

Market Comment | Uncertainties in the Middle East kept volatility high

Global Financial Markets Unit
11 Apr 2018

- **Stock prices were on the back foot today**, with higher equity volatility and lower sovereign bond yields, despite the recent easing in global trade war tensions ([see](#)), due to higher uncertainty regarding US and Russian relations over the Middle East ([see](#)).
- Despite the more cautious mood, **tech stocks slightly outperformed** as tech regulatory worries eased somewhat after a “successful” testimony of Facebook’s Zuckerberg to the US Congress ([see](#)).
- The USD and the EUR remained broadly unchanged against their main peers as **US inflation did not surprise** ([see](#)) and investors remained waiting for the release of **FOMC meeting minutes** ([see](#)). Draghi’s speech today had a muted reaction in financial markets.
- **Oil prices continued on their recent upward trend** following uncertainties in the Middle East ([see](#)). Emerging currencies were mainly little changed, with the exception of the Russian rouble ([see](#)) and the Turkish lira, which kept falling significantly.

Table 1
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Debt markets (10Y % changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
US (2-yr)	2.30	-0.4	1.1	4	4	38
US	2.78	-2.4	2.6	9	11	
GER (2-yr)	0.57	-0.2	2.2	0	4	
Germany	0.50	-1.7	0.1	-13	3	
France	0.74	-1.7	1.6	-13	9	
Spain	1.27	0.8	10.4	-22	-42	
Italy	1.80	0.5	5.9	-29	-38	
Portugal	1.70	-2.4	7.9	-12	-31	
Greece	4.10	2.9	-0.6	-7	-1	
Japan (2-yr)	0.15	-0.0	-1.7	0	-2	
Japan	0.04	0.2	-1.8	-1	-1	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
Brazil	9.78	-2.1	3.3	21	-48	
Chile	4.43	-1.4	-3.5	-9	-8	
Colombia	6.37	-5.9	-14.3	-52	-7	
Mexico	7.32	0.9	4.6	22	-26	
Peru	4.66	1.7	13.0	13	-21	
Poland	2.99	-5.6	-13.8	-32	-33	
Russia	7.59	-9.0	44.3	40	-5	
Turkey	12.85	-14.0	54.0	61	149	
India	7.54	16.7	24.8	-9	16	
Indonesia	6.56	-9.2	-3.4	-25	26	
Country Risk (bp, changes in bp)						
Developed Markets	level	Daily	Weekly	Monthly	YTD	
1-yr sovereign spread vs Germany						
France	24	0.0	1.7	0	-5	
Italy	130	2.2	6.0	-16	-35	
Portugal	120	-0.7	8.0	1	-27	
Spain	77	2.5	10.5	-6	-31	
2-yr sovereign spread vs Germany						
France	10	-0.4	0.2	0	-6	
Italy	28	-0.2	1.1	7	-9	
Portugal	36	1.1	1.0	-31	-32	
Spain	25	-1.0	0.8	-5	-2	
Emerging Markets	level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *						
Brazil	167	-1.7	2	23	6	
Chile	47	-1.3	-3	4	-2	
Colombia	100	-2.4	-4	2	-5	
Mexico	103	-2.0	6	-1	-4	
Peru	75	-1.5	-5	3	3	
Poland	49	-0.1	1	3	0	
Russia	150	10.9	29	42	32	
Turkey	207	1.7	15	41	43	
China	61	-1.6	-2	6	11	
India	75	-1.2	1	7	6	
Indonesia	99	-1.4	-3	10	14	
Risk Indicators						
Volatility indicators (change in pp)	level	Daily	Weekly	Monthly	YTD	
VIX	20	-0.3	0	4	10	
VST OXX	17	0.7	-3	2	4	
EM EFT volatility Index	24	-0.4	-3	4	7	
Dollar/Euro volatility	6	0.0	0	0	0	
EM FX volatility Index	8	0.1	0	1	1	
Credit spread (BAA) (change in bps)	182	2.4	-1	3	5	
US bonds volatility Index	51	-1.1	-4	-7	-2	
Inflation expectations (%)	level	Daily	Weekly	Monthly	YTD	
US Inflation expectations (5Y5Y)	2.40	-	-1	-3	8	
EZ Inflation expectations (5Y5Y)	1.68	-	0	-2	6	
Emerging 5Y CDS (bps) *	level	Daily	Weekly	Monthly	YTD	
US	56	-2.0	-3	7	14	
EZ	57	-0.7	-4	12	18	
UK	49	-0.3	-2	8	8	
Large Spanish	48	-1.0	-6	9	12	
Medium Spanish	69	-2.9	-6	1	-6	
Corporate 5Y CDS (bps) *	level	Daily	Weekly	Monthly	YTD	
US Non-financial	161	-2.0	-3	7	14	
EZ Non-financial	70	-0.7	-4	12	18	
UK Non-financial	105	0.0	-2	6	12	
Interbank markets (% changes in bp)						
level	Daily	Weekly	Monthly	YTD		
COBA Index	0.37	0	0	0	0	
Euribor 3m	0.33	0	0	0	0	
Euribor 12m	0.19	0	0	0	0	
Libor 3m	2.34	0	2	25	64	
Libor 12m	2.70	0	3	16	60	
Stock markets (%)						
Main indices	level	Daily	Weekly	Monthly	YTD	
S&P500	2,649	-0.3	0.2	-5	-2	
Dow Jones	24,309	-0.4	0.2	-3	-2	
Nikkei	21,687	-0.5	1.7	-1	-5	
FTSE 100	7,257	-0.1	3.2	1	-5	
EuroStoxx 50	3,420	-0.5	2.4	0	-2	
IBEX	9,732	-0.3	2.3	0	-3	
DAX	12,296	0.8	2.8	-1	4	
CAC	5,276	-0.6	2.6	0	0	
MBI	23,028	-0.6	2.6	1	5	
ASE Athens	799	-1.4	2.3	-4	-2	
MSCI Latam *	91,147	1.1	1.0	-1	6	
Ibovexa (Brazil)	85,151	0.8	0.9	-2	9	
Mobtel	48,370	0.1	1.9	-1	-3	
MSCI EM Europe *	5,332	1.7	2.7	6	-1	
Poland	2,272	-0.1	3.2	-4	-8	
Micex 10 (Russia)	4,212	0.8	-4.5	-7	2	
He 100 (Turkey)	109,233	-1.3	-4.1	-9	7	
MSCI EM Asia *	937	1.2	1.5	-1	2	
Shanghai Com (China)	3,208	0.6	2.5	-4	-4	
Jakarta (Indonesia)	6,361	-1.8	2.1	-1	0	
Banking sector	level	Daily	Weekly	Monthly	YTD	
US banks						
JPM	141.0	-1.5	0.0	-9	-1	
CIT	111.0	-1.3	0.0	-6	3	
ChF	99.9	-0.9	0.8	-6	6	
BoA	30.0	-1.5	0.4	-9	0	
MS	53.1	-2.0	-1.1	-10	2	
GS	252.7	-1.5	0.0	-8	-1	
EZ banks						
BNP	61.0	-0.5	2.6	-3	-2	
Citib-Agriofide	13.2	-0.5	0.3	-4	-5	
Deutsche Bank	11.5	0.6	3.0	-12	-28	
ING	13.9	0.4	2.4	-3	-10	
Intesa	3.0	-0.9	2.2	-1	9	
SG	43.9	-0.7	1.1	-5	2	
Unicredit	16.9	-1.7	-0.4	0	7	
UK banks						
HSBC	88.6	0.1	2.7	-1	-4	
RBS	676.7	0.5	2.2	-4	-12	
RBS	262.9	0.0	2.1	0	-5	
Barclays	214.4	-0.2	3.4	1	5	
Lloyds	67.1	0.0	3.0	-1	-1	
Large Spanish banks						
Santander	79.0	-0.9	1.0	-4	-7	
Santander	5.3	-0.6	2.2	-3	-3	
BBVA	6.3	-1.2	0.0	-5	-10	
Medium Spanish banks						
Cakabank	76.8	-0.2	2.6	-1	0	
Cakabank	3.9	-1.9	2.5	1	-2	
Sabadell	1.7	0.8	4.2	2	2	
Bankinter	8.4	-0.1	1.3	-3	6	
Banika	3.7	0.0	3.5	-5	-8	
Currencies (% ind for currency depreciation)						
Developed	level	Daily	Weekly	Monthly	YTD	
EURUSD						
EURUSD	1.24	0.3	0.9	0.4	3	
GBPUSD	1.42	0.2	0.9	2.2	5	
USDJPY	106.74	0.4	0.0	0.3	5	
DXY	89.42	-0.2	0.8	-0.5	-3	
Emerging	level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)						
USDARS (Brazil)	20.15	0.0	0.1	0.2	-9	
USDARS (Chile)	3.40	0.4	-1.9	-4.1	-4	
USDCLP (Colombia)	597.74	0.6	1.0	1.0	1	
USDCOP (Czechia)	2735	1.3	2.1	4.0	7	
USDMXN (Mexico)	18.20	0.4	0.6	2.1	7	
USDPER (Peru)	3.23	0.2	-0.3	0.8	0	
LACI	63.88	0.5	0.7	0.0	1	
USDPLN (Poland)	3.38	0.3	1.2	0.8	2	
USD RUB (Russia)	63.77	-1.1	-11.0	-12.1	-11	
USDTRY (Turkey)	4.15	0.8	-3.7	7.9	-10	
USDCNY (China)	6.27	0.2	0.5	1.0	3	
USDINR (India)	65.31	-0.5	-0.2	-0.4	-3	
USDIDR (Indonesia)	13,759	-0.1	0.1	0.0	-2	
ADXY	111.9	0.0	0.0	0.4	2	
Commodities (%)						
Brent	level	Daily	Weekly	Monthly	YTD	
WTX	67	2.4	5.8	9	11	
Copper	312	-0.4	3.7	0	-4	
Gold	1364	1.9	2.3	3	4	
S&P Spot commodity *	461	2.0	3.5	4	4	
S&P Brent Spot *	601	3.2	3.9	9	6	
S&P Metals Spot *	383	1.9	5.3	2	-3	
S&P Agricultural *	306	0.2	4.8	1	8	

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Germany	0.50	-1.7	0.1	-13	3
France	0.24	-1.7	1.6	-13	9
Spain	1.27	0.8	10.4	-22	-42
Italy	1.80	0.5	5.9	-29	-38
Portugal	1.70	-2.4	7.9	-12	-31
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EURIBOR Index	-0.37	0	0	0	0
Euribor 3m	-0.33	0	0	0	0
Euribor 12m	-0.19	0	0	0	0
Libor 3m	2.34	0	2	25	64
Libor 12m	2.70	0	3	16	60
Stock markets (%)					
Index/Bases	level	Daily	Weekly	Monthly	YTD
US indices					
S&P500	2,649	-0.3	0.2	-5	-2
Dow Jones	24,309	-0.4	0.2	-3	-2
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Shanghai Com (China)	3,208	0.6	2.5	-4	-4
Jakarta (Indonesia)	6,361	1.8	2.1	-1	0
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	111.0	-1.3	0.0	-6	3
Citi	69.9	-0.9	0.8	-8	-6
BoA	30.0	-1.5	0.4	-9	0
MS	53.1	-2.0	-1.1	-10	2
GS	252.7	-1.5	0.0	-8	-1
EZ banks					
ING	105.5	-0.5	1.6	-4	-3
BNP	61.0	-0.5	2.6	-3	-2
Credit Agricole	13.2	-0.6	0.3	-4	-6
Deutsche Bank	11.5	0.6	3.0	-12	-28
ING	13.9	0.4	2.4	-3	-10
Intesa	3.9	-0.9	2.2	-1	9
SG	43.9	-0.7	1.1	-5	2
Unicredit	16.9	-1.7	-0.4	0	7
UK banks					
HSBC	88.6	-0.1	2.7	-1	-4
RBS	676.7	0.5	2.2	-4	-12
RBS	262.9	0.0	2.1	0	-5
Barclays	214.4	-0.2	3.4	1	5
Lloyds	67.1	0.0	3.0	-1	-1
Large Spanish banks					
Santander	5.3	-0.6	2.2	-3	-3
BBVA	6.3	-1.2	0.0	-5	-10
Medium Spanish banks					
Cakobank	76.8	-0.3	2.6	-1	0
Sabadell	3.9	-1.9	2.5	1	-2
Banqueparibas	1.7	0.8	4.2	2	2
Banqueparibas	8.4	-0.1	1.3	-3	6
Banqueparibas	3.7	0.0	3.5	-5	-8
Commodities (% changes in %)					
level	Daily	Weekly	Monthly	YTD	
Brent					
WTI	72.4	2.0	6.5	12	9
Copper	312	-0.4	3.7	0	-4
Gold	1364	1.9	2.3	3	4
S&P Spot commodity *	461	2.0	3.5	4	4
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S&P Agricultural *	306	0.2	4.8	1	8

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