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## Daily Report – Global Markets

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 633	↑ 0,56	↑ 0,29
S&P500	2 055	↑ 0,88	↑ 0,25
Nasdaq100	4 468	↑ 1,58	↑ 0,92
Russell2000	1 109	↑ 2,67	↑ 1,07
Stoxx600	337	↑ 0,50	↓ -1,03
DAX	9 888	↑ 0,37	↓ -1,02
FTSE 100	6 106	↓ -0,01	↓ -1,40
CAC40	4 367	↑ 0,85	↓ -1,47
ATX	2 228	↑ 0,31	↓ -2,79
IBEX35	8 808	↑ 0,21	↓ -2,04
Nikkei 225	16 913	↓ -1,12	↓ -0,52
Hang Seng	20 656	↑ 1,42	↑ 0,20
SSEC	2 973	↑ 1,83	↓ -1,22
SENSEX	25 116	↑ 0,87	↓ -0,60
RTS	843	↓ -0,97	↓ -5,13
Bovespa	51 155	↑ 0,62	↑ 0,28

**FX MARKET**

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1289	↑ 0,85	↑ 1,00
EUR/CHF	1,0916	↑ 0,15	↑ 0,15
USD/GBP	1,4380	↑ 0,90	↑ 1,88
USD/JPY	112,29	↓ -0,35	↓ -0,05
AUD/USD	0,7628	↑ 0,04	↑ 1,33
USD/CAD	1,3077	↑ 0,04	↓ -0,95
USD/RUB	68,47	↑ 0,23	↓ -0,28

**RISK INDICATORS**

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,8	↓ -1,4	↑ 0,0
CDS 5Y PIIS	14	↑ 1,3	↑ 2,7
CDS 5Y Italy	114	↑ 1,7	↑ 5,9
CDS 5Y Belg.	112	↓ 0,0	↑ 0,6
iTraxx 5Y EU	36,5	↑ 2,2	↑ 5,0
US TED Spread	76,1	→ 0,0	↑ 7,5

Source: Reuters, OTP Research

**Summary**

- Tuesday's trading was rather mixed and generated low volumes in Europe but optimism ruled America after Janet Yellen's speech.
- Global risks may slow interest rate hikes in the USA, the Fed Chair said.
- The USD weakened 0.9% versus the EUR after Janet Yellen's speech.

The sentiment on European markets was rather neutral on Tuesday, with trading volumes 20% short of the 30-day average. The major stock indices erased the morning's gains by noon, and ended the day near the opening levels. At the end of the day, the Stoxx600 increased by 0.5%, the DAX advanced 0.4%, the CAC40 rallied 0.9%, while the FTSE100 virtually stayed flat. In corporate news, EasyJet stocks soared 1.4%, as the Bank of America modified its recommendation to Buy, up from Neutral. The shares of VW reversed 1.6% following a report that it may suspend dividend payment. Trading in America was likewise mixed or slightly negative, as investors assumed that the interest rate hike might take place earlier than had been thought, partly owing to upwardly revised US GDP data. Janet Yellen's speech, made after European market close, brought about a strong rebound in US stock indices. The DJIA upped by 0.6%, the S&P500 grew 0.9%, and the Russell 2000 rallied 2.7%. The optimism stemmed from Mrs Yellen's stressing that global risks may cause slower-than-planned interest rate hikes.

In Asia, the Nikkei fell 1.1%, while the Hang Seng gained 1.4%, and the SSEC closed 1.8% higher. The merger plans of Starwood and Marriott could be crossed by the Anhang Chinese insurance company's USD 14 billion offer for Starwood. This translates into 82.57 USD/share, while Marriott's most recent bid was 78 USD/share. After spending the highest amount in the world on developing renewable energy in 2015, China is planning to boost its solar power generation capacity by 20 GW/year by 2020, to a total of 143 gigawatts. The expected cost of the project is USD 368 billion. An analyst at Citibank warns that the current revival on emerging markets' corporate bond market is not unilateral and is only transitory. The money flows mostly to the traditionally bigger issuers, whose markets are more liquid.

Saudi Arabia remains hit by the low oil price, the most recent statistics show. The broad money indicator (M3) declined in the kingdom for the first time since 2000. On the other hand, it is relatively good news that withdrawal from ATMs fell by 8%. Lending is increasing but it is not coupled with launching new investment projects. Barclays says that commodity prices, particularly oil and copper prices, may plunge again near their lows, because the most recent rise was rather technical than fundamentally justified. It cannot rule out 30 USD/barrel oil and 4,000 USD/ton copper prices. The OECD secretary-general says that the demand side should be supported in order to make deflation avoidable at global level. In his opinion, investment volumes are half the amount that would be sufficient, but central banks are left with little elbow-room to change them meaningfully.

The USD retreated 0.9% versus the euro after Mrs Yellen's remarks.

**GOV'T BOND MARKET**

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,79	↓	-9	↓	-11
US 10Y	1,81	↓	-7	↓	-14
JP 2Y	-0,22	↑	1	↓	-1
JP 10Y	-0,10	↓	-1	↓	0
GER 2Y	-0,47	↓	-47	↑	1
GER 10Y	0,18	↑	18	↓	-4

**CENTRAL BANKS' RATES**

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0,5	↑	0,75	↑	1,25
ECB Rate	0,00	↑	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	0,87	↓	-2	↓	-7
US 5Y Swap	1,21	↓	0	↓	-8
EUR 3M Euribor	-0,24	→	0	↓	-1
EUR 2Y Swap	-0,16	↑	2	↓	0
EUR 5Y Swap	0,01	↓	-3	↓	-1
GB 3M Libor	0,00	↑	0	↓	0
GB 2Y Swap	0,80	↓	-1	↓	-2
GB 5Y Swap	1,01	↓	-3	↓	-2
JP 3M Libor	0,00	→	0	↑	0
JP 2Y Swap	-0,13	↓	-1	↓	-2
JP 5Y Swap	-0,10	↓	-1	↓	-4
CHF 3M Libor	0,00	→	0	↑	0
CHF 2Y Swap	-0,78	↓	-5	↓	-3
CHF 5Y Swap	0,00	↑	1	↓	-1

**COMMODITIES**

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	39,4	↑	0,69	↓	-5,70
Gold	1 236	↓	-0,44	↑	1,35

Source: Reuters, OTP Research

Tuesday was a rather quiet day on the statistics front. In Japan, household spending increased, surprising economists, while the retail sales figure has beaten the previous month's reading but missed expectations. In the USA, the Case-Shiller home price index rose by 0.8% in January from the previous month, growing as much as in the previous reading and in line with forecasts.

In today's publications, Japan will release industrial production data. In Europe, consumer confidence indices will be out in the UK and the euro zone; the latter area will publish economic sentiment index. Inflation data are due out from the eurozone and Germany. The ADP non-farm employment figure will see the light of day in the USA.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	JP	Feb	Household spending (yoy, %)	1,2	-1,5	-3,1
	JP	Feb	Retail sales (yoy, %)	0,5	1,7	-0,1
	US	Jan	Case-Shiller home price index, SA (mom, %)	0,8	0,7	0,8
	US	Mar	Fed Yellen Speech	-	-	-
Wednesday	JP	Feb	Industrial production (preliminary, mom, %)		-6,0	3,7
	UK	Mar	GfK Consumer confidence (point)		-1,0	0,0
	EZ	Mar	Economic Sentiment (point)		103,8	103,8
	EZ	Mar	CPI (preliminary, yoy, %)		0,2	0,0
	DE	Mar	CPI (preliminary, yoy, %)		0,2	0,0
	US	Mar	ADP national employment (mom, thousands)		194,0	214,0

Source: Reuters, OTP Research

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