

Market Comment | Cautious tone remains in financial markets, amid volatility

Global Financial Markets Unit
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- **Safe-haven bonds outperformed, with US (2.88%) and German 10Y yields (0.32%) remaining broadly steady** and both peripheral and EM yields increasing across the board on the back of political concerns and spillover effect from Turkey. **Italy's risk premium increased by 11 bps to 279 bps ahead of the 2019 budget negotiation**, while the impact of Turkey on Italy's banks may also have contributed to higher yields. The risk-off mood also weighed slightly on both Spain's and Portugal's risk premia.
- **The US Dollar began the week steady**, easing some pressure on FX markets. Nonetheless, **depreciation trends have remained in most EM currencies, especially the TRY and the ARS**, while the Mexican peso has also depreciated, reflecting the cautious approach towards EMs.
- **Equity markets were mixed**: European and Asian stock markets declined across the board, the former led by the healthcare and banking sectors, while US stocks opened flat.
- **Crude oil prices were steady** as Saudi Arabia said it would reduce its crude oil production after the announcement from OPEC, in which they assured a lowering in future oil demand ([see](#)). However, gold prices fell sharply despite some recent risk-off mood among investors ([see](#)).

Table 1

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Fuente: BBVA Research

Debt markets (10Y, %; changes in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
US (2-yr)	2.61	0.8	-3.3	-3	69
US	2.88	0.2	6.4	3	41
GER (2-yr)	-0.64	-0.7	5.3	-1	-3
Germany	0.32	0.1	-7.1	-4	-20
France	0.69	1.5	3.0	5	-14
Spain	1.45	4.7	8.6	11	22
Italy	3.10	11.0	19.8	48	101
Portugal	1.85	6.7	9.4	10	-16
Greece	4.29	6.5	26.1	41	16
Japan (2-yr)	0.11	0.2	0.5	2	2
Japan	0.10	0.0	0.9	6	5
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
Brazil	11.90	5.7	75.4	45	165
Chile	4.51	-0.5	-4.4	5	-1
Colombia	6.82	1.7	5.0	27	38
Mexico	7.79	4.5	9.7	5	21
Peru	5.08	1.1	2.2	-7	-21
Poland	3.16	1.0	5.8	-3	-15
Russia	8.50	11.5	53.7	83	86
Turkey	21.53	52.0	274.0	377	1017
India	7.82	6.9	5.5	4	44
Indonesia	7.94	24.1	14.0	41	164
Country risk (bp; changes in bps)					
Developed Markets	level	Daily	Weekly	Monthly	YTD
10-yr sovereign spread vs Germany					
France	37	1.4	4.1	9	7
Italy	279	10.9	26.9	52	121
Portugal	153	6.6	16.5	14	4
Spain	114	4.6	12.7	15	-1
2-yr sovereign spread vs Germany					
France	19	0.7	0.5	-1	3
Italy	156	15.7	39.8	62	159
Portugal	52	5.9	10.0	-2	2
Spain	41	4.7	12.7	7	14
Emerging Markets					
level	Daily	Weekly	Monthly	YTD	
5-yr sovereign CDS *					
Brazil	237	11.6	27	-13	76
Chile	52	0.5	4	-7	3
Colombia	110	2.5	7	-2	5
Argentina	566	81.7	138	128	328
Mexico	121	3.5	7	3	14
Peru	79	1.2	3	-6	-7
Poland	62	1.1	0	2	14
Russia	130	12.8	35	42	52
Turkey	449	74.5	115	122	285
China	64	3.4	1	-8	13
India	87	6.2	-2	-14	18
Indonesia	120	6.6	4	-6	35
Risk indicators					
Volatility indicators (change in bp)	level	Daily	Weekly	Monthly	YTD
VIX	14	0.6	3	1	4
VSTOXX	16	0.8	2	2	3
EM EFT volatility Index	20	0.2	2	2	3
Dinlerano volatility	8	0.0	1	1	1
EM FX volatility index	12	1.3	2	2	4
Credit spread (BAA) (change in bps)	187	-0.2	4	-4	9
US bonds volatility index	51	3.3	4	2	1
Inflation expectations (%)	level	Daily	Weekly	Monthly	YTD
US Inflation expectations (5Y5Y)	2.42	-	-2	0	10
EZ Inflation expectations (5Y5Y)	1.21	-	0	-1	-3
Riskless 5-yr CDS (bps)	level	Daily	Weekly	Monthly	YTD
US	53	3.3	4	-3	11
EZ	96	6.4	9	6	57
UK	67	2.8	3	3	26
Large Spanish	91	12.0	15	2	55
Medium Spanish	90	11.0	0	-6	15
European 5-yr CDS (bps) *	level	Daily	Weekly	Monthly	YTD
US Non-financial	156	3.3	4	-3	11
EZ Non-financial	75	6.4	9	6	57
UK Non-financial	100	1.0	0	-6	-7
Interbank markets (%; changes in bp)					
level	Daily	Weekly	Monthly	YTD	
EURIBOR Index	-0.36	0	0	1	1
Euribor 3m	-0.32	0	0	0	1
Euribor 12m	-0.17	0	1	1	2
Libor 3m	2.32	-2	-2	-2	62
Libor 12m	2.82	-1	-1	-4	71
Stock markets (%)					
level	Daily	Weekly	Monthly	YTD	
S&P500	2,832	0.0	0.6	1.2	5
Dow Jones	25,270	-0.2	0.9	1.4	2
Nikkei	21,857	-2.0	-2.9	-1.5	-4
FTSE 100	7,650	-0.2	0.2	0.0	0
EuroStoxx 50	3,414	-0.4	-2.0	0.9	-2
IBEX	9,542	-0.6	-1.9	-2.3	-5
DAX	12,376	-0.4	-1.8	0.9	-4
CAC	5,418	0.1	-1.1	0.2	2
MI	20,995	-0.5	-2.7	-3.6	-4
ASE Athens	-721	-3.1	-5.1	-4.2	-12
MSCI Latam *	84,309	-2.3	-4.2	0.7	-2
Bovespa (Brazil)	76,815	0.4	-6.2	-1.3	-1
Mexcel (Mexico)	48,670	0.6	-1.3	0.1	-3
Merval (Argentina)	26,333	-1.9	8.9	-1.4	-15
MSCI EM Europe *	5,248	-2.1	-1.9	-1.1	-3
Poland	2,261	0.6	-1.5	-4.6	-8
Moon 10 (Russia)	4,264	0.6	-1.7	-5.1	3
Ru 100 (Turkey)	92,685	-2.4	-1.6	-3.5	-21
MSCI EM Asia *	897	-0.5	0.9	0.9	4
Shanghai Com (China)	2,786	-0.3	3.0	1.8	-17
Jakarta (Indonesia)	5,061	-3.4	-2.4	-0.5	-8
US banks	level	Daily	Weekly	Monthly	YTD
JPM	145.4	-0.7	-2.8	4.0	-2
Cit	115.2	-0.5	-1.7	7.8	7
BoA	69.8	-0.6	-1.6	1.9	-6
MS	30.9	-1.0	-2.0	7.4	3
GS	48.0	-0.8	-4.0	0.0	-8
Wells	227.8	-0.8	-3.5	0.3	-11
EZ banks					
BNP	88.4	-1.4	-4.9	-1.2	-19
Credit Agricole	52.1	-0.8	-3.5	0.5	-16
Deutsche Bank	12.1	-1.0	-2.3	6.6	-14
ING	10.1	-2.0	-6.2	5.6	-37
Intesa	11.9	-2.2	-6.5	-4.7	-23
SG	2.3	-1.2	-6.9	-7.1	-16
Unicredit	35.9	-0.9	-3.7	0.3	-17
UK banks					
HSBC	13.4	-2.7	-6.8	-6.5	-15
RBS	84.3	-0.8	-0.9	0.6	-9
Lloyds	717.0	-0.6	1.2	1.0	-6
Barclays	246.3	-0.6	-2.3	0.2	-11
Large Spanish banks	184.7	-1.6	-2.1	2.5	-9
Santander	61.5	-0.6	-1.7	-1.7	-9
BBVA	67.1	-2.7	-7.4	-7.4	-21
Medium Spanish banks	4.4	-2.3	-5.2	-4.8	-19
Catobank	5.5	-3.0	-9.4	-9.6	-23
Sabadell	69.4	-0.6	-2.8	-2.4	-10
Bankinter	3.9	-0.2	-1.8	3.5	-9
Banisa	1.4	-1.3	-4.6	-3.7	-19
Bankinter	7.8	-0.4	-2.4	8.3	-2
Banisa	3.2	-0.7	-3.2	2.1	-20
Commodities (%; red for currency depreciation)					
Developed	level	Daily	Weekly	Monthly	YTD
EURUSD	1,141	-0.1	-1.3	2.3	-5
GBPUSD	1,28	-0.0	1.4	3.4	-6
USDJPY	110.73	0.1	0.6	1.6	1
DXY	96.31	-0.1	1.0	1.6	5
Emerging	level	Daily	Weekly	Monthly	YTD
USDARS (Argentina)	29.99	-2.6	-9.7	-10.2	-63
USDBRL (Brazil)	3.91	-1.1	-4.6	0.6	-20
USDCLP (Chile)	658.72	-0.6	-1.9	-1.7	-9
USDCOP (Colombia)	2974	-1.0	-2.5	-3.4	-1
USDMXN (Mexico)	19.20	-1.5	-3.6	-1.2	-2
USDPEN (Peru)	3.29	-0.2	0.5	0.4	-2
LACI	56.63	-1.5	-3.9	-1.8	-11
USDPLN (Poland)	3.78	-0.3	-2.4	-1.9	-9
USDRON (Romania)	67.90	-0.2	-6.5	-9.1	-18
USDTRY (Turkey)	6.93	-7.8	-30.0	-42.7	-84
USDCNY (China)	6.89	-0.7	0.6	3.4	-6
USDINR (India)	69.93	-1.6	-1.5	-2.0	-10
USDIDR (Indonesia)	14,608	-0.9	-0.9	-1.5	-8
ADXX	104.6	-0.3	0.5	1.8	-5
Commodities (%)	level	Daily	Weekly	Monthly	YTD
Brent	72.3	-0.7	-1.9	-3	9
WTI	57	-0.8	-2.8	-5	11
Copper	273	-0.1	0.3	-1	-16
Gold	1196	-1.3	0.9	-4	-9
S&P Spot commodity *	458	0.2	-1.4	-1	3
S&P Brent Spot *	622	1.1	0.9	-2	10
S&P Metals Spot *	348	-0.1	1.5	0	-12
S&P Agriculture *	293	-2.6	-1.9	6	3

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

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