BPI

Financial Markets

Daily Report 27-May-2024

- Investors continued to adjust their expectations for future interest rate cuts following strong PMIs, higher-than-expected wage growth in the euro area , and some hawkish remarks from central bank officials. Markets are now pricing in just two cuts from the ECB this year and one cut from the Fed, down from three and two, respectively, last week.
- In this context, yields on sovereign bonds were mostly unchanged on both sides of the Atlantic. Equities were mixed in the euro area and advanced in the US supported by University of Michigan final sentiment data confirming consumers lowered inflation expectations.
- The main focus this week will be on euro area economic confidence (Thurs.), unemployment rate (Thurs.), and inflation figures for May (Friday). US financial markets will be closed today for Memorial Day holiday, but during the rest of the week investors will be attentive to the release of April's PCE deflator (Friday), the Fed' favored inflation measure.

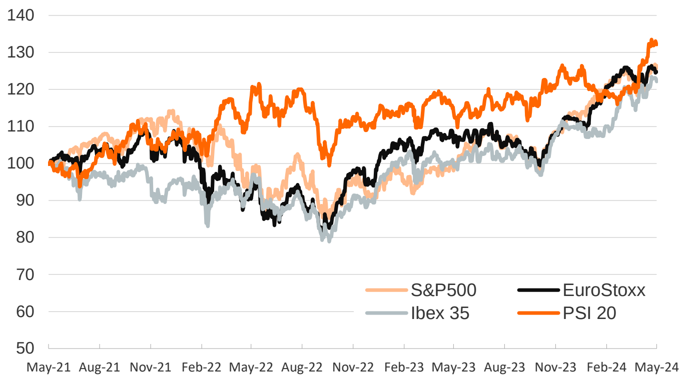
Interest Rates (%)	5/24	5/23	Daily Change (bp)	Weekly Change (bp)	YTD (bp)	YoY Change (bp)
Euro area						
ECB - Official Interest Rate (Refi)	**4,50**	4,50	0	0	0	75
€STR	**3,91**	3,91	0	1	3	76
Swap €STR (10Y)	**2,67**	2,69	-1	4	39	-24
3 months (Euribor)	**3,81**	3,80	1	-2	-10	39
12 months (Euribor)	**3,73**	3,70	3	8	22	-20
Germany - 2-Year Bond	**3,09**	3,08	1	10	71	23
Germany - 10-Year Bond	**2,58**	2,60	-1	7	64	11
France - 10-Year Bond	**3,06**	3,06	-1	6	58	1
Spain - 10-Year Bond	**3,35**	3,35	-1	7	44	-19
Portugal - 10-Year Bond	**3,21**	3,22	0	8	66	-2
Italy - 10-Year Bond	**3,89**	3,89	0	8	29	-45
Risk premium - Spain (10Y)	**76**	76	1	1	-20	-30
Risk premium - Portugal (10Y)	**63**	62	1	1	2	-13
Risk premium - Italy (10Y)	**130**	129	1	1	-35	-56
US						
Fed - Upper Bound	**5,50**	5,50	0	0	0	25
Fed Funds Rate Future (Dec.-24)	**5,08**	5,06	2	9	124	141
3 months (SOFR)	**5,34**	5,34	0	1	1	15
12 months (SOFR)	**5,20**	5,17	3	8	43	23
2-Year Bond	**4,95**	4,94	1	13	70	57
10-Year Bond	**4,47**	4,48	-1	5	59	73

Stock Markets	5/24	5/23	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
CaixaBank	**5,11**	5,09	0,4	4,6	37,2	47,0
Ibex 35	**11246**	11311	-0,6	-0,7	11,3	22,7
PSI 20	**6900**	6925	-0,4	0,2	7,9	15,9
MIB	**34491**	34468	0,1	-2,6	13,6	30,0
DAX	**18693**	18691	0,0	-0,1	11,6	18,0
CAC 40	**8095**	8102	-0,1	-0,9	7,3	11,6
Eurostoxx50	**5035**	5038	0,0	-0,6	11,4	18,1
S&P 500	**5305**	5268	0,7	0,0	11,2	28,9
Nasdaq	**16921**	16736	1,1	1,4	12,7	35,5
Nikkei 225	**38646**	39103	-1,2	-0,4	15,5	26,0
MSCI Emerging Index	**1083**	1091	-0,8	-1,5	5,8	11,5
MSCI Emerging Asia	**589**	594	-0,9	-1,3	8,6	12,7
MSCI Emerging Latin America	**2409**	2420	-0,5	-3,7	-9,5	6,3
Shanghai	**3089**	3116	-0,9	-2,1	3,8	-3,6
VIX Index	**11,93**	12,77	-6,6	-0,5	-4,2	-40,4

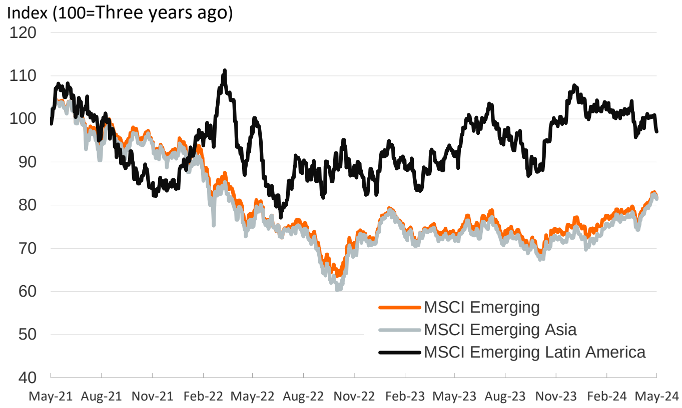
Currencies	5/24	5/23	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
EUR/USD	**1,085**	1,082	0,3	-0,2	-1,7	0,9
EUR/GBP	**0,85**	0,85	0,0	-0,5	-1,8	-2,0
EUR/CHF	**0,99**	0,99	0,3	0,4	6,8	2,0
USD/JPY	**156,99**	156,93	0,0	0,9	11,3	12,6
USD/CNY	**7,24**	7,24	0,0	0,3	2,0	2,6

Commodities	5/24	5/23	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
Global Commodities Index	**105,0**	105,1	-0,1	-0,7	6,5	4,4
Brent (US$/barrel)	**82,1**	81,4	0,9	-2,2	6,6	4,8
TTF Natural Gas-1M Future (€/MWh)	**34,1**	35,2	-3,2	10,9	5,5	22,8
TTF Natural Gas-Dec.-24 Future (€/MWh)	**36,7**	37,8	-2,7	5,9	-4,0	-24,1
Gold (US$/ounce)	**2333,8**	2329,3	0,2	-3,4	13,1	19,2

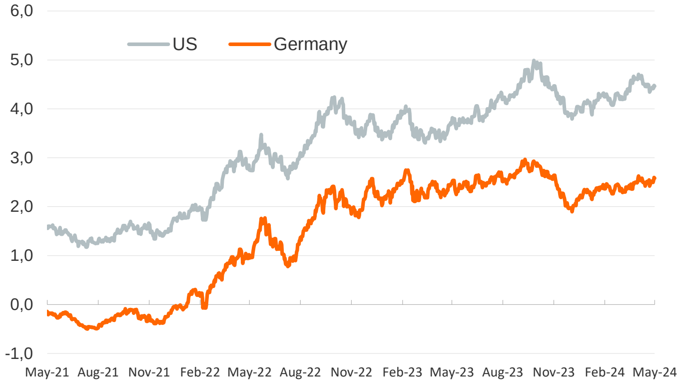
Main advanced stock markets
Index (100=Three years ago)



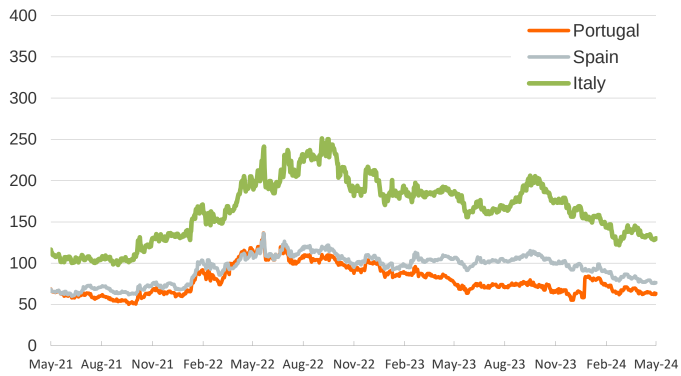
Emerging economies stock markets
Index (100=Three years ago)



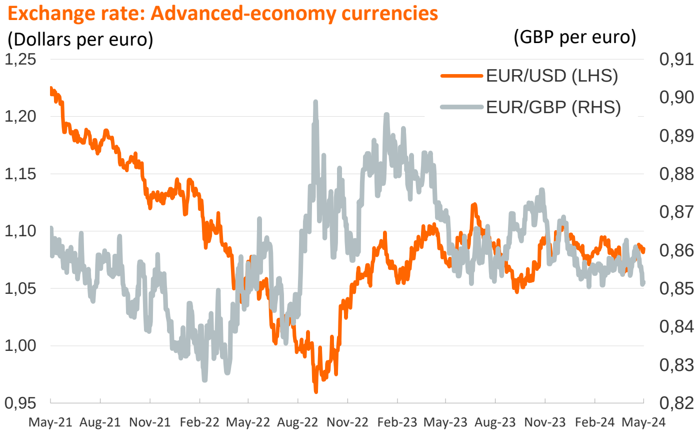
Yield on 10-year public debt: U.S. and Germany
(%)



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)