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Daily Report – Global markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 18 136 | ↑ 0,21 | ↓ -0,20 |
| S&P500 | 2 101 | ↑ 0,12 | ↓ -0,28 |
| Nasdaq100 | 4 452 | ↑ 0,15 | ↓ -0,23 |
| Russell2000 | 1 234 | ↑ 0,29 | ↑ 0,08 |
| Stoxx600 | 394 | ↑ 0,81 | ↓ -0,41 |
| DAX | 11 504 | ↑ 1,00 | ↓ -0,10 |
| FTSE 100 | 6 961 | ↑ 0,61 | ↑ 0,16 |
| CAC40 | 4 964 | ↑ 0,94 | ↓ -0,69 |
| ATX | 2 507 | ↑ 1,67 | ↓ -1,19 |
| IBEX35 | 11 124 | ↑ 0,66 | ↓ -1,14 |
| Nikkei 225 | 18 971 | ↑ 1,17 | ↑ 0,92 |
| Hang Seng | 24 149 | ↓ -0,18 | ↓ -2,72 |
| SSEC | 3 239 | ↓ -0,29 | ↓ -2,15 |
| SENSEX | 29 449 | ↑ 0,23 | ↓ -0,60 |
| RTS | 912 | ↑ 2,55 | ↓ -0,78 |
| Bovespa | 50 365 | ↓ -0,20 | ↓ -2,16 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,1014 | ↓ -0,13 | ↓ -1,60 |
| EUR/CHF | 1,0728 | ↓ -0,15 | ↑ 0,57 |
| USD/GBP | 1,5240 | ↓ -0,15 | ↓ -1,24 |
| USD/JPY | 120,08 | ↓ -0,04 | ↑ 0,48 |
| AUD/USD | 0,7791 | ↑ 0,15 | ↓ -0,23 |
| USD/CAD | 1,2491 | ↑ 0,06 | ↓ -0,12 |
| USD/RUB | 60,77 | ↓ -0,60 | ↓ -1,83 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 14,0 | ↓ -0,2 | ↑ 0,1 |
| CDS 5Y PIIS | 14 | ↓ -5,7 | ↓ -7,3 |
| CDS 5Y Italy | 77 | ↓ -6,0 | ↓ -7,8 |
| CDS 5Y Belg. | 85 | ↓ -1,1 | ↑ 2,2 |
| iTraxx 5Y EU | 33,9 | ↓ -0,7 | ↓ -0,8 |
| US TED Spread | 49,9 | ⇒ 0,0 | ↑ 1,3 |

Source: Reuters, OTP Research

Summary

- Thursday's optimistic trading helped all leading indices to gains.
- The ECB has left its benchmark rate on hold. At the post-meeting press conference, President Mario Draghi announced to start the 60-billion-euro-per-month asset purchase programme, from 9 March to September 2016.

European markets opened on a positive note on Thursday, and preserved gains by the close: the benchmarks in Frankfurt and Paris advanced 1% each, and London added 0.6% yesterday. The most awaited event of the day was the ECB's rate decision and the subsequent news conference. President Mario Draghi announced to start on 9 March the ECB's quantitative easing programme, pumping EUR 60 billion a month into the EZ's economy, until September 2016. Stock markets' surge had roots in favourable corporate news: Carrefour SA soared 2.4% owing to the stronger-than-expected profit in 2014. Adidas AG expanded by 3.4% as its management raised this year's revenue forecast. Schroders Plc rallied 4.8% after the fund's pre-tax profit had nearly tripled in 2014.

America's stock markets were not less cheerful yesterday. All of the key indices closed higher: the Dow and the NASDAQ rose by 0.2% each, while the S&P inched up 0.1%. Utilities (0.8%) was the strongest gainer among the S&P's sector indices and energy (-0.6%) was the least vigorous one.

Asian markets ended a bright trading session this morning, headed by Japan's indices. Nikkei ended at a fresh record high, and TOPIX advanced more than 1%.

GOV'T BOND MARKET

| | Yield (%) | | Daily chg (bp) | | Weekly chg (bp) |
|---------|-----------|---|----------------|---|-----------------|
| US 2Y | 0,65 | ↓ | -1 | ↑ | 0 |
| US 10Y | 2,12 | ↑ | 1 | ↑ | 10 |
| JP 2Y | 0,01 | ↓ | -1 | ↓ | -2 |
| JP 10Y | 0,40 | ↓ | -1 | ↑ | 6 |
| GER 2Y | -0,20 | ↓ | 0 | ↑ | 3 |
| GER 10Y | 0,38 | ↑ | 0 | ↑ | 6 |

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 | 0,89 | ↑ | 2 | ↑ | 4 |
| US 5Y Swap | 1,69 | ↓ | 0 | ↑ | 8 |
| EUR 3M Euribor | 0,04 | ↓ | 0 | ↓ | 0 |
| EUR 2Y Swap | 0,11 | ↓ | 0 | ↑ | 1 |
| EUR 5Y Swap | 0,29 | ↓ | -1 | ↑ | 3 |
| GB 3M Libor | 0,56 | ↑ | 0 | ↓ | 0 |
| GB 2Y Swap | 1,02 | ↑ | 1 | ↑ | 1 |
| GB 5Y Swap | 1,59 | ↓ | 0 | ↑ | 2 |
| JP 3M Libor | 0,09 | ↓ | 0 | ↓ | -1 |
| JP 2Y Swap | 0,13 | ↓ | -1 | ↑ | 1 |
| JP 5Y Swap | 0,23 | ↓ | 0 | ↑ | 2 |
| CHF 3M Libor | -0,82 | ↑ | 3 | ↑ | 3 |
| CHF 2Y Swap | -0,76 | → | 0 | ↑ | 0 |
| CHF 5Y Swap | -0,36 | → | 0 | ↑ | 0 |

COMMODITIES

| | Close | | Daily chg. (%) | | Weekly chg. (%) |
|-----------|-------|---|----------------|---|-----------------|
| Oil Brent | 60,8 | ↑ | 0,45 | ↓ | -2,92 |
| Gold | 1 199 | ↑ | 0,08 | ↓ | -1,11 |

Source: Reuters, OTP Research

Thursday's meeting of the ECB left the key interest rate on hold – but the point is no longer whether the rate is changed, the focus moved to the central bank's guidance. At the post-meeting press conference President Mario Draghi fired the starting gun for government bond purchases from Monday 9 March. In line with the earlier guidance, the programme will inject EUR 60 billion a month into the eurozone until September 2016. Bonds of Greece or Cyprus will not be purchased at this point, but this can change later. Bonds with negative yields may also be purchased, unless their rate exceeds the deposit rate (currently at -0.2%). In the ECB's view, inflation may rise in 2016, but the President pointed out that inflation expectations stopped sinking. The central bank expects 0.0% HICP inflation in 2015, which may reach 1.6% in 2016 (up from the earlier projection of 1.3%). By 2017, the ECB envisions 1.8% inflation, that is, the central bank's mandate will not be met on the forecast horizon.

The US labour market statistics for February will see the light of day today.

| | COUNTRY | DATE | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|----------|---------|--------|--------------------------------|-------|-----------|----------|
| Thursday | DE | Jan | Industrial orders (mom, %) | -3,9 | -1,0 | 4,2 |
| | US | weekly | Initial jobless claims (ths) | 320 | 295 | 313 |
| | US | weekly | Continued jobless claims (ths) | 2 421 | 2 400 | 2 401 |
| | GB | Mar | BoE interest rate decision (%) | 0,5 | 0,5 | 0,5 |
| | EZ | Mar | ECB interest rate decision (%) | 0 | 0,1 | 0,1 |
| Friday | DE | Jan | Industrial output (mom, %) | 0,6 | 0,5 | 0,1 |
| | EZ | Q4 | GDP (detailed, qoq, %) | | 0,3 | 0,3 |
| | US | Feb | Non-farm payrolls ('000) | | 240 | 257 |
| | US | Feb | Unemployment rate (%) | | 5,6 | 5,7 |

Source: Reuters, OTP Research

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