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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	15 879	↓ -1,96	↓ -3,52
S&P500	1 790	↓ -2,09	↓ -2,63
Nasdaq100	3 541	↓ -2,00	↓ -1,39
Russell2000	1 144	↓ -2,41	↓ -2,08
Stoxx600	325	↓ -2,39	↓ -3,30
DAX	9 392	↓ -2,48	↓ -3,60
FTSE 100	6 664	↓ -1,62	↓ -2,42
CAC40	4 161	↓ -2,79	↓ -3,84
ATX	2 627	↓ -2,00	↓ -3,50
IBEX35	9 869	↓ -3,64	↓ -5,70
Nikkei 225	15 006	↓ -2,51	↓ -4,07
Hang Seng	22 002	↓ -2,00	↓ -4,04
SSEC	2 033	↓ -1,03	↑ 2,10
SENSEX	20 794	↓ -1,60	↓ -1,94
RTS	1 364	↓ -1,27	↓ -2,27
Bovespa	47 787	↓ -1,10	↓ -2,84

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3677	↑ 0,01	↑ 0,94
EUR/CHF	1,2251	↑ 0,18	↓ -0,66
USD/GBP	1,6481	↓ -0,93	↑ 0,32
USD/JPY	102,57	↑ 0,28	↓ -1,53
AUD/USD	0,8727	↑ 0,53	↓ -0,93
USD/CAD	1,1052	↓ -0,32	↑ 0,99

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	18,1	↑ 4,4	↑ 5,6
EMBI+ Spread	287	↓ -6	↓ -5
CDS 5Y PIIS	109	↑ 10	↑ 5
CDS 5Y Italy	140	↑ 16	↑ 15
CDS 5Y Belg.	27	↑ 2	↑ 2
iTraxx 5Y EU	84,1	↑ 9	↑ 14
US TED Spread	19,4	→ 0	↓ -1

Source: Reuters, OTP Research

Summary

- The selling pressure, which has been escalating for days on global equity markets, did not ease on Friday; all major indices in Europe and America closed in the red.
- Investors' pessimism did not lessen in Asian trading. The key benchmarks in the Far East closed at least 1.5% lower.

The selling pressure, which has been intensifying on global equity markets for several days, did not ease on Friday. The weaker-than-expected business cycle index from China has set the stage for the losses. The drastic fall in risk appetite was exacerbated by the Turkish lira's and the Argentine peso's nose-dives. The fragile sentiment did not benefit from the political crisis in Ukraine, as the clashes between anti-government protestors and armed forces continue at Hungary's eastern neighbour.

In Europe, the periphery countries' markets were hit the hardest by the selling pressure, which has been escalating for several days: Milan's FTSE-MIB slipped by 2.3%, Madrid's IBEX plummeted 3.6%, and Athens' ASE index slumped 3.2%. The London stock exchange closed Friday's session 1.6% lower, Frankfurt shed 2.5%, and Paris fell 2.8%.

Investors did not favour US markets either: the Dow slipped 1.9%, the Nasdaq and the S&P both contracted by 2% on Friday. The Dow has not seen such a loss since June 2013. The S&P's sector indices ended Friday's trading with near-2% decline: the 3% fall made industry the weakest sector. Among blue chips, Microsoft and Procter&Gamble bucked the general market trend: they advanced 2% and 1.2% respectively. Both stocks benefited from better-than-expected quarterly reports. On the other hand, most banking shares did not fare well: the Bank of America and JP Morgan depreciated by 2.4% each, while Morgan Stanley's stock lost 3.3% of its value.

Pessimism prevailed in this morning's Asian session; most of the Far East's key indices closed more than 1.5% lower. Japan's two stock indices were the weakest ones, the Nikkei declined by 2.5%, and the TOPIX plunged almost 3% in today's trading. The Japanese benchmarks' rather weak performance stemmed from the pessimistic investment sentiment and a weaker-than-expected macroeconomic reading: in contrast with expectations, Japan's trade deficit swelled last month, while its exports grew by less than forecast.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,34	↓	-2	↓	-5
US 10Y	2,72	↓	-7	↓	-13
JP 2Y	0,09	↓	-1	↓	0
JP 10Y	0,62	↓	-2	↓	-6
GER 2Y	0,14	↓	-3	↓	-5
GER 10Y	1,68	↓	-7	↓	-10

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	0,49	↑	1	→	0
US 5Y Swap	1,66	↑	2	↓	-3
EUR 3M Euribor	0,30	→	0	↓	0
EUR 2Y Swap	0,48	↑	1	↓	-1
EUR 5Y Swap	1,08	↓	-2	↓	-4
GB 3M Libor	0,52	↓	0	↑	0
GB 2Y Swap	0,99	→	0	↓	-1
GB 5Y Swap	1,98	↑	2	↓	-2
JP 3M Libor	0,14	→	0	→	0
JP 2Y Swap	0,19	↑	1	↓	-1
JP 5Y Swap	0,33	↑	2	↓	-2
CHF 3M Libor	0,02	↓	0	↓	0
CHF 2Y Swap	0,06	↑	1	↓	-4
CHF 5Y Swap	0,53	↑	1	↓	-8

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	107,7	↓	-0,21	↑	1,22
Gold	1 268	↓	-0,01	↑	1,22

Source: Reuters, OTP Research

Investors' sentiment is unlikely to improve significantly in the days to come. The existing political crises (Ukraine, Turkey, Argentine, and Thailand) are yet to be resolved. Furthermore, the Fed's two-day meeting will start on Tuesday, when it may decide to further scale back its monetary stimulus programme. The USA's Q4 GDP reading will be out on Thursday; analysts expect 3% growth.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday			No data			
	DE	Jan	Ifo business climate index (point)	110,0		109,5
	US	Jan	Markit Services PMI (flash, point)	-		55,7
	US	Dec	New home sales units (million pieces)	0,458		0,464

Source: Reuters, OTP Research

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