

Market Comment | The EUR reached US\$1.24 ahead of the ECB meeting

Global Financial Markets Unit
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- The **EUR jumped to its highest level since 2014**, after US Finance minister, **Steven Mnuchin**, backed a **weaker USD** saying that is good for trade, breaking with tradition (see). The comments added to protectionist concerns after the US administration approved several tariffs on external products.
- Moreover, **higher than expected preliminary PMI data for the euro zone (Jan)** also pushed up the **EUR** (see). The question of the effect of a strong EUR may be addressed in tomorrow's ECB monetary policy meeting (see), in which no significant changes are expected (see [BBVA preview](#)).
- The **FX market played an important role in today's stock prices**, as a weaker USD, along with positive corporate earnings reports, boosted US stock prices somewhat. Meanwhile, a stronger EUR slightly weighed on European stocks.
- **Sovereign bond yields rose, led by the UK after labour data showed a record high level** (see), while the Spanish risk premium remained below the 80 bps level after yesterday's positive demand in the syndicated bond (see).
- **Oil prices inched down**, despite a weaker USD, after US crude oil inventories surprisingly rose, but remained at three-year high levels (see). In the meantime, EM currencies appreciated across the board, against a weaker USD

Update 18 CET 24 January 2018

Debt markets (% changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
US (2-yr)	2.08	-3.6	-3.3	19	86
US	2.65	-4.1	6.4	17	22
GER (2-yr)	-0.59	0.3	-1.1	4	19
Germany	0.59	2.8	2.7	10	24
France	0.86	1.8	2.2	12	5
Spain	1.36	-0.1	-14.5	-12	8
Italy	1.91	1.8	-9.3	0	4
Portugal	1.90	-0.7	-36.6	-17	-223
Greece	3.72	-5.6	-5.4	-42	-317
Japan (2-yr)	-0.13	0.8	-0.6	2	6
Japan	0.08	-0.6	4.4	2	2
Emerging Markets	level	Daily	Weekly	Monthly	Year
Brazil	9.88	-12.8	-1.8	-49	-153
Chile	4.54	-1.1	2.0	6	22
Colombia	6.40	-0.6	-2.6	-8	-69
Mexico	7.49	-4.0	-4.6	-26	-15
Peru	4.43	-3.5	1.5	-51	-205
Poland	3.35	2.8	5.9	3	-37
Russia	7.45	-2.5	-6.7	-20	-100
Turkey	11.65	-14.0	-12.0	5	65
India	7.28	2.3	5.4	0	89
Indonesia	6.20	1.6	0.3	-17	-165
Country risk (bp changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	Year
10-yr sovereign spread vs Germany					
France	27	-1.0	-0.5	2	-19
Italy	132	-1.0	-12.0	-10	-21
Portugal	131	-3.5	-39.3	-4	-224
Spain	77	-3.0	-17.3	-22	-32
2-yr sovereign spread vs Germany					
France	14	-0.6	-0.8	-1	4
Italy	28	-0.1	1.0	-9	-34
Portugal	47	0.1	-21.1	-24	-52
Spain	20	-0.1	0.7	-6	-28
Emerging Markets	level	Daily	Weekly	Monthly	Year
5-yr sovereign CDS *					
Brazil	155	6.1	10	-8	-117
Chile	44	0.8	0	-5	-38
Colombia	92	1.4	1	-13	-71
Mexico	101	1.9	5	-6	-55
Peru	88	0.6	1	-6	-40
Poland	48	-0.5	-1	-1	-27
Russia	111	-0.5	2	-6	-65
Turkey	165	0.3	4	-1	-108
China	50	-0.3	3	-1	-66
India	67	-0.7	0	-3	-60
Indonesia	80	-1.0	1	-6	-76
Risk indicators					
Volatility indicators (%)	level	Daily	Weekly	Monthly	Year
VIX	12	8.1	1	21	0
VST OXX	12	3.7	4	3	-4
EM EFT volatility Index	18	6.0	9	35	-9
Dobroszoro volatility	8	6.4	4	33	-26
EM FX volatility Index	8	1.9	2	2	-27
Credit spread (BAA) (bps)	162	-4.1	-2	-13	-66
US bonds volatility index	53	-0.1	15	4	-31
Inflation expectations (%)	level	Daily	Weekly	Monthly	Year
US Inflation expectations (5YSY)	2.39	0.2	6	5	-15
EZ Inflation expectations (5YSY)	1.77	0.3	2	6	-2
Banking CDS (bps)	level	Daily	Weekly	Monthly	Year
US	43	0.0	1	0	-29
EZ	36	-0.5	0	-4	-72
UK	41	0.8	1	-1	-50
Large Spanish	31	0.2	2	-6	-66
Medium Spanish	63	-0.2	-3	-12	-88
Corporate CDS (bps) *	level	Daily	Weekly	Monthly	Year
US Non-financial	139	0.0	1	0	-29
EZ Non-financial	59	-0.5	0	-4	-72
UK Non-financial	95	-0.7	-1	4	-30
Interbank markets (% changes in bp)					
	level	Daily	Weekly	Monthly	Year
COFINA 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	-0.19	0.00	0.0	0.0	-0.1
Libor 3m	1.75	0.00	0.0	0.1	0.7
Libor 12m	2.22	0.00	0.0	0.1	0.5
Stock markets (%)					
Indices	level	Daily	Weekly	Monthly	Year
S&P500	2,833	-0.2	1.1	6	25
Dow Jones	26,278	0.3	0.6	6	32
Nikkei	23,941	-0.8	0.3	4	22
FTSE 100	7,643	-1.1	-1.1	1	6
EuroStoxx 50	3,643	-0.8	0.8	3	10
IBEX	10,563	-0.4	0.8	4	12
DAX	13,415	-1.1	1.8	3	16
CAC	5,495	-0.7	0.8	2	12
MIB	23,623	-0.9	0.5	6	20
ASE Athens	884	1.4	5.0	10	34
MSCI Latam *	89,955	-0.5	1.6	6	23
Ibovexa (Brazil)	82,032	1.7	1.0	9	33
Moex	50,482	0.4	1.5	4	8
MSCI EM Europe *	5,810	0.3	2.5	9	15
Poland	2,622	-0.3	0.8	7	31
Moor (Russia)	2,307	0.3	1.3	10	2
Ise 100 (Turkey)	119,648	1.1	2.6	7	57
MSCI EM Asia *	994	1.5	2.8	9	43
Shanghai Com (China)	3,559	0.4	3.3	9	13
Jakarta (Indonesia)	6,615	1.8	2.9	6	25
Banking sector	level	Daily	Weekly	Monthly	Year
US banks	152.0	0.6	2.8	6	27
JPM	115.4	1.0	2.1	7	33
Citi	79.2	0.9	2.3	5	29
BofA	32.0	0.1	2.5	7	39
MS	57.2	0.4	3.3	8	31
GS	262.6	1.0	3.5	1	8
EZ banks	117.8	-0.5	1.0	6	12
BNP	67.2	-0.6	1.2	7	7
Crédit Agricole	15.3	-0.2	0.7	9	24
Deutsche Bank	15.9	0.0	5.2	-3	-3
ING	16.2	-0.9	-1.5	4	17
Intesa	3.1	-1.5	0.8	9	21
SG	46.0	-0.2	1.6	6	-5
Unicredit	17.7	0.1	2.2	11	26
UK banks	95.7	-0.6	0.9	4	9
HSBC	771.5	-1.7	-2.7	1	15
RBS	297.7	0.6	1.0	8	27
Barclays	208.5	-0.3	5.0	3	-11
Lloyds	72.0	-0.2	2.2	7	11
Large Spanish banks	91.1	-0.3	1.3	5	17
Santander	6.0	-0.5	1.5	7	18
BBVA	7.5	-0.1	1.1	3	15
Medium Spanish banks	83.5	-0.5	1.7	9	14
Cajabank	4.3	-1.2	1.2	9	32
Sabadell	1.9	-0.5	2.9	12	38
Bankinter	8.7	-0.6	2.0	8	15
Bankia	4.3	0.2	1.0	7	4
Currencies (% net for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	Year
EURUSD	1.24	0.7	1.6	4.5	18
GBPUSD	1.42	1.4	2.6	6.1	15
USDJPY	109.17	1.0	1.9	3.6	7
DX	89.33	-0.9	1.3	-4.2	-13
Emerging	level	Daily	Weekly	Monthly	Year
USDARS (Argentina)	19.55	-1.1	3.7	-8.2	-22
USDBRL (Brazil)	3.19	1.4	0.9	4.3	1
USDCLP (Chile)	602.97	1.0	0.5	3.2	10
USDCOP (Colombia)	2819	1.3	0.9	4.8	5
USDMXN (Mexico)	18.54	0.9	1.0	6.1	14
USDPEN (Peru)	3.21	0.3	0.0	0.8	5
LACI	64.90	0.9	0.2	3.6	5
USDPLN (Poland)	3.35	1.1	2.0	5.1	20
USD RUB (Russia)	56.26	0.2	1.0	3.0	7
USDTRY (Turkey)	3.74	0.6	2.0	1.8	-5
USDCNY (China)	6.36	0.7	1.2	2.8	6
USDINR (India)	63.69	0.1	0.3	0.5	6
USDIDR (Indonesia)	13,314	0.1	0.3	1.7	1
ADXY	111.6	0.5	0.8	2.1	8
Commodities (%)					
Brent	level	Daily	Weekly	Monthly	Year
WTX	69.6	-0.6	0.3	7	23
Copper	3.21	3.9	1.4	0	26
Gold	1352	0.8	1.9	6	16
S&P Spot commodity *	456	0.7	0.6	6	15
S&P Brent Spot *	592	1.3	0.8	7	23
S&P Metals Spot *	387	-1.1	0.5	1	27
S&P Agricultural *	279	-0.5	-0.1	0	-7

Source: Bloomberg, Datastream and Haver

* With one day delay

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