CaixaBank Research

Financial Markets

Daily Report 26-Jan-2024

- The ECB governing council left interest rates unchanged and Lagarde remarked how core inflation is on a downward path and wage growth has stabilized. These remarks pushed investors to assign a 90% probability of an interest rate cut in the ECB's next meeting in April, and pushed down sovereign bond yields.
- In the US, better-than expected 4Q annualized GDP Growth (3.3% vs 2.0% expected, and 4.9% last quarter), fueled investor optimism of a soft-landing in the economy, pushing down treasury yields and boosting the main stock indices to new highs. Markets are still just expecting an interest rate cut in March, albeit with a meagre 50% probability.
- Elsewhere, Oil prices rose on the back of the positive sentiment, and the US dollar edged higher.
- Today, the focus will be US personal income and spending data and US PCE deflator (the Fed's preferred measure of inflation). In the euro area, German consumer confidence will be released.

Interest Rates (%)	1/25	1/24	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	**3,91**	3,91	0	0	2	200
Swap €STR (10Y)	**2,49**	2,55	-5	-6	21	1
3 months (Euribor)	**3,93**	3,93	0	-5	2	147
12 months (Euribor)	**3,66**	3,68	-1	0	15	30
Germany - 2-Year Bond	**2,62**	2,71	-9	-7	24	9
Germany - 10-Year Bond	**2,29**	2,34	-5	-6	35	13
France - 10-Year Bond	**2,78**	2,84	-6	-7	31	18
Spain - 10-Year Bond	**3,20**	3,26	-6	-7	29	9
Portugal - 10-Year Bond	**3,11**	3,18	-7	-6	56	9
Italy - 10-Year Bond	**3,82**	3,90	-8	-10	23	-12
Risk premium - Spain (10Y)	**91**	92	-1	-1	-5	-5
Risk premium - Portugal (10Y)	**82**	84	-2	-1	22	-4
Risk premium - Italy (10Y)	**153**	156	-2	-4	-12	-25
US						
Fed - Upper Bound	**5,50**	5,50	0	0	0	100
Fed Funds Rate Future (Dec.-24)	**4,03**	4,10	-6	1	20	103
3 months (SOFR)	**5,32**	5,32	0	0	-1	65
12 months (SOFR)	**4,82**	4,85	-3	2	5	-4
2-Year Bond	**4,29**	4,38	-9	-6	4	17
10-Year Bond	**4,12**	4,18	-6	-2	24	68

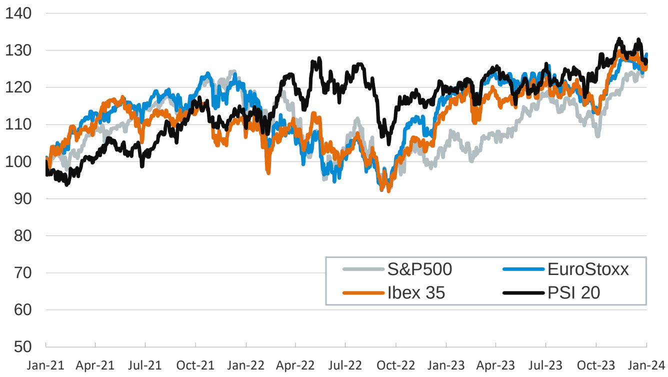
Stock Markets	1/25	1/24	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
CaixaBank	**3,84**	3,94	-2,5	0,2	3,0	-2,5
Ibex 35	**9917**	9974	-0,6	0,4	-1,8	10,7
PSI 20	**6295**	6327	-0,5	-0,4	-1,6	6,7
DAX	**16907**	16890	0,1	2,0	0,9	12,1
CAC 40	**7464**	7456	0,1	0,8	-1,0	6,0
Eurostoxx50	**4582**	4564	0,4	2,9	1,3	10,5
S&P 500	**4894**	4869	0,5	2,4	2,6	21,9
Nasdaq	**15511**	15482	0,2	3,0	3,3	37,1
Nikkei 225	**36236**	36226	0,0	2,2	8,3	32,3
MSCI Emerging Index	**988**	982	0,6	2,8	-3,5	-5,1
MSCI Emerging Asia	**522**	518	0,8	3,1	-3,7	-7,2
MSCI Emerging Latin America	**2527**	2516	0,4	1,4	-5,1	7,4
Shanghai	**2906**	2821	3,0	2,1	-2,3	-11,0
VIX Index	**13,45**	13,14	2,4	-4,8	8,0	-29,5

Currencies	1/25	1/24	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
EUR/USD	**1,085**	1,089	-0,4	-0,3	-1,7	-0,6
EUR/GBP	**0,85**	0,86	-0,2	-0,3	-1,5	-3,0
EUR/CHF	**0,94**	0,94	0,1	-0,4	1,2	-6,1
USD/JPY	**147,66**	147,51	0,1	-0,3	4,7	13,9
USD/CNY	**7,17**	7,16	0,2	-0,3	1,0	5,7

Commodities	1/25	1/24	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
Global Commodities Index	**98,7**	98,5	0,2	1,6	0,1	-11,7
Brent (US$/barrel)	**82,4**	80,0	3,0	4,2	7,0	-4,3
TTF Natural Gas-1M Future (€/MWh)	**27,8**	28,9	-4,0	-0,4	-14,1	-51,0
TTF Natural Gas-Dec.-24 Future (€/MWh)	**35,1**	36,0	-2,5	1,8	-8,3	-48,8
Gold (US$/ounce)	**2020,8**	2013,9	0,3	-0,1	-2,0	3,8

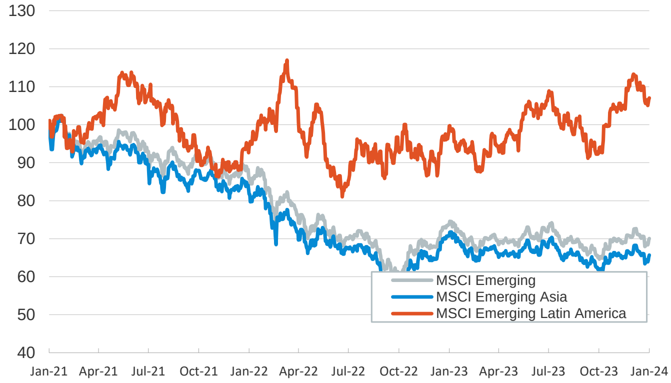
Main advanced stock markets

Index (100=Three years ago)



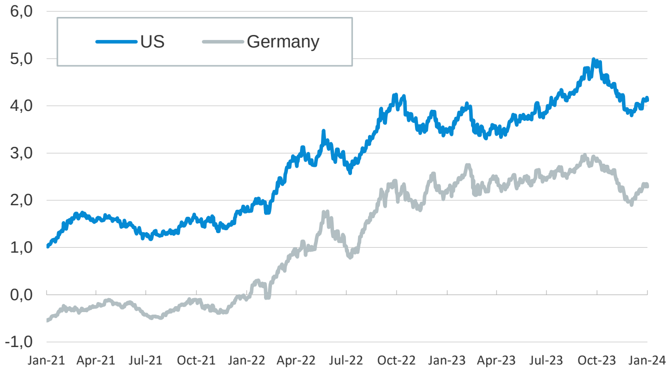
Emerging economies stock markets

Index (100=Three years ago)



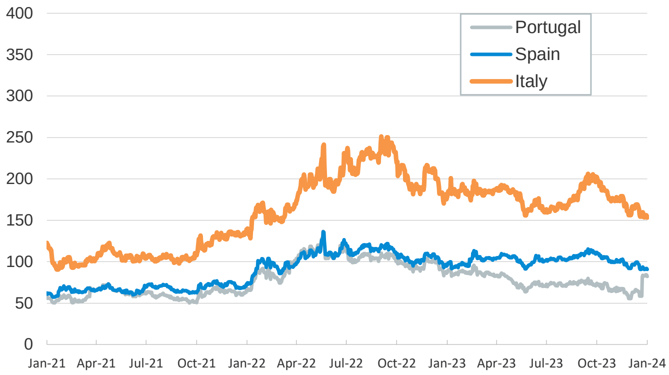
Yield on 10-year public debt: U.S. and Germany

(%)



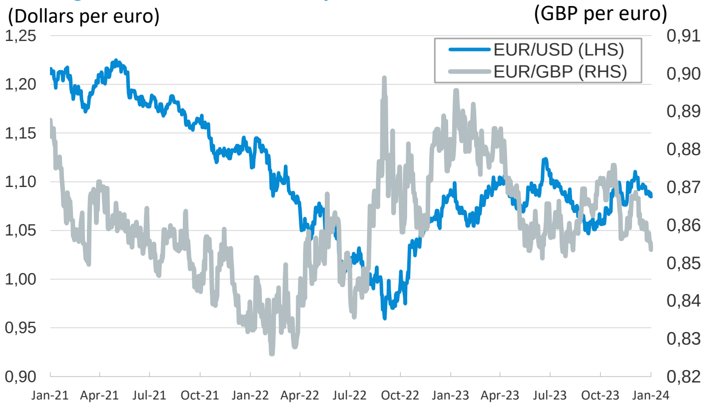
Risk Premium on 10-year debt: Italy, Spain, and Portugal

(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)