

Market Comment| Gloomy mood at the beginning of the week

Global Financial Markets Unit 28 Sep 2015

- **Mixed data in the US.** Personal income in August rose less than expected (by 0.3%; consensus: 0.4%), however, personal spending increased more than estimations (by 0.4%: consensus: 0.3%). On another front, the Dallas Fed manufacturing activity index increased more than expected in September (by 6.3 points to -9.5; consensus: -10.0). Meanwhile, pending home sales dropped unexpectedly (by 1.4% MoM; consensus: +0.4%).
- Fed's Dudley said that the Fed will probably hike rates in 2015. New York Federal Reserve Bank President William Dudley said that "My expectation is that we will probably raise rates later this year". He added that "the economy is doing pretty well. We are making progress toward our objectives", but he also said that "international developments have created a little bit more uncertainty".
- **Confidence improves in Italy.** The Italian consumer confidence index rose in September, surprising markets (by 3.4 points to 112.7; BBVAe and consensus: 108.7) while business confidence increased against expectations of remaining unchanged (up 1.5 points to 104.2; BBVAe: 102.5, consensus: 102.7).
- Gloomy mood at the beginning of the week. Equity markets dropped across the board, (S&P:-1.3% Nikkei: -1.3% Eurostoxx: -2.2% IBEX: -1.2% CAC: -2.7% DAX: -1.9%), dragged by the worsening economic outlook. China's negative industrial profits data in August (-8.8% YoY, previous: -2.9%), the worst data in four years, with companies most linked to commodities collapsing. Furthermore, Christine Lagarde, IMF chief, said that a downwards revision in its estimates for global economic growth is possible due to the outlook for emerging economies on the back of the ongoing commodity prices dynamics. However China's equity markets rose in the day (Shanghai: +0.27% Shenzhen: +2.40%). Along the same lines, bond markets also tracked the worsening global economic outlook fuelled by China's industrial profits: the US 10Y treasury yield decreased (-4bp), and European yields dropped, especially in Spain, where the Catalonian elections took place last weekend (GER 10Y: -4bp, FRA 10Y: -2bp, ITA 10Y: -2bp, SPA 10Y: -8bp, POR 10Y: -2bp, GRE 10Y: +4bp). Spain's risk premium narrowed today (-4bp). The election result showed that the pro-independence movement won the majority of the seats in the Catalan parliament (72 seats) but failed to get the majority of the votes (48%). The spread between Spanish and Italian 10Y yields, which had been widening since July (by 27bp), narrowed 6bp today. In FX markets, the USD remained flat against other major currencies at the time of writing. EM currencies have also stayed flat against USD with the exception of the Brazilian peso (BRL: -1.3%) despite the dips in commodities prices (Brent and WTx: -1.8% Copper:-1.8%).

Update 17.00 CET 28 September, 2015 Table1

BBVA Research

Debt markets (changes in bp) Drencough Statution 05 2yr (36 (-1) (2) (0) (2) 05 2yr (36 (-1) (2) (0) (2) 05 3yr (1) (3 (-1)
Jepan 10-yr 0,36 (3) (4) (4) (3)
$\begin{array}{l} {\rm GER} \; 2 \cdot \mu \tau & - 4 \cdot 25 \cdot (-1) \cdot (2) \cdot (-3) \cdot (+5) \\ {\rm GER} \; 5 \cdot \mu \tau & (-2) \cdot (+1 \cdot (-5) \cdot (-1) \\ {\rm GER} \; (-5 \cdot \mu \tau & (-2) \cdot (-1) \cdot (-1) \\ {\rm GER} \; (-5 \cdot \mu \tau & (-1) \cdot (-1) \\ {\rm GER} \; (-5 \cdot \mu \tau & (-1) \cdot (-1) \cdot (-1) \\ {\rm GER} \; (-5 \cdot \mu \tau & (-1) \cdot (-1) \cdot (-1) \\ {\rm GER} \; (-5 \cdot \mu \tau & (-1) \cdot (-1) \cdot (-1) \\ {\rm GER} \; (-5 \cdot \mu \tau & (-1) \cdot (-1) \cdot (-1) \\ {\rm GER} \; (-5 \cdot \mu \tau & (-1) \cdot (-1) \cdot (-1) \\ {\rm GER} \; (-5 \cdot \mu \tau & (-1) \cdot (-1) \cdot (-1) \\ {\rm GER} \; (-5 \cdot \mu \tau & (-1) \cdot (-1) \cdot (-1) \\ {\rm GER$
Belgian (0.47, 6.94 (2), (8), (37), (11) France (0.47, 1,52, (2), (4), (8), (19) Geneon, 14, 94, 525 (4), (2), (44), (149)
Belgine Corp. 264 (2) (4) (47) (11) Others Gives 12 (2) (4) (4) (10) 0 Others Gives 12 (2) (4) (4) (40) 0 Marcol Gives 12 (2) (4) (4) (4) (4) 0 Marcol Gives 12 (2) (4) (4) (4) (4) 0 Marcol Gives 12 (4) (4) (4) (4) (4) 0 Marcol Gives 12 (4) (4) (4) (4) (4) (4) 0 Marcol Gives 12 (4) (4) (4) (4) (4) (4) (4) (4) (4) (4)
Computery Mathematics Cases: Voly 16 (32 (21 (4) (6) (21 (2) (065)))) Cases: Voly 4 (36 (2) (21 (22) (32))) Casess: Voly 4 (36 (2) (21 (2) (32))) Casess: Voly 4 (36 (2) (21 (2) (32))) Casess: Voly 4 (36 (2) (21 (22) (32))) Casess: Voly 4 (36 (2) (21 (2) (32))) <tdc< td=""></tdc<>
Poland 10.yr 2,81 (.4) (.4) (.15) (28) Ruxula 3ayr 11,43 (.4) (.10) (.4) (.27) Ruxula 10.yr 11,13 (.10) (.10) (.10) Ruxula 10.yr 11,13 (.10) (.10) (.10) Turkey 18.yr 18.98 (.18) (.46) (.76) (.282)
India 19yr 7,73 (1) (2) (4) (4) (5) Indonesia 19yr 1,06 (11) (50) (50) (154)
Country risk (changes in bp) Developed Names Say sovereing apresds (apainst Germany)
Star Contraction Star
taty 116 (2) (6) (-2) (-19) Hebrarianda 20 (2) (27) (0) (5) Portagal 153 (2) (3,4) (6) (-22) Spain 154 (-4) (0) (0) (7)
Syr sovernign spreads (against Gernany) Belgian 12 (1) (b, 4) (-5) (-2) Trace 23 (1) (0, 6) (6)
Sev
Portagal 121 (2) (3) (3) (2) Span 56 (4) (3) (4) (4) Zyr sovenign spreads(againt Gernany)
$ \begin{array}{l} \text{binguin} & e_{10}(2_1(e_1)(1)) \\ \text{Frace 6} & e_{10}(1)(1)(2) \\ \text{frace 6} & e_{10}(1)(1)(1)(1)(1) \\ \text{frace 6} & e_{10}(1)(1)(1)(1)(1)(1)(1) \\ \text{frace 6} & e_{10}(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)($
2 - (convergence entropic departer demanue) (begin et dis (c) (c) (c) Transe et dis (c) (c) (c) et dis (d) (c) (c) (c) et dis (d) (c) (c) (c) et dis (d) (c) (c) (c) Transa (d) (c) (c) (c) Transa (d) (c) (c) (c) Transa (d) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c)
149 managed 7 149 managed 7 149 Garden 24 March 14 149 Garden 24 March 14
Syr CDS Vieteder 1231 (4 (1) (3/2) (5/1) Syr CDS 18eab (5 (0) (1) (4) (0) Syr CDS 18ab (123 (4) (12) (4) (4) Syr CDS 18ab (123 (4) (12) (4)
5-yr CDS P Rntsgal 177 (-1) (12) (-12) (-23) 5-yr CDS Spain (-111 (1) (11) (-23) 5-yr CDS UK 15 (-2) (0) (-2) (-7) 5-yr CDS UK 15 (-2) (0) (-1) (0) (-1)
Sey isocreting, ICOS Sey COS Biost 200 (2011)(151)(254) Sey COS Biost 200 (2011)(151)(254) Sey COS Biost 201 (2011)(151)(254) Sey COS Biostoric 17(10)(151)(164) Sey COS Biostoric 17(10)(151)(164) Sey COS Biostoric 17(10)(151)(164) Sey COS Biostoric 17(10)(151)(151)(151)(151)(151)(151)(151)(
Syr COS Versoulla 6673 (127) 8059 (+433) (2169) Syr COS Pelan(75 (-2) (4) (1) (5) Syr COS Rueda 307 (+41 (2) (-44) (+106) Syr COS Tallwey (24 (+7) (10) (-5) (14)
Syr CDS Tarkey 286 (-17) (30) (28) (114) Syr CDS China 125 (-1) (15) (11) (39) Syr CDS Inika 185 (0) (12) (-2) (15) Syr CDS Inika 286 (-1) (47) (28) (16)
Could deb
Bit Indication, Detupping in generating second for BLA genetits, Bull VEX.1914.2716.08174 VEX.1914.2716.08174 Distribution, Detupping and Detupping Distribution, Detupping
EH ET kolletilty bodex 13 (0) (0) (10) (10) Credit spined (BAA) (22,5 (2,7) (4,6) (5,2) (60) U bendis videntilty index 76 (0) (2,5 (2) (70)
Bunk risk (ohenges in bp) 16 banks CDS 83 (8) (6) (2) (13) EUL banks CDS (6) (3) (6) (2) (2) UK banks CDS (6) (3) (13) (10) (05)
Large Spanish banks CDS 142 (-1) (25) (25) (84) Medium Spanish banks CDS 179 (2) (21) (15) (85)
Greek banks (DS 2382 (1) (46) (443) (448) (449) (Russian banks (DS 446 (8) (21) (48) (47) (Company Int (16) (change in hou)
Corpora to risk (changes in bps) 155 Nen-Banacial COS 0 (0) (0) (2010).(107) 1611 Mon Annoul COS 0 (0) (0) (2010).(107) UK Nen-Banacial COS 0 (0) (0) (-109).(113)
Interbank markets (changes in bp) UEN DS spread an 11(0)(0)(10) UEN DS spread an 31(0)(1)(10) UEN DS spread an 33 (0) (-1,4)(4) (0) UEN TL0 spread an 33 (0) (-1,4)(4) (0)
US OIS spread 2m 16 (0) (0) (3) (2) US OIS spread 2m 35 (1) (4) (19) US TIED spread 2m 35 (0) (1) (7) (13)
Spain Ted Spread 3m 3 (0) (2,4) (1) (2)
EONA Index: 4.14 (0) (0.2) (-2) (-29)
Liber 3m 0,33 (0)(0)(0) (7) Liber 12m 0,86 (0)(2)(2) (23) Stock markets (Changes in percentage)
Liber 3m 0,33 (0)(0)(0) (7) Liber 12m 0,86 (0)(2)(2) (23) Stock markets (Changes in percentage)
Liber 3m 0,33 (0)(0)(0) (7) Liber 12m 0,86 (0)(2)(2) (23) Stock markets (Changes in percentage)
Liber 3m 0,33 (0)(0)(0) (7) Liber 12m 0,86 (0)(2)(2) (23) Stock markets (Changes in percentage)
Late The Statistics of English (C) State Transfer (C)
Laters 12 310(0)(0)) State: Tanciel, Changes a personality (State: Tanciel,
Laters 12 310(0)(0)) State: Tanciel, Changes a personality (State: Tanciel,
Lan 24 201000000000000000000000000000000000
Lan 24 201000000000000000000000000000000000
Late be 310000000 State: Late be 3100000000 State: Late be 3100000000 State: Late be 31000000000000000000000000000000000000
Lat be 2.13(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(
Lat be 2.13(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(1)(
Lan be a Statistica (The Stati
Lan be a Statistica (The Stati
Lan be attaining mit store taken in starting opperature provide prov
Lak ba Lak bang gang gang gang gang gang gang gang
Lan ba statisticity statisticit
Lan ba statisticity statisticit
<pre>Land be additional by the additional by the</pre>
Lak be A Lak Budge
<pre>Link be statistighting:</pre>
<pre>Link be statistighting:</pre>
<pre>Link 'n kunningenging 'some the kunningengingenging 'some the kunningengi</pre>
Hit man series of a sector of
<pre>Line bit Subjection bit Subtract Subjection bit Subtract Subjection bit Subjection bit Subjection bit Subjection bi</pre>
Link in A Link in Submitting in A in A
Link in A Link in Submitting in A in A



*CDS, EMBI & MSCI indices with one day delay **Credit spread (BAA) with two days delay

DISCLAIMER

This document and the information, opinions, estimates and recommendations expressed herein, have been prepared by Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter called "BBVA") to provide its customers with general information regarding the date of issue of the report and are subject to changes without prior notice. BBVA is not liable for giving notice of such changes or for updating the contents hereof.

This document and its contents do not constitute an offer, invitation or solicitation to purchase or subscribe to any securities or other instruments, or to undertake or divest investments. Neither shall this document nor its contents form the basis of any contract, commitment or decision of any kind.

Investors who have access to this document should be aware that the securities, instruments or investments to which it refers may not be appropriate for them due to their specific investment goals, financial positions or risk profiles, as these have not been taken into account to prepare this report. Therefore, investors should make their own investment decisions considering the said circumstances and obtaining such specialized advice as may be necessary. The contents of this document are based upon information available to the public that has been obtained from sources considered to be reliable. However, such information has not been independently verified by BBVA and therefore no warranty, either express or implicit, is given regarding its accuracy, integrity or correctness. BBVA accepts no liability of any type for any direct or indirect losses arising from the use of the document or its contents. Investors should note that the past performance of securities or instruments or the historical results of investments do not guarantee future performance.

The market prices of securities or instruments or the results of investments could fluctuate against the interests of investors. Investors should be aware that they could even face a loss of their investment. Transactions in futures, options and securities or high-yield securities can involve high risks and are not appropriate for every investor. Indeed, in the case of some investments, the potential losses may exceed the amount of investment and, in such circumstances; investors may be required to pay more money to support those losses. Thus, before undertaking any transaction with these instruments, investors should be aware of their operation, as well as the rights, liabilities and risks implied by the same and the underlying stocks. Investors should also be aware that secondary markets for the said instruments may be limited or even not exist.

BBVA or any of its affiliates, as well as their respective executives and employees, may have a position in any of the securities or instruments referred to, directly or indirectly, in this document, or in any other related thereto; they may trade for their own account or for third-party account in those securities, provide consulting or other services to the issuer of the aforementioned securities or instruments or to companies related thereto or to their shareholders, executives or employees, or may have interests or perform transactions in those securities or instruments before or after the publication of this report, to the extent permitted by the applicable law.

BBVA or any of its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinions that are contrary to the opinions expressed herein. Furthermore, BBVA or any of its affiliates' proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. No part of this document may be (i) copied, photocopied or duplicated by any other form or means (ii) redistributed or (iii) quoted, without the prior written consent of BBVA. No part of this report may be copied, conveyed, distributed or furnished to any person or entity in any country (or persons or entities in the same) in which its distribution is prohibited by law. Failure to comply with these restrictions may breach the laws of the relevant jurisdiction.

In the United Kingdom, this document is directed only at persons who (i) have professional experience in matters relating to investments falling within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (as amended, the "financial promotion order"), (ii) are persons falling within article 49(2) (a) to (d) ("high net worth companies, unincorporated associations, etc.") Of the financial promotion order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the financial services and markets act 2000) may otherwise lawfully be communicated (all



such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The remuneration system concerning the analyst/s author/s of this report is based on multiple criteria, including the revenues obtained by BBVA and, indirectly, the results of BBVA Group in the fiscal year, which, in turn, include the results generated by the investment banking business; nevertheless, they do not receive any remuneration based on revenues from any specific transaction in investment banking.

BBVA is not a member of the FINRA and is not subject to the rules of disclosure affecting such members.

"BBVA is subject to the BBVA Group Code of Conduct for Security Market Operations which, among other regulations, includes rules to prevent and avoid conflicts of interests with the ratings given, including information barriers. The BBVA Group Code of Conduct for Security Market Operations is available for reference at the following web site: www.bbva.com / Corporate Governance".

BBVA is a bank supervised by the Bank of Spain and by Spain's Stock Exchange Commission (CNMV), registered with the Bank of Spain with number 0182.