BPI

Financial Markets

Daily Report 16-Dec-2022

- The hawkish tone of the ECB at its yesterday's meeting centered the stage in financial markets. The ECB raised official interest rates by 50bp, as expected, but noted that ongoing increases at a "steady pace" will be necessary to bring inflation back to the 2% target and announced that the QT will start in March by not reinvesting €15bn/month.
- The ECB also updated its macroeconomic projections, where euro area GDP is expected to contract in Q4 and Q1, yielding a 0.5% growth for 2023, and inflation is not forecasted to reach 2% until 2025 year-end, averaging 6.3% in 2023. Yesterday, the central banks of UK and Switzerland also raised rates by 50bp and in Norway by 25bp.
- In this context, sovereign yields rose markedly in the euro area, affected both by the QT announcement and the revision of expectations for ECB official interest rates in the coming quarters. Equities declined notably across the board.
- Today the focus will be on December flash PMI for the main advanced economies.

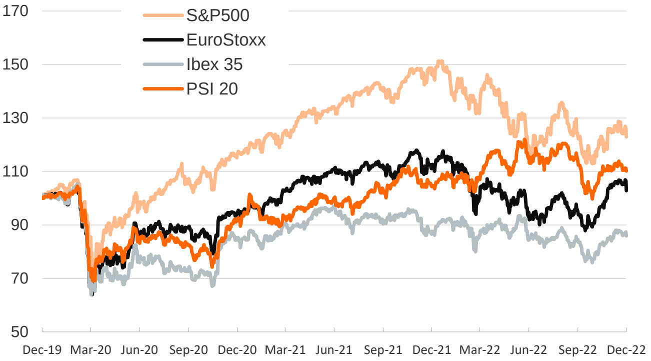
Interest Rates (%)	12/15	12/14	Daily Change (basis points)	Weekly Change (basis points)	YTD (basis points)	YoY Change (basis points)
Eurozone						
ECB - Official Interest Rate (Refi)	**2.50**	2.00	50	50	250	250
€STR	**1.40**	1.40	0	0	199	198
Swap €STR (10Y)	**2.45**	2.33	12	14	236	253
3 months (Euribor)	**2.06**	2.08	-2	7	263	265
12 months (Euribor)	**2.87**	2.87	0	1	337	338
Germany - 2-Year Bond	**2.39**	2.13	25	32	301	308
Germany - 10-Year Bond	**2.08**	1.94	14	26	226	243
France - 10-Year Bond	**2.59**	2.42	16	31	239	258
Spain - 10-Year Bond	**3.16**	2.97	19	34	260	277
Portugal - 10-Year Bond	**3.07**	2.88	19	33	261	277
Italy - 10-Year Bond	**4.15**	3.86	30	47	298	318
Risk premium - Spain (10Y)	**108**	103	5	7	34	34
Risk premium - Portugal (10Y)	**99**	94	5	7	35	34
Risk premium - Italy (10Y)	**207**	192	15	20	72	75
US						
Fed - Upper Bound	**4.50**	4.50	0	50	425	425
Fed Funds Rate Future (Dec.-23)	**4.50**	4.47	3	-6	313	320
3 months (Libor)	**4.74**	4.74	0	0	453	453
12 months (Libor)	**5.41**	5.41	0	-9	483	489
2-Year Bond	**4.24**	4.21	3	-7	351	363
10-Year Bond	**3.45**	3.48	-3	-3	194	204

Stock Markets	12/15	12/14	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
CaixaBank	**3.35**	3.37	-0.6	1.1	38.8	45.0
Ibex 35	**8219**	8361	-1.7	-0.1	-5.7	-1.9
PSI 20	**5732**	5787	-1.0	-0.2	2.9	5.2
MIB	**23726**	24574	-3.5	-2.0	-13.2	-11.4
DAX	**13986**	14460	-3.3	-2.0	-12.0	-10.6
CAC 40	**6523**	6731	-3.1	-1.9	-8.8	-6.9
Eurostoxx50	**3836**	3975	-3.5	-2.2	-10.8	-8.7
FTSE 100	**7426**	7496	-0.9	-0.6	0.6	2.3
S&P 500	**3896**	3995	-2.5	-1.7	-18.3	-16.6
Nasdaq	**10811**	11171	-3.2	-2.4	-30.9	-28.8
Nikkei 225	**28052**	28156	-0.4	1.7	-2.6	-3.5
MSCI Emerging Index	**960**	974	-1.4	-0.9	-22.1	-21.5
MSCI Emerging Asia	**520**	528	-1.5	-0.4	-21.9	-21.3
MSCI Emerging Latin America	**2044**	2063	-1.0	-5.3	-4.1	-3.7
Shanghai	**3169**	3177	-0.2	-0.9	-12.9	-13.8
VIX Index	**22.83**	21.14	8.0	2.4	32.6	11.0

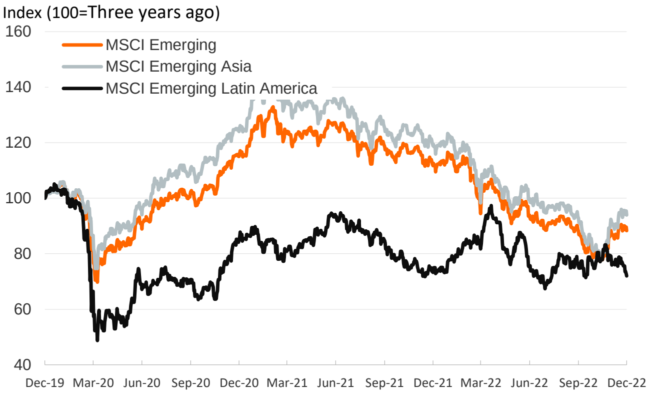
Currencies	12/15	12/14	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
EUR/USD	**1.063**	1.068	-0.5	0.7	-6.5	-6.2
EUR/GBP	**0.87**	0.86	1.5	1.2	3.7	2.6
EUR/CHF	**0.99**	0.99	-0.1	-0.2	-4.9	-5.3
USD/JPY	**137.78**	135.48	1.7	0.8	19.7	21.2
USD/CNY	**6.97**	6.95	0.3	0.1	9.7	9.5

Commodities	12/15	12/14	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
Global Commodities Index	**113.8**	114.5	-0.7	2.3	14.7	17.3
Brent (US$/barrel)	**81.2**	82.7	-1.8	6.6	4.4	8.3
TTF Natural Gas-1M Future (€/MWh)	**134.8**	131.5	2.5	-3.0	91.6	-5.6
TTF Natural Gas-Dec.-23 Future (€/MWh)	**135.6**	133.7	1.4	-3.7	291.8	287.6
Gold (US$/ounce)	**1776.9**	1807.3	-1.7	-0.7	-2.9	-1.3

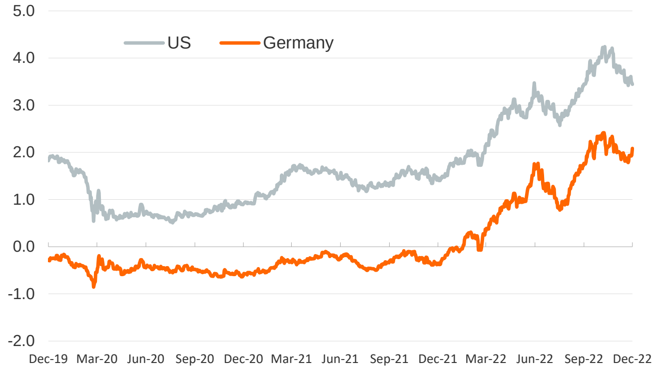
Main advanced stock markets
Index (100=Three years ago)



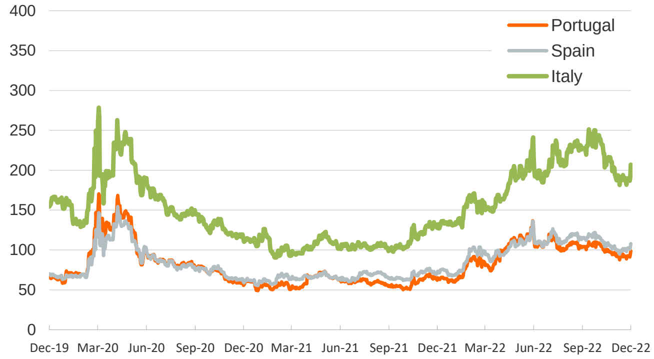
Emerging economies stock markets
Index (100=Three years ago)



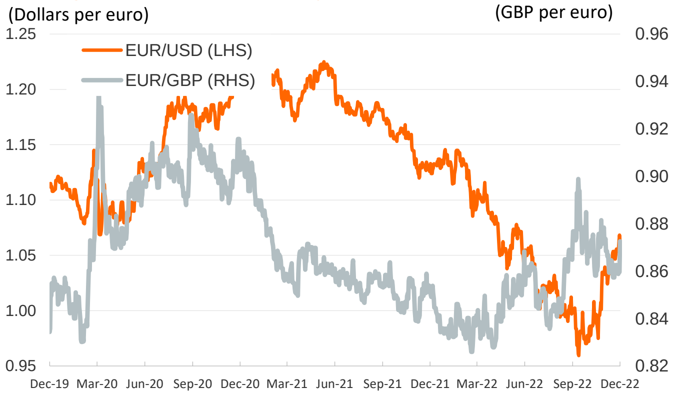
Yield on 10-year public debt: U.S. and Germany
(%)



Risk Premium on 10-year debt: Italy, Spain and Portugal
(basis points)



Exchange rate: Advanced-economy currencies
(Dollars per euro)



Exchange rate: emerging economies index
(Index (100=Three years ago)

Brent oil price
(US$/barrel)

Dutch TTF Natural gas price
(€/MWh)