

Market Comment | Mild rally in financial markets fuelled by oil rebound

Global Financial Markets Unit 11 Apr 2016

- Positive macroeconomic data in China. China's CPI in March remained unchanged unexpectedly against the previous month at 2.3%YoY (consensus: 2.4%YoY). The decreasing prices of transport and communication were offset by increasing food prices. Meanwhile, the pace of deflation in producer prices (PPI) dropped in relation to the previous month, dropping less-than-expected (by -4.3%YoY; consensus: -4.6%).
- Better than expected macroeconomic data in China and increasing oil prices (oil topped US\$42.7 pb, its highest level since December 2015) supported the rebound of risky assets after last week's poor performance. Nonetheless the cautious mode - triggered last week by uncertainty about the global economic outlook - remained in the market, judging by the bullish movement in gold (+1.5%) and JPY, (close to fresh highest levels since October 2014 against USD, 107.9 USDJPY). Against this backdrop, European equity markets started the week with gains after last week's generalised falls (Eurostoxx: +0.5% IBEX: +0.9% DAX: +0.8% CAC: +0.3% MIB: +1.4%). The sectors benefiting most were those that were most punished last week, such as banking and energy. The Italian banking sector outperformed (+10% in some cases) due to hopes of an agreement being reached between the Italian government and the largest financial institutions on details of a bailout plan (as last resort). In the same vein, US indices rose slightly (S&P: +0.3% Dow: +0.2%) waiting for the 1Q16 corporate earnings season. Asian markets showed a mixed performance, with Chinese markets underpinned by better-than-expected macroeconomic data while Japanese indices suffer the consequences of the very expensive JPY (Nikkei: -0.4% Shanghai: +1.6%). On bond markets, US treasury yields remained almost unchanged while the probability of a rate hike remain at low levels (June: 16% December: 37%). Meanwhile, European yields inched up (GER 10Y: +2 bps FRA 10Y: +3 bps ITA 10Y: +3 bps SPA 10Y: + 0bps). Portugal remained the main drag on peripheral confidence (POR 10Y: +8 bps) increasing its risk-premiums. In FX markets, the USD depreciated against other major currencies (EUR: +0.22% GBP: +0.88% JPY: +0.16%). EM currencies rebounded (RUB: +0.7% BRL: +1.8% COP: +1.0% CLP: +0.2% MXN: +0.7%) due to the increase in commodity prices, mainly in oil (Brent: +1.9% Wtx: +1.7% Copper: +0.2%).

Update 17.3 CET 11 April, 2016 Table1



| Gurrent level and changes at daily, s | Debt markets (dhanges in bp) | | Investoped literatus | US 3pt 9.66 (0).(4).(22).(36) | US 5pt 1.55 (0).(4).(20).(41) | US 10pt 1.72 (0).(4).(21).(45) | Japan 10-pt -3.09 (4).(4).(7).(35) GER 2-yr -0,52 (-1) (-6) (-7) (-16) GER 5-yr -0,39 (0) (-6) (-16) (-35) GER 10-yr -0,11 (2) (-2) (-19) (-62) Spain 10/91 (3/2 (0) (0) (7) (4/5) Emarging Marketis Emarging 13/62 (23) (440) (491) (200) Chile 10-yr 4,42 (0) (0) (2) (24) Colombia 10-yr 6,27 (1) (13) (20) (20) Mexico 10-yr 5,56 (1) (0) (20) (21) Feru 10-yr 7,06 (0) (16) (-11) (-22) India 19-yr 7,42 (-3) (0) (-22) (-34) Indonesia 10-yr 7,54 (-4) (-0) (-35) (-121) 5-yr CDS China 125 (-2) (4) (-3) (17) 5-yr CDS India 165 (0) (-5) (0) (17) 5-yr CDS Indonesia 205 (-1) (7) (2) (-22) For CDD indexes add 6 (1) (1) (a) (vic) (Cmid Inh). See Committed in the Committee of the C Large Spanish banks CDS 137 (3) (7) (3) (0) Medium Spanish banks CDS 215 (5) (13) (2) (57) Greek banks CDS 1636 (-2) (-19) (-138) (-15) Russian banks CDS 397 (6) (3) (-12) (15) Liber 3m 0,63 (0) (0) (0) (2) Liber 12m 1,2 (0) (2) (-1) (3) 3 (10.1), millionito, (10.1), (10.5), (10.2), (10.2), (10.3), (10.3), (10.2), (10.2), (10.2), (10.3), (10.3), (10.3), (10.2), (10.2), (10.3), MB 1752.2 of epide 2 high 2 high 3 mg 1752.2 of epide 3 mg Large Spanish banks 81,4 (1,4) (3,5) (19,6) (19 Sentander 3,7 (1,9) (-1,3) (-10,2) (-18) BBVA. 5,5 (1) (-6) (-11) (-19) BBVA 5.5 (1) (5) (-11) (-19) Medium Spanish banks 67.6 (1,4) (2,5) (-5,5) (-18) Colvatente 2.5 (2) (-0,7) (-6) (-21) Popular 2.2 (2,8) (6) (-0,2) (-25) Sabaded 1.4 (-1,8) (-6,6) (-6,1) (-15) Bankister 6.2, (-7) (-1,4) (-4,1) (-6) Bankiste 9.3 (0,4) (-3,7) (-6,4) (-27) Bankis 9,8 (8,4) (3,3) (6,4) (42) Greek banks 3,2 (4,1) (4,1) (3,7) (49) Aphs Bank 1,8 (4,8) (4,7) (4,5) (49) Pissus Bank 2,2 (4,9) (6) (19) (48) Mational Central Bank 2,2 (1,7) (1,3) (3) (49) Eurobank Erpaisas 6,7 (6,4) (1,4) (4,4) (2,2) (49) Emerging Markets Main equity indices MSCI Laten 65499 (1,85) (-1,3) (2,2) (10,4) bowapa (Brazil) 50009 (p,6) (3,9) (2,3) (17) Mexicol 45014 (0,3) (-1,5) (1,5) (4,7) Mexicol 45014 (6,3) (-1,5) (1,5) (6,7) MSCIEM Europe 4515 (1,55) (6,1) (2) (6,3) Poland 1914 (-6,3) (-2,6) (1,4) (5) Moce (Russia) 1900 (1,4) (1,9) (1) (6) Sec 100 (Turkey) 83988 (1,8) (6,1) (6,3) (17,1) MSCI EM Asia 650 (0,21) (-0,8) (1,6) (-1,5) Shanghai Composite (China) 3034 (1,64) (0,8) (0,2) (-14,3) Jakarta Composite (indonesia) 4787 (-1,2) (-1,3) (-0,1) (4) Russian banks 163 (2) (5,5) (4,6) (7,7) Sberbank 117 (3,2) (7,7) (7) (15,1) VTB Bank 0,1 (2,6) (1,6) (0,6) (-3,7) Currencies (in percentage, positive for dollar depreciation) EVIRISO 1,142 (0.22) 0.29 (2.2) 5.2 (0.2) (0.2 Emerging Markets USGAMS (Aggestins) 14, 52 (-6.3) (1,3 (5.3) (-12,5) USGAMS (Aggestins) 14, 52 (-6.3) (1,3 (5.3) (-12,5) USGAMS (Aggestins) 53,5 (1,8) (2,7) (2,7) (71) USGCCP (Chile) 691,58 (0,2) (-1,7) (0,2) (-8,6) USGCCP (Chile) 591,58 (0,2) (-1,7) (0,2) (-8,6) USGCCP (Chile) 591,58 (-7,4,4,9) (1,9) (2,5) USGAMS (Mexico) 17,56 (-6,7) (-4,9) (1,9) (-2,6) USGAMS (Mexico) 17,56 (-7,4,4,9) (1,9) (-5,6) USGAMS (Mexico) 17,56 (-7,4,4,9) (-8,9) (-2,6) USGAMS (Mexico) 17,56 (-7,4,4,9) (-8,9) (-2,6) USGAMS (Mexico) 17,56 (-7,4,4,9) (-8,9) (-2,6) USGAMS (Mexico) 17,56 (-7,4,4,9) (-8,9) (-7,4,9) (-7 USDPLN (Poland) 3,75 (6,6) (-0,7) (3,4) (4,5) USDRUB (Russia) 56,62 (6,7) (2,6) (6,7) (6,1) USDRY (Turkey) 2,63 (6,6) (-0,6) (2,2) (3,1) USDCNY (China) 6,46 (0,1) (0,3) (0,6) (0,5) USDNR (India) 66,43 (0,1) (4,3) (0,9) (-0,4) USDIR (Indianesia) 13134 (0,1) (0,4) (4,6) (4,7) ADXY 108,51 (0,2) (0,2) (1,6) (1,8)

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*CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

***S&P GSCI with one day delay

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