

# Market Comment | Economic indicators alleviate tensions in markets ahead of FOMC minutes

Global Financial Markets Unit  
16 Aug 2017

- **Volatility continued receding in financial markets after tumultuous days** - caused by escalating tensions between the US and North Korea -, increasing the appetite for risk assets (especially European equities) **ahead of today's FOMC minutes release**.
- The latest positive economic indicators in developed markets contributed to alleviating some pressure in financial markets. Yesterday's **US retail sales** readings ([see](#)), today's **EZ 2Q GDP**, ([see](#)), and the job figures in the UK - despite disappointing inflation data - ([see](#)) diminished the risk perception in markets as geopolitical tension eased, for now.
- Apart from geopolitical issues, the next round of fresh relevant news is likely to arise from the monetary field as the **Jackson Hole meeting approaches (24-26 August)**. Today's Fed minutes could give some hints about the "relatively soon" that was used in the last statement to know when the Fed is going to start reducing its balance sheet.
- Regarding the ECB, while the **German Court questioned the legality of the ECB's QE programme** yesterday - and asked for a European Court review - ([see](#)), sources indicate that it is unlikely that Draghi will use the Jackson Hole symposium to deliver a new policy message ([see](#)). Both had **muted effects on financial markets** (EUR, sovereign yields and peripheral risk premiums)
- Against this backdrop, **sovereign debt remained almost unchanged, while the USD appreciated** to the 1.17 EURUSD threshold. The **GBP continued suffering from the political noise** (and inflation prints) and remained close to its lowest levels against the EUR since 2008. **Equity indices showed positive performances, especially in the EZ**, due to geopolitical tension easing (so far), macroeconomic indicators and increasing oil prices after US crude supplies fell by more than expected.

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Table 1

Debt markets (10Y, % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.34	-0.4	0.4	-1	13	
US	2.45	1.9	0.6	-6	19	
GER (2-yr)	0.71	-0.2	-2.4	-9	7	
Germany	0.44	0.6	1.3	-14	9	
France	0.74	0.9	1.8	-11	8	
Spain	1.46	-1.2	3.1	-13	-5	
Italy	2.04	-0.7	2.8	-20	17	
Portugal	2.82	-2.3	2.5	-28	-136	
Greece	5.38	0.9	6.8	30	-131	
Japan (2-yr)	0.11	-0.1	0.1	-1	8	
Japan	0.04	1.6	-4.1	-2	2	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
Brazil	10.06	-2.0	3.8	-14	-135	
Chile	4.38	0.0	0.3	23	6	
Colombia	6.73	-0.8	-5.9	10	-36	
Mexico	6.87	-3.8	-1.2	6	-37	
Peru	5.29	0.8	-2.0	-16	-118	
Poland	3.40	-0.7	1.2	10	-32	
Russia	7.73	-8.8	-11.3	-19	-32	
Turkey	10.54	-4.0	5.0	17	-46	
India	6.53	1.3	6.7	8	15	
Indonesia	6.90	-0.5	3.2	-6	-84	
Country risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
<b>10-yr sovereign spread vs Germany</b>						
France	30	0.3	0.7	3	-16	
Italy	160	1.3	1.7	-5	8	
Portugal	238	-2.9	-3.6	-14	-117	
Spain	102	-1.8	2.0	1	-6	
<b>2-yr sovereign spread vs Germany</b>						
France	23	0.6	2.0	0	13	
Italy	50	-0.3	4.3	2	-11	
Portugal	76	-0.9	3.4	5	-30	
Spain	37	-0.4	0.5	1	-11	
Emerging Markets						
level	Daily	Weekly	Monthly	YTD		
<b>5-yr sovereign CDS *</b>						
Brazil	198	-2.4	4	-22	-73	
Chile	63	-2.5	1	-4	-20	
Colombia	128	1.2	4	-6	-35	
Mexico	106	0.7	6	-3	-51	
Peru	76	-0.3	2	-7	-32	
Venezuela	6.242	247.6	805	2118	2337	
Poland	57	-2.0	-1	-4	-18	
Russia	149	-2.0	-2	-14	-38	
Turkey	172	-2.0	2	-16	-100	
China	66	-2.8	2	0	-51	
India	86	-3.2	1	-1	-41	
Indonesia	110	-4.1	1	-6	-46	
Risk indicators						
Volatility indicators (%)	level	Daily	Weekly	Monthly	YTD	
<b>VIX</b>	11	-4.7	3	17	0	
VSTOXX	14	-4.9	-6	12	2	
EM EFT volatility Index	16	-4.0	-5	14	-19	
Dollar/reserve volatility	8	-3.3	-7	24	-25	
EM FX volatility Index	8	-2.3	-3	2	-31	
Credit spread (BAA) (bps)	210	1.6	2	0	-17	
US bonds volatility index	49	-1.3	-2	-3	-36	
Banking CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US	55	0.6	1	1	-17	
EZ	57	0.8	3	3	-51	
UK	51	0.1	3	3	-39	
Large Spanish	54	0.6	2	-1	-63	
Medium Spanish	92	-0.5	3	-6	-59	
Corporate CDS (bps) *						
level	Daily	Weekly	Monthly	YTD		
US Non-financial	141	0.6	1	1	-17	
EZ Non-financial	75	0.6	3	3	-51	
UK Non-financial	108	-1.1	2	-4	-17	
Interbank markets (% changes in bp)						
level	Daily	Weekly	Monthly	YTD		
EDNA Index	-0.36	0.00	0.0	0.0	0.0	
Earlibor 3m	-0.33	0.00	0.0	0.0	0.0	
Earlibor 12m	-0.16	0.00	0.0	0.0	-0.1	
Libor 3m	1.31	0.00	0.0	0.0	0.3	
Libor 12m	1.33	-0.01	0.0	0.0	0.0	
Stock markets (%)						
Index	level	Daily	Weekly	Monthly	YTD	
<b>US indices</b>						
S&P500	2472	0.3	-0.1	1.2	9	
Dow Jones	22,071	0.3	0.1	2	11	
Nikkei	19,729	-0.1	0.0	-2	1	
FTSE 100	7,433	0.7	-0.9	0	-1	
EuroStoxx 50	3,485	0.7	0.5	-1	5	
IBEX	10,548	0.6	-0.5	-1	11	
DAX	12,264	0.7	0.9	-3	6	
CAC	5,177	0.7	0.6	-1	6	
MIB	21,966	1.1	0.5	2	12	
ASE Athens	842	1.8	1.1	-2	28	
<b>MSCI Latam *</b>	60,344	0.1	0.2	3	10	
Ibovespa (Brazil)	68,473	0.2	1.2	5	11	
Mexbol	51,185	-0.3	0.1	0	10	
<b>MSCI EM Europe *</b>	5,011	-0.5	-2.1	0	-1	
Pobor	2,381	0.2	-1.1	-2	-19	
Micex (Russia)	1,943	-0.4	-1.7	-1	-14	
Ise 100 (Turkey)	106,862	0.0	-1.7	1	40	
<b>MSCI EM Asia *</b>	847	0.1	2.2	0	22	
Shanghai Com (China)	3,246	-0.1	-0.9	2	3	
Jakarta (Indonesia)	5,892	1.6	1.4	1	12	
Banking sector						
level	Daily	Weekly	Monthly	YTD		
<b>US banks</b>						
JPM	124.5	-0.3	-1.2	-1	4	
CB	92.7	0.0	0.9	1	7	
BoA	67.7	-0.3	-1.0	1	10	
Wells	24.4	-0.3	-1.4	2	6	
MS	46.3	-0.2	-2.6	2	6	
GS	226.9	-0.3	-1.8	-1	-7	
<b>EZ banks</b>	116.6	0.7	0.3	1	11	
BNP	67.2	0.1	0.0	2	7	
Crédit Agricole	15.5	0.6	0.7	5	26	
Deutsche Bank	14.6	0.0	-2.0	-11	-11	
ING	15.5	0.4	-0.5	-1	11	
Intesa	2.9	2.2	1.5	2	15	
SG	49.0	0.6	1.1	0	2	
Unicredit	18.0	1.5	0.2	6	28	
<b>UK banks</b>	89.6	0.2	-1.9	0	2	
HSBC	748.0	0.5	-2.1	1	12	
RBS	263.9	0.3	1.9	4	13	
Barclays	200.8	0.1	-3.8	-4	-15	
Lloyds	65.4	-0.4	-2.3	-3	1	
<b>Large Spanish banks</b>	89.8	0.4	-1.2	-1	15	
Santander	5.6	0.6	-1.6	-2	12	
BBVA	7.7	0.3	0.8	0	18	
<b>Medium Spanish banks</b>	82.8	0.9	-0.3	0	13	
Cabobank	4.5	1.1	0.9	4	36	
Sabadell	1.9	0.6	0.9	3	29	
Bankinter	8.2	0.8	-1.8	-1	9	
Banque	4.2	1.1	0.9	-7	3	
Currencies (% red for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	Year	
<b>EURUSD</b>						
EURUSD	1.17	-0.2	-0.5	-2.0	12	
GBPUSD	1.29	0.0	-1.1	-1.5	4	
USD JPY	110.73	-0.1	-0.6	-1.7	-6	
DKK	94.02	0.2	0.5	1.2	8	
Emerging						
level	Daily	Weekly	Monthly	Year		
USDARS (Argentina)	17.13	-0.4	3.2	-1.2	-7	
USD BRL (Brazil)	3.17	0.0	-0.4	0.4	2	
USD CIP (Chile)	645.09	0.6	0.5	2.2	4	
USD COP (Colombia)	2964	0.1	1.3	2.2	0	
USD MXN (Mexico)	17.72	0.5	1.3	-0.7	17	
USD PEN (Peru)	3.24	0.1	0.2	0.1	4	
LACI	66.12	0.2	0.8	0.1	7	
USD PLN (Poland)	3.64	0.4	-0.3	0.5	13	
USD RUB (Russia)	59.44	0.4	1.1	-0.2	2	
USD TRY (Turkey)	3.53	0.3	0.3	0.1	1	
USD CNY (China)	6.69	-0.1	-0.3	1.2	3	
USD INR (India)	64.15	0.0	-0.5	0.3	6	
USD IDR (Indonesia)	13,377	-0.1	0.3	0.4	0	
ADXY	107.0	0.0	-0.1	0.4	4	
Commodities (%)						
level	Daily	Weekly	Monthly	Year		
<b>Brent</b>						
WTX	50.8	1.0	-3.6	5	-10	
Copper	47	-0.4	-4.5	3	-11	
Gold	296	2.5	0.9	9	16	
S&P Spot commodity *	1274	0.2	-0.3	3	9	
S&P Brent Spot *	377	-0.4	-2.6	1	-5	
S&P Metals Spot *	431	0.0	-3.9	4	-10	
S&P S&P Spot *	351	0.6	-0.1	6	15	
S&P Agricultural *	281	2.1	-4.4	-5	-6	

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Fuente: BBVA Research

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Colombia	6.73	-0.8	-5.9	10	-36
Mexico	6.87	-0.8	-1.2	6	-77
Peru	5.29	0.8	-2.0	-16	-118
Poland	3.40	-0.7	1.2	10	-32
Russia	7.73	-8.8	-11.3	-19	-72
Turkey	10.54	-1.0	5.0	17	-46
India	6.53	-1.3	6.7	8	15
Indonesia	6.90	-0.5	3.2	-6	-94
Country risk (bp, changes in bp)					
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Risk indicators					
level	Daily	Weekly	Monthly	YTD	
<b>Volatility indicators (%)</b>					
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VSTOXX	14	-4.9	-6	12	-2
EM EFT volatility Index	16	-4.0	-5	14	-19
Dollar/Euro volatility	8	-3.3	-7	24	-25
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Credit spread (BAA) (bps)	210	1.6	2	0	-17
US bonds volatility index	49	-1.3	-2	-3	-36
Banking by CDS (bps) *					
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Large Spanish	54	0.6	2	-1	-63
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level	Daily	Weekly	Monthly	YTD	
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UK Non-financial	108	1.1	2	-4	-17
Interbank markets (% , changes in bp)					
level	Daily	Weekly	Monthly	YTD	
<b>EONIA Index</b>					
EONIA Index	-0.36	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	-0.16	0.00	0.0	0.0	-0.1
<b>Libor 3m</b>					
Libor 3m	1.31	0.00	0.0	0.0	0.3
<b>Libor 12m</b>					
Libor 12m	1.73	0.01	0.0	0.0	0.0
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
<b>Main indices</b>					
S&P500	2,472	0.3	-0.1	1	9
Dow Jones	22,071	0.3	0.1	2	11
Nikkei	19,729	-0.1	0.0	-2	1
FTSE 100	7,433	0.7	-0.9	0	3
EuroStoxx 50	3,485	0.7	0.5	-1	5
IBEX	10,548	0.6	-0.5	-1	11
DAX	12,264	0.7	0.9	-3	6
CAC	5,177	0.7	0.6	-1	6
MBI	21,966	1.1	0.5	2	12
ASE Athens	842	1.8	1.1	-2	28
MSCI Latam *	80,844	0.1	0.2	3	10
Ibovespa (Brazil)	68,473	0.2	1.2	5	11
Mibex (Russia)	51,195	-0.3	-0.1	0	10
MSCI EM Europe *	5,011	-0.5	-2.1	0	-1
Poland	2,381	0.2	-1.1	0	19
Micex (Russia)	1,943	-0.4	-1.7	-1	-14
Isr 100 (Turkey)	106,862	0.0	-1.7	1	40
MSCI EM Asia *	847	0.1	-2.2	0	22
Shanghai Com (China)	3,246	-0.1	-0.9	2	3
Jakarta (Indonesia)	5,892	1.6	1.4	1	12
Banking sector					
level	Daily	Weekly	Monthly	YTD	
<b>US banks</b>					
JPM	124.5	-0.3	-1.7	1	4
CB	92.7	0.0	-0.9	1	7
BoA	67.7	-0.5	-1.0	1	10
MS	24.4	-0.3	-1.4	2	6
GS	46.3	-0.2	-2.8	2	6
Wells Fargo	226.9	-0.3	-1.8	-1	-7
<b>EZ banks</b>					
BNP	116.6	0.7	0.3	1	11
Credit Agricole	67.2	0.1	0.0	2	7
Deutsche Bank	15.5	0.6	0.7	5	26
Commerzbank	14.6	0.0	-2.0	-11	-11
ING	15.5	0.4	0.5	-1	11
Intesa	2.9	2.2	1.5	2	15
SG	49.0	0.6	1.1	0	2
Unicredit	18.0	1.5	0.2	6	28
<b>UK banks</b>					
HSBC	89.6	0.2	-1.9	0	2
RBS	748.0	0.5	2.1	1	12
Barclays	263.9	0.3	1.9	4	13
Lloyds	209.8	0.1	-3.8	4	15
Large Spanish banks	65.4	-0.4	-2.3	-3	1
Santander	89.8	0.4	1.2	-1	15
BBVA	5.6	0.6	1.6	-2	12
Medium Spanish banks	7.7	0.3	-0.8	0	18
CaixaBank	82.8	0.9	-0.3	0	13
Sabadell	4.5	1.1	0.9	4	36
Bankinter	1.9	0.6	0.9	3	39
Bankia	8.2	0.8	-1.8	-1	9
Banco	4.2	1.1	-0.9	-7	3
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
<b>EURUSD</b>					
EURUSD	1.17	-0.2	-0.5	2.0	12
GBPUSD	1.29	0.0	-1.1	-1.5	4
USDJPY	110.73	-0.1	-0.6	-1.7	6
USDCHF	94.02	0.2	0.5	-1.2	8
Emerging					
level	Daily	Weekly	Monthly	Year	
<b>USDARS (Argentina)</b>					
USDARS (Argentina)	17.13	-0.4	3.2	-1.2	-7
<b>USD BRL (Brazil)</b>					
USD BRL (Brazil)	3.17	0.0	-0.4	0.4	2
<b>USD COP (Colombia)</b>					
USD COP (Colombia)	645.09	0.6	0.5	2.2	4
<b>USD MXN (Mexico)</b>					
USD MXN (Mexico)	296.4	0.1	1.3	2.2	0
<b>USD PEN (Peru)</b>					
USD PEN (Peru)	17.72	0.5	1.3	-0.7	17
<b>LACI</b>					
LACI	3.24	0.1	0.2	0.1	4
<b>USD PLN (Poland)</b>					
USD PLN (Poland)	66.12	0.2	0.8	0.1	7
<b>USD RUB (Russia)</b>					
USD RUB (Russia)	3.64	0.4	-0.3	0.5	13
<b>USD TRY (Turkey)</b>					
USD TRY (Turkey)	59.44	0.4	1.1	-0.2	2
<b>USD CNY (China)</b>					
USD CNY (China)	3.53	0.3	0.3	0.1	1
<b>USD INR (India)</b>					
USD INR (India)	6.69	-0.1	0.3	1.2	3
<b>USD IDR (Indonesia)</b>					
USD IDR (Indonesia)	64.15	0.0	-0.5	0.3	6
<b>ADXY</b>					
ADXY	13.377	-0.1	-0.3	-0.4	0
<b>Commodities (%)</b>					
level	Daily	Weekly	Monthly	Year	
<b>Brent</b>					
Brent	50.8	1.0	-3.6	5	-10
WTI	47	-0.4	-4.5	3	-11
Copper	296	2.5	0.9	9	16
Gold	1274	0.2	-0.3	3	9
S&P Spot commodity *	377	-0.4	-2.6	1	-5
S&P Brent Spot *	431	0.0	-3.9	4	-10
S&P Metals Spot *	351	0.6	-0.1	6	15
S&P Agricultural *	281	-2.1	-4.4	-5	-6

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Fuente: BBVA Research

Source: Bloomberg, Datastream and Haver

\* With one day delay

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