CaixaBank Research

Financial Markets

Daily Report 18-Jan-2024

- Stronger-than-expected economic data in the US and hawkish comments by ECB officials were the main drivers of a session where sovereign yields rose and equities declined across the board.
- In the US, December retail sales rose by 0.6% (0.3% in November), signaling that private consumption closed 2023 with a positive tone. Also, industrial production edged up by 0.1% against an expectation of a modest decline (-0.1%). In this sense, the Fed's Beige Book reported little or no change in economic activity in the last quarter.
- In the euro area, ECB's Klaas Knot said that investors' rate cuts expectations are excessive and possibly self-defeating, since the easing in financial conditions they cause might hold back actual rate cuts. IMF Director Gita Gopinath reinforced this message suggesting that current market expectations could fuel an inflation flare-up.
- Today the focus will be on the final HICP figures for the euro area.

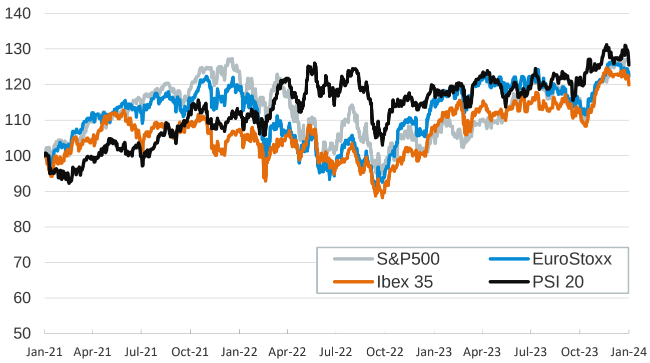
Interest Rates (%)	1/17	1/16	Daily Change (bp)	Weekly Change (bp)	YTD (bp)	YoY Change (bp)
Euro area						
ECB - Official Interest Rate (Refi)	**4.50**	4.50	0	0	0	200
€STR	**3.90**	3.91	0	0	2	200
Swap €STR (10Y)	**2.52**	2.47	4	4	23	13
3 months (Euribor)	**3.90**	3.89	1	-3	-1	157
12 months (Euribor)	**3.60**	3.60	0	-4	8	26
Germany - 2-Year Bond	**2.70**	2.60	10	5	32	24
Germany - 10-Year Bond	**2.32**	2.26	6	10	37	23
France - 10-Year Bond	**2.81**	2.75	6	7	34	28
Spain - 10-Year Bond	**3.25**	3.18	7	8	35	18
Portugal - 10-Year Bond	**3.15**	3.07	8	30	60	18
Italy - 10-Year Bond	**3.91**	3.83	9	7	32	3
Risk premium - Spain (10Y)	**94**	92	1	-3	-3	-4
Risk premium - Portugal (10Y)	**84**	82	2	20	23	-5
Risk premium - Italy (10Y)	**160**	157	3	-3	-5	-20
US						
Fed - Upper Bound	**5.50**	5.50	0	0	0	100
Fed Funds Rate Future (Dec.-24)	**4.03**	3.86	18	0	20	37
3 months (SOFR)	**5.31**	5.30	1	-2	-2	68
12 months (SOFR)	**4.69**	4.65	4	-15	-8	-15
2-Year Bond	**4.36**	4.22	14	0	11	16
10-Year Bond	**4.10**	4.06	4	7	22	55

Stock Markets	1/17	1/16	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
CaixaBank	**3.83**	3.91	-2.0	-0.9	2.8	-0.3
Ibex 35	**9868**	9994	-1.3	-2.0	-2.3	11.0
PSI 20	**6323**	6415	-1.4	-4.2	-1.2	5.4
DAX	**16432**	16572	-0.8	-1.5	-1.9	8.2
CAC 40	**7319**	7398	-1.1	-1.4	-3.0	3.4
Eurostoxx50	**4403**	4447	-1.0	-1.5	-2.6	5.5
S&P 500	**4739**	4766	-0.6	-0.9	-0.6	18.7
Nasdaq	**14856**	14944	-0.6	-0.8	-1.0	33.9
Nikkei 225	**35478**	35619	-0.4	3.0	6.0	35.7
MSCI Emerging Index	**958**	980	-2.2	-3.1	-6.4	-6.7
MSCI Emerging Asia	**504**	517	-2.5	-3.3	-7.1	-9.3
MSCI Emerging Latin America	**2505**	2534	-1.2	-2.7	-5.9	9.6
Shanghai	**2834**	2894	-2.1	-1.5	-4.8	-12.1
VIX Index	**14.79**	13.84	6.9	16.5	18.8	-23.6

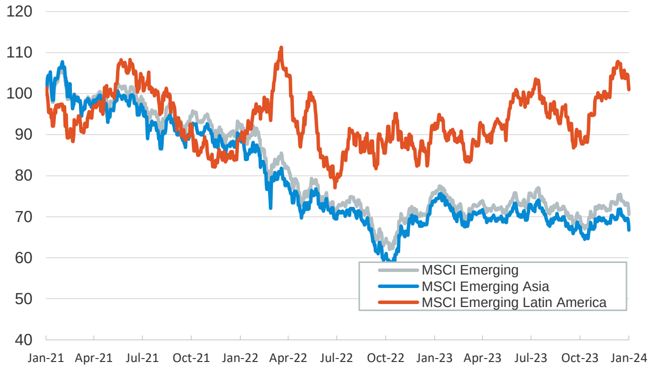
Currencies	1/17	1/16	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
EUR/USD	**1.088**	1.088	0.1	-0.8	-1.4	0.9
EUR/GBP	**0.86**	0.86	-0.2	-0.3	-1.0	-2.2
EUR/CHF	**0.94**	0.94	0.4	0.8	1.3	-5.4
USD/JPY	**148.16**	147.19	0.7	1.6	5.0	15.6
USD/CNY	**7.20**	7.19	0.1	0.3	1.4	6.3

Commodities	1/17	1/16	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
Global Commodities Index	**96.6**	97.4	-0.8	-0.9	-2.0	-13.7
Brent (US$/barrel)	**77.9**	78.3	-0.5	1.4	1.1	-9.4
TTF Natural Gas-1M Future (€/MWh)	**27.7**	29.7	-6.6	-10.5	-14.3	-53.9
TTF Natural Gas-Dec.-24 Future (€/MWh)	**34.0**	35.5	-4.0	-7.2	-11.0	-51.8
Gold (US$/ounce)	**2006.3**	2028.4	-1.1	-0.9	-2.7	5.1

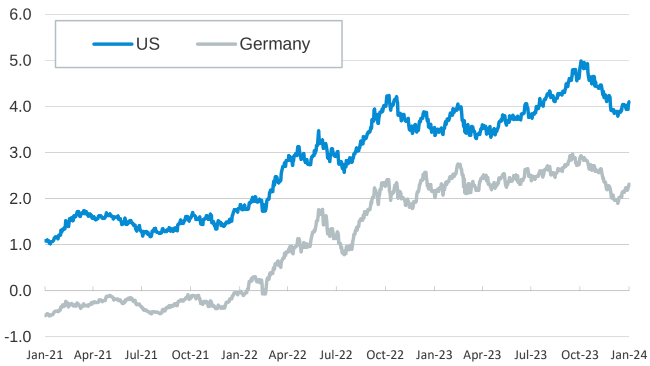
Main advanced stock markets
Index (100=Three years ago)



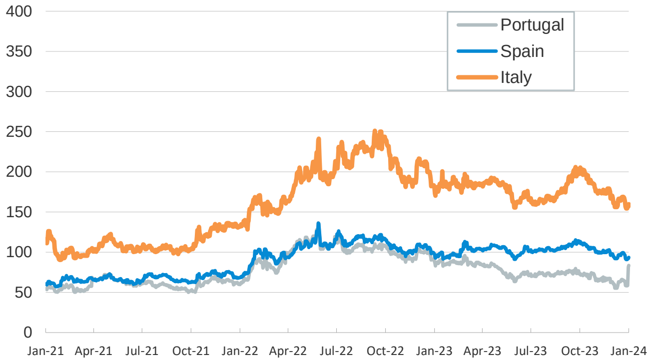
Emerging economies stock markets
Index (100=Three years ago)



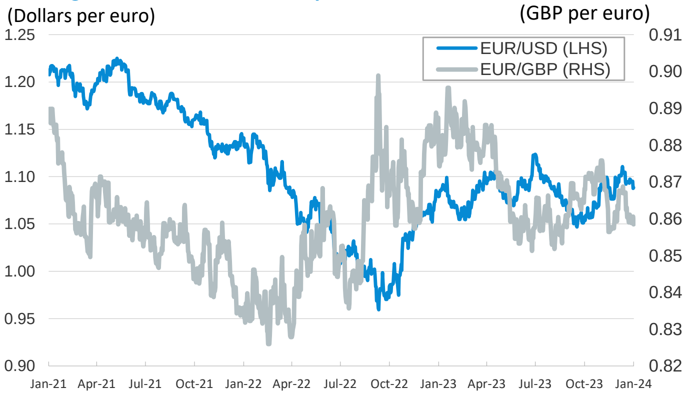
Yield on 10-year public debt: U.S. and Germany
(%)



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)