

Stocks Slump as Selloff Deepens; Treasuries Steady: Markets Wrap

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- Japan's Nikkei enters correction; oil declines a third day
- Bonds in Europe advance; gold climbs; dollar strengthens

The global equity rout extended on Tuesday as first Asian and then European markets tumbled, sending a gauge of world stocks toward the biggest three-day slide since 2015. U.S. futures fluctuated before falling, while Treasuries steadied and the dollar rose.

The Stoxx Europe 600 Index at one point slumped the most since June 2016, with every industry sector falling as much as 2 percent. Japan's Nikkei entered a correction as most of the shares on the 1,000-plus member MSCI Asia Pacific Index declined. Amid the sea of red, some safe-haven assets, including gold and European bonds, traded higher. Treasury yields swung before nudging lower.

Top Markets	Legend	Settings	Page 1/8 Global Macro Movers	
Movers	1D	Cust	Events	Custom Range 02/05/18 00:00 - Now
Equity Indices	Forex (USD)	Sovereign Bonds	Sovereign CDS	Commodities
Australia ASX 200 -4.71% ↑ 5833.340 c -288.051	Russia Ruble -1.85% ↑ 57.3019 +1.0614	United States 2Y -12.9 bp ↓ 2.012 -6.04%	China CDS +3.79 bp ↑ 59.56 +6.79%	WTI Crude -3.27% ↑ 63.31 -2.14
Japan Nikkei -7.15% ↑ 21610.24 c -1664.29	British Pound -1.39% ↓ 1.3902 -0.0193	United States 5Y -16.5 bp ↓ 2.424 -6.37%	Brazil CDS +7.74 bp ↑ 158.20 +5.14%	Brent Crude -2.60% ↓ 66.80 -1.78
U.K. FTSE 100 -3.48% ↓ 7184.52 -258.91	Japan Yen +0.96% ↑ 109.23 -1.05	Sweden 10Y -9.0 bp ↓ 0.879 -9.31%	Russia CDS +4.69 bp ↑ 111.35 +4.39%	BBG Cmtty Index -1.23% ↓ 88.0236 -1.0977
Sweden OMX -4.38% ↓ 1515.416 -69.375	Canada Dollar -0.81% ↑ 1.2549 +0.0102	Switzerland 5Y -6.6 bp ↓ -0.445 -17.41%	Australia CDS +1.27 bp ↑ 14.47 c +9.62%	Gold Spot +0.54% ↑ 1340.63 +7.24
Switzerland SMI -2.97% ↑ 8947.25 -273.44	Brazil Real -1.33% ↑ 3.2627 +0.0435	Sweden 5Y -6.6 bp ↓ -0.020 -144.82%	Germany CDS +0.46 bp ↓ 9.28 +5.18%	Copper CMX +0.31% ↓ 319.75 +1.00
S&P 500 -4.10% ↓ 2648.94 c -113.19	Brazil Real NDF -1.38% ↑ 3.2734 +0.0450	Germany 10Y -9.1 bp ↑ 0.671 -11.94%	United Kingdom CDS +0.29 bp ↓ 15.07 +1.93%	

Outliers in bright red or green have moved most vs. 90-day trading history. Measured since markets opened yesterday. Source: Bloomberg

Web users can read more here about the global rout <<https://www.bloomberg.com/news/live-blog/2018-02-05/asia-markets-open-after-u-s-stocks-plunge>>

What began with rising bond yields has become a selloff across global equity markets, as investors fret the return of inflation and higher rates that could erode profitability for companies already trading at elevated valuations. Traders will be watching how the moves unfold from here -- a sustained stock slump has the potential to undermine consumer and business sentiment, crimp borrowing and so start to curtail global growth.

"Global equities did not experience any material weakness for nearly two years, valuations have become stretched and technical, positioning and sentiment indicators all flashed red in recent weeks," said Emmanuel Cau, equity strategist at JPMorgan Chase & Co. "The unwinding of this extreme bullishness could have a bit more to go in the near term."

As assets decline volatility is surging, causing pain for investors who had positioned for price swings to remain muted. Trading was halted in some [exchange-traded products](https://www.bloomberg.com/news/articles/2018-02-06/volatility-jump-has-traders-asking-about-poison-pill-in-vix-note) [used to bet against volatility](https://www.bloomberg.com/news/articles/2018-02-06/volatility-jump-has-traders-asking-about-poison-pill-in-vix-note), and the VIX Index was set for the highest since 2009.

Elsewhere, oil slumped for a third day and metals joined the selloff after gaining on Monday. Bitcoin tumbled for a sixth day, at one point trading below \$6,000 for the first time since October.

Here are some key events scheduled for [this week](#) :

- Monetary policy decisions are due in Russia, India, Brazil, Poland, Romania, the U.K., New Zealand, Serbia, Peru and the Philippines.
- Earnings season continues with reports from General Motors, Walt Disney, SoftBank, Sanofi, Philip Morris, Total, Tesla, Rio Tinto, L'Oreal and Twitter.
- Dallas Fed President Robert Kaplan and New York Fed President William Dudley are among policy officials due to speak in Frankfurt and New York.

These are the main moves in markets:

Stocks

- The Stoxx Europe 600 Index decreased 2.1 percent as of 7:26 a.m. New York time, hitting the lowest in five months with its seventh consecutive decline and the largest dip in more than 19 months.
- Futures on the S&P 500 Index fell 0.2 percent to the lowest in more than 10 weeks.
- The MSCI Asia Pacific Index sank 3.5 percent to the lowest in almost six weeks on the largest tumble in more than 19 months.
- The U.K.'s FTSE 100 Index dipped 2.1 percent, reaching the lowest in almost 10 months on its sixth consecutive decline and the biggest decrease in almost 10 months.
- The MSCI Emerging Market Index sank 3.1 percent to the lowest in five weeks on the largest tumble in more than 19 months.

Currencies

- The Bloomberg Dollar Spot Index jumped 0.2 percent to the highest in two weeks.
- The euro fell 0.1 percent to \$1.2358, the weakest in two weeks.
- The British pound sank 0.3 percent to \$1.3911, the weakest in more than two weeks.
- The Japanese yen decreased 0.1 percent to 109.20 per dollar.
- South Africa's rand jumped 0.4 percent to 12.0847 per dollar.
- The MSCI Emerging Markets Currency Index dipped 0.1 percent to the lowest in two weeks.

Bonds

- The yield on 10-year Treasuries fell less than one basis point to 2.70 percent, the lowest in more than a week.
- Germany's 10-year yield fell six basis points to 0.68 percent, the lowest in more than a week on the largest drop in more than two months.
- Britain's 10-year yield fell seven basis points to 1.492 percent, the lowest in a week on the biggest fall in almost five weeks.

Commodities

- West Texas Intermediate crude decreased 1.4 percent to \$63.23 a barrel, the lowest in four weeks.

- Gold rose 0.1 percent to \$1,340.47 an ounce.

For more on the slide in stocks, see:

[Traders Aren't Panicking Despite Massive Late-Session Stock Rout](https://www.bloomberg.com/news/articles/2018-02-05/traders-aren-t-panicking-despite-massive-late-session-stock-rout) <<https://www.bloomberg.com/news/articles/2018-02-05/traders-aren-t-panicking-despite-massive-late-session-stock-rout>>

[Bad Day Turns Terrifying as Dow Suffers Worst Point Plunge Ever](https://www.bloomberg.com/news/articles/2018-02-05/bad-day-turns-terrifying-as-dow-suffers-worst-point-plunge-ever) <<https://www.bloomberg.com/news/articles/2018-02-05/bad-day-turns-terrifying-as-dow-suffers-worst-point-plunge-ever>>

[VIX at 38 Is Waterloo for Short Vol Trade That Everyone Adored](https://www.bloomberg.com/news/articles/2018-02-06/vix-at-38-is-waterloo-for-short-vol-trade-that-everyone-adored) <<https://www.bloomberg.com/news/articles/2018-02-06/vix-at-38-is-waterloo-for-short-vol-trade-that-everyone-adored>>

[Goldman Is Warning of More Pain Ahead. Don't Listen: Gadfly](https://www.bloomberg.com/gadfly/articles/2018-02-06/goldman-is-warning-of-more-pain-ahead-don-t-listen) <<https://www.bloomberg.com/gadfly/articles/2018-02-06/goldman-is-warning-of-more-pain-ahead-don-t-listen>>

[China's Willingness to Defend Its Stock Markets Put to Test](https://www.bloomberg.com/news/articles/2018-02-06/china-s-willingness-to-defend-its-stock-markets-put-to-the-test) <<https://www.bloomberg.com/news/articles/2018-02-06/china-s-willingness-to-defend-its-stock-markets-put-to-the-test>>

[Dow's 15-Minute Plunge Had Elements of a 'Flash Crash,' ISI Says](https://www.bloomberg.com/news/articles/2018-02-05/dow-s-15-minute-plunge-had-elements-of-a-flash-crash-isi-says) <<https://www.bloomberg.com/news/articles/2018-02-05/dow-s-15-minute-plunge-had-elements-of-a-flash-crash-isi-says>>

[Volatility Jump Has Traders Asking About VIX Note Poison Pill](https://www.bloomberg.com/news/articles/2018-02-06/volatility-jump-has-traders-asking-about-poison-pill-in-vix-note) <<https://www.bloomberg.com/news/articles/2018-02-06/volatility-jump-has-traders-asking-about-poison-pill-in-vix-note>>

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