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## Daily Report – Global Markets

**GOV'T BOND MARKET**

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	1,04	↓ -3	↑ 2
US 10Y	2,24	↓ -5	↓ -1
JP 2Y	-0,01	→ 0	↓ 0
JP 10Y	0,27	↓ -1	↓ -2
GER 2Y	-0,35	↓ -35	↓ -35
GER 10Y	0,60	↑ 60	↑ 60

**CENTRAL BANKS' RATES**

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,5	↑ 0,75	↑ 1,25
ECB Rate	0,05	→ 0,05	→ 0,05
BOE Rate	0,50	↑ 0,75	↑ 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	0,00	↑ 0	↑ 1
US 2Y Swap	1,12	↓ -1	↓ -3
US 5Y Swap	1,68	↓ 0	↓ -6
EUR 3M Euribor	-0,13	↓ 0	↓ 0
EUR 2Y Swap	-0,06	↓ 0	↓ -2
EUR 5Y Swap	0,31	↓ -2	↓ -3
GB 3M Libor	0,00	→ 0	↑ 0
GB 2Y Swap	1,04	↓ -4	↓ 0
GB 5Y Swap	1,51	↓ -6	↓ -1
JP 3M Libor	0,00	↑ 0	↑ 0
JP 2Y Swap	0,10	↑ 0	↓ 0
JP 5Y Swap	0,15	↓ 0	↓ -1
CHF 3M Libor	0,00	→ 0	↑ 1
CHF 2Y Swap	-0,68	↓ -4	↑ 5
CHF 5Y Swap	-0,35	↓ -3	↑ 1

**COMMODITIES**

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	37,3	↑ 0,30	↑ 1,94
Gold	1 078	↑ 0,31	↑ 0,84

Source: Reuters, OTP Research

**Summary**

- Advanced economies' stock markets started the new year with massive losses.
- Growth fears have resurfaced owing to the continued deterioration of China's manufacturing data.
- Car manufacturers were the losers in Europe, and financial services names saw the sharpest losses in the USA.

Monday morning's close of China's stock exchanges left investors with little optimism, and Europe's stock markets lived up to the gloomy expectations yesterday. The release of China's manufacturing PMI re-intensified investors' worries about growth in China and in the world; the escalation of the tension between Saudi-Arabia and Iran did not help either, even though the political conflict temporarily sent the price of oil higher. The Stoxx600 index fell 2.5%, with the car manufacturing industry booking the heftiest losses. A shining star in 2015, Germany's DAX was the weakest stock index in Europe yesterday, it slumped 4.3%, slashed by car manufacturers and utility companies. Daimler reversed 5.1% and Continental shrank 4.1%; the tyre manufacturer fell after its top official forecast lower sales owing to the Volkswagen scandal. Fiat Chrysler retreated 4.9% as the spin-off started, under which Fiat distributes its 80% stake in the highly profitable Ferrari, to shareholders. Fiat offered one share of Ferrari for every ten shares in Fiat. Most of basic materials manufacturers and commodity producers also dragged down European indices. Today the DAX may see further losses; after European market close came the announcement that the US Department of Justice filed a civil lawsuit against Volkswagen for forging emission data (and thus violating the Clean Air Act). Volkswagen may extend Monday's 6.6% loss today.

US stock markets saw the worst start to a year since 2001; global growth fears dragged down the key US indices too. The S&P closed 1.5% lower; managing to climb back from the 2.7% loss in the last 30 minutes. The Dow sank 1.6%, and the NASDAQ 100 dropped 2.1%. All of the S&P's sector indices were in the red, with financial service providers (-2.5%), real property firms (-2.3%) and banks (-1.9%) seeing the deepest losses. Many of the winners in 2015 were the biggest losers yesterday: Netflix, whose share price grew by 121% last year, plunged 3.9% on Monday, and Amazon, which advanced 106% in 2015 tumbled 5.8% on Monday. The energy sector saw the smallest loss: after the 24% fall, it shed only 0.2% yesterday. The rise in the price of oil was just temporary yesterday: the WTI slipped 1%, to USD 36.8, thus it is little surprising that Exxon Mobil dipped 0.6%, and Chevron was 1.2% down. In the financial sector, JPMorgan Chase (-3.7%), American Express (-2.8%), and Goldman Sachs (-1.7%) suffered considerable losses.

Asia's indices extended their losses this morning. The Nikkei shed 0.4%, the Shanghai Composite edged 0.2% down, continuing Monday's losing streak.

GOV'T BOND MARKET				
	Yield (%)	Daily chg (bp)	Weekly chg (bp)	
US 2Y	1,07	↓ -1	↑ 7	
US 10Y	2,29	↓ -1	↑ 4	
JP 2Y	-0,01	↓ 0	↓ 0	
JP 10Y	0,27	↓ -1	↓ -1	
GER 2Y	-0,33	↔ 0	↑ 1	
GER 10Y	0,64	↔ 0	↑ 5	

  

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

  

MONEY MARKET				
	Rate (%)	Daily chg (bp)	Weekly chg (bp)	
US 3M Libor	0,61	↑ 1	↑ 2	
US 2Y Swap	1,14	↓ -1	↑ 3	
US 5Y Swap	1,68	↓ -3	↓ 0	
EUR 3M Euribor	-0,13	↑ 0	↔ 0	
EUR 2Y Swap	-0,04	↓ 0	↓ -1	
EUR 5Y Swap	0,33	↓ 0	↑ 1	
GB 3M Libor	0,59	↑ 0	↑ 0	
GB 2Y Swap	1,09	↓ 0	↑ 0	
GB 5Y Swap	1,58	↓ -1	↑ 5	
JP 3M Libor	0,08	↑ 0	↑ 0	
JP 2Y Swap	0,10	↑ 1	↑ 0	
JP 5Y Swap	0,15	↓ -1	↓ 0	
CHF 3M Libor	-0,76	↑ 1	↑ 2	
CHF 2Y Swap	-0,65	↔ 0	↑ 8	
CHF 5Y Swap	-0,33	↔ 0	↑ 3	

  

COMMODITIES				
	Close	Daily chg. (%)	Weekly chg. (%)	
Oil Brent	37,9	↑ 1,74	↑ 0,11	
Gold	1 070	↑ 0,87	↑ 0,08	

Source: Reuters, OTP Research

Surprisingly, the final manufacturing PMI in the United Kingdom sank to 51.9 in December, less than the preliminary reading (52.7), and undershooting forecasts (52.8). At the same time, Markit revised the November figure to 52.5.

Monday's release of Germany's CPI figure missed expectations, the annual rate of inflation decelerated to 0.3% in December, wrong-footing analysts' forecast of 0.6%.

In the United States, construction spending contracted by 0.4% in November, beating expectations of 0.6% increase. ISM also released a weaker-than-expected figure: instead of the expected rise, the manufacturing PMI sank to 48.2. It is encouraging that the new orders sub-index showed improvement.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS	
Monday	CN	Dec	Caixin Mfg PMI (points)	48,2	49,0	48,6	
	DE	Dec	CPI (yoy, %)	0,3	0,6	0,4	
	DE	Dec	Markit Mfg PMI (final, points)	53,2	53,0	53,0	
	GB	Dec	Markit Mfg PMI (final, points)	51,9	52,7	52,5	
	US	Nov	Construction spending (mom, %)	-0,4	0,6	1,0	
	US	Dec	Markit Mfg PMI (final, points)	51,2	-	51,3	
	US	Dec	ISM Mfg PMI (points)	48,2	49	48,6	
	Tuesday	EZ	Dec	CPI, flash (yoy, %)		0,3	0,2
		DE	Dec	Unemployment rate (%)		6,3	6,3
GB		Dec	Markit Construction PMI (final, points)		56,0	55,3	
US		Dec	Construction spending (mom, %)		18,1	18,2	

Source: Reuters, OTP Research

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