

Market Comment | Tense calm on markets awaiting Thursday's FOMC meeting

Global Financial Markets Unit 14 Sep 2015

- Lackluster August activity indicators. China's National Bureau of Statistics (NBS) yesterday announced a batch of economic activity indicators for August, including industrial production (IP), retail sales and urban fixed asset investment (FAI, ytd). No significant pick-up signal has been shown by the August outturns yet. In particular, FAI, which indicates the confidence of investors, further slipped to 10.9% y/y in August from 11.2% y/y in July. In addition, the industrial production's marginal pick-up is still weak. (see)
- **Mixed eurozone data.** The Eurozone industrial production SA rose in July more than expected (by 0.6% MoM; BBVAe: +0.5%; consensus: +0.3%). Meanwhile, Italian CPI EU harmonised increased in August less than estimates (by +0.4% YoY; BBVAe and consensus: +0.5%).
- Tense calm on markets awaiting Thursday's FOMC meeting. The beginning of the week has been characterised by lower volatility across the board than in previous weeks. The lack of significant macroeconomic data releases, as well as public interventions by monetary authorities, that could hint at movements by the Fed or ECB, contributed to establish calm on the markets today. Investors remained cautious, waiting for Thursday's FOMC decisions before adjusting their asset allocation. Futures markets are placing a 30% probability of a rate hike in this week's meeting. In this context, although China's worse than expected industrial production dragged Asian markets again today (Nikkei: -1.6%, Shanghai: -2.67%, Shenzhen: -6.65%), European and US equity indices remained broadly steady across the board (S&P 500: -0.2%, Euro Stoxx: +0.3%, DAX: +0.7%). On the bond markets, both safe-haven and peripheral yields remained broadly unchanged today (ITA 10Y: +1bp, SPA 10Y: +1bp, POR 10Y: +4bp, GRE 10Y: +4bp), while Latin American bond markets were also flat today. On FX markets, after the end of last week's drops, the USD appreciated against other major currencies (EUR: -0.41%, GBP: -0.23%). Meanwhile, EM currencies showed a mixed performance, with apparently muted impact from the extended fall in commodity prices (Brent: -1.8%, WTI: -0.8%, copper: -1.5%). Some commodity-linked currencies appreciated against the USD (RUB: +1.1%, COP: +0.7%, MXN: +0.2%), while other EM currencies fell today, hampered by idiosyncratic factors (TRY: -0.3%).

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Table1



GER 2-yr -0,24 (0) (-1) (4) (-14) GER 5-yr -0,02 (0) (-3) (0) (0) GER 10-yr -0,65 (0) (-2) (2) (11) GE 6 for 500 GE 100 GE Indianeau 16-yr 23.28 () (18) (150) Country risk (changes in by) (18-yr opening prematic against Germany) (18-yr opening prematic against Germany) France 41 (0) (16) (0) (15) Genoce 630 (0) (45) (47) (110) Hadde (2) (17) (2) (2) (6) Hay 18 (1) (3) (4) (45) (17) (17) (17) (17) Fores 146 (1) (3) (14) (29) Spain 146 (1) (3) (14) (29) Syr sovereign spreads (against Germany) Belgium 14 (0) (4/3)(5)(5) France 15 (0) (1) (1) (2) Geneco 1550 (0) (0) (0/460) Irisand 30 (-1) (-2) (0) (-10) 143 yr 30 (2) (0) (13) (-15) Metherisads 5 (5) (6/9) (0) (-3) Portugal 133 (-3) (6) (15) (-11) Spain 99 (2) (0) (9) (13) 5-yr CDS Poland74 (2) (0) (5) (4) 5-yr CDS Russia 367 (3) (-15) (4) (-109) 5-yr CDS Turkey 293 (5) (16) (44) (111) Syr CDS China 119 (1) (1) (13) (34) Syr CDS India 184 (0) (-2) (-4) (13) Syr CDS Indonesia 240 (2) (-1) (36) (84) Credit ris k 16.4 in Chapter in percentage except for B.A.A. spreads, by) 170.003.170, Chapter in percentage except for B.A.A. spreads, by) 170.003.172, Ch.B.() + (0,0) + (0, Large Spanish banks CDS 123 (5) (5) (9) (45) Medium Spanish banks CDS 163 (-3) (-2) (1) (49) Greek banks CDS 2445 (1) (.469) (.361) (1561) Russian banks CDS 499 (3) (7) (23) (48) Corporate risk (changes in bps) US Non-financial CDS 0 (0) (-238) (-229) (-157) ENU Non-financial CDS 0 (0) (-124) (-115) (-107) UK Non-financial CDS 0 (0) (-136) (-127) (-113) Interbank markets (changes in bp) UEII OS spread 3m 10 (0) (0) (-1) (-1) UEII OS spread 12m 31 (0) (0) (1) (4) UEII TO spread 3m 30 (0) (1,7) (2) (6) US DIS spread 3m 12 (0) (0) (1) (2) US DIS spread 12m 46 (0) (-2) (6) (12) US TED spread 3m 30 (1) (-1) (7) (6) US TED apreed 3m 30 (4) (1) (7) (8) Spain Ted Spreed 3m 5 (9) (2) (2) (9) EOMA index -0,13 (9) (9,6) (9) (27) Euribor 3m -0,04 (9) (-0,4) (-1) (-12) Euribor 12m -0,16 (9) (9) (9) (-17) Liber 3m 0,34 (0) (0) (2) (6) Liber 12m 0,86 (0) (0) (2) (23) 300.K. Missilides (Chinispee in price) Sabries (Sabries (Early stocks US banks 93.5 (0,1) (2,1) (4,5) (46) JPM 92.6 (0,1) (1,0) (7,3) (6) CR 51,1 (0) (1) (10) (1) DoA 93,1 (0) 12 (40) (40) NS 34; 10,1) (2,7) (4,7) (12) GS 185,3 (0) (2,7) (7,7) (4) Large Spanish banks 85,6 (8) (-1,4) (-14,8) (-14) Santander 5 (0,1) (-2,5) (-16,1) (-28) 88 VA 7,8 (-6,1) (-2,5) (-13,8) (-1) Sea Maller 9, 1, 14-2, 17-45, Emerging Mindest Mann copilly stockes Mann copilly stockes MCOL Laten CE111 (4,520) (4,3) (4) (7) Movessy (March MCOR (43), 0, 1) (-3) (45) MCOR (473) (-1) (1) (1) (-2) (-3) MCOR (473) (-1) (1) (1) (-2) (-3) (-3) MCOR (473) (-1) (-2) (-3) (-3) (-3) MCOR (Massay) 1725 (4,6) (-3) (-3) (-3) MCOR (Massay) 1725 (4,6) (-3) (-3) (-3) MCOR (Massay) 1725 (4,6) (-3) (-3) (-3) (-3) MCOR (Massay) 1725 (4,6) (-3) (-3) (-3) (-3) MSCI EM Asia 651 (-0,33) (2,7) (-5,2) (-0,6) Shanghal Composite (China) 3115 (-2,87) (1,1) (-21,2) (-3,7) Jakarts Composite (Indonesia) 4390 (0,7) (2,1) (-4,2) (-16) James Consolve (1987-1987, 1201,421,949) These Books Tamin Bank (1987-1989,951) Tam DAY 19-41 (A.2 (1/29) (1.1) (2.7) (4.1) (4 USDENY (Ustray) 3,00 (4,0) (4,0) (4,0) (4,0) (31,1) USDENY (China) 6,37 (9,1) (9) (9,5) (4,6) USDENR (eda) 65,33 (9,3) (9,7) (1,9) (4,7) USDERR (eda) 66,33 (9,3) (9,7) (1,9) (4,7) USDERR (eda) 66,33 (4,7) (4,6) (4,7) (4,9) ADDY 1973.1 (5,1), (8,0) (-2.7), (-4.9) Commod Rijes (change in percentinge) Front 47,26 (-3.0) (-3.0) (-4) (-7.0) WITX 44,26 (-3.0) (-3.0) (-4) (-1.0) Gald 1197.64 (0) (-3.0) (-3.0) (-4.0) Gald 1197.64 (0) (-1.1) (-2.7) (-3.7) CHB (best 47,2,5) ((-3.7) (-3.7) CHB (best 47,2,5) ((-3.7) (-3.7) Selection (-3.0) (-3.0) (-3.7) (-3.7) Selection (-3.0) (-3.0) (-3.7) (-3.7) Selection (-3.0) (-3.0) (-3.0) (-3.0) Source Boordeag, Chastream and News



*CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

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