



Week Ahead: ECB Begins Bond Buying This Week

Summary of key economic events

9 March	Japan	Bankruptcies
		Eco Watchers Survey
		Money Stock
	China	CPI
		PPI
		Aggregate Financing
		Money Supply
		New Yuan Loans
	UK	BRC Sales
	Germany	Trade Balance
		Current Account Balance
	Eurozone	Investor Confidence
10 March	Australia	Investment Lending
	Japan	PPI
		Machine Orders
11 March	Australia	Consumer Inflation Expectation
		Employment Change
		Unemployment Rate
	China	Retail Sales
		Industrial Production
		Fixed Assets Ex Rural
	UK	Industrial Production
		Manufacturing Production
		NIESR GDP Estimate
	Germany	Labor Costs
	US	MBA Mortgage Applications

12 March	Japan	Consumer Confidence Index
	UK	Trade Balance
	Germany	CPI
	Eurozone	Industrial Production
	US	Retail Sales
		Initial Jobless Claims
		Continuing Claims
13 March	Japan	Industrial Production
	China	Foreign Direct Investment
	UK	Construction Output
	Germany	Wholesale Price Index
	US	PPI

Source: Bloomberg

Performance of major stock market indices

		End	2015		Daily	Percent Change		
	Index	2014	Mar 4	Mar 5	Change	Daily	2015	Yr/Yr
North America								
United States	Dow	16576.7	18097.0	17856.8	-278.9	-1.5	0.2	8.5
	NASDAQ	4176.6	4967.1	4927.4	-55.4	-1.1	4.0	13.6
	S&P 500	1848.4	2098.5	2071.3	-29.8	-1.4	0.6	10.3
Canada	S&P/TSX Comp**	13621.6	15082.8	14952.5	-150.6	-1.0	2.2	4.6
Europe								
UK	FTSE 100	6749.1	6919.2	6911.8	-49.3	-0.7	5.3	3.0
France	CAC	4296.0	4917.4	4964.4	0.8	0.0	16.2	13.7
Germany	XETRA DAX	9552.2	11390.4	11551.0	47.0	0.4	17.8	23.5
Italy	MIB	18967.7	22131.1	22436.1	36.0	0.2	18.0	8.7
Spain	Ibex 35	9916.7	11051.3	11091.9	-32.5	-0.3	7.9	9.1
Sweden	OMX Stockholm 30	1333.0	1664.5	1662.6	-7.0	-0.4	13.5	22.4
Switzerland	SMI	8203.0	8992.5	9080.0	45.4	0.5	1.1	8.4
Asia/Pacific								
Australia	All Ordinaries	5353.1	5871.5	5868.6	-5.1	-0.1	8.9	7.1
Japan	Nikkei 225	16291.3	18703.6	18971.0	219.2	1.2	8.7	24.2
Hong Kong	Hang Seng	23306.4	24465.4	24164.0	-29.0	-0.1	2.4	6.6
S. Korea	Kospi	2011.3	1998.3	2012.9	14.6	0.7	5.1	1.9
Singapore	STI	3167.4	3415.5	3417.5	22.2	0.7	1.6	9.0
China	Shanghai Comp	2116.0	3279.5	3241.2	-7.3	-0.2	0.2	57.5
India	Sensex 30	21170.7	29380.7	*	*	*	*	*

Data Source — Haver Analytics

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US markets

The strong employment report shook up the market Friday. Employment was up 295,000 in February. At the same time, the unemployment rate declined to 5.5%. The results raised the likelihood that the Federal Reserve would raise interest rates sooner than expected. The dollar surged, Treasuries dropped and the market logged its worst day in two months. The Dow Jones industrials were down 1.5%, the S&P retreated 1.4% and the Nasdaq was 1.1% lower. The three indices were down 1.5%, 1.6% and 0.7% on the week.

Stocks that pay good dividends such as utilities, telecommunication companies and real estate investment companies slumped the most. These stocks have been popular while interest rates on bonds remained low. If interest rates on bonds rise, they become less attractive by comparison. Some investors said that the sharp sell-off was an overreaction. Traders said the flow of money out of the market was largely driven by hedge funds and other big investors who make decisions based on broad economic trends rather than the outlooks for individual companies.

Apple eked out a small gain. The company will replace AT&T in the Dow Jones industrial average on March 19. Bank of America advanced after the bank's positive stress test results exceeded investor expectations. Gap declined after it reported a 4% drop in February same store sales at its namesake stores. Foot Locker added 4.1% after the sportswear retailer posted better than expected results in its holiday quarter.

Gold at the afternoon London fixing dropped US\$26.25 to US\$1,175.75. Copper futures were down 1.5% to US\$2.61. WTI spot crude was down 98 US cents to US\$49.78. Dated Brent spot crude was down 69 US cents to US\$59.79. The US dollar was up against all of its major counterparts including the euro, yen, pound, Swiss franc and the Canadian and Australian dollars. The Dollar Index gained 1.8%. The yields on both the US Treasury 30 year bond and 10 year note were up 13 basis points to 2.84% and 2.24% respectively.

European markets

Markets were mixed Friday following the release of the better than expected February US jobs report. The report added to concerns that the Federal Reserve would increase interest rates in the near future. The euro added to its recent weakness against the dollar. The FTSE was down 0.7% on the day (down 0.5% on the week), the CAC was virtually unchanged (up 0.3%), the DAX added 0.4% (up 1.3%) and the SMI gained 0.5% (up 0.7%).

On Friday, Greece repaid the first €310 million tranche of a loan from the International Monetary Fund that was due in March. The repayment was due Friday and the country has to pay a total €1.5 billion to the IMF over the next two weeks as the government led by Prime Minister Alexis Tsipras struggles to raise funding amid a cash crunch. Reports also said that the Greek government has sent a fresh list of reforms to Brussels ahead of a meeting of Eurozone finance ministers on Monday. The list apparently contains specifics of measures announced already and also some new reforms.

Air Berlin increased after it issued its traffic data for February. RWE and E.ON both declined. ThyssenKrupp climbed as did Lanxess. Volkswagen, BMW, Daimler, Renault and Peugeot gained. Crédit Agricole and Société Générale advanced. Weir Group climbed following a report that the company may be a takeover target. Thomas Cook surged after China's Fosun International Limited agreed to acquire a 5% stake in the tour operator. AstraZeneca finished lower after the drug maker said it is evolving its financial reporting in line with the evolving business model. Mining stocks were under pressure due to falling commodity prices.

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