

US dollar fell after Powell speech

- Fed Chairman Powell's speech drove the USD to depreciate after markets read his speech as "dovish".** He said that interest rates are "just below" neutral levels and also remarked there is "no preset policy path" for interest rates, highlighting the **importance of monitoring economic data from now on**. In another front, financial markets remained calm awaiting the outcome of the Xi-Trump's meeting at the G-20 summit, with China announcing today its willingness to open its markets for foreign investors ([see](#)).
- Core yields remained subdued:** the 10Y US Treasury yield continued below 3.10% despite today's release of the revision for 3Q18 GDP growth ([see](#)), however the **US 2Y yield decreased after dovish Powell's comments ([see](#))**. Meanwhile the German 10Y yield was hovering around 0.35% as talks about the reinvestment strategy of current asset purchases ([see](#)) have muted impact on markets. Peripheral risk premia remained unchanged.
- A fresh optimistic mood on trade disputes buoyed stocks markets.** US equity markets were up, favoured by positive earnings results in the tech sector ([see](#)), while European stocks were flat, offsetting yesterday's hit on the automotive sector after potential US tariffs ([see](#)). Asian stock markets ended higher awaiting trade war developments.
- The euro appreciated against a weak US dollar**, while in the UK, the release by the government of a report showing the Brexit deal impact on its economy did not add more pressure to the GBP ([see](#)). Moreover, most EM currencies were favoured by the fall of the USD: the MXN appreciated ahead of today's release of Banxico's inflation report. Latam currencies benefited from the increase in crude oil prices despite the release of an increase in US oil production ([see](#)).

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.80	-3.2	-1.3	-2	88
US	3.05	-0.9	-1.5	-4	58
GER (2-yr)	-0.59	-0.4	-0.5	4	3
Germany	0.35	-0.1	-2.7	-3	-17
France	0.73	-0.2	-3.7	-1	-9
Spain	1.54	-1.1	-9.2	0	-13
Italy	3.26	-3.3	-21.5	-8	116
Portugal	1.87	-1.1	-9.4	0	-14
Greece	4.34	-4.5	-31.9	13	24
Japan (2-yr)	-0.13	0.8	0.9	-1	0
Japan	0.10	0.8	0.5	-1	5
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	10.02	-7.8	-3.7	-33	-23
Chile	4.40	0.4	-2.0	-17	-12
Colombia	7.10	3.6	4.8	-10	65
Mexico	9.26	1.8	20.9	54	168
Peru	5.31	-3.1	-7.1	-16	44
Poland	3.18	0.4	-3.8	3	-13
Russia	8.96	-2.1	13.1	26	132
Turkey	16.04	0.0	-53.0	-128	468
India	7.64	-8.8	-14.9	-17	26
Indonesia	7.95	6.8	-3.5	-69	165
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	38	-0.1	-1.0	2	8
Italy	291	-3.2	-18.8	-5	133
Portugal	152	-1.0	-6.7	2	4
Spain	119	-1.0	-6.5	3	4
2-yr sovereign spread vs Germany					
France	15	0.7	1.2	-6	-2
Italy	148	3.8	-22.7	-10	112
Portugal	39	0.6	-3.8	-10	-11
Spain	42	1.0	-4.0	-1	15
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	220	-0.5	5	15	59
Chile	62	0.7	5	11	13
Colombia	148	-0.5	5	23	43
Argentina	660	23.2	35	51	422
Mexico	161	-1.4	0	27	54
Peru	92	0.3	5	11	20
Poland	67	0.0	-1	1	19
Russia	174	4.8	14	25	56
Turkey	407	13.3	12	17	242
China	74	0.5	-2	1	23
India	112	-0.5	0	0	43
Indonesia	151	3.0	-5	-7	66
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	19	-0.1	-2	-6	9
VSTOXX	19	0.1	0	-4	5
EMEFT volatility Index	26	-0.3	-1	-5	10
Dollar/euro volatility	7	0.0	0	0	1
EMFX volatility index	10	0.0	0	0	2
Credit spread (BAA) (change in bps)	221	0.9	4	20	44
US bonds volatility index	51	-0.3	-6	-9	2
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.29	-	-1	-10	-3
EZ Inflation expectations (5Y5Y)	1.61	-	-5	-5	-13
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	66	1.1	-4	5	24
EZ	119	3.4	0	10	80
UK	88	3.8	-3	16	48
Large Spanish	86	3.1	-4	4	50
Medium Spanish	106	-0.4	1	2	31
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	188	1.1	-4	5	24
EZ Non-financial	86	3.4	0	10	80
UK Non-financial	111	0.9	-1	4	18
Interbank markets (% changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.36	0	0	1	1
Euribor 3m	-0.32	0	0	0	1
Euribor 12m	-0.15	0	0	0	4
Libor 3m	2.71	0	5	19	101
Libor 12m	3.13	0	3	7	102
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,707	0.9	2.2	2.5	0
Dow Jones	25,171	1.7	2.9	3.0	1
Nikkei	22,177	1.0	3.1	4.9	-3
FTSE 100	7,005	-0.2	-0.6	-0.3	-8
EuroStoxx 50	3,168	0.1	0.5	0.4	-9
IBEX	9,103	0.2	1.6	3.2	-10
DAX	11,299	-0.1	0.5	-0.3	-12
CAC	4,983	0.0	0.2	-0.1	-6
MIB	19,115	-0.2	2.0	0.4	-12
ASE Athens	603	-0.2	0.5	-5.8	-26
MSCI Latam *	86,181	1.8	-1.1	-1.5	1
Ibovespa (Brazil)	88,338	0.5	1.2	5.4	13
Mexbol (Mexico)	39,944	0.3	-3.7	-9.0	-20
Merval (Argentina)	30,548	-1.2	0.9	5.7	-2
MSCI EM Europe *	5,263	0.8	0.5	2.8	-2
Poland	2,265	1.9	2.0	7.6	-8
Micex 10 (Russia)	4,272	1.3	1.2	3.6	4
Ise 100 (Turkey)	94,071	0.6	1.5	3.9	-20
MSCI EM Asia *	805	0.3	1.3	4.8	-13
Shanghai Com (China)	2,602	1.1	-1.9	2.3	-22
Jakarta (Indonesia)	5,991	-0.5	-0.2	3.6	-6
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks					
JPM	133.2	0.8	2.1	1.1	-10
Citi	110.4	0.6	2.5	5.2	2
BofA	64.0	0.8	1.8	-0.6	-14
MS	28.0	0.9	2.6	5.1	-6
GS	44.5	1.1	1.8	1.3	-15
GS	194.6	0.5	1.0	-9.3	-24
EZ banks					
BNP	79.3	0.0	2.5	0.1	-27
BNP	44.8	-0.7	-0.1	-5.7	-28
Crédit Agricole	11.0	-0.8	2.0	-2.8	-21
Deutsche Bank	8.6	-0.8	3.3	0.0	-46
ING	10.9	0.5	1.3	5.6	-29
Intesa	2.1	0.7	6.3	2.9	-25
SG	32.9	-0.3	0.5	0.9	-24
Unicredito	11.7	1.9	8.8	1.8	-26
UK banks					
HSBC	77.2	-0.5	0.9	-0.1	-16
HSBC	669.5	-0.5	1.4	5.6	-12
RBS	220.1	-0.7	1.7	-4.3	-21
Barclays	166.8	-0.9	0.1	-3.6	-18
Lloyds	56.3	-0.1	0.2	-1.5	-17
Large Spanish banks					
Santander	62.4	0.9	1.3	-0.4	-26
Santander	4.2	0.6	5.7	2.4	-23
BBVA	5.0	1.2	0.8	-3.0	-30
Medium Spanish banks					
Caixabank	63.3	-0.8	-0.8	3.8	-18
Caixabank	3.6	-2.1	-3.0	1.8	-10
Sabadell	1.1	-0.3	-0.4	1.6	-33
Sabadell	7.5	-0.3	-0.2	5.4	-6
Bankia	2.9	-0.5	0.6	6.5	-28
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.135	0.6	-0.3	-0.2	-6
GBPUSD	1.28	0.5	0.2	0.1	-6
USDJPY	113.60	0.2	-0.5	-1.1	-1
DXY	97.06	-0.3	0.4	0.5	6
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	38.58	-0.1	-6.0	-4.3	-52
USDBRL (Brazil)	4	0.9	-1.2	-3.2	-15
USDCLP (Chile)	675.33	0.0	-1.2	2.2	-10
USDCOP (Colombia)	3277	-0.4	-2.7	-2.8	-11
USDMXN (Mexico)	20.32	0.8	-0.3	-1.3	-4
USDPEN (Peru)	3	0.2	0.1	-0.5	-4
LACI	53.91	0.5	-1.4	-1.9	-15
USDPLN (Poland)	4	0.8	0.1	0.9	-9
USDRUB (Russia)	66.93	0.2	-1.8	-1.6	-14
USDTRY (Turkey)	5	0.7	1.4	6.3	-28
USDCNY (China)	6.95	0.0	-0.4	0.1	-7
USDINR (India)	71	0.2	1.2	4.0	-10
USDIDR (Indonesia)	14529	-0.1	0.5	4.8	-7
ADX	104	0.3	0.1	1.1	-5
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	60.3	0.1	-5.0	-22	-9
WTx	52	0.6	-5.1	-23	-14
Copper	276	1.9	-1.2	1	-15
Gold	1223	0.7	-0.2	-1	-7
S&P Spot commodity *	406	-0.4	-3.8	-13	-8
S&P Metals Spot *	514	-0.3	-5.4	-22	-9
S&P Metals Spot *	326	-1.2	-2.3	-3	-17
S&P Agricultural *	285	-0.1	-1.0	-1	0

* Source: Bloomberg, Datastream and Haver

* With one day delay