

Steady financial markets await activity figures from China and Europe

- Positive market sentiment built last week extended today amid signs that US is bending to ensure a quicker trade deal with China. However investors' mood tempered over the day and markets ended largely unchanged after mixed banks' earnings, and caution ahead of important economic data, in both China and Europe, to be released this week, jointly with US companies earnings results.
- In a push to seal a deal, US said to ease demands that China curb industrial subsidies** (see). Meanwhile US Treasury Secretary Mnuchin agreed to a 'two way' system to enforce trade agreement. Against previous position, Mr. Mnuchin said he is willing to face "repercussions" from China if it fails to comply with the terms of a likely deal to end the trade war.
- Relevant economic data in China and Europe will take center stage this week.** China's industrial production and 1Q19 GDP will shed some light about the capacity of China's government to stabilize the economy. Meanwhile, manufacturing data in the Eurozone to be released this week will also be very close watched, after the weak Germany PMI sent German yields lower.
- Safe-haven bond yields (US and German) barely moved today**, after the sharp increase of last week on the back of strong pick up in China's credit figures and exports, which together buoyed markets. On the other hand, peripheral risk premium and HY spread slightly widened today, after having narrowed last week on improving economic outlook. The incipient 'search for yield' that was seen last week, was absent today as investors awaited further signs to confirm an upturn in the global economic cycle.
- In FX, G-10 remained broadly steady.** The euro unchanged, after the EU ministers ready to start trade talks with US, while EM slightly depreciated led by the decline in oil prices. Oil prices have seen hefty gains recently amid rising supply side risk. However, the Argentinian peso has continued appreciating since the IMF delivered the loan tranche, despite increasing financial tension. On the other hand, the TRY remained under pressure.
- Equity markets inched down at the start of the week led by mixed results in the banking sector**, while investors are waiting for more company earnings to confirm the health of the corporate sectors, as the equity markets reached levels close to the heights of October 2019.

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2.39	0.2	3.2	-7	-9
US	2.55	-1.4	2.9	-8	-13
GER (2-yr)	-0.56	0.0	2.0	-2	5
Germany	0.06	0.1	4.9	-3	-19
France	0.42	2.1	5.6	-5	-29
Spain	1.08	3.5	-0.3	-11	-44
Italy	2.58	3.7	-5.6	-7	-31
Portugal	1.20	2.4	-2.9	-28	-67
Greece	3.28	-1.1	-19.9	-54	-112
Japan (2-yr)	-0.16	0.5	-0.1	1	-2
Japan	-0.03	3.1	2.0	2	-3
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8.96	-1.4	1.1	12	-28
Chile	3.88	0.0	-6.1	-19	-37
Colombia	6.57	-0.1	-3.4	-18	-18
Mexico	7.95	4.8	0.2	-10	-70
Peru	4.84	-1.9	2.6	-15	-53
Poland	2.90	-1.7	-2.6	0	7
Russia	8.30	6.1	-3.9	-14	-48
Turkey	17.06	26.0	27.0	141	126
India	7.39	-1.4	-1.0	3	2
Indonesia	7.66	-2.1	2.6	-16	-36
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	36	2.0	0.7	-2	-4
Italy	252	3.6	-10.3	-4	-12
Portugal	114	2.3	-7.8	-11	-42
Spain	103	3.4	-5.2	-18	-19
2-yr sovereign spread vs Germany					
France	7	1.1	-0.6	1	-8
Italy	103	2.3	20.1	34	-6
Portugal	21	0.2	-4.5	-8	-5
Spain	24	1.2	-1.2	0	-13
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	169	-1.7	0	15	-38
Chile	38	-2.1	-2	-7	-25
Colombia	97	-4.3	-8	-12	-62
Argentina	891	-13.5	53	140	85
Mexico	112	-3.5	-6	-12	-43
Peru	55	-2.8	-4	-10	-40
Poland	69	0.0	0	4	1
Russia	133	-0.9	2	8	-21
Turkey	447	17.8	60	129	87
China	42	-1.1	-1	-4	-25
India	82	0.2	-1	-1	-31
Indonesia	97	-1.9	-3	-1	-41
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	13	1.1	0	0	-12
VSTOXX	11	-0.4	-3	-2	-12
EMEFT volatility Index	16	0.4	0	-1	-8
Dollar/euro volatility	5	0.1	0	-1	-3
EMFX volatility index	8	0.2	0	0	-2
Credit spread (BAA) (change in bps)	216	1.4	-5	-11	-30
US bonds volatility index	49	1.9	1	4	-18
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.30	-	1	1	16
EZ Inflation expectations (5Y5Y)	1.38	-	1	-10	-23
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	55	-2.4	-2	-7	-27
EZ	76	-2.1	-5	-2	-43
UK	56	-2.5	-6	-6	-38
Large Spanish	57	-1.2	-3	0	-30
Medium Spanish	102	0.6	0	-3	-10
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	160	-2.4	-2	-7	-27
EZ Non-financial	76	-2.1	-5	-2	-43
UK Non-financial	102	-1.9	-3	3	-17
Interbank markets (% , changes in bp)					
	level	Daily	Weekly	Monthly	YTD
EONIA Index	-0.36	0	1	0	-1
Euribor 3m	-0.31	0	0	0	0
Euribor 12m	-0.11	0	0	0	1
Libor 3m	2.60	0	1	-1	-20
Libor 12m	2.75	1	0	-11	-26
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,899	-0.3	0.1	3.2	16
Dow Jones	26,339	-0.3	0.0	2.4	13
Nikkei	22,169	1.4	1.9	4.1	11
FTSE 100	7,437	0.0	-0.2	3.5	11
EuroStoxx 50	3,450	0.1	0.4	3.2	15
IBEX	9,497	0.3	0.6	3.1	11
DAX	12,020	0.2	0.5	3.7	14
CAC	5,509	0.1	0.7	3.0	16
MIB	21,892	0.2	0.6	4.9	19
ASE Athens	774	1.0	2.6	7.4	26
MSCI Latam *	91,267	-1.2	-3.0	-2.7	6
Ibovespa (Brazil)	93,264	0.4	-4.2	-5.4	6
Mexbol (Mexico)	44,588	-0.2	-1.9	6.7	7
Merval (Argentina)	31,493	0.4	-4.8	-6.1	4
MSCI EM Europe *	5,753	0.2	0.6	2.9	9
Poland	2,358	-0.4	-0.1	1.7	4
Micex 10 (Russia)	4,558	-0.5	-0.4	3.6	9
Ise 100 (Turkey)	95,192	-0.8	-1.8	-7.1	4
MSCI EM Asia *	896	0.4	0.5	4.2	15
Shanghai Com (China)	3,178	-0.3	-2.1	6.3	27
Jakarta (Indonesia)	6,435	0.4	-0.6	0.9	4
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	137.6	-1.5	2.0	3.7	19
JPM	109.5	-1.6	3.6	3.9	12
Citi	66.9	-0.7	1.3	4.4	29
BoA	29.8	-1.3	2.1	1.1	21
MS	46.1	-1.3	2.5	8.0	16
GS	201.3	-3.1	-0.6	1.9	21
EZ banks	82.1	0.9	5.4	6.9	19
BNP	46.9	1.2	5.4	6.9	19
Crédit Agricole	12.2	2.2	7.8	11.4	29
Deutsche Bank	7.6	0.4	4.1	-3.1	10
ING	11.9	0.6	5.8	9.3	27
Intesa	2.3	0.8	3.0	6.0	19
SG	28.0	-0.1	5.5	3.6	1
Unicredit	12.5	0.7	4.8	6.4	26
UK banks	82.3	0.4	2.7	2.5	13
HSBC	655.9	-0.4	0.6	5.7	1
RBS	262.5	0.7	4.0	-1.3	21
Barclays	167.7	1.0	3.4	1.6	11
Lloyds	65.2	0.6	4.1	2.1	26
Large Spanish banks	68.0	-0.3	3.3	4.9	17
Santander	4.6	0.0	3.8	6.2	15
BBVA	5.5	-0.6	2.8	3.8	18
Medium Spanish banks	56.1	0.4	1.1	1.5	-2
Caixabank	2.9	0.2	-2.3	-2.0	-8
Sabadell	1.0	0.2	6.1	3.5	-1
Bankinter	7.3	0.3	2.5	4.5	4
Bankia	2.4	1.0	-1.5	-2.1	-8
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.131	0.1	0.4	0.0	-1
GBPUSD	1.31	0.2	0.3	-1.0	3
USDJPY	111.98	0.0	-0.4	-0.3	-2
DXJ	96.91	-0.1	-0.1	0.1	1
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	41.55	1.5	5.2	-1.9	-9
USDBRL (Brazil)	3.87	0.3	-0.5	-0.6	0
USDCLP (Chile)	663.13	-0.3	0.1	1.2	5
USDCOP (Colombia)	3138	-0.7	-0.7	0.1	4
USDMXN (Mexico)	18.86	-0.5	0.6	2.5	4
USDPEN (Peru)	3.30	0.0	-0.3	0.0	2
LACI	55.05	-0.3	0.5	0.4	1
USDPLN (Poland)	3.78	0.2	0.7	0.7	-1
USDRUB (Russia)	64.32	-0.1	0.9	1.7	8
USDTRY (Turkey)	5.82	-0.6	-2.2	-6.0	-9
USDCNY (China)	6.71	-0.1	0.1	0.2	3
USDINR (India)	69.42	-0.4	0.4	-0.1	0
USDIDR (Indonesia)	14063	0.4	0.7	1.5	2
ADXY	106.43	0.0	0.2	0.2	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	71.1	-0.7	0.0	6	32
WTx	63	-1.0	-1.8	8	39
Copper	292	-1.0	-0.4	1	11
Gold	1289	-0.1	-0.6	-1	1
S&P Spot commodity *	452	0.6	0.2	5	21
S&P Brent Spot *	605	0.9	0.2	6	32
S&P Metals Spot *	342	0.8	-0.2	0	7
S&P Agricultural *	281	0.5	1.0	2	-1

Source: Bloomberg, Datastream and Haver

* With one day delay