

Market Comment | Positive mood supported by economic indicators

Global Financial Markets Unit 23 Aug 2016

- The positive surprise in euro zone PMIs despite Brexit concerns **pushed up European stocks** (Euro Stoxx 50 +1.1%, Dax 0.9%, Ibex35 1.3%), with the banking sector outperforming (EMU, 3.2%), probably related to lower expectations of the ECB's cutting rates in the near future. **US equities also rose**, but to a lesser extent (S&P500 +0.3%), propped up by positive corporate earnings reports.
- Against this backdrop, government bond yields remained almost flat, with no significant movements (10YUS +1 bps, 10YGER -1 bps), without any marked differences between core and peripheral Europe.
 The US yield curve flattened amid Fed interest rate hike uncertainty.
- The USD depreciated signally against the GBP (+0.35%), which showed resilience about Brexit. On the other hand, high volatility in oil prices due to high flow of news on the supply side, **but finally oil prices ended up +1.4%**, amid reports that Iran will attend a meeting of OPEC producers in Algeria next month. However, **EM currencies depreciated** (MXN -0.3%, CLP -0.4%, COP -0.9%) despite the rise in oil prices. On the other side, Turkey's Central Bank, in line with market expectations, reduced the upper bound of the marginal funding rate from 8.75% to 8.5%, while keeping unchanged the repo rate and borrowing rate. The market reaction was neutral.

Update 17.45 CET 23 August, 2016 Table 1



[Current level and changes at daily, w Debt markets (changes in bp) Developed Blacks US 2-y 8.75 (1) (0) (4) (30) US 5-y 1.76 (1) (2) (3) (62) US 5-y 1.76 (1) (2) (3) (42) Japan 10-yr -0.88 (-2) (1) (14) (-35) Japan 16-yr - 0.88 (-2) (1) (-14) (-15) GER 2-yr - 4.63 (-1) (-2) (-2) (-2) GER 5-yr - 4.63 (-1) (-2) (-3) (-48) (India 10-yr 7.16 (0) (5) (-9) (-60) Indonesia 10-yr 7.11 (16) (27) (5) (-164) index by 7 45 000 (0 142) Country and Market (142) Country and Department (142) Country and Department (142) For a country are worth Operated Consequility (142) For a country are worth O 2-yr sovereliga spreads (opprint 6 Belgum 12 (0) (1) (1) (8) France 6 (1) (0.9) (-9) (5) Instand 26 (2) (1) (7) (12) Italy 54 (9) (1) (-2) (22) Netherlands 5 (2) (2) (-1) (8) Portugal 114 (-9) (7) (-16) (69) Spain 44 (0) (-1) (-1) (5) Efficient attack. Syst Convenient CD5 Syst CD5 Appension 266 (8) (5) (422 (+16928) Syst CD5 Appension 266 (8) (1) (34 (+24) Syst CD5 Book 268 (8) (1) (41 (+16) Syst CD5 Book 200 (1) (1) (37 (-16) Syst CD5 Book 200 (1) (1) (37 (5-yr CDS Poland72 (0) (-1) (-20) (0) 5-yr CDS Russia 229 (0) (0) (3) (-73) 5-yr CDS Turkey 246 (0) (10) (-31) (-27) 5-yr CDS China 102 (0) (-1) (-0) (-0) 5-yr CDS India 136 (0) (-10) (-17) (-12) 5-yr CDS Indonesia 136 (0) (-5) (-24) (-90) Large Spanish banks CDS 126 (2) (8) (4) (-11) Medium Spanish banks CDS 158 (8) (6) (0) (1) Greek banks CDS 1164 (6) (272) (281) (-488) Russian banks CDS 336 (6) (-2) (1) (-46) Corporate risk (changes in bps) EMU Non-financial CDS 9 (6) (0) (-197) (-173) UK Non-financial CDS 9 (0) (0) (-157) (-192) Interbank markets (changes in bp) UEM DIS spread 3m 6 (0) (6) (1) (1) (5) UEM DIS spread 12m 35 (8) (9) (9) (1) UEM TED spread 3m 49 (0) (1.6) (4) (9) Libor 3m 0.83 (8) (2) (10) (21) Libor 12m 1.63 (8) (7) (16) (36) Main equity indices SAFF00 2199.2 (8.3) (9.5) (9.6) (7) SAFF00 2199.2 (8.3) (9.5) (9.6) (7) Flow James 199.2 (4.6) (9.6) (1.0) (7) 1866at 1969.7 (4.6) (9.6) (4.6) (2.1) (1.6) EuroStree 50 299.7 (1.1) (2.7) (7.1) (9.6) EuroStree 50 299.7 (1.1) (2.7) (7.1) (9.6) EuroStree 50 299.7 (1.1) (2.7) (7.1) (9.6) EuroStree 50 299.7 (1.1) (4.5) (4.2) (9.6) EuroStree 50 299.7 (1.1) (4.5) (4.2) (9.6) CADLASE 5 (8.7) (4.5) (9.7) (9.7) ASE Affects 567.9 (9.7) (4.8) (4.6) (9.7) Donk stocks JPM 66 (0.3) (8.4) (3) (8) Cal 467 (0.2) (0.3) (6.5) (-9) BoA 15.3 (0.3) (0.0) (6.4) (-9) MS 38.7 (0.4) (1.6) (6.2) (-3) GS 966.4 (0.1) (0.4) (3.7) (-6) Large Spanish banks 60 2 (2.3) (-0.9) (-1.5) (-2) Santander 3.8 (2.8) (-1.1) (-2.8) (-17) BBVA 5.2 (1.9) (-0.7) (-0.5) (-22) BBVA 5.2 (1.9) (4.7) (4.5) (42) Medium Spanish bantus 59.1 (1.5) (1.2) (0.5) (48) Calculations 2.3 (1.5) (2.5) (6) (27) Popular 1.2 (3.1) (3.6) (7.1) (67) Sobadell 1.2 (1.3) (4.8) (6.4) (48) Bankiner 6.2 (6.9) (1.3) (4.4) (6) Bankiner 6.2 (6.9) (1.3) (4.6) (58) Emerging Markets Main equity indices MSCI Latan 72237 (-125) (-15) (15) (218) (bovespa (Brazil) 57781 (-22) (-23) (2) (33.3) Meshol 4223 (1) (-0.8) (2) (12.8) Membel 48293 (B) (-0.8) (2) (12.3) MSCI EM Europe 4894 (0.46) (-1) (2.2) (5.5) Poland 5900 (0) (-1.1) (-0.2) (-1.2) Mices (Filassa) 1979 (1) (-1) (-1) (2.7) (12.4) Ise 100 (Turkey) 77953 (-0.2) (-0.7) (8.9) (6.5) MSCI EM Asia 713 (-0.27) (-0.1) (3.5) (7.9) Shanghal Composite (China) 3005 (-0.75) (-1.3) (1.5) (-13.7) Jakata Composite (Indonesia) 6427 (0.2) (2) (4) (10) Bank stocks Turkini banks 82 (-0.3) (0.4) (10.1) (11.6) Akbank T.A. 5. 6.1.2) (0.3) (7.3) (10.5) Garand 6 (-0.3) (-1.3) (3.1) (3.1) Turkys is Banks 5 (-4.6) (0.6) (13.1) (5) Foundain banks 176 (1.6) (1.5) (1.5) (1.5) Sankshark 10.2 (2.1) (6) (1.3) (8.6) (15.3) VIB Bank 0.1 (0.7) (1.3) (8.6) (15.3) Currencies (in percentage, positive for dollar depreciation) EUROSCO 137 (-011) 238 (3) (-0.1) EUROSCO 137 (-011) 238 (3) (-0.1) EUROSCO 132 (-0.3) (168) (66) (163) EUROSCO 132 (-0.3) (168) (66) (163) EUROSCO 132 (-0.3) (168) (66) (168) EUROSCO 132 (-0.3) (168) EUROSCO 133 (-0.3) (168) EUROSCO 133 (-0.3) (168) Emerging Markets USBLARS (Appendixs) 14.84 (0) (-1.1) (0.5) (-5.4) (1.8) (1.80 (1.9) USDPUN (Paland) 3.8 (0.1) (-0.4) (6.4) (7) USDRUB (Rassia) 64.5 (0.5) (-1) (0.5) (11.1) USDRY (Turbon) 2.54 (0.1-0.4) (0.1-0.5) USDDAY (China) 6 64 (0.1) (-0.2) (0.6) (-2.3) USDDAY (India) 6 7.06 (0.2) (-0.4) (0) (-1.4) USDDAY (India) 6 7.06 (0.2) (-0.4) (0) (-1.4) USDDAY (India) 6 7.06 (0.2) (0.4) (-1.4) ADRY 107.35 (0.1) (-0.7) (0.6) (0.8)



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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