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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 154	↓ -1,80	↓ -0,08
S&P500	1 903	↓ -1,87	↓ -0,03
Nasdaq100	4 193	↓ -2,18	↓ -0,96
Russell2000	1 009	↓ -2,28	↑ 0,61
Stoxx600	335	↓ -2,05	↓ -1,36
DAX	9 581	↓ -1,81	↓ -2,46
FTSE 100	5 922	↓ -2,28	↑ 0,18
CAC40	4 284	↓ -2,47	↓ -1,67
ATX	2 130	↓ -0,52	↓ -1,32
IBEX35	8 529	↓ -2,96	↓ -1,88
Nikkei 225	17 191	↓ -3,15	↑ 0,16
Hang Seng	18 931	↓ -2,65	↓ -0,64
SSEC	2 728	↓ -0,78	↓ -0,27
SENSEX	24 299	↓ -0,98	↓ -0,60
RTS	701	↓ -4,00	↑ 2,66
Bovespa	38 596	↓ -4,87	↑ 2,93

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0916	↑ 0,27	↑ 0,27
EUR/CHF	1,1119	↑ 0,14	↑ 0,55
USD/GBP	1,4408	↓ -0,15	↑ 1,26
USD/JPY	119,63	↓ -0,26	↑ 0,82
AUD/USD	0,7030	↓ -0,11	↑ 0,07
USD/CAD	1,4072	↑ 0,15	↓ -0,13
USD/RUB	79,16	↓ -0,80	↑ 1,42

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	22,0	↑ 2,0	↓ -0,5
CDS 5Y PIIS	22	↑ 9,9	↑ 8,1
CDS 5Y Italy	109	↑ 7,4	↑ 6,5
CDS 5Y Belg.	108	↑ 2,1	↑ 4,4
iTraxx 5Y EU	31,2	↑ 1,5	↓ -0,1
US TED Spread	92,7	→ 0,0	↓ -3,8

Source: Reuters, OTP Research

Summary

- Europe's and America's major markets were under strong selling pressure on Tuesday.
- Crude prices tumbled on the world market.

Western Europe's key markets opened on a sour note, and extended losses when US markets opened. The unresponsive sentiment stemmed from a combination of renewed plunge in oil prices and worse-than-expected corporate earnings reports. Energy companies were hit the hardest on Tuesday. France's CAC40 dropped 2.5%, London's FTSE fell 2.3%, and Germany's DAX shed 1.8% on Tuesday. BP's 8.7% nose-diving weighed heavily on the London index. The reason for the strong selling pressure was that the oil company reported for 2015 the biggest loss in 20 years, and it announced massive downsizing. Neither did other oil companies excel yesterday: Repsol, Royal Dutch Shell, Eni, and Total all dived 4-5%. Mining companies had a bad day too on Tuesday: BHP Billiton plummeted 6.7% after Standard & Poor's cut its credit rating. Switzerland's UBS bank also suffered a significant loss (-6.8%), on the back of reports on massive capital outflow from one of its flagships. Among the good performers, Sainsbury's soared 2.4% benefiting from an agreement with Argos to buy Home Retail for GBP 1.3 billion.

US markets opened lower, and the negative sentiment did not ease by the close. The key indices lost 1.8-2.2%. Of the S&P's constituents, only utilities (a defensive component) could eke out small gain (+0.4%); and energy was the weakest sector (3.3%). Exxon Mobil's Q4 report revealed that the production division suffered losses owing to the continued fall in crude oil and natural gas prices, and this was only partly counterbalanced by the refining division's higher profit. This made investors sell Exxon's shares, which led the stock price 2.2% lower. After US market close, Yahoo published its earnings figures, giving account of 15% contraction in revenue in Q4 2015, which was coupled with USD 4.4 billion net loss, reflecting deterioration in the value of the company's services. Its earnings per share without one-offs was 13 cents in Q4, slightly beating analysts' forecasts. Yahoo's CEO announced cutting workforce by 15% and closing five foreign offices by the end of 2016. The planned cost cuts may result in saving USD 400 million a year, which could offset the negative effect of the sharp fall in revenues. Yahoo's figures and the management's vision seem to have failed to impress investors, its stock price came down more than 1% in after-hours trading. General Motors, Merck & Co and Metlife will publish their earnings reports today.

Crude prices slid further on Tuesday. The WTI oil fell 5% (ending below USD 30 again), and the Brent dived 4.5% when US markets closed.

GOV'T BOND MARKET				
	Yield (%)	Daily chg (bp)	Weekly chg (bp)	
US 2Y	0,74	↓ -6	↓ -11	
US 10Y	1,85	↓ -9	↓ -14	
JP 2Y	-0,15	↓ -1	↓ -13	
JP 10Y	0,07	↓ -1	↓ -15	
GER 2Y	-0,46	↑ 1	↓ -1	
GER 10Y	0,34	→ 0	↓ -12	

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	0,62	↓ 0	↓ -1	
US 2Y Swap	0,80	↑ 2	↓ -9	
US 5Y Swap	1,21	↓ -2	↓ -14	
EUR 3M Euribor	-0,16	↑ 0	↓ 0	
EUR 2Y Swap	-0,18	↑ 0	↓ -4	
EUR 5Y Swap	0,04	↓ -2	↓ -8	
GB 3M Libor	0,59	→ 0	↓ 0	
GB 2Y Swap	0,78	↓ -3	↓ -18	
GB 5Y Swap	1,12	↓ -8	↓ -15	
JP 3M Libor	0,04	↓ -3	↓ -3	
JP 2Y Swap	-0,10	↓ -4	↓ -18	
JP 5Y Swap	-0,04	↓ -2	↓ -16	
CHF 3M Libor	-0,76	↓ -1	↓ 0	
CHF 2Y Swap	-0,79	→ 0	↓ -1	
CHF 5Y Swap	-0,52	→ 0	↓ -1	

COMMODITIES			
	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	32,5	↓ -0,67	↓ -1,81
Gold	1 128	↓ -0,06	↑ 0,25

Source: Reuters, OTP Research

This morning Asia's markets were under strong selling pressure as investors' worries were fuelled by the plunging oil prices. Japan's stock markets headed the fall, decreasing more than 3%. The Hang Seng eased 2.5% and the Shanghai Composite dropped more than 1%.

In America, the ADP institute's employment statistics will be out today; analysts expect 195,000 increase for January.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	EZ	Jan	Unemployment rate (%)	10,4	10,5	10,5
	DE	Jan	Unemployment rate (%)	6,2	6,3	6,3
	GB	Jan	Markit PMI Construction (points)	55,0	57,5	57,8
	US	Jan	Total vehicle sales (millions)	17,58	17,40	17,34
Wednesday	EZ	Dec	Retail sales (mom, %)		0,3	-0,3
	DE	Jan	Markit Services PMI (final, point)		55,4	55,4
	FR	Jan	Markit Services PMI (final, point)		50,6	50,6
	EZ	Jan	Markit Services PMI (final, point)		53,6	53,6
	US	Jan	ADP National Employment (thn persons)		195	257
	US	Jan	Markit Services PMI (final, point)		-	53,7
US	Jan	ISM Non-Mfg PMI (final, point)		55,1	55,8	

Source: Reuters, OTP Research

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