

Market Comment | Rebound in oil prices moderated early falls in risky assets

Global Financial Markets Unit 11 May 2016

 Rebound in oil prices moderated early falls in risky assets.
 In a session without significant macroeconomic releases, the high volatility of oil prices continued as one of the main drivers in financial markets. Yesterday's gains in oil prices, driven -among others- by the disruption in oil production in Nigeria, were almost erased early this morning by concerns about oil supply - due to larger-thanexpected inventories data released yesterday - and the pace of resumption in Canadian oil supply after the wildfire. However, today's US crude oil inventories data showed an unexpected decrease, boosting oil prices (Brent: 3.3%, Wtx: 2.7%) and curbing previous falls in risky assets. On equity markets, European indices dropped today, driven mainly by peripheral countries' indices, which fell by as much as 2% during the session, offsetting part of the last few days' recovery. In the final part of the session, these falls moderated, helped by the upward trend in oil prices (Euro Stoxx 50:-0.7%, IBEX:-1.2%, MIB:-1.3%, DAX:-0.7%, CAC:-0.5 %). The sectors which undermined the global index were the most cyclical sectors (banking and utilities). In the same way, US equity markets posted a poor performance (S&P:-0.4%, Dow:-0.6%), hampered by worse-than-expected 1Q key company earnings. Meanwhile, the Nikkei opened up by around 1.5%, but as the Japanese yen appreciated, it offset previous gains to end almost unchanged. On bond markets, safe-haven yields remained almost unaltered: US yields inched down, while German yields were unchanged (US 10Y:-1 bp GER 10Y: 0 bp). Meanwhile, European peripheral yields declined, led by Portugal (ITA 10Y:-4 bps, SPA 10Y:-4 bps, POR 10Y: -11 bps) and risk premiums narrowed considerably today. In FX markets, the USD halted its upward trend, depreciating against other major peers, mainly the Japanese yen (EUR: +0.55%, GBP: +0.19%, JPY: +0.57%). EM currencies appreciated slightly against the US dollar (RUB: +1.9%, BRL: +0.5%, COP: +0.8%, MXN: +0.4%), underpinned by commodity prices, mainly oil.

Update 17.30 CET 11 May, 2016 Table 1



|Current level and changes at daily, v | Debt markets (changes in bp) | | Debt markets (changes in bp) | | Debt markets (changes in bp) | | US 2-pr 0.72 (0)(2) (2) (5) (10) | | US 3-pr 1.72 (1) (4)(45) (10) | | US 3-pr 1.75 (-1) (3) (2) (-42) | | Jopan 10-pr 4.1 (-2) (2)(-2) (-43) | GER 2yr -0.51 (8) (2) (1) (42) GER 5yr -0.39 (-1) (6) (1) (46) GER 10-yr 0.13 (0) (6) (1) (42) Belgium 19, v 0.33 (2) (4) (2) (5) 1 France 16yr 1.12 (2) (-12) (11) (23) Orecce 16yr 1.12 (2) (-12) (11) (23) Orecce 16yr 1.12 (2) (-13) (-14) (-22) Irisand 16yr 0.96 (3) (-6) Portugal 16yr 1.26 (-11) (6) (-17) (35) Spain 16yr 1.6 (-4) (-1) (6) (-1) Spain 10-yr 1.6 (4) (-1) (-1) (-1) Spain 10-yr 1.23 (-20) (-46) (-46) (-13) Spain 10-yr 1.23 (-20) (-46) (-46) (-13) Spain 10-yr 1.23 (-20) (-10) (-10) Colombia 10-yr 8.1 (-2) (-10) (-10) Peru 10-yr 6.2 (-10) (-10) (-46) (-7) Peru 10-yr 6.2 (-10) (-10) (-46) (-7) Peru 10-yr 6.2 (-10) (-10) (-10) (-22) Ramais 2-yr 6.9 (-10) (-11) (-20) (-22) Ramais 10-yr 6.9 (-10) (-10) (-10) (-10) India 10-yr 7.43 (0) (-1) (1) (-45) Indonesia 10-yr 7.81 (1) (5) (27) (-1) Country risk (changes in bp) Consistent Barbon - 3-y movement general (against Germany) Belgium 40 (2) (0) (1) (1) France 35 (-1) (1) (0) (7) Grecor 733 (-322) (-122) (-169) (-168) Baland 74 (-3) (2) (1) (2) Baland 78 (-3) (2) (1) (2) Baland 78 (-3) (1) (1) (1) (1) Baland 78 (-3) (1) (1) (1) (1) Baland 78 (-3) (1) (1) (1) (-16) (17) Spain 147 (-4) (7) (7) (42) Spain. 147 (-4) (7) (10) (40) Say sovereign spreads (against Germany) Edgium. 7 (-1) (1, 5) (-2) (-7) Flastic 2 (-8) (-2) (-8) (-5) Grecco 1964 (1) (-1) (-50) Initial 27 (-6) (-5) (-1) (-4) Mathematics 4 (-6) (-5) (-7) (-7) Flastic 2 (-7) (-7) (-7) Flastic 2 (-7) (-7) (-7) Flastic 2 (-7) (-7) (-7) Spain 33 (-7) (-7) (-7) (-7) Spain 33 (-7) (-7) (-7) (-7) Speak 4, 60 (C1) (-6) (-5) Say CODE Begins 50 (-1) (0) (0) (2) Say CODE Begins 50 (-1) (0) (0) (2) Say CODE Begins 50 (-1) (0) (-1) (0) Say CODE CODE (-1) (0) (0) (0) (1) (1) (1) Say CODE CODE (-1) (0) (0) (1) (1) (1) (1) Say CODE Begins 50 (0) (0) (1) (1) (1) Say CODE Begins 27 (0) (1) (1) (1) Say CODE Begins 27 (0) (1) (1) (1) Say CODE Begins 27 (0) (1) (1) (1) Say CODE Personal 27 (0) (1) (1) (1) Say CODE Personal 27 (0) (1) (1) (1) Say CODE Speak (1) (1) (1) (1) (1) 5-yr CDS Poland87 (0) (3) (-4) (17) 5-yr CDS Russia 257 (-5) (1) (-32) (-219) 5-yr CDS Turkey 263 (-4) (16) (-2) (61) 5-yr CDS China 125 (-3)(-5) (8) (39) 5-yr CDS India 172 (11) (9) (6) (0) 5-yr CDS Indonesia 184 (-5) (-5) (-21) (28) \$\text{\$\tinx{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\text{\$\tex{\$\text{\$\t Bank risk (changes in bp) US banks CDS 85 (-2) (0) (-18) (15) EMU banks CDS 112 (-3) (0) (-13) (28) UK banks CDS 124 (-2) (6) (4) (65) Large Spanish banks CDS 132 (-5) (2) (-5) (55) Medium Spanish banks CDS 186 (-6) (-3) (-26) (72) Greek banks CDS 1418 (-81) (-36) (-219) (534) Russian banks CDS 358 (-2) (-2) (-39) (-229) EOMA Index -0.33 (0) (0.3) (0) (48) Euribor 3m -0.26 (0) (-0.5) (-1) (-34) Euribor 12m -0.01 (0) (0) (0) (-34) Libor 3m -0.63 (0) (-1) (0) (37) Libor 12m -1.22 (0) (-1) (2) (60) Total Control of Contr BSM 5.5 C. (1)(-1.5) (8.9) (20) Whom Spanish and 8.7 (1.4)(-1.5) (8.2) (-2.2) Whom Spanish and 8.7 (1.4)(-1.5) (8.2) (-2.2) Colonial (2.1) (-1.5) (-1.5) (-1.6) (-1.6) Shaded 1.5 (8.1) (-1.5) (-1.6) (-1.2) Backlar 6.4 (-2.0) (-1.6) (-1.6) Backlar 6.4 (-2.0) (-1.2) (-2.0) (-2.0) Gest brins 4.1 (-2.0) (-2.0) (-2.0) Gest brins 4.1 (-2.0) (-2.0) (-2.0) Gest brins 4.1 (-2.0) (-2.0) (-2.0) Free Spanish (-2.0) (-2.0) (-2.0) Gest brins 4.1 (-2.0) (-2.0) (-2.0) (-2.0) (-2.0) Gest brins 4.1 (-2.0) (-2.0) (-2.0) (-2.0) (-2.0) (-2.0) Gest brins 4.1 (-2.0) (-2.0 | Emerging Markets | Main equity indices | MSCI Laten 6774 (2.59) (6.7) (2.4) (1.4) | Borespa (Brazil 53223 (6.5) (1.5) (6.3) (6.6) | Mexical 45613 (-0.1) (6.6) (1.9) (6.7) | Mexical 45613 (-0.1) (6.6) (1.9) (7.7) | Mexical 45613 (-0.1) (7.7) (7.7) | Me MSCIEM Europe 4475 (0.23) (2.5) (4.9) (1) Poland 1916 (4.4) (2.23) (5) (21.5) Micex (Bussia) 1912 (1.6) (21.5) Micex (Bussia) 1912 (1.6) (4.7) (6.3) (36.9) Be 100 (Tuthey) 79026 (6.3) (4.4) (6.5) (7.8) MSCI EM Asia 640 (0, 42) (4, 9) (-1, 8) (-11) Shanghai Composite (China) 2837 (0, 16) (-6, 2) (-6, 5) (-12, 3) Jakarta Composite (Indonesia) 4800 (3, 8) (-6, 5) (0, 3) (-6) Jacks Londpace (Roccessa) 4000 (18) (6-2) (7 Each (18) (20) (7 Each (18) (20) (4.7) (21) (4.7) (21) (4.8) (4 Transcato Mariella USDASS (Argentina) 14 (22 0.1) (0.1) (2) (48) USDASS (Argentina) 14 (25 0.25) (8.9) (-102) USDOSP (Entel) 678 79 (-0.1) (-1.5) (0.1) (-1.5) USDOSP (Entel) 2051 (0.9) (-1.5) (0.1) (-1.6) USDOSP (Entel) 2051 (0.9) (-1.5) (-2.1.5) USDASS (Entel) 2051 (0.9) (-1.5) (-2.1.5) USDASS (Entel) 2051 (0.9) (-1.5) (-1.5) (-1.5) USDPLN (Poland) 3.87 (0.4) (-1) (3.2) (9.2) USDRUB (Russia) 65 (1.9) (2.5) (2.5) (-12.4) USDRY (Turkey) 2.96 (0) (0.4) (4.1) (-26.6)





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Flash

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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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