

Market Comment | Ongoing optimism in global markets amid rebound in commodity prices

Global Financial Markets Unit
07 Oct 2015

- **Disappointing German industrial production.** Germany's industrial production dropped unexpectedly in August (by -1.2% MoM; consensus: +0.2%, rising less than expected in annual terms, by +2.3% YoY; consensus: +3.3%).
- **Bank of Japan kept its QQE programme unchanged.** In its monthly meeting, the BoJ decided to keep the pace of its QQE programme unchanged. This decision was taken due to the outlook economic view of BoJ, which has not changed since the previous meeting. The authority highlighted the external risk but showed its optimism concerning the strength of the internal demand.
- **China's foreign exchange reserves fall to their lowest level since July 2013.** China's foreign exchange reserves continued to decline in September, falling USD43bn and reaching the lowest level since July 2013 (USD3.514trn). This draining of foreign reserves took place after the one in August (USD94bn, a record decrease in the historic data), when the authorities had to intervene to maintain the value of the CNY.
- **Ongoing optimism in global markets amid a rebound in commodity prices.** Ongoing gains in most risk assets continued on the back of today's further rises in commodity prices (and despite a high volatility backdrop). Equity indices rose across the board, led by European indices (Euro Stoxx: +1.3%, IBEX-35: +1.6%, CAC: +1.3%, DAX: +1.6%). Cyclical sectors (such as basic resources, components or the banking sector) outperformed the non-cyclical sectors. On bond markets, yields rose, led this time by US yields (2Y: +2bp, 10Y: +4bp) while European yields remained broadly unchanged. On FX markets, the USD depreciated across the board, other than against the EUR and the JPY (EUR: -0.3%, JPY: -0.23%, GBP: +0.42%). EM currencies were the most benefited (RUB: +1.6%, MXN: +0.6%, COP: +0.9%, CLP: +0.4%) on the back of the rebound in commodity prices (Brent: +1.2%, WTI: +0.9%, copper: +1.7%).

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Table1

Current level and changes at daily, weekly, monthly and annual frequencies**Libor markets (changes in bp)**

Annualized basis

US 3m	8.93 (2) (0) (4) (4)
US 6m	1.07 (0) (1) (0) (20)
US 12m	2.07 (0) (0) (1) (0)
Japan 12m	1.41 (-2) (-1) (0) (1)
GER 3m	2.25 (0) (1) (2) (4)
GER 6m	2.01 (0) (1) (4) (2)
GER 12m	1.85 (0) (2) (7) (0)
Belgium 12m	8.93 (2) (0) (1) (1)
France 12m	1.88 (1) (-1) (1) (1)
Greece 12m	7.74 (1) (5) (1) (1)
India 12m	1.9 (1) (5) (2)
UK 12m	1.71 (1) (2) (4) (1)
Netherlands 12m	1.75 (0) (1) (0) (1)
Portugal 12m	2.36 (0) (2) (3) (3)
Spain 12m	1.41 (-2) (-1) (0) (1)

Monthly basis

Brazil 12m	1.71 (0) (1) (2) (1)
Chile 12m	4.48 (1) (1) (1) (1)
Colombia 12m	0.86 (1) (2) (1) (0)
Hong Kong 12m	1.51 (0) (2) (7)
India 12m	2.85 (1) (1) (2) (1)
Indonesia 12m	1.58 (1) (0) (1) (2)
South Korea 12m	1.86 (1) (2) (1)
Taiwan 12m	0.71 (1) (1) (0) (1)
Vietnam 12m	1.74 (1) (2) (1) (3)
Indonesia 12m	0.71 (1) (1) (0) (1)

Country risk (changes in bp)

For emerging countries (against Germany)

Brazil	22 (0) (1) (2)
France	7 (1) (0) (1)
Greece	7 (1) (2) (1)
India	0 (1) (1) (1)
UK	10 (1) (1) (1)
Netherlands	1 (1) (1) (1)
Portugal	1 (1) (1) (1)
Spain	1 (1) (1) (1)

For advanced economies (against Germany)

Brazil	13 (0) (1) (1)
France	21 (0) (1) (1)
China	10 (1) (1) (1)
India	0 (1) (0) (1)
UK	0 (1) (0) (1)
Netherlands	1 (1) (1) (1)
Portugal	1 (1) (1) (1)
Spain	1 (1) (1) (1)

For emerging markets (against Germany)

Brazil	8 (0) (1) (1)
France	1 (0) (1) (1)
India	1 (1) (0) (1)
UK	2 (1) (0) (1)
Netherlands	1 (0) (1) (1)
Portugal	1 (1) (0) (1)
Spain	1 (1) (0) (1)

For emerging CDS

Spr CDS Belgium	41 (1) (1) (1)
Spr CDS France	20 (0) (1) (1)
Spr CDS Germany	14 (1) (1) (1)
Spr CDS Greece	10 (1) (1) (1)
Spr CDS India	0 (1) (1) (1)
Spr CDS UK	10 (1) (1) (1)
Spr CDS Netherlands	1 (1) (1) (1)
Spr CDS Portugal	1 (1) (1) (1)
Spr CDS Spain	1 (1) (1) (1)
Spr CDS UK	1 (1) (1) (1)
Spr CDS US	1 (1) (1) (1)

Emerging CDS

Spr CDS Brazil	42 (1) (1) (1)
Spr CDS China	13 (1) (1) (1)
Spr CDS Colombia	1 (1) (1) (1)
Spr CDS Hong Kong	1 (1) (1) (1)
Spr CDS India	1 (1) (1) (1)
Spr CDS Indonesia	1 (1) (1) (1)
Spr CDS South Korea	1 (1) (1) (1)
Spr CDS Taiwan	1 (1) (1) (1)
Spr CDS Vietnam	1 (1) (1) (1)
Spr CDS Pakistan	1 (1) (1) (1)
Spr CDS Russia	1 (1) (1) (1)
Spr CDS Turkey	1 (1) (1) (1)
Spr CDS China	1 (1) (1) (1)
Spr CDS India	1 (1) (1) (1)
Spr CDS Indonesia	1 (1) (1) (1)

Credit risk

Days to maturity, changes in percentage point for B.A. spreads, bp

VW	18.76 (2) (1) (2) (0)
VW700	24 (1) (1) (2) (1) (0)
EM EFT	18.76 (2) (1) (2) (0)
Duracoin	18.76 (2) (1) (2) (0)
Credit spread bank	22 (1) (1) (1) (0)
US bank utility index	51 (2) (1) (2) (0)

Index in change in bp

EU bank CDS	10 (1) (1) (1) (1)
EU bank CDS	8 (1) (1) (1) (1)
EU bank CDS	8 (1) (1) (1) (1)
Large Spanish banks CDS	13 (1) (1) (1) (1)
Medium Spanish banks CDS	10 (1) (1) (1) (1)
Green banks CDS	1 (1) (1) (1) (1)
Russian banks CDS	4 (1) (1) (1) (1)

Country risk (change in bp)

BBVA	1 (1) (1) (1) (1)
BBVA	1 (1) (1) (1) (1)
BBVA	1 (1) (1) (1) (1)
BBVA	1 (1) (1) (1) (1)

Liborbank markets (changes in bp)

US 3m spread 1m	10 (0) (0) (0)
US 6m spread 1m	10 (0) (0) (0)
US 12m spread 1m	10 (0) (0) (0)
US 3m spread 3m	10 (0) (0) (0)
US 6m spread 3m	10 (0) (0) (0)
US 12m spread 3m	10 (0) (0) (0)
Spain 3m spread 1m	10 (0) (0) (0)
UK 3m spread 1m	10 (0) (0) (0)
UK 6m spread 1m	10 (0) (0) (0)
UK 12m spread 1m	10 (0) (0) (0)
UK 3m spread 3m	10 (0) (0) (0)
UK 6m spread 3m	10 (0) (0) (0)
UK 12m spread 3m	10 (0) (0) (0)
Libor 1m	10 (0) (0) (0)
Libor 3m	10 (0) (0) (0)

Stock markets (changes in percentage)

Annualized basis

SPAIN	100 (0) (0) (0) (0)
USA	100 (0) (0) (0) (0)
UK	100 (0) (0) (0) (0)
France	100 (0) (0) (0) (0)
Germany	100 (0) (0) (0) (0)
India	100 (0) (0) (0) (0)
China	100 (0) (0) (0) (0)
Japan	100 (0) (0) (0) (0)
Netherlands	100 (0) (0) (0) (0)
Portugal	100 (0) (0) (0) (0)
Spain	100 (0) (0) (0) (0)
USA	100 (0) (0) (0) (0)
India	100 (0) (0) (0) (0)
China	100 (0) (0) (0) (0)
Japan	100 (0) (0) (0) (0)
Netherlands	100 (0) (0) (0) (0)
Portugal	100 (0) (0) (0) (0)
Spain	100 (0) (0) (0) (0)

Bank stocks

BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
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BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)

Bank CDS

BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)

Bank CDS

BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)

Bank CDS

BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)

Bank CDS

BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)

Bank CDS

BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)

Bank CDS

BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)

Bank CDS

BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)

Bank CDS

BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)

Bank CDS

BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)
BBVA	100 (0) (0) (0) (0)

Current level and changes at daily, weekly, monthly and annual frequencies

Debt markets (changes in bp)

US Treasuries

US 2yr	6.83	(2)	(3)	(4)
US 5yr	3.7	(0)	(1)	(1)
US 10yr	2.07	(0)	(1)	(1)
US 15yr	2.07	(0)	(1)	(1)

Asian

Japan 10yr	5.11	(2)	(1)	(1)
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US Gov

US 2yr	6.25	(0)	(1)	(1)
US 5yr	3.01	(1)	(1)	(1)
US 10yr	2.05	(1)	(1)	(1)

Belgium

Belgium 10yr	5.33	(1)	(2)	(1)
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France

France 10yr	5.60	(1)	(1)	(1)
France 5yr	2.74	(1)	(1)	(1)

Germany

Germany 10yr	3.71	(1)	(1)	(1)
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Italy

Italy 10yr	5.71	(1)	(1)	(1)
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Netherlands

Netherlands 10yr	2.70	(1)	(1)	(1)
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Portugal

Portugal 10yr	2.38	(1)	(1)	(1)
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Spain

Spain 10yr	5.61	(1)	(1)	(1)
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Emerging Markets

Brazil 10yr	12.71	(4)	(2)	(2)
China 10yr	4.23	(1)	(1)	(1)
Colombia 10yr	5.83	(1)	(1)	(1)
India 10yr	5.83	(1)	(1)	(1)
Indonesia 10yr	5.83	(1)	(1)	(1)
Peru 10yr	7.43	(1)	(1)	(1)

Poland

Poland 10yr	2.55	(1)	(1)	(1)
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Russia

Russia 10yr	15.53	(2)	(1)	(1)
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Russia 5yr

Russia 5yr	15.44	(1)	(1)	(1)
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Turkey

Turkey 10yr	15.11	(1)	(1)	(1)
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Asia 10yr

Asia 10yr	5.83	(1)	(1)	(1)
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Indonesia

Indonesia 10yr	5.83	(1)	(1)	(1)
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Country risk (changes in bp)

US sovereign bonds (Aggregator Germany)

Belgium	32	(2)	(1)	(1)
France	37	(1)	(2)	(1)
Germany	314	(2)	(1)	(2)
Italy	50	(1)	(1)	(1)
Japan	105	(1)	(1)	(1)
Spain	195	(1)	(1)	(1)
UK	151	(1)	(1)	(1)

EU sovereign bonds (Aggregator Germany)

Belgium	13	(2)	(1)	(1)
France	21	(2)	(1)	(1)
Germany	103	(1)	(1)	(1)
Italy	7	(1)	(1)	(1)
Netherlands	1	(1)	(1)	(1)
Netherlands	1	(1)	(1)	(1)
Portugal	15	(1)	(1)	(1)
Spain	84	(1)	(1)	(1)

EU sovereign bonds (Aggregator Germany)

Belgium	8	(1)	(1)	(1)
France	6	(1)	(1)	(1)
Germany	21	(1)	(1)	(1)
Italy	21	(1)	(1)	(1)
Netherlands	1	(1)	(1)	(1)
Portugal	15	(1)	(1)	(1)
Spain	33	(1)	(1)	(1)

EU sovereign CDS

EU CDS Belgium	41	(1)	(1)	(1)
EU CDS France	30	(1)	(1)	(1)
EU CDS Germany	14	(1)	(1)	(1)
EU CDS Ireland	18	(1)	(1)	(1)
EU CDS Italy	58	(1)	(1)	(1)
EU CDS Japan	105	(1)	(1)	(1)
EU CDS Netherlands	1	(1)	(1)	(1)
EU CDS Portugal	15	(1)	(1)	(1)
EU CDS Spain	104	(1)	(1)	(1)
EU CDS UK	141	(1)	(1)	(1)
EU CDS US	14	(1)	(1)	(1)

EU sovereign CDS

EU CDS Brazil	484	(2)	(1)	(1)
EU CDS China	133	(2)	(1)	(1)
EU CDS Colombia	214	(2)	(1)	(1)
EU CDS France	103	(2)	(1)	(1)
EU CDS Germany	105	(2)	(1)	(1)
EU CDS India	105	(2)	(1)	(1)
EU CDS Indonesia	105	(2)	(1)	(1)
EU CDS Japan	105	(2)	(1)	(1)
EU CDS Korea	331	(2)	(1)	(1)
EU CDS Mexico	141	(2)	(1)	(1)
EU CDS Peru	202	(2)	(1)	(1)
EU CDS Russia	414	(2)	(1)	(1)
EU CDS Taiwan	302	(2)	(1)	(1)
EU CDS Turkey	302	(2)	(1)	(1)
EU CDS Ukraine	237	(2)	(1)	(1)

Risk indicators (changes in percentage, except for CMAA, spread, cpi)

US

VIX 10, 25, 50	1.23	(2)	(2)	(1)
US 10yr	2.07	(1)	(1)	(1)
US 5yr	3.7	(1)	(1)	(1)
US 2yr	6.83	(2)	(3)	(4)
US 15yr	2.07	(1)	(1)	(1)

EU

EU 10yr	3.71	(1)	(1)	(1)
EU 5yr	2.74	(1)	(1)	(1)
EU 2yr	6.25	(0)	(1)	(1)

Asia

Asia 10yr	5.83	(1)	(1)	(1)
Indonesia 10yr	5.83	(1)	(1)	(1)
Turkey 10yr	15.11	(1)	(1)	(1)
China 10yr	4.23	(1)	(1)	(1)
India 10yr	5.83	(1)	(1)	(1)
Japan 10yr	5.11	(2)	(1)	(1)
Korea 10yr	5.83	(1)	(1)	(1)

Credit risk

US banks	0.05	(1)	(1)	(1)
EU banks	0.05	(1)	(1)	(1)
Large European banks	0.05	(1)	(1)	(1)
UK banks	0.05	(1)	(1)	(1)

Risk indicators (changes in percentage, positive for CMAA, spread, cpi)

US banks	0.05	(1)	(1)	(1)
EU banks	0.05	(1)	(1)	(1)
Large European banks	0.05	(1)	(1)	(1)
UK banks	0.05	(1)	(1)	(1)

Interest bank markets (changes in bp)

US 10yr spread	16	(0)	(1)	(1)
US 5yr spread	3	(1)	(1)	(1)
US 2yr spread	3	(1)	(1)	(1)
EU 10yr spread	3	(1)	(1)	(1)
EU 5yr spread	3	(1)	(1)	(1)
EU 2yr spread	3	(1)	(1)	(1)
UK 10yr spread	3	(1)	(1)	(1)
UK 5yr spread	3	(1)	(1)	(1)
UK 2yr spread	3	(1)	(1)	(1)

Stock markets (changes in percentage)

US

SP500	1982.8	(3)	(1)	(1)
Dow Jones	1888.8	(1)	(1)	(1)
Nikkei	1832.8	(1)	(1)	(1)
FTSE 100	5085.8	(1)	(1)	(1)
Hong Kong	20212.8	(1)	(1)	(1)
India	19448.8	(1)	(1)	(1)
China	19448.8	(1)	(1)	(1)
Japan	19448.8	(1)	(1)	(1)

EU

EU 10yr	3.71	(1)	(1)	(1)
EU 5yr	2.74	(1)	(1)	(1)
EU 2yr	6.25	(0)	(1)	(1)

Asia

Asia 10yr	5.83	(1)	(1)	(1)
Indonesia 10yr	5.83	(1)	(1)	(1)
Turkey 10yr	15.11	(1)	(1)	(1)
China 10yr	4.23	(1)	(1)	(1)
India 10yr	5.83	(1)	(1)	(1)
Japan 10yr	5.11	(2)	(1)	(1)
Korea 10yr	5.83	(1)	(1)	(1)

Commodity (changes in percentage)

WTI	61.50	(1)	(1)	(1)
Gold	1911.50	(1)	(1)	(1)
Platinum	911.50	(1)	(1)	(1)
Iron Ore	111.50	(1)	(1)	(1)
Coal	111.50	(1)	(1)	(1)
Oil	111.50	(1)	(1)	(1)
Gas	111.50	(1)	(1)	(1)
Wheat	111.50	(1)	(1)	(1)
Soybeans	111.50	(1)	(1)	(1)
Corn	111.50	(1)	(1)	(1)

Currencies (in percentage, positive for dollar depreciation)

EUR/USD	1.04	(3)	(1)	(1)
GBP/USD	1.51	(4)	(1)	(1)
JPY/USD	115.20	(2)	(1)	(1)
CAD/USD	1.32	(1)	(1)	(1)

US and EU (changes in percentage)

US GDP	19.0	(1)	(1)	(1)
US Inflation	3.0	(1)	(1)	(1)
EU GDP	19.0	(1)	(1)	(1)
EU Inflation	3.0	(1)	(1)	(1)
China GDP	19.0	(1)	(1)	(1)
India GDP	19.0	(1)	(1)	(1)
Japan GDP	19.0	(1)	(1)	(1)
South Korea GDP	19.0	(1)	(1)	(1)
Taiwan GDP	19.0	(1)	(1)	(1)
Hong Kong GDP	19.0	(1)	(1)	(1)
Singapore GDP	19.0	(1)	(1)	(1)

*CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

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