

Headquarter Treasury Sales

Tania Fantana

+4021 30758 76

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 30758 52

alexandru.tibuleac@otpbank.ro

Alina Gheorghita

+4021 30758 25

alina.gheorghita@otpbank.ro

Andreea Nica

+4021 30758 27

andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj

+40755 000 400

szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti

+4021 30758 76

tudor.zaman@otpbank.ro



Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 814	↑ 1,48	↑ 2,85
S&P500	2 063	↑ 1,53	↑ 3,54
Nasdaq100	4 270	↑ 1,87	↑ 4,42
Russell2000	1 190	↑ 2,07	↑ 1,17
Stoxx600	364	↑ 1,66	↑ 4,48
DAX	10 436	↑ 1,32	↑ 4,02
FTSE 100	6 797	↑ 1,02	↑ 4,58
CAC40	4 553	↑ 1,52	↑ 5,31
ATX	2 230	↑ 1,74	↑ 4,16
IBEX35	10 511	↑ 1,70	↑ 5,29
Nikkei 225	17 512	↑ 1,05	↑ 3,84
Hang Seng	24 800	↑ 1,13	↑ 2,89
SSEC	3 353	↑ 0,30	↓ -0,69
SENSEX	29 006	↑ 0,41	↓ -0,60
RTS	817	↑ 4,48	↑ 7,18
Bovespa	49 443	↑ 0,44	↑ 0,87

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1335	↓ -0,26	↓ -2,01
EUR/CHF	0,9888	↓ -0,13	↓ -0,24
USD/GBP	1,5008	↓ -0,88	↓ -0,92
USD/JPY	118,39	↓ -0,08	↑ 0,66
AUD/USD	0,7995	↓ -0,35	↓ -2,78
USD/CAD	1,2399	↑ 0,16	↑ 3,47

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	16,4	↓ -2,5	↓ -5,1
CDS 5Y PIIS	16	↓ -7,2	↓ -17,7
CDS 5Y Italy	84	↓ -9,8	↓ -25,7
CDS 5Y Belg.	88	↑ 1,6	↑ 0,4
iTraxx 5Y EU	38,7	↓ -2,0	↓ -5,7
US TED Spread	54,3	→ 0,0	↑ 1,1

Source: Reuters, OTP Research

Summary

- The ECB announced a monthly EUR 60 bn asset purchase programme, starting in March and lasting at least until September 2016. The EUR/USD hit a 12-year low.
- The announcement of QE kick-started Europe's stock markets; their US peers were driven higher mostly by corporate news.
- WTI oil's price dropped further, futures for March fell 3.1% yesterday as last week the USA's oil reserves saw the strongest growth in 14 years.

The European Central Bank delivered this time, and it even surpassed expectations by announcing a EUR 60 billion asset purchase programme. Starting in March and scheduled until September 2016, the EUR 1,140 billion programme is a more sizeable quantitative easing than had been expected and leaked out. After the ECB's announcement, investors flocked to buy stocks, helping the DAX hit a fresh record high. Italy's (+2.2%) and Portugal's (+1.9%) stock indices saw the heftiest gains. Spain's 10-year government bond yields hit all-time low (of 1.41%, sinking 13 basis points), and Spain's IBEX35 closed 1.7% higher. The Stoxx600 also rose by 1.7%, with the financial sector seeing the strongest growth (+3.2%); commodity and energy names also fared well while health care was ailing. Investors paid little heed to corporate news, yet a cheering quarterly report by Switzerland's Logitech, coupled with higher 2015 profit forecast, brought about a 7.4% rally. Royal Mail Plc soared 3.6%, benefiting from growing year-on-year figures in its parcel service's December performance. One of Ireland's largest building companies, CRH closed 2% higher on news that it may be the potential buyer of the assets that will be put up for sale after the merger of Holcim and Lafarge.

US markets were likewise sanguine on the fourth consecutive day of gains, helping the S&P work off the losses suffered earlier this year. Of the S&P's sectors, financial, technology and consumer staples businesses were outperformers. Transportation companies fared well too: the Dow Jones Transportation Average jumped 2.9% higher yesterday, largely driven by the improving profit outlook as oil prices drop. WTI's price sank deeper yesterday as America's oil reserves hit 14-year high last week – oil futures for March fell 3.1%, whereas the Brent became more expensive yesterday. Among financial headlines, a cheering earnings report lifted KeyCorp's stock price by 7.6%, and City National Corp rallied 19% on news of a USD 5.4 billion buy-up. Regional banks' stocks also increased in value; among the leading businesses, JP Morgan added 3.0%, Bank of America surged 4.4%, and Goldman Sachs went up 2.8%. The tech sector's growth was powered by Ebay's +7.1% skyrocketing on the back of job cuts and share buy-back programme, by Google's 3.2% gain, and by Apple's 2.6% advance.

Asia's stock markets ended in the green this morning. China's encouraging PMI figure may be yet another cause for cheerfulness.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,52	↑ 1	↑ 11
US 10Y	1,88	↑ 1	↑ 15
JP 2Y	-0,02	↑ 1	↑ 1
JP 10Y	0,29	↑ 4	↑ 5
GER 2Y	-0,16	↓ -1	↓ -4
GER 10Y	0,53	↑ 8	↑ 8

CENTRAL BANKS' RATES

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,25	↑ 0,5	↑ 1,00
ECB Rate	0,05	→ 0,05	→ 0,05
BOE Rate	0,50	→ 0,50	↑ 1,00
BOJ Rate	0,10	→ 0,10	→ 0,10
SNB Target	-0,75	↑ 0,00	↑ 0,00

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
US 3M Libor	0,26	↑ 0	↑ 0
US 2Y Swap	0,72	↓ -2	↑ 4
US 5Y Swap	1,47	↓ -3	↑ 7
EUR 3M Euribor	0,06	→ 0	↓ -1
EUR 2Y Swap	0,10	↓ -2	↓ -1
EUR 5Y Swap	0,31	↓ -2	↑ 2
GB 3M Libor	0,56	↓ 0	↓ 0
GB 2Y Swap	0,00	↑ 1	↓ -1
GB 5Y Swap	1,25	↑ 1	↓ -1
JP 3M Libor	0,10	→ 0	↓ -1
JP 2Y Swap	0,12	↓ 0	↓ -1
JP 5Y Swap	0,19	↑ 1	↓ -1
CHF 3M Libor	-0,74	↓ -8	↓ -61
CHF 2Y Swap	-0,90	→ 0	↓ -32
CHF 5Y Swap	-0,68	↑ 0	↓ -21

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	49,4	↑ 1,77	↓ -1,57
Gold	1 297	↓ -0,36	↑ 1,31

Source: Reuters, OTP Research

On Thursday the ECB announced to launch its QE programme in the eurozone, under which the central bank will buy assets worth EUR 60 billion each month from this March until September 2016. The programme may be extended beyond that time frame, if necessary. It will purchase investment-grade sovereign or corporate assets, but if other conditions are met, countries participating in an IMF programme may also take part. The asset purchase will be split based on the ECB capital key (set based on the share from the eurozone's GDP). Purchases will be limited to maximum 33% per issuer and 25% per issue; maturities will range from 2Y to 30Y, and they may include papers with negative interest rate. The ECB will hold 20% of the assets bought under this programme, and it will run their risks; the rest will remain at national banks (under the ECB's control).

Market players welcomed the ECB's announcement, but Germany criticized the programme.

Denmark's central bank lowered its key deposit rate to -0.35 per cent, from -0.2 per cent, as the euro started to depreciate following the ECB's announcement. It left the benchmark lending rate at 0.05%, after cutting both rates by 15bp on Monday, in order to keep the DKK, which participates in the ERM-II exchange rate mechanism, in the narrow bracket versus the euro, which lost strength after the decision.

According to the most recent data, US oil reserves grew by 10.1 million barrels last week, an unprecedented increase in the past 14 years. Refineries are working at 85.5% capacity utilization, the lowest since April 2013.

The weekly jobless data in the USA surprised on the downside.

The PMI statistics due out in Europe and in the USA may be in the centre of attention today.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	EZ	jan.	Unemployment rate (ILO, %)	0,1	0,1	0,1
	US	heti	Building permits (annualized monthly, thousand)	307	300	316
	US	heti	Housing starts (annualized monthly, thousand)	2 443	2 420	2 424
Friday	CH	jan.	HSBC Manufacturing Flash PMI (points)	49,8	49,6	49,6
	DE	jan.	Markit Manufacturing Flash PMI (points)		51,7	51,2
	DE	jan.	Markit Services Flash PMI (points)		52,5	52,1
	EZ	jan.	Markit Manufacturing Flash PMI (points)		51,0	50,6
	EZ	jan.	Markit Services Flash PMI (points)		52,0	51,6
	GB	dec.	Retail sales (yoy, %)		3,0	6,4
	US	jan.	Markit Manufacturing Flash PMI (points)		54,0	53,9
	US	dec.	Existing home sales (mom, %)		2,4	-6,1

Source: Reuters, OTP Research

Chief Economist
Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Fundamental Analyst
Orsolya Rátkai
ratkaio@otpbank.hu
+36 1 374 7270

Disclaimer

OTP Bank Plc. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This material is only for information purposes and it is not intended as an investment advice, an offer or solicitation for the purchase or sale of any financial instrument, and it does not constitute legal, tax or accounting advice.

Information herein reflects the market situation at the time of writing. It provides only momentary information and may change as market conditions and circumstances develop. Additional information may be available on request. Although the information in this document has been prepared in good faith from sources which OTP Bank believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. Opinions and estimates constitute our judgment and are subject to change without notice. OTP Bank may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments is made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. Any concrete individual decision or investment made based on this publication is the sole risk of the Client and OTP Bank shall not be held responsible for the success of the investment decisions or for attaining the Client's target.

Figures described herein refer to the past and past performance is not a reliable indicator of future results.

OTP Bank Plc. (registered seat: Nádor utca 16., Budapest H-1051, Hungary; Supervisory authority: Hungarian Financial Supervisory Authority (PSZÁF, Pénzügyi Szervezetek Állami Felügyelete – H-1013 Budapest, Krisztina krt. 39.sz.) PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008. For more information, please refer to: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>). All rights reserved. This publication is exclusively owned by OTP Bank Plc., no part of this material can be reproduced, re-used or disseminated without the prior written consent of OTP Bank Plc.

If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to research@otpbank.hu or writing a letter addressed to "Research Center" Hungary 1051, Budapest Nádor utca. 21. Please refer to your name and e-mail address in both cases.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to csaba.balint@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.