

# Market Comment | Markets steady after an uneventful ECB meeting

Global Financial Markets Unit  
27 Apr 2017

- **ECB keeps stance unchanged (see)**. As expected, there were no changes in the ECB's monetary policy stance, as the central bank left key policy rates as they were and confirmed that the monthly asset purchases of €60 billion are intended to run until the end of March 2017, or beyond, if necessary. The balance of risks regarding the economic outlook is evolving: the ECB has agreed that now risks to growth are more balanced, although Mr Draghi made clear that the assessment of the inflation outlook has not suffered any modification. However, the central bank is "in a process, in evolution" in light of economic conditions. Thus, in line with our growth and inflation projections, we would expect a gradual reassessment on the forward guidance, probably starting in June. It is likely that the ECB will adopt a neutral balance of risks on growth and on interest rates (removing the current downward bias), although maintaining a very cautious tone.
- The ECB statement seems to be perceived as slightly more dovish than expected, given the market reaction, as European sovereign bond yields (and peripheral risk premiums) declined and the EUR depreciated.
- In the US, the focus remained on the legislative agenda. Firstly, the announcement of **Trump's tax cut reform (see)**, which aims to reduce the corporate tax rate to 15%, failed to boost the markets (stock prices remained flat) and secondly the encouraging **White House announcement that it will not terminate NAFTA at this time (see)**, which especially affected sensitive currencies (the CAD and the MXN appreciated).
- **Oil prices declined significantly today** after two important oilfields restarted in Libya (see), pushing crude exports. Nonetheless, despite lower oil prices and a slightly stronger USD, EM currencies appreciated today, especially the MXN, given the aforementioned NAFTA announcement.

Update 18:00 CET 27 April, 2017

Table 1

Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.27	-0.6	8.1	-4	-4	5
US	2.29	-1.3	9.9	-13	-15	
GER (2-yr)	0.74	-5.1	5.1	-4	-3	
Germany	0.30	-5.6	5.2	-9	-2	
France	0.83	-6.1	9.9	-13	-2	
Spain	1.63	-7.3	-7.4	-5	11	
Italy	2.24	-6.8	2.4	8	38	
Portugal	3.46	-11.4	-31.7	-61	-72	
Greece	6.38	-2.9	-33.9	-74	-51	
Japan (2-yr)	0.19	1.9	3.3	8	0	
Japan	0.02	0.3	-3.5	-4	-4	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
Brazil	10.37	3.8	20.5	20	-104	
Chile	4.02	0.0	12.8	-13	-31	
Colombia	6.22	-9.2	-15.6	-49	-88	
Mexico	7.28	-0.9	8.7	13	-36	
Peru	5.73	-1.7	0.2	-5	-74	
Poland	3.41	-5.1	0.8	-12	-30	
Russia	7.09	1.6	-7.8	-14	-53	
Turkey	10.12	-11.0	-36.0	-54	-88	
India	6.94	-0.9	6.6	23	56	
Indonesia	7.04	0.8	-6.2	-6	-60	
Country Risk (bp, changes in bp)						
Developed Markets						
1-yr sovereign spread vs Germany						
level	Daily	Weekly	Monthly	YTD		
France	53	-0.5	-15.1	-4	0	
Italy	195	-1.2	-7.6	18	36	
Portugal	316	-5.8	-36.9	-52	-45	
Spain	133	-1.7	-12.6	4	17	
2-yr sovereign spread vs Germany						
France	29	0.7	-19.0	-9	18	
Italy	66	1.0	-11.1	2	5	
Portugal	110	2.9	-10.7	-22	-37	
Spain	49	2.3	-10.6	0	1	
Emerging Markets						
5-yr sovereign CDS *						
level	Daily	Weekly	Monthly	YTD		
Brazil	221	5	-3	-11	-51	
Chile	74	2	-5	-1	-8	
Colombia	131	4	-5	-9	-32	
Mexico	127	6	-5	-7	-30	
Peru	99	3	-6	-6	-8	
Venezuela	3,349	-32	-92	-60	-556	
Poland	67	0	-1	-2	-8	
Russia	155	0	-9	-18	-21	
Turkey	212	-5	-18	-22	-60	
China	81	0	8	-4	-36	
India	99	-1	-6	-2	-28	
Indonesia	125	-2	-11	-5	-31	
Risk indicators						
Volatility indicators (%)						
level	Daily	Weekly	Monthly	YTD		
VIX	11	1.1	-22	-5	-1	
VST OXX	16	3.4	-35	2	0	
EM EFT volatility index	15	0.6	-25	-13	-25	
Dollar Euro volatility	8	-6.4	-32	-5	-24	
EM FX volatility index	9	2.1	-3	-4	-21	
Credit spread (BAA) (bps)	230	1.3	1	6	3	
US bonds volatility index	63	3.3	-12	-2	-20	
Banking 5y CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US	58	-0.4	-4	-10	-14	
EZ	91	0.8	-24	-16	-17	
UK	62	-0.9	-14	-10	-24	
Large Spanish	85	-2.1	-21	-26	-32	
Medium Spanish	157	-0.2	9	-8	5	
Government 5y CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US Non-financial	148	-0.4	-4	-10	-14	
EZ Non-financial	95	0.8	-24	-16	-17	
UK Non-financial	115	-0.2	-8	-7	-9	
Interbank markets (% changes in bp)						
level	Daily	Weekly	Monthly	YTD		
EONIA Index	-0.36	0.00	0.0	0.0	0.0	
Euribor 3m	-0.33	0.00	0.0	0.0	0.0	
Euribor 12m	-0.12	0.00	0.0	0.0	0.0	
Libor 3m	1.17	0.00	0.0	0.0	0.2	
Libor 12m	1.78	0.01	0.0	0.0	0.1	
EZ TED spread 3m	47.4	-2.30	-2.1	-14.6	-19.0	
Stock markets (%)						
Index indices						
level	Daily	Weekly	Monthly	YTD		
S&P500	2,334	0.1	1.2	1	5	
Dow Jones	20,955	-0.1	1.8	1	5	
Nikkei	19,252	-0.2	4.5	0	-2	
FTSE 100	7,237	-0.7	1.7	-1	1	
EuroStoxx 50	3,563	-0.4	3.6	3	7	
IBEX	10,684	-0.7	3.0	3	13	
DAX	12,444	-0.2	3.5	2	7	
CAC	5,272	-0.3	3.8	4	8	
MIB	20,597	-1.1	3.8	1	5	
ASE Athens	707	0.0	4.8	6	7	
MSCI Latam *	77,300	-0.3	1.6	5	8	
Ibovespa (Brazil)	64,498	0.6	1.2	0	5	
Mobd	49,435	-0.3	0.6	0	6	
MSCI EM Europe *	4,996	0.7	4.8	3	-1	
Poland	2,383	0.0	4.2	7	19	
Micex (Russia)	2,012	0.8	4.1	-1	-11	
Ne 100 (Turkey)	94,282	-0.3	2.4	5	24	
MSCI EM Asia *	776	0.2	3.0	2	12	
Shanghai Com (China)	3,152	0.4	-0.6	-3	0	
Jakarta (Indonesia)	5,707	0.5	1.8	3	8	
Banking sector						
level	Daily	Weekly	Monthly	YTD		
US banks	117.3	-1.4	2.2	0	-2	
JPM	87.2	-1.4	1.9	-2	0	
Citi	59.3	-1.3	1.5	0	-3	
BaK	23.6	-1.3	2.2	0	3	
MS	43.5	-2.0	2.4	2	0	
GS	223.9	-1.0	2.7	-2	-8	
EZ banks	111.4	-1.7	8.0	6	6	
BNP	65.0	-1.2	7.2	5	3	
Crédit Agricole	13.6	-1.3	10.5	7	10	
Deutsche Bank	16.7	-0.7	8.9	5	2	
ING	14.9	-0.3	5.6	7	6	
Intesa	2.7	-2.3	7.3	5	5	
SG	49.8	-1.6	9.4	5	3	
Unicredit	15.0	-0.9	7.7	3	7	
UK banks	88.1	0.5	5.9	0	0	
HSBC	640.7	-0.2	2.9	-2	-4	
RIS	253.4	0.3	5.8	5	8	
Barclays	224.0	-0.3	7.8	-2	-5	
Lloyds	69.0	2.3	7.7	3	6	
Large Spanish banks	89.9	-1.9	5.6	3	15	
Santander	5.9	-1.8	5.0	3	16	
BBVA	7.5	-2.1	6.2	3	15	
Medium Spanish banks	81.5	-2.2	3.9	0	12	
Cálabank	4.0	-2.1	4.7	1	23	
Poplar	0.6	-6.1	-6.0	-30	-35	
Sabadell	1.8	-1.2	7.4	3	29	
Bankinter	0.1	-2.2	2.0	4	7	
Bankia	1.1	-2.5	4.6	0	7	
Currencies (% ind for currency depreciation)						
Developed						
level	Daily	Weekly	Monthly	Year		
EURUSD	1.09	-0.4	1.3	0.4	-4	
GBPUSD	1.29	0.3	0.6	3.5	5	
USDJPY	111.17	-0.1	-1.7	0.0	-5	
DXY	99.21	0.2	0.6	0.5	-2	
Emerging						
level	Daily	Weekly	Monthly	Year		
USDARS (Argentina)	15.46	0.2	-0.4	0.5	4	
USDBRL (Brazil)	3.19	-0.4	-1.3	-1.4	1	
USDCLP (Chile)	664.75	0.1	2.3	0.2	1	
USDCOP (Colombia)	2946	-0.5	-3.3	-1.3	1	
USDMXN (Mexico)	19.11	0.4	-1.7	0.4	11	
USDPEN (Peru)	3.25	0.2	0.0	-0.2	4	
USCNY (China)	64.83	-0.1	-1.5	-0.8	5	
USDPOLN (Poland)	3.89	-0.3	2.3	0.8	7	
USD RUB (Russia)	57.25	-0.2	-2.0	-0.3	5	
USDTRY (Turkey)	3.57	0.4	2.1	2.6	0	
USDCNY (China)	6.90	-0.1	-0.2	-0.3	1	
USDINR (India)	64.15	-0.1	0.6	1.4	6	
USDIDR (Indonesia)	13,314	-0.2	0.1	0.0	1	
ADXY	105.4	-0.1	0.1	0.0	2	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
Brent	50.6	-2.2	-4.3	-1	-10	
WTI	48	-2.5	-3.8	0	-9	
Copper	257	-0.8	1.1	-4	1	
Gold	1265	-0.3	-1.3	1	9	
S&P Spot commodity *	383	-0.1	-1.1	1	-3	
S&P Brent Spoz *	446	-0.3	2.0	2	-7	
S&P Metals Spoz *	322	0.2	0.9	3	6	
S&P Agricultural *	287	-1.2	0.2	-1	-4	



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Colombia	6.22	-9.2	-15.6	-49	-88
Mexico	7.28	-0.9	8.7	13	-36
Peru	5.73	-1.7	0.2	-5	-74
Poland	3.41	-5.1	0.8	-12	-30
Russia	7.89	1.6	-7.9	-14	-55
Turkey	10.12	-11.0	-36.0	-54	-88
India	6.94	-0.9	6.6	23	56
Indonesia	7.04	-0.8	-6.2	-6	-80
Country risk (bp changes in bp)	level	Daily	Weekly	Monthly	YTD
Developed Markets	level	Daily	Weekly	Monthly	YTD
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Russia	155	0	9	-18	-21
Turkey	212	5	-18	-22	-60
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Indonesia	125	-2	-11	-5	-31
Risk indicators	level	Daily	Weekly	Monthly	YTD
Volatility indicators (%)					
VIX	11	1.1	-22	-5	-1
VSTOXX	16	3.4	-35	2	0
EM EFT volatility index	15	0.6	-25	-13	-25
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Large Spanish	85	-2.1	-21	-26	-32
Medium Spanish	157	-0.2	-9	-8	5
Corporate 5y CDS (bps) *					
US Non-financial	148	-0.4	-4	-10	-14
US Non-financial	95	0.8	-24	-16	-17
UK Non-financial	115	-0.2	-8	-7	-9
Interbank markets (% changes in bp)	level	Daily	Weekly	Monthly	YTD
EONIA Index					
EONIA Index	-0.36	0.00	0.0	0.0	0.0
Eurobor 3m					
Eurobor 3m	-0.33	0.00	0.0	0.0	0.0
Eurobor 12m					
Eurobor 12m	-0.12	0.00	0.0	0.0	0.0
Libor 3m					
Libor 3m	1.17	0.00	0.0	0.0	0.2
Libor 12m					
Libor 12m	1.78	0.01	0.0	0.0	0.1
EZ TED spread 3m					
EZ TED spread 3m	47.4	-2.30	-2.1	-14.6	-19.0
Stock markets (%)	level	Daily	Weekly	Monthly	YTD
Main indices					
S&P500	2,384	-0.1	1.2	1	5
Dow Jones	29,955	0.1	1.8	1	5
Nikkei	19,252	-0.2	4.5	0	-2
FTSE 100	7,237	-0.7	1.7	-1	1
Eurostoxx 50	3,563	-0.4	3.6	3	7
IBEX	10,684	-0.7	3.0	3	13
DAX	12,444	-0.2	3.5	2	7
CAC	5,272	-0.3	3.8	4	8
MBI	20,587	-1.1	3.8	1	5
ASE Athens	707	0.0	4.8	6	7
MSCI Latam *	77,300	-0.3	1.6	0	6
Bovespa (Brazil)	64,496	-0.6	1.2	0	5
Movexi	49,435	-0.3	0.6	0	6
MSCI EM Europe *	4,996	0.7	4.8	3	-1
Poland	2,383	0.0	4.2	7	19
Misc (Russia)	7,012	-0.8	4.1	-1	-11
Ise 100 (Turkey)	94,282	-0.3	2.4	5	24
MSCI EM Asia *	776	0.2	3.0	2	12
Shanghai Com (China)	3,152	0.4	-0.6	-3	0
Jakarta (Indonesia)	5,707	0.5	1.8	3	8
Banking sector					
US banks	117.3	-1.4	2.2	0	-2
JPM	87.2	-1.4	1.9	-2	0
Citi	99.3	-1.3	1.5	0	-3
BoA	23.6	-1.3	2.2	0	3
MS	43.5	-2.0	2.4	2	0
GS	223.9	-1.0	2.7	-2	-8
EZ banks	111.4	-1.7	8.0	6	6
BNP	65.0	-1.2	7.2	5	3
Credit Agricole	13.6	-1.3	10.5	7	10
Deutsche Bank	16.7	-3.7	8.9	5	2
ING	14.9	-0.3	5.6	7	8
Intesa	2.7	-2.3	7.3	5	5
SG	49.8	-1.6	0.4	5	3
Unicredit	15.0	-3.9	7.7	3	7
UK banks	88.1	0.5	5.9	0	0
HSBC	640.7	-0.2	2.9	-2	-4
RBS	23.4	0.3	5.8	5	8
Barclays	224.0	-0.3	7.8	-2	-5
Lloyds	69.0	2.3	7.7	3	6
Large Spanish banks					
BBVA	89.9	-1.9	5.6	3	15
Santander	5.9	-1.8	5.0	3	16
Mediana Spanish banks	7.5	-2.1	6.2	3	15
Cajabank	4.0	-2.1	4.7	1	23
Popular	0.6	-6.1	-6.0	-30	-35
Sabadell	1.8	-1.2	7.4	3	29
Banqueparis	8.1	-2.2	2.0	4	7
Bankia	1.1	-2.5	4.6	0	7
Currencies (% red for currency depreciation)	level	Daily	Weekly	Monthly	Year
Developed					
EURUSD	1.09	-0.4	1.3	0.4	4
GBPUSD	1.29	0.3	0.6	3.5	5
USDJPY	111.17	-0.1	-1.7	0.0	-5
DKY	99.21	0.2	0.6	0.5	3
Emerging					
USDARS (Argentina)	15.46	0.2	-0.4	0.5	4
USD BRL (Brazil)	3.19	-0.4	-1.3	-1.4	1
USD CUP (Cuba)	664.75	0.1	-2.3	0.2	1
USDCOP (Colombia)	294.6	-0.5	-1.3	-1.3	1
USDMXN (Mexico)	19.11	0.4	-1.7	-0.4	11
USD PEN (Peru)	3.25	0.2	0.0	-0.2	4
LACI	64.83	-0.1	1.5	-0.8	5
USD PLN (Poland)	3.89	-0.3	2.3	0.8	7
USD RUB (Russia)	57.25	-0.2	-2.0	-0.3	5
USD TRY (Turkey)	3.57	0.4	2.1	2.5	0
USDCNY (China)	6.90	-0.1	-0.2	-0.3	1
USD INR (India)	64.15	-0.1	0.6	1.4	6
USD IDR (Indonesia)	13,314	-0.2	0.1	0.0	1
ADXY	105.4	-0.1	0.1	0.0	2
Commodities (%)	level	Daily	Weekly	Monthly	Year
Brent					
Brent	50.6	-2.3	-4.5	-1	-10
WTX	48	-2.5	-3.8	0	-9
Copper	257	-0.8	1.1	-4	1
Gold	1265	-0.3	-1.3	1	9
S&P Spot commodity *	383	-0.1	-1.1	1	-3
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S&P Agricultural *	287	-1.2	-0.2	-1	-4

Source: Bloomberg, Datastream and Haver

\* With one day delay

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