

Market Comment | Cautious mood prevails in markets

Global Financial Markets Unit 31 Aug 2016

- The markets remained in calm mood on the last day of August, despite positive economic data from the US, mainly labour market data which support higher expectations of a Fed interest rate hike. US pending homes sales beat the consensus in July, as well as non-farm ADP employment data (177K, consensus 175K, prior 194K). However, August Chicago PMI fell more than expected (51.4, 54 consensus, prior 55.8). Along the same lines of recent comments from Fed members, the Fed's Rosengren suggested that the US economy would soon reach its goals on employment and inflation, and that higher interest rates would reduce some economic risks. In Europe, euro zone inflation disappointed in August (0.2%YoY, consensus 0.3%YoY, prior 0.2%YoY), while UK consumer confidence rebounded in August, after the collapse right after the Brexit outcome.
- Equities markets reflected the calm mood, with **no significant movements across the board** (S&P500 -0.4%, Dax -0.5%). Nonetheless, European **banks continued outperforming** (+2.2%), thereby recovering some ground since suffering from the Brexit outcome. Although Japan industrial output deteriorated, the Nikkei gained some ground (+0.97%), helped by a weaker yen.
- Bond markets also reflected a similar mood on the last day of August, with no important movements. The
 most notable event was that European peripheral risk premiums inched up (ITA +1 bps, SPA +4 bps).
- The USD remained stable (DXY -0.1%), although continued its appreciation against JPY (-0.44%). Meanwhile, US stockpiles data rose more than previously expected, dragging down oil prices significantly (-2.4%). Consequently, EM currencies mainly depreciated (MXN -0.2%, CLP -0.7%, COP -0.5%), with the exception of TRY.

Update 17.45 CET 31 August, 2016 Table 1



[Current level and changes at daily, we Debt markets (changes in bp) Developed flatiests US 2-ys 179 (-1) (1) (7) (-24) US 5-ys 178 (-1) (3) (1) (-16) US 5-ys 178 (-16) (-17) Jupan 16-yr -0.05 (1) (1) (7) (-30) Japan 1-byr - 0.86 (1) (1) (7) (3) GER 2-yr - 4.82 (6) (1) (1) (4) (2) GER 5-yr - 4.82 (6) (1) (1) (4) GER 5-yr - 5.85 (1) (1) (1) (48) GER 5-yr - 6.86 (1) (2) (3) (4) (4) Falson 5-yr - 6.86 (1) (2) (4) (4) Falson 5-yr - 6.86 (1) (2) (4) (4) Falson 5-yr - 6.86 (1) (4) (4) (4) Falson 5-yr - 6.80 (1) (4) (4) (4) Falson 5-yr - 6.80 (2) (2) (4) (4) Falson 6-yr - 6.80 (2) (2) (4) (4) Falson 78-yr - 1.81 (6) (4) (4) (4) Spain 78-yr - 1.81 (6) (7) (4) (7) Spain 78-yr - 1.81 (6) (7) (4) (7) India 10-yr 7.11 (0) (-3) (-3) (-65) Indonesia 10-yr 7.11 (-4) (2) (21) (-163) index by 1 (1 (6)) (3) (40) Country and Anthropes (4) (3) (4) Country and Designer (4) (4) For exempting several plants demand For exempting several plants demand Force 3 (1 (1)) (1) (1) Force 1 (1 (1)) (1) (1) Force 3 (1 (1)) (1) (1) Force 3 (1 (1)) (1) (1) Force 4 (1 (1)) (1) (1) Force 3 (1 (1)) (1) (1) Force 4 (1 (1)) (1) For 2-ys sovenelga spenadi (apanal Gam Belgium 9 (-1) (5) (-1) (5) France 4 (0) (-1 2) (-3) (1) India 24 (-1) (-1) (1) (10) Indy 53 (1) (0) (-3) (22) Netherlands 2 (0) (-3) (-2) (5) Policipal 155 (-2) (2) (13) (70) Spain 44 (1) (1) (0) (9) Efficient marked Syr convolution 231 (5) (8) (404 | 1694) Syr CDS Appendix 231 (5) (8) (424 | 1694) Syr CDS Della 55 (2) (2) (404 | 127) Syr CDS Della 74 (2) (6) (72) (52) Syr CDS Della 74 (2) (6) (72) (52) Syr CDS Della 75 (7) (7) (7) (7) Syr CDS Marked 367 (7) (1) (42) (43) Syr CDS Revis 201 (2) (6) (23) (6) 5-yr CDS PolandT5 (5) (-2) (-10) (3) 5-yr CDS Russia 219 (-3) (-9) (-17) (-83) 5-yr CDS Tarkey 242 (5) (8) (-28) (-31) 5-yr CDS China 100 (-1) (-1) (-10) (-5) 5-yr CDS India 132 (0) (1) (-21) (-10) 5-yr CDS Indonesia 143 (-1) (5) (-17) (-84) Large Spanish banks CDS 120 (-2) (-3) (-14) (-17) Medium Spanish banks CDS 151 (-5) (-8) (-7) (-7) Greek banks CDS 1075 (0) (-56) (167) (-577) Russian banks CDS 334 (-1) (-2) (-4) (-49) Corporate risk (changes in bps) EMU Non-financial CDS 8 (6) (0) (-195) (-173) UK Non-financial CDS 0 (0) (0) (-158) (-192) Interbank markets (changes in bp) UEM ORS spread 3m 5 (0) (0) (0) (-5) UEM ORS spread 12m 34 (0) (0) (-1) (1) UEM TED spread 3m 51 (0) (1) (6) (10) US OB spread 3m 51 (0) (1) (0) (10) (10) US OB spread 3m 51 (0) (4) (5) (4) (5) US OB spread 2m 58 (-1) (-1) (2) (42) US TED spread 2m 51 (-1) (0) (1) (6) Sprint OB spread 3m 51 (-1) (0) (1) (6) Sprint OB spread 3m 5 (1) (0.7) (1) (1) ED/MA Indoor, 0.3 (4) (0.2) (4) (27) (27) Euribor 12m -0.05 (8) (9) (0) (11) Libor 3m 0.84 (8) (2) (8) (23) Libor 12m 1.56 (8) (3) (13) (18) Gas Wat (4-1)(-1)(6-1)(4-1) HBDC 5055 (1-6)(4-1)(1-6)(4-1) HBDC 5055 (1-6)(4-1)(1-6)(4-1) HBDC 5055 (1-6)(1-6)(4-1) HBDC 5054 (1-6)(1-6)(1-6) HBDC 5054 (1-6)(1-6)(1-6) HBDC 5054 (1-6)(1-6)(1-6) HBDC 4054 (1-6)(1-6) HBDC 4054 (1-6) HBDC Large Spanish banks 64.3 (1.7) (3.7) (5 Santander 4 (2.6) (4.4) (8.6) (-12) BBVA 5.6 (1) (3.1) (10.8) (-17) Emerging Markets Main equity indices MSCI Laten 72370 (-0.05) (0.4) (1.6) (22) (bovespa (Brazil) 58575 (-0.1) (1) (2.2) (35.1) Meshol 47589 (0) (-0.2) (2) (10.6) Mexicol 47588 (8) (4.2) (2) (10.6) MSCI EM Europe 4458 (0.1) (4.5) (1.3) (4.5) Poland 1796 (1.2) (a.4) (2.2) (2.5) Microx (Rassia) 1996 (4.1) (4.2) (2.1) (12.7) Ise 100 (Turkey) 76119 (0) (1.5) (0.5) (4) MSCI EM Asia 715 (0.56) (0.3) (0.2) Shanghai Composite (China) 3075 (0.15) (-0.5) (3.2) (-13.9) Jakata Composite (Indonesia) 5362 (-0.2) (-1) (2.0) (17) Bank stocks Turkish banks 81 (0.5) (1.2) (1.4) (9.7) Akbank T.A.S. 8 (-0.3) (0.8) (0.1) (16.7) Gazant 8 (0.7) (1.1) (1.7) (7.2) Turkiye In Bankasi 5 (1.3) (1.5) (2.8) (4.6) Russian banks 181 (0.1) (2.4) (3) (19.6) Sberbank 143 (-0.1) (2.6) (3.3) (41.3) VTB Bank 0.1 (0.4) (1.5) (2.4) (-14.1) Emerging Markets USBARS (Aspertina) 14.89 (0.8) (4.2) (0.3) (4.5.2) USBARS (Aspertina) 14.89 (0.8) (4.2) (0.7) (16) (18) USBORL (PAUL) 255 (4.7) (4.4) (2.3) (4.7) USBORL (PAUL) 257 (2.7) (4.4) (2.3) (4.7) USBORN (PAUL) 257 (7.6) (1.6) (4.2) (2.7) (1.6) (4.2) (1.6) USBORN (Mexico) 10.85 (4.2) (4.2) (9.7) (4.6) USBORN (PAUL) 24 (4.6) (4.7) (4.7) (9.5) (5.8) UACH 64 82 (4.3) (4.1) (0.2) (2.2) USDPUN (Paland) 1.91 (0) (-2.3) (-0.2) (0.3) USDRUB (Russia) 65.36 (0.1) (-0.2) (2.4) (9.9) USDRUY (Turkey) 2.96 (0.1) (-0.3) (1) (-1.4) USDCNY (China) 6.68 (0) (4.3) (4.5) (4.2) USDNR (India) 65.96 (0.1) (2.2) (4.3) (-1.2) USDDR (Indonesia) 13278 (1) (4.7) (-1.7) (3.8) ADRY 166.98 (0.1) (4.2) (4.6) (0.4) Azor 158 g. 1) (2.1) (6) (p. 1) Sent. 12.1 (2.1) (1.1



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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