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Daily Report – Global Markets



Source: Reuters, OTP Research

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 054	↑ 0,27	↑ 1,88
S&P500	2 101	↑ 0,31	↑ 1,90
Nasdaq100	4 537	↓ -0,71	↑ 0,91
Russell2000	1 140	↑ 0,08	↑ 0,91
Stoxx600	349	↑ 1,46	↑ 4,36
DAX	10 350	↑ 2,27	↑ 6,02
FTSE 100	6 405	↑ 0,82	↑ 2,61
CAC40	4 566	↑ 1,32	↑ 5,08
ATX	2 338	↑ 1,16	↑ 3,87
IBEX35	8 971	↑ 1,01	↑ 4,97
Nikkei 225	16 907	↑ 0,19	↑ 3,21
Hang Seng	21 192	↓ -1,14	↑ 0,16
SSEC	2 933	↓ -3,60	↓ -4,34
SENSEX	25 812	↓ -0,02	↓ -0,60
RTS	927	↑ 3,01	↑ 1,71
Bovespa	53 710	↑ 1,54	↑ 3,28

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1356	↑ 0,39	↑ 0,82
EUR/CHF	1,0922	↑ 0,12	↑ 0,22
USD/GBP	1,4392	↑ 0,83	↑ 1,34
USD/JPY	108,89	↓ -0,26	↓ -0,40
AUD/USD	0,7782	↓ -0,37	↑ 1,70
USD/CAD	1,2708	↑ 0,33	↓ -0,83
USD/RUB	66,52	↑ 1,03	↑ 0,47

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,2	↓ -0,1	↓ -1,6
CDS 5Y PIIS	13	↓ -2,5	↓ -6,4
CDS 5Y Italy	116	↓ -3,8	↓ -9,3
CDS 5Y Belg.	110	↑ 0,4	↑ 0,3
iTraxx 5Y EU	36,8	↓ -2,3	↓ -7,1
US TED Spread	70,9	→ 0,0	↑ 2,2

Summary

- Europe saw dynamic growth, US markets lost steam, with the tech sector ailing in yesterday's trading.
- Intel announced to cut 12,000 jobs.
- After 15 years, Argentine returned to global bond market with a hefty bond issuance of USD 16.5 billion.

On Tuesday Western Europe's stock markets were fuelled by better-than-expected corporate earnings reports, which sent Danone's share price 3.5% higher, and made L'Oréal jump 5%. Roche gained 2%, benefiting from a faster-than-thought increase in its Q1 revenue, owing to stronger demand for its breast cancer medicine. Akzo Nobel's quarterly sales data also topped analysts' expectation and cheered investors, who increased its stock price by 5.3%. The Stoxx600 closed 1.5% higher, partly thanks to the rise in commodity prices; Anglo American's price surged 8.5%, while oil price picked up for the first time in four days. In the light of the published corporate reports, this earnings season may beat expectations. This makes the assessment to be made by the ECB's Thursday meeting about the eurozone's growth and the future of monetary policy particularly interesting.

America's stock indices closed mixed; the Dow and the S&P made slight gains, the Russell stagnated, while technology indices were ailing. The US dollar's weakening triggered a rise in commodity prices, benefiting their producers. Oil prices rose as a result of the strike in Kuwait, which started on Sunday. The share price of the copper producer Freeport-McMoRan soared 9%; and Newmont Mining surged 4.9%. There was a raft of corporate earnings data yesterday; Netflix plunged 13% after forecasting poorer global subscription figures for Q2 than had been expected. Another loser of the day was IBM, which fell 5.6% following Monday's disappointing earnings report (its revenue has been contracting for 16 quarters), questioning its strategy to reposition itself from a traditional hardware and software manufacturer into a cloud and data analytics service provider. The profit figures of Goldman Sachs, whose Q1 profit shrank 60% from a year earlier, have still beaten expectations, following the cost cuts that surpassed preliminary estimates. Revenues fell more dramatically (+40%) than had been expected. The 6.4% ROE is a far cry from the 11% that represents the comfort zone investors expect from Goldman, analysts opined. Goldman, which plummeted nearly 10%, has been the weakest name within the Dow this year, closed Tuesday's session 2.3% higher. Johnson & Johnson's stock price rose by 1.6%, on the back of a better-than-expected quarterly profit, and it also raised its profit forecast for this year. Intel, which published its report after market close, announced cutting 12,000 jobs (or 11% of its workforce); the chip maker produced disappointing revenue on the narrowing PC market, and its Q2 revenue forecast also missed expectations. Yahoo!'s earning figures, published after trading hours, did not disappoint. The earnings reports of American Express and Coca-Cola are due out today.

For the first time since defaulting in 2001, Argentine returned to global bond markets yesterday. The country with 'B' rating issued bonds worth USD 16.5 billion, of which USD 10 billion will be spent on paying off former creditors. The whole amount was four times oversubscribed. The USD 6.5 billion in 10Y bonds was sold with 7.5% yield, as opposed to the 8.89% yield of bonds with the same rating.

Source: Reuters, OTP Research

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,76	↓ 0	↑ 1
US 10Y	1,78	↓ 0	↑ 0
JP 2Y	-0,26	↓ -1	↓ -1
JP 10Y	-0,12	↓ -1	↓ -4
GER 2Y	-0,50	↑ 1	↑ 2
GER 10Y	0,17	↑ 4	↑ 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	↑ 0
US 2Y Swap	0,86	↓ -1	↑ 1
US 5Y Swap	1,15	↓ -4	↑ 0
EUR 3M Euribor	-0,25	↓ 0	↓ 0
EUR 2Y Swap	-0,16	↓ -1	↑ 0
EUR 5Y Swap	0,02	↑ 0	↑ 1
GB 3M Libor	0,00	→ 0	→ 0
GB 2Y Swap	0,83	↑ 2	↓ -3
GB 5Y Swap	1,06	↑ 3	↑ 6
JP 3M Libor	0,00	↓ -1	↓ -1
JP 2Y Swap	-0,15	↓ -1	↓ -3
JP 5Y Swap	-0,11	↓ 0	↓ -3
CHF 3M Libor	0,00	↑ 0	↑ 0
CHF 2Y Swap	-0,75	↓ -1	↓ -1
CHF 5Y Swap	-0,62	↑ 1	↑ 0

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	43,0	↓ -2,45	↓ -2,78
Gold	1 248	↓ -0,16	↑ 0,43

Trading in Asia started on a strong note, the Nikkei's rally continued but it eroded some of the gains by the close, preserving just 0.2% of it. The other benchmark indices dropped, and the Shanghai Composite ended with a painful loss of 3.6%.

The Brent upped by 2.7% and the WTI surged 3.1% in yesterday's trading. The strike in Kuwait ended this morning, thus oil prices started to sink again.

Japan' foreign trade data for March show slighter drop, in both exports and imports, than had been forecast but they signify stronger fall than in the previous month.

Germany's ZEW investor sentiment index jumped stronger than had been expected, to 11.2, up from nearly 4 in March. The research institute attributes the improvement to the recent data from China. At the level of sub-indices, the picture is rather mixed: the expectations component edged higher, while the current economic conditions sub-index deteriorated (falling from -11.8 to -12.1); moreover, it stands at its lowest in more than one year.

The real estate data released in the United States did not help equity markets' advance. Both housing starts and building permits dropped stronger in March than had been thought.

Today Britain is to publish important labour market statistics, and the USA will publish existing home sales figures.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
	DE	Apr	ZEW Economic Sentiment (point)	12,1	8,0	4,3
	EZ	Feb	Current account (SA, EUR)	19,0	-	27,5
	PL	Mar	Retail sales (yoy, %)	0,8	3,4	3,9
	PL	Mar	Industrial production (yoy, %)	0,5	3,0	6,7
	US	Mar	Housing starts (annualized monthly, thousands)	1089,0	1188,0	1178,0
	US	Mar	Building permits (annualized monthly, thousands)	1086,0	1200,0	1177,0
Wednesday	JP	Mar	Export (yoy, %)	-6,8	-6,9	-4,0
	JP	Mar	Import (yoy, %)	-14,9	-16,2	-14,2
	GB	Feb	ILO Unemployment (%)		5,1	5,1
	GB	Feb	Average weekly earnings, 3M (yoy, %)		2,3	2,1
	CH	Apr	ZEW investor sentiment index (points)		-	2,5
	US	Mar	Existing home sales (millions)		5,3	5,1

Source: Reuters, OTP Research

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