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## Daily Report – Global Markets

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 326	↑ 0,43	↑ 1,91
S&P500	2 027	↑ 0,56	↑ 1,91
Nasdaq100	4 404	↑ 0,85	↑ 2,58
Russell2000	1 075	↑ 0,73	↑ 0,99
Stoxx600	341	↑ 0,04	↑ 0,55
DAX	9 983	↑ 0,50	↑ 2,68
FTSE 100	6 175	↑ 0,58	↑ 0,47
CAC40	4 463	↓ -0,22	↑ 0,84
ATX	2 300	↑ 0,04	↑ 2,30
IBEX35	8 963	↓ -0,28	↑ 2,30
Nikkei 225	16 936	↓ -0,22	↑ 0,50
Hang Seng	20 466	↑ 1,03	↑ 2,41
SSEC	2 895	↑ 0,87	↑ 3,23
SENSEX	24 819	↑ 0,55	↓ -0,60
RTS	836	↑ 1,74	↑ 0,04
Bovespa	47 763	↑ 1,34	↓ -1,85

**FX MARKET**

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1222	↑ 1,02	↑ 0,46
EUR/CHF	1,0963	↑ 0,01	↓ -0,22
USD/GBP	1,4257	↑ 0,75	↓ -0,13
USD/JPY	112,12	↓ -0,40	↓ -0,94
AUD/USD	0,7595	↑ 0,62	↑ 1,93
USD/CAD	1,3086	↓ -0,07	↓ -1,93
USD/RUB	69,25	↑ 0,02	↓ -3,10

**RISK INDICATORS**

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	15,0	↓ -1,9	↓ -3,4
CDS 5Y PIIS	15	↑ 1,2	↓ -12,6
CDS 5Y Italy	106	↑ 4,7	↓ -13,0
CDS 5Y Belg.	101	↓ -0,4	↓ -0,8
iTraxx 5Y EU	33,8	↑ 3,9	↓ -14,4
US TED Spread	75,6	⇒ 0,0	↓ -0,8

Source: Reuters, OTP Research

**Summary**

- The Fed's March meeting has left the key policy rate unchanged (at 0.25 to 0.5%).
- US indices closed with modest gains yesterday.
- The Brent's price has exceeded USD 40.

Wednesday's most important, market-moving event was the Fed's policy meeting, which left the benchmark interest rate (0.25-0.5%) on hold, as it had been expected. Policymakers lowered their expectations for the number of rate hikes, anticipating only two (instead of four) increases in 2016; but there is no change in the forecasts for 2017 and 2018 (four hikes, by 25 bp each time). At the subsequent press conference, Fed Chair Janet Yellen said that US labour market conditions have improved a lot, but there is still room for progress. Regarding inflation, the low oil prices and the strong dollar are seen as the most important downward risks to it. As to global developments, the slowing of China's growth pace did not really surprise the Fed, but the ailing expansion in Japan and Europe is a concern for the Fed. During Janet Yellen's most recent testimony at congress, the possibility of negative interest rates was mentioned at a number of times, but yesterday she said this option was not considered at this point, because it was not needed.

US markets were directionless in early trading, as investors waited for the Fed decision. Following the Fed's statement and press conference, buyers showed up, helping America's major indices close higher. The Dow upped by 0.4%, the S&P500 rose by 0.6%, the NASDAQ100 added 0.9%, and the Russel2000 advanced 0.7%. The Dow's strongest component, Caterpillar rallied 2.6%.

The talks about the merger of the London Stock Exchange and Deutsche Börse have ended with an agreement. This would create the largest stock exchange in Europe, with the combined market capitalization exceeding USD 30 billion.

On the key equity markets of Western Europe, indices fell until mid-afternoon, when buyers appeared before market close, lifting the DAX and FTSE100 by 0.5% and 0.6% respectively, but leaving the CAC40 0.2% in the red. The winners of the day were Bayerische Motoren Werke (+3.86%) in Germany, and Compagnie Generale DES Etablissements Michelin SCA (+2.85%) in France.

China's Shanghai Composite ended with 1.2% gain this morning, while Japan's Nikkei 225 edged down 0.2%. In Hong Kong, the Hang Seng was seen 1% higher just before the close.

After the policy decision, the US dollar weakened a lot versus the euro (-1%) and the Japanese yen (-0.4%).

Crude oil prices ground higher throughout Wednesday, with the Brent nearing 41 USD/barrel by the close.

GOV'T BOND MARKET				
	Yield (%)	Daily chg (bp)	Weekly chg (bp)	
US 2Y	0,86	↓ -12	↓ -3	
US 10Y	1,91	↓ -6	↑ 3	
JP 2Y	-0,18	↓ -4	↑ 1	
JP 10Y	-0,06	↓ -6	↓ -3	
GER 2Y	-0,45	↑ 1	↑ 11	
GER 10Y	0,31	↑ 2	↑ 10	

  

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	0,00	↑ 0	↑ 1	
US 2Y Swap	0,85	↓ -6	↓ -11	
US 5Y Swap	1,26	↓ -3	↓ -7	
EUR 3M Euribor	-0,23	↓ 0	↓ -1	
EUR 2Y Swap	-0,14	↑ 2	↑ 2	
EUR 5Y Swap	0,06	↓ -2	↓ 0	
GB 3M Libor	0,00	↑ 0	↑ 1	
GB 2Y Swap	0,84	↑ 1	↑ 1	
GB 5Y Swap	1,09	↑ 1	↑ 7	
JP 3M Libor	0,00	↑ 0	↑ 1	
JP 2Y Swap	-0,11	↓ -1	↑ 1	
JP 5Y Swap	-0,08	↓ -2	↓ -1	
CHF 3M Libor	0,00	→ 0	↑ 4	
CHF 2Y Swap	-0,72	↑ 4	↑ 15	
CHF 5Y Swap	0,00	↑ 1	↑ 11	

  

COMMODITIES				
	Close	Daily chg. (%)	Weekly chg. (%)	
Oil Brent	40,5	↑ 0,42	↑ 1,12	
Gold	1 259	↓ -0,33	↓ -0,98	

Source: Reuters, OTP Research

The US consumer price index for February was published yesterday, showing a stronger-than-expected 1% price increase in year/year comparison. Core consumer prices grew by 2.3% in February (year/year), while the recent months' annualized month/month indices are consistent with near-3% core inflation.

The US industrial production figure for February, also released yesterday, indicates 0.5% month/month contraction. This was the fourth time in six months for the index to sink into negative territory.

The eurozone is to publish today the final year/year inflation figures for February, which is expected to remain in negative territory.

In the United Kingdom, the BoE will hold its policy meeting today. Analysts do not expect it to change the benchmark rate.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS	
Wednesday	UK	Jan	Unemployment rate (%)	5,1	5,1	5,1	
	US	Feb	CPI (yoy, %)	1,0	0,9	1,4	
	US	Feb	Core CPI (yoy, %)	2,3	2,2	2,2	
	US	Feb	Housing starts number (monthly, '000)	1 178	1 150	1 099	
	US	Feb	Building permits (monthly, '000)	1 167	1 200	1 204	
	US	Feb	Industrial output (mom, %)	-0,5	-0,3	0,9	
	US	Mar	Rate decision (%)	0,25-0,5	0,25-0,5	0,25-0,5	
	Thursday	EZ	Feb	CPI (final, yoy, %)		-0,2	-0,2
		UK	Mar	Bank Rate (%)		0,5	0,5
US		Feb	Leading index (mom, %)		0,2	-0,2	

Source: Reuters, OTP Research

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