

Market Comment | Risk asset rally halts, on renewed concerns over China's growth

Global Financial Markets Unit
13 Oct 2015

- **US optimism rose in September.** US NFIB small business optimism rose unexpectedly in September (by 0.2 points to 96.1; consensus: 95.5 points).
- **China's imports fell sharply in September.** Chinese imports plunged more than estimates (by -20.4% YoY; consensus: -16.0%), reaching their worst level in six years, while exports fell in September less than expected (by -3.7% YoY; consensus: -6.0%). As a result, China's trade balance rose unexpectedly in September (by USD0.10bn to USD60.34bn; consensus: USD48.12bn). ([see](#))
- **Mixed data in Germany.** Germany's ZEW survey expectations plunged in October more than estimated (by 10.2 points to 1.9; BBVAe: 4.3, consensus: 6.5 points), while the ZEW survey's current situation dropped more than expected (by 12.3 points to 55.2; BBVAe 66.5; consensus: 64.0 points). According to the poll, the fall in the expectations was mainly due to the slowdown in emerging economies and the Volkswagen crisis. On another front, CPI EU harmonised confirmed the decrease in September, in line with the flash estimate (-0.2% YoY, previous month +0.1% YoY), while the core inflation increased (+1.3% YoY from 1.0% YoY in August).
- **Last week's rally in risk assets stopped at the beginning of the current week on the back of the ongoing doubts concerning the global economic outlook.** The worst prints for Chinese imports in the last six years contributed to amplify the "recessionary trade surplus", resulting from a mix of weak exports and even weaker imports. Worse-than-expected data (Chinese and European) spread the risk-off mood across the board, and punished both developed (focus on Europe, due to last week's rebound) and emerging markets. Against this backdrop, European equity indices dropped (Euro Stoxx: -0.7%, DAX: -0.8%, IBEX-35: -1.0%, CAC: -0.9%), while US indices, after a negative beginning, are broadly unchanged at the time of writing. On bond markets, yields remained broadly steady across the board today (US 10Y: +1 bp, GER 10Y: +2bp, FRA 10Y: +2bp, ITA 10Y: -1bp, SPA 10Y: unchanged, POR 10Y: -2bp). Spanish yields remained flattened in line with other peripherals, despite yesterday's warning by the European Commission about the non-compliance with the Stability and Growth Pact on deficits for 2015 and 2016. On FX markets, the USD depreciated against other major currencies (EUR: -0.19% JPY: +0.17%), while EM currencies also depreciated against the USD (BRL: -1.7%, COP: -1.3%, CLP: -1.1%, RUB: -0.9%, TRY: -0.8%), especially those most linked to commodity prices on the back of yesterday's plunge in oil prices. On the other hand, the IEA released its Oil Market Report for October, which anticipated that the oversupply will persist at least until 2016 on the back of the downward revision of global oil demand. Nonetheless, oil prices increased today (Brent: +1.3% and WTI: +2.6%).

Update 17.00 CET 13 October, 2015
Table1

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

Libor markets (Changes in bp)

Overnight

US 3m 8.80 (1.0) (17)(2)
 US 6m 1.38 (1.6) (1.3) (27)
 US 12m 2.07 (1.0) (14)(14)(46)
 Japan 10yr 0.22 (1.0) (15)(15)(5)

GER 3m 2.25 (1.1) (12)(14)(5)
 GER 6m 2.31 (1.0) (13)(12)
 GER 12m 2.42 (1.0) (14)(16)
 Belgium 10yr 6.82 (2.0) (17)(9)
 France 10yr 5.87 (2.0) (11)(11)(14)
 Greece 10yr 7.82 (2.0) (11)(12)(14)(83)
 Korea 10yr 1.9 (2.0) (16)(16)
 MY 10yr 1.47 (1.1) (12)(14)(12)
 Netherlands 10yr 5.72 (2.0) (12)(14)(6)
 Portugal 10yr 2.42 (1.2) (8)(14)(12)(7)
 Spain 10yr 5.19 (2.0) (12)(12)(8)

1 month

Bank 10yr 1.98 (2.0) (17)(18)(120)
 Citic 10yr 4.46 (2.0) (12)(14)(147)
 Citicover 10yr 6.22 (2.0) (17)(14)(14)(50)
 Kinco 10yr 6.58 (1.0) (14)(14)(12)
 Pw 10yr 7.42 (2.0) (14)(14)(20)

Fixed 10yr 2.75 (1.0) (12)(12)(21)
 Russia 10yr 1.58 (1.0) (11)(11)(11)(11)
 Russia 10yr 10.4 (1.1) (11)(11)(11)(11)(11)
 Turkey 10yr 15.19 (1.0) (12)(12)(12)(12)

India 10yr 7.56 (1.0) (12)(12)(12)
 Indonesia 10yr 6.73 (1.0) (14)(14)(14)

Country risk (Changes in bp)

1yr sovereign spreads (Against Germany)

Belgium 32 (2) (0) (1)(2)
 France 27 (1) (1) (1)
 Greece 732 (2) (12) (147) (148)
 Korea 6 (0) (0) (0)(1)
 MY 107 (1) (1) (1) (1)
 Netherlands 17 (0) (1) (1) (1)
 Portugal 182 (1) (1) (1) (1)
 Spain 121 (1) (1) (1) (1)

3yr sovereign spreads (Against Germany)

Belgium 17 (0) (1) (1) (1)
 France 16 (0) (0) (0) (0)
 Greece 182 (1) (1) (1) (1)
 Korea 3 (0) (0) (0) (0)
 MY 111 (1) (1) (1) (1)
 Netherlands 12 (0) (1) (1) (1)
 Portugal 114 (1) (1) (1) (1)
 Spain 12 (1) (1) (1) (1)

5yr sovereign spreads (Against Germany)

Belgium 8 (0) (0) (0) (0)
 France 8 (0) (0) (0) (0)
 Greece 182 (1) (1) (1) (1)
 Korea 3 (0) (0) (0) (0)
 MY 111 (1) (1) (1) (1)
 Netherlands 12 (0) (1) (1) (1)
 Portugal 114 (1) (1) (1) (1)
 Spain 12 (1) (1) (1) (1)

1yr sovereign CDS

Spr CDS Belgium 40 (1) (1) (1) (1)
 Spr CDS France 24 (1) (1) (1) (1)
 Spr CDS Germany 14 (1) (1) (1) (1)
 Spr CDS Greece 158 (2) (14) (136) (132)
 Spr CDS Korea 1 (1) (1) (1) (1)
 Spr CDS MY 117 (1) (1) (1) (1)
 Spr CDS Netherlands 17 (1) (1) (1) (1)
 Spr CDS Portugal 173 (1) (1) (1) (1)
 Spr CDS Spain 164 (2) (14) (148)
 Spr CDS UK 48 (0) (1) (1) (1)
 Spr CDS US 18 (0) (1) (1) (1)

Energy prices

Spr CDS Brent 411 (1) (1) (1) (1)
 Spr CDS Crude 328 (1) (1) (1) (1)
 Spr CDS Germany 21 (1) (1) (1) (1)
 Spr CDS Greece 21 (1) (1) (1) (1)
 Spr CDS Korea 171 (1) (1) (1) (1)
 Spr CDS MY 171 (1) (1) (1) (1)
 Spr CDS Netherlands 147 (1) (1) (1) (1)
 Spr CDS Portugal 147 (1) (1) (1) (1)
 Spr CDS Spain 147 (1) (1) (1) (1)
 Spr CDS UK 147 (1) (1) (1) (1)
 Spr CDS US 147 (1) (1) (1) (1)

Commodity prices

Spr CDS Paper 411 (1) (1) (1) (1)
 Spr CDS Soybean 209 (1) (1) (1) (1)
 Spr CDS Turkey 273 (1) (1) (1) (1)
 Spr CDS China 108 (1) (1) (1) (1)
 Spr CDS India 108 (1) (1) (1) (1)
 Spr CDS Indonesia 216 (1) (1) (1) (1)

Credit risk

US 10yr 10yr 2.07 (1.0) (14)(14)(46)
 VIX 16.18 (1.0) (14)(14)(46)
 VIX10Y 21.88 (1.0) (14)(14)(46)
 EIA 10yr 1.38 (1.0) (14)(14)(46)
 Daxcommodity 1.38 (1.0) (14)(14)(46)
 EIA 10yr 1.38 (1.0) (14)(14)(46)
 Credit spread index 102.1 (1.0) (14)(14)(46)
 US bank volatility index 78 (1) (1) (1) (1)

Index and changes in bp

US bank CDS 37 (1) (1) (1) (1)
 EU bank CDS 38 (1) (1) (1) (1)
 US bank CDS 31 (1) (1) (1) (1)
 Large Spanish bank CDS 125 (1) (1) (1) (1)
 Midsize Spanish bank CDS 161 (1) (1) (1) (1)
 Green bank CDS 2346 (2) (1) (1) (1)
 Russian bank CDS 436 (1) (1) (1) (1)

Commodity risk (Changes in bp)

US 10yr 10yr 2.07 (1.0) (14)(14)(46)
 EIA 10yr 1.38 (1.0) (14)(14)(46)
 Daxcommodity 1.38 (1.0) (14)(14)(46)
 EIA 10yr 1.38 (1.0) (14)(14)(46)
 Credit spread index 102.1 (1.0) (14)(14)(46)
 US bank volatility index 78 (1) (1) (1) (1)

Interest rate markets (Changes in bp)

US 10yr spread 1m 19 (0) (0) (0) (0)
 US 10yr spread 3m 31 (0) (0) (0) (0)
 US 10yr spread 6m 20 (0) (0) (0) (0)
 US 10yr spread 12m 12 (0) (0) (0) (0)
 US 10yr spread 18m 15 (0) (0) (0) (0)
 US 10yr spread 24m 12 (0) (0) (0) (0)
 US 10yr spread 30m 13 (0) (0) (0) (0)
 Spain 10yr spread 1m 6 (1) (1) (1) (1)

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

Debt markets (changes in bpt)

US Treasury bills

US 2yr	6.83 (1) (1) (7) (2)
US 5yr	3.94 (1) (1) (3) (27)
US 10yr	2.07 (1) (4) (11) (4) (6)

Japan

Japan 10yr	3.20 (1) (1) (1) (1) (1)
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Other

Canada 2yr	6.26 (1) (1) (1) (1) (1)
OECD 5yr	2.61 (1) (1) (1) (1) (2)
OECD 10yr	3.05 (1) (1) (1) (1)

Belgium

Belgium 10yr	6.30 (2) (1) (7) (9)
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France

France 10yr	5.57 (2) (1) (1) (1) (1)
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Germany

Germany 10yr	1.56 (2) (1) (1) (1) (1) (1)
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Italy

Italy 10yr	5.16 (2) (1) (1) (1) (1) (1)
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Spain

Spain 10yr	5.67 (1) (1) (1) (1) (1) (1)
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Portugal

Portugal 10yr	2.42 (2) (1) (1) (1) (1) (1)
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Other

Spain 10yr	5.67 (1) (1) (1) (1) (1) (1)
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Emerging Markets

Brazil 10yr	15.56 (2) (1) (1) (1) (1) (1)
China 10yr	4.48 (2) (1) (1) (1) (1) (1)
Colombia 10yr	8.02 (2) (1) (1) (1) (1) (1)
Mexico 10yr	5.36 (1) (1) (1) (1) (1) (1)
Peru 10yr	7.47 (2) (1) (1) (1) (1) (1)
Poland 10yr	2.75 (1) (1) (1) (1) (1) (1)
Russia 10yr	10.58 (1) (1) (1) (1) (1) (1)
Russia 10yr	10.54 (1) (1) (1) (1) (1) (1)
Turkey 10yr	18.19 (1) (1) (1) (1) (1) (1)
India 10yr	7.56 (1) (1) (1) (1) (1) (1)
Indonesia 10yr	8.71 (1) (1) (1) (1) (1) (1)

Country risk (changes in bpt)

Low sovereign spreads (against Germany)

Belgium	20 (1) (1) (1) (1)
France	27 (1) (1) (1) (1) (1)
Germany	20 (1) (1) (1) (1) (1) (1)
Italy	30 (1) (1) (1) (1) (1)
Spain	107 (1) (1) (1) (1) (1) (1)
Netherlands	17 (1) (1) (1) (1) (1) (1)
Portugal	102 (1) (1) (1) (1) (1) (1)
Spain	121 (1) (1) (1) (1) (1) (1)

High sovereign spreads (against Germany)

Belgium	12 (1) (1) (1) (1) (1) (1)
France	21 (1) (1) (1) (1) (1) (1)
Germany	19 (1) (1) (1) (1) (1) (1)
Italy	21 (1) (1) (1) (1) (1) (1)
Spain	114 (1) (1) (1) (1) (1) (1)
Netherlands	4 (1) (1) (1) (1) (1) (1)
Portugal	114 (1) (1) (1) (1) (1) (1)
Spain	10 (1) (1) (1) (1) (1) (1)

Very low sovereign spreads (against Germany)

Belgium	4 (1) (1) (1) (1) (1) (1)
France	6 (1) (1) (1) (1) (1) (1)
Germany	5 (1) (1) (1) (1) (1) (1)
Italy	34 (1) (1) (1) (1) (1) (1)
Netherlands	1 (1) (1) (1) (1) (1) (1)
Portugal	11 (1) (1) (1) (1) (1) (1)
Spain	11 (1) (1) (1) (1) (1) (1)

Very low sovereign spreads (against Germany)

Spain	121 (1) (1) (1) (1) (1) (1)
France	27 (1) (1) (1) (1) (1) (1)
Germany	20 (1) (1) (1) (1) (1) (1)
Italy	30 (1) (1) (1) (1) (1) (1)
Spain	107 (1) (1) (1) (1) (1) (1)
Netherlands	17 (1) (1) (1) (1) (1) (1)
Portugal	102 (1) (1) (1) (1) (1) (1)
Spain	121 (1) (1) (1) (1) (1) (1)

Very low sovereign spreads (against Germany)

Spain	121 (1) (1) (1) (1) (1) (1)
France	27 (1) (1) (1) (1) (1) (1)
Germany	20 (1) (1) (1) (1) (1) (1)
Italy	30 (1) (1) (1) (1) (1) (1)
Spain	107 (1) (1) (1) (1) (1) (1)
Netherlands	17 (1) (1) (1) (1) (1) (1)
Portugal	102 (1) (1) (1) (1) (1) (1)
Spain	121 (1) (1) (1) (1) (1) (1)

Comd risk

Very low sovereign spreads (against Germany)

Spain	121 (1) (1) (1) (1) (1) (1)
France	27 (1) (1) (1) (1) (1) (1)
Germany	20 (1) (1) (1) (1) (1) (1)
Italy	30 (1) (1) (1) (1) (1) (1)
Spain	107 (1) (1) (1) (1) (1) (1)
Netherlands	17 (1) (1) (1) (1) (1) (1)
Portugal	102 (1) (1) (1) (1) (1) (1)
Spain	121 (1) (1) (1) (1) (1) (1)

Very low sovereign spreads (against Germany)

Spain	121 (1) (1) (1) (1) (1) (1)
France	27 (1) (1) (1) (1) (1) (1)
Germany	20 (1) (1) (1) (1) (1) (1)
Italy	30 (1) (1) (1) (1) (1) (1)
Spain	107 (1) (1) (1) (1) (1) (1)
Netherlands	17 (1) (1) (1) (1) (1) (1)
Portugal	102 (1) (1) (1) (1) (1) (1)
Spain	121 (1) (1) (1) (1) (1) (1)

Interbank markets (changes in bpt)

US

US 10yr	10 (1) (1) (1) (1) (1) (1)
US 5yr	10 (1) (1) (1) (1) (1) (1)
US 3m	10 (1) (1) (1) (1) (1) (1)

Other

US 10yr	10 (1) (1) (1) (1) (1) (1)
US 5yr	10 (1) (1) (1) (1) (1) (1)
US 3m	10 (1) (1) (1) (1) (1) (1)

Stock markets (Change in percentage)

Major equity indices

S&P500	2017 (1) (1) (1) (1) (1) (1)
Dow Jones	1781 (2) (2) (4) (1) (1)
Nikkei	1948 (1) (1) (1) (1) (1) (1)
FTSE 100	484 (1) (1) (1) (1) (1) (1)
Eurostoxx 50	3221 (1) (1) (1) (1) (1) (1)
MSCI World	2141 (1) (1) (1) (1) (1) (1)
MSCI Europe	1781 (2) (2) (4) (1) (1)
MSCI Asia	1948 (1) (1) (1) (1) (1) (1)
MSCI Africa	1948 (1) (1) (1) (1) (1) (1)
MSCI Latin America	1948 (1) (1) (1) (1) (1) (1)
MSCI Emerging Markets	1948 (1) (1) (1) (1) (1) (1)

Other

US 10yr	10 (1) (1) (1) (1) (1) (1)
US 5yr	10 (1) (1) (1) (1) (1) (1)
US 3m	10 (1) (1) (1) (1) (1) (1)

Commodities (in percentage, positive for dollar depreciation)

Energy

WTI	100 (1) (1) (1) (1) (1) (1)
Brent	100 (1) (1) (1) (1) (1) (1)
Natural Gas	100 (1) (1) (1) (1) (1) (1)

Metals

Gold	100 (1) (1) (1) (1) (1) (1)
Silver	100 (1) (1) (1) (1) (1) (1)
Copper	100 (1) (1) (1) (1) (1) (1)

Other

US 10yr	10 (1) (1) (1) (1) (1) (1)
US 5yr	10 (1) (1) (1) (1) (1) (1)
US 3m	10 (1) (1) (1) (1) (1) (1)

*CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

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