

Market Comment | Positive CPI data in the US prevent the risk assets punishment

Global Financial Markets Unit 15 Oct 2015

- Positive CPI data in the US. US CPI unexpectedly remained unchanged in September (consensus: -0.1% YoY) while ex-food and energy it rose more than estimates (by 1.9% YoY; consensus: 1.8%). Also, the jobless claims unexpectedly dropped in the week ended 10 October (by 7K to 255K; consensus: 270K. Meanwhile two regional manufacturing indices (Empire and Philadelphia Fed) increased less than estimated, both remain in negative territory(-11.36 and -4.5 points respectively).
- Fitch downgrades Brazil's credit rating to BBB- from BBB outlook negative. The decision was driven by a testing political environment and a rising debt burden. Despite the downgrade Brazil retains the Investment Grade. Such a move follows the movement made by the other two main rating agencies in previous months (Moody's cut Brazil's rating to Baa3 and S&P cut the rating below investment grade BB+ one month ago).
- Better-than-expected data in US stopped the punishment of risk assets. Both the US labour market and, especially, prices data released today heightened investor confidence and mitigated the weekly fall in risk assets. Positive inflation data boosted US yields, which rose across tenors (2Y: +5bp, 10Y: +5bp). Nonetheless, although the probability of a rate hike in December 2015 (as implied in Fed fund futures) inched up, the market is still assigning a very low probability to a rate hike before the end of the year (28.9%). Meanwhile, European yields remained broadly unchanged today (GER 10Y: +2bp, FRA 10Y: +1bp, ITA 10Y: +2bp, SPA 10Y: +1bp, POR 10Y: +2bp). On another front, European equity markets rose across the board and reversed the early part of the week's negative trend, following the earlier mild rebound in Asian equity markets (Euro Stoxx: +1.4%, DAX: +1.5%, IBEX-35: +0.7%, CAC: +1.4% Nikkei: +1.2%, Shanghai: +2.32%). The US indices remained broadly unchanged amid the bank sector's mixed quarterly results (S&P 500: +0.5%). On FX markets, the USD appreciated against other major currencies, especially against the euro following Nowotny's comments on inflation: "One has to say that we're clearly missing our target" and the need of "additional set of instruments", referring mainly to structural measures) (EUR: -0.7%). EM currencies appreciated against the USD again (TRY: +1.0%, RUB: +0.7%, COP: +0.7%, CLP: +0.9%), despite the renewed falls in some commodity prices (Brent: -1.2%, WTI: -2.0%, copper: -0.3%).

Update 17.00 CET 15 October, 2015
Table1



Debt markets (changes in bp) Debt markets (changes in bp) Description (18 2 yr 8 (5) (4) (20) (4) US 5-yr 13 (6) (7) (28) (42) US 18-yr 2,82 (5) (8) (27) (15) GER 2-yr -0,26 (0) (-1) (-3) (-16) GER 5-yr -0,03 (1) (-2) (-10) (-5) GER 10-yr -0,56 (2) (-3) (-19) (2) Beigian 10-yr 0,88 (1) (-3) (-19) (5) France 10-yr 0,93 (1) (-3) (-21) (10) Geoce 10-yr 7,96 (3) (18) (47) (-178) Heade 10-yr 1,77 (3) (9) (-177) 18y 10-yr 1,64 (2) (-4) (-25) (-25) Metherlands 10-yr 0,73 (2) (-4) (-19) (4) Portigal 10-yr 2,48 (2) (12) (-23) (-21) Spain 10-yr 1,81 (1) (-3) (-32) (-20) Emergin (Asinches) Emergin (Asin Poland 10-yr 2,67 (-2) (1) (-36) (15) Bussia Syr 10,34 (-21) (-22) (-121) (-366) Bussia 10-yr 10,2 (-20) (-22) (-109) (-281) Turkey 15-yr 37 (-15) (-36) (-361) (-260) India 10-yr 7,55 (8) (1) (-21) (-33) Indonesia 10-yr 8,74 (-5) (-12) (-71) (91) Indicates 16-ye 274 (a) (12) (71) (91) Country risk (changes in bp) The versional sharests of agents Germany (13-ye version) in urea of agents Germany (13-ye version) in urea of agents Germany (13-ye version) in urea of agents (13-ye version) Geneo 74 (2) (21) (48) (40) 1849 (10) (10) (2) (40) 1849 (10) (10) (10) (10) 1859 (10) (10) (10) (10) 1859 (10) (10) (10) (10) 1859 (10) (10) (10) (10) 1859 (10) (10) (10) (10) 1859 (10) (10) (10) (10) 1850 (10) (10) (10) (10) Cys accessing persods (against Germany) Belgium 12 (0) (4,8) (4) (5) France 26 (1) (4) (7) (7) Grance 3 (4) (4) (7) (7) Grance 3 (6) (7) (7) (8) France 26 (7) (2) (19) (47) France 26 (7) (2) (7) (6) Raly 71 (2) (7) (6) (73) Fortigat 126 (1) (8) (4) (7) Spain 46 (4) (9) Spain 46 (4) (9) (11) (3) Emerging Markets Say source/gn COS Say Source/gn COS Say COS Boat 44 (1) (2) (64) (244) Say COS Boat 154 (1) (2) (2) (42) Say COS Collection 228 (1) (1) (17) (89) Say COS Collection 228 (1) (1) (14) (57) Say COS Movice 160 (3) (1) (14) (57) Say COS Pour 183 (2) (3) (44) (49) Say COS Pour 183 (2) (43) (44) (49) Say COS Pour 183 (43) (44) (44) (45) (48) 5-yr CDS Poland74 (8) (-1) (1) (4) 5-yr CDS Russia 323 (8) (-8) (-35) (-153) 5-yr CDS Turkey 278 (8) (3) (-12) (96) 5-yr CDS China 112 (0) (-1) (-6) (27) 5-yr CDS India 169 (0) (-7) (-12) (-2) 5-yr CDS Indonesia 224 (-2) (-3) (-14) (68) Credit ris k 16.4 in/Sustrum changes in proceedings except for 8.4.4 spreads, by) 17.5 in/Sustrum changes in proceedings except for 8.4.4 spreads, by) 17.5 in/Sustrum changes in proceedings of the Sustrum changes in Sustru Large Spanish banks CDS 127 (1) (-1) (3) (50) Medium Spanish banks CDS 155 (-7) (-6) (-8) (-40) Greek banks CDS 2399 (2) (7) (-48) (1515) Russian banks CDS 451 (8) (-6) (-50) (-136) Corporate risk (changes in bps) US Nea-fearcal CDS 0 (0) (0) (0) (457) EHU Non-fearcal CDS 0 (0) (0) (0) (4197) UK Nea-fearcal CDS 0 (0) (0) (0) (413) Interbank markets (changes in bp LEM OIS spread Im 10 (0) (0) (0) (0) LEM OIS spread Izm 32 (0) (1) (1) (4) LEM TLD spread Izm 32 (0) (2.5) (4) (4) US DIS spread 3m 16 (0) (0) (4) (2) US DIS spread 12m 53 (-3) (1) (11) (19) US TED spread 3m 32 (-1) (0) (4) (16) EONA Index -0,14 (0) (0,3) (1) (-28) Euritor 3m -0,05 (0) (-0,4) (-2) (-13) Euritor 12m -0,13 (0) (-1) (-2) (-19) Liber 3rs 0,32 (0) (0) (2) (6) Liber 12rs 0,83 (0) (-1) (-3) (20) Lear Lear Control (14) and Control (14) Early stocks US banks 9/8 (1,2) (0,5) (3,3) (3) JPM 60,8 (1,4) (2,1) (4,4) (3) DB 51,7 (1,9) (0) (0,6) (4) DB 51,7 (1,9) (0) (0,6) (4) DB 7,9 (1,5) (2,5) (41) US 32,9 (1,2) (42) (43) (15) GS 179,7 (6,1) (4,5) (4,1) (7) GS 1327-G, 1) (-0,0) (-1) (F) (K basis 62) (-1,2) (-1,4) (-1) (K basis 62) (-1,2) (-1,4) (-1) (K basis 62) (-1,2) (-1,4) (-1) (K basis 7,4) (-1,4) (-1,4) (-1) (K basis 7,4) (-1,4) (-1,4) (-1,4) (K basis 11,2,4) (-1,4) (-1,4) (K basis 11,4) (-1,4) (K basis 1 Large Spanish banks 86,6 (0,9) (-1,1) (0,7) (-13) Sortander 5 (4,1) (-3,3) (-4,2) (-28) 88 VA 7,9 (1,5) (0,6) (1,3) (1) Emerging Markets Main equity indices MSCI Laten 6365 (-0,99) (-2,2) (0,6) (-5,4) Bovespa (Brazil) 4995 (0,5) (-4,4) (-0,6) (-6,1) Market 44616 (-6,1) (-0,2) (1,7) (7) member 44010 (-0,1) (-0,2) (1,7) (2) MSCIEM Europe 4536 (0,22) (1,7) (2,2) (2,4) Poland 2139 (0,9) (0,6) (-2,1) (-7,6) Mooc (Rosals) (174) (1,2 (2,2) (1,6) (24,5) Ise 100 (Turkey) 79263 (-0,1) (0,6) (0,3) (-7,5) MSCI EM Asia 680 (-0,66) (-0,2) (4,3) (-5,4) Shanghai Composite (China) 3338 (2,32) (6,2) (11,1) (3,2) Jakarta Composite (Indonesia) 4507 (5,5) (6,4) (3,7) (-14) USDINY (Harvey) 4,36 (1) (6,3)(4,7) (20,0) USDINY (China) 6,35 (0) (9,1) (8,4) (2,2) USDINR (India) 64,63 (0,3) (8,4) (2,3) (2,3) USDINR (Indianalia) 13416 (1,5) (2,4) (6,9) (6,3) ADXY 109,23 (8,2) (9,7) (1,7) (3,1) ADDY 1992.2 (6.2) (0.7) (1.7) (3.1) Commod lifes (change in percentage) Ford 44,55 (1.2) (4.4) (4.2) (4.5) WTX 45,7 (3) (7.5) (2.5) (4.4) Copper 24,15 (3.1) (3.6) (4.5) Gald (144,65 (6.1)) (4) (7.2) (6.7) Gald (144,65 (6.1)) (4) (7.2) (6.7) Gald (164,65 (6.1)) (4) (6.7) (6.7) Gald (164,65 (6.1)) (4





[Current level and changes at daily, weekly, monthly and annual frequencies] Deb markets (Indexes in bp) 20 at 76 (16) (16) (20) (40) 15 5v 13 (20) (16) (20) (40) GER 2-yr -4,26 (0) (-1) (-3) (-16) GER 5-yr -4,00 (1) (-2) (-10) (-5) GER 10-yr 0,56 (2) (-3) (-19) (2) GE H 19yf 0,56 (2) (-3) (-19) (2) Belgium 16-yr 0,88 (1) (-3) (-19) (5) France 16-yr 0,93 (1) (-3) (-21) (10) Greece 16-yr 7,95 (3) (18) (-67) (-176) Infand 16-yr 1,17 (-3) (6) (-17) Ray 16-yr 1,64 (2) (-4) (-25) (-25) Hetherlands 10-yr 0,73 (2) (-4) (-19) (4) Portugal 10-yr 2,84 (2) (-21) (-23) (-21) Spain 16-yr 1,81 (1) (-3) (-32) (20) India 10-yr 7,55 (8) (1) (21) (-33) Indonesia 10-yr 8,74 (-5) (-12) (-71) (91) Indocenses 18-yr 8.74 (-6) (-62) (-71) (91) Country risk (changes in bo) From Country risk (changes in bo) From Country risk (changes in bo) From Country (-71) (-71) (-71) From Country (-Spain T2 (9) (9) (14) (18) Ly recurrent product (passed Germany) Brigher 12 (9) (8) (8) (14) (2) Brigher 12 (9) (8) (8) (14) (2) Brigher 12 (9) (8) (14) (2) Brigher 19 (9) (14) (16) Bright 12 (14) (16) (16) Bright 12 (17) (16) (16) Bright 12 (17) (16) (16) Bright 12 (17) (16) (16) Bright 12 (17) (16) (16) Bright 13 (17) (16) (16) Bright 13 (17) (16) (16) Bright 14 (17) (17) (17) Bright 14 (17) (17) Emerging Markets Syr Sovereign COS Syr COS Brazil 444 (1) (2) (84) (244) Syr COS Brazil 158 (1) (-7) (7) (4) Syr COS Colles 158 (1) (-7) (7) (4) Syr COS Colles 158 (1) (-7) (7) (1) (17) Syr COS Colles 100 (7) (1) (14) (157) Syr COS Parvil 30 (2) (3) (14) (4) Syr COS Parvil 30 (2) (3) (14) (4) Syr COS Parvil 30 (2) (3) (14) (4) Syr COS Parvil 30 (2) (3) (14) (57) Syr COS Parvil 30 (2) (3) (4) (4) (57) 5-yr CDS Poland74 (0) (-1) (1) (4) 5-yr CDS Russia 323 (0) (-6) (-35) (-153) 5-yr CDS Tutkey 276 (0) (3) (-12) (96) Syr CDS China 112 (8) (-1) (-6) (27) Syr CDS India 169 (8) (-7) (-12) (-2) Syr CDS Indonesia 224 (-2) (-3) (-14) (68) Greek banks CDS 2399 (2) (7) (-48) (1515) Russian banks CDS 451 (8) (-5) (-50) (-136) Corporate risk (changes in bps) US Non-financial CDS 0 (0) (0) (0) (-157) EMU Non-financial CDS 0 (0) (0) (0) (-107) UK Non-financial CDS 0 (0) (0) (0) (-113) Interbank markets (changes in bp) UEM OIS agread 3m 10 (0) (0) (0) (0) UEM OIS agread 12m 32 (0) (1) (1) (4) UEM OIS spread 3m 28 (0) (2.5) (-6) (4) US OIS spread 3m 16 (8) (9) (4) (2) US OIS spread 12m 53 (-3) (1) (15) (15) US TED spread 12m 53 (-3) (1) (15) (15) US TED spread 3m 32 (-1) (-1) (-1) (10) Spain Ted Spread 3m (6 (9) (1,2) (1) (1) EONIA Index -8,14 (0) (9,3) (1) (-28) Euribar 3m -0.65 (9) (-4,4) (-2) (-13) Euribar 3m -0.65 (9) (-4,4) (-2) (-13) Liber 3m 0,32 (0) (0) (-2) (6) Liber 12m 0,83 (0) (-1) (-3) (20) Mark Article (14.17), 24.4(16.14) Mark Strike Channel (14.17), 24.4(16.14) Channel (14.17), 24.5(16.14) Channel (14.17), 24.5(16.14) Bank 14.5(16.14), 24.5(16.14) Bank 14.5(16.16), 24.5(16.14) Bank 14.5(16.16), 24.5(16.14) Bank 14.5(16.16), 24.5(16.14) Channel (14.16), 24.5(16.14) Bank 14.5(16.16), 24.5(16.14) Bank 14.5(16.16), 24.5(16.14) Bank 14.5(16.16), 24.5(16.16) Bank 14.5(16.16), 50 4 179 (2.211-5) (616) Large Spaces boxes (64.6.95) (4.11.6.7) (4.1) Large Spaces boxes (64.6.95) (4.11.6.7) (4.1) Large Spaces boxes (64.6.95) (4.11.6.7) (4.1) Median Expension boxes (64.6.95) (4.1) Median Expension boxes (64.1.6.1) (4.1) Median Expension 4.6.1.6.1 (4.1.2.105) (Russian benks 139 (2) (6,4) (15,9) (39,3) Sberbank 89 (2,1) (6,6) (16,4) (61,4) VTB Bank 0,1 (1,5) (5) (12,6) (17,1) Currencies (in percentage, positive for dollar depreciation) GDV 94.4 (0.5) (0.5) (1.5) (4.1) (4.2) (4.2) (4.2) (4.3) (4.5) (4





GER 2-yr -0,26 (0) (-1) (-3) (-16) GER 5-yr -0,03 (1) (-2) (-10) (-5) GER 10-yr -0,56 (2) (-3) (-19) (2) Belgiam 16-yr 0,38 (1) (-3) (-19) (2) Belgiam 16-yr 0,38 (1) (-3) (-19) (5) France 16-yr 0,93 (1) (-3) (-21) (10) Graces 10-yr 7,96 (3) (10) (47) (-170) Hally 10-yr 1,96 (2) (10) (47) (-170) Hally 10-yr 1,96 (2) (-4) (-25) (-25) Michelmond 1,90 (7,3 (2) (-4) (-19) (4) Portugel 10-yr 2,48 (2) (12) (-23) (-21) Spain 19-yr 1,91 (1) (-3) (-32) (-20) India 10-yr 7,55 (8) (1) (-21) (-33) Indonesia 10-yr 8,74 (-8) (-12) (-71) (91) Country risk (changes in bp) Commany trisk (Champian in Dp) Developed Balanets 16-yr overeign opreads (agoinst Gemany) Belgism 32 (b) (b) (b) (c) France 37 (b) (b) (c) (c) France 37 (b) (c) (c) (c) Initial of (1) (c) (c) (c) Initial of (1) (c) (c) (c) Initial of (1) (c) (c) (c) Initial of (c) (c) (c) (c) (open 120 (9) (9) (41) (16) Syr Sovereign genedic digalistist Geme-Begian 12 (9) (4,34;1-1,-2) France 20 (-1) (-1) (7) (4) shield 34 (9) (7) (7) (473) shield 34 (9) (7) (7) (473) shield 34 (9) (7) (7) (7) shield 34 (9) (7) (7) (7) shield 34 (9) (7) (7) shield 34 (7) (7) shield 34 (7) (7) shield 34 (7 open or (-) (g) (-11/c) 2 (g) scoreting spreads (ggsled Gernary) Belgium 6 (g) (-1) (2) (g) belgium 6 (g) (-1) (2) (g) beland 9 (g) (1) (1) (1) beland 9 (g) (1) (1) (1) belgium 7 (g) (g) (23) Melherlands 2 (g) (g) (g) Spain 34 (g) (g) (-2) Spain 34 (g) (g) (-2) 5-yr CDS China 112 (0) (-1) (-8) (27) 5-yr CDS India 169 (0) (-7) (-12) (-2) 5-yr CDS Indonesia 224 (-2) (-3) (-14) (68) So occus sessing sizes, 1, 9, (6) (-1,2) (9) (-1,2) (9) (-1,2) (9) (1,2) US DIS apread 3m 16 (0) (0) (4) (2) US DIS apread 12m 53 (-3) (1) (11) (19) US TED apread 3m 32 (-1) (0) (4) (10) Spain Ted Spread 3m 6 (8) (1,2) (1) (1) EONIA Index -0,14 (8) (0,3) (1) (-28) Euribor 3m -0,05 (0) (-0,4) (-2) (-15) Euribor 12m -0,13 (8) (-1) (-2) (-19) Liber 3m 0,32 (0) (0) (-2) (6) Liber 12m 0,83 (0) (-1) (-3) (20) ENU banks (12,9,11,3) (9) (-1,5) (13) INP 53.9 (1,5) (0,9) (-2,1) (19) Fodd Aprico 11 (0,3) (-2,1) (-3,2) (2) Deutsche Bank (25,5 (1,1) (1,9) (-2,6) (2) Intolea 3.2 (1,5) (0,9) (1,3) (3) 90 41,3 (1,6) (2,9) (1,3) (3) Unicredite 5,8 (1,3) (4,5) (4,9) (9) Large Spanish banks: 86,6 (0,9) (-1,1) (0,7) (-13 Santander: 5 (-0,1) (-3,3) (-0,2) (-28) BBNA: 7,9 (1,5) (0,6) (1,3) (1) B8VA 7.9 (1.5) (6.8) (1.3) (1) Medium Spanish banks 94.3 (0,1) (4.2) (10) (8) Caixabank 3.7 (4.3) (4.5) (8.6) (41) Sabadas 2.7 (4.9) (4.5) (8.6) (41) Sabadas 2.6, (9) (0.7) (1.5) (3.6) Bankins 1.9 (9,6) (4.2) (7.2) (3) Bankins 1.2 (9,3) (3.5) (4.6) (3) centrol 1,2 (x,6) (-3,9) (14,6) (-3) Greet banks 22,6 (15,5) (13,7) (-8,1) (-77) Alpha Bank0, 1 (27,4) (28,2) (-3,6) (-71) Prisus Bank0, 1 (22,9) (7,8) (2,18) (-91) National Centrol Bank0, 6 (4) (6,7) (-5,7) (-81) Eurobank Erganias0 (25) (3,7) (-32,4) (-37) Imerging Blariests Main equity infaces MSCI Latan SURVA (2.2) (9.6) (5.4) MSCI Latan SURVA (4.6) (4.6) (4.6) (6.1) Microbid 44010 (4.1) (4.2) (1.7) (2) MSCI Lit Europe 4336 (2.2) (1.7) (2) MSCI Lit Europe 4336 (2.2) (1.7) (2.2) (2.4) MSCI Rit Europe 4336 (2.2) (1.7) (2.2) (2.4) MSCI Rit Europe 4336 (2.2) (1.7) (2.2) (2.4) MSCI Rit Europe 4336 (2.2) (1.7) (2.4) (3.6) MSCI Rit Europe 4336 (2.2) (1.6) (8.6) (7.5) MSCI Rit Europe 4336 (2.1) (1.6) (8.6) (7.5) MSCI EM Asia 680 (-0,66) (-0,2) (4,3) (-5,4) Shanghai Composite (China) 3338 (2,32) (6,2) (11,1) (3,2) Jakarta Composite (Indonesia) 4507 (0,5) (0,4) (3,7) (-14) Russian banks 139 (2) (6,4) (15,9) (59,3) Sperbank 39 (2,1) (6,6) (18,4) (61,4) VTB Bank 0,1 (1,8) (6) (12,6) (17,1) Currencies (in percentage, positive for dollar depreciation) Developed Markets EURUSD 1,139 (4,78) (9,97) (1) (4,9) GBPUSD 1,55 (4,11) (9,78) (0,8) (4,8) USDJPY 118,54 (9,24) (1,16) (1,6) (1) DOY 94,44 (4,5) (0,9) (1,2) (4,6) Emerging Markets USGARS (Appendix), 9.8 (9) (1.1) (1.2) (12) USGARS (Appendix), 9.8 (1.2) (1.5) (1.5) (1.5) (1.5) USGGRL (Barul), 3.8 (1.2) (1.5) (1.5) (1.1) USGCCP (Polite) 975.22 (1.5) (1.5) (1.1) USGCCP (Polite) 975.22 (1.5) (1.7) (1.7) (1.5) (1.4) USGCCP (Polite) 975.22 (1.7) (1.7) (1.7) (1.5) (1.4) USGCCP (Polite) 975.23 (1.7) (1.4) (1.6) (1.6) (1.6) USGCP (Polite) 974.4 (1.7) (1.4) (1.6) (1.6) (1.6) UACI 67.1 (1.2) (1.6) (1.6) USDPLN Poland 3.72 (4.6) (0.7) (6.3) (5) USDRUB (Russia) 62.19 (6.7) (1.3) (6.9) (7.6) USDTRY (Turkey) 2.89 (1) (6.3) (4.7) (42.8) Source: Bloomberg, Datestream and He ser



*CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

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