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Daily Report – Global markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 13 944 | ↓ -0,30 | ↑ 0,60 |
| S&P500 | 1 509 | ↓ -0,18 | ↑ 0,75 |
| Nasdaq100 | 2 747 | ↑ 0,01 | ↑ 0,55 |
| Russell2000 | 908 | ↓ -0,35 | ↑ 0,67 |
| Stoxx600 | 284 | ↓ -0,22 | ↓ -1,16 |
| DAX | 7 591 | ↑ 0,13 | ↓ -2,38 |
| FTSE 100 | 6 228 | ↓ -1,06 | ↓ -0,77 |
| CAC40 | 3 601 | ↓ -1,15 | ↓ -3,52 |
| ATX | 2 368 | ↓ -0,54 | ↓ -3,20 |
| IBEX35 | 8 015 | ↓ -0,52 | ↓ -4,16 |
| Nikkei 225 | 11 153 | ↓ -1,80 | ↓ -0,34 |
| Hang Seng | 23 177 | ↓ -0,34 | ↓ -2,33 |
| SSEC | 2 419 | ↓ -0,66 | ↑ 1,39 |
| SENSEX | 19 580 | ↓ -0,30 | ↓ -1,58 |
| RTS | 1 595 | ↓ -0,48 | ↓ -1,65 |
| Bovespa | 58 372 | ↓ -0,98 | ↓ -2,32 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,3396 | ↓ -0,92 | ↓ -1,34 |
| EUR/CHF | 1,2300 | ↓ -0,06 | ↓ -0,44 |
| USD/GBP | 1,5715 | ↑ 0,35 | ↓ -0,88 |
| USD/JPY | 93,62 | ↓ -0,01 | ↑ 2,07 |
| AUD/USD | 1,0277 | ↓ -0,40 | ↓ -1,39 |
| USD/CAD | 0,9977 | ↑ 0,21 | ↑ 0,08 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 13,5 | ↑ 0,1 | ↓ -0,8 |
| EMBI+ Spread | 287 | ↑ 12 | ↑ 30 |
| CDS 5Y PIIS | 243 | ↓ -1 | ↑ 10 |
| CDS 5Y Italy | 226 | ↑ 1 | ↑ 17 |
| CDS 5Y Belg. | 43 | ↑ 0 | ↑ 1 |
| iTraxx 5Y EU | 117,3 | ↑ 1 | ↑ 5 |
| US TED Spread | 22,2 | → 0 | ↓ 0 |

Source: Reuters, OTP Research

Summary

- Major European and American indices closed mixed on Thursday.
- European leaders are reported to have agreed on the key points of the 2014-2020 EU budget, in the EU summit in Brussels.
- The ECB left its key policy rate unchanged, at 0.75%.

Major European and American indices closed in the negative territory on Thursday. The DAX's 0.1% gain was an outperformance compared to FTSE's 1.1% slip, and the CAC40 1.2% decline. One of the losers of the day was Alcatel-Lucent, which plummeted 4.9%, partly owing to its CEO's resign on the back of weak fourth-quarter figures. Vodafone rose by 0.9%, despite posting an unexpected 2.6% fall in revenues. The poor quarterly revenue slashed Credit Suisse's share price by 2.6%: its revenue tumbled 28%, and the CHF 397 million after-tax profit fell short of the consensus of CHF 645 million. Luxury goods manufacturer Burberry Group plunged 6.5% after replacing its chief financial officer. Sanofi contracted by 4%, after publishing 72% lower quarterly profit. Daimler soared 5.22%, gaining from a better-than-expected Q4 report and forecasting even stronger car sales in 2013.

In the small hours of Friday, the European Council's President Herman von Rompuy submitted a compromise proposal for the 2014-2020 EU budget, the key points of which are reported to have been approved by country leaders this morning. The proposed commitment ceiling is EUR 960 billion, and actual payments would be capped at EUR 908.4 billion.

In the USA, the Dow shed 0.3%, the S&P dropped by 0.2%, whereas the Nasdaq stagnated. Apple closed 2.4% as it considers cash payments to shareholders. Time Warner added 0.7% after posting a whopping 51% jump in Q4 profits and increasing dividend amount by 11%. Visa fell 2.3% after a downgrade by Wells Fargo from Overweight to Neutral.

LinkedIn published its flash report after market close, giving account of 81% year-on-year jump revenue, which is almost 8.7% better than had been thought, whereas the earnings per share (at USD 0.35) tripled in a year's time and topped the consensus by 95%.

After the press conference following the ECB's rate setting meeting, the euro weakened to the dollar and the EUR/USD closed at 1.34.

GOV'T BOND MARKET

| | Yield (%) | Daily chg (bp) | Weekly chg (bp) |
|---------|-----------|----------------|-----------------|
| US 2Y | 0,25 | ↓ -1 | ↓ -2 |
| US 10Y | 1,96 | ↓ -4 | ↓ -3 |
| JP 2Y | 0,05 | ↓ -2 | ↓ -3 |
| JP 10Y | 0,78 | ↓ -3 | ↓ -1 |
| GER 2Y | 0,22 | ↓ -2 | ↓ -6 |
| GER 10Y | 1,64 | ↓ -2 | ↓ -4 |

CENTRAL BANKS' RATES

| | Rate (%) | 6M Consensus | 1Y Consensus |
|------------|----------|--------------|--------------|
| Fed Funds | 0,25 | ⇒ 0,25 | ⇒ 0,25 |
| ECB Rate | 0,75 | ↓ 0,50 | ⇒ 0,75 |
| BOE Rate | 0,50 | ⇒ 0,50 | ⇒ 0,50 |
| BOJ Rate | 0,10 | ⇒ 0,10 | ⇒ 0,10 |
| SNB Target | 0,00 | ⇒ 0,00 | ⇒ 0,00 |

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------------|----------|----------------|-----------------|
| US 3M Libor | 0,29 | ↓ 0 | ↓ -1 |
| US 2Y Swap | 0,40 | ↓ 0 | ↓ 0 |
| US 5Y Swap | 0,95 | ↓ -1 | ↓ -5 |
| EUR 3M Euribor | 0,23 | ↓ 0 | ⇒ 0 |
| EUR 2Y Swap | 0,58 | ↓ -6 | ↓ -11 |
| EUR 5Y Swap | 1,08 | ↓ -5 | ↓ -10 |
| GB 3M Libor | 0,51 | ⇒ 0 | ⇒ 0 |
| GB 2Y Swap | 0,70 | ↓ -1 | ↓ -1 |
| GB 5Y Swap | 1,15 | ↓ -1 | ↓ 0 |
| JP 3M Libor | 0,17 | ⇒ 0 | ↓ 0 |
| JP 2Y Swap | 0,19 | ↓ -1 | ↓ -1 |
| JP 5Y Swap | 0,28 | ↓ -1 | ↓ 0 |
| CHF 3M Libor | 0,02 | ⇒ 0 | ↑ 0 |
| CHF 2Y Swap | 0,12 | ↓ -1 | ↓ -3 |
| CHF 5Y Swap | 0,48 | ↓ -1 | ↓ -4 |

COMMODITIES

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-----------|-------|----------------|-----------------|
| Oil Brent | 117,2 | ↑ 0,44 | ↑ 1,46 |
| Gold | 1 671 | ↓ -0,38 | ↑ 0,46 |

Source: Reuters, OTP Research

The ECB left its benchmark rate unchanged, at 0.75 per cent. At the press conference following the meeting, ECB Chairman Mario Draghi said that the recession environment might have remained in the fourth quarter of 2012 and may continue in the first half of 2013; the eurozone's economic conditions may start to improve in the second half of 2013. Inflation is seen to remain below 2% over the next few months, which allows sustaining loose monetary conditions.

Initial jobless claims (366,000) in the USA declined by less than expected (360,000). Continued jobless claims' reading was 3,224,000, which worse than the expected 3,195,000 or the previous week's reading.

Today's influential data releases include the trade balances of the eurozone and of Germany, as well as US wholesale inventories data.

| | COUNTRY | DATE | FACT | CONSENSUS | PREVIOUS |
|----------|---------|--------|--------------------------------|-----------|----------|
| Thursday | US | weekly | Initial jobless claims (ths) | 366 | 360 |
| | US | weekly | Continued jobless claims (ths) | 3 224 | 3 195 |
| | EZ | Feb | ECB interest rate decision (%) | 0,75 | 0,75 |
| Friday | DE | Dec | Trade balance (bn EUR) | 14,8 | 14,6 |
| | US | Dec | Trade balance (bn EUR) | -46,0 | -48,7 |
| | US | Dec | Wholesale inventories (%) | 0,4 | 0,6 |

Source: Reuters, OTP Research

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