

## Market Comment | Financial markets surged, helped by oil prices rebounding ahead of FOMC

Global Financial Markets Unit 15 Dec 2015

- **Positive data in the US.** US CPI increased in November more than estimated (by 0.5% YoY; consensus: 0.4%), while in monthly terms it remained stable in line with expectations. On another front, the Empire manufacturing index rose more than expected (by 6.15 points to -4.59; consensus: -7.00).
- **ZEW expectations improve in Europe**. Germany's ZEW expectations rose slightly above expectations (by 5.7 points to 16.1; BBVAe: 18.0; consensus: 15.0). The ZEW current situation index increased unexpectedly (by 0.6 points to 55.0; BBVAe: 54.0, consensus: 54.2).
- Spanish CPI moderates its fall in November. Spanish final CPI dropped in November, slightly surpassing expectations (by -0.3% YoY; BBVAe: -0.4%; consensus: -0.5%). The CPI moderated its fall due to the lower drop in energy prices and the marginal increase in core inflation (1.0% YoY; BBVAe and consensus: 0.9%). (see)
- Financial markets surged, helped by oil prices rebounding ahead of tomorrow's Fed meeting. The evolution of oil prices continued as one of the main drivers in financial markets, in a week dominated by the FOMC meeting. The release of better-than-expected prices data in the US could give the Fed more confidence to raise interest rates tomorrow, which is widely expected; the markets are assigning a 78% probability of a 0.25bp rate-hike in the Fed Funds rate. Against this backdrop, US treasury yields rose in all tenors (2Y: +2bp, 10Y: +5bp), waiting for the FOMC decision. European yields rose, with a highlight on safe-haven bonds (GER 10Y: +9bp, FRA 10Y: +8bp, ITA 10Y: +6bp, SPA 10Y: +5bp, POR 10Y: +4bp). As a result, peripheral risk premia narrowed slightly (ITA: -3bp, SPA: -4bp, POR: -5bp). As for equities, European equity markets rebounded (Euro Stoxx: +3.3%, IBEX: +3.1%, CAC: +3.3%, DAX: +3.1%), helped by the recovery in oil prices, which arrested the falls of the last few days (Brent: +1.4%, WTI: +1.7%). In the same vein, US equity indices rose (S&P and Dow: +1.1%) On FX markets, the USD appreciated against major currencies (EUR: -0.64%, GBP: -0.6%, JPY: -0.57%), underpinned by the macroeconomic release in the US, while EM currencies appreciated against the US dollar (RUB: +0.5%, COP: +0.8%, CLP: +0.3%, MXN: +0.8%) due to the improvement in oil prices and despite the plunge in the copper price (-2.4%).

Update 17.0 CET 15 December, 2015 Table1



## Current level and changes at daily, v Datamarkets (changes in bo) 10.5 per 17.0 (1/13) (8) 10.5 per 17.1 (5(4)(5).6) 10.1 (9/12.3) (8) (9/11) Japan 18-yr 8.3 (8) (2) (1) Japan 18-yr 8.3 (8) (2) (1) GER 2-yr -0,33 (1) (-2) (4) (-24) GER 5-yr -0,04 (6) (3) (7) (-5) GER 10-yr 0,66 (9) (9) (10) (12) Bedjuin (10 yr 9.87 (7) (12) (13) (14) France (10 yr 1.87 (7) (12) (13) (14) France (10 yr 1.8) (12) (12) (17) Greco (18 yr 8.74 (12) (89) (155) (-101) Irriand (10 yr 1.15 (8) (5) (5) Hayl (10 yr 1.8) (8) (8) (13) (13) Hotheriands (10 yr 0.8) (8) (9) (13) (13) Portugal (18 yr 2.57 (4) (12) (13) (12) Spain (10 yr 1.77 (5) (17) (4) (18) Spoin 10-y1 (77 (6)) (17) (4) (16) Spoin 10-y1 (16) (10) (16) (17) (16) Spoin 10-y1 (16) (10) (16) (17) (16) Chiembia 10-y1 (16) (16) Chiembia 10-y1 (16) (16) (16) Spoin 10-y1 (16) (16) (16) Spoin 10-y1 (16) (16) (16) (16) Spoin 10-y1 (16) (16) (16) (16) Spoin 10-y1 (16) (16) Spoin 10-y1 (16) (16) Spoin 10-y1 (16) (16) Spoin 10-y1 (16) (16) Indexessis 10-y1 (16) (16) Indexessis 10-y1 (16) (16) Indexessis 10-y1 (16) (16) Indianea 16-yr 806 (-1) 627 (427) (227) Country risk (changes in by Investigated Manufacture 16-yr review) in present against Germany 16-yr review) in present against Germany 16-yr review) in present 34 (417) (32) (31) Genore 346 (32) (31) (466) (412) Rays (14-(3) (510) (31) (41) Foreign 116 (41) (31) (31) (41) Foreign 117 (41) (31) (42) (43) Spain 117 (41) (31) (42) (43) Cys accessing persods (against Germany) Belgium 19 (0) (3.4) (-1) (6) France 18 (0) (1) (0) (7) Graces 1900 (-6) (3) (-7) (473) Haind 27 (0) (7) (7) (7) Haind 27 (0) (7) (7) Haind 28 (7) (8) (7) Haind 29 (8) (8) (8) Horbrandan 1 (8) (8) (8) (8) Spain: 78 (3) (11) (1) (4) Det part of the 5-yr CDS Paland74 (B) (B) (T) (4) 5-yr CDS Russia 320 (T2) (32) (44) (-156) 5-yr CDS Tutkey 286 (-5) (T3) (37) (104) 5-yr CDS China 116 (-2)(14)(15)(31) 5-yr CDS India 157 (2)(6) (4) (-15) 5-yr CDS Indonesia 251 (-10) (25) (35) (96) Credit ris k 16.6 in Vision 11.7 in Association proceedings except for BLA spreads, by) 475000672.26 (14.3) 16.5 (6.4) (3.) Elit ET selectly index 26 (4.4) (6.10) Distinction selectly (6.1.1.1) (6.10) (2.5) Distinction selectly (6.1.1.1) (6.10) (2.5) Credit spread (6.4.4) 905 (6.6.1) (4.1.7) (6.6) ((70) Selectly selectly (6.1.4) 905 (6.6.1) (4.1.7) (6.6) ((10) Selectly selectly (6.1.4) 905 (6.6.1) (4.1.7) (6.6) ((10) Selectly selectly selectly (6.1.4) (6.1.4) (6.1.4) Bank risk (changes in bp) US banks CDS 00 (1) (4) (6) (10) EMU banks CDS 08 (2) (12) (5) (4) UK banks CDS 04 (2) (10) (4) (24) Large Spanish banks CDS 133 (7) (20) (6) (56) Medium Spanish banks CDS 156 (-12) (7) (2) (42) Greek banks CDS 1605 (43) (124) (307) (721) Russian banks CDS 397 (10) (22) (24) (-190) Corporate risk (changes in bps) US Nea-fearcal CDS 0 (0) (0) (0) (457) EHU Non-fearcal CDS 0 (0) (0) (0) (4197) UK Nea-fearcal CDS 0 (0) (0) (0) (413) Liber 3rs 0,52 (0) (3) (15) (26) Liber 12rs 1,06 (0) (2) (13) (44) 310LK MISSINGS (MISSINGS IN PRINCIPLE OF THE PRINCIPLE OF ACE Attent 4531 (4.12)(2.3)(4.6)(49) The time force (The time force) (The Large Spanish banks 77,3 (3) (2,5) (7,8) (23) Sortander 4,6 (4) (2,3) (7,5) (34) 88 VA 7 (2,2) (2,7) (8,1) (-11) Section 2.00 (4.00) (4. Imergray Markets Man equity indices MSC Laises 92379 (4,75) (4,7) (4,5) (41,1) Revessor (8122) (4,75) (4,7) (4,5) (41,1) Revessor (8122) (4,75) (4,7) (4,7) (4,5) MSC LS M Expose 4607 (4,57) (4,5) (4,5) (7,6) Point (1737) (1,2) (4,6) (4,5) MSC LS M Expose 4607 (4,57) (4,5) (4,5) (4,5) MSC LS M Expose 4607 (4,57) (4,5) (4,5) MSC M Expose 1747 (2,10) (4,6) (4,5) MSC M Expose 1747 (2,10) (4,6) (4,5) MSC M Expose 1747 (2,10) (4,6) (4,5) MSC M Expose 1747 (4,6) (4,6) (4,5) MSC M Expose 1747 (4,6) (4,6) (4,6) (4,6) MSC M Expose 1747 (4,6) (4,6) (4,6) (4,6) MSC M Expose 1747 (4,6) (4,6) (4,6) (4,6) MSC M Expose 1747 (4,6) (4,6) (4,6) (4,6) MSC M Expose 1747 (4,6) (4,6) (4,6) (4,6) (4,6) MSC M Expose 1747 (4,6) (4 MSCI EM Asia 645 (-0,51) (-3,4) (-6,2) (-10,3) Shanghai Composite (China) 3510 (-0,29) (1,2) (-2) (6,5) Jakarta Composite (Indonesia) 4409 (0,8) (-1,2) (-1,4) (-16) Jamas Corrows (1987-08) 4, 12(1,4), 4, 14(4) These Books Tambon Bart (1987-197) 25(1) Tambon Loss St. (4-2) (8-7) (8-

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\*CDS, EMBI & MSCI indices with one day delay

\*\*Credit spread (BAA) with two days delay

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