CaixaBank Research

Financial Markets

Daily Report 18-Oct-2023

- Solid US economic data released yesterday showed a still resilient economy reinforcing the the case for the Federal Reserve to keep interest rates higher for longer. September US industrial production rose to the highest level in nearly five years to 103.6 and retail sales increased 0.7%, up from 0.6% beating expectations.
- As a result, sovereign bond yields rose sharply, with the 10Y treasury rising 12 bps and the 2Y treasury 11 bps, both reaching 16-year highs. In the euro area yields followed suit and gained 10 bps both in core and periphery economies. Probability of an interest rate hike by the Fed in December rose to 47%, up from 36% on Monday.
- Elsewhere, the main stock indices remained mostly flat. Brent prices hovered around $89 per barrel as markets await results from diplomatic efforts to contain the Israeli-Hamas conflict from spreading. Today, markets will be reacting to China GDP data released early in the morning which showed 4.9% y/y growth vs an expected 4.3% (+1.3% q/q).

Interest Rates (%)	10/17	10/16	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	325
€STR	**3.90**	3.90	0	0	201	325
Swap €STR (10Y)	**3.22**	3.15	7	7	29	25
3 months (Euribor)	**3.97**	3.98	0	-2	184	251
12 months (Euribor)	**4.16**	4.17	-1	0	87	148
Germany - 2-Year Bond	**3.25**	3.16	9	18	59	129
Germany - 10-Year Bond	**2.88**	2.79	10	11	44	61
France - 10-Year Bond	**3.50**	3.40	10	12	54	65
Spain - 10-Year Bond	**4.00**	3.90	10	12	48	58
Portugal - 10-Year Bond	**3.61**	3.51	10	10	18	27
Italy - 10-Year Bond	**4.89**	4.76	13	16	38	23
Risk premium - Spain (10Y)	**112**	112	0	2	4	-4
Risk premium - Portugal (10Y)	**73**	73	0	-1	-27	-34
Risk premium - Italy (10Y)	**200**	198	3	6	-7	-38
US						
Fed - Upper Bound	**5.50**	5.50	0	0	100	225
Fed Funds Rate Future (Dec.-23)	**5.41**	5.39	2	3	77	-8998
3 months (SOFR)	**5.40**	5.40	0	-3	81	144
12 months (SOFR)	**5.40**	5.39	1	-5	53	71
2-Year Bond	**5.21**	5.10	11	24	78	77
10-Year Bond	**4.83**	4.71	12	18	96	82

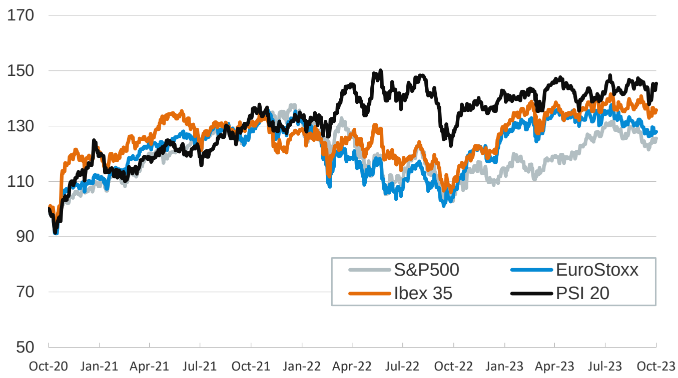
Stock Markets	10/17	10/16	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
CaixaBank	**3.79**	3.79	-0.1	-1.2	3.2	11.5
Ibex 35	**9299**	9287	0.1	-0.6	13.0	23.0
PSI 20	**6144**	6117	0.4	1.4	7.3	13.2
MIB	**28367**	28392	-0.1	0.2	19.7	33.1
DAX	**15252**	15238	0.1	-1.1	9.5	20.6
CAC 40	**7030**	7022	0.1	-1.9	8.6	16.4
Eurostoxx50	**4152**	4150	0.1	-1.3	9.5	20.6
S&P 500	**4373**	4374	0.0	0.3	13.9	18.9
Nasdaq	**13534**	13568	-0.3	-0.2	29.3	26.8
Nikkei 225	**32040**	31659	1.2	0.9	22.8	19.7
MSCI Emerging Index	**951**	946	0.5	0.7	-0.5	9.9
MSCI Emerging Asia	**510**	508	0.5	0.6	-0.7	12.4
MSCI Emerging Latin America	**2252**	2249	0.1	0.4	5.8	4.3
Shanghai	**3083**	3074	0.3	0.3	-0.2	0.0
VIX Index	**17.88**	17.21	3.9	5.0	-17.5	-43.0

Currencies	10/17	10/16	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
EUR/USD	**1.058**	1.056	0.2	-0.3	-1.2	7.5
EUR/GBP	**0.87**	0.86	0.4	0.6	-1.9	0.2
EUR/CHF	**0.95**	0.95	0.2	-0.8	-3.8	-2.8
USD/JPY	**149.81**	149.51	0.2	0.7	14.3	0.5
USD/CNY	**7.32**	7.31	0.1	0.3	6.0	1.7

Commodities	10/17	10/16	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
Global Commodities Index	**104.8**	104.7	0.1	1.2	-7.1	-7.3
Brent (US$/barrel)	**89.9**	89.7	0.3	2.6	4.6	-1.9
TTF Natural Gas-1M Future (€/MWh)	**48.9**	48.5	0.9	-1.1	-35.9	-61.8
TTF Natural Gas-Dec.-23 Future (€/MWh)	**52.8**	52.3	1.0	1.1	-37.3	-65.4
Gold (US$/ounce)	**1923.2**	1920.2	0.2	3.4	5.4	16.6

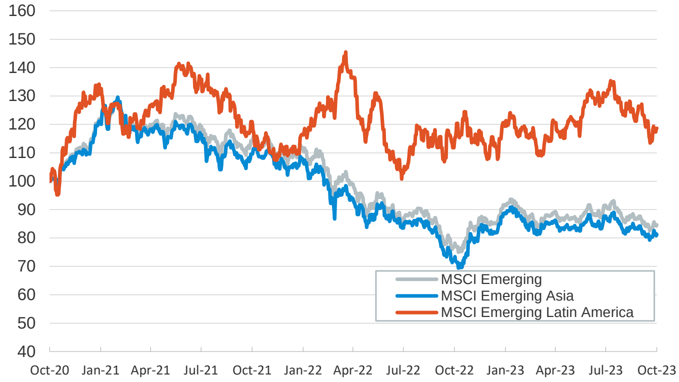
Main advanced stock markets

Index (100=Three years ago)



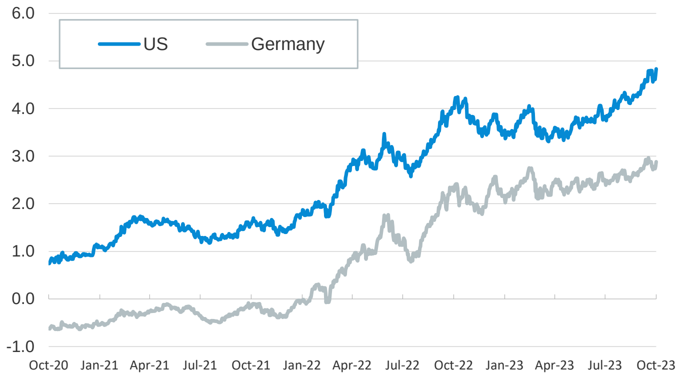
Emerging economies stock markets

Index (100=Three years ago)



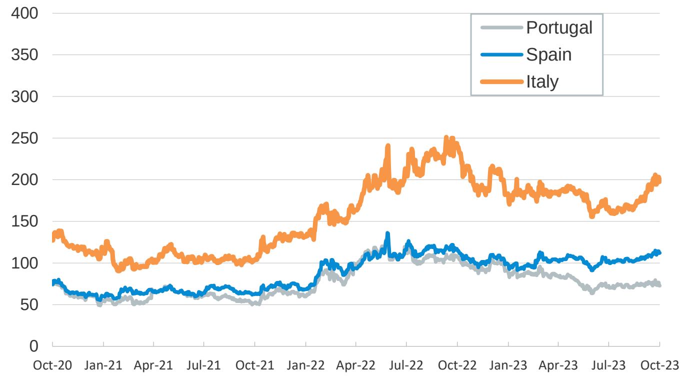
Yield on 10-year public debt: U.S. and Germany

(%)



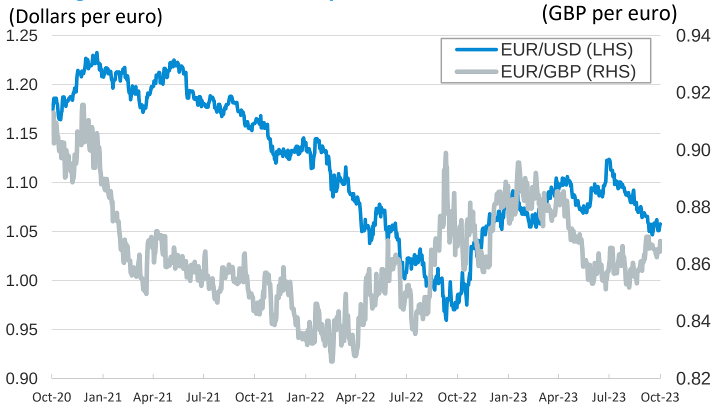
Risk Premium on 10-year debt: Italy, Spain, and Portugal

(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)