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Daily Report – Global Markets



STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	15 988	⇒ 0,00	↓ -2,50
S&P500	1 880	⇒ 0,00	↓ -2,25
Nasdaq100	4 141	⇒ 0,00	↓ -3,33
Russell2000	1 008	⇒ 0,00	↓ -3,54
Stoxx600	329	↓ -0,36	↓ -3,41
DAX	9 522	↓ -0,25	↓ -3,09
FTSE 100	5 780	↓ -0,42	↓ -1,57
CAC40	4 190	↓ -0,49	↓ -2,86
ATX	2 071	↓ -2,01	↓ -5,92
IBEX35	8 469	↓ -0,87	↓ -4,69
Nikkei 225	17 048	↑ 0,55	↓ -0,99
Hang Seng	19 497	↑ 1,35	↓ -1,09
SSEC	3 009	↑ 3,25	↓ -0,47
SENSEX	24 433	↑ 1,01	↓ -0,60
RTS	647	↓ -0,93	↓ -7,47
Bovespa	37 937	↓ -1,64	↓ -5,04

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0890	↓ -0,22	↑ 0,10
EUR/CHF	1,0949	↑ 0,16	↑ 0,63
USD/GBP	1,4241	↓ -0,09	↓ -1,40
USD/JPY	117,94	↑ 0,54	↑ 0,27
AUD/USD	0,6916	↑ 0,77	↓ -0,96
USD/CAD	1,4454	↓ -0,73	↑ 1,35
USD/RUB	78,67	↓ -0,89	↑ 2,30

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	27,0	↑ 3,1	↑ 0,0
CDS 5Y PIIS	27	↑ 3,0	↑ 5,4
CDS 5Y Italy	96	↑ 2,1	↑ 4,8
CDS 5Y Belg.	94	↑ 0,7	↑ 0,6
iTraxx 5Y EU	25,9	↑ 1,3	↑ 11,5
US TED Spread	96,9	⇒ 0,0	↓ -3,9

Source: Reuters, OTP Research

Summary

- Western Europe's benchmarks suffered losses, with banking shares falling sharply, dragging down the periphery countries' stock indices.
- Oil prices fell deeper; the Brent closed 1.3% down. JP Morgan cut its 2016 oil price forecast by almost USD 20, to near USD 31.
- As expected, the fresh data signify deceleration in China, where 2015 GDP growth slowed to 6.9%, the most sluggish rate since 1990.

On Monday most investors in Western Europe waited to see what Tuesday morning's Chinese GDP data and the ECB's Thursday meeting hold for them, and the US markets, closed for holiday, did not set them in motion. The Stoxx600 index slipped by 0.4%, to a level last seen in December 2014. With recent weeks' losses, the all-European index has shrunk by 20% since the high hit in April 2015, thus technically it has turned it into a bear market. Among the industries the banking sector saw the most painful losses, and geographically the eurozone periphery countries were hit the hardest yesterday; the Stoxx600's banking index sank to its deepest in three years. The stock indices of Portugal (-3.4%), Milan and Athens (-2.7% each), and Spain (IBEX35: -1%) all closed in the red, dragged down by banking shares. Italy's Banca Monte dei Paschi di Siena plunged more than 14%, and Banca Popolare dell' Emilia Romagna nose-dived 9% in a selloff caused by the size of their bad loans. Similar fears slashed Greece's Alpha Bank by more than 9% yesterday. Unicredit dived 5.4%. But other sector could achieve gains: technology was powered by Ericsson's advance (+2.9%) benefiting from a Buy recommendation from Nordea bank. Adidas jumped 6.3% higher on the announcement that Kasper Rorsted, the former Henkel leader will be appointed as new CEO. Henkel contracted by 4.1% yesterday. Despite the continued slump in oil prices, producers' sector inched up, as did the consumption sector.

The further falling in oil prices led the Brent futures 1.3% lower, to USD 28.55, back from a short visit to USD 27.67 (-4.4%). In their recent analysis, JP Morgan's analysts substantially cut their oil price forecasts for this year, to USD 31.25 for the Brent, down from an average of USD 51.5, and they expect the WTI to average at USD 31, rather than at USD 48.8. Another factor to boost supply on an already oversupplied market is that Iran is planning to boost oil production as soon as international sanctions will be lifted, immediately starting by 500,000 more barrels per day, which it could top by additional 500,000 in few months' time. The yuan's weakening may limit China's oil imports, thus weakening demand for oil.

Asia's markets closed higher this morning. In line with the modest expectations, China's economic data were rather lacklustre, yet it did not sour investors' risk appetite. China's indices may have benefited from expectations that the Chinese government may introduce economic stimulus measures.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,85	↑	85	↓	-8
US 10Y	2,05	↑	205	↓	-13
JP 2Y	-0,02	↑	0	↓	0
JP 10Y	0,22	→	0	↓	-1
GER 2Y	-0,38	↓	-1	↑	0
GER 10Y	0,49	↓	-1	↓	-3

CENTRAL BANKS' RATES

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0	↑	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	↓	0
US 2Y Swap	0,90	↑	2	↓	-9
US 5Y Swap	1,38	↑	4	↓	-7
EUR 3M Euribor	-0,14	→	0	↑	0
EUR 2Y Swap	-0,09	↓	0	↑	0
EUR 5Y Swap	0,21	↑	0	↓	-3
GB 3M Libor	0,00	↑	0	↑	0
GB 2Y Swap	0,86	↑	4	↓	-1
GB 5Y Swap	1,25	↑	4	↓	-11
JP 3M Libor	0,00	→	0	↑	0
JP 2Y Swap	0,08	↓	0	↓	-1
JP 5Y Swap	0,14	↑	1	↓	-1
CHF 3M Libor	0,00	→	0	↓	0
CHF 2Y Swap	-0,75	↑	0	↑	1
CHF 5Y Swap	-0,46	↓	0	↓	-4

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	29,3	↑	2,59	↓	-5,09
Gold	1 090	↑	0,09	↑	0,27

Source: Reuters, OTP Research

In line with expectations, China's GDP grew by 6.8% YoY in Q4, marking the weakest quarter since the global financial crisis. China's economy expanded by 6.9% in full year 2015, its smallest increase since 1990.

The December reading of China's retail sales missed expectations; the year/year index decelerated to 11.1%. Industrial production also slowed further, advancing only 5.9% year/year in December, down from 6.2% in November. Urban investments grew by 10% in full year 2015.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	JP	Nov	Industrial Output (mom, %)	-0,9	-	-1
Tuesday	CN	Dec	Urban investment (ytd, yoy, %)	10,0	10,2	10,2
	CN	Dec	Industrial output (yoy, %)	5,9	6,0	6,2
	CN	Dec	Retail sales (yoy, %)	11,1	11,3	11,2
	CN	Q4	GDP (yoy, %)	6,8	6,8	6,9
	CN	Q4	GDP (qoq, SA, %)	1,6	1,7	1,8
	EZ	Dec	Inflation, final (yoy, %)		0,2	0,2
	DE	Dec	HICP (yoy, %)	0,2	0,2	0,2
	DE	Jan	ZEW Economic Sentiment (points)		8,2	16,1
	GB	Dec	CPI (yoy, %)		0,1	0,1
	US	Jan	NAHB Housing Market Index (points)		61	61

Source: Reuters, OTP Research

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