

Market Comment | Stocks kept falling on China trade retaliation

Global Financial Markets Unit
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- Equity prices continued dropping across the board against the backdrop of the **trade clash between China and the US**, after China said it was considering imposing significant tariffs on products such as aircraft, soybeans, cars and other related products (see). **The largest falls were concentrated in energy, industrials and materials. Nonetheless, the falls moderated as the session went by.**
- **Financial markets showed an increase in risk aversion**, with VIX levels hovering around 23 and prices of safe-haven assets such as gold prices increased. Meanwhile, sovereign bond yields inched down especially in European periphery.
- **Commodity prices also reacted to the tariffs announcement**, especially soybeans, which declined by nearly 4% during the session. Metals and other commodities affected by the tariffs announcement also declined. Oil prices were also hit after the tariff announcements (see). Emerging currencies showed a slight decline across the board, in line with major commodity prices. Developed currencies remained little changed.

Table 1
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Debt markets (10Y, %, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	2.28	0.4	0.2	4	36	
US	2.78	0.8	0.4	-10	-32	
GER (2-yr)	0.59	0.2	1.0	-4	2	
Germany	0.50	-0.1	-0.3	-14	-3	
France	0.72	-0.8	-0.9	-19	-10	
Spain	1.17	-2.4	-4.7	-41	-53	
Italy	1.74	-5.2	-9.9	-35	-44	
Portugal	1.62	-1.4	-1.8	-33	-39	
Greece	4.10	-15.3	-25.7	-26	0	
Japan (2-yr)	0.13	0.2	1.5	3	0	
Japan	0.03	-0.6	-1.0	-2	-2	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
Brazil	9.83	0.3	-2.2	26	-43	
Chile	4.48	0.0	-1.5	-6	-3	
Colombia	6.52	-0.1	1.4	-38	8	
Mexico	7.30	-2.9	-2.1	-32	-28	
Peru	4.55	2.7	2.1	8	-32	
Poland	3.13	-6.6	-9.7	-21	-19	
Russia	7.14	-3.0	-1.2	-4	-9	
Turkey	12.31	9.0	-12.0	55	95	
India	7.30	-3.7	-10.4	-48	-9	
Indonesia	6.59	-3.0	-16.5	-4	29	
Country Risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
1-yr sovereign spread vs Germany						
France	22	-0.7	-0.6	-4	-6	
Italy	124	-5.1	-9.6	-21	-41	
Portugal	112	-1.3	-1.5	-19	-35	
Spain	67	-2.3	-4.4	-27	-41	
2-yr sovereign spread vs Germany						
France	10	-0.9	-2.8	0	-6	
Italy	27	-2.7	-2.7	-12	-10	
Portugal	35	-4.4	-8.2	-31	-33	
Spain	25	-0.1	-2.9	-11	-3	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *						
Brazil	164	-1.2	-3	4	4	
Chile	50	-1.8	-3	2	1	
Colombia	105	-2.8	-5	-4	0	
Mexico	109	-4.2	-4	-2	2	
Peru	80	-2.5	-4	0	8	
Poland	48	-0.2	0	0	-1	
Russia	122	-1.6	0	13	4	
Turkey	193	1.0	-4	17	28	
China	63	-2.9	-2	6	12	
India	74	0.0	-3	5	5	
Indonesia	102	-2.2	0	14	16	
Risk Indicators						
Volatility indicators (change in pp)	level	Daily	Weekly	Monthly	YTD	
VIX	22	12	-1	4	12	
VSTOXX	20	0.8	0	1	6	
EM EFT volatility Index	28	0.8	-2	4	11	
Dollar/Euro volatility	7	-0.1	0	-1	0	
EM EA volatility Index	8	0.0	0	0	0	
Credit spread (BAA) (change in bps)	185	-0.9	0	13	7	
US bonds volatility Index	56	-2.6	-2	-9	-7	
Inflation expectations (%)	level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.39	-	-	-	8	
EZ Inflation expectations (5Y5Y)	1.68	-	-	-	6	
Emerging 5Y CDS (bps) *	level	Daily	Weekly	Monthly	YTD	
US	59	-1.5	0	7	17	
EZ	61	0.9	1	11	21	
UK	51	0.8	0	4	11	
Large Spanish	54	-1.3	0	9	18	
Medium Spanish	75	1.0	1	6	1	
Corporate 5Y CDS (bps) *	level	Daily	Weekly	Monthly	YTD	
US Non-financial	166	-1.5	0	7	17	
EZ Non-financial	72	0.9	1	11	21	
UK Non-financial	107	1.4	1	6	14	
Interbank markets (% changes in bp)						
level	Daily	Weekly	Monthly	YTD		
ECONA Index	0.26	0	0	0	1	
Euribor 3m	0.33	0	0	0	0	
Euribor 12m	0.19	0	0	0	0	
Libor 3m	2.32	1	2	30	63	
Libor 12m	2.67	1	0	17	56	
Stock markets (%)						
Main indices	level	Daily	Weekly	Monthly	YTD	
S&P500	2,605	-0.3	0.0	-4	-3	
Dow Jones	23,964	-0.3	0.5	-4	-3	
Nikkei	21,320	0.1	1.4	1	-6	
FTSE 100	7,034	0.1	-0.2	-1	-8	
Eurostoxx 50	3,340	-0.2	0.3	0	-4	
IBEX	9,513	-0.4	-0.4	-1	-6	
DAX	11,958	0.4	0.1	-1	-7	
CAC	5,142	-0.2	0.2	0	-3	
MIIB	22,443	-0.3	0.5	3	3	
ASE Athens	781	0.2	-1.2	2	5	
MSCI Latam *	90,220	0.7	1.0	-1	5	
Ibovexa (Brazil)	83,892	-0.9	0.0	-2	8	
Ibovesp	47,042	0.6	2.0	-1	-6	
MSCI EM Europe *	5,483	0.5	-0.4	-2	2	
Poland	2,201	-1.7	-0.1	-6	-11	
Micex 10 (Russia)	4,411	0.1	0.7	-1	7	
He 100 (Turkey)	113,976	-0.5	-0.1	-3	3	
MSCI EM Asia *	924	-0.1	-1.7	-1	0	
Shanghai Com (China)	3,131	-0.2	0.3	-4	-6	
Jakarta (Indonesia)	6,157	-1.3	-0.8	-6	-3	
Banking sector	level	Daily	Weekly	Monthly	YTD	
US banks						
JPM	138.8	-0.5	0.0	-7	-3	
JPM	109.0	-0.3	0.9	-5	1	
CIT	68.2	-0.4	-0.1	-8	6	
BoA	29.4	-0.5	0.1	-8	-2	
MS	52.9	-0.5	0.0	-5	1	
GS	249.1	-0.6	-0.1	-5	-3	
EZ banks						
BNP	59.4	-0.4	-1.0	-4	-4	
Citibank Agifate	13.1	-0.6	-0.9	-3	-6	
Deutsche Bank	11.2	0.1	-0.3	-13	-30	
ING	13.5	-0.2	-1.4	-5	-12	
Intesa	2.9	-0.4	-0.2	-1	7	
SG	43.4	0.7	-1.2	-4	-1	
Unicredit	16.9	-0.4	0.6	3	8	
UK banks						
RBS	86.3	-0.1	-0.1	-3	-6	
HSBC	662.1	-0.2	-1.1	-6	-13	
RBS	257.5	-0.6	0.2	-2	-7	
Barclays	207.4	0.3	0.7	0	2	
Lloyds	65.2	0.0	0.4	-3	-4	
Large Spanish banks						
Santander	78.2	-0.4	-0.3	-5	-8	
BBVA	5.2	-0.5	0.8	-5	-5	
BBVA	6.4	-0.3	0.1	-4	-10	
Medium Spanish banks						
Cakabank	74.8	-0.1	-1.2	-1	-2	
Sabadell	3.8	-0.1	-0.2	-1	-4	
Sabadell	1.6	-0.6	-1.5	-1	-2	
Bankinter	8.3	0.1	-1.2	-6	-4	
Banika	3.6	0.2	-1.9	-6	-11	
Currencies (% ind for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	YTD	
EURUSD	1.23	0.2	-0.1	-0.3	2	
GBPUSD	1.41	0.2	0.0	1.7	4	
USDJPY	106.61	0.0	0.2	-0.4	5	
DXY	90.88	-0.1	0.0	0.0	-2	
Emerging	level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	20.21	-0.2	-0.3	0.0	-10	
USDBRL (Brazil)	3.34	-0.1	-0.7	-3.1	-3	
USDCLP (Chile)	603.64	0.0	0.1	-0.8	0	
USDCOP (Colombia)	2788	-0.3	0.2	2.3	5	
USDMXN (Mexico)	18.22	0.0	0.5	3.1	7	
USDPEN (Peru)	3.23	-0.1	0.1	0.8	0	
LACI	64.11	-0.1	-0.1	0.1	1	
USDPLN (Poland)	3.42	0.0	-0.1	-0.7	1	
USD RUB (Russia)	57.53	0.1	0.4	2.0	0	
USDTRY (Turkey)	4.60	-0.3	0.3	5.0	-6	
USD CNY (China)	6.30	-0.2	-0.1	0.7	3	
USD INR (India)	65.15	-0.2	0.0	-0.1	-3	
USDIDR (Indonesia)	13,766	0.0	0.0	0.0	-2	
ADXY	111.7	-0.2	0.0	0.5	1	
Commodities (%)						
level	Daily	Weekly	Monthly	YTD		
Brent						
WTI	63	-0.7	-2.0	1	4	
Copper	301	-1.7	0.4	-3	-8	
Gold	1325	0.2	0.6	1	1	
S&P Spot commodity *	447	0.4	-0.7	0	1	
S&P Brent Spoz *	580	0.7	-0.9	4	2	
S&P Metals Spoz *	367	0.2	0.1	-3	-7	
S&P Agricultural *	297	0.8	2.6	-5	-4	

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