

Market Comment | US markets steady while Europe remained closed

Global Financial Markets Unit
28 Mar 2016

- **Positive data in the US.** US personal income rose in February by more than expected (by +0.2% MoM; consensus: 0.1%), while personal spending increased in line with estimates (by 0.1% MoM). Meanwhile, pending home sales rose, beating expectations (by 3.5% MoM; consensus: 1.2%). On another front, Dallas Fed manufacturing activity improved in March by more than estimated (by 18.2 points to -13.6; consensus: -25.8)
- **US markets steady while Europe remained closed.** With European markets closed for the holiday, US equity markets barely moved today, despite the strong upward revision in US 4Q15 GDP (see) (S&P: +0.1%). At first glance, it seems that two opposite forces are weighing on US equities. On the one hand, positive cyclical data, which bode well for US earnings. On the other hand, the Fed's increasingly hawkish tone, which is weighing on equity valuation. Despite the latter, markets' perception of the probability of a rate hike remains broadly unchanged from last Thursday. Furthermore, US yields inched down from Thursday's levels (US 2Y: -1 bps, 10Y: -3 bps). In FX markets, the US dollar had a mixed performance: it appreciated against the Japanese yen (-0.16%) - encouraging gains in Japanese equities (Nikkei: +0.8%) - while depreciating against the euro (+0.43%). The US dollar also depreciated against most EM currencies (BRL: +0.8% COP: +0.7% PEN: +1.1%). Oil prices have fluctuated and are currently falling (WTX: -1.2% Brent: -1.7%) - news and rumours ahead of the April 17 meeting of oil producing countries may increase volatility in this market. All in all, as European markets remained closed, coupled with a first quarter ending on Thursday and significant data releases (US payrolls) later in the week, markets have registered low trade activity today.

Update 17.30 CET 28 March, 2015
Table1

*CDS, EMBI & MSCI indices with one day delay

**Credit spread (BAA) with two days delay

***S&P GSCI with one day delay

We will be back on Monday

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