

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	14 090	↑ 0,25	↑ 0,64
S&P500	1 518	↑ 0,23	↑ 0,17
Nasdaq100	2 748	↑ 0,33	↑ 0,38
Russell2000	915	↑ 0,40	↓ -0,16
Stoxx600	289	↓ -0,32	↑ 0,16
DAX	7 708	↓ -0,43	↑ 0,60
FTSE 100	6 379	↑ 0,28	↑ 0,68
CAC40	3 700	↓ -0,62	↓ -0,17
ATX	2 468	↑ 0,06	↑ 1,92
IBEX35	8 187	↓ -0,52	↑ 0,10
Nikkei 225	11 652	↑ 0,40	↓ -0,09
Hang Seng	22 880	↓ -0,61	↑ 0,43
SSEC	2 360	↓ -0,26	↑ 1,96
SENSEX	18 919	↑ 0,30	↓ -2,06
RTS	1 510	↓ -1,60	↓ -2,66
Bovespa	56 884	↓ -0,94	↑ 0,33

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3002	↓ -0,14	↓ -0,46
EUR/CHF	1,2262	↓ -0,12	↑ 0,71
USD/GBP	1,5025	↓ -0,07	↓ -0,89
USD/JPY	93,38	↓ -0,19	↑ 1,73
AUD/USD	1,0118	↓ -0,82	↓ -1,36
USD/CAD	1,0304	↑ 0,36	↑ 0,43

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	15,4	↓ -0,2	↑ 1,2
EMBI+ Spread	287	↑ 12	↑ 30
CDS 5Y PIIS	236	↑ 3	↑ 13
CDS 5Y Italy	235	↑ 4	↑ 29
CDS 5Y Belg.	38	↓ -2	↓ -2
iTraxx 5Y EU	117,6	↑ 1	↑ 5
US TED Spread	17,7	↓ 0	↑ 1

Source: Reuters, OTP Research

Summary

- In the unfavourable sentiment that prevailed in Europe on the last trading day of the week, major benchmarks closed mixed.
- Despite the failure to reach agreement on the US budget and the beginning of the automatic spending cuts, American markets achieved modest gains on Friday.
- The American ISM manufacturing index hit ten-month high in February.

The last trading day of the week saw unenthusiastic investors across Europe. The weaker-than-expected Chinese manufacturing data and the eurozone's anaemic industrial statistics have weighed on key indices. The afternoon's mixed bag of US macroeconomic data did not set a clear direction for European trading either. The uncertainty at the heels of the Italian elections also diminished appetite to buy. Europe's key indices ended Friday's trading with mixed results: the Footsie added 0.3%, while the DAX slipped 0.4% and the CAC40 dropped 0.6%. Deutsche Bank lost almost 5% on news that Goldman Sachs lowered its recommendation on the German bank's stocks.

American indices started Friday's trading in various directions, but ultimately managed to climb into the positive territory despite the failure to agree on the USA's budget and the automatic spending cuts' taking effect. Of the S&P sector indices, the health care sub-index made the strongest gain (+0.76%), whereas the industrial sub-index was the worst performer (-0.17%). In corporate news, Groupon and Visa made headlines on Friday. Groupon dismissed its CEO a day after publishing a quarterly report that slashed its stock price by 20% on Friday. Visa entered into global agreement with Samsung to promote the latter's mobile wallet application – some of the mobile telephone manufacturing giant's contactless devices will be equipped with the Visa PayWave application installed.

In Asian trading, there was negative investment mood this morning, and the key indices closed mixed. The weakest link was China's Shanghai Composite, with 4% drop. The underlying reason for this fall is a report on levying 20 per cent tax on existing Chinese home sales.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,24	↑ 0	↓ -2
US 10Y	1,84	↓ -4	↓ -14
JP 2Y	0,05	↓ 0	↑ 1
JP 10Y	0,65	↓ -1	↓ -8
GER 2Y	0,05	→ 0	↓ -7
GER 10Y	1,44	→ 0	↓ -13

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	0,28	↓ 0	↓ 0
US 2Y Swap	0,35	↓ -1	↓ -1
US 5Y Swap	0,87	↓ -2	↓ -2
EUR 3M Euribor	0,21	↓ 0	↓ -1
EUR 2Y Swap	0,43	↑ 1	↓ -6
EUR 5Y Swap	0,88	↑ 1	↓ -8
GB 3M Libor	0,51	↓ 0	↓ 0
GB 2Y Swap	0,55	↓ -3	↓ -4
GB 5Y Swap	0,98	↓ -2	↓ -4
JP 3M Libor	0,16	→ 0	→ 0
JP 2Y Swap	0,18	↓ -3	↓ -4
JP 5Y Swap	0,24	↓ -2	↓ -4
CHF 3M Libor	0,02	→ 0	↓ 0
CHF 2Y Swap	0,07	↓ -1	↓ -1
CHF 5Y Swap	0,41	↑ 0	↓ -5

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	110,3	↓ -0,06	↓ -3,59
Gold	1 577	↑ 0,16	↓ -1,04

Source: Reuters, OTP Research

As the Senate failed to reach agreement by 28 February, the sequester took effect on Monday 1 March, potentially curbing the USA's spending by USD 85 billion in 2013. Over the past two years, the American president and the Republicans of Congress agreed to reduce the deficit by a total of USD 3.6 trillion in ten years, mostly through frugality. Most of the spending cut measures that kicked in on Friday will not take immediate effect – they are implemented stage by stage until 30 September. The budget cuts put into practise on 1 March do not affect the pensions paid by social security services, Medicaid or food stamp programmes, which support the poorest. More than half of the forced savings will be taken away from the Pentagon. Holding back budget items is likely to decelerate the American economy's growth by 0.5 percentage points in 2013 and to result in losing 750,000 jobs, President Obama opined.

The February reading of the ISM institute's manufacturing index has hit ten-month high, signifying further improvement in the US manufacturing industry's outlook. The ISM index grew to 54.2 points in the last month of winter, the highest gauge since April 2012 (against the forecast of 52.5 points). A breakdown of data reveals that respondents have become far more positive about sales outlook, while the assessment of labour market prospects has deteriorated.

	COUNTRY	DATE		FACT	CONSENSUS	PREVIOUS
Friday	DE	Jan	Retail sales (mom, real, %)	3,1	1,0	-1,7
	DE	Feb	Markit PMI (point)	50,3	50,1	50,1
	EZ	Feb	Markit Manufacturing PMI (point)	47,9	47,8	47,8
	EZ	Feb	Inflation (yoy, flash, %)	1,8	1,9	2,0
	EZ	Jan	Unemployment rate (%)	11,9	11,8	11,7
	US	Feb	ISM Manufacturing PMI (point)	54,2	52,5	53,1
	US	Jan	Personal income (mom, %)	-3,6	-2,2	2,6
	US	Jan	Construction spending (mom, %)	-2,1	0,4	0,9
Monday	EZ	Jan	Producer prices (mom, %)		0,3	-0,2

Source: Reuters, OTP Research

Chief Economist
Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

FX/FI Strategist
Levente Pápa
papal@otpbank.hu
+36 1 354 7490

Fundamental Analyst
Piroska Beáta Szabó
szabopb@otpbank.hu
+36 1 374 7276

Disclaimer

OTP Bank Plc. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This material is only for information purposes and it is not intended as an investment advice, an offer or solicitation for the purchase or sale of any financial instrument, and it does not constitute legal, tax or accounting advice.

Information herein reflects the market situation at the time of writing. It provides only momentary information and may change as market conditions and circumstances develop. Additional information may be available on request. Although the information in this document has been prepared in good faith from sources which OTP Bank believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. Opinions and estimates constitute our judgment and are subject to change without notice. OTP Bank may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments is made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. Any concrete individual decision or investment made based on this publication is the sole risk of the Client and OTP Bank shall not be held responsible for the success of the investment decisions or for attaining the Client's target.

Figures described herein refer to the past and past performance is not a reliable indicator of future results.

OTP Bank Plc. (registered seat: Nádor utca 16., Budapest H-1051, Hungary; Supervisory authority: Hungarian Financial Supervisory Authority (PSZÁF, Pénzügyi Szervezetek Állami Felügyelete – H-1013 Budapest, Krisztina krt. 39.sz.) PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008. For more information, please refer to: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>). All rights reserved. This publication is exclusively owned by OTP Bank Plc., no part of this material can be reproduced, re-used or disseminated without the prior written consent of OTP Bank Plc.

If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to elemzes@otpbank.hu or writing a letter addressed to "Research Center" Hungary 1051, Budapest Nádor utca. 21. Please refer to your name and e-mail address in both cases.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to mihaela.neagu@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases