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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 273	↑ 0,46	↑ 0,86
S&P500	1 854	↑ 0,49	↑ 0,79
Nasdaq100	3 700	↑ 0,63	↑ 1,02
Russell2000	1 188	↑ 0,53	↑ 2,00
Stoxx600	337	↓ -0,15	↑ 0,73
DAX	9 588	↓ -0,76	↓ -0,32
FTSE 100	6 810	↑ 0,16	↓ -0,04
CAC40	4 396	↓ -0,01	↑ 0,94
ATX	2 643	↓ -1,28	↑ 0,13
IBEX35	10 164	↓ -0,59	↑ 1,01
Nikkei 225	14 841	↓ -0,55	↓ -0,17
Hang Seng	22 862	↑ 0,15	↑ 2,44
SSEC	2 056	↑ 0,44	↓ -2,72
SENSEX	21 059	↑ 0,44	↓ -2,72
RTS	1 261	↓ -1,95	↓ -3,24
Bovespa	47 607	↑ 2,16	↑ 0,67

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3717	↑ 0,07	↓ -0,15
EUR/CHF	1,2173	↓ -0,02	↓ -0,14
USD/GBP	1,6686	↑ 0,08	↑ 0,43
USD/JPY	101,78	↓ -0,32	↓ -0,72
AUD/USD	0,8959	↓ -0,02	↓ -0,17
USD/CAD	1,1121	↑ 0,03	↑ 0,11

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	14,0	↓ -0,3	↓ -0,8
CDS 5Y PIIS	14	↓ 0	↓ -1
CDS 5Y Italy	126	↑ 1	↓ -7
CDS 5Y Belg.	127	↑ 5	↓ -1
iTraxx 5Y EU	26,8	↓ 0	↓ -1
US TED Spread	72,2	↓ 0	↑ 0

Source: Reuters, OTP Research

Summary

- The better-than-expected statistics on durable goods orders gave an impetus to US markets.
- The events in Ukraine caused concern in Europe, and kept banking shares under pressure.
- Ukraine's central bank has adopted a floating exchange rate and the country launched talks with the IMF about a USD 15 billion bailout.

American indices picked up, partly owing to the surprisingly helpful durable goods orders data, and in part benefiting from Janet Yellen's testimony to Senate. The Fed chair said that if US economy showed signs of weakness, the central bank is prepared to change tack in phasing out its asset purchase programme. Both the S&P and the Dow rose by 0.5% on Thursday, with the former breaking new record. Of the S&P's sector indices, telecommunications saw the biggest gain. Verizon advanced 2.5%, following a Buy recommendation from Morgan Stanley's analyst. Retail companies fared well too: J.C. Penney rallied 25% after posting an earnings report forecasting near-5% revenue growth and significantly improving gross margin in 2014. Sears added 6.5% yesterday, following a report on shrinking losses. Small caps also increased on Thursday, lifting the Russell 2000 Index by 0.5% and the S&P Midcap 400 Index by 0.3%.

In Europe, the developments in Ukraine added to investors' fears. Neither did America publish news that could have given impetus to buyers. Eleven of 18 European benchmarks slid yesterday. The Footsie slightly rose despite the Royal Bank of Scotland's 7.7% nosedive, following a report on the biggest losses since the government bailed it out in 2008. Germany's Allianz was 2.3% down. Man Group, the largest hedge fund listed on the stock exchange, jumped by 14%, after reports on 3% increase in assets in the last quarter of 2013, and on plans to buy back stocks worth USD 115 mn.

In Asia, Nikkei closed lower this morning as yesterday's release of better-than-expected macroeconomic data was followed by disappointing statistics on housing starts.

The situation in Ukraine has become rather acute and is affecting the economy, while the events on the Crimean peninsula (the Crimean parliament announced referendum about the expansion of autonomy for 25 May) have exacerbated the political crisis. The currency reserves shrank to USD 15 billion, subsequent to the National Bank of Ukraine's efforts to keep the UAH within the range. Since 6 February, the Ukrainian hryvnia has been devaluated by 15% and capital controls have been launched. To resolve the situation, the central bank decided to adopt a floating exchange rate system. Although its exact timing is not known, the UAH lost 19% of its value against the dollar in recent days. The Ukrainian currency has depreciated by one third since the beginning of this year. According to Bloomberg's reports, Ukraine's new government contacted the IMF on its first day in office and is in talks about a 15-billion-dollar aid.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,32	↑	0	↑	0
US 10Y	2,65	↓	-3	↓	-11
JP 2Y	0,07	↓	-1	↓	-1
JP 10Y	0,60	↑	1	↑	1
GER 2Y	0,10	↓	-3	↓	-1
GER 10Y	1,60	↓	-5	↓	-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	0,42	↑	0	↓	-1
US 5Y Swap	1,55	↑	0	↓	-6
EUR 3M Euribor	0,29	↓	0	→	0
EUR 2Y Swap	0,42	↑	1	↓	-2
EUR 5Y Swap	0,94	↓	-5	↓	-7
GB 3M Libor	0,52	↑	0	↓	0
GB 2Y Swap	0,94	→	0	↓	0
GB 5Y Swap	1,89	↓	0	↓	-1
JP 3M Libor	0,14	→	0	↑	0
JP 2Y Swap	0,17	↓	0	↓	0
JP 5Y Swap	0,29	↓	0	↓	-1
CHF 3M Libor	0,02	↑	0	↑	0
CHF 2Y Swap	0,06	↑	2	↑	1
CHF 5Y Swap	0,43	↓	-3	↓	-3

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	108,8	↓	-0,17	↓	-0,97
Gold	1 330	↓	-0,09	↑	0,51

Source: Reuters, OTP Research

Initial jobless claims grew to 348,000 in the USA, exceeding both analysts' expectations and the data gauged earlier this month. Market players welcomed January's smaller-than-expected fall in durable goods orders – despite the steadily adverse weather, it came in at -1%, as opposed to the -5.3% decline in December. In another positive development, it was non-military hardware orders that grew, as did durable goods orders less transportation.

Missing expectations, Germany's preliminary harmonized consumer price index dropped to 1% in February, down from 1.2% in the previous month. Given Germany's heavy weight in the eurozone's analogous index, the euro area's inflation is likely to have reduced in February, which may add to the likelihood of the ECB's rate cut in March.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	JP	Jan	Industrial output, preliminary (MoM, %)	4,0	3,0	0,9
	JP	Jan	Retail sales (YoY, %)	4,4	3,8	2,6
	DE	Feb	Unemployment rate (%)	6,8	6,8	6,8
	DE	Feb	Consumer price index (YoY, %)	1,2	1,3	1,3
	DE	Feb	Durable goods orders (MoM, %)	-1,0	-1,5	-5,3
	US	weekly	Initial jobless claims ('000)	348	335	336
	Friday	JP	Jan	Housing starts (YoY, %)	12,3	15,0
DE		Jan	Retail sales (YoY, %)	0,9	-1,2	-2,4
GB		Feb	House price index (YoY, %)	9,4	8,9	8,8
EZ		Feb	Consumer price index (YoY, %), preliminary		1	1
EZ		Jan	Unemployment rate (%)		12	12,0
US		Q4	GDP, preliminary (QoQ, annualized, %)		3	3
US		Feb	Chicago PMI (points)		57	60
US		Feb	Michigan consumer confidence index (points)		81,3	81,2

Source: Reuters, OTP Research

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