

# Market Comment | Italian politics overshadow the easing trade concerns

Global Financial Markets Unit  
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- The week started with positive tone in financial markets after **the easing of global trade concerns**, once the US suspended the tariffs on China ([see](#)). This fact triggered an optimistic mood across the board but with the main exception of European markets. In the US the 10Y yield increased slightly, approaching its recent highest again, while the main equity indices registered significant gains in a context of very low volatility.
- European markets were not able to capitalize on the positive “global” mood as **political uncertainty hit Italian assets again**([see](#)) with a safe-haven movement in debt markets: in line with last week’s pattern, Italian risk premium increase significantly with contagion to other peripherals, (Portugal and Spain). Italian equity indices also underperformed clearly.
- In this context, **rating agencies have started to warn** about the effect of expansionary policies in an already highly indebted country ([see](#)). The EUR remained stable against the USD today but close to its lowest level this year.
- The **decreasing global trade concerns also gave some breathing space to some EM assets**, which despite the USD inching up today recovered some ground after the sharp drops they have been suffering since early May. Commodity prices also supported today’s movement as oil and copper prices increased. The only exception is again the Turkish Lira, which depreciated by around 2% against the USD.

Table1

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