

# Market Comment | Market little changed despite unexpected rise in China's reserves

Global Financial Markets Unit  
07 Mar 2017

- **Financial markets continued little changed** for a second session in a row, as there were no significant surprises either in current sources of volatility or in economic data. The positive figures for **China's foreign exchange reserves in February (they rose unexpectedly)** were not enough to trigger a positive mood in the markets ([see](#)), while **EZ GDP growth for 4Q16 (see) was in line with expectations** (1.7% YoY).
- The USD remained strong ([see](#)) and US Treasury yields stayed hovering around recent high levels as **Fed interest rate hike expectations for the March meeting stuck at recent high levels** (98%). US indices were dragged down by the pharmaceuticals sector as **Trump warned on pricing(see)**
- **Oil prices did not show significant changes** ([see](#)), curbing the recent high volatility and favouring a slight appreciation of EM currencies.

Update 18:0 CET 07 March, 2017  
Table 1





Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.32	1.6	0.2	1.2	11
US	2.51	-1	1.2	5	7
GER (2-yr)	-0.87	-5.2	3.0	-13	-10
Germany	0.32	-2.3	11.1	-9	4
France	0.86	-0.3	7.2	-12	15
Spain	1.73	0.3	4.6	5	30
Italy	2.19	2.3	10.2	-8	32
Portugal	3.87	0.9	9.4	-20	8
Greece	7.20	12.1	5.7	-32	32
Japan (2-yr)	-0.28	0.3	-2.5	-6	-10
Japan	0.88	2.0	2.4	1	1
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	10.24	0.9	0.7	-35	-117
Chile	4.20	0.2	2.5	8	-12
Colombia	7.15	7.7	14.0	37	5
Mexico	7.33	-1.5	-3.2	-8	-30
Peru	6.13	-1.8	-9.8	6	-34
Poland	3.70	0.7	-10.7	-7	-1
Russia	8.25	-1.1	-19.3	2	-20
Turkey	10.87	-14.0	27.0	32	-13
India	6.83	-4.4	-3.7	43	45
Indonesia	7.45	-3.8	9.1	-15	-39
Country risk (bp changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
<b>10-yr sovereign spread vs Germany</b>					
France	64	2.0	-3.9	-3	11
Italy	187	4.6	-0.9	2	28
Portugal	365	3.2	-1.7	-11	3
Spain	141	2.6	-11.5	14	26
<b>2-yr sovereign spread vs Germany</b>					
France	33	2.0	-4.6	13	23
Italy	83	3.8	-5.9	7	21
Portugal	89	4.2	-3.4	7	7
Spain	70	5.2	12.4	23	22
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
<b>5-yr sovereign CDS *</b>					
Brazil	215	1	-3	-24	-57
Chile	70	0	4	-8	-12
Colombia	130	-2	-8	-16	-33
Mexico	129	-1	-8	-32	-27
Peru	96	0	-8	-8	-11
Venezuela	3,212	-68	-214	-238	-694
Poland	66	0	-4	-4	-9
Russia	161	-3	6	-18	-15
Turkey	239	-1	5	-15	-33
China	90	1	-2	-20	-27
India	101	2	-1	-16	-26
Indonesia	129	1	0	-19	-27
Risk indicators					
Volatility indicators (%)					
level	Daily	Weekly	Monthly	YTD	
<b>VIX</b>					
VIX	11	2.2	-1.1	5	0
VSTOXX	15	-2.5	-6	2	-1
EM EFT volatility Index	17	-4.2	-10	2	-17
Dollar/euro volatility	7	0.2	-8	-5	-30
EM FX volatility index	10	-2.5	-1	-8	-14
Credit spread (BAA) (bps)	215	-1.1	-1	-10	-12
US bonds volatility index	65	0.6	-8	-3	-14
<b>Banking 5y CDS (bps) *</b>					
level	Daily	Weekly	Monthly	YTD	
US	59	1.4	-4	-12	-13
EZ	106	0.2	-10	-5	-2
UK	72	0.0	-8	-11	-19
Large Spanish	105	0.6	-7	0	-12
Medium Spanish	159	0.5	-5	-8	8
<b>Deposits 5y CDS (bps) *</b>					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	138	-1.4	-4	-12	-13
EZ Non-financial	96	0.2	-10	-5	-2
UK Non-financial	110	0.3	-4	-7	-15
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
<b>EONIA Index</b>					
EONIA Index	-0.35	0.00	0.0	0.0	0.0
<b>Euribor 3m</b>					
Euribor 3m	-0.33	0.00	0.0	0.0	0.0
<b>Euribor 12m</b>					
Euribor 12m	-0.11	0.00	0.0	0.0	0.0
<b>Libor 3m</b>					
Libor 3m	1.11	0.00	0.1	0.1	0.1
<b>Libor 12m</b>					
Libor 12m	1.80	-0.01	0.1	0.1	0.1
<b>EZ TED spread 3m</b>					
EZ TED spread 3m	52.0	-0.30	-0.7	2.8	-14.4
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
<b>Main indices</b>					
S&P500	2,369	-0.3	0.2	3	4
Dow Jones	29,930	0.1	0.6	4	5
Nikkei	19,344	-0.2	1.2	2	-1
FTSE 100	7,339	-0.2	1.0	2	2
Eurostoxx 50	3,305	-0.1	2.0	3	2
IBEX	9,802	0.0	2.6	4	4
DAX	11,966	0.1	1.1	3	3
CAC	4,955	-0.3	2.0	3	1
MBI	19,455	0.0	2.9	2	11
ASE Athens	643	-0.1	-0.4	2	-2
MSCI Latam *	77,298	-0.1	0.2	2	6
Bovespa (Brazil)	66,066	-0.4	0.9	2	7
Moodi	47,502	-0.8	1.4	1	2
MSCI EM Europe *	4,914	-0.1	0.3	-2	-3
Poland	2,201	-0.7	0.4	6	10
Misc (Russia)	2,035	-1.1	0.5	9	-11
Ise 100 (Turkey)	90,814	-0.3	3.8	3	19
MSCI EM Asia *	740	0.3	-0.2	2	6
Shanghai Com (China)	3,242	0.3	0.0	3	3
Jakarta (Indonesia)	5,403	0.2	0.4	1	2
Banking sector					
level	Daily	Weekly	Monthly	YTD	
<b>US banks</b>					
JPM	125.5	-0.1	1.6	5	5
WFC	91.6	-0.3	1.1	5	5
Citi	60.1	-0.3	0.5	4	-2
BoA	25.3	0.1	2.4	9	10
MS	46.4	-0.4	1.6	4	6
GS	252.0	0.0	1.6	5	4
<b>EZ banks</b>					
BNP	100.7	-0.1	5.2	-1	-5
ING	58.8	0.2	6.7	-4	-6
Credit Agricole	12.1	-0.2	5.9	-2	-2
Deutsche Bank	17.3	-1.8	6.9	-8	-5
ING	13.8	0.2	6.1	0	-1
Intesa	2.3	0.3	5.8	4	-8
SG	45.2	-0.1	7.7	-2	6
Unicredit	13.7	0.7	8.6	5	-2
<b>UK banks</b>					
RBS	88.0	-0.1	0.6	0	0
HSC	665.2	0.0	2.9	-3	-1
RBS	238.9	-0.7	0.5	5	2
Barclays	227.1	0.0	0.2	-1	-3
Lloyds	67.5	0.0	-1.7	3	4
<b>Large Spanish banks</b>					
Santander	79.8	-0.1	4.7	3	2
Santander	5.3	0.1	2.6	-1	3
BBVA	6.6	-0.2	6.7	7	1
<b>Medium Spanish banks</b>					
Cajabank	73.5	0.2	4.6	-1	1
Popular	0.9	0.5	3.1	-1	-12
Sabadell	1.5	0.3	9.4	4	10
Banqueparis	7.4	0.5	1.1	-3	-2
Banque	1.0	0.3	5.4	-1	-4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
<b>Brent</b>					
Brent	56.0	0.0	0.8	-1	-1
WTI	53.3	0.2	-1.3	-1	0
Copper	261	-1.4	-3.7	0	2
Gold	1,218	-0.6	-2.5	0	5
S&P Spot commodity *	399	0.1	-0.9	0	1
S&P Brent Spot *	477	0.2	-0.9	-1	1
S&P Metals Spot *	326	-0.8	-2.1	1	7
S&P Agricultural *	309	-0.2	1.3	1	3

Source: Bloomberg, Datastream and Haver

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