

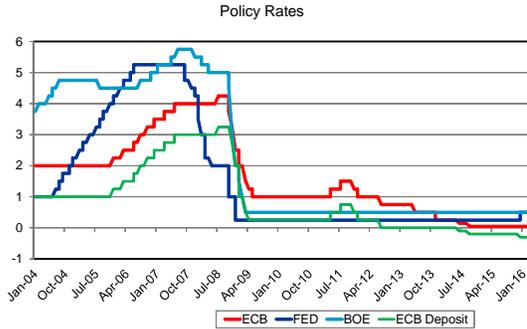


Monthly Chartbook

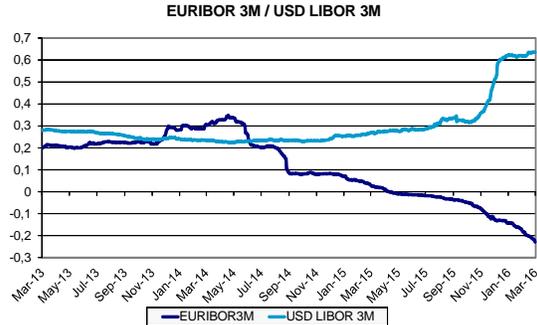
Monday, 14 March 2016

Markets

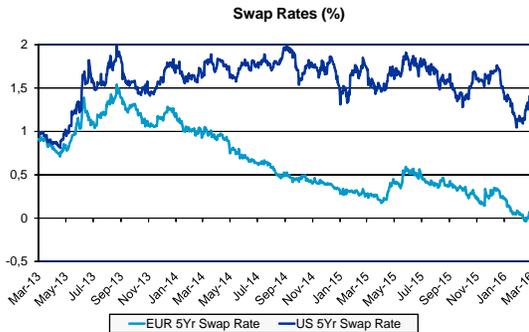
Rates



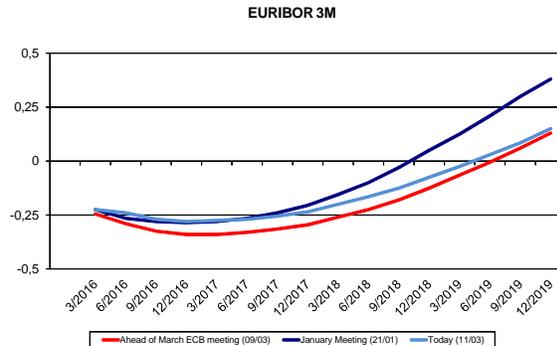
The ECB cut its refi rate by 5 bps to 0% and its deposit rate by 10 bps to -0.40%.



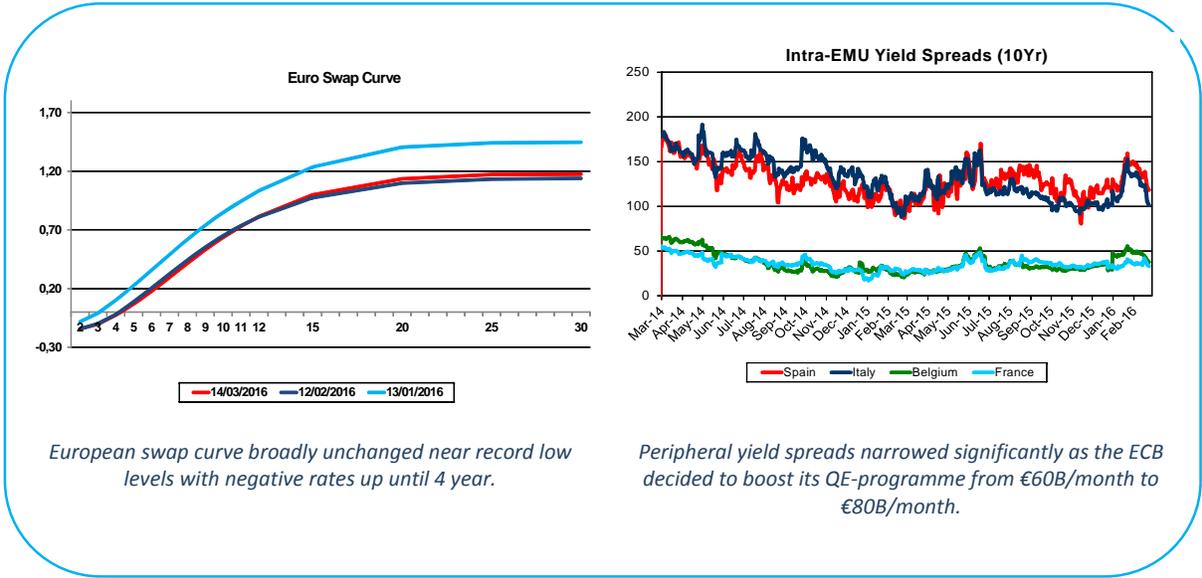
The spread between US Libor and Euribor rates increased because of additional monetary easing by the ECB. The Fed on the other hand seems ready to hike rates again later this year.



US swap rates rebound higher as market volatility decreased and markets started to price in additional US rate hikes this year.



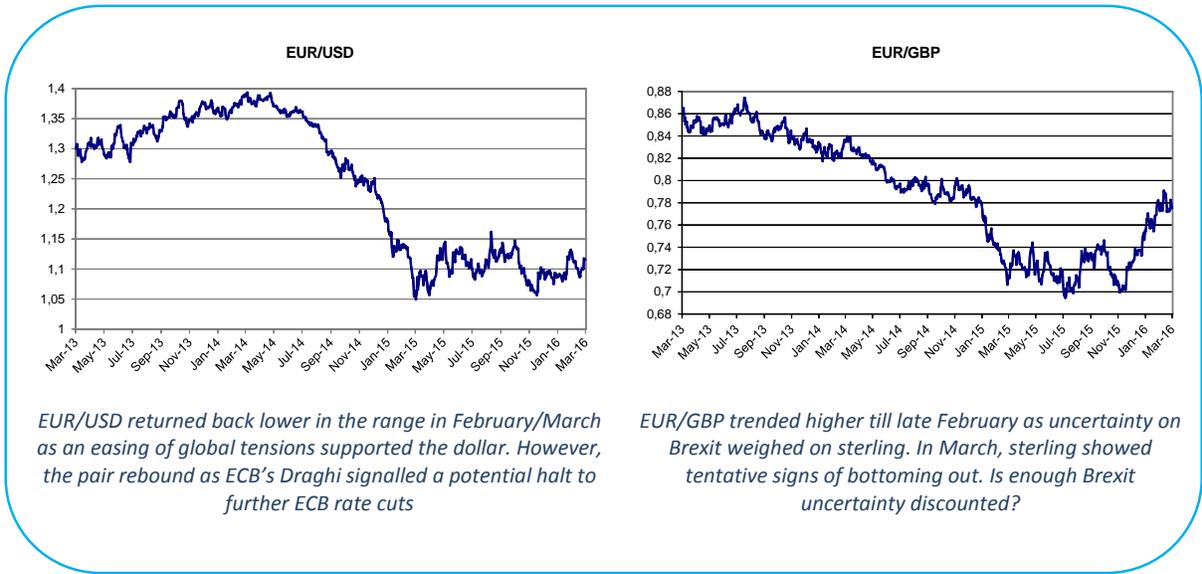
The ECB cut its deposit rate and extended the QE programme, but the Euribor forward curve shifted higher as Draghi said that the ECB doesn't intend to cut rates further.



European swap curve broadly unchanged near record low levels with negative rates up until 4 year.

Peripheral yield spreads narrowed significantly as the ECB decided to boost its QE-programme from €60B/month to €80B/month.

Currencies



EUR/USD returned back lower in the range in February/March as an easing of global tensions supported the dollar. However, the pair rebound as ECB's Draghi signalled a potential halt to further ECB rate cuts

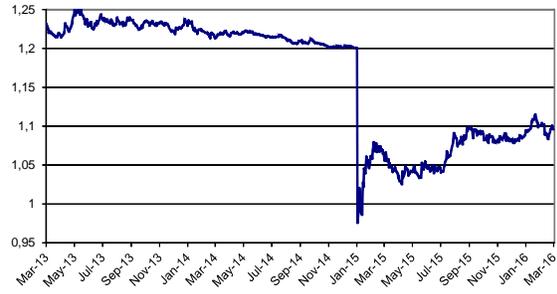
EUR/GBP trended higher till late February as uncertainty on Brexit weighed on sterling. In March, sterling showed tentative signs of bottoming out. Is enough Brexit uncertainty discounted?

USD/JPY



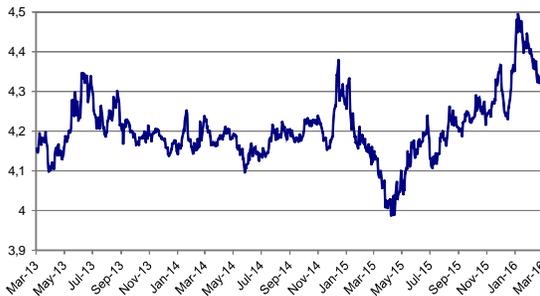
The January BoJ policy easing didn't prevent further yen strength. USD/JPY dropped below the key 115.98 support. Since mid-February, USD/JPY settled in a consolidation pattern between 111 and 115.

EUR/CHF



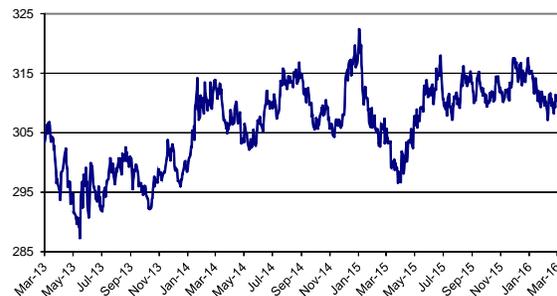
The Swiss franc declined early this year even as global sentiment turned outright negative. 'Selective' SNB action prevented CHF gains. A decline of the euro was one factor slowing the decline of the CHF in February/March.

EUR/PLN



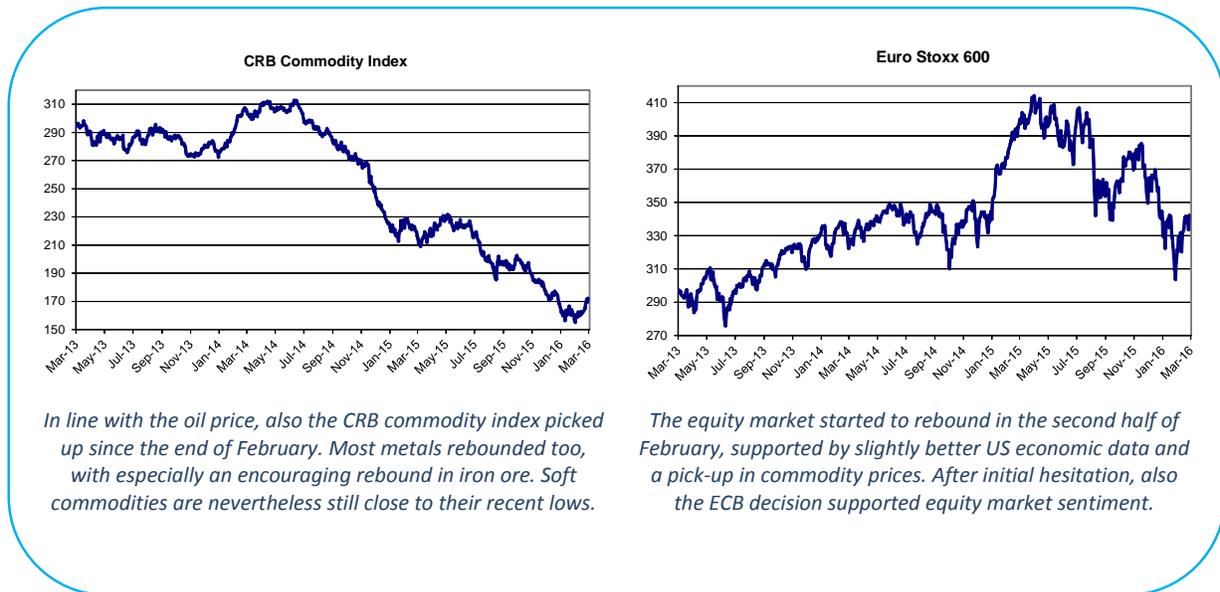
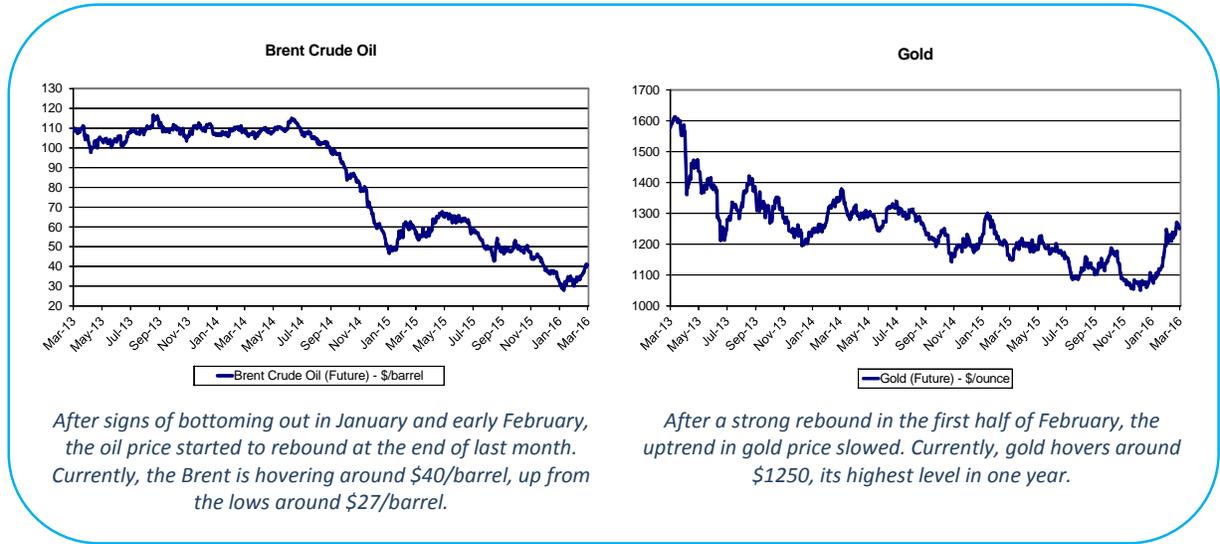
The decline of the zloty in the wake of the formation of a new government slowed. Markets gradually embrace the idea that a change in monetary policy might be less aggressive than previously assumed.

EUR/HUF



The forint holds stable in a sideways range between 306 and 318. Global uncertainty hardly affected the forint. A further improvement in economic fundamentals gives the forint downside protection.

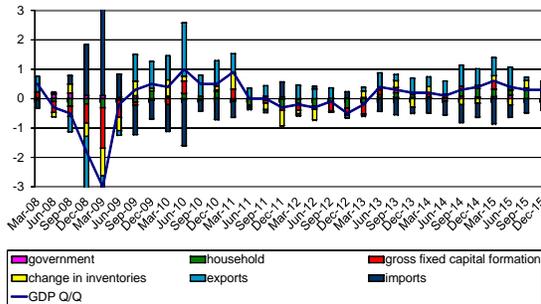
Others



Economic Overview

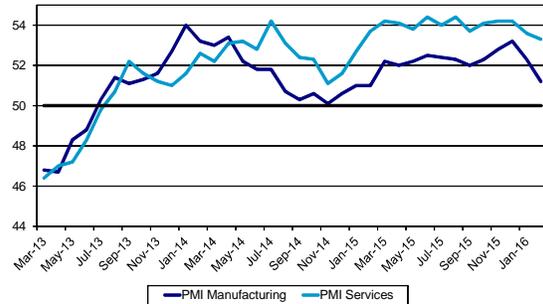
Eurozone

Euro zone GDP (Q/Q contribution to growth)



The euro zone economy grew by 0.3% Q/Q in the fourth quarter in line with Q3 growth. The details are encouraging with investments picking up, although growth in personal consumption slowed. Net-exports weighed on growth as imports rose significantly faster than exports.

Euro zone PMI Manufacturing & Services



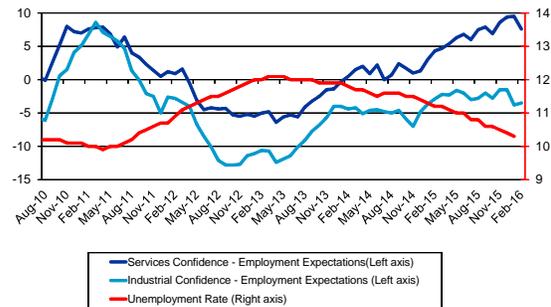
Both the euro zone manufacturing and services PMI weakened substantially further in February with also the details confirming that sentiment among businesses is deteriorating since the start of the year.

Euro zone Inflation



Both EMU headline and core inflation came out substantially lower than expected in February. Headline inflation fell back into negative territory, but more disappointing was the significant slowdown in core inflation, bringing core inflation close to its record low.

Euro zone Unemployment



The euro zone unemployment rate extended its downtrend at the start of the year, falling from 10.4% to 10.3% in January. Most recent survey data show however that labour market conditions are weakening somewhat.

Euro zone Industrial Production

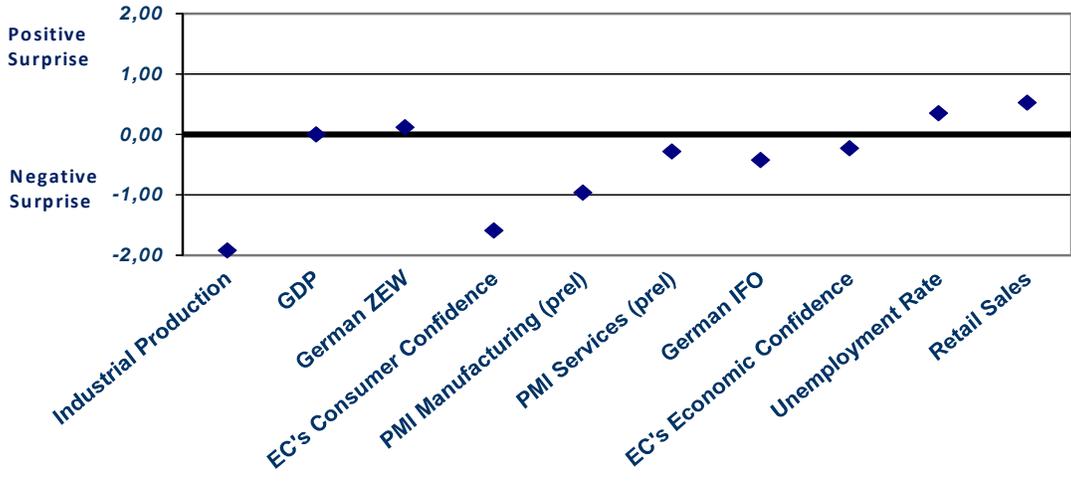


Euro zone industrial production dropped for a second straight month in December as demand from abroad remains poor. The first national data for January suggest that production picked up at the start of the year.

Euro zone Retail Sales



Euro zone retail sales rose for a third straight month in January and also the December figure was upwardly revised, indicating that consumer spending remained strong at the start of the year.

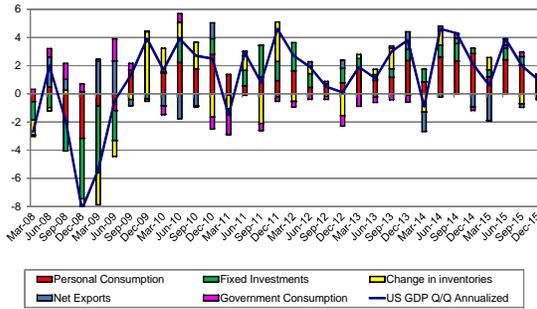


Surprise index: measures the difference (in standard deviations) between the (median) Bloomberg consensus and the actual outcome of EMU economic data.

Euro zone economic data continued to disappoint in the second half of February and early March. Especially confidence indicators disappointed, while the retail sales and unemployment rate were stronger.

US

US GDP (Q/Q Annualized - contribution to growth)



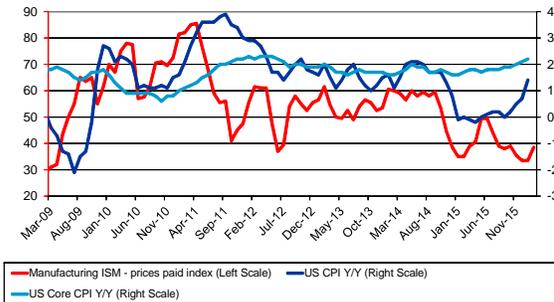
US economic growth slowed further at the end of last year, to 1.0% Q/Qa in Q4, from 2.0% Q/Qa in Q3. Although having slowed, personal consumption remained the main growth driver, while investments acted as a drag on growth.

US PMI Manufacturing - Services



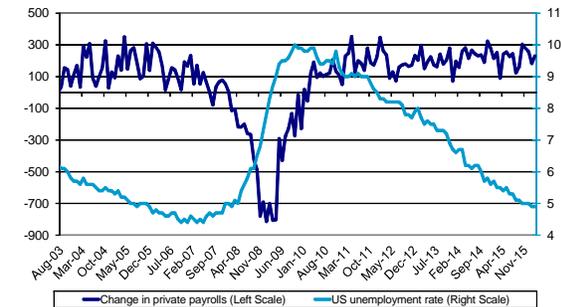
Both the US manufacturing and non-manufacturing ISM picked up slightly in February. The manufacturing ISM picked up for a second straight month, but remains below the 50 benchmark level. The non-manufacturing ISM stayed broadly unchanged following three consecutive monthly declines.

US Inflation

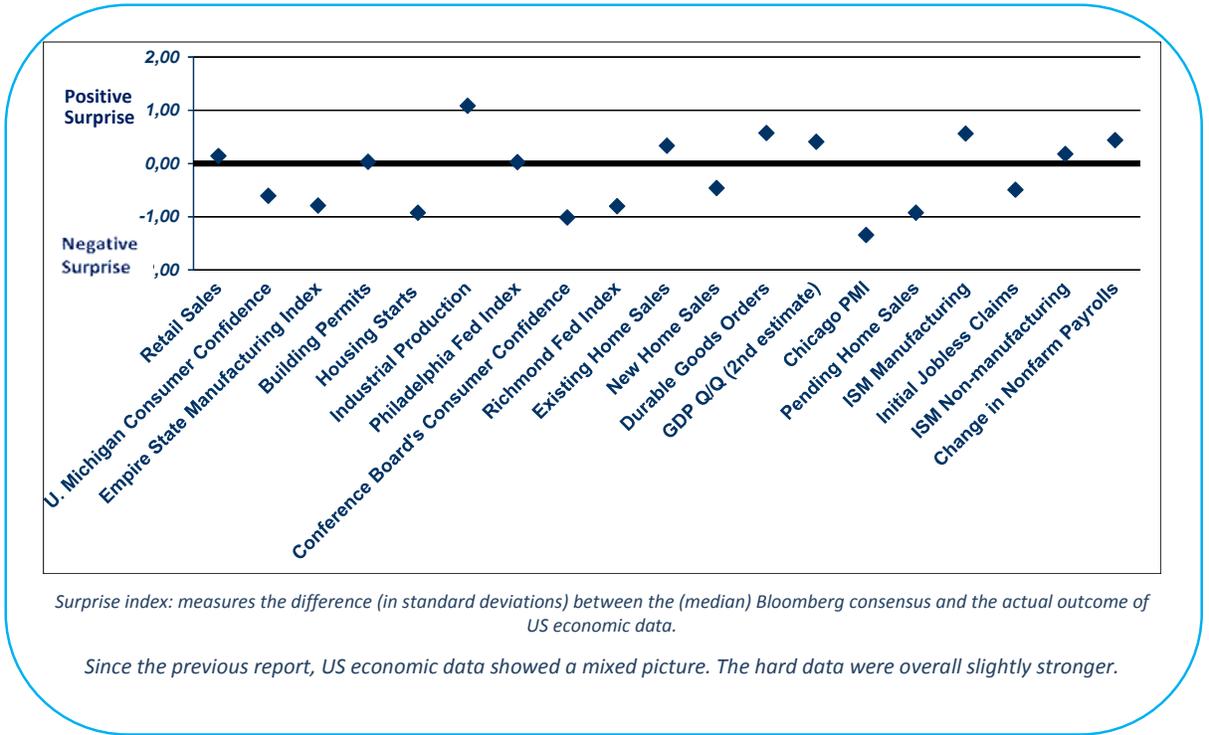
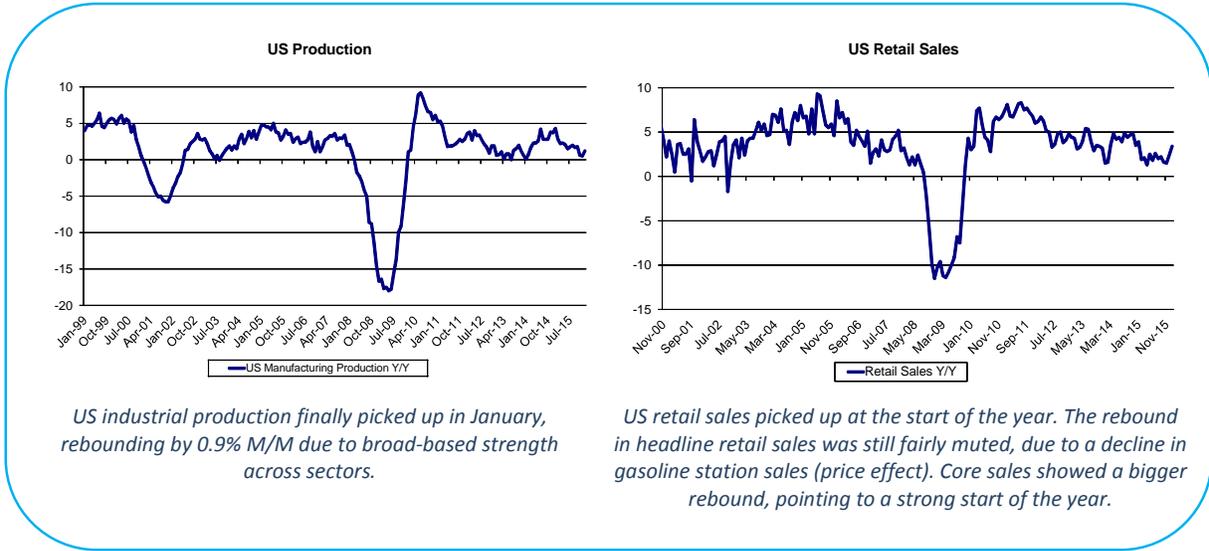


US CPI inflation doubled in January, rising to 1.4% Y/Y its highest level since October 2014. Core inflation jumped higher too, to 2.2% Y/Y. In the coming months, negative base effects might temporary halt the uptrend in headline inflation.

US Unemployment



Growth in US non-farm payrolls picked up in February, to 242 000 from an upwardly revised 172 000 in January as job creation picked up in the services sector. The unemployment rate stayed unchanged at 4.9%, the Fed's target. Wage growth disappointed, slowing to 2.2% Y/Y from 2.5% Y/Y in January.



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