

Market Comment | Financial markets showed vote relief for a second day in a row

Global Financial Markets Unit
25 Apr 2017

- **European financial markets continued optimistic once again.** They priced in expectations that Emmanuel Macron, the pro-EU candidate, will be the next French president, boosting European equity markets (the DAX index reached a new all-time record high) and the EUR, which also appreciated for a second day in a row ([see](#)). Consequently, safe-haven assets attracted sellers and most of them showed lower prices (Bund, JPY, gold, CHF).
- Moreover, **positive economic data** along with reduced political uncertainty in Europe will boost economic growth expectations, paving the way for an earlier discussion of a less accommodative policy in the euro zone, according to financial markets (European sovereign bond yields rose substantially across the board).
- **Tax reform returned to the spotlight in the US**, as Trump hinted at a substantial tax cut, which may rekindle expectations of reflationary policy ([see](#)). Nonetheless, the latest precedent seems to signal a very long approval process and it is likely to be diluted in the potential negotiation process.
- **Oil prices inched down as investors doubt OPEC's ability to reduce oil inventories** ([see](#)). As a result, EM currencies - especially commodity-linked ones - depreciated today.

Update 18:00 CET 25 April, 2017
Table 1

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.26	3.3	10.2	1	5
US	2.31	2.6	14.1	-10	-13
GER (2-yr)	-0.68	1.6	18.4	6	10
Germany	0.38	4.9	22.2	-3	10
France	0.30	0.9	0.6	-9	9
Spain	1.68	7.0	0.5	-2	16
Italy	2.27	8.5	0.5	4	40
Portugal	3.61	6.8	21.2	-53	-57
Greece	6.44	-1.0	-35.2	-98	-45
Japan (2-yr)	-0.20	1.3	2.0	6	-1
Japan	0.03	1.6	-3.8	-4	-4
Emerging Markets	level	Daily	Weekly	Monthly	YTD
Brazil	10.34	21.9	26.7	25	-107
Chile	3.89	-0.2	1.9	-25	-44
Colombia	6.37	2.1	-19.6	-31	-72
Mexico	7.24	2.8	11.3	20	-40
Peru	5.74	0.0	-4.9	-12	-13
Poland	3.46	5.2	9.5	-10	-25
Russia	7.90	0.1	-18.9	-19	-55
Turkey	10.16	7.0	-30.0	-13	-64
India	6.94	-0.5	7.3	11	56
Indonesia	7.07	-3.4	1.2	-5	-77
Country risk (bp changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	52	2.0	-21.6	-6	-1
Italy	109	3.6	-21.7	7	30
Portugal	323	-0.1	-43.4	-50	-39
Spain	130	2.1	-21.7	1	14
2-yr sovereign spread vs Germany					
France	28	2.4	-26.1	2	18
Italy	64	-1.2	-18.9	-4	2
Portugal	110	3.3	-16.7	-26	-37
Spain	46	-1.4	-19.5	-8	2
Emerging Markets	level	Daily	Weekly	Monthly	YTD
5-yr sovereign CDS *					
Brazil	214	-6	-8	-24	-57
Chile	74	4	4	4	8
Colombia	129	-5	-5	-11	-34
Mexico	123	-5	-6	-15	-33
Peru	101	-3	-4	-6	-7
Venezuela	3,458	-102	-6	17	-447
Poland	67	-2	-1	-1	-8
Russia	158	-4	9	-16	-19
Turkey	219	-9	-12	-13	-53
China	83	-3	-5	-1	-34
India	100	-4	0	-2	-27
Indonesia	126	-6	-11	-3	-30
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD
VIX	10	-3.5	-27	-19	-1
VSTOXX	15	-5.1	-40	1	-1
EM EFT volatility index	15	-2.2	-29	-17	-27
Dollar/euro volatility	8	0.8	-35	3	-19
EM FX volatility index	9	-5.3	-7	6	-23
Credit spread (BAA) (bps)	225	-3.6	-8	8	-2
US bonds volatility index	63	-18.0	-13	-2	-17
Banking S&P CDS (bps) *					
US	59	-2.4	-4	-7	-13
EZ	95	-16.1	-21	-14	-13
UK	72	-7.5	-10	-4	-19
Large Spanish	94	-11.5	-13	-19	-23
Medium Spanish	161	-3.6	4	-3	10
Deposits by CDS (bps) *					
US Non-financial	149	-2.4	-4	-7	-13
EZ Non-financial	96	-16.1	-21	-14	-13
UK Non-financial	117	-4.2	-6	-5	-7
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EONIA Index	-0.36	0.00	0.0	0.0	0.0
Eurbor 3m	-0.33	0.00	0.0	0.0	0.0
Eurbor 12m	-0.12	0.00	0.0	0.0	0.0
Libor 3m	1.17	0.01	0.0	0.0	0.2
Libor 12m	1.77	0.02	0.0	0.0	0.1
EZ TED spread 3m	49.2	1.50	2.3	-13.4	-17.2
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,388	0.6	1.9	2	5
Dow Jones	21,004	1.2	2.3	2	5
Nikkei	19,079	1.1	3.6	-1	-3
FTSE 100	7,276	0.2	1.8	-1	1
Eurostoxx 50	3,503	0.2	5.1	4	8
IBEX	10,783	0.2	5.1	5	14
DAX	12,467	0.1	3.9	3	8
CAC	5,278	0.2	5.8	5	8
MBI	20,806	0.6	7.0	3	6
ASE Athens	697	2.1	3.0	10	6
MSCI Latam *	76,851	0.7	0.2	1	5
Bovespa (Brazil)	64,449	0.1	0.5	1	5
Movtel	49,696	0.6	1.9	1	7
MSCI EM Europe *	4,887	1.8	2.3	0	-3
Poland	2,353	2.4	5.2	5	18
Misc (Russia)	1,998	1.0	4.1	2	-12
Ise 100 (Turkey)	94,635	0.9	3.6	5	24
MSCI EM Asia *	765	0.4	0.7	0	10
Shanghai Com (China)	3,135	0.2	-1.9	-4	-1
Jakarta (Indonesia)	5,681	0.3	1.9	2	8
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	119.4	1.7	5.5	3	0
JPM	88.5	1.2	3.8	1	-2
CI	60.4	1.7	3.4	4	-2
BoA	24.2	2.4	6.6	5	5
MS	44.1	1.3	7.1	4	1
GS	226.2	1.3	4.9	1	-7
EZ banks	113.9	0.5	15.9	10	8
BNP	67.0	0.4	16.8	11	7
Credit Agricole	13.8	0.1	18.1	12	12
Deutsche Bank	16.9	-0.3	13.7	9	4
ING	15.0	-0.5	9.7	9	8
Intesa	2.8	2.0	15.4	9	9
SG	50.9	0.1	18.4	8	6
Unicredit	15.8	2.5	23.1	10	13
UK banks	87.4	1.2	6.9	0	-1
HSBC	642.5	0.7	2.6	-1	-4
RBS	23.4	1.6	12.8	6	8
Barclays	222.8	1.6	7.5	-2	-5
Lloyds	67.0	1.1	7.6	-2	3
Large Spanish banks	91.7	0.4	11.4	6	18
Santander	6.0	0.7	10.3	6	18
BBVA	7.6	0.2	12.3	6	17
Medium Spanish banks	83.1	0.5	9.2	4	14
Cajabank	4.1	1.3	12.1	6	27
Popular	0.7	1.9	7.9	-23	-29
Sabadell	1.8	0.6	11.2	4	29
Banquepar	0.3	-0.2	5.1	7	9
Bankia	1.1	0.3	10.4	3	8
Commodities (%)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.09	0.7	2.0	1.3	4
GBPUSD	1.28	0.3	-0.1	2.9	4
USDJPY	111.00	-1.1	-2.4	-0.3	-5
DOY	98.77	-0.3	0.7	0.3	4
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	15.43	-0.2	-0.9	-1.1	4
USD BRL (Brazil)	3.16	-1.1	-1.7	-1.7	2
USD CUP (Cuba)	661.56	-1.0	-2.0	-0.2	1
USD COP (Colombia)	290.3	0.1	-2.2	-0.2	2
USD MXN (Mexico)	18.92	-1.0	-1.8	-0.9	12
USD PEN (Peru)	3.25	-0.2	0.0	-0.1	4
LACI	65.34	-1.0	-1.7	-0.5	6
USD PLN (Poland)	3.86	1.2	2.2	2.2	7
USD RUB (Russia)	56.20	-0.7	0.1	1.3	7
USD TRY (Turkey)	3.58	-0.3	2.2	0.8	0
USD CNY (China)	6.88	0.0	0.0	0.0	1
USD INR (India)	64.28	0.3	0.5	1.7	6
USD IDR (Indonesia)	13,284	0.2	0.1	0.3	1
ADXY	105.7	0.1	0.3	0.2	2
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	51.5	-0.3	-6.2	1	-9
WTX	49	-0.4	-6.5	2	-8
Copper	258	1.0	2.0	-2	1
Gold	1264	-1.0	-2.0	2	9
S&P Spot commodity *	381	-0.5	-3.9	1	-4
S&P Brent Spot *	444	-0.6	-6.0	2	-8
S&P Metals Spot *	318	0.5	2.1	-3	5
S&P Agricultural *	288	0.0	-1.8	-1	-4

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Mexico	7.24	2.8	11.3	20	-40
Peru	5.74	0.0	-4.9	-12	-73
Poland	3.46	5.2	9.5	10	-25
Russia	7.90	0.1	-18.9	-19	-55
Turkey	10.36	7.0	-30.0	-13	-64
India	6.94	-0.5	7.3	11	56
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Banking S&P CDS (bps)*	level	Daily	Weekly	Monthly	YTD
US	59	-2.4	-4	-7	-13
EZ	95	-16.1	-21	-14	-13
UK	72	-7.5	-10	-4	-19
Large Spanish	94	-11.5	-13	-19	-23
Medium Spanish	163	-3.6	-4	-3	10
Corporate S&P CDS (bps)*	level	Daily	Weekly	Monthly	YTD
US Non-financial	149	-2.4	-4	-7	-13
EZ Non-financial	96	-16.1	-21	-14	-13
UK Non-financial	117	-4.2	-6	-5	-7
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EOANA Index	-0.36	0.00	0.0	0.0	0.0
Euro3m 3m	-0.33	0.00	0.0	0.0	0.0
Euro3m 12m	-0.12	0.00	0.0	0.0	0.0
Libor 3m	1.17	0.01	0.0	0.0	0.2
Libor 12m	1.77	0.02	0.0	0.0	0.1
EZTED spread 3m	49.2	1.50	2.3	13.4	17.2
Stock markets (%)					
Main indices	level	Daily	Weekly	Monthly	YTD
S&P500	2,388	0.6	1.9	2	5
Dow Jones	21,004	1.2	2.3	2	5
Nikkei	19,079	1.1	3.6	-1	-3
FTSE 100	7,276	0.2	1.8	-1	1
EuroStoxx 50	3,583	0.2	5.1	4	8
IBEX	10,783	0.2	5.1	5	14
DAX	12,467	0.1	3.9	3	8
CAC	5,278	0.2	5.8	5	6
MI8	20,806	0.6	7.0	3	6
ASE Athens	697	2.1	3.0	10	6
MSCI Latam*	76,851	0.7	0.2	1	5
Ibovespa (Brazil)	64,449	0.1	0.5	1	5
Mobor	49,696	0.6	1.9	1	7
MSCI EM Europe*	4,887	1.8	2.3	0	-3
Poland	2,353	2.4	5.2	5	18
Mosc (Russia)	1,998	1.0	4.1	-2	-12
Ise 100 (Turkey)	94,835	0.9	3.6	5	24
MSCI EM Asia*	765	0.4	0.7	0	10
Shanghai Com (China)	3,135	0.2	-1.9	-4	-1
Jakarta (Indonesia)	5,681	0.3	1.9	2	8
Banking sector	level	Daily	Weekly	Monthly	YTD
US banks	119.4	1.7	5.5	-3	0
JPM	88.5	1.2	3.9	1	2
Citi	60.4	1.7	3.4	4	-2
BofA	24.2	2.4	6.6	5	5
MS	44.1	1.3	7.1	4	1
GS	226.2	1.3	4.9	-1	-7
EZ banks					
BNP	113.9	0.5	15.9	10	6
Crédit Agricole	67.0	0.4	16.8	11	7
Deutsche Bank	13.8	0.1	18.1	12	12
Dresdner Bank	16.9	-0.3	13.7	9	4
ING	15.0	-0.5	9.7	9	8
Intesa	2.8	2.0	15.4	9	9
SG	50.9	0.1	18.4	8	6
UniCredit	15.8	2.5	23.1	10	13
UK banks					
HSBC	87.4	1.2	6.9	0	-1
HSBC	642.5	0.7	2.6	-1	-4
RBS	253.4	1.6	12.8	6	8
Barclays	222.8	1.6	7.5	2	6
Lloyds	67.0	1.1	7.6	-2	3
Large Spanish banks					
Santander	91.7	0.4	11.4	6	18
BBVA	6.0	0.7	10.3	6	18
BBVA	7.6	0.2	12.3	6	17
Medium Spanish banks					
Cajabank	83.1	0.5	9.2	4	14
Caixa	4.1	1.3	12.1	6	27
Popular	0.7	1.9	7.9	23	-29
Sabadell	1.8	0.6	11.2	4	29
Bankinter	8.3	-0.2	5.1	7	9
Bankia	1.1	-0.3	10.4	3	8
Commodities (% incl for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.09	0.7	2.0	1.3	4
GBPUSD	1.28	0.3	-6.1	2.9	4
USDJPY	111.00	-1.1	-2.4	-0.3	-5
DXY	98.77	-0.3	-0.7	0.9	4
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	154.3	-0.2	-0.9	1.1	4
USDBRL (Brazil)	3.16	-1.1	-1.7	-1.7	2
USDCLP (Chile)	661.56	-1.0	-2.0	-0.2	1
USDCOP (Colombia)	2903	-1.0	-2.2	-0.2	2
USDMXN (Mexico)	18.82	-1.0	-1.8	-0.9	12
USDPEN (Peru)	3.25	-0.2	0.0	-0.1	4
LACI	65.34	-1.0	-1.7	-0.5	6
USDPLN (Poland)	3.86	1.2	2.2	2.2	7
USD RUB (Russia)	56.20	-0.7	0.1	1.3	7
USDTRY (Turkey)	3.58	-0.3	2.2	0.8	0
USD CNY (China)	6.88	0.0	0.0	0.0	1
USD INR (India)	64.28	-0.3	0.5	1.7	6
USD IDR (Indonesia)	13,284	0.2	0.1	0.3	1
ADXY	105.7	0.1	0.3	0.2	2
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent	51.5	-0.3	-6.2	1	-9
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Copper	293	1.0	2.0	-2	1
Gold	1264	-1.0	-2.0	2	9
S&P Spot commodity*	381	-0.5	-3.0	1	-4
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Source: Bloomberg, Datastream and Haver

* With one day delay

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