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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 445	↓ -0,11	↑ 0,02
S&P500	1 838	↑ 0,03	↑ 0,34
Nasdaq100	3 553	↓ -0,42	↑ 0,39
Russell2000	1 158	↑ 0,08	↑ 0,20
Stoxx600	328	↓ -0,41	↑ 0,79
DAX	9 422	↓ -0,80	↑ 0,23
FTSE 100	6 691	↓ -0,45	↓ -0,40
CAC40	4 225	↓ -0,84	↓ -0,05
ATX	2 673	↑ 0,15	↑ 5,51
IBEX35	10 234	↓ -0,19	↑ 4,86
Nikkei 225	15 912	↑ 0,20	↑ 0,02
Hang Seng	22 861	↑ 0,32	↑ 0,19
SSEC	2 013	↓ -0,73	↓ -3,37
SENSEX	20 856	↑ 0,69	↑ 0,02
RTS	1 389	↓ -0,11	↑ 0,04
Bovespa	49 322	↓ -2,48	↓ -2,03

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3613	↑ 0,05	↑ 0,19
EUR/CHF	1,2346	↑ 0,05	↑ 0,37
USD/GBP	1,6479	↑ 0,19	↑ 0,40
USD/JPY	104,95	↑ 0,12	↑ 0,12
AUD/USD	0,8899	↑ 0,04	↓ -0,49
USD/CAD	1,0843	↑ 0,06	↑ 1,98

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	12,9	↑ 0,0	↓ -1,3
EMBI+ Spread	287	↓ -6	↓ -5
CDS 5Y PIIS	142	↓ -2	↓ -27
CDS 5Y Italy	125	↑ 2	↓ -17
CDS 5Y Belg.	25	↓ 0	↓ -3
iTraxx 5Y EU	70,2	↑ 1	↑ 1
US TED Spread	20,0	→ 0	↑ 2

Source: Reuters, OTP Research

Summary

- Mario Draghi's words after the ECB's rate decision have discouraged European investors.
- US indices moved mixed; investors waited to see what today's December employment report holds.
- Alcoa's earnings report, which caused disappointment, marked the beginning of the quarterly reporting season in the USA.

The most important stock market indices declined in Europe and made slight gains in the USA on Thursday. Draghi reiterated his position that the ECB was prepared to keep interest rates at low levels, but it would be too early to say that the eurozone's economy is out of the woods. The Stoxx600 index lost 0.4% of its value, the FTSE dropped by 0.5%, the DAX and the CAC40 closed 0.8% lower each. A major loser of the day was Standard Chartered and WM Morrison in London, falling 2.2% and 7.8% respectively. The bank suffered from the stepping down of two board members, while Britain's fourth largest supermarket chain made an announcement suggesting that its profits may miss expectations. The winners of the day included TGS, Norway's geological expert on undersea oil and gas fields, which skyrocketed 17% on the back of more favourable profit forecast, and Finland's Waertsilae engine manufacturer, benefiting 11% from a buying offer from Rolls-Royce. The ECB's cautious and restrained references to the rather slow recovery of economic growth have diminished investors' risk appetite.

US indices hardly changed yesterday; investors waited to see what Friday's release of employment statistics for December hold for them. Telecommunications and commodity companies saw the heaviest losses; analysts had forecast stagnant unemployment rate and a slowing growth in employment numbers. Alcoa, traditionally the first company to publish its quarterly earnings, caused disappointment, and investors slashed its share price by 4.2%. Half of the S&P500's industrial indices (five in ten) fell yesterday, with the technology sector seeing the heaviest loss (-1.9%). AT&T and Verizon plunged around 2% each, the latter was the Dow's weakest performer. Yesterday Twitter fell almost 4%, thus its YTD losses have reached 17%. Retail chains fared mixed: some of them fell because of the weaker-than-before profit forecast, while Macy's (+7.6%) and JC Penney (+3.7%) benefited from the improving outlook. In all probability, US December employment report will be in the limelight today, both in the USA and in Europe.

Asian markets closed mixed this morning, Nikkei slightly firmed, while South Korea's Kospi index slid. The Chinese indices that were still open when Japan's stock market closed, also moved mixed: Shanghai closed -0.8% lower, and Hong Kong was at +0.3%.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,43	↑	1	↑	5
US 10Y	2,97	↓	-1	↓	-1
JP 2Y	0,10	↓	0	↑	10
JP 10Y	0,70	↓	-1	↑	70
GER 2Y	0,24	↑	1	↓	0
GER 10Y	1,91	↑	1	↓	-6

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	0,52	↓	-1	↑	3
US 5Y Swap	1,81	↑	1	↑	5
EUR 3M Euribor	0,28	↑	0	↓	0
EUR 2Y Swap	0,53	↓	0	↑	1
EUR 5Y Swap	1,25	↓	-1	↑	1
GB 3M Libor	0,52	→	0	↓	0
GB 2Y Swap	0,98	→	0	↑	0
GB 5Y Swap	2,07	↓	-1	↓	-1
JP 3M Libor	0,15	↓	0	↓	0
JP 2Y Swap	0,20	↓	-1	↑	0
JP 5Y Swap	0,36	↓	-1	↓	-1
CHF 3M Libor	0,02	→	0	→	0
CHF 2Y Swap	0,12	↓	-1	↑	0
CHF 5Y Swap	0,67	↓	-1	↓	-3

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	106,9	↑	0,44	↓	-0,03
Gold	1 234	↑	0,51	↓	-0,19

Source: Reuters, OTP Research

In its first meeting in 2014, the ECB left its benchmark rate flat at 0.25%, in line with analysts' expectations. The Bank of England did not change its policy rate (0.5%) and it also left its GBP 375 billion bond purchase programme in place.

The weekly unemployment statistics were somewhat better than had been thought: initial jobless claims declined to 349,000 in the first week of January in the USA. According to ADP's monthly report, the number of employed people grew by 238,000 in December, the highest reading since November 2012.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	CN	Dec	CPI (mom, %)	0,3	2,7	3,0
	CN	Dec	PPI (yoy, %)	-1,4	-1,3	-1,4
	DE	Nov	Industrial output (mom, %)	2	1,5	-1,2
	GB	Jan	BoE Rate decision (%)	0,5	0,5	0,5
	EZ	Jan	ECB Rate decision (%)	0,3	0,25	0,25
	US	weekly	Initial jobless claims ('000)	349	335	358
	US	weekly	Continued jobless claims	2 865	2 840	2 833
	Friday	EZ	Q3	GDP (revised, yoy)		-0,4
GB		Nov	Industrial output (yoy, %)		3,1	3,2
GB		Nov	Manufactural output (yoy, %)		3,3	2,7
US		Dec	Non-farm payroll ('000)		196	203
US		Dec	Unemployment rate (%)		7,0	7,0
US		Nov	Wholesale inventories (%)		0,4	1,4

Source: Reuters, OTP Research

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