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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	14 514	↓ -0,17	↑ 0,81
S&P500	1 561	↓ -0,16	↑ 0,61
Nasdaq100	2 799	↓ -0,28	↓ -0,17
Russell2000	952	↓ -0,06	↑ 1,06
Stoxx600	297	↓ -0,36	↑ 0,64
DAX	8 043	↓ -0,19	↑ 0,71
FTSE 100	6 490	↓ -0,61	↑ 0,09
CAC40	3 844	↓ -0,71	↑ 0,10
ATX	2 496	↓ -0,65	↓ -2,05
IBEX35	8 619	↓ -0,45	↓ -0,10
Nikkei 225	12 221	↓ -2,71	↓ -1,04
Hang Seng	22 533	↓ -0,38	↓ -2,42
SSEC	2 278	↑ 0,36	↓ -1,73
SENSEX	19 428	↓ -0,73	↓ -1,30
RTS	1 538	↑ 0,13	↑ 0,36
Bovespa	56 869	↓ -0,72	↓ -2,68

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,2902	↓ -1,32	↓ -1,08
EUR/CHF	1,2194	↓ -0,66	↓ -1,30
USD/GBP	1,5106	↓ -0,05	↑ 1,30
USD/JPY	94,42	↓ -0,86	↓ -1,91
AUD/USD	1,0364	↓ -0,38	↑ 0,82
USD/CAD	1,0229	↑ 0,35	↓ -0,27

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	11,3	→ 0,0	↓ -1,3
EMBI+ Spread	287	↑ 12	↑ 30
CDS 5Y PIIS	226	↓ 0	↑ 5
CDS 5Y Italy	225	↓ -1	↑ 7
CDS 5Y Belg.	37	↑ 0	↓ -1
iTraxx 5Y EU	104,7	↑ 1	↑ 1
US TED Spread	19,0	↓ 0	↑ 0

Source: Reuters, OTP Research

Summary

- In Friday's unfavourable sentiment on key markets, both European and American indices sank into the red.
- Cyprus will receive EUR 10 billion bailout on condition of raising the corporate income tax. The Cypriot government is planning to impose a one-off duty of up to 10% on bank deposits.
- The United States published weaker-than-expected macroeconomic data.

Thursday's trading was fairly optimistic in Europe's and America's key markets. The key European benchmarks gained 0.7-1.1% in Thursday's trading. Across Europe, energy and banking stocks were the best performers. In the USA, indices advanced up to 1% on Thursday, with energy and telecom shares seeing the strongest growth.

On the last trading day of the week, the sentiment soured on major markets, owing to the weaker-than-expected US macroeconomic statistics and the eurozone finance ministers' negotiations about bailing out Cyprus. Europe's key benchmarks sank 0.2-0.6% on the last day of the week. The Paris index was weighed down by Vivendi's 3.3% plunge as the company scrapped plans to sell its Brazilian telecommunications operator. In Frankfurt, Volkswagen fell 2.6% on the back of media reports that Deutsche Bank was planning to place on the market worth EUR 914 million of the car manufacturer's preferred stocks. In London, Royal Dutch Shell stocks fell 1.4% as JP Morgan downgraded them from Hold to Underweight. The stocks of the BHP Billiton mining company weakened 1.5%.

The eurozone member states' finance ministers have agreed about the key elements of the bailout package for Cyprus: the country will gain access to EUR 10 billion. The key objective of the financial bailout package is to help the Cypriot banking system access capital, as it was severely hit by last year's partial write-down of the Greek debt. In return for the bailout package, Cyprus will materially (by 10 percentage points) increase its corporate income tax, and impose a one-off duty and interest tax on bank deposits. The tax rate will be 9.9% for deposits over EUR 100,000, and 6.75% for savings below that threshold.

Friday's sentiment was sour on US markets too: the Dow slipped 0.17%, the S&P sank 0.16%, and the Nasdaq dropped by 0.3%. The S&P's sector indices performed mixed: the utilities sub-index was the strongest one with 0.66% rise, while the financial sector upped by 0.31%. In what was the weakest performance, the cyclical consumer goods and the technology sub-indices dropped 0.45% and 0.4% respectively.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,24	↓ -2	↓ -2
US 10Y	1,91	↓ -13	↓ -14
JP 2Y	0,04	↓ 0	↔ 0
JP 10Y	0,62	↓ -1	↓ -4
GER 2Y	0,07	↑ 1	↓ -2
GER 10Y	1,48	↓ 0	↓ -3

CENTRAL BANKS' RATES

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,25	↔ 0,25	↔ 0,25
ECB Rate	0,75	↔ 0,75	↔ 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	0,38	↓ -1	↑ 0
US 5Y Swap	0,90	↓ -6	↓ -11
EUR 3M Euribor	0,20	↔ 0	↑ 0
EUR 2Y Swap	0,41	↓ -1	↓ -4
EUR 5Y Swap	0,90	↓ -1	↓ -6
GB 3M Libor	0,51	↔ 0	↔ 0
GB 2Y Swap	0,59	↓ 0	↓ -1
GB 5Y Swap	1,00	↓ 0	↓ -2
JP 3M Libor	0,16	↔ 0	↔ 0
JP 2Y Swap	0,20	↓ 0	↓ -1
JP 5Y Swap	0,27	↓ 0	↓ -2
CHF 3M Libor	0,02	↔ 0	↔ 0
CHF 2Y Swap	0,11	↓ 0	↔ 0
CHF 5Y Swap	0,45	↑ 1	↑ 1

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	108,5	↓ -1,17	↓ -1,52
Gold	1 598	↑ 0,40	↑ 1,12

Source: Reuters, OTP Research

In last week's EU summit in Brussels, José Manuel Barroso said that Portugal was given one extra year to meet its deficit target. The European Commission's president welcomed that Portugal was committed to resolving its public finances; adding that if the country misses the target, that could be only due to the deterioration in the external environment. This is not the first time for Portugal to be given extension. Last year it agreed with international organizations that the 3% deficit target would be reached in 2014, later than had been scheduled, but the outlook has worsened since then. The new target is 2015. In the current plans, the 2013 deficit may be at 5.5% (instead of the planned 4.5%), and the 2014 shortfall would be 2% (against the planned 4%).

On the last trading day of the week, a raft of macrodata was released in the United States. First, the February inflation statistics were published, which came in at 0.7% instead of 0.5%. According to the data breakdown, the increase can be explained chiefly with the significant increase in petrol prices, which grew by 9.1% since January.

The New York Fed manufacturing index decreased from 10 points to 9.2 points in March. The moderate decline suggests that the sector's players remain optimistic about the prospects. According to the detailed data, the assessment on sales outlook has deteriorated (the new orders sub-index dropped from 13.3 points to 8.2), while the labour market sub-indices paint an ambiguous picture.

After stagnating in January, US industrial production grew by 0.7% in February; analysts expected near-0.4% increase. The performance of both manufacturing and utilities improved in the second month of the year: factories boosted their production by 0.8%, and public utility companies enhanced by 1.6%. The January reading was revised to stagnation, from -0.1% drop.

In contrast with expectations, the University of Michigan's consumer confidence index dropped from 77.6 points to 71.8 in March. With regard to the favourable developments on the labour and capital markets, analysts had expected further improvement in consumer sentiment. Household's growing pessimism can be put down to the uncertainty surrounding the fiscal outlook and to the fresh austerity measures.

	COUNTRY	DATE		FACT	CONSENSUS	PREVIOUS
Thursday	EZ	Q4	Unemployment (yoy, %)	-0,8	-	-0,7
	US	weekly	Initial jobless claims (ths)	332,0	350,0	340,0
Friday	US	weekly	Continued jobless claims (ths)	3 024	3 100	3 094
	US	Feb	CPI (mom, %)	0,7	0,5	0,0
	US	Mar	NY Fed manufacturing index (point)	9,2	10,0	10,04
	US	Feb	Industrial output (mom, %)	0,7	0,4	-0,1
	US	Mar	Michigan University consumer confidence index (flash, point)	71,8	77,8	77,6
Monday	IT	Jan	Industrial output (yoy, %)		-5,6	-6,6

Source: Reuters, OTP Research

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