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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 824	↓ -0,34	↑ 3,84
S&P500	2 055	↓ -0,34	↑ 3,03
Nasdaq100	4 229	↓ -0,65	↑ 1,93
Russell2000	1 205	↓ -0,27	↑ 2,55
Stoxx600	373	↑ 0,21	↑ 1,71
DAX	10 846	↓ -0,54	↑ 1,42
FTSE 100	6 853	↓ -0,18	↑ 1,54
CAC40	4 691	↓ -0,26	↑ 1,88
ATX	2 275	↑ 0,95	↑ 3,82
IBEX35	10 573	↑ 0,36	↑ 1,63
Nikkei 225	17 712	↑ 0,36	↑ 0,88
Hang Seng	24 574	↓ -0,43	↑ 0,36
SSEC	3 095	↑ 0,62	↓ -1,06
SENSEX	28 718	↓ -0,46	↓ -0,60
RTS	826	↑ 2,72	↑ 12,08
Bovespa	48 792	↓ -0,90	↑ 2,40

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1324	↑ 0,10	↓ -0,14
EUR/CHF	1,0498	↑ 0,20	↓ -0,24
USD/GBP	1,5243	↓ -0,53	↑ 1,36
USD/JPY	118,97	↑ 0,01	↑ 1,18
AUD/USD	0,7760	↓ -0,41	↓ -0,53
USD/CAD	1,2514	↓ -0,07	↓ -0,41
USD/RUB	67,11	↓ -1,29	↓ -2,99

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	17,3	↑ 0,4	↓ -3,7
CDS 5Y PIIS	17	↑ 0,9	↑ 2,7
CDS 5Y Italy	90	↑ 3,5	↑ 3,7
CDS 5Y Belg.	92	↑ 0,0	↓ -0,9
iTraxx 5Y EU	37,2	↑ 0,5	↓ -4,1
US TED Spread	55,4	→ 0,0	↓ -0,8

Source: Reuters, OTP Research

Summary

- US indices suffered losses on Friday, despite the surprisingly good employment data for January; interest rate hike expectations have come to the forefront.
- The US statistics cheered Europe for a while, before the news on Greece and Ukraine soured market sentiment.
- China's exports fell steeper than had been expected.

The better-than-expected January employment data helped US stock indices to gains for most part of Friday, with the S&P hitting a fresh high, but enthusiasm vanished by the end of the day and indices dipped slightly in the red. The banking sector was the strongest one and utilities became the losers of the day. Working off earlier gains, energy companies closed lower, despite the continuing increase in oil prices. Market experts opine that the point where it is difficult to justify the absence of interest rate hike is looming; some voices suppose it may take place in mid-2015. Social media was liked on Friday: Twitter, which posted its earnings report after market hours on Thursday, saw its share price skyrocketing 16% in Friday's session, following forecasts on a whopping increase in revenues and on user growth this year. LinkedIn jumped 10% higher, to a fresh record, after its 2014 profit forecast beat expectations.

For a while, Europe's stock markets benefited from America's encouraging employment data, then gains melted away when the eurozone's finance ministers rejected Greece's request for a short-term financing agreement until the terms of the earlier EU-ECB-IMF financial aid are re-negotiated. Stock markets in Germany, France, and Britain eased and Greece's ASE index fell 2%, while the Stoxx600 could achieve a slight gain. Commodity producers were the weakest in the Stoxx600's 19 components: BHP Billiton's stock price dived 2.2%, and Rio Tinto went down 1.7%. In the telecommunications sector, Alcatel-Lucent surged 3.5%, after forecasting stronger increase in 2015 profit margins than had been expected. Sunrise Communications, Switzerland's largest wireless operator leapt 12% higher on the first trading day following a two-billion-franc trading debut. This morning Europe's stock markets opened lower – first, because statistics suggest that the Chinese economy's deceleration is stronger than had been thought, and second, as Greece's new Prime Minister appears to be adamant about his election promises, in refusing further restrictions and in desisting from international organizations' assistance even if these means confrontation with the EU.

Asia's indices closed mixed this morning. The most recent gauge on China's trade balance may have soured the sentiment: the country's exports fell sharper than had been expected, suggesting that the deceleration of China's economy may be more pronounced than had been thought.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,64	↑	12	↑	18
US 10Y	1,94	↑	12	↑	29
JP 2Y	0,04	↓	-1	↑	3
JP 10Y	0,35	↓	0	↑	8
GER 2Y	-0,20	↑	0	↓	-2
GER 10Y	0,36	↑	3	↑	0

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	→	-0,75	→	-0,75

MONEY MARKET

	Rate (%)		Daily chg (bp)		Weekly chg (bp)
US 3M Libor	0,26	↑	0	↑	0
US 2Y Swap	0,86	↓	-2	↑	18
US 5Y Swap	1,58	↓	-2	↑	26
EUR 3M Euribor	0,05	↑	0	↓	0
EUR 2Y Swap	0,13	↓	-1	↓	-2
EUR 5Y Swap	0,31	↓	-1	↓	0
GB 3M Libor	0,56	↓	0	↓	0
GB 2Y Swap	0,00	↑	7	↑	2
GB 5Y Swap	0,00	↑	0	↑	5
JP 3M Libor	0,10	→	0	↑	0
JP 2Y Swap	0,14	↓	0	↑	2
JP 5Y Swap	0,26	↑	0	↑	5
CHF 3M Libor	-0,88	↓	-1	↓	-2
CHF 2Y Swap	-0,78	→	0	↑	2
CHF 5Y Swap	-0,57	↓	-3	↑	2

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	57,9	↑	0,09	↑	5,66
Gold	1 239	↑	0,43	↓	-2,84

Source: Reuters, OTP Research

Last month, employment in the USA was better than expected, according to the labour report for January. Non-farm payroll grew by 257,000, and the December figure was significantly revised upwards. The growth of employment in manufacturing also exceeded estimations, whereas the December figure was revised higher too. The unemployment rate rose to 5.7%, and average wages were up 0.5% in January.

According to the latest statistics, China's exports contracted by 3.3% in January, and imports shrank 19.9% year on year, missing expectations by a large margin, particularly because analysts had expected exports to grow.

Today's most important macroeconomic release in Europe will be the Sentix index. In the USA, it is rather corporate headlines that may influence markets.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	DE	dec.	Industrial output (mom, %)	0,1	0,4	0,1
	US	jan.	Non-farm payroll ('000)	257	234	329
	US	jan.	Manufacturing payroll ('000)	22	12	26
	US	jan.	Unemployment rate (%)	5,7	5,6	5,6
	US	jan.	Average wages (mom, %)	0,5	0,3	-0,2
Monday	EZ	feb.	Sentix Index (points)	12,4	3,0	0,9
	CN	jan.	Export (yoy, %)	-3,3	6,3	9,7
	CN	jan.	Import (yoy, %)	-19,9	-3,3	-2,4

Source: Reuters, OTP Research

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