

Market Comment | Movements to safe havens increased amid global growth uncertainties

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- Germany's industrial production plunged in December, against estimates of an increase (by -1.2% MoM; BBVAe: +0.4%, consensus: +0.5%), and in annual terms dropped more than expected (by -2.2% YoY; consensus: -0.6%).
- The IEA's February report foresees lower oil demand. The report forecasts global oil demand to decrease from a five-year high of 1.6 million barrels per day (mb/d) in 2015 to 1.2mb/d in 2016, pulled down by notable slowdowns in Europe, China and the United States, according to newly-released IEA figures. On the other hand, supply may exceed consumption by an average of 1.75mb/d in the period, compared with an estimate of 1.5mb/d last month.
- Movements to safe havens increased amid global growth uncertainties. Uncertainty about global growth outlook continued as the main driver in financial markets. Against this backdrop, the rebalancing process - from risk assets to safe-haven assets - is accelerating strongly. Consequently, the risk assets suffered a slump for the second day in a row. European equity markets fell further after yesterday's sell-off and have now fallen to 2013 low levels (Euro Stoxx: -1.7%, IBEX: -2.4%, DAX: -1.1%, CAC: -1.7%, MIB: -3.2%), dragged by cyclical sectors and especially by the financial sector. The release of worse-than-expected industrial production figures in Germany did not help to recover part of yesterday's falls. Along the same lines, US indices opened by falling (S&P: -0.4%, Dow: -0.3%). Furthermore, the Japanese Nikkei fell by 5%, ballasted by the financial sector and by the appreciation of JPY, which is set at maximum levels against USD (since mid-2014), due to flight to quality. This risk-off mood also drove the 10Y Japanese sovereign yield into negative territory. The remaining sovereign yields stayed broadly unchanged after yesterday's violent changes: US treasury yields remained stable, moderating their decrease after having dropped sharply in the previous session. In the same way, European yields remained unchanged across the board. The main exception was Portugal, as its 10Y vield continued to suffer strong punishment. As a result, the Portuguese risk premium increased sharply (+27bp). On FX markets, the USD depreciated against almost all major currencies, especially against safe-haven currencies (EUR: +1.05%, JPY: +0.75%). Furthermore, the new highs in the Japanese yen present a very worrying situation for Japanese monetary authorities; one of the main weapons of Abenomics is to ease the monetary conditions, among other things, via a "cheap JPY". EM currencies showed a mixed performance with some of the most commodity-linked depreciating (COP: -0.9%, CLP: -0.4%, MXN: -0.6%, RUB: -1.0%) due to the deterioration in oil prices, which was hampered by the IEA warning about the even larger oversupply in the oil markets (Brent: -3.3%, WTI: -2.0%, copper: -2.4%). Meanwhile, European emerging currencies linked to the EUR appreciated against the USD (PLN: +1.1%, CZK: +1.33%, TRY: +0.37%).

Update 17.30 CET 09 February, 2015 Table1



[Current level and changes at daily, D obt markets (dranges in bp) beveloped thirden US 3pr 4,86 (1)(4) (25) (37) US 5pr 1,15 (9)(41) (40) US 19pr 1,73 (4) (41) (33) Japan 10-pr 4,03 (7) (41) (25) (29) GER 2-yr -0,52 (-1) (-4) (-13) (-18) GER 5-yr -0,29 (-1) (2) (-16) (-25) GER 10-yr -0,23 (2) (-7) (-28) (-40) Detay (10-10) Spain 10 yr 1,75 (0) (17) (4) (2) Irmurging Barketis Freuzil 10 yr 1622 (8) (2) (3) (3) (30) Chile 150 yr 4,47 (1) (0) (-14) (-10) Freuzil 10 yr 16 (9) (7) (1) (9) (17) (4) Freuzil 10 yr 16 (9) (7) (1) (9) (17) (4) Freuzil 10 yr 1,75 (2) (-12) (12) (24) Freuzil 10 yr 1,75 (2) (-12) (12) (24) Freuzil 10 yr 1,75 (2) (-12) (12) (24) Freuzil 10 yr 1,75 (10) (10) (10) (10) Shootis 10 yr 1,05 (30) (16) (-16) (10) Turkey 10 yr 1,05 (30) (16) (-16) (10) India 10-yr 7,84 (0) (-1) (9) (8) Indonesia 10-yr 8,04 (2) (-7) (-77) (-71) Index Sur J. A. (2014) (1914) Country Mark (1914) (1914) (1914) (1914) Countr 5-yr CDS Poland97 (5) (B) (23) (25) 5-yr CDS Poland97 (5) (B) (23) (25) 5-yr CDS Russia 369 (20) (24) (32) (54) 5-yr CDS Turkey 300 (14) (20) (7) (27) 5-yr CDS China 144 (5) (15) (24) (36) 5-yr CDS India 107 (10) (15) (30) (39) 5-yr CDS Indonesia 249 (7) (12) (2) (23) Syr CDS Missessa 240 (7) (70) (a) (av. C model sink. 100 (model Bank risk (changes in bp) US banks CDS 122 (14) (32) (40) (47) EBU banks CDS 160 (17) (47) (74) (76) UK banks CDS 160 (22) (59) (61) (65) Large Spanish banks CDS 192 (95) (36) (47) (55) Medium Spanish banks CDS 247 (13) (33) (76) (60) Greek banks CDS 1412 (-15) (-77) (-211) (-240) Russian banks CDS 462 (16) (35) (70) (80) Interbank markets (changes in bp) UEM OIS spread 3m 15 (1) (2) (4) (5) UEM OIS spread 12m 42 (1) (1) (6) (6) UEM OIS spread 3m 32 (6) (4.9) (41) (6) LEB III Di spreed to 3.2 (9) (4,9) (41) (4) LED CE grand to 3.2 (9) (11) (12) LED CE grand to 3.2 (9) (11) (12) LED CE grand to 3.2 (9) (11) (12) LED CE grand to 3.2 (1) (4) (23) (17) LED TLD Spreed to 3.2 (1) (4) (4) (4) (4) LED CE grand to 11 (2) (3,8) (2) (7) LED CE grand to 11 (2) (3,8) (2) (7) LED CE grand to 11 (2) (3,8) (2) (4) LED CE grand to 3.2 (1) (1) (4) (4) LED CE grand to 3.2 (1) (10) (10) (1) LED TLD CE grand to 3.2 (1) (10) (2) (4) 300.E household (14.0) (1.0) (48 - 1841 - 1239-1137-1851 - 1360 - 1371-1851 - 1360 - 1371-1851 - 1360 - 1371-1851 - 1360 - 1371-1851 - 1360 - 1371-1851 - 1360 - 1371-1851 - 1360 - 1371-1851 - 1360 - 1371-1851 - 1371-Large Spanish banks 58 (-4,3) (-5,6) (-15,7) (-25 Sortander 3,4 (-3,5) (-6,4) (-16,3) (-26) BBVA 5,3 (-4,7) (-5,1) (-15,3) (-21) 88 VA. 5.3 (4.7) (5.1) (15.3) (21) Medium Spanish beaks 652 (3.6) (8.2) (13.7) (21) Colvatentic 2.4 (4.2) (4.1) (16.8) (20) Popular 2.1 (4.6) (4) (21,7) (20) Soboled 1.4 (6.7) (10.9) (6.5) (43) Bankister 5.6 (3.1) (40) (6.2) (11) Bankister 5.6 (3.1) (40) (6.2) (11) Bankister 5.6 (3.1) (40) (6.2) (11) Emerging Markets Main equity indices MSCI Laten S7899 (-0,5) (-1) (2,9) (-2,9) brisspa (Brazil) 40002 (0) (5,2) (0) (-6,4) Moobol 42377 (-0,9) (-1,7) (5,2) (-1,4) MSCIEM Europe 4032 (-2,82) (-3,8) (-2,1) (-5,1) Poland 1787 (-0,1) (2,1) (2,5) (-4,9) Micex (Russia) 1723 (-1,2) (-2) (-1,4) (-2,2) ise 100 (Turkey) 71415 (-0,8) (-1,5) (1,1) (-0,4) MSCI EM Asia 615 (-0,23) (-1,1) (-1,3) (-8,9) Shanghai Composite (China) 2763 (8) (8,5) (-13,3) (-21,9) Jakarta Composite (Indonesia) 4769 (-0,6) (-1,9) (4,9) (4) Russian banks 137 (-1,2) (-1,5) (-5,3) (-10) Sborbank 94 (-0,9) (-0,5) (-3,1) (-7,3) VTB Bank 0,1 (-1,8) (-3,2) (-0,9) (-14,1) Currencies (in percentage, positive for dollar depreciation) Developed Markets EURUSD 1,131 (1,05) (3,58) (3,6) (4,1) GBPUSD 1,131 (1,04) (0,6) (-0,1) (-1,6) USDJPY 114,96 (0,75) (4,16) (1,9) (4,4) CXY 95,8 (0,8) (3,1) (2,8) (2,9) $$\label{eq:continuity} \begin{split} & \text{Improving Nations} \\ & \text{USCARS (Appending) } 14,37 \, (6) \, (1,8) \, (\pm 5,5) \, (\pm 1,1) \\ & \text{USCARS (Appending) } 13,30 \, (6) \, (2,2) \, (3) \, (1,4) \\ & \text{USCOLE (Called) } 72,233 \, (\pm 4,4) \, (0,2) \, (2,1) \, (\pm 5,5) \\ & \text{USCOLP (Called) } 340,66 \, (\pm 6,4) \, (\pm 2,1) \, (\pm 1,1) \, (\mp 1,1) \\ & \text{USCOLP (Appending) } 340,66 \, (\pm 6,6) \, (\pm 1,6) \, (\pm 7,1) \, (\pm 7,1) \\ & \text{USCOLN (Memory) } 37,37 \, (\pm 6,5) \, (\pm 1,6) \, (\pm 7,1) \, (\pm 7,1) \\ & \text{USCOLN (Memory) } 35, \, (\pm 2,6) \, (\pm 2,6) \, (\pm 2,6) \\ & \text{UACI } 60,08 \, (\pm 1,1) \, (0,1) \, (\pm 1,1) \, (\pm 1,1) \end{split}$$ USDPLN (Poland) 3,93 (1,1) (2,6) (1,7) (42) USDRUB (Russia) 76,76 (-1) (1,3) (-5,4) (-0,6) USDRY (Turkey) 2,93 (3,4) (0,6) (2,6) (-0,6) USDCNY (China) 6,57 (b) (6,1) (6,3) (-1,2) USDNR (India) 67,9 (0,1) (6,1) (-1,9) (-2,6) USDNR (Indianaia) 13612 (-0,1) (0,6) (2,2) (1,3) ADXY 198,07 (0,3) (6,7) (1) (-0,4) Accor 1986 of 3.9 (6.71) (4.0) Feet 3.98 (3.1) (4.0)



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

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