

Market Comment | Market relief after reassurance on tech sector and global trade

Global Financial Markets Unit
05 Apr 2018

- Stock markets registered a significant rebound during the session across the board as major sources of uncertainty eased somewhat. Firstly, the **US administration gave some hints about the possibility of trade talks** ([see](#)) while the tech sector rebounded following **Zuckerberg's comments** ([see](#)). As a result, volatility receded.
- **Sovereign bond yields increased significantly** following the mood of relief, especially in the US and in the European periphery.
- The **USD recovered some ground following the positive mood** and reduced worries about a global trade war, despite today's release of US balance of trade figures, which were worse than expected despite record US exports ([see](#)). Moreover, Atlanta Fed's 1Q 2018 "GDPNow" estimate fell to 2.3% ([see](#)). The EUR was weaker amid lower than expected PMI data.
- **Oil prices were mainly steady** as the easing of trade tensions and a draw in US crude oil inventories gave support to the market ([see](#)). **Among emerging currencies, the Turkish lira weakened close to record lows amid interest rate worries** ([see](#)).

Table 1

Update 18 CET 5 April 2018

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.30	1.0	3.7	5	38
US	2.83	2.8	9.1	6	37
GER (2-yr)	0.58	1.1	2.0	4	3
Germany	0.32	2.4	2.7	15	6
France	0.76	3.4	3.5	17	-7
Spain	1.23	6.8	7.0	34	-46
Italy	1.29	5.2	0.8	29	-39
Portugal	1.67	4.9	6.3	25	-34
Greece	4.01	-9.4	-31.0	-31	-10
Japan (2-yr)	0.13	0.3	0.7	3	0
Japan	0.05	0.6	-1.0	0	0
Emerging Markets					
Brazil	9.66	-9.2	16.3	17	-60
Chile	4.44	-2.2	-4.2	-10	-7
Colombia	6.49	-2.8	-2.1	-43	4
Mexico	7.24	-3.5	8.3	37	-34
Peru	4.54	0.6	0.5	7	-34
Poland	3.12	-0.3	-5.3	-21	-19
Russia	7.13	-1.0	2.3	-5	-50
Turkey	12.72	41.0	52.0	100	136
India	7.13	-16.7	-27.2	-65	-26
Indonesia	6.60	0.6	-9.0	-10	39
Country Risk (bp, changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
1-yr sovereign spread vs Germany					
France	23	1.0	0.8	-2	-5
Italy	127	2.8	-1.9	-14	-38
Portugal	115	2.5	3.6	-9	-32
Spain	71	4.4	4.3	-19	-37
2-yr sovereign spread vs Germany					
France	10	0.4	-1.4	2	-6
Italy	26	1.5	-1.1	-8	-9
Portugal	36	0.9	-5.6	-25	-32
Spain	26	1.2	0.7	-7	-1
Emerging Markets					
5-yr sovereign CDS *					
Brazil	166	1.1	-1	14	5
Chile	49	-1.0	-3	5	0
Colombia	103	-1.6	-6	1	-2
Mexico	104	-4.4	7	0	-3
Peru	78	-1.4	-5	3	6
Poland	48	-0.3	-1	0	-1
Russia	121	-0.7	-1	14	3
Turkey	192	-0.2	-7	21	28
China	63	0.2	-2	6	12
India	74	0.1	-3	4	5
Indonesia	102	0.1	-2	15	17
Risk Indicators					
Volatility indicators (change in pp)					
VIX	19	-0.9	-1	1	9
VSTOXX	17	-2.7	-1	2	4
EM EFT volatility Index	25	-1.6	-1	2	9
Dollar/Euro volatility	6	-0.3	0	-1	0
EM FX volatility Index	8	0.0	0	0	0
Credit spread (BAA) (change in bps)	181	-2.8	-4	7	3
US bonds volatility Index	55	-0.7	-3	-8	6
Inflation expectations (%)					
US Inflation expectations (5Y5Y)	2.36	-	-1	-2	4
EZ Inflation expectations (5Y5Y)	1.68	-	0	3	6
Emerging 5Y CDS (bps) *					
US	59	-1.0	-1	6	16
EZ	61	0.3	0	10	22
UK	52	0.2	-1	4	11
Large Spanish	53	-0.6	-2	7	17
Medium Spanish	75	-0.8	0	5	0
Corporate 5Y CDS (bps) *					
US Non-financial	166	-1.0	-1	6	16
EZ Non-financial	73	0.3	0	10	22
UK Non-financial	108	1.1	2	7	15
Interbank markets (% changes in bp)					
EONIA Index	0.26	0	-2	0	1
Euribor 3m	-0.33	0	0	0	0
Euribor 12m	-0.19	0	0	0	-1
Libor 3m	2.32	0	2	29	63
Libor 12m	2.68	1	2	18	57
Stock markets (%)					
Main Indices					
S&P500	2,670	0.9	1.1	-2	-1
Dow Jones	24,586	1.3	2.0	-1	-1
Nikkei	21,645	1.5	2.3	1	5
FTSE 100	7,200	2.4	2.0	1	-6
EuroStoxx 50	3,430	2.7	2.0	2	-2
IBEX	9,741	2.4	1.5	2	-3
DAX	12,305	2.9	1.7	2	4
CAC	5,277	2.6	2.1	2	0
MIIB	22,970	2.3	2.5	3	5
ASE Athens	891	2.6	2.6	0	-2
MSCI Latam *	90,456	0.3	1.5	-1	5
Ibovexa (Brazil)	85,817	1.7	0.5	0	10
MIBEX	48,100	1.4	4.3	0	-4
MSCI EM Europe *	5,469	-0.3	0.5	-3	2
Poland	2,244	1.9	1.5	-4	-9
Micex 10 (Russia)	4,461	3.1	1.1	0	8
ISE 100 (Turkey)	114,948	0.9	0.1	2	2
MSCI EM Asia *	911	-1.3	-1.2	-1	-1
Shanghai Com (China)	3,131	0.0	-0.9	-5	-6
Jakarta (Indonesia)	6,183	-0.7	0.7	-6	-3
Banking sector					
US banks					
JPM	143.9	2.1	2.5	-4	1
WFC	112.7	1.6	2.5	-2	4
CIT	70.7	2.1	4.8	-4	5
BoA	30.5	2.0	1.6	-5	2
MS	54.9	2.4	1.8	-3	5
GS	237.6	2.0	2.3	-4	1
EZ banks					
BNP	61.1	2.8	1.5	-2	-3
Credit Agricole	13.4	2.0	1.5	-2	-4
Deutsche Bank	11.7	4.4	2.9	-9	-27
ING	13.9	2.4	1.1	-3	-10
Intesa	3.0	1.9	1.7	0	9
SG	44.6	2.8	1.1	-2	3
Unicredit	17.3	2.4	2.1	3	10
UK banks					
RBS	87.9	1.9	1.9	-1	-5
HSC	673.7	1.8	1.2	-4	-12
RBS	262.7	2.0	1.5	1	-5
Barclays	212.2	2.3	2.8	0	4
Lloyds	66.2	1.6	2.4	-1	-2
Large Spanish banks					
Santander	80.7	3.1	1.6	-2	-5
Santander	5.4	3.7	1.9	-1	-1
BBVA	6.5	2.5	1.3	-2	-8
Medium Spanish banks					
Cakabank	3.9	3.1	1.5	2	-1
Sabadell	1.7	2.6	1.2	1	0
Banqueparibas	8.5	2.5	1.6	-3	-7
Banque	3.7	2.6	1.4	-4	-9
Currencies (% ind for currency depreciation)					
Developed					
EURUSD	1.22	-0.4	-0.5	-1.4	1
GBPUSD	1.40	-0.6	0.2	0.8	3
USDJPY	107.46	-0.6	-1.0	-1.3	4
DKK	90.53	0.4	0.4	1.0	4
Emerging					
USDARS (Argentina)	20.19	0.0	-0.2	0.7	-10
USDBRL (Brazil)	3.32	0.2	-0.5	-3.5	-2
USDCLP (Chile)	603.05	0.1	0.3	-0.6	1
USDCOP (Colombia)	2792	0.1	0.1	2.2	5
USDMXN (Mexico)	18.14	-0.2	0.2	3.2	7
USDPEN (Peru)	3.23	-0.1	0.0	0.7	0
LACI	64.33	-0.2	-0.2	0.1	1
USDPLN (Poland)	3.43	-0.3	-0.3	-1.7	1
USD RUB (Russia)	57.72	-0.5	-0.8	-1.9	0
USDTRY (Turkey)	4.04	-1.0	2.4	6.4	-7
USDCNY (China)	6.30	0.0	-0.2	0.2	3
USDINR (India)	64.96	0.3	0.3	0.0	-2
USDIDR (Indonesia)	13,767	0.0	0.0	0.1	-2
ADXY	111.7	-0.1	-0.1	0.1	1
Commodities (%)					
Brent					
WTI	64	0.6	-1.8	2	6
Copper	306	1.6	1.2	-3	-6
Gold	1325	-0.6	0.0	-1	1
S&P Spot commodity *	446	-0.3	-1.6	-1	1
S&P Brent Spoz *	579	-0.1	-1.9	3	2
S&P Metals Spoz *	364	-0.6	-0.4	-5	-8
S&P Agricultural *	292	-1.5	-1.1	-6	3

Fuente: BBVA Research

Debt markets (10Y % changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.30	1.0	3.7	5	38
US	2.83	2.8	0.1	-6	37
GER (2-yr)	0.58	1.1	2.0	-4	3
Germany	0.52	2.4	2.7	-15	6
France	0.76	3.4	3.5	-17	-7
Spain	1.23	6.8	7.0	-34	-46
Italy	1.79	5.2	0.8	-29	-39
Portugal	1.67	4.9	6.3	-25	-34
Greece	4.01	-9.4	-31.0	-31	-10
Japan (2-yr)	-0.13	0.3	0.7	3	0
Japan	0.05	0.6	-1.0	0	0
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	9.66	-9.2	16.3	17	-60
Chile	4.44	-2.2	4.2	-10	7
Colombia	6.49	-2.8	-2.1	-43	4
Mexico	7.24	-3.5	8.3	-37	-34
Peru	4.54	0.6	0.5	7	-34
Poland	3.12	-0.3	-5.3	-21	-19
Russia	7.13	-1.0	-2.3	5	-50
Turkey	12.72	41.0	52.0	100	136
India	7.13	-16.7	-27.2	-65	-26
Indonesia	6.60	0.6	0.0	-10	30
Country risk (bp changes in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	23	1.0	0.8	-2	-5
Italy	127	2.8	-1.9	-14	-38
Portugal	115	2.5	3.6	-9	-32
Spain	71	4.4	4.3	-19	-37
2-yr sovereign spread vs Germany					
France	10	0.4	-1.4	2	-6
Italy	28	1.5	-1.1	-8	-9
Portugal	36	0.9	-5.6	-25	-32
Spain	26	1.2	0.7	-7	-1
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *					
Brazil	166	1.1	-1	14	5
Chile	49	-1.0	-3	5	0
Colombia	103	-1.6	-6	1	-2
Mexico	104	-4.4	-7	0	-3
Peru	78	-1.4	-5	3	6
Poland	48	-0.3	-1	0	-1
Russia	121	-0.7	-1	14	3
Turkey	192	-0.2	-7	21	28
China	63	0.2	-2	6	12
India	74	0.1	-3	4	5
Indonesia	102	0.1	-2	15	17
Risk indicators					
Volatility indicators (change in pp)					
level	Daily	Weekly	Monthly	YTD	
VIX	19	-0.9	-1	1	0
VSTOXX	17	-2.7	-1	-2	4
EM EFT volatility index	25	-1.6	-1	2	9
Dobrosrta volatility	6	-0.3	0	-1	0
EM FX volatility index	8	0.0	0	0	0
Credit spread (BAA) (change in bps)	181	-2.8	-4	7	3
US bonds volatility index	55	-0.7	-3	-5	6
Inflation expectations (%)					
level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.36	-	1	-2	4
EZ Inflation expectations (5Y5Y)	1.68	0	-3	0	0
Banking 5Y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US	58	-1.0	-1	6	16
EZ	61	0.3	0	10	22
UK	52	0.2	-1	4	11
Large Spanish	53	-0.6	-2	7	17
Medium Spanish	75	-0.8	0	5	0
Corporate 5Y CDS (bps) *					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	166	-1.0	-1	6	16
EZ Non-financial	73	0.3	0	10	22
UK Non-financial	108	1.1	2	7	15
Interbank markets (% changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EURIBOR Index	-0.36	0	-2	0	1
Euribor 3m	-0.33	0	0	0	0
Euribor 12m	-0.19	0	0	0	-1
Libor 3m	2.32	0	2	29	63
Libor 12m	2.68	1	2	16	57
Stock markets (%)					
Index	level	Daily	Weekly	Monthly	YTD
Developed					
S&P500	2,670	0.9	1.1	-2	-1
Dow Jones	24,586	1.3	2.0	-1	-1
Nikkei	21,645	1.5	2.3	1	-5
FTSE 100	7,200	2.4	2.0	1	-6
EuroStoxx 50	3,430	2.7	2.0	2	-2
IBEX	9,741	2.4	1.5	2	-3
DAX	12,305	2.9	1.7	2	-4
CAC	5,277	2.6	2.1	2	0
MIB	22,970	2.3	2.5	3	5
ASE Athens	801	2.6	2.6	0	-2
MSCI Latam *	90,456	0.3	1.5	-1	5
Ibovespa (Brazil)	85,817	1.7	0.5	0	10
Mexol	48,100	1.4	4.3	0	-4
MSCI EM Europe *	5,469	-0.3	0.5	-3	-2
Poland	2,244	1.9	1.5	-4	-9
Micex 10 (Russia)	4,461	1.1	1.1	0	8
Ise 100 (Turkey)	114,948	0.9	0.1	-2	-2
MSCI EM Asia *	911	-1.3	-1.2	-1	-1
Shanghai Com (China)	3,131	0.0	-0.9	-5	-6
Jakarta (Indonesia)	6,183	0.7	0.7	6	-3
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	112.7	1.6	2.5	-2	4
Citi	70.7	2.1	4.8	-4	-5
BoA	30.5	2.0	1.6	-5	2
MS	54.9	2.4	1.8	-3	5
GS	257.6	2.0	2.3	-4	1
EZ banks					
BNP	106.5	2.5	1.5	-2	-3
Crédit Agricole	61.1	2.8	1.5	-2	-2
Deutsche Bank	13.4	2.0	1.5	-2	-4
ING	11.7	4.4	2.9	-9	-27
Intesa	13.9	2.4	1.1	-3	-10
SG	3.9	1.9	1.7	0	9
Unicredit	44.6	2.8	1.1	-2	3
UK banks	17.3	2.4	2.1	3	10
HSBC	87.9	1.9	1.9	-1	-5
RBS	673.7	1.8	1.2	-4	-12
Bancpar	262.7	2.0	1.5	1	-5
Barclays	212.2	2.3	2.8	0	4
Lloyds	66.2	1.6	2.4	-1	-2
Large Spanish banks					
Santander	80.7	3.1	1.6	-2	-5
BBVA	5.4	3.7	1.9	-1	-1
CaixaBank	65	2.5	1.3	-2	-8
Medium Spanish banks					
Sabadell	76.8	2.6	1.5	-1	0
Bankinter	3.9	3.1	1.5	2	-1
Bankia	1.7	2.6	1.2	1	0
Banco Popular	8.5	2.5	1.8	-3	7
Bankia	3.7	2.6	1.4	-4	-9
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent					
WTI	68.5	0.7	-2.5	4	3
Copper	64	0.6	-1.8	-2	6
Gold	306	1.6	1.2	-3	-6
S&P Spot commodity *	1325	-0.6	0.0	-1	1
S&P Brent Spot *	446	-0.3	-1.6	-1	-1
S&P Metals Spot *	579	-0.1	1.8	-3	2
S&P Agricultural *	364	-0.6	-0.4	-5	-8
S&P Agricultural *	292	-1.5	-1.1	-6	3

Fuente: BBVA Research

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.

Fuente: BBVA Research

Fuente: BBVA Research