

Market Comment | Oil prices hit recent highs while the 10Y UST broke the 3% threshold.

Global Financial Markets Unit
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- **US pulled out of the Iran nuclear deal** ([see](#)). Relative calm in financial markets as market risk indicators remain subdued while there is no strong sign of safe-haven flows in financial markets.
- **Calm in developed markets today.** The US 10Y yield inched up, flirting with the 3% threshold, while US equity volatility continued to decline, leading the VIX below the 15 threshold. Moreover, equity markets have showed slight gains. There was a very similar movement in Europe: sovereign yields up, with only a slight widening of Italy's risk premium amid potential calls for elections
- As expected, **oil prices extended their rise** amid more than likely sanctions on Iran, and Brent prices consolidated levels above 76 \$/b. Additionally, the release of US oil reserves also underpinned this movement. In this context, the reaction of market driven inflation measures was mute
- The sharp increase in oil prices and the **stability of the USD**, which gave some breathing space against the EUR today, were not enough to halt the depreciation in EM currencies across the board. They registered a mixed performance, but the deterioration was less than in previous sessions.
- Particular movement in **Argentina** as after yesterday's sharp depreciation, their currency remains stable once the government announced that they will ask IMF for financial support ([see](#)). **Turkey** lira appreciated today amid speculations of potential movement of monetary authority ([see](#)).

Table1

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Debt markets (10Y % change in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.52	0.8	3.0	24	60
US	3.01	3.0	4.0	23	54
GER (2-yr)	-0.57	0.4	0.1	1	4
Germany	0.58	1.5	-0.5	7	11
France	0.81	0.7	1.0	8	-1
Spain	1.31	-1.5	0.6	7	-31
Italy	1.84	-2.3	5.3	7	-25
Portugal	1.22	-1.4	2.8	2	-29
Greece	4.21	0.2	27.7	21	10
Japan (2-yr)	-0.13	-0.3	0.4	1	0
Japan	0.05	0.9	1.4	1	1
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	10.03	1.2	16.4	15	23
Chile	4.44	0.0	-3.0	-1	-7
Colombia	6.60	10.9	15.1	15	16
Mexico	7.74	1.1	22.1	14	16
Peru	5.19	-0.2	24.5	55	32
Poland	3.31	4.8	25.5	26	-1
Russia	7.51	0.0	12.7	10	-13
Turkey	13.57	-1.0	103.0	87	221
India	7.71	12.9	-2.5	48	32
Indonesia	7.31	-4.8	30.2	67	101
Country risk (bp, change in bp)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	24	-0.8	1.5	0	-5
Italy	127	-3.8	5.8	0	-36
Portugal	115	-2.9	3.3	-5	-40
Spain	73	-3.0	-0.1	-1	-42
2-yr sovereign spread vs Germany					
France	8	-0.6	-0.3	-1	-8
Italy	26	-1.6	-1.0	-2	-11
Portugal	40	0.7	0.7	-13	-27
Spain	24	-0.7	0.8	-2	-3
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS*					
Brazil	200	9.3	22	32	39
Chile	58	3.4	5	10	9
Colombia	116	5.0	9	14	11
Argentina	387	36.4	83	112	148
Mexico	128	6.6	12	23	21
Peru	87	2.8	4	10	15
Venezuela	16,599	0.0	0	0	0
Poland	49	-0.7	0	2	1
Russia	143	1.0	10	24	29
Turkey	245	14.4	45	48	81
China	62	1.3	4	-1	12
India	76	0.2	1	-1	7
Indonesia	129	3.1	23	28	44
Risk indicators					
level	Daily	Weekly	Monthly	YTD	
Volatility indicators (change in ppt)					
VIX	14	-0.4	-2	-7	5
VSTOXX	13	-0.4	0	4	0
EM FX volatility index	19	0.0	0	6	2
Dollar/euro volatility	7	0.1	0	1	1
EM FX volatility index	9	0.0	0	0	1
Credit spread (BAA) (change in bp)	181	-3.0	2	2	4
US bonds volatility index	49	0.8	0	-4	0
Inflation expectations (%)					
level	Daily	Weekly	Monthly	YTD	
US inflation expectations (5YS)	2.43	-	0	6	11
EZ inflation expectations (5YS)	1.70	-	0	2	-4
Banking by CDS (bps)*					
level	Daily	Weekly	Monthly	YTD	
US	53	-1.1	-4	-6	11
EZ	57	0.7	2	-2	18
UK	45	0.1	0	5	4
Large Spanish	51	1.2	3	1	15
Medium Spanish	70	0.1	1	-1	-5
Corporate by CDS (bps)*					
level	Daily	Weekly	Monthly	YTD	
US Non-financial	159	-1.1	-4	-6	11
EZ Non-financial	70	0.7	2	-2	18
UK Non-financial	104	0.3	1	-1	11
Interbank markets (% change in bp)					
level	Daily	Weekly	Monthly	YTD	
EDNA Index	-0.36	0	-1	0	1
Euribor 3m	-0.33	0	0	0	0
Euribor 12m	-0.19	0	0	0	0
Libor 3m	2.37	0	2	3	67
Libor 12m	2.78	0	1	7	67
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
Indices					
S&P500	2,679	0.2	1.6	25.5	-1
Dow Jones	24,362	0.0	1.8	1.6	-2
Nikkei	22,409	-0.4	-0.3	3.4	-2
FTSE 100	7,598	0.4	0.7	5.6	-1
Euro Stoxx 50	3,565	0.2	0.3	4.4	2
IEX	10,152	-0.2	0.6	4.2	1
DAX	12,234	0.2	1.0	5.5	0
CAC	5,522	0.0	-0.1	4.9	4
MIB	24,315	0.7	0.2	5.5	11
ASE Athens	823	0.6	-4.1	2.7	1
MSCI Latam*	89,009	0.3	-3.4	2.2	4
Bovespa (Brazil)	82,858	0.0	-1.9	0.4	7
Merbel (Mexico)	46,620	-0.2	-2.5	-3.0	-7
Merval (Argentina)	27,607	5.1	-6.8	-13.3	11
MSCI EM Europe*	5,295	0.1	-1.7	2.6	0
Poland	2,252	0.7	-1.7	0.4	-8
Moex 10 (Russia)	4,691	0.0	-0.9	9.8	9
ISE 100 (Turkey)	90,849	0.8	0.6	12.6	16
MSCI EM Asia*	929	0.6	-0.5	1.2	1
Shanghai Com (China)	3,159	-0.1	2.5	0.7	-6
Laura (Indonesia)	5,879	-0.1	-1.9	-4.8	-7
Banking sector					
level	Daily	Weekly	Monthly	YTD	
US banks					
JPM	147.0	-0.1	2.4	0.6	-1
WFC	111.0	0.0	2.9	0.5	3
Citi	72.0	1.4	5.9	3.7	-3
BofA	39.0	0.2	1.4	0.4	0
HS	52.9	-0.6	0.6	2.5	0
GS	238.0	0.4	1.7	5.6	-7
EZ banks	107.1	0.6	-2.2	1.2	-2
BNP	62.8	1.3	2.5	3.1	1
Crédit Agricole	13.5	0.7	-0.8	2.4	-3
Deutsche Bank	11.5	0.6	0.8	0.4	28
ING	13.8	-0.4	-1.7	0.4	-10
Intesa	3.2	0.5	-0.3	4.6	15
SG	42.3	0.3	-6.8	-4.4	-2
Unicredit	12.6	1.3	2.2	3.5	12
UK banks					
HSBC	711.0	0.9	-1.8	7.0	6
RBS	275.1	0.7	1.0	5.2	-1
Barclays	209.6	1.3	2.0	0.8	3
Lloyds	66.3	0.7	3.1	0.5	-2
Large Spanish banks					
Santander	82.3	0.2	0.0	3.0	3
Cajabank	5.4	0.4	0.1	0.9	-1
BBVA					
BBVA	6.8	0.1	0.0	5.2	-4
Medium Spanish banks					
Cajabank	78.8	0.2	1.2	3.1	3
Cajabank	4.2	-0.1	1.3	7.8	6
Sabadell	1.7	0.3	5.2	1.9	2
Bankinter	8.8	0.3	0.9	4.8	11
Banque	0.6	0.3	2.5	3.8	12
Commodities (% net for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1.18	-0.2	1.0	3.9	-2
GBPUSD	1.38	-0.1	-0.3	-4.8	0
USDJPY	109.71	-0.5	0.1	-2.8	2
DXF	93.29	0.2	0.8	3.8	2
Emerging					
level	Daily	Weekly	Monthly	YTD	
USDARS (Argentina)	22.61	-0.6	6.7	12.0	-23
USD BRL (Brazil)	3.59	-0.8	-1.1	-4.9	10
USDCUP (Cuba)	634.88	0.0	-2.6	-5.1	-5
USDCOP (Colombia)	2849	0.8	-0.5	2.3	3
USDMXN (Mexico)	19.65	-0.4	-3.0	7.1	-1
USDPEN (Peru)	3.28	0.0	-0.7	1.6	-2
LACI	60.24	0.2	-1.8	-5.1	-5
USDRPL (Poland)	3.62	-0.2	-1.3	6.2	-5
USD RUB (Russia)	63.56	-0.6	0.8	5.0	11
USDTRY (Turkey)	4.30	0.8	-2.9	5.6	14
USD CNY (China)	6.38	-0.2	-0.3	-1.2	2
USD INR (India)	67.42	-0.5	-1.1	3.7	6
USD IDR (Indonesia)	14,084	-0.2	-1.0	-2.3	-4
ADXY	109.8	0.2	-0.3	1.5	0
Commodities (%)					
level	Daily	Weekly	Monthly	YTD	
Brent	76.9	2.7	4.8	12	16
WTX	71	2.7	4.4	12	18
Copper	304	-0.2	-0.4	-1	-7
Gold	1396	-0.7	0.1	2	-1
S&P Spot commodity*	477	-1.1	1.0	6	9
S&P Brent Spot*	636	-1.8	1.9	9	12
S&P Metals Spot*	386	-0.5	0.4	3	-2
S&P Agriculture*	398	0.4	-1.5	1	8

* With one day delay
Source: Bloomberg, Datastream and Haver

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