

Market Comment | High volatility in financial markets driven by swings in commodity prices

Global Financial Markets Unit 13 Jan 2016

- **Mixed data in Europe.** Eurozone industrial production dropped in November more than estimated (by -0.7% MoM; BBVAe: -0.2%; consensus: -0.3%) staying slightly beyond the 3Q15 average. Meanwhile, French CPI rose more than expected in December (by 0.2% YoY; consensus: 0.1%; previous: 0.0%),
- Positive macroeconomic data in China. China exports declined less than expected in December (by -1.4% YoY; consensus: -8.0%; previous: -6.8%), while imports also dropped less than estimated (by -7.6% YoY; consensus: -11.0%; previous: -8.7%).
- High volatility in financial markets driven by swings in commodity prices. Despite better-thanexpected trade data in China, high volatility persisted on the financial markets today. The release of new data related to the US oil inventories caused an oil price rebound at the beginning of the session (close to 3%), that was followed by main risk assets such as equity indices - main European indices were more than 2% up - and commodity exporters' currencies. However, the turmoil in oil prices early this afternoon (Brent: -0.4%) dragged down financial assets and erased the early gains. Against this backdrop, European equity markets eventually closed almost flat, with the exception of the DAX (Euro Stoxx: +0.1%, DAX: -0.4%, IBEX-35: +0.1%, CAC: +0.2%). Meanwhile, US equity markets had fallen slightly at the time of writing (S&P 500: -0.1%, Dow: -0.3%). Asian equity markets registered a mixed performance: Chinese markets fell at the end of the session (-2.4%) despite the positive macroeconomic data, while the Nikkei rose (+2.9%). On the bond markets, US treasury yields remained unchanged while European yields fell today (FRA 10Y: -4bp, ITA 10Y: -5bp, SPA 10Y: -6bp, POR 10Y: -1bp). As a result, peripheral risk premia decreased (ITA: -5bp, SPA: -6bp, POR: -1bp). On FX markets, the USD remained broadly unchanged against other major currencies (EUR: -0.04%, GBP: +0.11%), with the exception of JPY which depreciated 0.45% against USD after the last month's rally (+4.2%). EM currencies appreciated against the dollar (RUB: +0.7%, BRL: +1.0%, MXN: +0.3%, COP: +0.9%, CLP: +0.7%).

Update 17.30 CET 13 January, 2015 Table1

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| Gurrent level and changes at daily, s | Debt markets (dhanges in bp) | | Investigated literatus | US 3pt 9.52 (0) (40) (42) (41) | US 5pt 1.52 (41) (41) (42) (42) | US 10pt 2.1 (0) (7) (42) (417) | | Japan 10-pt 9.2 (42) (45) (40) (7) GER 2-yr -0,38 (0) (0) (-6) (-4) GER 5-yr -0,13 (-2) (0) (-4) (-9) GER 10-yr 0,53 (0) (3) (-4) (-10) Spain Floyr 1.78 (-d) (10) (6) (1) Francisco Balantesis India 19-yr 7,77 (1) (3) (5) (1) Indonesia 10-yr 8,58 (-11) (24) (-48) (-16) Say CDS 92 21 (6) (1)(6)(2) Timegrap Balancia Say soverings CDS Say CDS States 479 (9) (6) (4) (12) Say CDS States 479 (9) (6) (4) (13) Say CDS Content 479 (7) (6) (13) (13) Say CDS Content 479 (7) (6) (13) (13) Say CDS States 479 (7) (6) (13) (13) Say CDS States 479 (14) (14) (15) Say CDS States 471 (6) (14) (14) Say CDS States 471 (6) (14) (14) Say CDS States 436 (6) (14) (14) (14) Say CDS States 436 (6) (14) (14) (14) Say CDS States 437 (14) (14) (14) Say CDS States 437 (14) (14) (14) 5-yr CDS China 120 (1) (8) (1) (12) 5-yr CDS India 159 (3) (7) (4) (11) 5-yr CDS Indonesia 244 (1) (12) (-17) (10) Say CSD deboses 24-40 (10(1-10)) Freel Inits. Freel Init Large Spanish banks CDS 147 (8) (6) (20) (10) Medium Spanish banks CDS 181 (2) (19) (13) (23) Greek banks CDS 1582 (-12) (-41) (20) (-70) Russian banks CDS 421 (14) (24) (34) (39) UK Non-Snancai CDS 0 (-211) (-198) (-192) (-1 Interbank markets (changes in bp) UE II OS spread 3m 11 (6) (6) (1) (1) UE II OS spread 3m 40 (6) (6) (2) (2) UE II TED spread 3m 40 (6) (-2,7) (6) (-1) US OIS apread 3m 23 (0) (-1) (4) (0) US OIS apread 12m 61 (0) (1) (6) (5) US TED apread 3m 40 (-1) (-2) (0) (-6) Large Spanish banks 69,1 (0,1) (3,6) (8) (8) (8) Sortander 4,1 (9,4) (2,1) (8,7) (9) 89 VA. 6,2 (9,2) (4,7) (8,9) (8) Modum Spanish banks: 77.2 (1) (2.1) (7.7) (8) Coixaback 2.9 (6) 71.4.2 (1.6) (1.6) Popular 2.8 (6.5) (8.7) (1.6.5) (1.6) Seabodd 1.8 (6.9) (1.6) Seabodd 1.8 (6.9) (1.6) Smiritar (2.2) (5.5) (1.6) (3.7) (4) Smiritar (2.2) (6.7) (4) Bankis 1 (2,3) (5) (7,1) (4) Graek banks 4,1 (1,5) (3,5) (2,5) (-10) Alpha Banki2,2 (2,3) (3,5) (4,5) (-11) Pissus Banki2,3 (2,4) (5,7) (8,9) (-1) Mational Central Banki3,3 (3,4) (4,8) (16,7) (-13) Eurobank Erganisa1 (6,6) (3,1) (-2) (7) Emerging Markets Main equity indices MSCI Laten 55311 (-0,22) (-4,8) (-7,5) (-8,7) Bovespa (Brazil) 30412 (-0,3) (-6,7) (-11,9) (-9,1) Model 41040 (0) (-1,6) (-2,1) (-1,5) MSCI EM Europe 4063 (1,26) (-2,7) (-1,4) (-4,4) Poland 1772 (1,3) (-1,1) (1) (-4,4) Micox (Russia) 1685 (-3,3) (-3,6) (-1,4) (-4,3) lse 100 (Turkey) 72509 (1,1) (1,8) (-4,6) (1,1) MSCI EM Asia 613 (-0.12) (-4.8) (-5.5) (-7.2) Shanghai Composite (China) 2959 (-2.42) (-12.3) (-16.2) (-16.7) Jakarta Composite (indonesia) 4537 (0.5) (-1.6) (0.7) (-1) Bank stocks Tarkish banks 75 (1) (2,9) (6,8) (2) Akbank T.A.S. 7 (2,2) (5,3) (8,4) (4,3) Gamet T.(0,6) (1) (5) (6,7) Turkiye is Bankasi 5 (2,2) (2,2) (5,9) (6,7) Russian banks 137 (-0,9) (-4,9) (-5,7) (-9,5) Sberbank 92 (-0,2) (-5,5) (-6,3) (-9,6) VTB Bank 0,1 (-1,9) (-3,9) (-4,6) (-9,3) Currencies (in percentage, positive for dollar depreciation) Developed Markets EURUSD 1,885 (-0,04) (0,68) (-1,3) (-0,1) GBFUSD 1,45 (0,11) (-1,13) (-4,5) (-1,8) USDJPY 118,18 (-0,45) (0,24) (2,4) (1,7) DXY 99,07 (-0,1) (0,1) (-1,5) (-0,4) Emerging Markets USDANS (Aspertine) 13,55 (b) (2,3) (-38,5) (-4,8) USDANS (Aspertine) 13,55 (b) (2,3) (-38,5) (-4,8) USDBNL (Bass), 399 (1) (1) (-5) (-0,7) USDCUP (-3he) 738,53 (0,7) (-1,7) (-2) (-2,5) USDCUP (-3he) 738,53 (0,7) (-1,7) (-2) (-3,7) USDCUP (-3he) (-3he) (-3he) (-3he) (-3he) (-3he) USDPLN (-3he) (-3he) (-3he) (-3he) (-3he) USDPLN (-3he) (-3he) (-3he) (-3he) (-3he) UACI (-61,96 (0,5) (-4,2) (-5,1) (-2,3) USDPLN (Poland) 4 (0,4) (0,9) (0,7) (-1,9) USDRUB (Russia) 76,46 (0,7) (-2,4) (-0,5) (-5,4) USDTRY (Turkey) 3,02 (0,6) (-0,4) (-1,2) (-3,4)

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*CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

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