

# Market Comment | Tense calm in the markets amid volatile oil prices

Global Financial Markets Unit  
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- **US 3Q15 GDP was revised down slightly to an annualised 2%.** The final estimate of third quarter US GDP was revised down to an annualised 2.0% QoQ. It is a slight downward revision from the second estimate of 2.1%, but better than expected by the consensus (1.9%). Meanwhile, personal consumption rose more than expected (by 3.0% QoQ; consensus: 2.9%). On another front, existing home sales dropped unexpectedly in November (by 56,000 to 4.76 million; consensus: 5.35 million). In addition, the Richmond Fed manufacturing index rose in December, beating expectations (by 9 points to 6; consensus: -1).
- **Consumer confidence improved in Germany.** German GfK consumer confidence for January rose slightly in line with our estimates (by 0.1 points to 9.4; BBVAe: 9.5; consensus: 9.3), continuing above its historical average (4.8 points).
- **Tense calm in the markets amid volatile oil prices.** Oil price dynamics remain one of the main drivers in the global markets. This environment is contributing to extend the volatility in financial markets, as it is a significant source of uncertainty. In particular, oil prices are close to the lowest level in a decade: Brent: USD36.49/bbl, WTI: USD36.33/bbl. Against this backdrop, European equity markets traded in a volatile session but close with gains (Euro Stoxx: +0.3%, IBEX: +0.6%, DAX: +0.1%, CAC: +0.3%). Besides, US equity indices are registering gains (S&P: +0.3%, Dow: +0.2%). On bond markets, US treasury yields rose slightly in all tenors (2Y: +2bp, 10Y: +2bp). In the same vein, European yields rose across countries and across the curve (GER 10Y: +5bp, FRA 10Y: +6bp, ITA 10Y: +6bp, SPA 10Y: +3bp, POR 10Y: +2bp). As a result, peripheral risk premia narrowed slightly, led by Spain (ITA: +1bp SPA: -2bp POR: -3bp). On FX markets, the USD depreciated against all major currencies with the exception of GBP (EUR: +0.52%, JPY: +0.24%, GBP: -0.47%). Major EM currencies showed a mixed performance against the USD (RUB: +0.1%, BRL: +0.2%, COP: +0.5%, CLP: -0.7%, MXN: -0.2%). On commodity markets, oil prices are trading with volatility, but now are trading up (Brent: +0.4%, WTI: +4.6%). On another front, the Turkish central bank unexpectedly kept the intervention interest rate unchanged at 7.5%, whereas the market had expected a rise in today's monetary policy meeting. Financial markets immediately reacted to the decision. TRY depreciated strongly against USD (-0.70%), while the 10Y yield reference in local currency surged (+24bp) to 10.54%.

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Table1

**Current level and changes at daily, weekly, monthly and annual frequencies**

**Libor markets (Changes in bp)**

**3-month LIBOR**

US 3m 8.96 (2) (0) (0) (0)  
 US 3m 1.68 (2) (0) (0) (0)  
 US 15m 2.22 (4) (4) (0) (0)  
 Japan 15m 0.11 (4) (3) (0) (0)  
 GER 3m 2.25 (2) (1) (0) (2)  
 GER 3m 2.00 (4) (1) (0) (3)  
 GER 3m 1.4 (0) (4) (0) (8)  
 Belgium 15m 8.83 (0) (2) (14) (10)  
 France 15m 8.82 (0) (2) (14) (10)  
 Greece 15m 8.27 (4) (4) (11) (14)  
 Korea 3m 1.3 (0) (0) (1)  
 MY 15m 1.65 (0) (4) (15) (24)  
 Netherlands 15m 7.76 (0) (4) (11) (7)  
 Portugal 15m 2.52 (2) (4) (4) (4)  
 Spain 15m 1.01 (0) (0) (1) (0)

**6-month LIBOR**

Belgium 15m 8.36 (4) (2) (11) (10)  
 Chile 15m 4.65 (0) (1) (0) (0)  
 Colombia 15m 7.76 (0) (4) (11) (14)  
 Mexico 15m 4.2 (4) (14) (15) (17)  
 Peru 15m 2.21 (0) (0) (1) (0)  
 Poland 15m 2.81 (0) (4) (22) (4)  
 Russia 3m 1.1 (0) (0) (0) (0)  
 Russia 15m 1.64 (0) (4) (20) (22)  
 Turkey 15m 1.54 (0) (4) (0) (2)  
 India 15m 1.76 (1) (3) (0) (1)  
 Indonesia 15m 6.71 (1) (04) (7) (0)

**Country risk (changes in bp)**

**3-year sovereign default (against Germany)**

Belgium 21 (0) (0) (0)  
 Greece 787 (1) (4) (106) (415)  
 Korea 0 (0) (0) (1) (0)  
 MY 105 (1) (1) (1) (2)  
 Netherlands 16 (0) (0) (1) (2)  
 Portugal 162 (1) (4) (4) (12)  
 Spain 121 (0) (0) (1) (4)

**5-year sovereign default (against Germany)**

Belgium 7 (1) (0) (1) (1)  
 France 14 (1) (1) (1) (1)  
 Greece 1024 (4) (15) (192) (476)  
 Korea 0 (0) (0) (1) (1)  
 MY 10 (1) (1) (1) (1)  
 Netherlands 1 (0) (0) (1) (1)  
 Portugal 117 (1) (4) (12) (27)  
 Spain 71 (1) (1) (1) (1)

**2-year sovereign default (against Germany)**

Belgium 7 (0) (0) (0) (1)  
 France 1 (0) (1) (0) (1)  
 Korea 0 (0) (0) (1) (1)  
 MY 10 (1) (1) (1) (1)  
 Netherlands 1 (0) (0) (1) (1)  
 Portugal 47 (1) (1) (1) (1)  
 Spain 44 (1) (1) (1) (1)

**5-year sovereign CDS**

Spr CDS Belgium 34 (0) (0) (2) (15)  
 Spr CDS France 21 (1) (0) (2) (1)  
 Spr CDS Germany 1 (0) (0) (1) (0)  
 Spr CDS Greece 1036 (4) (15) (192) (471)  
 Spr CDS Korea 0 (0) (0) (1) (1)  
 Spr CDS MY 102 (0) (0) (1) (2)  
 Spr CDS Netherlands 16 (0) (0) (1) (2)  
 Spr CDS Portugal 179 (0) (4) (12) (27)  
 Spr CDS Spain 69 (1) (1) (1) (1)  
 Spr CDS UK 28 (0) (1) (1) (1)  
 Spr CDS US 19 (0) (1) (1) (1)

**Country risk**

Spr CDS Brazil 514 (18) (45) (126) (311)  
 Spr CDS China 132 (1) (1) (1) (0)  
 Spr CDS Colombia 246 (1) (4) (10) (19)  
 Spr CDS Mexico 76 (0) (1) (1) (1)  
 Spr CDS Venezuela 614 (20) (50) (126) (311)

Spr CDS Pakistan 0 (0) (0) (0) (0)  
 Spr CDS Russia 209 (0) (1) (1) (1)  
 Spr CDS Turkey 266 (0) (1) (1) (1)  
 Spr CDS China 114 (0) (1) (1) (1)  
 Spr CDS India 163 (1) (1) (1) (1)  
 Spr CDS Mexico 239 (1) (1) (1) (1)

**Credit risk**

**Non-performing loans (percentage of total for B.A. assets, bp)**

US 11.4 (4) (4) (0) (12) (0)  
 VTO2002 41 (4) (2) (14) (4) (1)  
 EIT 1.1 (0) (0) (0) (0) (0)  
 Dimensionality 4 (0) (2) (7) (1) (2) (1)  
 Spr CDS Mexico 76 (0) (1) (1) (1)  
 Credit assets book 126 (1) (2) (1) (1) (1)  
 Credit assets book 126 (1) (2) (1) (1) (1)  
 US bank assets book 69 (1) (1) (1) (1) (1)

**Bank assets (changes in bp)**

US bank CDS 77 (1) (1) (1) (1)  
 EU bank CDS 84 (1) (1) (1) (1)  
 US bank CDS 78 (1) (1) (1) (1)

**Large Spanish banks CDS**

US bank CDS 77 (1) (1) (1) (1)  
 Mexico Spanish banks CDS 76 (0) (0) (0) (0)  
 Chile bank CDS 1644 (4) (20) (24) (70)  
 Russian bank CDS 336 (1) (1) (1) (1)

**Country risk (change in bp)**

US bank CDS 77 (1) (1) (1) (1)  
 EU bank CDS 84 (1) (1) (1) (1)  
 UK bank CDS 9 (0) (0) (1) (1)

**Interest rate markets (Changes in bp)**

US 3m spread 1m 11 (0) (0) (0) (0)  
 US 6m spread 1m 33 (1) (0) (0) (0)  
 US 12m spread 1m 39 (0) (0) (0) (0)  
 US 3m spread 3m 23 (0) (0) (0) (0)  
 US 6m spread 3m 101 (0) (0) (0) (0)  
 US 12m spread 3m 41 (0) (0) (0) (0)  
 Spain 3m spread 3m -0 (0) (0) (0) (0)

**FX Index (changes in bp)**

FX Index 43 (2) (0) (0) (0) (0)  
 Euroster 1m 41 (0) (0) (0) (0) (0)  
 Euroster 3m 39 (0) (0) (0) (0) (0)

**Libor Cdn (12/01/01) (bp)**

Libor Cdn 1.12 (0) (0) (0) (0) (0)

**Stock markets (Changes in percentage)**

**US stock markets**

S&P 500 2002 (0) (0) (0) (0) (0)  
 Dow Jones 1000.7 (2) (0) (0) (0) (0)  
 NYSE 1000.7 (2) (0) (0) (0) (0)  
 Russell 2000 1000.7 (2) (0) (0) (0) (0)  
 Nikkei 1000.7 (2) (0) (0) (0) (0)  
 DAX 1000.7 (2) (0) (0) (0) (0)  
 CAC40 1000.7 (2) (0) (0) (0) (0)  
 FTSE 100 1000.7 (2) (0) (0) (0) (0)

**Bank stocks**

US bank 102 (4) (2) (1) (1) (1)  
 JP 42 (4) (1) (1) (1) (1)  
 Cit 11 (4) (1) (1) (1) (1)  
 Bk 11 (4) (1) (1) (1) (1)  
 W 11 (4) (1) (1) (1) (1)  
 GS 11 (4) (1) (1) (1) (1)

**EU bank**

US bank 102 (4) (2) (1) (1) (1)  
 HSBC 102 (4) (2) (1) (1) (1)  
 BNP 102 (4) (2) (1) (1) (1)  
 Barclays 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)

**ASIA bank**

US bank 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)

**Large Spanish banks**

US bank 102 (4) (2) (1) (1) (1)  
 BBVA 4.8 (0) (1) (1) (1) (1)  
 Santander 4.8 (0) (1) (1) (1) (1)  
 Caixa 4.8 (0) (1) (1) (1) (1)  
 Bankia 4.8 (0) (1) (1) (1) (1)

**Other banks**

US bank 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)

**Country risk**

US bank 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)  
 Citicorp 102 (4) (2) (1) (1) (1)

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

US 100 1.07 (0) (0) (0) (0) (0)  
 GBR 100 1.45 (0) (1) (0) (1) (0)  
 USD 100 1.07 (0) (0) (0) (0) (0)  
 DXY 99.00 (0) (0) (0) (0) (0)

**USDCY (Germany)**

USDCY (Germany) 12.07 (1) (1) (1) (1) (1)  
 USDCY (France) 12.07 (1) (1) (1) (1) (1)  
 USDCY (Japan) 12.07 (1) (1) (1) (1) (1)  
 USDCY (UK) 12.07 (1) (1) (1) (1) (1)  
 USDCY (Canada) 12.07 (1) (1) (1) (1) (1)

**USDCY (China)**

USDCY (China) 12.07 (1) (1) (1) (1) (1)  
 USDCY (India) 12.07 (1) (1) (1) (1) (1)  
 USDCY (Brazil) 12.07 (1) (1) (1) (1) (1)  
 USDCY (Russia) 12.07 (1) (1) (1) (1) (1)  
 USDCY (Mexico) 12.07 (1) (1) (1) (1) (1)

**Commodity (change in percentage)**

Oil 20 (2) (2) (2) (2) (2)  
 Copper 211 (2) (2) (2) (2) (2)  
 Gold 100 (1) (1) (1) (1) (1)  
 Silver 100 (1) (1) (1) (1) (1)  
 Platinum 100 (1) (1) (1) (1) (1)  
 Palladium 100 (1) (1) (1) (1) (1)

**Index**

US 100 1.07 (0) (0) (0) (0) (0)  
 GBR 100 1.45 (0) (1) (0) (1) (0)  
 USD 100 1.07 (0) (0) (0) (0) (0)  
 DXY 99.00 (0) (0) (0) (0) (0)

**Index**

US 100 1.07 (0) (0) (0) (0) (0)  
 GBR 100 1.45 (0) (1) (0) (1) (0)  
 USD 100 1.07 (0) (0) (0) (0) (0)  
 DXY 99.00 (0) (0) (0) (0) (0)





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

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

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