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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 640	↓ -0,34	↑ 1,51
S&P500	1 948	↓ -0,19	↑ 1,58
Nasdaq100	4 236	↓ -0,13	↑ 0,10
Russell2000	1 037	↑ 0,54	↑ 2,47
Stoxx600	332	↑ 1,53	↑ 1,58
DAX	9 513	↑ 1,95	↑ 1,33
FTSE 100	6 096	↑ 1,38	↑ 2,45
CAC40	4 315	↑ 1,56	↑ 2,17
ATX	2 146	↑ 1,22	↑ 0,99
IBEX35	8 349	↑ 1,63	↑ 1,89
Nikkei 225	16 027	↓ -1,00	↓ -0,52
Hang Seng	19 088	↓ -1,43	↓ -1,93
SSEC	2 665	↓ -3,70	↓ -8,96
SENSEX	23 004	↓ -0,65	↓ -0,60
RTS	757	↑ 1,60	↑ 4,33
Bovespa	41 593	↓ -0,70	↑ 0,12

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0931	↓ -0,82	↓ -0,76
EUR/CHF	1,0895	↓ -0,13	↓ -1,11
USD/GBP	1,3868	↓ -0,67	↓ -1,98
USD/JPY	112,92	↓ -0,94	↑ 0,01
AUD/USD	0,7127	↓ -0,01	↓ -1,32
USD/CAD	1,3527	↑ 0,13	↓ -1,30
USD/RUB	75,22	↓ -1,20	↑ 0,35

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	19,8	↑ 0,7	↓ -0,7
CDS 5Y PIIS	20	↓ -4,6	↓ -5,6
CDS 5Y Italy	136	↓ -3,4	↓ -3,1
CDS 5Y Belg.	126	↓ -0,1	↓ -2,0
iTraxx 5Y EU	34,5	↑ 3,0	↑ 2,7
US TED Spread	110,5	⇒ 0,0	↓ -0,3

Source: Reuters, OTP Research

Summary

- In Friday' supportive investor sentiment, Europe's major indices all posted gains.
- Trading in the USA lost impetus by Friday, when the key benchmarks closed in the red.
- The Q4 US GDP growth figure was raised by 1% in the second estimate.
- China's stock markets opened with massive losses today.

In Friday's benign trading sentiment in Europe, the FTSE advanced 1.4%, the DAX grew by 1.9, and the CAC40 closed 1.6% higher, largely benefiting from the increase in oil prices. Of the STOXX 600's sub-indices, oil and gas rose by 1.6% and commodities rallied about 4%. One of the reasons for the up move in oil prices may have been the announcement of Venezuela's oil minister about a planned meeting of the representatives of Russia, Saudi Arabia and Qatar in mid-March. As a result, Tullow Oil jumped 10.7% higher, Spain's Repsol skyrocketed 7.5%, and Italy's Eni surged 5.1%. Commodities' good performance helped big mining companies (Glencore, BHP Billiton and Rio Tinto) soar 3.7-6%. In the banking sector, the stocks of the RBS plunged 7%, as the management presented the annual earnings report. In the eighth consecutive year of operating in the red, the bank lost GBP 1.97 billion in 2015.

US markets also opened higher, but ran out of steam and slipped into the red by the close. The S&P's sector indices performed mixed on Friday: its strongest component, financial services, gained 2% and its weakest constituent, utilities contracted by 2.8%. The cheerfulness soured when the stronger-than-expected Q4 GDP reading was released, because the second estimate may have suggested to market players that the Fed would go on with the interest rate hikes. Lael Brainard, an FOMC member who has been cautious about interest rate hikes, tried to water down those concerns. Speaking at a conference on Friday afternoon, she pointed out that the external financial and economic shocks may lead to the Fed's keeping interest rates lower than many observers expect.

China's stock markets opened with huge losses, the Shanghai Composite slipped almost 3%, the Hang Seng dropped 1.6%, and Japan's stock indices ended 1% down. Many other markets of Asia closed in negative territory, as the CNY fell to its lowest since early February against the US dollar after the PBoC's guidance. This morning marked the fifth day in a row when the People's Bank of China lowered its reference exchange rate.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,80	↑ 6	↑ 6
US 10Y	1,76	↑ 3	↑ 1
JP 2Y	-0,22	↓ -3	↓ -2
JP 10Y	-0,06	↑ 0	↓ -7
GER 2Y	-0,53	↓ -2	↓ -1
GER 10Y	0,14	↓ -3	↓ -7

CENTRAL BANKS' RATES

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

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
US 3M Libor	0,64	↑ 0	↑ 2
US 2Y Swap	0,81	↓ -1	↑ 4
US 5Y Swap	1,12	↑ 1	↓ -2
EUR 3M Euribor	-0,20	↓ 0	↓ 0
EUR 2Y Swap	-0,19	↑ 0	↓ -1
EUR 5Y Swap	0,00	↓ -1	↓ -3
GB 3M Libor	0,59	↓ 0	↓ 0
GB 2Y Swap	0,71	↓ -3	↓ -3
GB 5Y Swap	0,87	↓ -5	↓ -13
JP 3M Libor	-0,01	↓ 0	↓ -1
JP 2Y Swap	-0,19	↓ -2	↓ -3
JP 5Y Swap	-0,15	↓ -2	↓ -3
CHF 3M Libor	-0,81	↓ 0	↓ -3
CHF 2Y Swap	-0,90	↑ 0	↓ -4
CHF 5Y Swap	-0,70	↑ 1	↓ -4

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	35,3	↑ 0,54	↑ 1,73
Gold	1 227	↑ 0,36	↑ 1,51

Source: Reuters, OTP Research

The US Department of Trade revised the preliminary estimate (0.7%) of Q4 GDP higher, to 1%. This figure surprised on the upside, as the market had expected slower growth (+0.4%). Even though the falling imports accelerated growth compared to the preliminary estimate, the personal consumption increase gauge was lowered to 2%, from 2.2%. This is a negative development because the most important engine of US economy is personal consumption. The heaviest weights were the shrinking exports (-2.7%) owing to the strong US dollar, and the contraction in investments (-1.9%) due to the low oil prices.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	JP	Jan	CPI (yoy, %)	0,0	-	0,2
	JP	Jan	Core CPI (yoy, %)	0,0	0,0	0,1
	FR	Jan	GDP (detailed, qoq, %)	0,3	0,2	0,2
	DE	Feb	CPI (yoy, %)	0,0	0,1	0,5
	EZ	Feb	Economic Sentiment (point)	103,8	104,4	105,0
	US	Q4	GDP (second estimate, qoq, %)	1,0	0,4	0,7
	US	Jan	PCE Price Index (%)	0,1	-	-0,1
	US	Jan	Core PCE Price Index (%)	1,3	-	0,6
	US	Jan	Personal Consumption (mom, %)	0,4	-	0,1
	US	Jan	Personal Income (mom, %)	0,5	0,4	0,3
Monday	JP	Jan	Industrial output (previous, mom, %)	3,7	3,3	-1,7
	DE	Jan	Retail sales (mom, %)	0,7	0,2	-0,2
	EZ	Feb	CPI (prelim, yoy, %)		0,0	0,3
	US	Feb	Chicago PMI (point)		53,0	55,6
	US	Jan	Pending home sales (mom, %)		0,5	0,1

Source: Reuters, OTP Research

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