Market Comment | Expectation of further QE stimulus from ECB drove European yields lower

Global Financial Markets Unit
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- **The eurozone's economic confidence has remained stable in November.** The index stood at 106.1, the same level as in October, which was upwardly revised from the 105.9 previously reported. (BBVA Research and consensus: 105.9). Moreover, the index level remained above its historical average (101.1). Nonetheless, the European Commission stated that the large majority of the survey results had been collected before the Paris terror attacks of Friday 13 November, so that we still have to wait until the December reading to assess any impact of these events. The stable outcome for euro area sentiment resulted from increases in confidence among consumers and in the services and construction sectors being offset by the deteriorating confidence in manufacturing industry and, to a lesser extent, retail trade. By countries, the economic confidence improved in Austria, the Netherlands and Spain, while it decreased in Italy, France and Portugal and inched down in Germany. Furthermore, Germany's GfK consumer confidence indicator has remained stable for December (9.3; BBVA Research: 9.0; consensus: 9.2, previous month: 9.4) as the expectation for unemployment increasing reined in the improvement in consumer confidence. Meanwhile, in France household consumption decreased in October (-0.7% MoM, BBVA Research and consensus: -0.1% MoM), below the 3Q15 average (+0.7% MoM). On the other hand, the flash indicator of the CPI confirms that the decline in headline prices continued to moderate in November. BBVA Research estimates suggest that energy continues to explain the fall in prices and core inflation is gradually improving (see)

- **Expectation of further QE stimulus from ECB drove European yields lower.** The dovish tone of the ECB's vice-president, Vítor Constancio, increased the expectations of a further QE stimulus in next week's ECB meeting, driving German yields (both short- and medium-term) to new historically low levels. In contrast, US economic data released this week supported a Fed lift-off in December, but US markets were more focused on the Thanksgiving holiday and the Black Friday sales. Geopolitical tensions have escalated this week after a Russian jet fighter was shot down by Turkey, helping commodity prices to recover slightly this week. Concerns about China have not been dispelled. Today the Chinese equity market slumped by 5.5%, as three important Chinese securities firms are being investigated by China's Securities Regulatory Commission for suspected irregularities. Against this backdrop, on bond markets the European yields fell this week, especially in the periphery ahead of next week's ECB meeting (GER 10Y: -5bp, FRA 10Y: -5bp, ITA 10Y: -10bp, SPA 10Y: -12bp, POR 10Y: -19bp). As a result, peripheral risk premia narrowed, mainly in Portugal where the political uncertainty declined following the election of a new prime minister (ITA: -7bp, SPA: -8bp, POR: -16bp). Furthermore, the German 2Y yield (-0.42%) and 5Y yield (-0.2%) recorded new lows, while 18% of the current QE-eligible bonds are showing yields of -0.2%. On the other hand, the US curve flattened, with the 2Y yield remaining steady, while the 10Y yield decreased (-5bp). On FX markets, the USD appreciated against major currencies, mainly against the euro which fell to the lowest level since April during the week (EUR: -0.59%, GBP: -0.92%). EM currencies depreciated against the dollar (RUB: -2.1%, BRL: -1.1%, COP: -1.1%, CLP: -0.2%, MXN: -0.1%), despite the slight improvement in commodity markets, as oil prices remained extremely volatile ahead of next week's OPEC meeting, where decisions will be made about production quotas. Furthermore, the escalation of geopolitical tension many also have contributed to today's increase in oil prices (Brent: +1.1%, WTI: +4.3%). In addition, the Turkish lira plunged (-3.2%), dragged by the attack on the Russian jet. Meanwhile, European equity markets rose across the board (Euro Stoxx: +1.1%, IBEX 35: +0.3%, CAC: +0.5%, DAX: +1.5%, MIB: +1.9%), as lower yields improve market valuations, while the lower euro improves revenues. On the other hand, US equity market remained flat during the week, waiting for the Black Friday sales. E-commerce sales are currently performing strongly, but it is too early to know how traditional sales are performing on Black Friday. Finally, Chinese equities fell sharply at the end of the week (-5.5%). The announcement that three Chinese securities firms are under investigation increased concerns ahead of next week, when IPO activity will return to the market.

ECB Thursday meeting (pre-view)

- **At next week's monetary policy meeting, the ECB will ease its policy in some way, because its view is that downside risks have increased.** In particular, the central bank considers that the impact of external factors and heightened uncertainty raise the possibility that the ECB's current measures might not be enough to achieve its objective in terms of inflation rates. Moreover, the central bank cannot back out after hinting at further easing, as soon as in December, over the last month. Moreover, comments from ECB governing council members also support further action, despite the fact that there is an open debate on the need for further measures at this moment. On the one side, hawkish members such as Executive Board member Sabine Lautenschlaeger and Governing Council member Jens Weidmann showed caution and said that the central bank should not undertake any further measures for now, emphasising that the current stimulus needs time to work. On the other side, dovish members led by the ECB president, Mario Draghi, reasserted their readiness to expand the stimulus and warned on the needed "to raise inflation as quickly as possible". In this context, markets have already priced-in some action by the ECB. This expectation of further easing has pushed down both the euro and the European curve, mainly monetary rates. If the ECB disappoints at the December meeting, this market effect could be reversed. Therefore, we expect moderate action by the ECB accompanied by a very dovish communication.

- Against this background, we consider that an extension of the asset purchase programme (APP), until March 2017 at least, could be one of the preferred options (given the bank's implicit commitment to keep rates low for longer). We also expect changes in the technical parameters of the APP. Finally, it is also possible that the central bank might cut the interest rate on its deposit facility further into negative territory. In this regard, according to a leaked report from Reuters, the ECB is mulling the imposition of a two-tier deposit rate, in order to penalise asymmetrically banks with different levels of liquidity in the ECB. Yet there is a lack of detail about this measure, in order to address the effects on the euro or on the bank's own lending. Nonetheless, we consider that it would be premature to implement this measure as early as December.

- Our expectations of further action are based on our economic outlook. GDP growth in the eurozone slowed down by a tenth to 0.3% QoQ in Q3, compared to our forecast that it would remain unchanged at 0.4 % QoQ. However, growth is showing signs of relative steadiness since late last year, based on domestic factors, showing some resilience to the worsening of the global economy. Although the information for 4Q15 is limited to confidence data, improved PMIs so far this quarter suggest, according to our models, that the pace of growth could accelerate and return to the 0.4% figure (even close to 0.5%) in 4Q15, in line with our scenario. Meanwhile, inflation will remain low and we have revised our forecast downwards for this year (to 0.1% on average), due to the recent slide in energy prices. Nonetheless, core inflation has not suffered from second-round effects and has risen slightly in the past few months (to 1.0% in October), broadly in line with our expectations. For 2016, inflation will remain clearly below the ECB's target and we expect it to record an annual average of 1.1%. Regarding the staff forecasts, we expect them to revise inflation projections downwards for 2016 and 2017 (from the current 1.1% and 1.7% respectively) by one or two decimal points, probably more for 2016 given the impact of lower energy prices. On economic growth, we expect minor downward revisions, as the ECB expects non-standard measures to support activity (mainly domestic demand, which could offset lower global demand). Nevertheless, downside risks will continue to be highlighted as in previous meetings, since the ECB will have to justify its measures.

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Table1

(Current level and changes at daily, weekly, monthly and annual frequencies)

Debt markets *(changes in bp)*

Developed Markets
US 2-yr 0,91 (-2) (0) (21) (25)
US 5-yr 1,64 (-3) (-4) (17) (-1)
US 10-yr 2,21 (-2) (-5) (11) (4)

Japan 10-yr 0,31 (1) (-2) (2) (-2)

GER 2-yr -0,42 (0) (-3) (-8) (-32)
GER 5-yr -0,2 (-1) (-5) (-6) (-22)
GER 10-yr 0,45 (-3) (-3) (1) (-10)

Belgium 10-yr 0,75 (-3) (-4) (2) (-8)
France 10-yr 0,76 (-4) (-5) (-2) (-6)
Greece 10-yr 7,32 (1) (23) (-56) (-242)
Ireland 10-yr 0,95 (-3) (-7) (-9)
Italy 10-yr 1,4 (-3) (-10) (-1) (-50)
Netherlands 10-yr 0,6 (-3) (-5) (0) (-8)
Portugal 10-yr 2,29 (-4) (-19) (-8) (-39)
Spain 10-yr 1,52 (-4) (-12) (-5) (-9)

Emerging Markets
Brazil 10-yr 15,58 (4) (39) (-20) (322)
Chile 10-yr 4,59 (0) (-1) (12) (60)
Colombia 10-yr 8,49 (2) (11) (54) (139)
Mexico 10-yr 6,22 (0) (18) (33) (39)
Peru 10-yr 7 (0) (-6) (-14) (155)

Poland 10-yr 2,62 (-1) (-9) (3) (10)
Russia 5-yr 9,94 (-1) (29) (-11) (-426)
Russia 10-yr 9,62 (-1) (22) (-36) (-339)
Turkey 10-yr 9,95 (-1) (31) (31) (208)

India 10-yr 7,77 (4) (7) (17) (-11)
Indonesia 10-yr 8,62 (3) (-3) (-2) (80)

Country risk *(changes in bp)*

Developed Markets
10-yr sovereign spreads *(against Germany)*
Belgium 31 (-1) (0) (2) (2)
France 32 (-1) (-2) (-3) (3)
Greece 688 (3) (26) (-56) (-233)
Ireland 50 (0) (-3) (-9) (-21)
Italy 95 (-1) (-7) (-2) (-40)
Netherlands 16 (-1) (-1,2) (-1) (1)
Portugal 185 (-2) (-15,7) (-9) (-30)
Spain 107 (-2) (-8) (-5) (0)

5-yr sovereign spreads *(against Germany)*
Belgium 13 (-1) (1,5) (2) (-1)
France 18 (-2) (1) (0) (2)
Greece 1622 (1) (4) (6) (489)
Ireland 29 (-2) (-3) (-6) (-11)
Italy 54 (2) (-5) (-5) (-40)
Netherlands 5 (0) (1,6) (1) (-3)
Portugal 119 (1) (-17) (-10) (-25)
Spain 69 (0) (-4) (-5) (-18)

2-yr sovereign spreads *(against Germany)*
Belgium 9 (0) (2) (3) (4)
France 9 (0) (0,9) (3) (2)
Ireland 23 (1) (3) (8) (11)
Italy 39 (1) (0) (4) (-24)
Netherlands 3 (0) (0) (1) (-4)
Portugal 56 (1) (-1) (-5) (4)
Spain 39 (0) (1) (4) (-11)

5-yr sovereign CDS
5-yr CDS Belgium 34 (-1) (1) (-3) (-14)
5-yr CDS France 28 (0) (-1) (-2) (-19)
5-yr CDS Germany 14 (0) (1) (0) (-4)
5-yr CDS Greece 902 (-10) (-51) (-115) (-379)
5-yr CDS Ireland 41 (0) (-2) (-6) (-9)
5-yr CDS Italy 97 (-1) (1) (-8) (-38)
5-yr CDS Netherlands 16 (0) (0) (-1) (-5)
5-yr CDS Portugal 186 (-3) (-3) (20) (-14)
5-yr CDS Spain 85 (-1) (-2) (-2) (-11)
5-yr CDS UK 17 (0) (-1) (0) (-5)
5-yr CDS US 21 (0) (0) (-3) (4)

Emerging Markets
5-yr sovereign CDS
5-yr CDS Brazil 414 (-1) (23) (-23) (214)
5-yr CDS Chile 125 (2) (1) (4) (31)
5-yr CDS Colombia 221 (3) (7) (11) (81)
5-yr CDS Mexico 153 (2) (3) (5) (50)
5-yr CDS Peru 180 (2) (5) (11) (65)
5-yr CDS Venezuela 4146 (0) (-580) (-1079) (-359)

5-yr CDS Poland73 (-1) (0) (-2) (3)
5-yr CDS Russia 267 (-1) (16) (-36) (-209)
5-yr CDS Turkey 256 (-1) (18) (6) (74)

5-yr CDS China 99 (-2) (4) (-7) (13)
5-yr CDS India 151 (0) (0) (-7) (-20)
5-yr CDS Indonesia 217 (-3) (6) (1) (61)

Credit risk

Risk indicators *(changes in percentage except for BAA spreads, bp)*
VIX 15,85 (4,3) (2,5) (10,6) (-4)
VSTOXX 23,35 (2) (3,1) (12,7) (-4)
EM EFT volatility Index 23 (7) (11) (-5) (5)
Dollar/euro volatility 12,6 (-0,7) (-0,8) (21,1) (32)
EM FX volatility index 10 (0) (3) (-4) (-3)
Credit spread (BAA) 322,5 (1,9) (2,8) (0,7) (69)
US bonds volatility index 70 (0) (-1) (0) (2)

Bank risk *(changes in bp)*
US banks CDS 76 (0) (0) (-3) (6)
EMU banks CDS 79 (-1) (-1) (0) (-4)
UK banks CDS 74 (0) (-1) (2) (14)

Large Spanish banks CDS 120 (-2) (1) (4) (43)
Medium Spanish banks CDS 154 (-4) (2) (3) (40)

Greek banks CDS 1381 (-11) (-18) (-1022) (498)
Russian banks CDS 371 (-5) (5) (-38) (-216)

Corporate risk *(changes in bps)*
US Non-financial CDS 0 (0) (0) (0) (-157)
EMU Non-financial CDS 0 (0) (0) (0) (-107)
UK Non-financial CDS 0 (0) (0) (0) (-113)

Interbank markets *(changes in bp)*

UEM OIS spread 3m 17 (0) (2) (4) (6)
UEM OIS spread 12m 38 (0) (0) (2) (-1)
UEM TED spread 3m 33 (0) (3,7) (1) (9)

US OIS spread 3m 12 (0) (0) (-2) (-2)
US OIS spread 12m 47 (0) (0) (0) (13)
US TED spread 3m 24 (1) (-5) (-5) (2)

Spain Ted Spread 3m 12 (0) (1) (4) (7)

EONIA Index -0,14 (0) (-0,6) (1) (-28)
Euribor 3m -0,11 (0) (-1,8) (-5) (-19)
Euribor 12m 0,05 (-1) (-2) (-6) (-28)

Libor 3m 0,41 (0) (2) (8) (15)
Libor 12m 0,97 (0) (3) (14) (34)

Stock markets *(Changes in percentage)*

Developed Markets
Main equity indices
S&P500 2086,7 (-0,1) (-0,1) (-0,2) (1)
DowJones 17787,2 (-0,1) (-0,2) (0) (0)
Nikkei 19883,9 (-0,3) (0) (5,2) (14)
FTSE 100 6374,3 (-0,3) (0,6) (-1) (-3)
EuroStoxx 50 3490,3 (-0,2) (1,1) (2) (11)
IBEX10318,4 (-0,1) (0,3) (-1) (0)
DAX 11284,2 (-0,3) (1,5) (4,2) (15)
CAC4934,9 (-0,2) (0,5) (0,9) (15)
MIB 22554 (-0,2) (1,9) (-0,6) (19)
ASE Athens 649,9 (1,1) (-1,4) (-10,7) (-21)

Bank stocks
US banks 97,7 (0) (-1,1) (0,2) (-2)
JPM 66,9 (0,1) (-0,9) (2,2) (7)
Citi 54 (-0,2) (-1,4) (-1,4) (0)
BoA 17,4 (-0,1) (-1,2) (0,9) (-3)
MS 33,6 (-0,1) (-0,9) (0,4) (-13)
GS 189,3 (0,1) (-1,1) (-1,1) (-2)

UK banks 88,6 (-0,3) (0,8) (-3,9) (-11)
HSBC 534,2 (-1,1) (0,6) (3,7) (-12)
RBS 306,5 (-0,2) (-1) (-6,1) (-22)
Barclays 224,3 (-0,4) (1,1) (-11,4) (-8)
Lloyds 73,4 (0,4) (2,3) (-0,8) (-3)

EMU banks 114,5 (0,1) (1,1) (-3,2) (14)
BNP 56 (0,1) (1) (0,3) (14)
Crédit Agricole 11,4 (-0,2) (0,7) (-1,6) (6)
Deutsche Bank 24 (-1,2) (-1,9) (-12,8) (-4)
ING 13,2 (1,5) (0,7) (-1,5) (22)
Intesa 3,2 (0,4) (3) (-2) (32)
SG 44,7 (0,5) (1,6) (2,7) (28)
Unicredito 5,5 (-1) (2,2) (-8,3) (4)

Large Spanish banks 86,6 (-0,6) (0,5) (-3,1) (-13)
Santander 5,1 (-0,9) (-0,8) (-1,5) (-27)
BBVA 7,8 (-0,3) (1,4) (-4,3) (0)

Medium Spanish banks 87,4 (-1,1) (-0,2) (-1,3) (-13)
Caixabank 3,4 (-1,6) (-1) (-0,8) (-21)
Popular 3,3 (-1) (-0,8) (-3,9) (-20)
Sabadell 1,7 (-1) (-0,8) (-3,9) (-16)
Bankinter 6,8 (-0,3) (1,7) (2,8) (1)
Bankia 1,2 (-1,8) (-0,6) (-1,3) (-7)

Greek banks 6 (-4,3) (-36,7) (-78,3) (-94)
Alpha Bank0 (0) (-17,5) (-66,2) (-90)
Pireus Bank0 (0) (-33,3) (-90) (-99)
National Central Bank0,1 (-16,5) (-63,8) (-89,5) (-94)
Eurobank Ergasias0 (0) (-17,6) (-58,8) (-93)

Emerging Markets
Main equity indices
MSCI Latam 62957 (0,48) (-1,4) (-1,3) (-5,7)
Ibovespa (Brazil) 46247 (-1,9) (-3,9) (-1,1) (-7,5)
Mexbol 44091 (-0,6) (-1,8) (-1,5) (2,2)

MSCI EM Europe 4495 (-0,43) (-1,6) (-0,4) (1,4)
Poland 1934 (-1,5) (-4,3) (-8,1) (-16,5)
Micex (Russia) 1797 (-1,7) (-1,6) (4,1) (28,6)
Ise 100 (Turkey) 75470 (0,6) (-6,5) (-3,9) (-12)

MSCI EM Asia 681 (0,44) (0,6) (-2,2) (-5,3)
Shanghai Composite (China) 3436 (-5,48) (-5,3) (1,8) (6,2)
Jakarta Composite (Indonesia) 4561 (-0,8) (0) (-1) (-13)

Bank stocks
Turkish banks 76 (0,8) (-8) (-3,7) (-24,1)
Akbank T.A.S. 7 (0,6) (-7,6) (-6,6) (-20,2)
Garanti 7 (1,1) (-8,3) (-2) (-22,3)
Turkiye Is Bankasi 5 (0,9) (-8,1) (-2,1) (-29,7)

Russian banks 150 (-2,3) (-2,7) (10,8) (50,2)
Sberbank 105 (-1,4) (-2,1) (16,6) (91,3)
VTB Bank 0,1 (-3,8) (-3,8) (1,8) (9,1)

Currencies *(in percentage, positive for dollar depreciation)*

Developed Markets
EURUSD 1,058 (-0,25) (-0,59) (-3,1) (-12,6)
GBPUSD 1,51 (-0,33) (-0,92) (-1,4) (-3,4)
USDJPY 122,75 (-0,15) (0,05) (-1,4) (-2,5)
DXY 100,1 (-0,3) (-0,5) (-2,4) (-10,9)

Emerging Markets
USDARS (Argentina) 9,67 (0) (-0,1) (-1,8) (-14,3)
USDBRL (Brazil) 3,75 (-0,1) (-1,1) (4) (-41)
USDCLP (Chile) 712,2 (0,1) (-0,2) (-3,8) (-17,4)
USDCOP (Colombia) 3096,31 (0) (-1,1) (-6,1) (-30,3)
USDMXN (Mexico) 16,55 (0) (-0,1) (0,5) (-12,3)
USDPEN (Peru) 3,38 (0) (-0,4) (-2,8) (-13,3)
LACI 66,6 (0) (-0,6) (0,2) (-19)

USDPLN (Poland) 4,04 (-0,2) (-1,4) (-2,9) (-13,9)
USDRUB (Russia) 66,11 (-0,4) (-2,1) (-3,4) (-14,4)
USDTRY (Turkey) 2,92 (0) (-3,2) (0,1) (-25,2)

USDCNY (China) 6,39 (-0,1) (-0,2) (-0,6) (-3)
USDINR (India) 66,76 (-0,3) (-0,8) (-2,8) (-5,4)
USDIDR (Indonesia) 13801 (-0,4) (-1,3) (-2,4) (-11,4)
ADXY 107,39 (-0,3) (-0,3) (-0,7) (-4,8)

Commodities *(change in percentage)*

Brent 45,17 (-0,6) (1,1) (-7,9) (-21,2)
WTx 42,12 (-2,1) (4,3) (-8,3) (-20,9)
Copper 205,6 (0,6) (0,1) (-12,7) (-27,6)
Gold 1056,56 (-1,5) (-2) (-8,6) (-10,6)
CRB Index 383,85 (0) (0,1) (-2,9) (-12,3)
CRB (food) index 362,43 (0) (0,3) (-0,5) (-1,9)
Baltic Dry Index 562 (0) (12,9) (-23,6) (-28,1)

Source: Bloomberg, Datastream and Haver

(Current level and changes at daily, weekly, monthly and annual frequencies)

Debt markets *(changes in bp)*

Developed Markets
US 2-yr 0,91 (-2) (0) (21) (25)
US 5-yr 1,64 (-3) (-4) (17) (-1)
US 10-yr 2,21 (-2) (-5) (11) (4)

Japan 10-yr 0,31 (1) (-2) (2) (-2)

GER 2-yr -0,42 (0) (-3) (-8) (-32)
GER 5-yr -0,2 (-1) (-5) (-6) (-22)
GER 10-yr 0,45 (-3) (-3) (1) (-10)

Belgium 10-yr 0,75 (-3) (-4) (2) (-8)
France 10-yr 0,76 (-4) (-5) (-2) (-6)
Greece 10-yr 7,32 (1) (23) (-56) (-242)
Ireland 10-yr 0,95 (-3) (-7) (-9)
Italy 10-yr 1,4 (-3) (-10) (-1) (-50)
Netherlands 10-yr 0,6 (-3) (-5) (0) (-8)
Portugal 10-yr 2,29 (-4) (-19) (-8) (-39)
Spain 10-yr 1,52 (-4) (-12) (-5) (-9)

Emerging Markets
Brazil 10-yr 15,58 (4) (39) (-20) (322)
Chile 10-yr 4,59 (0) (-1) (12) (60)
Colombia 10-yr 8,49 (2) (11) (54) (139)
Mexico 10-yr 6,22 (0) (18) (33) (39)
Peru 10-yr 7 (0) (-6) (-14) (155)

Poland 10-yr 2,62 (-1) (-9) (3) (10)
Russia 5-yr 9,94 (-1) (29) (-11) (-426)
Russia 10-yr 9,62 (-1) (22) (-36) (-339)
Turkey 10-yr 9,95 (-1) (31) (31) (208)

India 10-yr 7,77 (4) (7) (17) (-11)
Indonesia 10-yr 8,62 (3) (-3) (-2) (80)

Country risk *(changes in bp)*

Developed Markets
10-yr sovereign spreads *(against Germany)*
Belgium 31 (-1) (0) (2) (2)
France 32 (-1) (-2) (-3) (3)
Greece 688 (3) (26) (-56) (-233)
Ireland 50 (0) (-3) (-9) (-21)
Italy 95 (-1) (-7) (-2) (-40)
Netherlands 16 (-1) (-1,2) (-1) (1)
Portugal 185 (-2) (-15,7) (-9) (-30)
Spain 107 (-2) (-8) (-5) (0)

5-yr sovereign spreads *(against Germany)*
Belgium 13 (-1) (1,5) (2) (-1)
France 18 (-2) (1) (0) (2)
Greece 1622 (1) (4) (6) (489)
Ireland 29 (-2) (-3) (-6) (-11)
Italy 54 (2) (-5) (-5) (-40)
Netherlands 5 (0) (1,6) (1) (-3)
Portugal 119 (1) (-17) (-10) (-25)
Spain 69 (0) (-4) (-5) (-18)

2-yr sovereign spreads *(against Germany)*
Belgium 9 (0) (2) (3) (4)
France 9 (0) (0,9) (3) (2)
Ireland 23 (1) (3) (8) (11)
Italy 39 (1) (0) (4) (-24)
Netherlands 3 (0) (0) (1) (-4)
Portugal 56 (1) (-1) (-5) (4)
Spain 39 (0) (1) (4) (-11)

5-yr sovereign CDS
5-yr CDS Belgium 34 (-1) (1) (-3) (-14)
5-yr CDS France 28 (0) (-1) (-2) (-19)
5-yr CDS Germany 14 (0) (1) (0) (-4)
5-yr CDS Greece 902 (-10) (-51) (-115) (-379)
5-yr CDS Ireland 41 (0) (-2) (-6) (-9)
5-yr CDS Italy 97 (-1) (1) (-8) (-38)
5-yr CDS Netherlands 16 (0) (0) (-1) (-5)
5-yr CDS Portugal 186 (-3) (-3) (20) (-14)
5-yr CDS Spain 85 (-1) (-2) (-2) (-11)
5-yr CDS UK 17 (0) (-1) (0) (-5)
5-yr CDS US 21 (0) (0) (-3) (4)

Emerging Markets
5-yr sovereign CDS
5-yr CDS Brazil 414 (-1) (23) (-23) (214)
5-yr CDS Chile 125 (2) (1) (4) (31)
5-yr CDS Colombia 221 (3) (7) (11) (81)
5-yr CDS Mexico 153 (2) (3) (5) (50)
5-yr CDS Peru 180 (2) (5) (11) (65)
5-yr CDS Venezuela 4146 (0) (-580) (-1079) (-359)

5-yr CDS Poland73 (-1) (0) (-2) (3)
5-yr CDS Russia 267 (-1) (16) (-36) (-209)
5-yr CDS Turkey 256 (-1) (18) (6) (74)

5-yr CDS China 99 (-2) (4) (-7) (13)
5-yr CDS India 151 (0) (0) (-7) (-20)
5-yr CDS Indonesia 217 (-3) (6) (1) (61)

Credit risk

Risk indicators *(changes in percentage except for BAA spreads, bp)*
VIX 15,85 (4,3) (2,5) (10,6) (-4)
VSTOXX 23,35 (2) (3,1) (12,7) (-4)
EM EFT volatility Index 23 (7) (11) (-5) (5)
Dollar/euro volatility 12,6 (-0,7) (-0,8) (21,1) (32)
EM FX volatility index 10 (0) (3) (-4) (-3)
Credit spread (BAA) 322,5 (1,9) (2,8) (0,7) (69)
US bonds volatility index 70 (0) (-1) (0) (2)

Bank risk *(changes in bp)*
US banks CDS 76 (0) (0) (-3) (6)
EMU banks CDS 79 (-1) (-1) (0) (-4)
UK banks CDS 74 (0) (-1) (2) (14)

Large Spanish banks CDS 120 (-2) (1) (4) (43)
Medium Spanish banks CDS 154 (-4) (2) (3) (40)

Greek banks CDS 1381 (-11) (-18) (-1022) (498)
Russian banks CDS 371 (-5) (5) (-38) (-216)

Corporate risk *(changes in bps)*
US Non-financial CDS 0 (0) (0) (0) (-157)
EMU Non-financial CDS 0 (0) (0) (0) (-107)
UK Non-financial CDS 0 (0) (0) (0) (-113)

Interbank markets *(changes in bp)*

UEM OIS spread 3m 17 (0) (2) (4) (6)
UEM OIS spread 12m 38 (0) (0) (2) (-1)
UEM TED spread 3m 33 (0) (3,7) (1) (9)

US OIS spread 3m 12 (0) (0) (-2) (-2)
US OIS spread 12m 47 (0) (0) (0) (13)
US TED spread 3m 24 (1) (-5) (-5) (2)

Spain Ted Spread 3m 12 (0) (1) (4) (7)

EONIA Index -0,14 (0) (-0,6) (1) (-28)
Euribor 3m -0,11 (0) (-1,8) (-5) (-19)
Euribor 12m 0,05 (-1) (-2) (-6) (-28)

Libor 3m 0,41 (0) (2) (8) (15)
Libor 12m 0,97 (0) (3) (14) (34)

Stock markets *(Changes in percentage)*

Developed Markets
Main equity indices
S&P500 2086,7 (-0,1) (-0,1) (-0,2) (1)
DowJones 17787,2 (-0,1) (-0,2) (0) (0)
Nikkei 19883,9 (-0,3) (0) (5,2) (14)
FTSE 100 6374,3 (-0,3) (0,6) (-1) (-3)
EuroStoxx 50 3490,3 (-0,2) (1,1) (2) (11)
IBEX10318,4 (-0,1) (0,3) (-1) (0)
DAX 11284,2 (-0,3) (1,5) (4,2) (15)
CAC4934,9 (-0,2) (0,5) (0,9) (15)
MIB 22554 (-0,2) (1,9) (-0,6) (19)
ASE Athens 649,9 (1,1) (-1,4) (-10,7) (-21)

Bank stocks
US banks 97,7 (0) (-1,1) (0,2) (-2)
JPM 66,9 (0,1) (-0,9) (2,2) (7)
Citi 54 (-0,2) (-1,4) (-1,4) (0)
BoA 17,4 (-0,1) (-1,2) (0,9) (-3)
MS 33,6 (-0,1) (-0,9) (0,4) (-13)
GS 189,3 (0,1) (-1,1) (-1,1) (-2)

UK banks 88,6 (-0,3) (0,8) (-3,9) (-11)
HSBC 534,2 (-1,1) (0,6) (3,7) (-12)
RBS 306,5 (-0,2) (-1) (-6,1) (-22)
Barclays 224,3 (-0,4) (1,1) (-11,4) (-8)
Lloyds 73,4 (0,4) (2,3) (-0,8) (-3)

EMU banks 114,5 (0,1) (1,1) (-3,2) (14)
BNP 56 (0,1) (1) (0,3) (14)
Crédit Agricole 11,4 (-0,2) (0,7) (-1,6) (6)
Deutsche Bank 24 (-1,2) (-1,9) (-12,8) (-4)
ING 13,2 (1,5) (0,7) (-1,5) (22)
Intesa 3,2 (0,4) (3) (-2) (32)
SG 44,7 (0,5) (1,6) (2,7) (28)
Unicredito 5,5 (-1) (2,2) (-8,3) (4)

Large Spanish banks 86,6 (-0,6) (0,5) (-3,1) (-13)
Santander 5,1 (-0,9) (-0,8) (-1,5) (-27)
BBVA 7,8 (-0,3) (1,4) (-4,3) (0)

Medium Spanish banks 87,4 (-1,1) (-0,2) (-1,3) (-13)
Caixabank 3,4 (-1,6) (-1) (-0,8) (-21)
Popular 3,3 (-1) (-0,8) (-3,9) (-20)
Sabadell 1,7 (-1) (-0,8) (-3,9) (-16)
Bankinter 6,8 (-0,3) (1,7) (2,8) (1)
Bankia 1,2 (-1,8) (-0,6) (-1,3) (-7)

Greek banks 6 (-4,3) (-36,7) (-78,3) (-94)
Alpha Bank0 (0) (-17,5) (-66,2) (-90)
Pireus Bank0 (0) (-33,3) (-90) (-99)
National Central Bank0,1 (-16,5) (-63,8) (-89,5) (-94)
Eurobank Ergasias0 (0) (-17,6) (-58,8) (-93)

Emerging Markets
Main equity indices
MSCI Latam 62957 (0,48) (-1,4) (-1,3) (-5,7)
Ibovespa (Brazil) 46247 (-1,9) (-3,9) (-1,1) (-7,5)
Mexbol 44091 (-0,6) (-1,8) (-1,5) (2,2)

MSCI EM Europe 4495 (-0,43) (-1,6) (-0,4) (1,4)
Poland 1934 (-1,5) (-4,3) (-8,1) (-16,5)
Micex (Russia) 1797 (-1,7) (-1,6) (4,1) (28,6)
Ise 100 (Turkey) 75470 (0,6) (-6,5) (-3,9) (-12)

MSCI EM Asia 681 (0,44) (0,6) (-2,2) (-5,3)
Shanghai Composite (China) 3436 (-5,48) (-5,3) (1,8) (6,2)
Jakarta Composite (Indonesia) 4561 (-0,8) (0) (-1) (-13)

Bank stocks
Turkish banks 76 (0,8) (-8) (-3,7) (-24,1)
Akbank T.A.S. 7 (0,6) (-7,6) (-6,6) (-20,2)
Garanti 7 (1,1) (-8,3) (-2) (-22,3)
Turkiye Is Bankasi 5 (0,9) (-8,1) (-2,1) (-29,7)

Russian banks 150 (-2,3) (-2,7) (10,8) (50,2)
Sberbank 105 (-1,4) (-2,1) (16,6) (91,3)
VTB Bank 0,1 (-3,8) (-3,8) (1,8) (9,1)

Currencies *(in percentage, positive for dollar depreciation)*

Developed Markets
EURUSD 1,058 (-0,25) (-0,59) (-3,1) (-12,6)
GBPUSD 1,51 (-0,33) (-0,92) (-1,4) (-3,4)
USDJPY 122,75 (-0,15) (0,05) (-1,4) (-2,5)
DXY 100,1 (-0,3) (-0,5) (-2,4) (-10,9)

Emerging Markets
USDARS (Argentina) 9,67 (0) (-0,1) (-1,8) (-14,3)
USDBRL (Brazil) 3,75 (-0,1) (-1,1) (4) (-41)
USDCLP (Chile) 712,2 (0,1) (-0,2) (-3,8) (-17,4)
USDCOP (Colombia) 3096,31 (0) (-1,1) (-6,1) (-30,3)
USDMXN (Mexico) 16,55 (0) (-0,1) (0,5) (-12,3)
USDPEN (Peru) 3,38 (0) (-0,4) (-2,8) (-13,3)
LACI 66,6 (0) (-0,6) (0,2) (-19)

USDPLN (Poland) 4,04 (-0,2) (-1,4) (-2,9) (-13,9)
USDRUB (Russia) 66,11 (-0,4) (-2,1) (-3,4) (-14,4)
USDTRY (Turkey) 2,92 (0) (-3,2) (0,1) (-25,2)

USDCNY (China) 6,39 (-0,1) (-0,2) (-0,6) (-3)
USDINR (India) 66,76 (-0,3) (-0,8) (-2,8) (-5,4)
USDIDR (Indonesia) 13801 (-0,4) (-1,3) (-2,4) (-11,4)
ADXY 107,39 (-0,3) (-0,3) (-0,7) (-4,8)

Commodities *(change in percentage)*

Brent 45,17 (-0,6) (1,1) (-7,9) (-21,2)
WTx 42,12 (-2,1) (4,3) (-8,3) (-20,9)
Copper 205,6 (0,6) (0,1) (-12,7) (-27,6)
Gold 1056,56 (-1,5) (-2) (-8,6) (-10,6)
CRB Index 383,85 (0) (0,1) (-2,9) (-12,3)
CRB (food) index 362,43 (0) (0,3) (-0,5) (-1,9)
Baltic Dry Index 562 (0) (12,9) (-23,6) (-28,1)

Source: Bloomberg, Datastream and Haver

*CDS, EMBI & MSCI indices with one day delay
**Credit spread (BAA) with two days delay

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.