

Pressure on Italy resumes

- Cautious tone in financial markets.** Safe-haven yields remained steady while Italy's risk premium widened ahead of S&P Italy's rating update. The US dollar attracted safe-haven flows, while company earnings and oil prices supported equity prices.
- Economic data in the Eurozone continued to disappoint, while showed mixed signals in the US.** Eurozone consumer confidence declined more than expected in April (-7.9, consensus 7, previous -7.2). In the US new home sales increased above expectations in March, while the Richmond Fed manufacturing index moderated in April and housing prices increase less than expected in February.
- Oil prices continued increasing,** after the US decision to eliminate the waivers on Iran's oil imports. OPEC's members said they will increase production to offset any shortage if demand requires it ([see](#)). Nonetheless, the shape of the Brent future price curve is inverting, suggesting markets expect oil prices to decline in the coming months.
- Concerns about less supportive economic policy in China arose,** after comments from China's authorities suggested that the country will maintain the policy support to stabilize the economy but also pushing forward structural deleveraging, and preventing speculation in the property markets ([see](#)).
- Bond yields inched down in the US, and they ended steady in core Eurozone countries,** trimming early increases after disappointing data. Regarding the peripheral risk premia, **Italy's risk premium widened sharply** (7 bps), with its 10Y yield jumping (+8 bps), underpinned by rumors about tensions inside of the coalition government. However, **concerns ahead of Friday's Italian sovereign rating update by S&P** could have also boosted country's sovereign yields. Currently S&P rates Italy's as BBB, two notches above a junk bond rating, and recent weak economic figures and the upward revision in the public deficit have increased the odds for a one-notch cut. Spain's risk also widened, led by Italy and ahead of government elections.
- In FX markets, the USD dollar surged** against most G-10 currencies, after attracting safe-haven flows ahead of Japan's long holiday. Nonetheless, weak data in the Eurozone dragged the euro to lower levels. Emerging Markets' foreign exchange also suffered from the strong USD, and their currencies depreciated across the board.
- Equity indices inched up** led by positive company earnings and a positive strong performance from the energy companies, although Asian stock slipped slightly on China stimuli concerns. Moreover, the auto sector underperformed ahead of the US decision on tariffs.

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Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Week	Month	YTD
US (2-yr)	2,37	-2,1	-4,6	5	-12
US	2,57	-1,6	-1,8	13	-11
GER (2-yr)	-0,57	0,1	-0,5	-1	4
Germany	0,04	1,7	-2,4	6	-20
France	0,40	2,6	-2,4	4	-31
Spain	1,12	4,4	2,9	4	-41
Italy	2,68	7,3	8,1	8	-22
Portugal	1,20	3,0	0,5	-20	-66
Greece	3,32	0,5	1,5	-45	-108
Japan (2-yr)	-0,15	0,1	0,0	2	-1
Japan	-0,03	0,3	-0,6	4	-3
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	8,91	-6,7	-6,1	-22	-32
Chile	3,91	0,0	-3,2	-6	-35
Colombia	6,63	0,9	3,2	7	-13
Mexico	8,06	2,2	4,6	15	-58
Peru	4,86	-0,4	1,2	-2	-50
Poland	2,90	1,7	3,2	5	7
Russia	8,37	3,9	7,4	7	-41
Turkey	17,25	0,0	-34,0	134	145
India	7,47	-0,1	8,4	14	11
Indonesia	7,66	3,9	4,6	5	-36
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	35	0,9	0,0	-1	-5
Italy	263	5,6	10,5	2	-1
Portugal	116	1,3	2,9	-12	-40
Spain	107	2,7	5,3	-12	-15
2-yr sovereign spread vs Germany					
France	6	0,3	-0,5	0	-9
Italy	115	6,3	8,9	37	6
Portugal	24	1,7	1,6	-6	-2
Spain	26	0,4	1,2	4	-11
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	169	-0,9	2	7	-38
Chile	36	-0,5	-2	-11	-27
Colombia	94	-0,7	-2	-15	-64
Argentina	975	7,2	85	237	169
Mexico	109	-0,3	-3	-15	-46
Peru	53	0,2	-1	-14	-41
Poland	68	0,0	-1	-1	0
Russia	130	0,0	-1	-3	-24
Turkey	435	1,6	-18	89	75
China	41	0,5	-1	-8	-27
India	82	0,1	0	-4	-32
Indonesia	93	0,4	-2	-8	-45
Risk indicators					
Volatility indicators	level	Daily	Weekly	Monthly	YTD
VIX	12	-0,1	0	-4	-13
VSTOXX	12	1,2	1	-5	-12
EM EFT volatility Index	16	-0,4	0	-3	-9
Dollar/euro volatility	5	0,3	0	-1	-2
EM FX volatility index	8	0,0	0	0	-1
Credit spread (BAA) (change in bps)	216	1,6	3	-14	-30
US bonds volatility index	49	-0,4	0	-3	-18
Inflation expectations	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2,30	-	1	4	17
EZ Inflation expectations (5Y5Y)	1,41	-	2	0	-20
Banking 5y CDS	level	Daily	Weekly	Monthly	YTD
US	55	1,1	0	-6	-27
EZ	78	0,1	1	-8	-42
UK	57	0,2	-1	-16	-38
Large Spanish	56	0,2	-2	-7	-32
Medium Spanish	97	0,7	-5	-5	-15
Corporate 5y CDS	level	Daily	Weekly	Monthly	YTD
US Non-financial	160	1,1	0	-6	-27
EZ Non-financial	76	0,1	1	-8	-42
UK Non-financial	103	0,2	1	-2	-16
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	2,58	0	-1	-2	-22
Libor 12m	2,75	0	-1	-5	-27
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2.929	0,7	0,8	4,6	17
Dow Jones	26.645	0,5	0,7	4,5	14
Nikkei	22.260	0,2	0,2	2,9	11
FTSE 100	7.521	0,8	0,7	4,4	12
EuroStoxx 50	3.506	0,2	1,2	6,1	17
IBEX	9.528	-0,6	0,3	3,6	12
DAX	12.242	0,2	1,2	7,7	16
CAC	5.596	0,3	1,2	6,2	18
MBI	21.926	-0,1	0,0	4,0	20
ASE Athens	776	-0,3	0,1	9,6	27
MSCI Latam *	92.264	-0,1	1,2	-1,0	7
Ibovespa (Brazil)	96.243	-1,7	2,0	2,7	10
Mexbol (Mexico)	45.193	-0,4	0,4	6,9	9
Merval (Argentina)	31.416	2,0	-2,7	-4,3	4
MSCI EM Europe *	5.780	0,4	1,0	1,3	9
Poland	2.371	0,2	-0,1	2,2	4
Micex 10 (Russia)	4.611	0,0	0,9	4,1	10
Ise 100 (Turkey)	95.953	0,0	-0,9	-3,9	5
MSCI EM Asia *	896	-0,3	0,2	2,5	15
Shanghai Com (China)	3.199	-0,5	-1,7	3,0	28
Jakarta (Indonesia)	6.463	-0,7	0,4	-0,6	4
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	140,9	0,0	0,9	12,1	22
JPM	113,7	0,1	2,4	14,0	17
Citi	68,9	-0,2	-0,5	13,0	32
BoA	30,1	0,2	0,8	11,5	22
MS	47,2	-0,3	0,3	13,0	19
GS	204,2	-0,2	1,2	8,1	22
EZ banks	82,7	-1,6	-0,8	12,2	20
BNP	48,1	-1,9	0,8	15,4	22
Crédit Agricole	12,2	-2,1	-1,3	16,1	29
Deutsche Bank	7,7	-1,7	-1,6	5,2	10
ING	12,0	-0,5	-0,6	14,5	27
Intesa	2,3	-0,5	-0,1	7,6	20
SG	28,2	-2,7	-1,1	10,6	1
Unicredito	12,4	-2,8	-3,8	8,9	25
UK banks	82,6	-0,7	-0,2	6,7	13
HSBC	667,5	0,2	0,7	8,9	3
RBS	259,9	-1,0	-1,0	4,7	20
Barclays	166,5	-1,7	-0,6	7,1	11
Lloyds	65,5	-0,6	-0,5	7,2	26
Large Spanish banks	67,9	-1,7	-0,7	9,6	16
Santander	4,6	-1,3	-0,5	9,8	15
BBVA	5,5	-2,1	-0,9	5,6	18
Medium Spanish banks	55,7	-2,5	-1,5	3,5	-3
Caixabank	2,9	-2,9	-2,5	2,5	-9
Sabadell	1,0	-2,4	-0,2	9,6	0
Bankinter	7,2	-2,5	-1,8	3,2	2
Bankia	2,4	-2,2	-0,8	0,4	-8
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1,121	-0,4	-0,6	-0,8	-2
GBPUSD	1,29	-0,3	-0,9	-2,1	1
USDJPY	111,90	0,0	0,1	-1,8	-2
DXY	97,67	0,4	0,6	1,1	2
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	42,53	-0,6	-0,4	-1,7	-11
USDBRL (Brazil)	3,95	-0,2	-1,1	-1,0	-2
USDCLP (Chile)	669,16	-0,8	-1,0	1,6	4
USDCOP (Colombia)	3185	-0,9	-0,7	-1,6	2
USDMXN (Mexico)	18,96	-0,7	-0,5	0,7	4
USDPEN (Peru)	3,31	-0,2	-0,4	-0,4	2
LACI	54,34	-0,6	-0,8	-1,2	0
USDPLN (Poland)	3,82	-0,5	-0,9	-0,5	-2
USD RUB (Russia)	63,80	0,0	0,4	1,3	9
USDTRY (Turkey)	5,84	-0,3	-1,3	-1,4	-9
USDCNY (China)	6,73	0,2	0,2	-0,1	2
USDINR (India)	69,63	-0,1	0,0	-1,0	0
USDIDR (Indonesia)	14080	0,0	0,0	0,6	2
ADXY	106,02	-0,2	-0,3	-0,3	1
Commodities (%)					
	level	Daily	Weekly	Monthly	YTD
Brent	74,4	0,5	3,8	11	38
WTx	66	1,0	3,6	12	46
Copper	289	-0,7	-1,6	2	10
Gold	1270	-0,4	-0,6	-3	-1
S&P Spot commodity *	456	1,2	1,2	5	22
S&P Brent Spot *	625	2,7	3,1	10	36
S&P Metals Spot *	339	0,0	-0,1	0	6
S&P Agricultural *	274	-0,9	-0,9	-2	-4

Source: Bloomberg, Datastream and Haver

* With one day delay