

Market Comment | Steady markets on US Independence Day

Global Financial Markets Unit
04 Jul 2017

- Financial markets remained broadly steady as neither significant news nor economic data were released. Moreover, **financial markets were closed in the US due to Independence Day**. Be that as it may, a slightly lower risk appetite was perceived as mildly lower yields and higher safe-haven assets prices confirmed.
- Safe-haven asset prices inched up on news that North Korea had tested an intercontinental ballistic missile ([see](#)), increasing cautiousness among investors.
- Stock prices were barely moved, with the European banking sector continuing to outperform once again. Meanwhile, sovereign bond yields inched down across the board ahead of FOMC minutes that will be published tomorrow, where investors will seek hints as to the monetary policy route map.
- The **ECB's Peter Praet called for patience on monetary policy**, on the back of steady underlying inflation ([see](#)). However, no significant market reaction followed, with EURIBOR futures pricing in an 80% chance of a refi rate hike in December, after Draghi opened the door last week to policy changes. Investors are also waiting for the ECB's minutes, to be published on Thursday.
- **Oil prices were also little changed today**, contributing to today's market tranquillity. Both DM and EM currencies were also little changed.

Update 18 CET 04 July, 2017
Table 1

Debt markets (10Y, %, changes in bp)					
	level	Daily	Weekly	Monthly	YTD
Developed Markets					
US (2-yr)	1.41	0.0	4.1	12	20
US	2.35	0.0	14.5	19	9
GER (2-yr)	0.61	-2.0	-4.9	12	17
Germany	0.47	-0.3	10.3	20	20
France	0.42	-0.8	8.6	11	1
Spain	1.52	-0.3	2.8	-5	1
Italy	2.11	-2.5	5.0	-15	24
Portugal	2.97	-4.1	-10.2	-7	-121
Greece	5.32	-8.0	-16.0	-75	-156
Japan (2-yr)	0.12	-0.5	-1.7	3	7
Japan	0.08	3.4	2.6	2	2
Emerging Markets					
Brazil	10.48	0.6	-27.2	-36	-93
Chile	4.16	1.3	7.8	12	-16
Colombia	6.48	5.7	8.2	30	61
Mexico	6.88	2.5	16.2	-30	-76
Peru	5.48	2.5	11.9	1	-100
Poland	3.30	1.1	2.2	13	-42
Russia	7.91	-0.3	6.6	12	-54
Turkey	10.38	5.0	22.0	33	-62
India	6.55	-1.5	8.6	-8	17
Indonesia	6.87	-0.9	4.0	-9	-97
Country risk (bp, changes in bp)					
Developed Markets					
10-yr sovereign spread vs Germany					
France	35	-0.5	-1.7	-9	-19
Italy	164	-2.2	-5.3	-35	4
Portugal	250	-3.8	-20.5	-27	-112
Spain	105	0.0	-7.5	-25	-11
2-yr sovereign spread vs Germany					
France	21	-2.6	3.1	1	10
Italy	46	0.7	2.2	-10	-15
Portugal	69	-3.3	-9.3	-30	-78
Spain	36	2.9	4.1	-11	-12
Emerging Markets					
5-yr sovereign CDS *					
Brazil	237	-1.1	3	4	-35
Chile	65	-0.9	-1	-5	-17
Colombia	135	-0.6	4	8	-28
Mexico	112	-0.1	3	-6	-44
Peru	85	-0.6	1	-10	-23
Venezuela	4,250	0.0	-182	604	345
Poland	61	-0.3	-1	-3	-14
Russia	168	0.2	2	18	8
Turkey	195	2.2	9	2	-77
China	70	-0.1	2	-7	-47
India	90	0.0	-1	-2	-37
Indonesia	117	-0.3	3	-5	-39
Risk indicators					
Volatility indicators (%)					
VIX	11	0.0	1	15	1
VST OXX	14	-0.7	-3	8	-2
EM EFT volatility Index	16	0.0	0	1	-21
Dollar/Euro volatility	7	0.7	5	-1	-35
EM FX volatility index	8	0.1	4	-5	-30
Credit spread (BAA) (bps)	201	0.0	-11	-22	-26
US bonds volatility index	55	0.1	6	3	-28
Defaulting by CDS (bps) *					
US	52	0.0	-2	-6	-20
EZ	56	-0.5	-2	-26	-52
UK	45	3.6	7	-21	-46
Large Spanish	56	-1.8	1	-34	-61
Median Spanish	99	-1.3	-4	-86	-53
Corporate S&P CDS (bps) *					
US Non-financial	142	0.0	-2	-6	-20
EZ Non-financial	81	-0.5	-2	-26	-52
UK Non-financial	115	0.1	3	-1	-10
Interbank markets (% changes in bp)					
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	-0.16	0.00	0.0	0.0	-0.1
Libor 3m	1.30	0.00	0.0	0.1	0.3
Libor 12m	1.75	0.01	0.0	0.0	0.1
EZ TED spread 3m	46.0	-2.90	0.1	2.1	-20.4
Stock markets (%)					
Main indices					
S&P500	2,429	0.0	0.4	0	7
Dow Jones	21,879	0.0	0.8	1	8
Nikkei	20,032	-0.1	-1.0	-1	2
FTSE 100	7,371	-0.1	0.9	-2	3
EuroStoxx 50	3,487	-0.1	-1.4	-3	5
BSE	10,578	-0.2	-0.7	-3	12
DAX	12,460	-0.1	-1.7	-3	8
CAC	5,190	-0.1	-1.3	-3	6
MIB	21,072	0.3	1.4	1	7
ASE Athens *	826	-0.2	0.4	5	26
MSCI Latam *	76,535	0.6	1.6	1	4
Bovespa (Boves)	63,298	0.0	2.6	1	3
Merckel	50,189	0.2	2.2	2	8
MSCI EM Europe *	4,866	0.8	1.3	2	-4
Poland	2,294	-1.3	-2.2	0	15
Nikkei (Russia)	1,917	0.7	2.0	2	15
Ise 100 (Turkey)	101,208	0.7	1.6	2	33
MSCI EM Asia *	826	0.4	-0.4	2	19
Shanghai Com (China)	2,183	0.4	-0.2	2	1
Jakarta (Indonesia)	5,865	0.6	0.6	2	11
Banking sector					
US banks					
JPM	124.7	0.0	4.7	9	4
WFC	92.8	0.0	5.3	12	7
Citi	68.3	0.0	6.3	12	11
BofA	24.7	0.0	6.1	10	8
MS	45.6	0.0	3.1	7	5
GS	227.3	0.0	3.2	7	-7
EZ banks	115.2	0.7	3.8	5	9
BNP	69.0	0.0	3.7	2	3
Credit Agricole	14.6	1.1	3.8	6	19
Deutsche Bank	16.4	2.1	5.9	5	1
ING	15.5	-0.1	2.1	4	11
Intesa	2.9	0.4	3.8	13	13
SG	48.8	0.8	3.1	3	1
Unicredit	17.3	1.8	6.6	12	23
UK banks	89.1	-0.3	2.3	0	1
HSSC	723.7	-0.8	4.9	7	8
RBS	256.3	0.3	1.8	-1	9
Barclays	207.3	0.1	2.2	-2	-12
Lloyds	66.4	0.4	0.5	-4	3
Large Spanish banks	90.2	-0.6	1.3	3	16
Santander	6.0	-0.7	1.3	2	16
BBVA	7.5	-0.4	1.4	-3	15
Median Spanish banks	82.7	0.5	4.1	3	13
Cakabank	4.4	0.4	3.8	6	33
Sabell	1.8	0.1	3.7	1	34
Bankinter	8.2	0.1	2.2	0	8
Banika	4.5	1.4	8.0	9	10
Currencies (% red for currency depreciation)					
Developed					
EURUSD	1.13	-0.1	0.1	0.6	8
GBPUSD	1.29	-0.2	0.8	0.2	5
USDJPY	113.17	0.2	-0.7	2.5	-3
DXY	96.24	0.0	-0.2	0.5	6
Emerging					
USDARS (Argentina)	16.83	0.0	-2.7	-5.2	-5
USD BRL (Brazil)	3.30	0.0	0.4	-1.7	-3
USD CLP (Chile)	663.52	0.2	0.2	0.9	1
USD COP (Colombia)	3046	0.0	-0.5	-5.2	-3
USD MXN (Mexico)	18.20	0.2	-1.2	2.6	15
USD PEN (Peru)	3.26	0.1	0.0	0.5	-4
LACI	64.41	-0.4	-0.7	-0.4	5
USD PLN (Poland)	3.74	0.0	0.0	-0.8	10
USD RUB (Russia)	59.35	-0.2	0.1	-4.8	-2
USD TRY (Turkey)	3.56	-0.1	1.0	-1.5	0
USD CNY (China)	6.80	0.0	0.2	0.1	2
USD INR (India)	64.74	0.2	-0.3	-0.5	5
USD IDR (Indonesia)	12,364	0.0	0.5	0.4	1
ADXY	105.9	0.0	-0.1	-0.5	3
Commodities (%)					
Brent					
WTI	47	0.2	6.6	-1	-11
Copper	267	-0.5	0.8	4	5
Gold	122.4	0.3	-1.8	-4	5
S&P Spot commodity *	378	1.4	5.0	1	-6
S&P Brent Spot *	423	1.9	5.9	-1	-12
S&P Metals Spot *	329	0.4	1.7	4	8
S&P Agricultural *	305	2.6	8.7	8	2

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Colombia	6.48	5.7	8.2	30	-61
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Peru	5.48	2.5	11.9	1	-100
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Russia	7.91	-0.3	6.6	12	-54
Turkey	10.38	5.0	22.0	33	-62
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Brazil	237	-1.1	3	4	-35
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Mexico	112	-0.1	3	-6	-44
Peru	85	-0.6	1	-10	-23
Venezuela	4,250	0.0	-102	604	345
Poland	61	-0.3	-1	-3	14
Russia	168	0.2	2	18	-8
Turkey	195	2.2	9	2	-77
China	70	-0.1	2	-7	47
India	90	0.0	-1	-2	-37
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Risk indicators					
level	Daily	Weekly	Monthly	YTD	
Volatility indicators (v)					
VIX	11	0.0	1	15	-1
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Large Spanish	56	-1.8	1	-34	-61
Medium Spanish	99	-1.3	-4	-86	-53
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EONIA Index	0.26	0.00	0.0	0.0	0.0
Euribor 3m	0.33	0.00	0.0	0.0	0.0
Euribor 12m	0.16	0.00	0.0	0.0	-0.1
Libor 3m	1.30	0.00	0.0	0.1	0.3
Libor 12m	1.75	0.01	0.0	0.0	0.1
EZ TED spread 3m	46.0	-2.90	0.1	-2.1	-20.4
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,429	0.0	0.4	0	7
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Nikkei	20,022	-0.1	-1.0	-1	2
FTSE 100	7,371	-0.1	0.9	-2	3
EuroStoxx 50	3,487	-0.1	-1.4	-3	5
IBEX	10,578	-0.2	-0.7	-3	12
DAX	12,460	-0.1	-1.2	-3	8
CAC	5,190	-0.1	-1.3	-3	6
MIIB	21,072	0.3	1.4	1	7
ASE Athens	826	-0.2	0.4	5	26
MSCI Latam *	76,535	0.6	1.6	1	4
Ibovespa (Brazil)	63,298	0.0	2.6	1	3
Mexbol	50,189	0.2	2.2	2	8
MSCI EM Europe *	4,805	0.8	1.3	2	4
Poland	2,294	-1.3	-2.2	0	15
Mixx (Russia)	1,917	0.7	2.0	2	-15
Isr 100 (Turkey)	101,208	0.7	1.6	2	33
MSCI EM Asia *	826	0.4	0.4	2	19
Shanghai Com (China)	3,183	-0.4	-0.3	2	1
Jakarta (Indonesia)	5,865	0.6	0.6	2	11
Emerging sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	92.8	0.0	5.3	12	7
Citi	68.3	0.0	6.3	12	11
BofA	24.7	0.0	6.1	10	8
MS	45.6	0.0	3.1	7	5
GS	227.3	0.0	3.2	7	-7
EZ banks					
BNP	115.2	0.7	3.8	5	9
Crédit Agricole	65.0	0.0	3.7	2	3
Deutsche Bank	14.6	1.1	3.8	6	19
ING	16.4	2.1	5.9	5	-1
Intesa	15.5	-0.1	2.1	4	11
SG	2.9	0.4	3.8	11	13
Unicredit	48.8	0.8	3.1	3	1
UK banks					
HSBC	17.3	1.8	6.6	12	23
RBS	89.1	-0.3	2.3	0	1
Barclays	723.7	-0.8	4.9	7	8
Lloyds	256.3	0.3	1.8	-1	9
Large Spanish banks					
Santander	207.3	0.1	2.2	-3	-12
BBVA	66.4	-0.4	0.5	-4	3
CaixaBank	90.2	-0.6	1.3	3	16
Medium Spanish banks					
Sabobal	6.0	-0.7	1.3	2	16
Banco Popular	7.5	0.4	1.4	3	15
Bankia	82.7	0.5	4.1	3	13
Bankia	4.4	0.4	3.8	6	33
Bankia	1.8	0.1	3.7	1	34
Bankia	8.2	0.1	2.2	0	8
Bankia	4.5	1.4	8.0	9	10
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.13	-0.1	0.1	0.6	9
GBPUSD	1.29	-0.2	0.8	0.2	5
USD JPY	113.17	0.2	-0.7	2.5	-3
DKK	96.24	0.0	-0.2	0.5	6
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	16.83	0.0	-2.7	-5.2	-5
USD BRL (Brazil)	3.30	0.0	0.4	-1.7	-3
USD CLP (Chile)	663.52	-0.2	-0.2	0.9	1
USD COP (Colombia)	3046	0.0	0.5	-5.2	-3
USD MXN (Mexico)	18.20	0.2	-1.2	2.6	15
USD PEN (Peru)	3.26	0.1	0.0	0.5	4
LACI	64.41	0.4	-0.7	0.4	5
USD PLN (Poland)	3.74	0.0	0.0	-0.8	10
USD RUB (Russia)	59.35	-0.2	0.1	-4.8	2
USD TRY (Turkey)	3.56	-0.1	-1.0	-1.5	0
USD CNY (China)	6.80	0.0	0.2	0.1	2
USD INR (India)	64.74	0.2	-0.3	-0.5	5
USD IDR (Indonesia)	13,364	0.0	0.5	-0.4	1
ADXY	105.9	0.0	-0.1	-0.5	3
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
WTX	49.7	0.1	6.6	0	-12
Copper	47	0.2	6.6	-1	-11
Gold	267	-0.5	0.8	4	5
S&P Spot commodity *	1224	0.3	1.9	-4	5
S&P Brent Spot *	378	1.4	5.0	1	-9
S&P Metals Spot *	423	1.9	5.9	-1	12
S&P Agricultural *	329	0.4	1.7	4	8
S&P Agricultural *	305	2.6	8.7	8	2

Source: Bloomberg, Datastream and Haver

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* With one day delay

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