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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 512	↑ 1,10	↓ -1,27
S&P500	2 019	↑ 1,34	↓ -1,24
Nasdaq100	4 142	↑ 1,28	↓ -1,69
Russell2000	1 177	↑ 1,90	↓ -0,29
Stoxx600	352	↑ 1,13	↑ 4,28
DAX	10 168	↑ 1,35	↑ 5,38
FTSE 100	6 550	↑ 0,79	↑ 0,76
CAC40	4 380	↑ 1,31	↑ 4,80
ATX	2 143	↑ 0,11	↓ -0,21
IBEX35	10 039	↑ 0,56	↑ 3,29
Nikkei 225	17 014	↑ 0,89	↓ -1,07
Hang Seng	23 626	↓ -1,98	↓ -1,67
SSEC	3 114	↓ -7,76	↓ -3,56
SENSEX	28 122	↑ 0,17	↓ -0,60
RTS	770	↑ 0,97	↓ -1,64
Bovespa	49 017	↑ 2,06	↑ 1,82

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1575	↑ 0,07	↓ -2,18
EUR/CHF	1,0032	↑ 1,21	↓ -16,46
USD/GBP	1,5148	↓ -0,22	↓ -0,15
USD/JPY	117,06	↓ -0,47	↓ -1,06
AUD/USD	0,8223	↓ -0,01	↑ 0,82
USD/CAD	1,1958	↓ -0,21	↓ -0,12

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	21,0	↓ -1,4	↑ 3,4
CDS 5Y PIIS	21	↓ -7,0	↓ -9,5
CDS 5Y Italy	95	↓ -9,3	↓ -13,0
CDS 5Y Belg.	104	↓ -1,2	↓ -1,2
iTraxx 5Y EU	37,2	↓ -0,8	↓ -3,5
US TED Spread	59,3	⇒ 0,0	↓ -0,2

Source: Reuters, OTP Research

Summary

- Following Thursday's slides, Europe's and the USA's stock markets corrected on Friday.
- The Swiss franc's continued firming led the EUR/CHF below parity by Friday night.
- On Friday evening, Moody's cut Russia's credit rating by one notch, with negative outlook.
- A mixed bag of macroeconomic data was released in the USA on Friday.

Following Thursday's slide, stock markets settled down on Friday, allowing indices to correct. On Friday, investors probably assumed after the Swiss national bank's move, the ECB might announce a large-scale asset purchase programme subsequent to this week's rate decision. In Friday's trading the DAX hit new all-time high, ending the day 1.4% higher. France's CAC40 went up 1.3%, while the Footsie upped 0.8%. Benefiting from a rise in oil prices, energy names fared well across Europe: BP rallied 5.3%, and Total advanced more than 3%.

Recovering from five consecutive days in the red, US indices finished with gains on Friday, largely owing to the higher oil price. The effects of Thursday's Swiss shock were no longer felt in the USA on Friday: the Dow rose by 1.1%, while the S&P and the Nasdaq both advanced 1.3%. Even with Friday's correction, US stock indices declined in week/week terms. All of the S&P's sector indices closed higher on Friday, with energy's 3.3% soaring being the nicest gain. Exxon Mobile and Chevron both advanced 2.4% on Friday. The financial sector's stocks also did well: Wells Fargo rose by 1.8%, JP Morgan added 1.7%, and the Bank of America increased by 1.2%. Goldman Sachs finished 0.7% in the red even though its quarterly figures were in line with expectations. The bank's Q4 earnings per share was USD 4.38 (beating expectations by 1.4%), while its revenue, at USD 7.6 billion, overshoot analysts' consensus by 0.7%. Compared with the same period a year earlier, its revenue grew by 12.5%, while EPS contracted by almost 5%.

On oil's market, buyers outnumbered sellers on Friday. Following Thursday's slump, WTI and Brent grew by 5.8% and 3.6% respectively.

In this morning's optimistic trading in Asia, the key indices ended in the green. The only exception was China, where the losses can be attributed to Chinese authorities' clamp down on speculative lending.

Currency markets were relatively calm on Friday, compared to Thursday. As the Swiss franc started to appreciate against the key currencies in the afternoon, the EUR/CHF sank below parity again. The cross was oscillating around 1 this morning.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,42	↓ -9	↓ -19
US 10Y	1,72	↓ -14	↓ -29
JP 2Y	-0,02	↑ 1	↓ 0
JP 10Y	0,24	↓ 0	↓ -5
GER 2Y	-0,15	↓ -4	↓ -5
GER 10Y	0,47	↑ 2	↓ -4

CENTRAL BANKS' RATES

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,25	↑ 0,5	↑ 1,00
ECB Rate	0,05	→ 0,05	→ 0,05
BOE Rate	0,50	→ 0,50	↑ 1,00
BOJ Rate	0,10	→ 0,10	→ 0,10
SNB Target	-0,75	↑ 0,00	↑ 0,00

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
US 3M Libor	0,25	↓ 0	↑ 0
US 2Y Swap	0,69	↓ 0	↓ -6
US 5Y Swap	1,41	↑ 1	↓ -8
EUR 3M Euribor	0,06	↓ -1	↓ -1
EUR 2Y Swap	0,10	↓ -1	↓ -6
EUR 5Y Swap	0,28	↑ 1	↓ -5
GB 3M Libor	0,56	↓ 0	↓ 0
GB 2Y Swap	0,00	↑ 4	↓ -3
GB 5Y Swap	1,26	↓ -6	↓ -6
JP 3M Libor	0,10	→ 0	↓ -1
JP 2Y Swap	0,10	↓ -3	↓ -3
JP 5Y Swap	0,15	↓ -6	↓ -6
CHF 3M Libor	-0,37	↓ -24	↓ -26
CHF 2Y Swap	-0,58	↓ -1	↓ -37
CHF 5Y Swap	-0,46	↑ 1	↓ -41

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	50,3	↑ 0,18	↑ 5,97
Gold	1 275	↓ -0,36	↑ 3,41

Source: Reuters, OTP Research

Fitch Ratings lowered its outlook on Greece's debt rating to negative, suggesting that a downgrade may follow. The rationale cited the increased risks surrounding Greece's creditworthiness, owing to the current political uncertainty in the country. Together with the deteriorated outlook, Fitch left the country's sovereign debt unchanged at the highly speculative "B" status.

On Friday Moody's cut Russia's credit rating by one notch, to Baa3/Prime 3, one step above junk level (from Baa2/Prime 2). Moody's assigned negative outlook to the new grade, suggesting that further downgrade may follow. Moody's said that the severe and simultaneous oil price and currency shocks further erode the Russian economy's already weak growth outlook.

In the USA, consumer prices dropped 0.4% month on month in December. In year on year terms, inflation still misses the Fed's medium-term target: In December 2014, consumer prices were 0.8% higher than in the December 2013. Core inflation (which excludes food and energy prices) did not change in month/month terms; it rose by 1.6% year on year.

In the USA, industrial production was 0.1% lower in December than in the previous month. The index without car sales dropped by 0.1%, after increasing 1.1% in November. Capacity utilization also decreased: it was 79.7% in the last month of 2014, down from 80% in November.

According to the preliminary data for January, the University of Michigan's consumer confidence index stood at 98.2, the highest since February 2004. The index of consumer expectations grew from December's final 86.4 to 108.3 in January. One-year inflation expectations sank to 2.4% in January, down from 2.8% in December; the five-year outlook remained the same as in December.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	DE	2014	Consumer prices, final (yoy, %)	0,2	0,2	0,2
	EZ	Dec	Consumer prices, final (yoy, %)	-0,2	-0,2	-0,2
	US	Dec	Consumer prices, NSA (yoy, %)	0,8	0,7	1,3
	US	Dec	Industrial output (mom, %)	-0,1	0,0	1,3
	US	Dec	Capacity utilization (%)	79,7	80,0	80,1
	US	Jan	Michigan consumer sentiment, prelim. (points)	98,2	94,1	93,6
Monday	JP	Nov	Industrial output (revised, yoy, %)	-0,5	-	-0,6
	EZ	Nov	Current account (monthly, bn EUR)		21,3	20,5

Source: Reuters, OTP Research

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