

Market Comment|Tense calm ahead of tomorrow's ECB meeting and Friday's US employment data

Global Financial Markets Unit
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- **US Private sector added somewhat fewer jobs than expected in August.** US ADP employment change rose in August less than estimated (by 13K to 190K; consensus: 200K) after revision of the previous data (to 177K from 185K). Meanwhile, factory orders increased in July less than expectations (by 0.4%MoM; consensus: 0.9%MoM).
- **Limited economic data in Europe.** Eurozone PPI in July dropped in line with consensus estimates (by -0.1% MoM and -2.1% YoY). Meanwhile, Spanish unemployment data surged in August to 21.7K from -74.0K in the previous month.
- **Tense calm in markets ahead of tomorrow's ECB meeting and the release of US employment data on Friday.** Global equity markets stabilised after yesterday's slump. The uncertainty in China did not allow the main domestic indices to close in positive territory (Nikkei: -0.4% Shanghai: -0.2% Shenzhen: -1.98%). Note: China's stock markets will be closed on Thursday and Friday to commemorate Victory Day. Thus, the developed world's equity markets only recovered a small proportion of yesterday's losses, with the exception of the Ibex-35 (-0.6%), awaiting the ECB meeting and the release of US employment data at the end of the week. (Euro Stoxx: +0.2%, DAX: +0.2%), followed by the US indexes (S&P 500: +0.3% and Dow Jones: +0.8%). On bond markets, US treasuries' yields and European yields stayed almost flattened. On FX markets, the USD appreciated against both major currencies (EUR: -0.73% GBP: -0.1% JPY: -0.7%) and most EM currencies (RUB: -1.5% BRL: -1.3% COP: -1% TRY: -0.8%). On commodity markets, despite the gains registered early in the morning, the Brent price is currently down 1.9% to USD48.64/bbl, while copper is up by 1% at the time of writing.

Table1 Update 17.00 CET 02 September, 2015

Current and changes in daily, weekly, monthly and annual frequencies

Abstracts (changes in %)

US 3w 8.71 (1.04)(9.6)
US 5w 1.51 (0.20)(1.5)
US 15w 2.29 (0.20)(9.0)

Japan 15w 0.51 (0.20)(2.7)
GER 3w 2.21 (1.02)(4.0)
GER 5w 0.13 (0.18)(0.7)
GER 15w 0.28 (0.17)(0.8)

Denmark 15w 1.14 (1.01)(0.9)(3.1)
France 15w 1.12 (0.18)(1.0)
Greece 15w 0.3 (2.0)(0.1)(2.6)(4.6)
Ireland 15w 1.45 (1.0)(2.7)
Italy 15w 2.61 (0.2)(1.1)

Netherlands 15w 1.15 (0.18)(0.9)(3.1)
Portugal 15w 2.89 (1.4)(0.2)(0.9)
Spain 15w 2.14 (0.20)(2.0)(2.5)

Sweden 15w 1.61 (0.20)(0.1)(0.6)(2.0)
China 15w 4.04 (1.0)(0.9)(0.9)
Czechia 15w 0.26 (0.18)(0.1)(0.1)

Mexico 15w 0.12 (0.18)(0.1)(0.2)
Finland 15w 1.41 (0.20)(2.0)

Poland 15w 2.05 (0.10)(0.1)(0.1)(0.3)
Russia 15w 1.81 (0.18)(0.1)(0.1)(0.1)
Russia 15w 11.54 (0.17)(0.8)(1.4)(1.4)
Turkey 15w 0.51 (0.20)(0.1)(0.1)(0.1)

India 15w 7.75 (0.1)(0.1)(0.1)(0.1)
Indonesia 15w 0.82 (0.1)(0.1)(0.1)(0.1)

Country risk (changes in %)

1w in emerging markets (against Germany)

Denmark 35 (11)(3)(2)(0)
France 35 (11)(3)(2)(0)
Greece 89 (12)(0)(20)(1)(20)
Ireland 81 (12)(0)(20)(1)(20)
Italy 120 (0)(7)(0)(1)(0)
Netherlands 20 (0)(1)(0)(0)(0)
Portugal 190 (4)(0)(0)(0)(0)
Spain 135 (0)(0)(0)(0)(0)

1w in emerging markets (against Germany)

Denmark 14 (1)(2)(0)(0)
France 14 (1)(2)(0)(0)
Greece 190 (1)(0)(0)(0)(0)
Ireland 30 (0)(2)(0)(0)(0)
Italy 20 (0)(1)(0)(0)(0)
Netherlands 17 (1)(1)(0)(0)(0)
Portugal 107 (1)(1)(0)(0)(0)
Spain 47 (0)(0)(0)(0)(0)

2w in emerging markets (against Germany)

Denmark 6 (1)(1)(0)(0)(0)
France 6 (1)(1)(0)(0)(0)
Ireland 17 (1)(0)(0)(0)(0)
Italy 20 (0)(1)(0)(0)(0)
Netherlands 11 (1)(1)(0)(0)(0)
Portugal 60 (2)(0)(0)(0)(0)
Spain 27 (1)(0)(0)(0)(0)

3w in emerging markets

S&P CDS Denmark 40 (1)(1)(1)(1)
S&P CDS France 30 (0)(0)(0)(0)
S&P CDS Germany 4 (0)(0)(0)(0)
S&P CDS Greece 184 (4)(2)(3)(0)(0)(0)(0)(0)
S&P CDS Ireland 81 (1)(0)(0)(0)
S&P CDS Italy 117 (2)(2)(0)(0)(0)(0)
S&P CDS Netherlands 17 (0)(0)(0)(0)(0)(0)

S&P CDS Portugal 174 (1)(4)(0)(0)(0)(0)
S&P CDS Spain 102 (0)(0)(0)(0)(0)(0)
S&P CDS UK 19 (0)(0)(0)(0)(0)(0)
S&P CDS US 18 (1)(1)(1)(1)(1)(1)

S&P CDS Brazil 81 (1)(0)(0)(0)(0)(0)(0)
S&P CDS Turkey 273 (0)(0)(0)(0)(0)(0)(0)

S&P CDS China 12 (0)(0)(0)(0)(0)(0)
S&P CDS Mexico 10 (0)(0)(0)(0)(0)(0)
S&P CDS Russia 24 (0)(0)(0)(0)(0)(0)

S&P CDS Korea 24 (0)(0)(0)(0)(0)(0)

Costs

US 10Y Treasury (change in percentage point for 10A, semi-ann, 1w)

US 10Y 1.01 (0.01)(0.01)(0.01)(0.01)
VIX 10Y 30.01 (1.7)(1.0)(1.0)(1.0)
EM EFT volatility index 41 (4.0)(2.0)(2.0)(2.0)
Dow Jones volatility 12.2 (2.0)(2.0)(2.0)(2.0)
EM EFT volatility index 31 (3.0)(2.0)(2.0)(2.0)
Credit spread index 171 (1)(1)(1)(1)(1)(1)(1)(1)
US bond volatility index 75 (0)(1)(0)(1)(0)

Bank 6w (change in %)

US bank CDS 95 (0)(1)(0)(0)(0)
EU bank CDS 96 (0)(0)(0)(0)(0)
US bank CDS 85 (0)(1)(0)(0)(0)

Large Spanish bank CDS 118 (0)(2)(0)(0)(0)

Mexican Spanish bank CDS 101 (0)(1)(0)(0)(0)

Greek bank CDS 246 (0)(0)(0)(1)(0)(0)(0)(0)

Russian bank CDS 407 (0)(0)(0)(1)(0)(0)

Corporate risk (change in %)

US Non-Agency CDS 26 (0)(0)(0)(0)(0)
EU Non-Agency CDS 13 (0)(0)(0)(0)(0)
UK Non-Agency CDS 13 (0)(0)(0)(0)(0)

Interest rate markets (changes in %)

EM 1w spread 3w 10.00 (0.00)(0.00)
EM 1w spread 1m 31 (0.00)(0.00)
EM 1w spread 3m 20 (0.00)(0.00)

US 0w spread 1m 12 (1)(1)(0)(0)(0)(0)
US 0w spread 3m 40 (1)(1)(0)(0)(0)(0)
US 1w spread 1m 30 (0)(0)(0)(0)(0)

Spain 1w spread 3m 4 (0)(0)(0)(0)(0)(0)

COBA Index 42 (0)(0)(0)(0)(0)(0)(0)

Libor 1m 0.00 (0.00)(0.00)(0.00)

Libor 3m 0.00 (0.00)(0.00)(0.00)

Stock markets (changes in percentage)

Spain equity index

Denmark 100 (1)(0)(0)(0)(0)(0)(0)
France 100 (1)(0)(0)(0)(0)(0)(0)
Greece 100 (1)(0)(0)(0)(0)(0)(0)
Ireland 100 (1)(0)(0)(0)(0)(0)(0)
Italy 100 (1)(0)(0)(0)(0)(0)(0)
Netherlands 100 (1)(0)(0)(0)(0)(0)(0)
Portugal 100 (1)(0)(0)(0)(0)(0)(0)
Spain 100 (1)(0)(0)(0)(0)(0)(0)

US bank

US bank 100 (1)(0)(0)(0)(0)(0)(0)
JPM 100 (1)(0)(0)(0)(0)(0)(0)
Citi 100 (1)(0)(0)(0)(0)(0)(0)
Bank of America 100 (1)(0)(0)(0)(0)(0)(0)
Wells Fargo 100 (1)(0)(0)(0)(0)(0)(0)
JP Morgan Chase 100 (1)(0)(0)(0)(0)(0)(0)

US bank

US bank 100 (1)(0)(0)(0)(0)(0)(0)
HSBC 100 (1)(0)(0)(0)(0)(0)(0)
Wells Fargo 100 (1)(0)(0)(0)(0)(0)(0)
JP Morgan Chase 100 (1)(0)(0)(0)(0)(0)(0)

EU bank

EU bank 100 (1)(0)(0)(0)(0)(0)(0)
BNP Paribas 100 (1)(0)(0)(0)(0)(0)(0)
Santander 100 (1)(0)(0)(0)(0)(0)(0)
Deutsche 100 (1)(0)(0)(0)(0)(0)(0)
Lloyds 100 (1)(0)(0)(0)(0)(0)(0)

EMU bank

EMU bank 100 (1)(0)(0)(0)(0)(0)(0)
BNP Paribas 100 (1)(0)(0)(0)(0)(0)(0)
Santander 100 (1)(0)(0)(0)(0)(0)(0)
Deutsche 100 (1)(0)(0)(0)(0)(0)(0)
Lloyds 100 (1)(0)(0)(0)(0)(0)(0)

Large Spanish bank

Large Spanish bank 100 (1)(0)(0)(0)(0)(0)(0)
Santander 100 (1)(0)(0)(0)(0)(0)(0)
BBVA 100 (1)(0)(0)(0)(0)(0)(0)

Mexican Spanish bank

Mexican Spanish bank 100 (1)(0)(0)(0)(0)(0)(0)
Citigroup 100 (1)(0)(0)(0)(0)(0)(0)
Pamplona 100 (1)(0)(0)(0)(0)(0)(0)
Banorte 100 (1)(0)(0)(0)(0)(0)(0)
Banco de Mexico 100 (1)(0)(0)(0)(0)(0)(0)

EU bank

EU bank 100 (1)(0)(0)(0)(0)(0)(0)
BNP Paribas 100 (1)(0)(0)(0)(0)(0)(0)
Santander 100 (1)(0)(0)(0)(0)(0)(0)
Deutsche 100 (1)(0)(0)(0)(0)(0)(0)
Lloyds 100 (1)(0)(0)(0)(0)(0)(0)

US bank

US bank 100 (1)(0)(0)(0)(0)(0)(0)
JP Morgan Chase 100 (1)(0)(0)(0)(0)(0)(0)
Wells Fargo 100 (1)(0)(0)(0)(0)(0)(0)
Bank of America 100 (1)(0)(0)(0)(0)(0)(0)
Citigroup 100 (1)(0)(0)(0)(0)(0)(0)

US bank

US bank 100 (1)(0)(0)(0)(0)(0)(0)
JP Morgan Chase 100 (1)(0)(0)(0)(0)(0)(0)
Wells Fargo 100 (1)(0)(0)(0)(0)(0)(0)
Bank of America 100 (1)(0)(0)(0)(0)(0)(0)
Citigroup 100 (1)(0)(0)(0)(0)(0)(0)

US bank

*CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

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