

# Market Comment | Rising oil price drove a rebound in financial assets

Global Financial Markets Unit  
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- **Mostly good data in the US.** US personal spending rose in November in line with expectations (by 0.3% MoM), while personal income increased more than estimated (by 0.3% MoM; consensus: 0.2%). On another front, while durable goods orders surprised by not falling (0%, consensus: -0.6% MoM), orders ex-transportation did fall slightly (by -0.1% MoM; consensus: 0.0%). In addition, the University of Michigan sentiment measure improved in December beyond expectations (by 0.8 points to 92.6; consensus: 92.0). This positive news was only slightly overshadowed by the release of new home sales in November, which fell below expectations (growing by only 20K to 490K; consensus: 505K).
- **Final release of French GDP 3Q15 confirmed the slight improvement** (by 0.3% QoQ) in line with estimations, underpinned by domestic demand (+1.0pp) and by both public and private consumption (+0.4% QoQ and +0.3% QoQ respectively). On another front, Italian retail sales declined in October against expectations of increasing (by -0.3% MoM; BBVAe and consensus: 0.3%), while in annual terms they rose more than estimated (by 1.8% YoY; consensus: 1.7%).
- **Rising oil price drove a rebound in financial assets.** Oil prices were once again one of the main drivers in financial markets. Yesterday's release of the US weekly oil supply - that was worse than had been expected - contributed to lift oil prices from what had briefly been their lowest levels since 2004. Nonetheless, as long as very low levels and the extraordinary volatility persist, the oil markets will continue to fuel uncertainty in the coming months. As for today, benefiting from the slight rebound in commodity prices (Brent: +1.9%, WTI: +3.0%, copper: +0.6%), equity markets surged across the board, led by the European indices (S&P 500: +0.8%, Euro Stoxx: +2.2%, IBEX: +2.4%, DAX: +2.2%, CAC: +2.3%). On bond markets, US treasury yields are rising in all tenors (2Y: +1bp, 10Y: +3bp). In the same vein, European yields are also higher, led by Spanish yields which continued their recent upward trend (GER 10Y: +3bp, FRA 10Y: +3bp, ITA 10Y: +3bp, SPA 10Y: +5bp, POR 10Y: +3bp). On FX markets, the USD showed a mixed performance against the other major currencies (EUR: -0.73%, JPY: +0.1%, GBP: +0.32%). Meanwhile, EM currencies are broadly unchanged against the USD, with the exception of those which are linked to the oil price, which are appreciating against the dollar (RUB: +1.7%, BRL: +0.5%, COP: +2.1%, TRY: +0.2%).

**Due to the holiday period no market comment will be released on Thursday and Friday. We will be back on Monday December 28th.**

**Happy holidays!**

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Table1



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

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

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Happy holidays!

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