks CDS 50 (1)(1)(1)(1)(1)(17)  
UK banks CDS 51 (1)(1)(1)(1)(1)(17)  
Large Spanish banks CDS 112 (1)(1)(1)(1)(1)(17)  
Medium Spanish banks CDS 157 (1)(1)(1)(1)(1)(17)  
Oman banks CDS 200 (1)(1)(1)(1)(1)(17)(18)  
Rusbank CDS 402 (1)(1)(1)(1)(1)(17)(18)

Commodity risk (changes in bps)  
US Non-Renewable CDS 27 (1)(1)(1)(1)(1)(17)  
EU Non-Renewable CDS 129 (1)(1)(1)(1)(1)(17)  
UK Non-Renewable CDS 132 (1)(1)(1)(1)(1)(17)(18)

Interbank markets (changes in bps)  
LEI US narrow 1m 10 (1)(1)(1)(1)(1)(17)  
LEI US narrow 3m 20 (1)(1)(1)(1)(1)(17)  
LEI EU narrow 1m 20 (1)(1)(1)(1)(1)(17)  
LEI EU narrow 3m 20 (1)(1)(1)(1)(1)(17)  
US OIS spread 1m 10 (1)(1)(1)(1)(1)(17)  
US OIS spread 3m 20 (1)(1)(1)(1)(1)(17)  
US 10Y spread 1m 20 (1)(1)(1)(1)(1)(17)

Spain Tel Spread 1m 4 (1)(1)(1)(1)(1)(17)  
EONIA index 4.13 (1)(1)(1)(1)(1)(17)  
EONIA index 4.13 (1)(1)(1)(1)(1)(17)  
Euribor 12m 3.14 (1)(1)(1)(1)(1)(17)  
Libor 3m 0.33 (1)(1)(1)(1)(1)(17)  
Libor 12m 3.04 (1)(1)(1)(1)(1)(17)

Stock markets (Change in percentage)  
Main equity indices  
S&P500 107.2 (4)(1)(1)(1)(1)(14)  
Dow Jones 107.0 (4)(1)(1)(1)(1)(14)  
Nikkei 192.8 (1)(1)(1)(1)(1)(14)  
FTSE 100 827.9 (1)(1)(1)(1)(1)(14)  
Eurostoxx 50 3207.1 (1)(1)(1)(1)(1)(14)  
BSE3000 11 (1)(1)(1)(1)(1)(14)  
DAX 10224.4 (1)(1)(1)(1)(1)(14)  
CAC4007 7 (1)(1)(1)(1)(1)(14)  
NSE 2148.1 (1)(1)(1)(1)(1)(14)  
ASX Allens 624.2 (1)(1)(1)(1)(1)(14)

Banks  
US banks 95 (1)(1)(1)(1)(1)(14)  
JPB 54 (1)(1)(1)(1)(1)(14)  
Citi 53 (1)(1)(1)(1)(1)(14)  
Bank of America 114 (1)(1)(1)(1)(1)(14)  
US 148 (1)(1)(1)(1)(1)(14)  
QE 189 (1)(1)(1)(1)(1)(14)

UK banks 95 (1)(1)(1)(1)(1)(14)  
HSBC 51 (1)(1)(1)(1)(1)(14)  
RBS 33.8 (1)(1)(1)(1)(1)(14)  
Barclays 20 (1)(1)(1)(1)(1)(14)  
Lloyds 77.4 (1)(1)(1)(1)(1)(14)

EU banks 112 (1)(1)(1)(1)(1)(14)  
BNP 53.1 (1)(1)(1)(1)(1)(14)  
Credit Agricole 11 (1)(1)(1)(1)(1)(14)  
Deutsche Bank 102 (1)(1)(1)(1)(1)(14)  
RBS 118 (1)(1)(1)(1)(1)(14)  
Ibex 11 (1)(1)(1)(1)(1)(14)  
SO 41 (1)(1)(1)(1)(1)(14)  
Unicredit 5.8 (1)(1)(1)(1)(1)(14)

Large Spanish banks 91 (1)(1)(1)(1)(1)(14)  
Santander 5.4 (1)(1)(1)(1)(1)(14)  
BBVA 4.2 (1)(1)(1)(1)(1)(14)  
Medium Spanish banks 81 (1)(1)(1)(1)(1)(14)  
CaixaBank 3.8 (1)(1)(1)(1)(1)(14)  
Pinar 3.1 (1)(1)(1)(1)(1)(14)  
Sabadell 13 (1)(1)(1)(1)(1)(14)  
Bankinter 0.7 (1)(1)(1)(1)(1)(14)  
Banco 1.1 (1)(1)(1)(1)(1)(14)

Oman banks 20 (1)(1)(1)(1)(1)(14)  
Arab Bank 1 (1)(1)(1)(1)(1)(14)  
FNB 19 (1)(1)(1)(1)(1)(14)  
National Central Bank 3 (1)(1)(1)(1)(1)(14)  
Euronext Euronext 110 (1)(1)(1)(1)(1)(14)

Main equity indices  
MSCI Europe 4229 (4)(1)(1)(1)(1)(14)  
Nasdaq 4746 (4)(1)(1)(1)(1)(14)  
MSCI E Europe 479 (4)(1)(1)(1)(1)(14)  
Frankfurt 3102 (1)(1)(1)(1)(1)(14)  
MSCI E Europe 479 (4)(1)(1)(1)(1)(14)  
Frankfurt 3102 (1)(1)(1)(1)(1)(14)  
MSCI E Europe 479 (4)(1)(1)(1)(1)(14)  
Frankfurt 3102 (1)(1)(1)(1)(1)(14)

Bank stocks  
JP Bank 10 (1)(1)(1)(1)(1)(14)  
AkiBank T.A.S. 7 (1)(1)(1)(1)(1)(14)  
QNBANK 15 (1)(1)(1)(1)(1)(14)  
Turkcell 5 (1)(1)(1)(1)(1)(14)  
Rusbank 119 (1)(1)(1)(1)(1)(14)  
Dobank 74 (1)(1)(1)(1)(1)(14)  
VTB Bank 1 (1)(1)(1)(1)(1)(14)

Commodities (in percentage, positive for dollar depreciation)  
EUREX10 12.14 (1)(1)(1)(1)(1)(14)  
GPIUSD 1.34 (1)(1)(1)(1)(1)(14)  
USDJPY 107.36 (1)(1)(1)(1)(1)(14)  
DOY 96.06 (1)(1)(1)(1)(1)(14)

USDAHS (Argentina 9.29 (1)(1)(1)(1)(1)(14)  
USDAHS (Brazil 3.03 (1)(1)(1)(1)(1)(14)  
USDAHS (China 1.65 (1)(1)(1)(1)(1)(14)  
USDAHS (EU 1.00 (1)(1)(1)(1)(1)(14)  
USDAHS (Mexico 1.77 (1)(1)(1)(1)(1)(14)  
USDAHS (Peru 3.34 (1)(1)(1)(1)(1)(14)  
LACI 107.27 (1)(1)(1)(1)(1)(14)

USDAHS (Poland 3.76 (1)(1)(1)(1)(1)(14)  
USDAHS (Russia 0.12 (1)(1)(1)(1)(1)(14)  
USDAHS (Turkey 2.9 (1)(1)(1)(1)(1)(14)  
USDAHS (Vietnam 1.07 (1)(1)(1)(1)(1)(14)  
USDAHS (India 0.45 (1)(1)(1)(1)(1)(14)  
USDAHS (Indonesia 1.07 (1)(1)(1)(1)(1)(14)  
ADCI 107.38 (1)(1)(1)(1)(1)(14)

Commodity (change in percentage)  
Iron 419 (1)(1)(1)(1)(1)(14)  
WTI 413 (1)(1)(1)(1)(1)(14)  
Copper 250 (1)(1)(1)(1)(1)(14)  
Gold 150 (1)(1)(1)(1)(1)(14)  
Oil 100 (1)(1)(1)(1)(1)(14)  
CNG 100 (1)(1)(1)(1)(1)(14)  
Baltic Dry Index 100 (1)(1)(1)(1)(1)(14)

Source: Bloomberg, Datastream and IHS

\*CDS, EMBI & MSCI indices with one day delay

\*\*Credit spread (BAA) with two days delay

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