

## Market Comment | Cautious trade ahead of Yellen's speech

Global Financial Markets Unit 25 Aug 2016

- The calm in the markets remained once again, with little change in main indicators, but slightly higher risk aversion was perceived in European markets. IFO's German business confidence index deteriorated in August (falling by 2 points to 106 points), both the expectations and the current situation components decreased in August, one with the steepest monthly drop since 2014. In Spain, GDP growth rate (Q216) showed higher activity than preliminary estimations (0.8% QoQ vs 0.7% expected). Meanwhile in US, July durable goods orders rebounded more-than-expected (1.5%MoM, consensus 0.5%MoM, prior -0.3%MoM). Thus, the updated Atlanta's Fed GDPNow forecast is 3.4% for 3Q16, slightly down from the previous estimate of 3.6%.
- European indices fell across the board (Euro Stoxx 50 -0.7%, Dax -0.9%), while US (S&P500 +0.1%) went almost flat. Asian shares fell (Nikkei -0.2%, DJ Shanghai -0.67%) following yesterday's PBOC meeting to discuss liquidity conditions with lenders so as to limit the increasing maturity mismatch.
- No major changes in either debt or major currencies. Meanwhile, **oil prices went higher** (+1%), after yesterday's fall, amid renewed hopes of a fruitful OPEC meeting as Iran's oil minister Bijan Zanganeh will attend the meeting in Algeria in September. Some EM currencies appreciated today (COP and CLP close to 1%, while TRY, RUB close to 0.5%), with some exceptions (MXN, BRL ending up almost flat).

Update 17.45 CET 25 August, 2016 Table 1



## (Current level and changes at daily, w Debt markets (changes in bp) Developed literature US 2-yr 8 78 (2) (8) (2) (27) US 5-yr 15 (1) (4) (2) (4) US 70-yr 157 (1) (3) (1) (70) Jupan 16-yr -0.09 (2) (0) (16) (35) Jupan 10-y- 0.89 (-2) (0) (16) (55) GER 2-yr - 4.62 (1) (11) (1-1) (-27) GER 5-yr - 4.62 (1) (1-1) (-46) GER 5-yr - 4.67 (2) (1-1) (-47) Belgium 50 yr - 0.67 (2) (1-1) (-47) Belgium 50 yr - 0.67 (2) (1-1) (-47) Genece 50-yr - 65 (2) (1-1) (-47) Genece 10-yr - 65 (2) (1-1) (-47) Methodenois 50-yr - 0.01 (1-7) (-67) Spain 30-yr - 0.32 (-1) (1-17) (-46) Spain 19 yr 0.22 (-1) (1) (-1) (-25) Spain 19 yr 0.12 (-1) (1) (-1) (-25) Earl 19 yr 1.12 (1-2) (1) (1) (-144) Calls 19 yr 1.25 (-1) (-1) (-10) Colomba 10 yr 2.20 (-2) (-4) (-20) (-13) Mexics 10 yr 5.5 (-2) (-1) (-2) (-21) Pers 10 yr 5.6 (0) (-12) (-21) (-21) Possio 5 yr 6.5 (-2) (-2) (-21) (-23) Rossio 5 yr 6.5 (-2) (-2) (-2) (-2) Turkyr 10 yr 5.6 (-2) (-2) (-2) (-2) Turkyr 10 yr 5.6 (-2) (-2) (-2) (-2) Turkyr 10 yr 5.6 (-2) (-2) (-2) (-2) India 10-yr 7.12 (-1) (-2) (-13) (-64) Indonesia 10-yr 7.07 (-3) (-25) (-6) (-168) Energips associated by a considerable Service (1984) (1984 5-yr CDS PolandT6 (1) (-1) (-10) (5) 5-yr CDS Russia 230 (3) (6) (2) (-71) 5-yr CDS Turkey 243 (2) (6) (-25) (-30) 5-yr CDS China 101 (1) (-3) (-9) (-7) 5-yr CDS India 132 (0) (-11) (-19) (-17) 5-yr CDS Indonesia 148 (2) (-3) (-22) (-87) Large Spanish banks CDS 121 (-2) (0) (-15) (-16) Medium Spanish banks CDS 155 (-5) (0) (-7) (-3) Greek banks CDS 997 (-133) (-56) (89) (-655) Russian banks CDS 330 (-6) (-4) (-3) (-52) Corporate risk (changes in bps) EMU Non-financial CDS 8 (6) (6) (-197) (-173) UK Non-financial CDS 9 (6) (0) (-158) (-192) Interbank markets (changes in bp) UEM ORS spread 3m 6 (0) (0) (0) (-5) UEM ORS spread 12m 34 (8) (-1) (-1) (0) UEM TED spread 3m 50 (0) (-1.6) (5) (9) US OIS spread 3m 38 (0) (-1) (6) (15) US OIS spread 12m 98 (-1) (-3) (8) (42) US TED spread 3m 51 (8) (-1) (7) (6) US 1ED spread 3m 51 (II) (-1) (7) (9) Spain Ted Spread 3m 4 (0) (-1) (3) (-1) EONA Index -0.34 (0) (-0.2) (-1) (-21) Euriber 3m -0.3 (0) (II.1) (0) (-17) Euriber 12m -0.95 (II) (II) (0) (-11) Libor 3m 0.83 (8) (1) (8) (21) Libor 12m 1.63 (8) (1) (13) (36) Large Spanish banks 61.5 (-0.8) (3.1) (3.4) ( Santander 3.9 (-0.3) (3.6) (2.6) (-16) BBVA 5.3 (-1.1) (2.8) (4.1) (-21) Selection 3.5 (2.7), 134 (2.6) (19.6) Mexican Spariot basis 5.7 (2.7), 15 (2.6) (2.8 Emerging Markets Main equity Indices MSCI Laten 79375 (428) (-2) (0.9) (21.2) (bovespa (Bazzl) 57798 (4.5) (2.7) (1.5) (33.1) Meshol 47744 (3.2) (-1.1) (1.3) (11) MSCI EM Europe 4453 (0.62) (0.5) (0.5) (0.5) (0.6) (4.6) Poland 1766 (0.2) (0.5) (1.5) (0.5) (1.5) (0.5) (1.6) (0.5) (1.6) (0.5) (1.6) (1. MSCI EM Asia 710 (-0.44) (-0.2) (7) (7.4) Shanghai Composte (China) 3006 (-0.12) (-0.0) (-0.2) (-13.6) Jakata Composte (Indonesia) 5504 (-0.2) (0.6) (3.5) (18) Bank stocks Turkish banks 81 (1.6) (-2.5) (6.7) (90.2) Al-bank T.A.S. 8 (0.3) (-3.7) (4.8) (16.9) Gazant 8 (1.5) (-2.6) (7) (7.6) Turkiye In Bankasi 5 (2.8) (-0.6) (6.7) (5.4) Russian banks 160 (1.8) (3.3) (3.6) (19) Sberbank 143 (2.4) (4.3) (5.2) (41.1) VTB Bank 0.1 (0.4) (0.7) (-0.3) (-15.3) Emerging States at USSARS (Aggeding) 14.89 (4.2) (8.3) (0.4) (15.1) USSBRI, (Bayering) 322 (9) (0.5) (1.5) (19.6) USSBRI, (Bayering) 322 (9) (0.5) (1.5) (19.6) USSDCP (Chindry 563.31 (1) (1.1) (1.3) (6.9) (5) (8.5) USSDCP (Chindry) 3295 (1.1) (3.9) (5) (8.5) USSDCR) (Mexico) (9.4) (1.2) (1.3) (1.9) (7.1) USSPCRN (Perg) 3.35 (8.9) (1.4) (3.7) (1.9) USSPCRN (Perg) 3.35 (8.9) (1.4) (3.7) (1.9) USSPCRN (Perg) 3.55 (8.9) (1.5) (1.2) (1.5) USDPUN (Paland) 3.84 (-0.4) (-1.7) (3.3) (2) USDRUB (Russia) 64 72 (0.8) (-1.7) (1.6) (10.8) USDRUB (Russia) 64 72 (0.8) (-1.7) (1.6) (10.8) USDINY (China) 6.66 (0) (-0.4) (0.2) (-0.6) USDINY (India) 6.06 (0) (-0.4) (0.2) (-1.4) USDINY (India) 67.06 (0.1) (-0.4) (0.3) (-1.4) USDINY (Indianesia) 1322 (0.1) (-0.5) (-0.5) (-0.4) ADINY 107.37 (0.2) (-0.5) (0.6) (0.8) Appr. 163 7 (6 2) (6 1) (6 1) (7 1)



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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