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# Daily Report – Global markets

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	15 699	↓ -0,94	↓ -1,14
S&P500	1 783	↓ -0,65	↓ -0,43
Nasdaq100	3 522	↓ -0,30	↑ 0,37
Russell2000	1 131	↓ -0,74	↑ 0,28
Stoxx600	323	↓ -0,25	↓ -0,69
DAX	9 306	↓ -0,71	↓ -0,91
FTSE 100	6 510	↓ -0,43	↓ -2,30
CAC40	4 166	↓ -0,34	↑ 0,10
ATX	2 560	↓ -0,86	↓ -2,55
IBEX35	9 920	↓ -0,44	↑ 0,52
Nikkei 225	14 619	↓ -1,98	↓ -2,58
Hang Seng	22 035	→ 0,00	↑ 0,27
SSEC	2 033	→ 0,00	↓ -0,01
SENSEX	20 359	↓ -0,76	↓ -1,68
RTS	1 301	↓ -1,51	↓ -4,62
Bovespa	47 639	↑ 0,84	↓ -0,31

**FX MARKET**

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3494	↑ 0,07	↓ -1,29
EUR/CHF	1,2217	↓ -0,02	↓ -0,31
USD/GBP	1,6432	↓ -0,32	↓ -0,92
USD/JPY	102,09	↑ 0,06	↓ -0,44
AUD/USD	0,8744	↓ -0,10	↑ 0,10
USD/CAD	1,1125	↓ -0,01	↑ 0,11

**RISK INDICATORS**

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	18,4	↑ 1,1	↑ 0,3
EMBI+ Spread	287	↓ -6	↓ -5
CDS 5Y PIIS	149	↑ 5	↑ 45
CDS 5Y Italy	147	↑ 6	↑ 13
CDS 5Y Belg.	28	↑ 1	↑ 3
iTraxx 5Y EU	81,4	↑ 1	↑ 9
US TED Spread	21,8	→ 0	↑ 2

Source: Reuters, OTP Research

**Summary**

- Western Europe's and America's key indices closed the last trading day of the week lower.
- In January 2014, the Footsie plunged 3.5%, the DAX fell 2.7%, while the S&P and the Dow saw their worst monthly performances in two years.
- Friday's publication of US macroeconomic data missed expectations.

The leading indices of Western Europe headed down on Friday again. The FTSE closed 0.4% lower than on Thursday; the London benchmark fell 3.5% this January, marking the heaviest monthly loss since June 2013. Its ailing may have had roots in anxiety about emerging markets. Companies that generate most of their revenue out of the UK showed the poorest performance. Unilever, with 57% of its net revenue earned in emerging economies, slipped 0.8%. Standard Chartered Plc., which receives about 88% of its income elsewhere than the UK or the USA, tumbled 1.6% on Friday. Neither did banking shares fare well: the RBS contracted by 2.1%, and Barclays retreated 0.9% on the last trading day of the week. Losing 2.7% in a month, the Frankfurt Stock Exchange had its worst January since 2010. The DAX slid 0.7% in Friday's session. The index was dragged down by Deutsche Bank and Commerzbank, which sank 2.8% and 2.4% respectively. Fresenius, the health care firm, shed 2.1% following a downgrade by Credit Suisse from Outperform to Neutral. E.On went up 1.4% on the back of news that JP Morgan lifted its rating on the energy giant's stocks from Neutral to Underweight. France's CAC40 declined 0.34%.

American indices opened with gains, but soon ran out of impetus, and closed the last trading day of the week with 0.5%-0.9% losses. Since 2012, this is the first time for US indices to close with losses for three weeks in a row. The underlying reason must have been a problem with emerging countries. This January, both the S&P, and the Dow showed their weakest monthly performances in two years: they slumped by 3.6% and by 5.3% respectively. Of the S&P's sector indices, utilities (+0.8%), and technology (+0.2%) could climb into the green on Friday. The weakest sector was cyclical consumer goods (-1.4%). Google (+4%) and Microsoft (+2.7%) excelled on Friday.

Today the Shanghai and the Hong Kong stock exchanges were closed for the Chinese New Year. On the remaining Asian stock markets, sellers gained the upper hand, thus indices slipped 0.5-2% in today's trading. The fragile sentiment did not benefit from the protests interrupting the Thailand elections in a number of constituencies. In addition, this morning's publication of China's services purchasing managers' index missed expectations. The PMI released by China's government fell to a five-year low of 53.4 points in January, down from 54.6 in December.

**GOV'T BOND MARKET**

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,34	↓ 0	↓ 0
US 10Y	2,67	↓ -3	↓ -5
JP 2Y	0,09	↓ 0	↓ 0
JP 10Y	0,62	↓ -1	↑ 0
GER 2Y	0,10	↓ -1	↓ -4
GER 10Y	1,70	↑ 7	↑ 2

**CENTRAL BANKS' RATES**

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,25	⇒ 0,25	⇒ 0,25
ECB Rate	0,25	⇒ 0,25	⇒ 0,25
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	0,24	↓ 0	↑ 0
US 2Y Swap	0,45	↑ 1	↓ -2
US 5Y Swap	1,60	↑ 3	↓ -6
EUR 3M Euribor	0,30	↓ 0	↓ 0
EUR 2Y Swap	0,42	↓ -1	↓ -7
EUR 5Y Swap	1,00	↓ -4	↓ -10
GB 3M Libor	0,52	↑ 0	↑ 0
GB 2Y Swap	0,94	⇒ 0	↓ -1
GB 5Y Swap	1,93	↓ 0	↓ -1
JP 3M Libor	0,14	↓ 0	↓ 0
JP 2Y Swap	0,19	↑ 0	↓ -1
JP 5Y Swap	0,32	↓ 0	↓ -1
CHF 3M Libor	0,02	↓ 0	↓ 0
CHF 2Y Swap	0,03	↓ -2	↓ -3
CHF 5Y Swap	0,46	↓ -2	↓ -8

**COMMODITIES**

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	106,4	↑ 0,01	↓ -0,26
Gold	1 246	↑ 0,23	↓ -0,84

Source: Reuters, OTP Research

In the first month of 2014, inflation continued to decelerate in the eurozone: CPI stood at the 0.7% YoY in January, down from 0.8% in December (analysts forecast 0.9%). The eurozone's unemployment stagnated at 12% in January.

The US personal consumption expenditure deflator accelerated to 1.1% YoY in December, up from 0.9% in November. Personal spending grew by 0.4%. Personal incomes' month/month index stayed flat in December; whereas analysts had expected 0.3% increase.

The University of Michigan's consumer sentiment index fell to 81.2 points in January, which translates into 1.3-point MoM drop.

On Friday night, after European and US market close, Moody's announced to cut Ukraine's government bond rating by one notch, from Caa1 to Caa2. The sustained negative outlook implies that further downgrade may follow. This is the worst sovereign debt rating in Europe, warning investors of extraordinary risks. Moody's rationale highlighted the significant economic and financial risks posed by the political crisis in Ukraine.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	JP	Jan	Manufacturing PMI (points)	56,6	-	55,2
	JP	Dec	Housing starts (yoy, %)	18,0	13,5	14,1
	DE	Dec	Retail sales (yoy, %)	-2,4	1,9	1,6
	EZ	Jan	HICP flash (yoy, %)	0,7	0,9	0,8
	EZ	Dec	Unemployment rate (%)	12,0	12,1	12,1
	US	Dec	Personal incomes (mom, %)	0,0	0,2	0,2
	US	Dec	Consumption, adjusted (mom, %)	0,2	0,2	0,5
	US	Jan	Chicago PMI (points)	59,6	59,0	59,1
	US	Jan	Michigan consumer sentiment, final (points)	81,2	81,0	81,4
	Monday	CN	Jan	Non-manufacturing PMI (point)	53,4	-
FR		Jan	Markit manufacturing BMI (final, point)	-	48,8	48,8
DE		Jan	Markit manufacturing BMI (final, point)	-	56,3	56,3
EZ		Jan	Markit manufacturing BMI (final, point)	-	53,9	53,9
US		Dec	Construction spending (mom, %)	-	0,2	1,0
US		Jan	ISM manufacturing PMI (final, point)	-	56,0	56,5
US		Jan	Markit manufacturing BMI (final, point)	-	-	63,7

Source: Reuters, OTP Research

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