

Market Comment | Markets little changed ahead of FOMC meeting

Global Financial Markets Unit
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- **The recent increase in volatility on financial markets seems to have come to a halt for the time being** (VIX still close to the 14 level). Stock prices remained little changed in Europe and inched up in the US, after yesterday's significant drop, while they kept falling in Asia, dragged down by slightly disappointing China PMI for January.
- Sovereign bond yields - which registered a sharp increase on Monday - remained unchanged during the session across the board, ahead of the FOMC meeting, in which **some investors expect a hawkish turn in Janet Yellen's last press conference** ([see](#)).
- The **USD went down despite an upbeat ADP Nonfarm Employment change** and positive Chicago PMI in January. The **State of the Union speech by President Trump** ([see](#)) in which he called on the US Congress to stimulate infrastructure spending was not enough to stem the recent downward trend. □ **The EUR appreciated slightly against its main peers**, after a slightly higher than expected January inflation flash.
- **Oil prices inched down amid increasing signals of higher US oil production** ([see](#)). Nonetheless, EM currencies appreciated across the board, after yesterday's depreciation in a risk-averse environment.

Table 1

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Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	Year	
US (2-yr)	2.14	1.8	0.6	26	93	
US	2.73	1.2	0.7	33	29	
GER (2-yr)	0.53	0.4	6.1	10	25	
Germany	0.20	1.4	10.9	27	35	
France	0.97	0.5	10.9	19	16	
Spain	1.43	1.8	6.9	-14	-1	
Italy	2.03	-0.1	12.0	1	16	
Portugal	1.97	0.8	6.7	-21	-216	
Greece	3.74	6.1	2.3	-38	-314	
Japan (2-yr)	0.13	-0.4	0.1	0	6	
Japan	0.09	0.1	3.7	2	2	
Emerging Markets	level	Daily	Weekly	Monthly	Year	
Brazil	9.71	-0.7	1.1	-54	-120	
Chile	4.56	1.9	2.2	0	24	
Colombia	6.40	-1.1	2.4	-8	-70	
Mexico	7.63	-0.6	14.9	-1	0	
Peru	4.39	-3.9	-4.2	-48	-208	
Poland	3.55	-1.8	20.1	25	-16	
Russia	7.34	-2.4	10.1	-29	-110	
Turkey	11.39	-20.0	-26.0	4	39	
India	7.43	-0.3	15.5	9	105	
Indonesia	6.27	-10.4	7.2	-5	-158	
Country Risk (bp, changes in bp)	level	Daily	Weekly	Monthly	Year	
1-yr sovereign spread vs Germany						
France	27	-0.9	0.0	-9	-19	
Italy	133	-1.5	1.1	-26	-19	
Portugal	127	-0.6	-4.2	-25	-228	
Spain	73	0.4	-4.0	-41	-36	
2-yr sovereign spread vs Germany						
France	19	0.1	-1.3	-3	2	
Italy	23	-0.4	5.1	-15	-38	
Portugal	44	0.5	-20.7	-26	-56	
Spain	17	-0.2	-3.4	-11	-31	
Emerging Markets	level	Daily	Weekly	Monthly	Year	
5-yr sovereign CDS *						
Brazil	145	0.5	-10	-16	-127	
Chile	43	-0.1	-1	-6	-39	
Colombia	91	-0.1	-1	-13	-72	
Mexico	99	0.5	-2	-8	-58	
Peru	68	1.0	0	-4	-40	
Poland	46	0.0	0	-1	-27	
Russia	111	-0.0	0	-7	-65	
Turkey	169	1.4	4	4	-104	
China	55	3.1	5	5	62	
India	67	1.1	0	-2	-60	
Indonesia	83	3.1	3	-2	-73	
Risk Indicators	level	Daily	Weekly	Monthly	Year	
Volatility indicators (%)						
VIX	14	-5.5	22	27	2	
VSTOXX	15	2.4	22	12	-1	
EM EFT volatility Index	20	-3.8	16	26	1	
Dollar/Euro volatility	8	-5.4	-4	15	-27	
EM FX volatility Index	8	0.2	4	5	-25	
Credit spread (BAA)(bps)	159	-1.3	-7	-16	-68	
US bonds volatility Index	57	2.3	6	23	-25	
Inflation expectations (%)						
US Inflation expectations (5YV)	2.41	-0.9	3	4	-13	
EZ Inflation expectations (5YV)	1.73	1.4	4	1	-6	
Emerging 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year	
US	42	-0.5	-1	0	-30	
EZ	38	1.8	2	-2	-70	
UK	40	0.4	-1	-1	-51	
Large Spanish	34	-2.2	2	-2	-83	
Medium Spanish	63	1.4	0	-11	-88	
Corporate 5Y CDS (bps) *	level	Daily	Weekly	Monthly	Year	
US Non-financial	140	0.5	-1	0	-30	
EZ Non-financial	56	-1.8	2	-2	-70	
UK Non-financial	96	0.1	0	3	-29	
Interbank markets (% changes in bp)	level	Daily	Weekly	Monthly	Year	
CONA 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	-0.19	0.00	0.0	0.0	-0.1	
Libor 3m	1.77	0.00	0.0	0.1	0.8	
Libor 12m	2.26	0.00	0.0	0.2	0.6	
Stock markets (%)	level	Daily	Weekly	Monthly	Year	
Main indices						
S&P500	2,825	0.1	-0.4	6	24	
Dow Jones	26,201	0.5	0.2	6	31	
Nikkei	23,096	-0.8	-3.5	1	18	
FTSE 100	7,534	-0.7	-1.4	-2	5	
EuroStoxx 50	3,609	0.1	0.9	3	9	
IBEX	10,452	0.2	-1.3	4	10	
DAX	13,189	-0.1	-1.7	2	14	
CAC	5,482	0.1	-0.2	3	12	
MIIB	23,507	0.1	-0.5	8	20	
ASE Athens	979	-1.2	0.6	10	34	
MSCI Latam *	92,555	-0.4	2.9	8	26	
Ibovexa (Brazil)	85,658	1.4	2.4	12	39	
Midex1	50,229	-0.3	1.0	2	8	
MSCI EM Europe *	5,758	-0.7	0.9	7	14	
Poland	2,554	-0.5	2.6	4	28	
Mosc (Russia)	2,290	0.4	0.7	9	1	
ISE 100 (Turkey)	119,529	0.2	0.1	4	57	
MSCI EM Asia *	987	-1.5	-0.7	7	42	
Shanghai Com (China)	3,481	-0.2	-2.2	5	10	
Jakarta (Indonesia)	6,606	-1.1	0.4	4	25	
Banking sector	level	Daily	Weekly	Monthly	Year	
US banks						
JPM	152.7	0.4	0.0	7	27	
WFC	115.7	0.5	0.0	8	33	
CIT	79.0	0.4	0.6	6	29	
BoA	32.1	0.8	0.2	9	40	
MS	56.7	0.2	-0.9	8	30	
GS	269.2	-0.1	1.3	6	11	
EZ banks						
BNP	66.6	-0.9	0.9	7	6	
Credit Agricole	15.2	0.0	0.8	10	23	
Deutsche Bank	14.8	0.0	-0.9	-7	-9	
ING	15.8	-1.5	-2.4	3	14	
Intesa	3.2	0.5	2.5	14	24	
SG	46.9	0.2	1.9	9	-3	
Unicredit	17.7	0.4	0.3	14	26	
UK banks						
HSBC	92.5	-1.3	-3.3	0	5	
RBS	75.1	-1.2	2.6	2	12	
RBS	28.7	-1.5	-3.4	3	23	
Barclays	199.9	-0.9	-4.1	-2	-15	
Lloyds	69.5	-1.4	-3.5	2	7	
Large Spanish banks						
Santander	91.7	0.4	0.6	8	17	
Santander	6.0	0.9	0.0	9	18	
BBVA	7.6	-0.1	1.2	6	17	
Caixa	84.9	0.2	1.6	12	16	
Medium Spanish banks						
Cakabank	4.3	0.3	0.8	12	33	
Sabadell	1.9	-0.2	1.1	16	39	
Bankinter	9.3	0.5	0.6	17	23	
Banisa	4.1	-0.1	-4.5	2	0	
Currencies (% ind for currency depreciation)	level	Daily	Weekly	Monthly	Year	
Developed						
EURUSD	1.24	0.2	0.2	3.5	10	
GBPUSD	1.42	0.3	0.4	5.1	15	
USDJPY	109.32	-0.5	-0.1	2.9	7	
DOY	89.04	-0.1	0.2	-3.5	-13	
Emerging						
USDARS (Argentina)	19.64	0.0	0.1	-5.4	-22	
USDBRL (Brazil)	3.18	0.1	-1.1	4.1	1	
USDCLP (Chile)	601.41	1.0	0.3	2.3	10	
USDCOP (Colombia)	2835	0.5	0.7	5.1	5	
USDMXN (Mexico)	18.61	0.8	0.6	5.4	13	
USDPEN (Peru)	3.22	0.0	-0.1	0.7	5	
LACI	64.89	0.4	0.7	3.4	5	
USDPLN (Poland)	3.34	0.4	0.2	4.1	20	
USD RUB (Russia)	56.23	0.3	-0.1	2.5	7	
USDTRY (Turkey)	3.76	0.6	0.5	0.9	6	
USDCNY (China)	6.29	0.6	1.1	3.4	9	
USDINR (India)	63.59	0.0	0.2	0.1	7	
USDIDR (Indonesia)	13,386	0.4	0.5	1.2	0	
ADXY	112.0	0.3	0.3	2.0	8	
Commodities (%)	level	Daily	Weekly	Monthly	Year	
Brent						
WTI	65	0.2	-1.5	7	21	
Copper	320	0.7	-0.3	-2	26	
Gold	1341	0.2	-1.3	3	15	
S&P Spot commodity *	457	-0.9	-1.0	3	15	
S&P Brent Spot *	583	-1.0	-2.1	2	21	
S&P Metals Spot *	391	-0.9	-1.3	-1	28	
S&P Agricultural *	288	0.7	1.9	2	-4	

Source: Bloomberg, Datastream and Haver

* With one day delay

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Table 1