

## Market Comment | Financial markets little changed at the beginning of the week

Global Financial Markets Unit 05 Sep 2016

- Early in the trading session the markets were in a positive mood amid positive services PMI data and ahead of the ECB's monetary policy meeting on Thursday. China continued to turn out positive news as the Caixin services PMI (Aug) indicated faster growth than expected (52.1, consensus 51.9, prior 51.7). This positive news may be confirmed by the exports and imports data to be published on Thursday. In the euro zone, services PMI data went down slightly (52.8, consensus 53.1, prior 53.1), due to the worse-than-expected data from Germany, but partially offset by better-than-expected data from Spain, Italy and France. Rebound in oil prices (which rose by around 5% during the session) due to hopes of an agreement between Russia and Saudi Arabia. Nonetheless, the positive mood in oil prices moderated as details of the commitment were unveiled, the market's expectations were not met and this dragged down other risk assets as the session went by. This week might be driven by economic data and central banks' stance (BoE's Carney and FOMC's Williams are set to speak this Wednesday, ECB meeting on Thursday).
- In equity markets, little variation was perceived. US markets remained closed for Labor Day, whereas
   European markets moderated the early positive mood in which they opened, ending up almost flat at
   the end of the session. Nikkei went higher (+0.7%) supported by the comments made by BoJ's
   Koruda during the G20 meeting, signalling its determination to ease monetary policy further to
   achieve inflation targets, dismissing the rumours that BoJ is reaching its limits. In this environment, no
   significant variations were shown in bond markets, with main sovereign bond yields inching down.
- The EUR (Euro index, +0.2%) and the USD (DXY +0.1%) remained stable, while the JPY (+0.5%) strengthened despite the comments made by Koruda. The GBP also rose (+0.26%), pushed up by encouraging UK services PMI data, which unexpectedly rose, shoring up the recent Brexit resilience shown by the UK's economy. On the other hand, high volatility in oil prices amid speculation on an OPEC deal remained on the move: early in the session oil prices spiked on reports that Russia and Saudi Arabia will work for an output freeze, ahead of an informal OPEC meeting in late September, but the final announcement trimmed the significant gains (+1.3%). In this context, EM currencies inched up (MXN +0.2%, TRY +0.1%).

Update 17.45 CET 05 September, 2016 Table 1



## [Current level and changes at daily, w Debt markets (changes in bp) Developed flat less US 2-ys 179 (0) (2) (19) (3) US 5-ys 179 (0) (2) (19) (3) US 9-ys 179 (0) (2) (19) (3) US 9-ys 15 (1) (1) (10) (47) Japan 16-ys -0.03 (1) (3) (5) (-30) Japan 19yr -0.13 (1) (1) (5) (-30) GER 2yr -0.64 (1) (1) (2) (2) GER 5yr -0.64 (1) (1) (2) (4) GER 79yr -0.64 (1) (1) (2) (4) GER 79yr -0.64 (1) (1) (2) (2) GER 79yr -0.62 (1) (1) (2) (2) GER 79yr -0.62 (1) (2) (2) Jacksonium 19yr -0.62 (1) (1) (2) Jacksonium 19yr -0.62 (1) (1) (2) Spain 19yr 1.51 (2) (7) (2) (77) Spain 19 yr 1.81 (2) (7) (2) [77] Spain 19 yr 1.18 (1.2) (1 (2) [77] Smail 19 yr 1.18 (1.2) (1 (10) (145) Chall 19 yr 1.18 (1.2) (1 (10) (145) Chall 19 yr 1.80 (1) (1) (11) (11) Colombia 10 yr 7.80 (0) (11) (12) (12) Pers 10 yr 5.65 (0) (0) (14) (18) Polan 10 yr 5.65 (0) (0) (11) (11) (12) Possio 5-yr 6.85 (14) (11) (13) (17) Rossio 5-yr 6.85 (14) (17) (30) (147) Turkyr 10 yr 2.85 (17) (18) (147) Turkyr 10 yr 2.85 (17) (18) (147) India 10-yr 7.12 (0) (0) (-5) (-64) Indonesia 10-yr 6.9 (-6) (-24) (-1) (-185) index by 17 2000 (6) 140 (140) Spain on (-2) (1) (3) (4) 2 yr soweeliga speeds (against Ger Bedgium 9 (-3) (8) (9) (5) Fance 5 (1) (-8 1) (-2) (1) Instant 28 (9) (2) (6) (11) Insty 56 (9) (2) (2) (21) Netherlands 3 (9) (1) (8) (8) Portugal 115 (9) (4) (11) (9) Spain 49 (1) (6) (4) (13) Exerging became \$\( \) \text{Sy convolute} \( \) \text{CSS} \( \) 5-yr CDS PolandT3 (1) (2) (-16) (1) 5-yr CDS Russia 212 (-8) (-9) (-22) (-56) 5-yr CDS Turkey 243 (-3) (6) (-24) (-36) 5-yr CDS China 98 (-2) (-3) (-14) (-10) 5-yr CDS India 132 (3) (1) (-21) (-16) 5-yr CDS Indonesia 147 (-1) (6) (-13) (-80) Syr CDS Members 41 (1-1) (6-1) Large Spanish banks CDS 113 (-4) (-8) (-21) (-24) Medium Spanish banks CDS 146 (-4) (-18) (-16) (-11) Greek banks CDS 1042 (24) (-16) (-35) (-610) Rossian banks CDS 338 (0) (2) (0) (-44) Corporate risk (changes in bps) EMU Nan financial CDS 0 (0) (-181) (-107) (-173) UK Non-financial CDS 0 (0) (-145) (-157) (-192) Interbank markets (changes in bp) UEM DIS spread 3m 0 (0) (4) (5) (-11) UEM DIS spread 12m 34 (8) (9) (-1) (1) UEM TEO spread 3m 50 (0) (1.2) (8) (9) US OIS spread 3m 38 (0) (0) (1) (16) US OIS spread 12m 98 (0) (2) (-3) (42) US TED spread 3m 52 (0) (-1) (-2) (7) US 1ED spread 3m 52 (I) (-1) (-2) (7) Spain Ted Spread 3m 6 (3) (2.6) (3) (2) EONA Index -0.34 (0) (II.6) (0) (-21) Euriber 3m -0.3 (I) (-0.4) (II) (-17) Euriber 12m -0.95 (I) (I) (-1) (-11) Libor 3m 0.84 (8) (8) (5) (22) Libor 12m 1.96 (8) (2) (8) (38) House SS1.4 (6.27) 6.4 (12.41)0) RBS: 195.6 (-3.27) 6.4 (12.41)0 RBS: 195.6 (-3.27) 6.4 (12.41)0 RBS: 195.6 (-3.27) 6.3 (12.41)0 RBS: 195.6 (-3.27) 6.3 (12.51)0 RBS: 295.6 (-3.27) 6.3 (12.31)0 RBS: 295.6 (-3.27) 6.3 (12.31 Large Spanish banks 65.7 (0.2) (5.7) (14.7) (-15 Santander 4.1 (0.5) (6.5) (14.8) (-10) BBVA 5.7 (0) (5.1) (14.7) (-16) 88VA 57 (0) (5:1) (14.7) (-18) Nedium Spanish banks 82.9 (1) (5) (11.3) (-24) Calcabanks 2.4 (-2.3) (4) (11.6) (-24) Popular 1.2 (0.7) (7.6) (8.3) (-55) Substatel 1.2 (0.7) (7.6) (8.7) (-23) Bankine 6.7 (0.7) (5) (8.7) (-23) Bankine 6.8 (-0.7) (5) (9.7) Bankine 0.8 (-0.7) (5.9) (19) (-27) cwinia 0.8 (4.1) (5.9) (19) (27) Greek banks: 2.9 (2.8) (13.7) (7.3) (36) Alpha Bankt, 8 (-2.7) (12.6) (23) (28) Press Bankt, 9 (-2.6) (13) (47) (47) National Central Bankt, 2 (2.4) (5.3) (11.1) (42) Eurobank, Ergassa 5 (-3.2) (19.8) (21.4) (-41) Emerging Markets Main equity indices MSCI Latan 73299 (1.42) (2.2) (3) (23.5) (bovespa (Brazil) 55673 (8.1) (3.4) (4.5) (37.7) Meshol 47831 (8.2) (1.1) (2.2) (11.3) MSCI EM Europe 4493 (1.15) (0.5) (3.4) (5.8) Poland 1788 (1.2) (8.7) (0.1) (3.8) Micex (Russia) 2019 (8.7) (1.3) (5.2) (14.6) Ise 100 (Turkey) 77792 (1.2) (0.3) (4.3) (6.3) MSCI EM Asia 713 (0.31) (0.3) (4.2) (7.9) Shanghai Composte (China) 2072 (0.15) (0.1) (2.1) (-14) Jakata Composte (Indonesia) 5357 (0.1) (-1.5) (0.1) (17) Bank stocks Turkish banks 84 (1.8) (4.7) (5.6) (14.3) Ahbank T.A.S. 8 (2.7) (4.5) (5.5) (22.2) Gazant 8 (2.3) (6.5) (7.7) (13.8) Turkiye In Bankasi 5 (0.8) (2.5) (3.2) (5.5) Russian banks 191 (1.3) (5.7) (8.7) (26.1) Sberbank 149 (1.7) (4.1) (9) (47.6) VTB Bank 0.1 (0.3) (9.8) (8.1) (-7.2) Currencies (in percentage, positive for dollar depreciation) \*\*Developed Backets\*\* \*\*Deve Emerging Market USBARS (Appetition) 15 (0.1)(0.7) (-1) (-15) USBARS (Appetition) 15 (0.1)(0.7) (-1) (-15) USBORC (Bloss) 2.55 (0.2) (-1) (-2.2) (17.5) USBORC (Polision) 673.44 (-0.3) (-0.3) (-0.3) (-0.3) USBORC (Polision) 2395.2 (0.1) (-0.5) (-0.5) (-0.5) USBORC (Polision) 2395.2 (0.1) (-0.5) (-0.7) USBORC (Mexico) 95.5 (0.2) (0.7) (-1.7) USBORC (Mexico) 3.7 (0.1) (-2.7) USBORC (Mexico) 3.7 (0.1) (-2.7) UACI 64.33 (0) (-0.7) (-2.7) (-7.7) USDPUN (Paland) 3.91 (0.1) (4.7) (-1.5) (0.4) USDRUB (Russia) 64.91 (0.4) (4.3) (1.2) (10.5) USDRUF (Turkey) 2.95 (0.1) (0.12) (-1.1) USDCNY (China) 6 66 (0) (0.1) (4.5) (4.5) (4.8) USDNR (India) 66 63 (0) (0.5) (0.1) (-1) (-1) USDNR (Indonesia) 13156 (0.7) (0.8) (-0.1) (4.6) ADRY 167.39 (0.3) (0.3) (-0.1) (0.8)

Flash

2





## [Current level and changes at daily, weekly, monthly and annual frequencies] Debt markets (changes in big) 103 ye 7 90 (43) (41 (43) 104 ye 17 90 (43) (41 (43) 104 by 18 (16) (41) (41) 104 by 18 (16) (41) (41) GER 2-yr -0.64 (-1) (-2) (-3) (-29) GER 5-yr -0.51 (-1) (8) (2) (-46) GER 10-yr -0.047 (8) (4) (5) (-68) Deligion 16-yr 0.19 (1) (3) (3) (78) Belgion 16-yr 0.19 (4) (3) (3) (78) Fance 16-yr 0.25 (8) (9) (2) (2) (4) Gence 16-yr 0.15 (2) (yr 18) (-18) Initial 16-yr 0.24 (4) (1) (1) Inity 16-yr 1.19 (-18) (1) (1) (1) Rethelands 10-yr 0.06 (-1) (1) (1) (74) Ponagal 10-yr 0.85 (6) (2) (18)(5) Spain 16-yr 1.01 (2) (7) (2) (77) India 10-yr 7.12 (0) (0) (-5) (-64) Indonesia 10-yr 6.9 (-5) (-24) (-1) (-185) Country risk (changes in bp) Spain 135 (2) (1) (4) (4) 5.31 convertige general (spaint) Gentrary) Delyam 7 (-1) (1) (1) (1) Flance 13 (1) (1) (1) (1) Spain 2 (-1) (1) (1) (2) (2) Island 5 (1) (2) (2) (2) Island 5 (2) (2) (2) (2) Spain 46 (2) (1) (3) (2) Spain 46 (2) (1) (3) (4) 5-yr CDS Poland73 (1) (2) (-14) (1) 5-yr CDS Russia 212 (-8) (-5) (-22) (-50) 5-yr CDS Turkey 243 (-3) (5) (-24) (-30) 5-yr CDS China 98 (-2) (-3) (-16) (-10) 5-yr CDS India 132 (3) (1) (-21) (-16) 5-yr CDS Indonesia 147 (-1) (6) (-13) (-80) Bask clik (changes in bp) US banks CDS 77 (1) (1) (6) (2) EMI banks CDS 70 (1) (1) (6) (2) EMI banks CDS 101 (3) (6) (6) (2) UK banks CDS 84 (2) (6) (4) (2) UK banks CDS 84 (2) (6) (4) (7) Large Spanish banks CDS 113 (4) (4) (4) (41) (44) Medium Spanish banks CDS 146 (4) (-10) (40) (-11) Greek banks CDS 1042 (24) (-15) (-35) (-410) Russian banks CDS 330 (0) (2) (0) (-44) Corporate risk (changes in &ps) EMU Non-financial CDS 0 (0) (-101) (-107) (-173) UK Non-financial CDS 0 (8) (-145) (-157) (-152) Interbank markets (changes in bp) UEM 018 spread 3m 0 (0) (5) (-5) (-11) UEM 018 spread 12m 34 (0) (6) (-1) (1) UEM 1ED spread 3m 50 (8) (-12) (6) (7) US OIS spread 3m 38 (6) (8) (1) (10 (5) US OIS spread 12m 98 (8) (2) (4) (42) US TED spread 12m 98 (9) (2) (4) (42) US TED spread 12m 52 (0) (-1) (-2) (7) Spain Ted Spread 3m 6 (3) (2.6) (3) (2) EOMA Index -0.34 (0) (0.6) (8) (4) (-17) Eurobor 2m -0.3 (8) (4.4) (6) (47) (7) Eurobor 12m -0.05 (8) (8) (4) (-17) Libor 2m 0.84 (0) (0) (5) (22) Libor 12m 1.96 (0) (2) (8) (36) Moin capity incision SAFF98 2186 (0) (0) (0) (1) [1] [3] [6] SAFF98 2186 (0) (0) (1) [1] [3] [6] SAFF98 2186 (0) [4] [7] [1] [8] [6] SAFF98 218 (0) [8] [7] [8] [8] [7] FIZE 100 666 (7) [4] [7] [8] [8] [7] FIZE 100 666 (7) [4] [8] [7] [8] FIZE 100 666 (7) [7] [8] [8] FIZE 100 666 (7) [7] [8] [8] FIZE 100 666 (7) [8] FIZE 100 676 (7) [8] FIZ HSBC \$818 (2.7) (8.4) (17.5) (6) RSC \$196.4 (1.5) (4.4) (2.5) (5) RSC \$196.4 (1.5) (4.4) (2.5) (5) Holyda \$15.4 (2.3) (2.6) (1.6) (1.7) Holyda \$15.4 (2.3) (2.6) (1.6) (1.7) EAU boxes \$0.5 (4.5) (6.5) (1.7) (2.7) RP4 \$1.4 (4.9) (6.5) (6.5) (1.7) (2.7) RP4 \$1.4 (4.9) (6.5) (6.5) (1.7) (2.7) RP4 \$1.4 (4.9) (6.5) (1.7) (1.7) (2.7) Holyda \$1.4 (4.7) (6.5) (1.7) (6.7) (1.7) (1.7) (1.7) Horses \$2.2 (4.9) (7.3) (7.3) (1.7) Horses \$2.2 (4.9) (7.3) (7.3) (7.3) Horses \$2.2 (4.9) (7.3) (7.3) (7.3) Large Spanish banks 65.7 (0.2) (5.7) (14.7) (-13) Santander 4.1 (0.5) (6.5) (14.8) (-10) BBVA 5.7 (6) (5.1) (14.7) (-16) Emerging Markets Main equity Indices MSCI Latern 73259 (1.62) (2.2) (3) (23.5) Ibovespa (Bezzi) 55673 (0.1) (3.4) (4.5) (37.7) Menbel 47891 (0.2) (1.1) (2.2) (11.3) MSCI EM Europe 4403 (1.15) (6.5) (3.4) (5.8) Poland 1788 (1.2) (2.7) (-0.1) (-3.8) Moox (Pausia) 2919 (6.7) (1.3) (5.2) (14.6) Ise 100 (Turkey) 77792 (1.2) (6.9) (4.3) (6.3) MSCI EM Asia 713 (0.31) (0.3) (4.2) (7.9) Shanghai Camposite (China) 3072 (0.15) (0.1) (3.1) (-14) Jakanta Composite (Indonesia) 5357 (0.1) (-1.5) (0.1) (17) Bank stocks Turkish banks 84 (1,8) (4,7) (5,6) (14,3) Albanek T.A. 5 (2,7) (4,5) (5,5) (22,2) Gasonil 8 (2,7) (4,5) (7,7) (1,18) Turkiyle Is Banks 5 (6) (8,25) (6,2) (5,9) Roussian banks 191 (1,3) (5,7) (6,7) (25,1) Sharbank 149 (1,7) (4,1) (9) (47,5) TS Bank 6,1 (8,7) (8,7) (25,1) Energing Blankes USDAACS (Appelland) 15 (-6.1) (0.7) (-1) (-15) USDAACS (Appelland) 13.6 (-0.2) (-1) (-2.2) (17.6) USDODE, ((Book)) 13.6 (-0.2) (-1) (-2.2) (17.6) USDODE ((Colleand)) 2015 2.6 (10.6) (-1.6) (-1.6) USDODE ((Colleand)) 2015 2.6 (10.2) (0.5) (1.5) (-7.7) USDAMON ((Moskoo)) 93.5 (4.0.2) (0.5) (1.5) (-7.7) USDAMON ((Moskoo)) 93.5 (0.6) (-2.0.1) (0.8) USDAMON ((Moskoo)) 93.5 (0.6) (-2.0.1) (-6.0.8) USECHIEF PARE 3 200 (4.5)-1.4 (6.0) II USECHIEF PARE 3 200 (4.5)-1.4 (6.0) II USECHIEF PARE 3 200 (4.0) II USECHIEF PARE 3

Flash

4





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.