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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 252	↑ 0,13	↑ 1,69
S&P500	2 016	↓ -0,18	↑ 1,85
Nasdaq100	4 367	↓ -0,01	↑ 2,38
Russell2000	1 067	↓ -1,62	↓ -0,57
Stoxx600	341	↓ -1,10	↑ 1,00
DAX	9 934	↓ -0,56	↑ 2,49
FTSE 100	6 140	↓ -0,56	↑ 0,24
CAC40	4 473	↓ -0,75	↑ 1,56
ATX	2 299	↓ -1,07	↑ 2,76
IBEX35	8 988	↓ -1,69	↑ 2,84
Nikkei 225	16 974	↓ -0,83	↑ 2,00
Hang Seng	20 219	↓ -0,34	↑ 1,11
SSEC	2 871	↑ 0,22	↑ 0,28
SENSEX	24 388	↓ -0,66	↓ -0,60
RTS	822	↓ -1,07	↓ -2,10
Bovespa	47 130	↓ -3,56	↓ -4,02

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1108	↑ 0,04	↑ 0,84
EUR/CHF	1,0962	↑ 0,05	↓ -0,12
USD/GBP	1,4151	↓ -1,04	↓ -0,45
USD/JPY	113,39	↑ 0,19	↑ 0,07
AUD/USD	0,7451	↓ -0,07	↓ -0,45
USD/CAD	1,3360	↑ 0,05	↑ 0,84
USD/RUB	70,84	↓ -0,05	↓ -0,36

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	16,8	↓ -0,1	↓ -1,8
CDS 5Y PIIS	17	↑ 1,3	↓ -12,0
CDS 5Y Italy	107	↑ 3,3	↓ -14,3
CDS 5Y Belg.	100	↑ 0,0	↓ -0,4
iTraxx 5Y EU	34,2	↓ -11,6	↓ -20,4
US TED Spread	71,7	⇒ 0,0	↓ -2,2

Source: Reuters, OTP Research

Summary

- Stock markets opened the week on a strong note on both sides of the Atlantic, but ran out of steam on Tuesday, when they closed mostly in the red.
- The Fed Chair's press conference will end the two-day FOMC meeting today.

The key indices of Europe and America closed with gains on Friday. The buy side benefited from the ECB's continued monetary easing and from the higher oil prices. The benign sentiment persisted in Monday's trading, even though in Sunday's regional elections in Germany Angela Merkel's party could win only in one of three states, while the AfD party, with its anti-immigrant campaign, gained more than 10% in all places.

Europe's stock markets opened with slight losses on Tuesday, reflecting the drop in commodity prices and the decline in Asia's stock indices. On Tuesday morning the Bank of Japan left its monetary policy unchanged as expected, but it lowered its forecasts on the country's economy. These developments added to risk aversion. Europe's leading markets sank 1.7-2.3% into the red. Mining companies dived 4.2-6.7% again. Hennes & Mauritz fell 3.3% as its February sales figures missed expectations. Volkswagen reversed 3% on Tuesday, on the back of news that institutional investors sue the carmaker for EUR 3.3 billion owing to the diesel scandal.

The leading US indices opened with losses on Tuesday but as risk aversion abated by the end of trading, indices closed mixed. Six out of the S&P's 11 sector indices sank into the red and five ended higher. The real property sub-index was the best performer, gaining almost 0.7%, while healthcare was the weakest one (-1.6%). Apple fared well on Tuesday – the tech giant's 2% rally could have benefited from Morgan Stanley's view that demand for iPhones in Q4 may have been bigger than had been thought. Valeant, the Canadian pharmaceutical company said on Tuesday that failing to submit their report to the SEC (Securities Exchange Commission) by 29 April could lead to bankruptcy filing. It also slashed its revenue and profit forecasts for Q1 2016; the stock price closed 51.5% down.

Asia's key indices closed with losses this morning. They failed to climb into positive territory even though China's Premier Li Keqiang refuted hard landing fears.

Oil prices slipped on Tuesday: the WTI closed 1.7% lower, and the Brent ended the day 2% down.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,97	↑ 1	↑ 10
US 10Y	1,97	↑ 1	↑ 14
JP 2Y	-0,14	↑ 3	↑ 8
JP 10Y	0,00	↑ 5	↑ 9
GER 2Y	-0,46	↓ -1	↑ 9
GER 10Y	0,29	↑ 2	↑ 8

CENTRAL BANKS' RATES

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,5	↑ 0,75	↑ 1,25
ECB Rate	0,00	↑ 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	↑ 0
US 2Y Swap	1,00	↓ -1	↑ 7
US 5Y Swap	1,39	↓ 0	↑ 11
EUR 3M Euribor	-0,23	↓ 0	↓ -1
EUR 2Y Swap	-0,15	↓ -1	↑ 5
EUR 5Y Swap	0,08	↑ 1	↑ 6
GB 3M Libor	0,59	→ 0	↑ 0
GB 2Y Swap	0,83	↓ -1	↑ 4
GB 5Y Swap	1,08	↓ -2	↑ 11
JP 3M Libor	0,00	→ 0	↑ 1
JP 2Y Swap	-0,11	↓ -3	↑ 4
JP 5Y Swap	-0,08	↓ -5	↑ 2
CHF 3M Libor	-0,75	↑ 3	↑ 4
CHF 2Y Swap	-0,76	↓ -3	↑ 10
CHF 5Y Swap	-0,57	→ 0	↑ 13

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	39,2	↑ 1,08	↓ -4,65
Gold	1 234	↑ 0,14	↓ -1,51

Source: Reuters, OTP Research

In February, US retail sales fell less than had been thought, but the January figure was significantly revised down. The February turnover shrank by 0.1%, largely owing to a 4% fall in fuel prices.

This evening the Fed's two-day meeting will end with Chair Janet Yellen's press conference. The rate hike started in December is not expected to continue, but the future of interest rate path may cause excitement. Today the Fed will publish its most recent economic forecasts. Accordingly, investors may adopt a wait-and-see approach today.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	DE	Jan	CPI (%)	0,0	0,0	0,0
	PL	Mar	Base Rate (%)	1,5	1,5	1,5
Monday	EZ	Jan	Industrial output (mom, %)	2,1	1,7	-1,0
Tuesday	JP	Mar	Base Rate (%)	-0,1	-0,1	-0,1
	US	Feb	New York Fed Manufacturing PMI (point)	0,6	-10,0	-16,6
	US	Feb	Retail sales (mom, %)	-0,1	-0,2	0,2
	US	Jan	Business inventories (mom, %)	0,1	0,0	0,1
	Wednesday	UK	Jan	Unemployment rate (%)		5,1
	US	Feb	CPI (yoy, %)		0,9	1,4
	US	Feb	Housing starts number (monthly, '000)		1150	1099
	US	Feb	Building permits (monthly, '000)		1 200	1 204
	US	Feb	Industrial output (mom, %)		-0,3	0,9
	US	Mar	Rate decision (%)		0,375	0,375

Source: Reuters, OTP Research

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