

Market Comment | Equity indices and the USD gained some steam in a low-volume context

Global Financial Markets Unit
22 Aug 2017

- **Calm continued in financial markets waiting for the annual Jackson Hole Symposium in a low-trading-volume context.** Volatility in equity markets continued to recede (VIX: 12% after last week's spike which drove it to 16%) as the uneasy calm in the geopolitical field (US- North Korea) persisted. As a result, sovereign yields inched up, equity indices registered a mild increase and safe-haven assets such as gold and the JPY lost some ground.
- There are no major economic indicators on the calendar today with the exception of the **German ZEW**, ([see](#)), **which showed a deceleration** in economic sentiment, although the current situation indicator went up slightly. According to the report, weaker export data and the consequences of the automobile sector scandal could be behind the deterioration. **In the US, home prices**([see](#)) were the most significant indicator: they grew at their slowest pace since 2013 in June.
- **Equity indices exhibited a good performance across the board.** US indices registered gains for the second day in a row after last week's underperformance. EZ indices went up, led by the Dax, which has been experiencing very high volatility, affected by the EUR/USD cross-rate, which has been very volatile as well (the EUR has depreciated significantly against the USD since its highs).
- **Sovereign yields inched up in the US** (though still at a low level) as well as in the EZ (especially in Italy). The only exception was the German yield, which remained unchanged, maybe hampered by confidence data. In FX markets, the USD recovered some ground against its main peers and emerging currencies despite the positive trend in oil prices, above US\$52 per barrel.

Update 17.45CET 22 August, 2017
Table1

Debt markets (10Y, % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.32	1.6	-2.9	-2	10	
US	2.20	1.9	-7.2	4	-24	
GER (2-yr)	0.72	-0.1	-1.2	8	6	
Germany	0.40	0.0	-3.2	-11	5	
France	0.70	0.3	-2.5	-5	-11	
Spain	1.57	2.5	-0.1	2	0	
Italy	2.10	6.9	5.4	3	23	
Portugal	2.78	3.0	6.3	13	140	
Greece	5.56	-5.9	-0.7	30	-132	
Japan (2-yr)	0.13	0.5	-1.7	-1	6	
Japan	0.04	0.7	-2.4	2	2	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
Brazil	10.11	-8.7	7.0	7	-130	
Chile	4.34	-9.0	-4.0	4	2	
Colombia	6.74	0.7	0.3	4	-35	
Mexico	6.80	0.0	-8.1	-4	-34	
Peru	5.25	-1.6	-3.2	-14	-122	
Poland	3.33	2.4	-7.4	4	-39	
Russia	7.89	8.1	7.7	0	-55	
Turkey	10.35	-1.0	-23.0	9	-65	
India	6.51	0.4	-0.6	8	13	
Indonesia	6.58	-2.2	-3.4	-5	-97	
Country risk (bp, changes in bp)	level	Daily	Weekly	Monthly	YTD	
10-yr sovereign spread vs Germany						
France	30	0.3	0.8	5	-16	
Italy	170	6.9	8.7	14	19	
Portugal	238	3.0	-3.0	-3	-117	
Spain	117	2.5	1.2	11	-11	
2-yr sovereign spread vs Germany						
France	23	-0.7	0.3	-2	13	
Italy	55	2.0	5.1	11	-6	
Portugal	77	0.1	0.1	3	-69	
Spain	38	2.7	0.9	3	-10	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *						
Brazil	203	2.2	2	6	-69	
Chile	63	1.0	-3	-3	-20	
Colombia	131	0.9	4	0	-32	
Mexico	109	1.1	4	5	-47	
Peru	78	1.4	1	6	-30	
Venezuela	6,199	35.9	205	1653	2294	
Poland	58	0.4	-1	-2	-17	
Russia	149	-1.2	-2	-14	-27	
Turkey	176	-1.4	2	-5	-96	
China	66	0.1	-2	0	-51	
India	86	0.1	0	2	-41	
Indonesia	111	0.2	-4	-5	-45	
Risk indicators	level	Daily	Weekly	Monthly	YTD	
Volatility indicators (%)						
VIX	12	-11.1	3	25	0	
VSTOXX	16	-11.6	10	7	0	
EM EFT volatility Index	17	-5.6	1	20	-15	
Dollar/reserve volatility	8	-0.4	0	23	-22	
EM FX volatility Index	7	-0.4	4	-3	-34	
Credit spread (BAA) (bps)	210	-1.9	1	7	-17	
US bonds volatility index	52	3.8	7	10	-32	
Banking 5y CDS (bps) *						
US	50	-0.3	4	5	-14	
EZ	58	-0.2	2	7	-50	
UK	51	0.4	0	6	-40	
Large Spanish	56	-0.1	3	7	-61	
Medium Spanish	92	0.2	-1	-2	-59	
Corporate 5y CDS (bps) *						
US Non-financial	146	-0.3	4	5	-14	
EZ Non-financial	77	-0.2	2	7	-50	
UK Non-financial	111	0.6	2	2	-14	
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	0.00	0.0	0.0	0.0	
Stock markets (%)	level	Daily	Weekly	Monthly	YTD	
EU indices						
S&P500	2,446	0.7	0.9	1	6	
Dow Jones	21,858	0.7	0.6	1	10	
Nikkei	19,384	0.0	-1.9	-4	-1	
FTSE 100	7,386	0.9	0.0	-1	-3	
EuroStoxx 50	3,457	1.0	-0.1	0	4	
IBEX	10,413	0.5	-0.7	0	10	
DAX	12,228	1.3	0.4	0	6	
CAC	5,135	0.9	0.1	0	5	
MIB	21,738	-0.1	0.1	3	11	
ASE Athens	833	0.8	0.6	-2	27	
MSCI Latam *	81,211	0.0	0.6	3	11	
Ibovespa (Brazil)	70,134	2.2	2.6	8	14	
Mexbol	51,365	0.2	0.1	0	10	
MSCI EM Europe *	5,015	0.6	-0.4	0	-1	
Pobor	2,387	0.4	0.4	2	19	
Micex (Russia)	1,948	0.5	-0.1	1	-14	
Ise TOI (Turkey)	108,594	0.0	1.6	2	43	
MSCI EM Asia *	853	0.2	0.9	0	23	
Shanghai Com (China)	3,290	0.1	1.2	2	4	
Jakarta (Indonesia)	5,880	-0.2	1.4	1	11	
Banking sector						
US banks	121.9	1.2	2.4	0	2	
JPM	91.2	0.6	-1.7	0	5	
CB	66.5	0.8	-2.2	1	8	
BaK	23.8	1.6	-2.9	0	4	
MS	45.3	1.4	-2.4	-3	4	
GS	222.6	0.8	-2.2	1	-8	
EZ banks	113.5	-0.2	-2.0	0	8	
BNP	65.1	0.6	-3.1	2	4	
Crédit Agricole	15.3	1.0	-0.8	6	24	
Deutsche Bank	13.8	0.0	-5.7	-12	-16	
ING	15.2	0.6	-1.5	-2	-9	
Intesa	2.9	-0.6	0.5	1	13	
SG	47.0	-0.4	-3.5	-1	-3	
Unicredit	17.6	-0.6	-0.7	7	26	
UK banks	97.9	0.5	-1.9	-2	0	
HSBC	741.4	1.0	-0.4	1	11	
RBS	253.9	-0.5	-3.5	3	8	
Barclays	193.6	-0.2	3.4	-6	-18	
Lloyds	65.1	0.7	0.8	-4	0	
Large Spanish banks	87.7	1.0	-1.9	-1	12	
Santander	5.5	0.8	-2.3	-3	9	
BBVA	7.5	1.1	-1.5	1	16	
Medium Spanish banks	81.0	0.3	-1.3	1	11	
Cabobank	4.4	0.8	-0.7	5	34	
Sabadell	1.9	0.0	2.2	3	35	
Bankinter	8.0	0.3	-1.4	0	7	
Banque	4.1	0.0	-1.1	-4	1	
Currencies (% red for currency depreciation)	level	Daily	Weekly	Monthly	Year	
Developed						
EURUSD	1.18	-0.4	0.3	0.9	12	
GBPUSD	1.28	-0.5	0.2	-1.2	4	
USD JPY	109.38	-0.4	1.2	-1.6	-7	
DKK	93.43	0.4	-0.5	0.5	9	
Emerging						
USDARS (Argentina)	17.22	0.3	0.9	1.1	-7	
USD BRL (Brazil)	3.15	0.4	0.6	-0.3	2	
USD CLP (Chile)	641.17	0.2	1.2	1.6	5	
USD COP (Colombia)	2986	0.1	-0.7	0.9	-1	
USD MXN (Mexico)	17.64	0.1	0.9	0.1	18	
USD PEN (Peru)	3.24	0.1	0.2	0.4	4	
LACI	66.32	0.2	0.5	0.2	8	
USD PLN (Poland)	3.64	-0.4	0.6	0.6	13	
USD RUB (Russia)	59.02	0.2	1.2	0.6	2	
USD TRY (Turkey)	3.49	0.0	1.1	1.2	2	
USD CNY (China)	6.66	0.1	0.3	1.5	4	
USD INR (India)	64.11	0.1	0.0	0.3	6	
USD IDR (Indonesia)	13,344	0.1	0.1	-0.2	1	
ADXY	107.3	0.1	0.3	0.4	4	
Commodities (%)	level	Daily	Weekly	Monthly	Year	
Brent						
WTX	48	0.3	0.0	4	-11	
Copper	298	0.0	3.3	10	17	
Gold	1287	-0.4	1.2	3	11	
S&P Spot commodity *	377	-1.1	0.0	1	-5	
S&P Brent Spot *	436	-2.2	1.3	6	-9	
S&P Meats Spot *	361	1.0	2.9	10	18	
S&P Agricultural *	278	-0.5	-1.1	-7	-7	

Fuente: BBVA Research

Debt markets (10Y, %, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	1.32	1.6	-2.9	-2	10
US	2.20	1.9	-7.2	4	24
GER (2-yr)	-0.72	-0.1	-1.2	-8	6
Germany	0.40	0.0	-3.3	-11	5
France	0.70	0.3	-2.5	-5	-11
Spain	1.57	2.5	-0.1	2	0
Italy	2.10	6.9	5.4	3	23
Portugal	2.78	3.0	-6.3	-13	-140
Greece	5.56	-5.9	-0.7	30	-132
Japan (2-yr)	0.13	0.5	-1.7	-1	6
Japan	0.04	-0.7	-2.4	-2	-2
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	10.11	-8.7	7.0	7	-130
Chile	4.34	-4.0	-4.0	4	2
Colombia	6.74	0.7	0.3	4	-35
Mexico	6.80	0.0	-8.1	-4	-84
Peru	5.25	-1.6	-3.2	-14	-122
Poland	3.33	2.4	-7.4	4	-39
Russia	7.89	8.1	7.7	0	-55
Turkey	10.35	-1.0	-23.0	9	-65
India	6.51	0.4	-0.6	8	13
Indonesia	6.88	-2.2	-3.4	-5	-97
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	30	0.3	0.8	5	-16
Italy	170	6.9	8.7	14	19
Portugal	238	6.9	-3.0	-3	-117
Spain	117	2.5	1.2	11	-11
2-yr sovereign spread vs Germany					
France	23	-0.7	0.3	-2	13
Italy	55	2.0	5.1	11	-6
Portugal	77	0.1	0.1	3	-69
Spain	38	2.7	0.9	3	-10
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *					
Brazil	203	2.2	2	-6	-69
Chile	63	1.0	-3	-3	-20
Colombia	131	0.9	4	0	-32
Mexico	109	1.1	4	5	-47
Peru	78	1.4	1	-6	-30
Venezuela	6,199	35.9	205	1653	2294
Poland	59	0.4	-1	-3	-17
Russia	149	-1.2	-2	-14	-27
Turkey	176	-1.4	2	-5	-96
China	66	0.1	-2	0	-51
India	86	0.1	0	2	-41
Indonesia	111	-0.2	-4	-5	-45
Risk indicators					
level	Daily	Weekly	Monthly	YTD	
Volatility indicators (%)					
VIX	12	-11.1	-3	25	0
VSTOXX	16	-11.6	10	7	0
EM EFT volatility Index	17	-5.6	1	20	-15
Dollar/euro volatility	8	-0.4	0	23	-22
EM FX volatility index	7	-0.4	4	-3	-34
Credit spread (BAA) (bps)	210	-1.9	1	7	-17
US bonds volatility index	52	3.8	7	10	-32
Banking by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	58	0.3	4	5	14
EZ	58	-0.2	2	7	-50
UK	51	0.4	0	6	-40
Large Spanish	56	-0.1	3	7	-61
Medium Spanish	92	0.2	-1	-2	-59
Corporate by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	146	-0.3	4	5	-14
EZ Non-financial	77	-0.2	2	7	-50
UK Non-financial	111	0.6	2	2	-14
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	-0.16	0.00	0.0	0.0	-0.1
Libor 3m	1.31	0.00	0.0	0.0	0.3
Libor 12m	1.73	0.00	0.0	0.0	0.0
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Main indices					
S&P500	2,446	0.7	-0.8	-1	8
Dow Jones	21,658	0.7	0.6	1	10
Nikkei	19,384	0.0	-1.9	-4	-1
FTSE 100	7,386	0.9	0.0	-1	3
EuroStoxx 50	3,457	1.0	-0.1	0	4
IBEX	10,413	0.5	0.7	0	10
DAX	12,228	1.3	0.4	0	6
CAC	5,135	0.9	0.1	0	5
MBI	21,738	-0.1	0.1	3	11
ASE Athens	833	0.8	0.6	-2	27
MSCI Latam *	81,211	0.0	0.6	3	11
Ibovespa (Brazil)	70,134	2.2	2.6	8	14
Mobx (Russia)	51,965	0.2	0.1	0	10
MSCI EM Europe *	5,015	0.6	-0.4	0	-1
Poland	2,387	0.4	0.4	2	19
Micex (Russia)	1,948	0.5	-0.1	1	-14
Isr 100 (Turkey)	108,594	0.0	1.6	2	43
MSCI EM Asia *	853	0.2	0.9	0	23
Shanghai Com (China)	3,290	0.1	1.2	2	4
Jakarta (Indonesia)	5,860	-0.2	1.4	3	11
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	121.8	1.2	-2.4	0	2
Citi	91.2	0.6	-1.7	0	5
CB	66.5	0.8	2.2	1	8
BoA	23.8	1.6	-2.9	0	4
MS	45.3	1.4	-2.4	-3	4
GS	222.6	0.8	-2.2	1	8
EZ banks	113.5	0.2	-2.0	0	8
BNP	65.1	0.6	-3.1	2	4
Credit Agricole	15.3	1.0	-0.8	6	24
Deutsche Bank	13.8	0.0	-5.7	-12	-16
ING	15.2	0.6	-1.5	-2	9
Intesa	2.9	-0.6	0.5	1	13
SG	47.0	-0.4	-3.5	-1	-3
Unicredit	17.6	-0.6	0.7	7	26
UK banks	87.9	0.5	-1.8	-2	0
HSBC	741.4	1.0	0.4	1	11
RBS	253.9	-0.5	-3.5	-3	8
Barclays	193.6	0.2	-3.4	-6	-18
Lloyds	65.1	0.7	-0.8	-4	0
Large Spanish banks	87.7	1.0	-1.9	-1	12
Santander	5.5	0.8	2.3	-3	9
BBVA	7.5	1.1	-1.5	1	16
Medium Spanish banks	81.0	0.3	-1.3	1	11
Cabobank	4.4	0.8	0.7	5	34
Sabadell	1.9	0.0	2.2	3	35
Bankinter	8.0	0.3	-1.4	0	7
Bankia	4.1	0.0	-1.3	-4	1
Currencies (% , red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.18	-0.4	0.3	0.9	12
GBPUSD	1.28	-0.5	-0.2	-1.2	4
USD JPY	109.38	-0.4	1.2	-1.6	-7
USD X	93.43	0.4	-0.5	0.5	9
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)	17.22	0.3	-0.9	1.1	-7
USD BRL (Brazil)	3.15	0.4	0.6	-0.3	2
USD CUP (Cuba)	641.17	0.2	1.2	1.6	5
USDCOP (Colombia)	2986	0.1	-0.7	0.9	-1
USDMXN (Mexico)	17.64	0.1	0.9	0.1	18
USD PEN (Peru)	3.24	0.1	0.2	0.4	4
LACI	66.32	0.2	0.5	0.2	8
USD PLN (Poland)	3.64	-0.4	0.6	0.6	13
USD RUB (Russia)	59.02	0.2	1.2	0.6	2
USD TRY (Turkey)	3.49	0.0	1.1	1.2	2
USDCNY (China)	6.66	0.1	0.3	1.5	4
USD INR (India)	64.11	0.1	0.0	0.3	6
USD IDR (Indonesia)	13,344	0.1	0.1	-0.2	1
ADXY	102.3	0.1	0.3	0.4	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
Brent	51.8	0.3	2.0	8	-8
WTI	48	0.3	0.0	4	11
Copper	298	0.0	3.3	10	17
Gold	1287	-0.4	1.2	3	11
S&P Spot commodity *	377	-1.1	0.0	1	-5
S&P Brent Spot *	436	-2.2	1.3	6	-9
S&P Metals Spot *	361	1.0	2.9	10	18
S&P Agricultural *	278	-0.5	-1.1	-7	-7

Fuente: BBVA Research

Source: Bloomberg, Datastream and Haver

* With one day delay

DISCLAIMER

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments or related investments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: www.bbva.com / Corporate Governance".

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.