

Trade concerns weighed on markets with Fed in focus

- Cautious mood returned to the financial markets amid mixed news regarding US-China trade negotiations.** Latest reports showed that China was rejecting US trade demands, increasing fear among investors ([see](#)). Nonetheless, the announcement of further high-level trade talks in the coming weeks, in a move to push for a deal by late April ([see](#)), marginally eased trade-related concerns. Furthermore, the Fed's policy decision will be announced later today, in which no change in benchmark interest rate is expected.
- Meanwhile, challenges for the UK persist given the uncertainty over the length of delay in Brexit.** Today, May requested the EU to extend the Brexit deadline until late June, in turn prolonging the concerns on this issue ([see](#)). Ahead of tomorrow's start of the EU summit, EU leaders warned that the decision on the length of May's Brexit delay could be announced next week ([see](#)). The UK would need to take part in the European Parliament elections if the extension is longer, a scenario opposed by many UK parliament members.
- Core sovereign bond yields declined:** the US Treasury 10Y yield stayed below 2.60% ahead of today's FOMC meeting, while the German 10Y Bund yield also slipped below the 0.10% level. Meanwhile, peripheral risk premia widened.
- The positive trend in developed equity markets as seen recently halted.** US and European equities showed losses, the former amid the cut in 2019 profit forecast by a US company ([see](#)). Meanwhile in Asia, Chinese equity indices ended flat despite the mixed developments on trade issues.
- The USD was broadly flat ahead of today's FOMC outcome,** while the GBP depreciated amid Brexit woes. Meanwhile, **EM currencies appreciated with the sole exception of the ARS,** which was unable to maintain its level gained after the Central Bank tightened its monetary policy. Rest of Latam currencies benefited from the rise in crude oil prices led by a sharp decline in US oil inventories ([see](#)).

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2,45	-1,9	-1,5	-6	-4
US	2,59	-2,3	-3,2	-7	-10
GER (2-yr)	-0,53	-0,3	1,7	4	8
Germany	0,08	-1,3	1,9	-3	-16
France	0,46	-0,9	-0,7	-9	-25
Spain	1,16	-0,8	-2,4	-17	-36
Italy	2,53	3,2	-2,6	-24	-22
Portugal	1,32	1,6	-2,6	-34	-54
Greece	3,79	3,2	-4,2	1	-61
Japan (2-yr)	-0,16	0,5	-0,3	2	-2
Japan	-0,04	0,4	0,6	-1	-4
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8,78	-2,5	4,7	-13	-45
Chile	4,06	-0,6	-3,1	-8	-20
Colombia	6,71	0,0	-7,4	-19	-4
Mexico	8,06	1,8	2,8	-25	-58
Peru	4,98	-0,3	-2,2	-18	-38
Poland	2,90	-1,4	2,7	20	7
Russia	8,30	-2,0	-15,5	-12	-48
Turkey	15,48	-12,0	20,0	108	-32
India	7,37	-0,9	-1,1	0	0
Indonesia	7,71	-1,5	-14,8	-30	-32
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	37	0,4	-2,6	0	-3
Italy	244	4,5	-4,5	-21	-6
Portugal	123	2,9	-4,5	-17	-33
Spain	108	0,5	-4,3	-14	-14
2-yr sovereign spread vs Germany					
France	7	0,1	0,0	-4	-9
Italy	74	2,9	-3,0	-21	-35
Portugal	29	2,0	-1,2	-4	3
Spain	21	0,4	-4,3	-10	-16
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	148	-3,8	-7	-13	-59
Chile	43	-0,3	-3	-5	-20
Colombia	104	-1,4	-5	-14	-55
Argentina	730	11,8	-14	86	-76
Mexico	120	-1,4	-4	-16	-35
Peru	62	-1,1	-4	-12	-33
Poland	64	-0,5	-1	-1	-4
Russia	125	-1,0	0	-19	-29
Turkey	307	0,1	-13	-4	-53
China	45	-0,3	-2	-9	-23
India	79	-0,7	-6	-18	-35
Indonesia	94	-1,4	-3	-16	-43
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	14	0,5	1	-1	-11
VSTOXX	14	1,5	1	0	-9
EM EFT volatility Index	17	0,4	0	-1	-8
Dollar/euro volatility	5	0,2	0	-1	-2
EM FX volatility index	8	0,0	0	-1	-2
Credit spread (BAA) (change in bps)	229	2,3	4	1	-16
US bonds volatility index	44	-1,3	-1	-2	-23
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2,28	-	2	12	15
EZ Inflation expectations (5Y5Y)	1,48	-	-1	3	-13
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	59	-1,3	-4	-5	-23
EZ	75	-1,1	-6	-24	-45
UK	61	-3,0	-2	-15	-33
Large Spanish	54	-1,2	-5	-14	-33
Medium Spanish	103	-0,5	-3	-6	-10
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	150	-1,3	-4	-5	-23
EZ Non-financial	71	-1,1	-6	-24	-45
UK Non-financial	97	-1,2	-3	-7	-22
Interbank markets (% changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0,37	0	0	0	-1
Euribor 3m	-0,31	0	0	0	0
Euribor 12m	-0,11	0	0	0	1
Libor 3m	2,61	-2	2	-7	-18
Libor 12m	2,81	-1	-6	-10	-20
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2.817	-0,6	0,2	1,5	12
Dow Jones	25.721	-0,6	0,1	-0,6	10
Nikkei	21.609	0,2	1,5	1,5	8
FTSE 100	7.291	-0,5	1,8	1,0	8
EuroStoxx 50	3.372	-1,1	1,5	3,9	12
IBEX	9.406	-0,9	2,3	2,7	10
DAX	11.604	-1,6	0,3	2,7	10
CAC	5.383	-0,8	1,4	4,1	14
MIB	21.330	-0,5	2,8	4,9	16
ASE Athens	715	0,1	0,7	7,2	17
MSCI Latam *	94.477	-0,2	1,7	0,8	9
Ibovespa (Brazil)	98.494	-1,1	-0,4	2,1	12
Mexbol (Mexico)	42.377	0,0	1,1	-1,4	2
Merval (Argentina)	34.536	0,5	1,5	-7,5	14
MSCI EM Europe *	5.680	0,3	1,8	1,1	7
Poland	2.352	0,0	1,6	1,1	3
Micex 10 (Russia)	4.477	0,4	1,3	1,5	7
Ise 100 (Turkey)	103.310	-1,5	1,1	1,6	13
MSCI EM Asia *	875	0,2	1,5	4,6	12
Shanghai Com (China)	3.091	0,0	2,1	12,2	24
Jakarta (Indonesia)	6.483	-0,4	2,0	1,5	5
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	133,4	-1,2	1,2	0,9	15
JPM	105,9	-0,9	1,4	0,3	8
Citi	65,1	-0,8	2,3	1,3	25
BoA	29,4	-0,8	0,5	1,1	19
MS	43,4	-1,4	2,2	3,2	9
GS	196,0	-2,6	-0,6	-1,3	17
EZ banks	77,5	-1,7	1,4	4,1	12
BNP	44,2	-2,0	1,5	4,2	12
Crédit Agricole	11,1	-1,8	1,0	6,4	18
Deutsche Bank	7,8	-3,3	-2,6	0,0	11
ING	10,8	-2,0	-0,6	-3,1	14
Intesa	2,2	-0,3	3,5	8,0	15
SG	27,2	-2,6	1,9	8,2	-2
Unicredito	12,1	-0,8	4,7	4,8	23
UK banks	80,8	-1,1	1,6	2,6	11
HSBC	623,9	0,0	0,6	-6,0	-4
RBS	265,0	-2,0	1,5	5,2	22
Barclays	164,4	-2,5	0,3	4,0	9
Lloyds	65,1	-0,6	4,0	11,5	24
Large Spanish banks	66,6	-1,3	3,2	5,4	15
Santander	4,4	-1,4	3,7	7,4	11
BBVA	5,4	-1,2	2,7	3,7	17
Medium Spanish banks	55,8	-1,8	0,5	-0,6	-3
Caixabank	2,9	-3,4	-1,3	-4,3	-8
Sabadell	1,0	-3,1	0,9	1,9	-4
Bankinter	7,1	-1,3	0,7	2,1	1
Bankia	2,5	0,6	2,2	-3,0	-3
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1,135	0,0	0,2	0,4	-1
GBPUSD	1,32	-0,6	-1,1	2,1	3
USDJPY	111,46	-0,1	-0,3	-0,8	-2
DX	96,44	0,1	-0,1	-0,5	0
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	41,04	-1,3	0,5	-5,5	-8
USDBRL (Brazil)	3,79	-0,1	0,7	-1,5	2
USDCLP (Chile)	666,02	0,0	0,4	-0,7	4
USDCOP (Colombia)	3085	0,4	2,0	1,3	6
USDMXN (Mexico)	18,93	0,5	1,9	1,7	4
USDPEN (Peru)	3,29	0,2	0,1	0,8	2
LACI	55,45	0,1	1,1	-0,5	2
USDPLN (Poland)	3,77	0,1	0,6	1,4	-1
USDRUB (Russia)	64,33	0,1	1,7	3,0	8
USDTRY (Turkey)	5,47	0,1	-0,2	-3,1	-3
USDCNY (China)	6,69	0,3	0,2	1,1	3
USDINR (India)	68,83	0,2	1,0	3,7	1
USDIDR (Indonesia)	14188	0,3	0,5	-0,6	1
ADXY	106,59	0,1	0,1	0,6	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	68,2	0,9	1,0	3	27
WTx	60	1,3	2,6	8	32
Copper	291	-0,2	-0,7	4	11
Gold	1302	-0,4	-0,6	-2	2
S&P Spot commodity *	435	0,2	0,9	3	16
S&P Brent Spot *	574	0,1	-0,1	2	25
S&P Metals Spot *	346	0,9	0,2	4	8
S&P Agricultural *	278	-0,1	1,1	-4	-2

Source: Bloomberg, Datastream and Haver

* With one day delay