

Market Comment | US political issues return to the spotlight

Global Financial Markets Unit
23 Aug 2017

- The US **president's comments on NAFTA and threats of a potential shut-down of the government**([see](#)) increased the uncertainty in financial markets and contributed to curbing the positive mood of the beginning of this week.
- Against this backdrop, **volatility increased** (though it still remains far from its highest level of last week) as main **equity indices registered falls across the board**, while recent internal instability again **hampered the USD and US bond yields**. Apart from US assets, the Mexican peso suffered the most ([see](#)). Economic indicators in the US added to the downward trend as confidence data and home sales missed expectations ([see](#)).
- On the other hand, **positive confidence data were released in the EZ**. The composite PMI for the EZ surprised to the upside, driven by Germany and the manufacturing component, _____ ([see](#))**giving some support to the EUR**. For their part, EZ's curves were dragged down by the US curve and lack of novelties in monetary stance, as **Draghi did not give any hint on the ECB's exit strategy** in his last intervention ([see](#)) before Jackson Hole meeting (at which, according to sources, the ECB is not expected to announce any significant change in its stance).
- **Brent prices benefited from the release of US inventory data**, which showed a smaller than forecast fall in domestic crude supplies, but gasoline stocks declined by far more than [expected](#) ([see](#)). The positive trend of some commodities allowed some EM assets to continue with their positive trend.

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Table1

Debt markets (10Y, % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	1.31	-0.8	-1.3	-4	10	
US	2.19	-2.6	-3.5	-7	25	
GER (2-yr)	0.73	-1.1	-2.2	-8	4	
Germany	0.38	-2.3	-6.8	-13	3	
France	0.68	-2.0	-5.6	-7	-13	
Spain	1.57	-0.2	0.6	-2	0	
Italy	2.12	1.8	7.3	6	25	
Portugal	2.61	3.6	1.9	9	-136	
Greece	5.55	-2.1	-5.8	29	-134	
Japan (2-yr)	0.13	-0.1	-1.8	-1	6	
Japan	0.04	-0.4	-2.4	-1	3	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
Brazil	10.08	-7.2	0.5	3	-133	
Chile	4.34	0.0	4.2	2	2	
Colombia	6.78	1.2	5.1	2	-31	
Mexico	6.82	0.6	-3.7	-4	-32	
Peru	5.24	0.0	-5.1	-16	-123	
Poland	3.32	-1.3	8.0	5	-40	
Russia	7.89	0.2	8.8	-5	-55	
Turkey	10.41	6.0	-13.0	11	-59	
India	6.54	0.3	0.5	12	16	
Indonesia	6.57	0.6	-3.5	-6	-97	
Country risk (bp, changes in bp)	level	Daily	Weekly	Monthly	YTD	
10-yr sovereign spread vs Germany						
France	31	0.3	1.0	6	-15	
Italy	174	4.1	14.1	20	23	
Portugal	244	5.9	4.9	4	-111	
Spain	119	2.1	5.4	10	-8	
2-yr sovereign spread vs Germany						
France	23	0.0	-0.4	-2	13	
Italy	58	2.4	7.9	13	-3	
Portugal	79	0.9	2.3	5	-68	
Spain	39	0.7	2.9	-1	9	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *						
Brazil	261	-1.9	2	-8	-71	
Chile	62	-0.2	0	-4	-20	
Colombia	129	-1.9	1	-3	-34	
Mexico	107	-1.8	2	2	-49	
Peru	77	-0.6	1	-6	-31	
Venezuela	6.210	11.0	-32	1496	2305	
Poland	57	-1.0	0	-2	-18	
Russia	147	-1.9	-2	-13	29	
Turkey	172	-3.8	0	-8	-100	
China	63	-2.6	-2	-3	-53	
India	85	-3.3	-3	-1	-44	
Indonesia	108	-3.0	-1	-8	-48	
Risk indicators	level	Daily	Weekly	Monthly	YTD	
Volatility indicators (%)						
VIX	12	4.4	1	26	0	
VSTOXX	17	2.2	18	11	0	
EM EFT volatility index	17	-0.9	5	14	-17	
Dollar/reserve volatility	8	0.7	4	22	-22	
EM FX volatility index	7	-0.5	-4	-4	-34	
Credit spread (BAA) (bps)	212	3.3	2	2	-15	
US bonds volatility index	51	-1.4	6	9	-33	
Banking 5y CDS (bps) *						
US	57	-0.7	3	4	-14	
EZ	59	1.0	2	8	-49	
UK	50	-1.1	-1	5	-41	
Large Spanish	57	1.1	3	8	-60	
Medium Spanish	92	0.1	0	-3	-59	
Corporate 5y CDS (bps) *						
US Non-financial	146	-0.7	3	4	-14	
EZ Non-financial	76	1.0	2	8	-49	
UK Non-financial	109	-1.9	1	0	16	
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	1.32	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	2,448	0.2	0.9	-1	6	
Dow Jones	21,856	-0.2	0.8	2	10	
Nikkei	19,435	0.3	-1.5	-3	-1	
FTSE 100	7,387	0.1	-0.6	0	-3	
EuroStoxx 50	3,440	-0.5	-1.3	0	4	
IBEX	10,333	-0.7	-2.0	-1	9	
DAX	12,184	-0.4	-0.7	0	5	
CAC	5,117	-0.9	-1.1	0	4	
MIB	21,628	-0.5	-1.6	1	10	
ASE Athens	829	-0.4	-1.6	-2	26	
MSCI Latam *	62,851	1.2	1.7	5	12	
Ibovespa (Braz)	70,380	0.5	2.6	8	14	
Mexbol	51,206	-0.2	0.1	-1	10	
MSCI EM Europe *	5,044	0.6	0.7	1	0	
Pabest	2,391	0.2	0.4	2	20	
Micex (Russia)	1,958	0.6	0.8	1	-14	
Ise TOI (Turkey)	108,953	0.3	2.0	2	43	
MSCI EM Asia *	859	0.7	1.5	1	23	
Shanghai Com (China)	3,288	-0.1	1.3	1	4	
Jakarta (Indonesia)	5,914	0.9	1.4	3	12	
Banking sector						
US banks	122.8	0.4	0.9	-1	2	
JPM	92.1	0.6	0.0	1	6	
CB	67.3	0.7	0.5	2	10	
BaK	23.9	0.3	-1.2	0	14	
MS	45.8	0.5	0.5	-2	5	
GS	223.3	-0.1	-1.0	2	-8	
EZ banks	112.5	-0.9	-3.5	-1	7	
BNP	64.3	-1.9	-4.4	0	2	
Crédit Agricole	15.1	-1.1	-2.5	4	23	
Deutsche Bank	13.8	0.6	-5.2	-14	-15	
ING	15.0	-0.8	2.8	-3	8	
Intesa	2.8	-1.3	-2.9	-1	12	
SG	46.9	-0.1	-4.1	-3	-3	
Unicredit	17.3	-1.7	-3.9	3	23	
UK banks	88.1	0.2	-1.7	-1	0	
HSBC	742.1	0.1	-0.8	1	11	
RBS	256.0	0.8	-3.0	4	9	
Barclays	192.9	-0.2	-3.9	-6	-18	
Lloyds	65.4	0.5	0.0	-4	1	
Large Spanish banks	86.6	-1.2	-3.5	-3	11	
Santander	5.4	-1.1	-3.9	-5	7	
BBVA	7.4	-1.2	-3.2	-1	14	
Medium Spanish banks	80.5	-0.7	-2.9	-1	10	
Cababank	4.4	-0.8	-2.6	3	33	
Sabadell	1.8	-0.4	-3.3	0	24	
Bankinter	8.0	-0.7	-2.8	-2	6	
Banque	4.1	-0.9	-3.1	-5	0	
Currencies (% red for currency depreciation)	level	Daily	Weekly	Monthly	Year	
Developed						
EURUSD	1.18	0.4	0.4	1.5	13	
GBPUSD	1.28	-0.2	0.7	-1.8	4	
USD JPY	109.05	0.5	1.0	-1.8	-7	
DOY	93.24	-0.3	-0.3	0.8	9	
Emerging						
USDARS (Argentina)	17.19	0.2	0.1	1.5	-7	
USDRL (Brazil)	3.16	-0.2	-0.1	-0.3	2	
USDCLP (Chile)	641.67	-0.1	0.6	1.5	4	
USDCOP (Colombia)	2988	-0.1	-0.7	1.4	-1	
USDMXN (Mexico)	17.71	-0.6	-0.3	0.1	17	
USDPEN (Peru)	3.24	-0.1	0.1	0.2	4	
LACI	66.20	0.0	0.7	0.4	7	
USDPLN (Poland)	3.63	0.1	0.1	0.9	13	
USDRL (Russia)	59.09	0.0	0.5	1.6	2	
USDTRY (Turkey)	3.49	0.1	0.8	1.9	2	
USDCNY (China)	6.66	0.0	0.5	1.4	4	
USDINR (India)	64.11	0.0	0.1	0.4	6	
USDIDR (Indonesia)	13,359	-0.1	0.1	0.4	1	
ADXY	107.4	0.0	0.2	0.3	4	
Commodities (%)	level	Daily	Weekly	Monthly	Year	
Brent						
WTX	48	0.8	2.6	4	-10	
Copper	298	-0.2	0.9	9	17	
Gold	1289	0.3	0.5	3	11	
S&P Spot commodity *	377	0.3	0.8	2	5	
S&P Brent Spot *	439	0.6	3.0	6	-9	
S&P Meats Spot *	361	0.1	0.0	10	19	
S&P Agricultural *	276	-0.7	-0.9	-7	8	

Fuente: BBVA Research

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Germany	0.38	-2.3	-6.8	-13	3
France	0.68	-2.0	-5.8	-7	-13
Spain	1.57	-0.2	0.6	-2	0
Italy	2.12	1.8	7.3	6	25
Portugal	2.81	3.6	-1.9	-9	-136
Greece	5.55	-2.1	-5.8	29	-134
Japan (2-yr)	0.13	-0.1	-1.8	-1	6
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Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
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Chile	4.34	0.0	-4.2	-4	2
Colombia	6.78	1.2	5.1	2	-31
Mexico	6.82	0.6	-3.7	-4	-82
Peru	5.24	6.0	-5.1	-16	-123
Poland	3.32	-1.3	-8.0	5	-40
Russia	7.89	0.2	8.8	-5	-55
Turkey	10.41	6.0	13.0	11	-59
India	6.54	0.3	0.5	12	16
Indonesia	6.87	-0.6	-3.5	-6	97
Country risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	31	0.3	1.0	6	-15
Italy	174	4.1	14.1	20	23
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Portugal	79	0.9	2.3	5	-68
Spain	39	0.7	2.9	-1	9
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *					
Brazil	201	-1.9	2	-8	-71
Chile	62	-0.2	0	-4	-20
Colombia	129	-1.9	1	-3	-34
Mexico	107	-1.8	2	2	-49
Peru	77	-0.6	1	-6	-31
Venezuela	6,210	11.0	-32	1496	2305
Poland	57	-1.0	0	-2	-19
Russia	147	-1.9	-2	-13	-29
Turkey	172	-3.9	0	-8	-100
China	63	-2.6	-2	-3	-53
India	83	-3.3	-3	-1	-44
Indonesia	108	-3.0	-3	-8	-48
Risk indicators					
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VIX	12	4.4	1	26	0
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Banking by CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
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EZ	59	1.0	2	8	-49
UK	50	-1.1	-1	5	-41
Large Spanish	57	1.1	3	8	-60
Medium Spanish	92	0.1	0	-3	-59
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UK Non-financial	109	-1.0	1	0	16
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	1.32	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	2,448	-0.2	-0.8	-1	8
Dow Jones	21,656	-0.2	0.8	2	10
Nikkei	19,435	0.3	-1.5	-3	-1
FTSE 100	7,387	0.1	-0.6	0	3
EuroStoxx 50	3,440	-0.5	-1.3	0	4
IBEX	10,333	-0.7	-2.0	-1	9
DAX	12,184	-0.4	-0.7	0	5
CAC	5,117	-0.3	-1.1	0	4
MBI	21,628	-0.5	-1.6	1	10
ASE Athens	829	-0.4	-1.6	-2	26
MSCI Latam *	82,181	1.2	1.7	5	12
Ibovespa (Brazil)	70,380	0.5	2.6	8	14
Mumbai	51,206	-0.2	0.1	-1	10
MSCI EM Europe *	5,044	0.6	0.7	1	0
Poland	2,391	0.2	0.4	2	20
Moscow (Russia)	1,958	0.6	0.8	1	-14
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MSCI EM Asia *	859	0.7	1.5	1	23
Shanghai Com (China)	3,288	-0.1	1.3	1	4
Jakarta (Indonesia)	5,914	-0.9	1.4	3	12
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	92.1	0.6	0.0	1	6
CB	67.3	0.7	-0.5	2	10
BoA	23.9	0.3	-1.2	0	4
MS	45.8	0.5	-0.5	-2	5
GS	223.3	-0.1	1.0	2	8
EZ banks	112.5	-0.9	-3.5	-1	7
BNP	64.3	-1.3	-4.4	0	2
Credit Agricole	15.1	-1.1	-2.5	4	23
Deutsche Bank	131.8	0.6	5.2	-14	-15
ING	15.0	-0.8	-2.8	-3	8
Intesa	2.8	-1.3	-2.9	-1	12
SG	46.9	-0.1	-4.1	-3	-3
Unicredit	17.3	-1.7	-3.9	3	23
UK banks	88.1	0.2	-1.7	-1	0
HSBC	742.1	0.1	0.8	1	11
RBS	256.0	0.8	-3.0	4	9
Barclays	192.9	-0.2	-3.9	6	-18
Lloyds	65.4	0.5	0.0	-4	1
Large Spanish banks	86.6	-1.2	-3.5	-3	11
Santander	5.4	-1.1	-3.9	-5	7
BBVA	7.4	-1.2	-3.2	-1	14
Medium Spanish banks	80.5	-0.7	-2.9	-1	10
CaixaBank	4.4	-0.8	-2.6	3	33
Sabadell	1.8	-0.4	-3.3	0	34
Bankinter	8.0	-0.7	-2.8	-2	6
Banque	4.1	-0.9	-3.1	-5	0
Currencies (% red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD					
EURUSD	1.18	0.4	0.4	1.5	13
GBPUSD	1.28	-0.2	-0.7	-1.8	4
USD JPY	109.05	0.5	1.0	-1.8	-7
USD AUD	93.24	-0.3	-0.3	0.8	9
Emerging					
level	Daily	Weekly	Monthly	Year	
USDARS (Argentina)					
USDARS	17.19	0.2	0.1	1.5	-7
USD BRL (Brazil)					
USD BRL	3.16	0.2	-0.1	-0.3	2
USD COP (Colombia)					
USD COP	641.67	-0.1	0.6	1.5	4
USD COP (Colombia)					
USD COP	2988	-0.1	-0.7	1.4	-1
USD MXN (Mexico)					
USD MXN	17.71	-0.6	-0.3	0.1	17
USD PEN (Peru)					
USD PEN	3.24	-0.1	0.1	0.2	4
LACI	66.20	0.0	0.7	0.4	7
USD PLN (Poland)					
USD PLN	3.63	0.1	-0.1	0.9	13
USD RUB (Russia)					
USD RUB	59.09	0.0	0.5	1.6	2
USD TRY (Turkey)					
USD TRY	3.49	0.1	0.8	1.9	2
USD CNY (China)					
USD CNY	6.66	0.0	0.5	1.4	4
USD INR (India)					
USD INR	64.11	0.0	0.1	0.4	6
USD IDR (Indonesia)					
USD IDR	13,359	-0.1	0.1	-0.4	1
ADXY	102.4	0.0	0.2	0.3	4
Commodities (%)					
level	Daily	Weekly	Monthly	Year	
Brent					
Brent	52.2	0.6	3.8	7	9
WTI	48	0.6	2.6	4	10
Copper	298	-0.2	0.9	9	17
Gold	1289	0.3	0.5	3	11
S&P Spot commodity *	377	0.3	0.8	2	-5
S&P Brent Spot *	439	0.6	3.0	6	-9
S&P Metals Spot *	361	0.1	0.0	10	19
S&P Agricultural *	276	-0.7	-0.9	-7	-8

Fuente: BBVA Research

Source: Bloomberg, Datastream and Haver

* With one day delay

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