

Market Comment | German 10Y yield dives into negative territory

Global Financial Markets Unit
14 Jun 2016

- **US retail sales remain supportive.** May's retail sales advanced ahead of expectations (0.5% MoM, consensus 0.3% MoM, previous 1.3% MoM), while the retail sales control group, which represents the total industry sales used to prepare the estimates of PCE for most goods, grew slightly above expectations (0.4% MoM, consensus 0.3% MoM, previous 10.0% MoM). Moreover, following the retail sales report the Atlanta Fed "GDPNow" model forecast for real GDP growth in Q2 2016 is now 2.8%, up from 2.5% on 9 June. Turning to inflation, import prices increased by more than expected in May (1.4% MoM, consensus 0.7%), led by energy prices, but non-oil prices also increased.
- **Euro zone industrial production increased by more than expected in April** (1.1% MoM, consensus 0.8% MoM; previous -0.7% MoM)
- **The International Energy Agency pointed to a smaller than expected oversupply of oil in 2016.** According to the IEA, oil inventories grew by less than expected, while demand for oil grew above expectations in the first half of this year, resulting in 0.8 million b/d of over-supply instead of 1.3 million b/d forecast estimated last month.
- **German 10Y yield dips into negative territory as investors keep pouncing on top-rated bonds.** Risk-off mood prevails in financial markets ahead of Wednesday's FOMC interest rate decision amid "Brexit" jitters. Safe-haven assets continued to attract fresh flows, while the 10Y safe-haven bond yield reached record new lows in Germany, US and UK, despite supportive US economic news released today. The German yields dropped to negative territory (touching -0.03%) for first time triggered by the increasing concerns about Brexit as polls seem slightly tilted towards the "Leave" outcome. The extended increases in the British pound one-month implied volatility reflect investor anxiety ahead of the referendum (28.9%, levels above November 2008). Moreover, the increasing odds of a leave option in the Brexit vote this week have forced local authorities to increase liquidity facilities. However, other factors might have accelerated the downward trend in the German 10Y yield (i) the deterioration in markets' euro zone inflation expectations (5Y5Y forward inflation swap declined sharply to 1.36% from 1.45% after May's weak US payroll figures) and ii) technical factors, such as the German sovereign yield curve standing below the ECB deposit rate (-0.4%) up to the 6Y tenor, so that the ECB purchases have to focus on the 7-31 tenors, pushing down yields of these tenors. The risk-off mood dragged down risky assets and lower-rated bonds. Peripheral bond yields climbed, with country risk premiums extending their increases (Spain +9 bps, Italy +9 bps, Portugal +20 bps and Greece +40 bps). Cyclical commodities and oil prices fell, although the IEA expects smaller oil oversupply (-1.2%WTx, -1.5% Brent and -0.9% copper). Equity markets also reflected uncertainty, declining across the board, especially in the euro zone (Euro Stoxx 50 -2%, S&P 500 -0.6%), all the sectors quoted in the Euro Stoxx 350 index registering losses. Implied volatility in equity markets has soared in the last two days. The implied volatility in the Euro Stoxx 50 increased to 38.3 (+11.6%) levels close to February 2016 when low interest yield dragged the

financial sector, while in the S&P500 it surged to 21.45 (+2.3%) .The USD appreciated against most major currencies, except the safe-haven currencies the Japanese yen and Swiss franc. The euro depreciated slightly against the US dollar (-0.7%) despite the German bund's negative yield, while the British pound depreciated (-0.95% hit by Brexit concerns).

Update 18.00 CET 14 June, 2016

Table 1

Current level and changes at daily, weekly, monthly and annual frequencies

Debt markets (changes in bp)

US 2-yr 0.72 (0) (-1) (-3) (-33)
 US 5-yr 1.13 (0) (-1) (-8) (-8)
 US 10-yr 1.81 (0) (-1) (-6) (-6)
 Japan 10-yr -0.16 (0) (-4) (-5) (-4)
 GER 2-yr -0.58 (-3) (-4) (-7) (-24)
 GER 5-yr -0.47 (-4) (-6) (-9) (-42)
 GER 10-yr -0.34 (-2) (-4) (-13) (-43)
 Belgium 10-yr 0.47 (2) (2) (-5) (-148)
 France 10-yr 0.42 (2) (2) (-6) (-47)
 Greece 10-yr 8.21 (27) (74) (79) (-8)
 Ireland 0.84 (0) (0) (0) (0)
 Italy 10-yr 1.51 (0) (0) (-3) (-8)
 Netherlands 10-yr 2.08 (0) (-2) (-19) (-44)
 Portugal 10-yr 5.39 (17) (27) (23) (-87)
 Spain 10-yr 1.06 (0) (0) (-4) (-21)

Emerging Markets

Brazil 10-yr 12.68 (0) (17) (42) (-384)
 Chile 10-yr 4.55 (0) (1) (1) (-141)
 Colombia 10-yr 7.94 (-3) (5) (-6) (-71)
 Mexico 10-yr 9.10 (0) (0) (0) (-104)
 Peru 10-yr 6.1 (0) (4) (-2) (-121)
 Poland 10-yr 3.31 (13) (16) (30) (37)
 Russia 5-yr 0.82 (10) (-4) (-1) (-85)
 Russia 10-yr 0.74 (0) (-6) (-9) (-41)
 Turkey 10-yr 0.57 (2) (0) (-2) (-90)
 India 10-yr 7.52 (0) (4) (7) (-24)
 Indonesia 10-yr 7.65 (1) (-1) (-1) (-116)

C country risk (changes in bp)

1-yr sovereign spreads (against Germany)

Belgium 47 (5) (8) (17)
 France 43 (4) (7) (8) (7)
 Greece 251 (40) (70) (91) (56)
 Ireland 94 (9) (14) (19) (22)
 Italy 153 (6) (14) (19) (54)
 Netherlands 26 (3) (3) (4) (15)
 Portugal 209 (20) (25) (26) (195)
 Spain 157 (9) (16) (8) (43)

5-yr sovereign spreads (against Germany)

Belgium 24 (14) (15) (18) (19)
 France 20 (3) (5) (8) (15)
 Greece 194 (4) (5) (9) (-42)
 Ireland 47 (8) (11) (12) (21)
 Italy 96 (7) (15) (25) (44)
 Netherlands 22 (3) (5) (8) (23) (21)
 Portugal 204 (14) (14) (14) (15)
 Spain 115 (6) (15) (19) (22)

2-yr sovereign spreads (against Germany)

Belgium 8 (2) (3) (4) (4)
 France 14 (3) (3) (6) (11)
 Ireland 21 (3) (4) (5) (7)
 Italy 67 (15) (20) (22) (26)
 Netherlands 9 (1) (1) (8) (11)
 Portugal 130 (20) (24) (24) (93)
 Spain 63 (9) (20) (19) (26)

Credit risk

Key indicators (changes in percentage except for BAA spreads, bp)

VIX 21.45 (2.3) (5.2) (7) (42) (0)
 VIX100 38.34 (11) (6) (14) (2) (82) (5) (16)
 EM EFT volatility index 30 (7) (47) (22) (22)
 Deterioration volatility 13 (5) (4) (4) (5) (6) (140)
 EM FX volatility index 11 (0) (1) (2) (2) (4)
 Credit spread (BAA) 207 (0) (5) (1) (3) (-3) (-36)
 US bonds volatility index 00 (0) (23) (24) (17)

Interbank markets (changes in bp)

EM E OIS spread 3m 19 (0) (0) (0)
 EM OIS spread 12m 30 (1) (1) (1) (4)
 EM 10-yr spread 3m 30 (0) (0) (-2)
 US OIS spread 3m 26 (0) (0) (-2) (3)
 US OIS spread 12m 77 (-1) (1) (2) (21)
 US 10-yr spread 3m 39 (1) (0) (-1) (-4)
 Spain Fed Spread 3m -16 (-12) (-20) (-7) (-23) (-21)

Stock markets (changes in percentage)

Market indices

S&P500 2967 (+4.0) (+2.1) (1) (1)
 Dow Jones 17844 (+2.3) (+1.6) (0) (0) (1)
 Nikkei 19859 (+1.4) (-0.9) (-3.4) (-17)
 FTSE 100 5923 (+3.2) (+1.6) (-3) (-4)
 Euro Stoxx 50 2797 (+2.4) (-0.4) (-4) (-14)
 BSE SENSEX 1627 (+2.1) (+1.6) (+1.6) (+16)
 DAX 8016 (+2.1) (+1.5) (+4) (+11)
 CAC40 3023 (+2.3) (+1.7) (+4) (+11)
 HSI 16271 (+2.1) (+1.6) (+2) (+24)
 ASE Athens 993 (+4.2) (+8.2) (+4.7) (+6)

Bank stocks

US banks 78.3 (+1.6) (+1.2) (6) (+7)
 JPM 62.2 (+1.6) (+3.1) (7) (+6)
 Cit 62.1 (+1.6) (+1.2) (3) (-9)
 BofA 13 (+1.8) (+7) (-3) (-21)
 WFC 24.6 (+1.0) (+6) (+4) (+22)
 GS 146.5 (+1.4) (+5.6) (+7) (+19)

EM banks

HSBC 426 (+4.0) (+3) (+4.8) (+1) (+1) (+21)
 RBS 212 (+1.9) (+2.7) (0) (3) (-30)
 Barclays 100 (+3.3) (+1.1) (+1.2) (+2) (+27)
 Lloyds 62 (+2) (+2) (+1.5) (+4) (+15)
 EMU banks 727 (+2.4) (+2.9) (+1.0) (+1) (+35)
 BNP 42 (+2.3) (+3.7) (+4.5) (+26)
 Credit Agricole 7.8 (+2) (+1.8) (+0.2) (+29)
 Deutsche Bank 13.2 (+2.9) (+1.8) (+1.3) (+14) (+42)
 ING 8.8 (+1.5) (+0.8) (+0.4) (+21)
 Intesa 1.9 (+3.5) (+4.7) (+1.4) (+26)
 SO 30.8 (+2.7) (+3.7) (+7) (+28)
 Unicredit 2.2 (+2) (+1.7) (+1) (+24) (+57)

Large Spanish banks

Santander 58 (+2.5) (+1.2) (+8) (+23)
 Santander 3.6 (+2.1) (+2.5) (+0.7) (+20)
 BBVA 5 (+2.3) (+2.2) (+0.6) (+26)

Medium Spanish banks

CaixaBank 59 (+3.3) (+1.3) (+12) (+1) (+26)
 CaixaBank 2.1 (+2.8) (+1.4) (+1.2) (+19) (+56)
 Popular 1.0 (+2.5) (+1.7) (+3.0) (+52)
 Sabadell 1.4 (+2.8) (+1.2) (+1.9) (+16)
 Bankinter (+1.4) (+1.3) (+1.4) (+14)
 Bankia 0.7 (+5.1) (+10.8) (+10) (+1) (-36)
 Onco Bank 3.5 (+6.6) (+7.9) (+8.2) (+22)
 Alpha Bank 2.0 (+5.0) (+6.8) (+8) (+1) (-20)
 Piraeus Bank 0.5 (+2.9) (+0.1) (+0.1) (+25)
 National Commercial Bank 2.1 (+2.4) (+2.2) (+1) (+33)
 Eurobank Ergasias (+1.9) (+2) (+2) (+25)

Emerging Markets

Asian equity indices

MSCI Latin America 604 (+4) (+1.6) (+4.5) (0) (3)
 Indonesia (Bloomberg) 4961 (+2) (+3) (+6) (+12) (3)
 Hseng 4036 (+1.2) (+1.7) (+2) (+2) (+3)

MSCI E M Europe

MSCI E M Europe 428 (+6) (+2.1) (+2.5) (0) (3)
 Poland 1793 (+1) (+3) (+2) (+9) (+5) (2)
 Korea (KOSPI) 1008 (+0.9) (+3) (+1) (+1) (+7) (1)
 Ise 100 (Turkey) 7570 (+1) (+3) (+1) (+2) (+6) (+6)

MSCI E M Asia

Shanghai Composite (China) 2841 (+2) (+2) (+2) (+2) (+2) (+118) (7)
 Jakarta Composite (Indonesia) 4322 (+2) (+2) (+2) (+2) (+2) (+1) (5)

Bank stocks

Turkish banks 70 (+4) (+1) (+1) (+1) (+1) (+1)
 Akbank T.A.S. 31 (+2) (+1) (+1) (+1) (+1) (+1)
 Garanti 7 (+2) (+1) (+1) (+1) (+1) (+1)
 Turkey Is Bankasi 4 (+2) (+2) (+2) (+2) (+2) (+2)

Russian banks

Russian banks 169 (+4) (+1) (+1) (+1) (+1) (+1)
 Sberbank 127 (+4) (+8) (+3) (+5) (+25) (5)
 VTB Bank 0.1 (+2.5) (+1) (+1) (+1) (+1) (+1)

Currencies (in percentage, positive for dollar depreciation)

EURUSD 1.21 (+2.74) (+1) (+1) (+1) (+1) (+1)
 GBPUSD 1.41 (+6.86) (+2) (+1) (+1) (+1) (+1)
 USDJPY 106.96 (0) (1) (1) (2) (2) (4) (1) (8)
 DXY 94.86 (0) (1) (1) (1) (1) (1) (1) (1)

Emerging Markets

USDA&S (Argentina) 13.77 (0) (2) (0) (4) (7) (+6) (5)
 USDRU (Brazil) 3.40 (+2) (+1) (+1) (+1) (+1) (1) (1)
 USDCUP (China) 688.86 (+6) (+1) (5) (0) (2) (0) (2)
 USDCOP (Colombia) 2003.89 (+2) (+2) (+2) (+2) (+2) (+5) (+4)
 USDMX (Mexico) 19.98 (+0.7) (+3) (+4) (+4) (+1) (+3)
 USDFIN (Finland) 3.33 (+2) (+1) (+1) (+1) (+1) (+2) (2)
 LACI 63.35 (+4) (+1) (+1) (+1) (+1) (1) (1)

USDLN (Poland)

USDLN (Poland) 3.95 (+2) (+2) (+2) (+4) (+4) (+8) (8)
 USDRUB (Russia) 65.96 (+2) (+2) (+2) (+2) (+2) (+8) (8)
 USDFIN (Finland) 2.51 (+6) (+4) (+1) (+1) (+1) (+5) (5)
 USDCNY (China) 6.6 (+2) (+4) (+4) (+1) (+1) (+1) (1)
 USDRIN (India) 67.27 (+2) (+2) (+2) (+2) (+2) (+7) (+7) (7)
 USDRID (Indonesia) 1339.6 (+1) (+1) (+1) (+1) (+1) (+4) (+4) (4)
 ADXX 105.57 (+0.3) (+0.7) (+0) (0) (0) (0)

Commodities (change in percentage)

Brent 48.59 (0) (1) (0) (1) (1) (0)
 WTI 48.31 (+1) (+1) (+1) (+1) (+1) (+1) (1)
 Copper 202.95 (+0) (+0) (+0) (+0) (+0) (+0) (0)
 Gold 1202.26 (+1) (+1) (+1) (+1) (+1) (+1) (1)
 Baltic Dry Index 609 (0) (0) (0) (0) (0) (0) (0)
 S&P 500 Spot commodity index 2013 (0) (0) (0) (0) (0) (0) (0)
 S&P 500 Spot 432.511 (+2) (+2) (+2) (+2) (+2) (+2) (2)
 S&P 500 Intra Spot 200.42 (+1) (+1) (+1) (+1) (+1) (+1) (1)
 S&P 500 Agricultural Spot 332.137 (+1) (+1) (+1) (+1) (+1) (+1) (1)

Source: Bloomberg, Deutschemer and Naur

(Current level and changes at daily, weekly, monthly and annual frequencies)

Debt markets (changes in bp)

US 2-yr 0.72 (0) (-7) (-3) (-33)
 US 5-yr 1.13 (0) (-10) (-6) (-43)
 US 10-yr 1.69 (0) (-11) (-6) (-46)
 Japan 10-yr -0.16 (0) (-4) (-5) (-42)
 GER 3-yr -0.58 (3) (-4) (-7) (-24)
 GER 5-yr -0.47 (4) (-5) (-9) (-42)
 GER 10-yr -0.20 (4) (-3) (-5) (-32) (-43)
 Belgium 10-yr 0.47 (0) (2) (2) (-1) (-10)
 France 10-yr 0.42 (2) (2) (5) (-5)
 Greece 10-yr 8.21 (37) (74) (79) (-4)
 Ireland 0.34 (7) (9) (3)
 Italy 10-yr 1.51 (9) (9) (2) (-9)
 Netherlands 10-yr 2.06 (0) (2) (-9) (-54)
 Portugal 10-yr 3.39 (17) (27) (23) (-87)
 Spain 10-yr 1.06 (0) (10) (-4) (-21)

Emerging Markets

Brazil 10-yr 12.68 (0) (17) (42) (-384)
 Chile 10-yr 15.05 (0) (11) (1) (-11)
 Colombia 10-yr 7.94 (-3) (-5) (-6) (-21)
 Mexico 10-yr 6.16 (2) (0) (-2) (-16)
 Peru 10-yr 6.1 (0) (4) (-5) (-121)
 Poland 10-yr 3.31 (13) (16) (20) (-37)
 Russia 5-yr 0.32 (10) (-4) (-1) (-85)
 Russia 10-yr 0.74 (10) (-5) (-6) (-41)
 Turkey 10-yr 9.57 (2) (26) (-23) (-90)
 India 10-yr 7.52 (9) (4) (7) (-24)
 Indonesia 10-yr 7.65 (1) (-4) (-7) (-110)

Country risk (changes in bp)

Developed Markets

10-yr sovereign spreads (against Germany)
 Belgium 47 (5) (8) (13)
 France 43 (4) (7) (8) (7)
 Greece 821 (40) (79) (91) (-56)
 Ireland 54 (9) (14) (16) (-32)
 Italy 151 (6) (14) (-64)
 Netherlands 28 (2) (3) (1) (4) (10)
 Portugal 339 (20) (32) (-1) (-181)
 Spain 157 (9) (16) (9) (-83)

5-yr sovereign spreads (against Germany)

Belgium 24 (14) (15) (8) (10)
 France 28 (2) (6) (8) (15)
 Greece 140 (4) (5) (-1) (-42)
 Ireland 47 (8) (11) (12) (-21)
 Italy 99 (7) (12) (25) (-44)
 Netherlands 22 (2) (2) (2) (2) (21)
 Portugal 264 (16) (-14) (-33) (-153)
 Spain 165 (9) (15) (10) (-23)

2-yr sovereign spreads (against Germany)

Belgium 8 (2) (3) (4) (-4)
 France 14 (0) (3) (3) (11)
 Ireland 21 (2) (4) (5) (7)
 Italy 67 (12) (20) (23) (-26)
 Netherlands 6 (1) (1) (1) (11)
 Portugal 138 (20) (32) (-1) (-181)
 Spain 63 (9) (20) (19) (-28)

Credit risks

Bank credit risks (changes in percentage except for BAA spreads, bp)

VIX 21.45 (2) (52.7) (42.6) (-2)
 VIX000 30.34 (1) (6) (8) (-2) (16)
 EU EFT volatility index 30 (7) (7) (23) (-2)
 Delinquency ratio 13.5 (8) (4.5) (9) (-40)
 EU EFT volatility index 11 (0) (12) (2) (-4)
 Credit spread (BAA) 207.6 (5) (1) (-3) (-9) (-36)
 US bonds volatility index 00 (0) (2) (24) (17)

Interbank markets (changes in bp)

UEM 0/5 spread 3m 9 (0) (0) (-2)
 UEM 0/5 spread 12m 38 (1) (2) (1) (-4)
 UEM 0/5 spread 3m 38 (0) (1) (-1) (-2)
 US 0/5 spread 3m 26 (0) (0) (-2) (-3)
 US 0/5 spread 12m 77 (-1) (-1) (-2) (-21)
 US 1/2 spread 3m 29 (-1) (-1) (-2) (-40)
 Spain Fed Spread 3m -16 (-2) (-2) (-2) (-21)

COFINA Index -0.33 (0) (0) (0) (-1) (-2)
 Euribor 3m -0.28 (0) (-4) (-1) (-1) (-1)
 Euribor 12m -0.02 (0) (0) (-1) (-1) (-4)

Libor 3m 0.65 (0) (0) (2) (-4)
 Libor 12m 1.09 (0) (0) (3) (-8)

Stock markets (Changes in percentage)

Developed Markets

S&P500 2067.4 (2.8) (-2.1) (1) (1) (1)
 Dow Jones 17044.1 (2.5) (-1.5) (0) (0) (1)
 Nikkei 15629 (-1) (-4.9) (-3.4) (-17)
 FTSE 100 8023.3 (-21.6) (-3) (-3) (-5)
 Euro Stoxx 50 2797.2 (-2) (-4) (-5) (-14)
 IBEX35 7127.7 (-2.1) (-6.6) (-6) (-15)
 DAX 8019.2 (-1) (-1) (-1) (-1) (-1)
 CAC40 3120.3 (-2) (-7) (-4) (-4) (-11)
 MIB 10271.4 (-2) (-1) (-1) (-1) (-1)
 ASE Athens 593.5 (0) (-2) (-2) (-4) (-7) (-6)

Bank stocks

US banks 79.3 (4.8) (-4.8) (-2.6) (-17)
 JPM 62.2 (4.8) (-4.3) (-7) (-6)
 Citi 42.1 (4.2) (-4.5) (-2) (-3) (-19)
 BAC 13.4 (4.8) (-7) (-3) (-6) (-21)
 WFC 24.6 (4.8) (-4) (-4) (-2) (-22)
 GS 145.5 (4.4) (-5.6) (-6.7) (-19)

HSBC 452.4 (4.3) (-4.8) (-1) (-1) (-20)
 RBS 212 (-1) (-7) (-7) (-3) (-30)
 Barclays 160 (-1) (-2) (-1) (-2) (-2) (-27)
 Lloyds 62 (-1) (-2) (-1) (-1) (-1) (-1)

EU banks 72.7 (-2) (-2) (-2) (-1) (-33)
 BNP 42 (-2) (-2) (-2) (-2) (-2)
 Credit Agricole 73.2 (-1) (-1) (-1) (-1) (-29)
 Deutsche Bank 13.2 (-2) (-2) (-2) (-2) (-42)
 ING 9.0 (-1) (-1) (-1) (-1) (-21)
 Intesa 1.9 (-2) (-2) (-2) (-2) (-2)
 SOI 28.8 (-2) (-2) (-2) (-2) (-2)
 Unicredit 2.2 (-2) (-2) (-2) (-2) (-2)

Large Spanish banks 58 (2) (-2) (-2) (-2) (-23)
 Santander 3.6 (-2) (-2) (-2) (-2) (-29)
 BBVA 31 (2) (-2) (-2) (-2) (-2)

Medium Spanish banks 59 (3) (-1) (-1) (-1) (-1) (-20)
 CaixaBank 2.1 (-2) (-2) (-2) (-2) (-2)
 Psoque 1.3 (-2) (-2) (-2) (-2) (-2)
 Sabadell 1.4 (-2) (-2) (-2) (-2) (-2)
 Bankinter 0.1 (-1) (-1) (-1) (-1) (-1)
 Bankia 0.7 (-2) (-2) (-2) (-2) (-2)

Greek banks 3.5 (-4) (-4) (-4) (-4) (-22)
 Alpha Bank 0.5 (-1) (-1) (-1) (-1) (-29)
 Piraeus Bank 2 (0) (-2) (-2) (-2) (-2)
 National Central Bank 0.1 (-1) (-1) (-1) (-1) (-23)
 Eurobank Ergasias 0.8 (-1) (-1) (-1) (-1) (-25)

Emerging Markets

Main equity indices

MSCI Latin 4499 (0) (4) (-1) (-1) (-1)
 Bovespa (Brazil) 43881 (-2) (-2) (-2) (-2) (-2)
 Merval 14398 (-1) (-1) (-1) (-1) (-1)

MSCI E M Europe 4309 (-2) (-2) (-2) (-2) (-2)
 Poland 1793 (-1) (-1) (-1) (-1) (-1)
 MSCI Russia 1089 (-1) (-1) (-1) (-1) (-1)
 Ise 100 (Turkey) 7576 (-1) (-1) (-1) (-1) (-1)

MSCI E M Asia 650 (-1) (-1) (-1) (-1) (-1)
 Shanghai Composite (China) 2842 (0) (0) (0) (0) (-1) (-1)
 Jakarta Composite (Indonesia) 4222 (0) (0) (0) (0) (-1) (-1)

Bank stocks

Turkish banks 78 (2) (-4) (-3) (-3) (-5)
 Akbank T.A.S. 8 (0) (0) (0) (0) (-1) (-1)
 Garanti 7 (2) (-1) (-1) (-1) (-1) (-1)
 Taksis Bankasi 4 (-2) (-2) (-2) (-2) (-2)

Russian banks 169 (4) (-4) (-4) (-4) (-4) (-4)
 Sberbank 127 (4) (-8) (-2) (-2) (-2)
 VTB Bank 0.1 (-2) (-2) (-2) (-2) (-2)

Chinese banks 127 (4) (-8) (-2) (-2) (-2)
 VTB Bank 0.1 (-2) (-2) (-2) (-2) (-2)

US banks 79.3 (4.8) (-4.8) (-2.6) (-17)
 JPM 62.2 (4.8) (-4.3) (-7) (-6)
 Citi 42.1 (4.2) (-4.5) (-2) (-3) (-19)
 BAC 13.4 (4.8) (-7) (-3) (-6) (-21)
 WFC 24.6 (4.8) (-4) (-4) (-2) (-22)
 GS 145.5 (4.4) (-5.6) (-6.7) (-19)

HSBC 452.4 (4.3) (-4.8) (-1) (-1) (-20)
 RBS 212 (-1) (-7) (-7) (-3) (-30)
 Barclays 160 (-1) (-2) (-1) (-2) (-2) (-27)
 Lloyds 62 (-1) (-2) (-1) (-1) (-1) (-1)

EU banks 72.7 (-2) (-2) (-2) (-1) (-33)
 BNP 42 (-2) (-2) (-2) (-2) (-2)
 Credit Agricole 73.2 (-1) (-1) (-1) (-1) (-29)
 Deutsche Bank 13.2 (-2) (-2) (-2) (-2) (-42)
 ING 9.0 (-1) (-1) (-1) (-1) (-21)
 Intesa 1.9 (-2) (-2) (-2) (-2) (-2)
 SOI 28.8 (-2) (-2) (-2) (-2) (-2)
 Unicredit 2.2 (-2) (-2) (-2) (-2) (-2)

Large Spanish banks 58 (2) (-2) (-2) (-2) (-23)
 Santander 3.6 (-2) (-2) (-2) (-2) (-29)
 BBVA 31 (2) (-2) (-2) (-2) (-2)

Medium Spanish banks 59 (3) (-1) (-1) (-1) (-1) (-20)
 CaixaBank 2.1 (-2) (-2) (-2) (-2) (-2)
 Psoque 1.3 (-2) (-2) (-2) (-2) (-2)
 Sabadell 1.4 (-2) (-2) (-2) (-2) (-2)
 Bankinter 0.1 (-1) (-1) (-1) (-1) (-1)
 Bankia 0.7 (-2) (-2) (-2) (-2) (-2)

Greek banks 3.5 (-4) (-4) (-4) (-4) (-22)
 Alpha Bank 0.5 (-1) (-1) (-1) (-1) (-29)
 Piraeus Bank 2 (0) (-2) (-2) (-2) (-2)
 National Central Bank 0.1 (-1) (-1) (-1) (-1) (-23)
 Eurobank Ergasias 0.8 (-1) (-1) (-1) (-1) (-25)

Emerging Markets

Main equity indices

MSCI Latin 4499 (0) (4) (-1) (-1) (-1)
 Bovespa (Brazil) 43881 (-2) (-2) (-2) (-2) (-2)
 Merval 14398 (-1) (-1) (-1) (-1) (-1)

MSCI E M Europe 4309 (-2) (-2) (-2) (-2) (-2)
 Poland 1793 (-1) (-1) (-1) (-1) (-1)
 MSCI Russia 1089 (-1) (-1) (-1) (-1) (-1)
 Ise 100 (Turkey) 7576 (-1) (-1) (-1) (-1) (-1)

MSCI E M Asia 650 (-1) (-1) (-1) (-1) (-1)
 Shanghai Composite (China) 2842 (0) (0) (0) (0) (-1) (-1)
 Jakarta Composite (Indonesia) 4222 (0) (0) (0) (0) (-1) (-1)

Bank stocks

Turkish banks 78 (2) (-4) (-3) (-3) (-5)
 Akbank T.A.S. 8 (0) (0) (0) (0) (-1) (-1)
 Garanti 7 (2) (-1) (-1) (-1) (-1) (-1)
 Taksis Bankasi 4 (-2) (-2) (-2) (-2) (-2)

Russian banks 169 (4) (-4) (-4) (-4) (-4) (-4)
 Sberbank 127 (4) (-8) (-2) (-2) (-2)
 VTB Bank 0.1 (-2) (-2) (-2) (-2) (-2)

Chinese banks 127 (4) (-8) (-2) (-2) (-2)
 VTB Bank 0.1 (-2) (-2) (-2) (-2) (-2)

US banks 79.3 (4.8) (-4.8) (-2.6) (-17)
 JPM 62.2 (4.8) (-4.3) (-7) (-6)
 Citi 42.1 (4.2) (-4.5) (-2) (-3) (-19)
 BAC 13.4 (4.8) (-7) (-3) (-6) (-21)
 WFC 24.6 (4.8) (-4) (-4) (-2) (-22)
 GS 145.5 (4.4) (-5.6) (-6.7) (-19)

HSBC 452.4 (4.3) (-4.8) (-1) (-1) (-20)
 RBS 212 (-1) (-7) (-7) (-3) (-30)
 Barclays 160 (-1) (-2) (-1) (-2) (-2) (-27)
 Lloyds 62 (-1) (-2) (-1) (-1) (-1) (-1)

EU banks 72.7 (-2) (-2) (-2) (-1) (-33)
 BNP 42 (-2) (-2) (-2) (-2) (-2)
 Credit Agricole 73.2 (-1) (-1) (-1) (-1) (-29)
 Deutsche Bank 13.2 (-2) (-2) (-2) (-2) (-42)
 ING 9.0 (-1) (-1) (-1) (-1) (-21)
 Intesa 1.9 (-2) (-2) (-2) (-2) (-2)
 SOI 28.8 (-2) (-2) (-2) (-2) (-2)
 Unicredit 2.2 (-2) (-2) (-2) (-2) (-2)

Large Spanish banks 58 (2) (-2) (-2) (-2) (-23)
 Santander 3.6 (-2) (-2) (-2) (-2) (-29)
 BBVA 31 (2) (-2) (-2) (-2) (-2)

Medium Spanish banks 59 (3) (-1) (-1) (-1) (-1) (-20)
 CaixaBank 2.1 (-2) (-2) (-2) (-2) (-2)
 Psoque 1.3 (-2) (-2) (-2) (-2) (-2)
 Sabadell 1.4 (-2) (-2) (-2) (-2) (-2)
 Bankinter 0.1 (-1) (-1) (-1) (-1) (-1)
 Bankia 0.7 (-2) (-2) (-2) (-2) (-2)

Greek banks 3.5 (-4) (-4) (-4) (-4) (-22)
 Alpha Bank 0.5 (-1) (-1) (-1) (-1) (-29)
 Piraeus Bank 2 (0) (-2) (-2) (-2) (-2)
 National Central Bank 0.1 (-1) (-1) (-1) (-1) (-23)
 Eurobank Ergasias 0.8 (-1) (-1) (-1) (-1) (-25)

Emerging Markets

Main equity indices

MSCI Latin 4499 (0) (4) (-1) (-1) (-1)
 Bovespa (Brazil) 43881 (-2) (-2) (-2) (-2) (-2)
 Merval 14398 (-1) (-1) (-1) (-1) (-1)

MSCI E M Europe 4309 (-2) (-2) (-2) (-2) (-2)
 Poland 1793 (-1) (-1) (-1) (-1) (-1)
 MSCI Russia 1089 (-1) (-1) (-1) (-1) (-1)
 Ise 100 (Turkey) 7576 (-1) (-1) (-1) (-1) (-1)

MSCI E M Asia 650 (-1) (-1) (-1) (-1) (-1)
 Shanghai Composite (China) 2842 (0) (0) (0) (0) (-1) (-1)
 Jakarta Composite (Indonesia) 4222 (0) (0) (0) (0) (-1) (-1)

Bank stocks

Turkish banks 78 (2) (-4) (-3) (-3) (-5)
 Akbank T.A.S. 8 (0) (0) (0) (0) (-1) (-1)
 Garanti 7 (2) (-1) (-1) (-1) (-1) (-1)
 Taksis Bankasi 4 (-2) (-2) (-2) (-2) (-2)

Russian banks 169 (4) (-4) (-4) (-4) (-4) (-4)
 Sberbank 127 (4) (-8) (-2) (-2) (-2)
 VTB Bank 0.1 (-2) (-2) (-2) (-2) (-2)

Chinese banks 127 (4) (-8) (-2) (-2) (-2)
 VTB Bank 0.1 (-2) (-2) (-2) (-2) (-2)

US banks 79.3 (4.8) (-4.8) (-2.6) (-17)
 JPM 62.2 (4.8) (-4.3) (-7) (-6)
 Citi 42.1 (4.2) (-4.5) (-2) (-3) (-19)
 BAC 13.4 (4.8) (-7) (-3) (-6) (-21)
 WFC 24.6 (4.8) (-4) (-4) (-2) (-22)
 GS 145.5 (4.4) (-5.6) (-6.7) (-19)

HSBC 452.4 (4.3) (-4.8) (-1) (-1) (-20)
 RBS 212 (-1) (-7) (-7) (-3) (-30)
 Barclays 160 (-1) (-2) (-1) (-2) (-2) (-27)
 Lloyds 62 (-1) (-2) (-1) (-1) (-1) (-1)

EU banks 72.7 (-2) (-2) (-2) (-1) (-33)
 BNP 42 (-2) (-2) (-2) (-2) (-2)
 Credit Agricole 73.2 (-1) (-1) (-1) (-1) (-29)
 Deutsche Bank 13.2 (-2) (-2) (-2) (-2) (-42)
 ING 9.0 (-1) (-1) (-1) (-1) (-21)
 Intesa 1.9 (-2) (-2) (-2) (-2) (-2)
 SOI 28.8 (-2) (-2) (-2) (-2) (-2)
 Unicredit 2.2 (-2) (-2) (-2) (-2) (-2)

Large Spanish banks 58 (2) (-2) (-2) (-2) (-23)
 Santander 3.6 (-2) (-2) (-2) (-2) (-29)
 BBVA 31 (2) (-2) (-2) (-2) (-2)

Medium Spanish banks 59 (3) (-1) (-1) (-1) (-1) (-20)
 CaixaBank 2.1 (-2) (-2) (-2) (-2) (-2)
 Psoque 1.3 (-2) (-2) (-2) (-2) (-2)
 Sabadell 1.4 (-2) (-2) (-2) (-2) (-2)
 Bankinter 0.1 (-1) (-1) (-1) (-1) (-1)
 Bankia 0.7 (-2) (-2) (-2) (-2) (-2)

Greek banks 3.5 (-4) (-4) (-4) (-4) (-22)
 Alpha Bank 0.5 (-1) (-1) (-1) (-1) (-29)
 Piraeus Bank 2 (0) (-2) (-2) (-2) (-2)
 National Central Bank 0.1 (-1) (-1) (-1) (-1) (-23)
 Eurobank Ergasias 0.8 (-1) (-1) (-1) (-1) (-25)

Emerging Markets

Main equity indices

MSCI Latin 4499 (0) (4) (-1) (-1) (-1)
 Bovespa (Brazil) 43881 (-2) (-2) (-2) (-2) (-2)
 Merval 14398 (-1) (-1) (-1) (-1) (-1)

MSCI E M Europe 4309 (-2) (-2) (-2) (-2) (-2)
 Poland 1793 (-1) (-1) (-1) (-1) (-1)
 MSCI Russia 1089 (-1) (-1) (-1) (-1) (-1)
 Ise 100 (Turkey) 7576 (-1) (-1) (-1) (-1) (-1)

MSCI E M Asia 650 (-1) (-1) (-1) (-1) (-1)
 Shanghai Composite (China) 2842 (0) (0) (0) (0) (-1) (-1)
 Jakarta Composite (Indonesia) 4222 (0) (0) (0) (0) (-1) (-1)

Commodities (change in percentage)

Brent 49.58 (-1) (-1) (-1) (-1) (-1)
 WTI 48.31 (-1) (-1) (-1) (-1) (-1)
 Copper 203.36 (-4) (-4) (-4) (-4) (-4)
 Gold 1282.26 (-1) (-1) (-1) (-1) (-1)
 Baltic Dry Index 809 (0) (0) (0) (0) (0)
 S&P 500 Commodity Index 391 (0) (0) (0) (0) (0)
 S&P 500 Brent Spot 432.11 (-4) (-4) (-4) (-4) (-4)
 S&P 500 WTI Spot 206.11 (-1) (-1) (-1) (-1) (-1)
 S&P 500 Agriculture Spot 333.13 (-1) (-1) (-1) (-1) (-1)

Source: Bloomberg, Datastream and IHS

CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

***S&P GSCI with one day delay

DISCLAIMER

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to

prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: www.bbva.com / Corporate Governance".

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.