

Weak economic data offset optimism on trade talks

■ The positive tone in financial markets faded somewhat after the release of disappointing economic data, while high-level US-China trade talks started today in Beijing. The potential extension of the March 1st trade truce deadline continued to weigh on investors' optimism on the trade relation developments (see). Meanwhile, today the US Congress will vote on the spending bill that will avoid another shutdown in the US government. The next key event will be if Trump signs the deal before tomorrow's midnight deadline, which seems very likely (see).

■ Sovereign yields declined across core countries. The release of the worse-than-expected retail sales (see) dragged down the US Treasury 10Y yield to levels below 2.70%. In Europe, the 10Y Bund yield also inched down while the slightly worse-than-expected release of Germany's 4Q18 GDP (see) had a mild impact on markets as the economy avoided falling into recession.

■ Developed equity markets showed mild losses, erasing some of their recent gains: US and European stocks were slightly down. In Asia, Chinese equity indices ended flat despite the release of January's trade balance figures, which were surprisingly above expectations, despite the ongoing trade disputes with the US (see).

■ The USD and the EUR were flat despite the disappointing releases of economic data. In EM FX, the RUB underperformed others amid potential US sanctions on Russian assets (see), while the TRY also depreciated as the release of the disappointing economic data weighed (see).

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.50	-3.1	2.0	-4	1
US	2.66	-4.1	0.4	-5	-2
GER (2-yr)	-0.55	0.8	2.6	7	6
Germany	0.10	-2.0	-1.2	-10	-20
France	0.53	-2.3	-2.3	-10	-18
Spain	1.24	0.7	-0.1	-15	-23
Italy	2.80	1.7	-15.0	-7	6
Portugal	1.57	-2.1	-8.5	-23	-29
Greece	3.86	-4.2	-13.7	-41	-54
Japan (2-yr)	-0.17	-0.7	-1.1	-2	-3
Japan	-0.01	-0.8	-0.6	-3	-2
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8.91	-3.4	-8.3	-34	-33
Chile	4.12	0.0	-8.9	-14	-13
Colombia	6.93	-0.2	3.6	-8	18
Mexico	8.42	-3.8	7.0	-17	-22
Peru	5.20	-0.2	6.0	-9	-17
Poland	2.70	-1.7	-3.9	-5	-13
Russia	8.51	13.6	23.8	10	-27
Turkey	14.51	22.0	39.0	-123	-129
India	7.34	4.5	1.8	9	-3
Indonesia	8.00	9.3	18.2	-4	-3
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	43	-0.3	-1.1	7	2
Italy	270	3.7	-13.8	3	26
Portugal	147	-0.1	-7.3	-12	-9
Spain	114	2.7	1.1	-5	-3
2-yr sovereign spread vs Germany					
France	11	-0.6	-1.9	-2	-5
Italy	103	0.5	-15.1	0	-5
Portugal	33	0.1	-4.6	-9	7
Spain	30	-0.6	-3.7	-10	-7
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	170	1.3	4	-13	-38
Chile	49	0.1	1	-5	-15
Colombia	119	-0.8	2	-16	-39
Argentina	627	2.8	23	-46	-179
Mexico	139	0.5	7	1	-16
Peru	75	-0.4	2	-8	-20
Poland	65	0.0	0	-1	-3
Russia	140	0.0	5	-3	-14
Turkey	308	-3.6	7	-69	-52
China	54	-1.8	0	-11	-14
India	97	-2.6	-5	-10	-16
Indonesia	110	-4.2	-1	-20	-28
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	16	0.8	0	-2	-9
VSTOXX	16	1.8	0	-1	-8
EM EFT volatility Index	18	0.5	-1	-2	-7
Dollar/euro volatility	6	0.2	0	-1	-1
EM FX volatility index	9	0.1	0	0	-1
Credit spread (BAA) (change in bps)	232	4.1	2	-15	-14
US bonds volatility index	48	-0.9	-1	-5	-18
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.20	-	-2	-3	6
EZ Inflation expectations (5Y5Y)	1.44	-	-4	-10	-17
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	64	-2.1	1	-20	-18
EZ	98	-1.3	-2	-17	-21
UK	77	-1.6	0	-13	-17
Large Spanish	69	0.7	1	-12	-18
Medium Spanish	107	-3.7	0	-10	-5
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	179	-2.1	1	-20	-18
EZ Non-financial	81	-1.3	-2	-17	-21
UK Non-financial	103	-1.3	0	-11	-15
Interbank markets (% , changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.37	0	-1	0	-1
Euribor 3m	-0.31	0	0	0	0
Euribor 12m	-0.11	0	0	1	1
Libor 3m	2.68	-1	-5	-10	-11
Libor 12m	2.92	0	-5	-10	-10
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,742	-0.4	1.3	5.1	9
Dow Jones	25,434	-0.4	1.1	5.7	9
Nikkei	21,140	0.0	1.9	2.8	6
FTSE 100	7,197	0.1	1.5	4.4	7
EuroStoxx 50	3,183	-0.6	1.0	3.7	6
IBEX	8,953	-0.3	0.2	1.2	5
DAX	11,090	-0.7	0.6	1.8	5
CAC	5,063	-0.2	1.5	5.8	7
MIIB	19,835	-0.8	1.8	3.5	8
ASE Athens	654	-0.3	1.4	5.0	7
MSCI Latam *	92,336	-0.7	-0.2	0.5	7
Ibovespa (Brazil)	95,583	-0.3	1.2	1.6	9
Mexbol (Mexico)	42,366	0.2	-2.9	-2.8	2
Merval (Argentina)	37,024	0.0	3.0	10.3	22
MSCI EM Europe *	5,603	-1.8	-2.2	2.3	6
Poland	2,320	-1.1	-2.2	-1.1	2
Micex 10 (Russia)	4,375	-1.6	-2.4	-0.3	4
Ise 100 (Turkey)	102,130	0.5	-0.6	9.6	12
MSCI EM Asia *	848	0.4	0.2	6.8	8
Shanghai Com (China)	2,720	-0.1	3.9	5.8	9
Jakarta (Indonesia)	6,420	-0.1	-2.0	1.3	4
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	128.3	-1.1	-0.4	2.2	11
JPM	102.2	-0.8	-0.1	0.6	5
Citi	62.5	-0.8	-0.5	1.8	20
BoA	28.3	-1.2	0.4	6.8	15
MS	40.8	-1.0	-1.7	-4.9	3
GS	191.7	-1.5	-0.7	6.6	15
EZ banks	70.7	-1.8	-0.7	-1.7	3
BNP	40.4	-2.4	-0.9	-3.1	2
Crédit Agricole	9.8	-0.9	-0.6	-1.6	4
Deutsche Bank	7.4	-2.5	-0.2	-1.4	6
ING	10.7	-1.7	-1.2	8.0	14
Intesa	2.0	-1.4	0.0	1.4	2
SG	23.8	-2.0	-3.7	-18.0	-15
Unicredit	10.7	-2.2	5.2	5.9	8
UK banks	77.5	-0.3	1.3	2.5	6
HSBC	660.9	0.3	3.0	3.0	2
RBS	241.6	-0.4	0.7	5.1	11
Barclays	157.0	-0.7	0.3	-1.3	4
Lloyds	57.4	-0.8	0.3	3.3	11
Large Spanish banks	60.9	-1.2	-0.8	-3.0	4
Santander	4.0	-0.9	-0.6	-6.9	0
BBVA	5.0	-1.4	-1.0	0.8	8
Medium Spanish banks	54.0	-0.6	1.5	-6.8	-6
Caixabank	2.9	-1.0	1.4	-11.5	-8
Sabadell	0.9	1.1	6.0	-11.1	-9
Bankinter	6.7	-0.7	0.7	-3.3	-5
Bankia	2.5	-1.6	-0.1	-3.9	-3
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.128	0.2	-0.5	-1.1	-2
GBPUSD	1.28	-0.4	-1.2	-0.5	0
USDJPY	110.68	0.3	-0.8	-1.8	-1
DXY	97.17	0.0	0.7	1.2	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	38.36	-0.4	-1.4	-3.2	-2
USDBRL (Brazil)	3.75	0.2	-0.9	-0.8	3
USDCPL (Chile)	666.89	-0.5	-1.8	1.2	4
USDCOP (Colombia)	3162	-0.7	-1.4	-0.6	3
USDMXN (Mexico)	19.35	0.4	-1.4	-1.8	2
USDPEN (Peru)	3.34	-0.1	-0.5	-0.2	1
LACI	55.50	0.2	-1.1	-1.1	2
USDPLN (Poland)	3.84	0.1	-1.2	-2.2	-3
USDRUB (Russia)	67.09	-0.9	-1.7	0.0	3
USDTRY (Turkey)	5.30	-0.4	-0.7	2.7	0
USDCNY (China)	6.77	-0.2	-0.4	-0.2	2
USDINR (India)	71.16	-0.5	0.4	-0.2	-2
USDIDR (Indonesia)	14100	-0.2	-0.8	0.0	2
ADXY	105.91	0.0	-0.2	0.0	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	64.1	0.7	3.9	6	19
WTx	54	0.0	2.4	3	19
Copper	277	-0.2	-2.1	4	5
Gold	1312	0.4	0.1	2	2
S&P Spot commodity *	415	1.1	2.1	3	11
S&P Brent Spot *	541	1.9	3.2	5	18
S&P Metals Spot *	328	0.0	-2.6	3	3
S&P Agricultural *	292	0.4	1.1	2	3

Source: Bloomberg, Datastream and Haver

* With one day delay