BPI

Financial Markets

Daily Report 15-Dec-2023

- The ECB's caution regarding a pivot in its hiking cycle weighed on investors in yesterday's session. Lagarde's press conference appeared hawkish in contrast to Powell's and the Fed's dot plot on Wednesday, which cooled market expectations for rate cuts in 2024 in both sides of the Atlantic.
- Government bond yields, which had fallen sharply across the board at the start of the session, reversed some of this move. The reaction in equity markets was very similar. Most European indices ended the session with some gains, but larger gains from earlier in the day were eventually erased. In the US, the main stock indices also posted modest gains.
- The slight divergence between the ECB and the Fed had the biggest impact on the FX market. The USD weakened sharply against the Euro, hovering around 1.10, while the Yen also extended its weekly gains against the Dollar. In commodities, oil traders remained focused on the Fed's message, with the Brent barrel extending its weekly gains.

Interest Rates (%)	12/14	12/13	Daily Change (bp)	Weekly Change (bp)	YTD (bp)	YoY Change (bp)
Euro area						
ECB - Official Interest Rate (Refi)	**4,50**	4,50	0	0	200	250
€STR	**3,91**	3,91	0	0	202	251
Swap €STR (10Y)	**2,38**	2,44	-6	-9	-55	5
3 months (Euribor)	**3,93**	3,93	1	-4	180	185
12 months (Euribor)	**3,72**	3,76	-4	-1	43	85
Germany - 2-Year Bond	**2,57**	2,67	-10	-3	-9	43
Germany - 10-Year Bond	**2,12**	2,17	-5	-7	-32	18
France - 10-Year Bond	**2,64**	2,71	-7	-9	-32	22
Spain - 10-Year Bond	**3,08**	3,17	-9	-11	-44	11
Portugal - 10-Year Bond	**2,74**	2,85	-10	-10	-69	-14
Italy - 10-Year Bond	**3,79**	3,93	-14	-15	-72	-7
Risk premium - Spain (10Y)	**96**	100	-4	-4	-12	-7
Risk premium - Portugal (10Y)	**62**	67	-5	-3	-37	-32
Risk premium - Italy (10Y)	**167**	175	-8	-7	-40	-25
US						
Fed - Upper Bound	**5,50**	5,50	0	0	100	100
Fed Funds Rate Future (Dec.-24)	**3,95**	4,03	-8	-19	31	82
3 months (SOFR)	**5,38**	5,38	0	1	79	88
12 months (SOFR)	**5,01**	5,11	-10	-2	14	23
2-Year Bond	**4,39**	4,43	-4	-20	-4	18
10-Year Bond	**3,92**	4,02	-10	-23	5	44

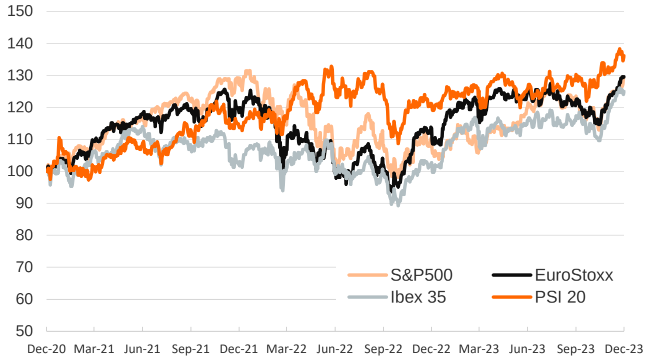
Stock Markets	12/14	12/13	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
CaixaBank	**3,78**	3,88	-2,5	-4,0	3,0	12,2
Ibex 35	**10172**	10096	0,7	0,3	23,6	21,7
PSI 20	**6506**	6457	0,8	-0,4	13,6	12,4
MIB	**30359**	30296	0,2	0,8	28,1	23,5
DAX	**16752**	16766	-0,1	0,7	20,3	15,9
CAC 40	**7576**	7531	0,6	2,0	17,0	12,6
Eurostoxx50	**4539**	4530	0,2	1,5	19,7	14,2
S&P 500	**4720**	4707	0,3	2,9	22,9	18,1
Nasdaq	**14762**	14734	0,2	2,9	41,0	32,1
Nikkei 225	**32686**	32926	-0,7	-0,5	25,3	16,1
MSCI Emerging Index	**993**	973	2,0	2,3	3,8	1,9
MSCI Emerging Asia	**525**	517	1,6	1,9	2,2	-0,6
MSCI Emerging Latin America	**2587**	2505	3,3	5,0	21,5	25,4
Shanghai	**2959**	2969	-0,3	-0,2	-4,2	-6,8
VIX Index	**12,48**	12,19	2,4	-4,4	-42,4	-41,0

Currencies	12/14	12/13	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
EUR/USD	**1,099**	1,087	1,1	1,8	2,7	2,9
EUR/GBP	**0,86**	0,86	-0,1	0,5	-2,7	0,2
EUR/CHF	**0,95**	0,95	0,6	0,9	-3,6	-3,4
USD/JPY	**141,89**	142,89	-0,7	-1,6	8,2	4,7
USD/CNY	**7,11**	7,17	-0,8	-0,5	3,1	2,3

Commodities	12/14	12/13	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
Global Commodities Index	**98,6**	96,4	2,3	0,8	-12,6	-13,9
Brent (US$/barrel)	**76,6**	74,3	3,2	3,5	-10,8	-7,4
TTF Natural Gas-1M Future (€/MWh)	**34,9**	35,8	-2,7	-12,8	-54,3	-73,5
TTF Natural Gas-Dec.-24 Future (€/MWh)	**41,7**	42,2	-1,2	-7,4	-50,2	-68,5
Gold (US$/ounce)	**2036,4**	2027,7	0,4	0,4	11,6	12,7

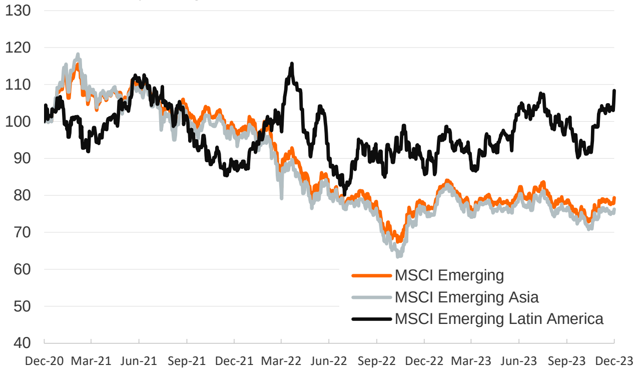
Main advanced stock markets

Index (100=Three years ago)



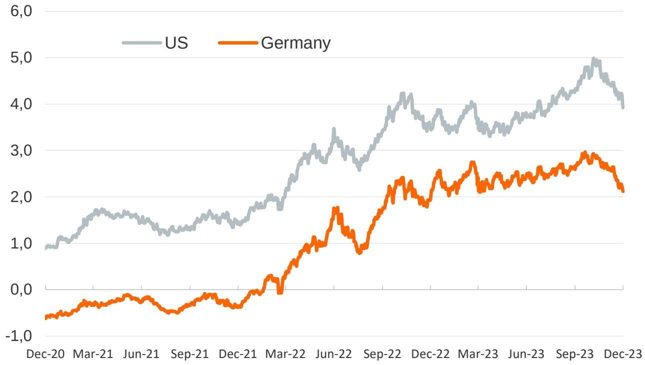
Emerging economies stock markets

Index (100=Three years ago)



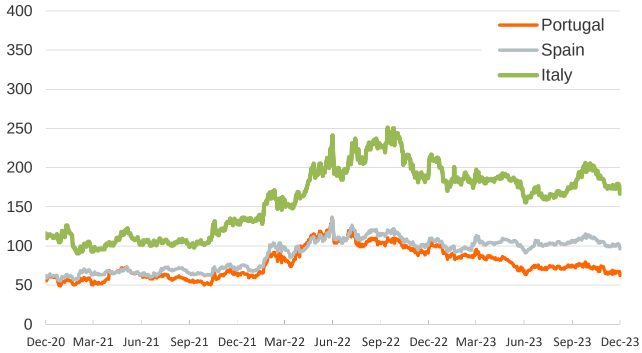
Yield on 10-year public debt: U.S. and Germany

(%)



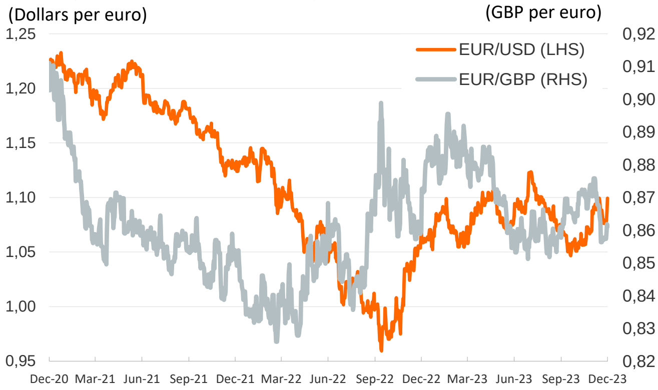
Risk Premium on 10-year debt: Italy, Spain and Portugal

(basis points)



Exchange rate: Advanced-economy currencies

(Dollars per euro) (GBP per euro)



Exchange rate: emerging economies index

(Index (100=Three years ago)

Brent oil price

(US$/barrel)

Dutch TTF Natural gas price

(€/MWh)