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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 556	↓ -0,12	↓ -1,02
S&P500	2 042	↓ -0,27	↓ -1,17
Nasdaq100	4 459	↓ -0,36	↓ -1,17
Russell2000	1 094	↓ -0,27	↓ -0,14
Stoxx600	333	↑ 0,30	↓ -0,48
DAX	9 683	↑ 0,63	↓ -1,42
FTSE 100	6 200	↓ -0,07	↑ 0,57
CAC40	4 313	↑ 0,22	↓ -0,75
ATX	2 247	↑ 0,24	↓ -0,28
IBEX35	8 498	↑ 0,83	↓ -1,16
Nikkei 225	15 929	↑ 1,13	↑ 1,25
Hang Seng	20 506	↑ 0,32	↑ 1,63
SSEC	3 015	↓ -0,64	↓ -1,26
SENSEX	25 103	↑ 0,32	↓ -0,60
RTS	901	↑ 2,49	↑ 4,55
Bovespa	50 165	↓ -0,25	↑ 2,84

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1406	↑ 0,06	↑ 0,22
EUR/CHF	1,0884	↑ 0,15	↓ -0,06
USD/GBP	1,4239	↑ 0,83	↑ 0,57
USD/JPY	108,29	↑ 0,33	↓ -1,83
AUD/USD	0,7613	↑ 0,25	↑ 0,93
USD/CAD	1,2914	↑ 0,13	↓ -1,68
USD/RUB	66,68	↑ 0,06	↓ -2,68

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	16,3	↑ 0,9	↑ 2,1
CDS 5Y PIIS	16	↓ -1,8	↑ 9,2
CDS 5Y Italy	122	↓ -3,8	↑ 10,5
CDS 5Y Belg.	120	↓ -0,8	↑ 0,0
iTraxx 5Y EU	36,5	↓ -1,1	↑ 4,9
US TED Spread	78,0	→ 0,0	↓ -2,6

Source: Reuters, OTP Research

Summary

- Monday's mildly optimistic sentiment in Europe mostly stemmed from favourable news on strengthening Italy's banking system.
- America's indices closed lower but the financial sector firmed yesterday.
- Alcoa published a mixed bag of earnings data after trading hours yesterday. The continued drop in revenue and profit may not bode well for market optimism in the forthcoming earnings season.

The modestly positive sentiment persisted on Western Europe's stock markets on Monday, but the Stoxx600's gains melted to 0.3% by the close (but it also reversed a 0.8% less suffered earlier in the day). The financial sector was the best performer, largely driven by Italian banks, following reports on today's talks between banks and the government to set up a five-billion-euro fund with an aim to help Italy's banking system to handle its bad loans, and recapitalize some banks. Accordingly, Milan's stock index made the heftiest gain in the region (1.3%), and Italian banks' share prices shot up: Banca Monte dei Paschi di Siena jumped almost 10%, Unicredit rallied 2.4%, and Intesa advanced 1.7%. The commodity sector also excelled: AngloAmerican surged 7%. ArcelorMittal, the steel manufacturer, surged almost 8% after offering to repurchase EUR 1.5 billion securities due in 2017 and 2018, and the USD 1.5 billion debt maturing in June 2018, in an important step in paring down its USD 15.7 billion debt pile. The company's net loss was USD 7.9 billion in 2015 and it expects the EBITDA to shrink further this year. Spain's IBEX closed 0.8% higher and the DAX upped 0.6% in Monday's trading. In market-moving corporate news, Telenor and Aegon made headlines yesterday. The Norwegian telecommunications company grew by 3.2% on news relating to selling its subsidiary in India, while the Dutch insurance company's stock price went up 3% after reaching agreement to sell two thirds of its UK annuity portfolio.

America's indices sank into the red by the close as the financial and commodity sectors' combined gains failed to offset the ailing of the consumption, health care, energy, and the utilities sectors. The absolute winner in the S&P was Chesapeake Energy (+20%) after restructuring its USD 4 billion credit to mature in 2019. In the banking sector, Citigroup gained 1.6% ahead of its forthcoming earnings report, JPMorgan climbed 0.8% higher and the Bank of America rose by 0.7%; in investment banks, Goldman Sachs gained 1.3% and Morgan Stanley went up 1.5%. Goldman Sachs agreed to pay USD 5 billion in damages for misleading investors on mortgage-backed securities before the financial crisis, the US Justice Department said. Pharmaceuticals' ailing was noticeable yesterday: Pfizer shrank 1.9% and Merck dipped 0.6%. Hertz was a big loser (-11%) in the consumption sector; beating earlier slightly optimistic forecast, the car rental company expects sliding revenues this year, while its rival Avis reversed 8%. Ahead of publishing its report, Alcoa closed 4% higher yesterday. Releasing its earnings after trading hours, it reported below-consensus revenue but better-than-expected profit; its share price dived 5% in after-hours trading.

Asia's markets opened lower; the JPY's initial firming made Japan's indices open on a weaker note but it the dip was successfully reversed, helping the Nikkei to above-1% gain by the close.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,70	↓ 0	↓ -4
US 10Y	1,73	↓ 0	↓ -3
JP 2Y	-0,24	↓ 0	↓ -2
JP 10Y	-0,08	↑ 0	↓ 0
GER 2Y	-0,52	↓ -2	↓ -4
GER 10Y	0,09	↓ -1	↓ -3

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	↑ 0
US 2Y Swap	0,84	↑ 1	↑ 4
US 5Y Swap	1,15	↑ 2	↑ 2
EUR 3M Euribor	-0,25	↓ 0	↓ -1
EUR 2Y Swap	-0,17	→ 0	↓ -1
EUR 5Y Swap	-0,01	↑ 1	↓ -1
GB 3M Libor	0,00	↑ 0	↑ 0
GB 2Y Swap	0,77	↑ 2	↓ -2
GB 5Y Swap	0,95	↑ 3	↓ -3
JP 3M Libor	0,00	↓ 0	↓ -1
JP 2Y Swap	-0,15	↑ 0	↓ -2
JP 5Y Swap	-0,11	↓ -1	↓ -2
CHF 3M Libor	0,00	↓ 0	↑ 0
CHF 2Y Swap	-0,75	↓ 0	↓ -1
CHF 5Y Swap	-0,59	↓ -1	↓ -2

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	42,6	↓ -0,47	↑ 12,57
Gold	1 255	↓ -0,23	↑ 1,94

Source: Reuters, OTP Research

The Brent's price increased 2.2% to USD 42.83 in Monday's session, while the WTI sank two basis points, below USD 40.35. According to Goldman Sachs' analysts even if the 17 April OPEC meeting in Doha agrees on freezing production, it is unlikely to be enough to trigger a steady price growth; Iran and Brazil said they would not hold back their output. Another reason why freezing production at the current levels would not be a good idea is that rival producers would profit from it, Goldman's analysts opine.

In the UK, retail sales dropped 0.7% year/year, up from the slight uptick in February, the ONS published on Monday. Statistics published this morning reveal that inflation in Germany was 0.3% in March, in line with expectations. The harmonized price index showed a mere 0.1% increase from the same month of 2015. Later today the consumer price index will be out in the UK, and the US federal budget for March may be the most important publication this week.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	CN	Mar	CPI (mom, %)	-0,4	-0,3	1,6
	CN	Mar	CPI (yoy, %)	2,3	2,5	2,3
	CZ	Mar	CPI (yoy, %)	0,3	0,4	0,5
	PL	Mar	CPI (yoy, %)	-0,9	-	-0,8
	UK	Mar	Retail sales (yoy, %)	-0,7	-	0,1
	IT	Feb	Industrial production (yoy, %)	1,2	-0,7	1,9
	Tuesday	DE	Mar	CPI (yoy, %)	0,3	0,3
DE		Mar	Wholesale price index (yoy, %)	-2,6	-	-1,9
UK		Mar	CPI (yoy, %)		0,4	0,3
US		Mar	Federal budget (monthly, USDbn)		-104,0	-193,0

Source: Reuters, OTP Research

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