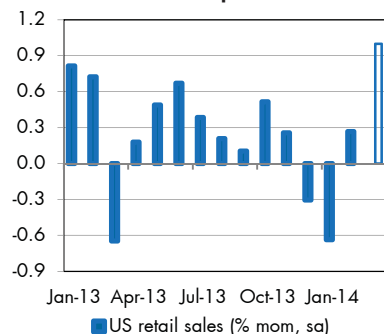
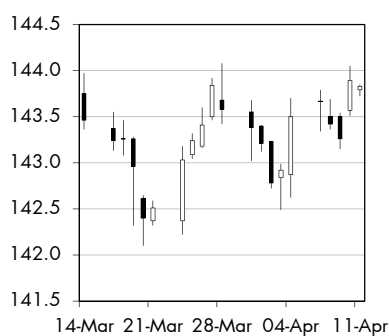


US consumers wake up from hibernation



Source: Thomson Reuters, Raiffeisen RESEARCH

Bund Future



5Y-High: 147.16, 5Y-Low 117.93
Source: Bloomberg

T-Note Future



5Y-High: 135.66, 5Y-Low: 114.94
Source: Bloomberg

Forecasts

USA	curr. ¹	Jun-14	Sep-14	Mar-15
Key rate	0.25	0.25	0.25	0.50
Libor 3M	0.23	0.30	0.30	0.70
Yield 5Y	1.60	1.90	2.10	2.50
Yield 10Y	2.65	3.00	3.30	3.60
Euro area				
Key rate	0.25	0.25	0.25	0.25
Euribor 3M	0.33	0.30	0.30	0.40
Yield 5Y	0.61	0.80	1.10	1.90
Yield 10Y	1.53	1.80	2.00	2.70
Swaprate 5Y	0.94	1.15	1.45	2.30

¹ as of 11 April 2014, 10:17 a.m. CET
Source: Thomson Reuters, Raiffeisen RESEARCH

USA

In the **coming week**, some interesting pieces of data will once again be scheduled, with **consumer price figures** (Tue) being particularly noteworthy since these currently play a big role in the US central bank's discussion as to the further monetary policy approach. February's marked decline in the year-on-year rate to 1.1% due to a base effect might have been reversed in March. We assume that seasonally adjusted month-on-month consumer prices were up 0.2% from February, which should have led to a 1.5% increase in the year-on-year rate. Market players will follow also the announcement of the March **retail sales figures** (Mon) with great interest. After retail sales had apparently been impaired by the cold and snowy winter in large parts of the US from December until February, we forecast a sharp 1.0% month-on-month plus in March. A major share of this might be attributable to retail distribution of motor vehicles. Last month, automobile sales have in fact risen by 6.9% compared to February. We are also optimistic when it comes to the **industrial production figures** (Wed) for March. In the previous month, manufacturing industry output might have seen similarly strong gains as in February. A sharp plus is primarily indicated by the increase in the manufacturing sector's work volume. Market players might also keep an interested watch on the first two important regional manufacturing sentiment surveys for April. Both for the **Empire Manufacturing Index** (Tue) and the **Philadelphia Fed Index** (Thurs), consensus anticipates a slight sentiment brightening. The remaining data scheduled for next week come from the real estate market: **NAHB housing market index** (Tue) as well as **building permits and housing starts** (Wed).

Key figures

USA			RBI	Kons.	zuletzt	
Mon, 14.	14:30	Retail sales (% mom)	Mar.	1.0	0.8	0.3
Mon, 14.	14:30	- less autos (% mom)	Mar.	0.5	0.4	0.3
Mon, 14.	16:00	Business inventories (% mom)	Feb.	0.4	0.5	0.4
Tue, 15.	14:30	Empire State Manufacturing Index	Apr.	n.a.	8.0	5.6
Tue, 15.	14:30	Consumer price index (% mom)	Mar.	0.2	0.1	0.1
Tue, 15.	14:30	- core rate (% mom)	Mar.	0.1	0.1	0.1
Tue, 15.	14:30	Consumer price index (% yoy)	Mar.	1.5	1.4	1.1
Tue, 15.	14:30	- core rate (% yoy)	Mar.	1.6	1.6	1.6
Tue, 15.	16:00	NAHB housing market index	Apr.	n.a.	50	47
Wed, 16.	14:30	Housing starts (thsd, ann.)	Mar.	990	968	907
Wed, 16.	14:30	Building permits (thsd, ann.)	Mar.	960	1,000	1,014
Wed, 16.	15:15	Industrial production (% mom)	Mar.	0.5	0.5	0.6
Thu, 17.	16:00	Philadelphia Fed Index	Apr.	n.a.	9.5	9.0

Events

Mon, 14.	11:00	EUR: Industrial production (% mom)	Feb.	0.1	0.2	-0.1
Tue, 15.	11:00	DE: ZEW Survey Expectations	Apr.	45.0	46.0	46.6
Tue, 15.	11:00	EUR: ZEW Survey Expectations	Apr.	59.0	n.a.	61.5
Wed, 16.	11:00	EUR: Consumer price index (% yoy), final	Mar.	0.5	0.5	0.5
Wed, 16.	11:00	EUR: - core rate (% yoy), final	Mar.	0.7	0.8	1.1

Events

Wed, 16.	20:00	Fed releases Beige Book	Feb./Mar.	-	-	-
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Source: Bloomberg, Raiffeisen RESEARCH

GDP (real %yoy)

	2013e	2014f	2015f
Austria	0.4	1.5	2.3
Germany	0.5	1.8	2.5
France	0.3	1.0	1.8
Belgium	0.2	1.7	2.3
Netherlands	-0.8	1.7	2.1
Finland	-1.4	0.8	2.2
Ireland	-0.3	2.0	3.0
Italy	-1.8	0.7	1.5
Spain	-1.2	1.5	2.0
Portugal	-1.4	2.0	2.2
Greece	-3.9	0.0	2.0
Euro area	-0.4	1.5	2.0
United Kingdom	1.8	2.8	2.4
Switzerland	2.0	2.0	2.0
USA	1.9	2.5	3.2
Japan	1.5	1.4	1.1

Source: Thomson Reuters, Raiffeisen RESEARCH

Consumer price index (% yoy)

	2013	2014f	2015f
Austria	2.1	1.8	1.8
Germany	1.6	1.5	2.0
France	1.0	1.4	1.6
Belgium	1.2	1.3	1.9
Netherlands	2.6	0.6	1.4
Finland	2.2	1.3	1.8
Ireland	0.5	0.8	1.5
Italy	1.3	0.8	1.2
Spain	1.5	0.5	1.1
Portugal	0.4	0.7	1.2
Greece	-0.9	-0.8	0.3
Euro area	1.4	1.1	1.5
United Kingdom	2.6	2.4	2.8
Switzerland	-0.2	0.4	1.1
USA	1.5	1.5	2.2
Japan	0.4	1.5	0.9

Source: Thomson Reuters, Raiffeisen RESEARCH

Forecasts

	current ¹	Jun-14	Sep-14	Mar-15
CHF				
Libor 3M	0.02	0.0	0.0	0.0
Yield 10Y	0.90	1.0	1.2	1.5
YEN				
Key rate	0.10	0.1	0.1	0.1
Libor 3M	0.14	0.1	0.1	0.2
Yield 10Y	0.61	0.7	0.7	1.0
FX				
EUR/USD	1.39	1.35	1.30	1.35
EUR/JPY	141.3	142	140	149
USD/JPY	101.7	105	108	110
EUR/CHF	1.22	1.22	1.25	1.28
Crude				
Brent (USD)	106.8	110	115	115

¹ as of 11 April 2014, 10:17 a.m. CET

Source: Thomson Reuters, Raiffeisen RESEARCH

Over the last few days, the **ten-year US government bond** yield came under noticeable pressure, leaving it at 2.65% and thus 15 basis points lower than early in April. Given the excellent economic perspectives for the US, we cannot really understand this development. The market currently seems to be going through a melancholy phase and to be almost looking for excuses for falling yields. The minutes of the mid-March FOMC interest rate decision struck as well-timed in this regard. Passages documenting some central bankers' inclination towards lower key interest rates for a longer period of time were searched and found in the minutes. Moreover, there was no passage referring to the six-month-period mentioned by Fed President Yellen, which would start following the termination of the securities purchases and allow for a key interest hike after its end – if the end of QE3 was assumed in October 2014, one could therefore already expect an initial interest rate hike in the spring of 2015. The majority of market players considered both to be enough for viewing the minutes as a clear evidence of the unlikelihood of key interest rates ever being raised again. All passages showing how intensely the FOMC is now discussing the question of key interest hikes were instead completely ignored. Whether or not the first key interest rate hike will be carried out at the end of March or in June 2015 is thereby completely irrelevant. What matters is monetary authorities' clear shift away from more loosening and towards a tightening of the monetary policy stance. Obviously, though, many market participants no longer see the wood for all the trees. After the weather-related unsuccessful start of the year, the US economy has the best prospects of really making great headway starting from the second quarter. The very positive development of the previous quarters will continue also on the labour market. This will further boost the upward trend in wages, which has already picked up in the previous months despite all prophecy of doom. It is therefore only a matter of time before also the currently low consumer price increase will gather speed again. That's why we hold on to our assessment of an on-balance rise in US government bond yields in the following quarters.

Financial analyst: Jörg Angelé

Euro area

In the coming days, the **data calendar** will be rather thin. Results from the Sentix surveys lead to expect a decrease in the **ZEW indices** for Germany and the Euro area. Based on the available data from individual countries, industrial production in the monetary union might have risen only slightly from the previous month. The annual increase in consumer prices without energy and food (**core rate**) for the month of March is likely to register a clear drop just as the overall rate.

As for the **secondary market** for government bonds, comments by central bankers continue to offer tailwind. Especially the general agreement within the ECB council to carry out large-scale securities purchases in the event of deflation risks for the Euro area (quantitative easing) brought about a government bond yield decrease over the past few days. Yet, from our view too little attention is paid to how high the risk of deflation actually is in the Euro area. While individual countries may be exposed to a certain risk of such developments, deflation is however very unlikely to spread over the whole Euro area without additional external disruptive factors. April inflation data will likely receive much attention. A rebound in the inflation rate, which we assume, could put an abrupt end to speculations about a renewed extensive monetary policy easing.

In the previous week, the **primary market** saw **Greece's** issuance of a multianual bond for the first time in years. The auction of the five-year bond carrying a 4.75% coupon was a full success. Around 550 investors placed total bids of EUR 20 bn, 90% of which coming from abroad. The issuance yield stood at 4.95%, the volume was increased from EUR 2.5 bn to 3 bn. Yet, we doubt that the Greek government debt of around 175% of GDP can be mastered without a renewed debt relief in the long run. Although the high debt payment obligations were pushed far into the future by means of aid programs, there is a high risk that private creditors would have bear losses in the event of a new debt haircut. In the next few days, Italy, Germany, France and Slovakia will issue bonds while money market paper auctions have also been planned in Germany, France, Spain, Malta, Belgium, Portugal and Ireland. On the rating calendar we have the European Financial Stability Facility (EFSF), Cyprus and France (S&P) as well as Italy, Spain and Cyprus (Fitch) on the agenda for next Friday.

Financial analyst: Gottfried Steindl

Overview government bonds

Yields 10Y					
	curr. ¹ (%)	1W Δ (BP)	5Y H (%)	5Y L (%)	Ytd Δ (BP)
AT	1.76	-1.1	4.49	1.48	-51.1
DE	1.53	-2.7	3.72	1.17	-40.3
FR	2.02	-0.7	4.05	1.66	-53.5
BE	2.16	1.3	5.86	1.92	-40.1
NL	1.88	0.1	4.12	1.49	-35.8
FN	1.84	1.0	4.15	1.33	-29.2
IE	2.92	0.0	14.08	2.92	-59.7
IT	3.17	0.0	7.26	3.17	-95.6
ES	3.17	2.3	7.62	3.15	-97.8
PT	3.87	1.4	17.39	3.73	-226.3
GR	5.94	-20.2	37.10	4.42	-247.6
GB	2.62	-13.5	4.23	1.44	-40.3
CH	0.89	-2.4	2.51	0.39	-18.5
US	2.65	-7.4	3.99	1.39	-38.2
JP	0.61	-3.6	1.56	0.45	-12.9

¹ as of 11 April 2014, 8:45 a.m. CET
Source: Bloomberg

Debt issuance calendar

Issuer	Date	Maturity	Coupon (%)	Vol*
Bonds				
IT	Mon, 14.	n.a.	n.a.	n.a.
DE	Wed, 16.	2024	1.75	4
FR	Thu, 17.	n.a.	n.a.	n.a.
SK	Thu, 17.	2016	n.a.	n.a.
	Thu, 17.	2029	n.a.	n.a.
Bills				
DE	Mon, 14.	6M	-	2
FR	Mon, 14.	n.a.	-	n.a.
MT	Tue, 15.	3M, 6M	-	n.a.
BE	Tue, 15.	3M, 12M	-	n.a.
PT	Wed, 16.	9M, 12M	-	n.a.
IE	Thu, 14.	n.a.	-	n.a.

* EUR bn
Source: Bloomberg

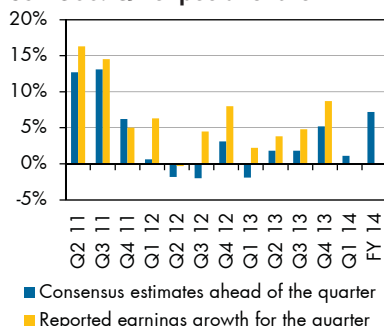
Ratings

	Moody's	S&P	Fitch
Austria	Aaa (s)	AA+ (s)	AAA (s)
Germany	Aaa (s)	AAA (s)	AAA (s)
France	Aa1 (n)	AA (s)	AA+ (s)
Belgium	Aa3 (s)	AA (s)	AA (s)
Netherlands	Aaa (s)	AA+ (s)	AAA (n)
Finland	Aaa (s)	AAA (n)	AAA (s)
Ireland	Baa3 (p)	BBB+ (p)	BBB+ (s)
Italy	Baa2 (s)	BBB (n)	BBB+ (n)
Spain	Baa2 (p)	BBB- (s)	BBB (s)
Portugal	Ba3 (s)	BB (n)	BB+ (p)
Greece	Caa3 (s)	B- (s)	B- (s)
GB	Aa1 (s)	AAA (n)	AA+ (s)
Switzerland	Aaa (s)	AAA (s)	AAA (s)
USA	Aaa (s)	AA+ (s)	AAA (s)
Japan	Aa3 (s)	AA- (n)	A+ (n)

Outlook: p = positive, n = negative, s = stable
Source: Bloomberg

Market Outlook Equity Markets

S&P 500: Q1 expectations low



Growth of index eps (yoy) for the S&P 500
Source: Bloomberg, Raiffeisen RESEARCH

Performance

	-5D*	-5Y in %**
Hang Seng CE	3.2	3.4
CECE Comp. (CE)	0.6	6.9
FTSE	-0.1	10.8
STOXX Europe 50	-0.7	8.8
SMI	-1.2	10.7
Euro STOXX 50	-1.7	7.0
DAX	-1.8	16.1
ATX	-2.0	6.5
MSCI World	-2.3	12.6
DJIA	-2.4	14.9
S&P 500	-2.9	16.4
Nasdaq Comp.	-4.3	19.7
Nikkei	-5.1	9.8

** performance from 03 Apr 2014 - 10 Apr 2014 (closing prices in each case), ** per year;
Source: Thomson Reuters, Raiffeisen RESEARCH

Performance

	-5D*	-5Y in %**
Cons. Staples	0.1	13.8
Utilities	-0.1	3.6
Materials	-0.9	8.0
Energy	-1.0	9.0
MSCI World	-2.3	12.6
Telecoms	-2.4	7.7
Financials	-2.7	10.8
Industrials	-2.7	15.6
IT	-3.2	15.0
Cons. Discretionary	-3.6	18.5
Health Care	-3.7	16.3

** weekly performance of global MSCI sector indices from 03 Apr 2014 - 10 Apr 2014 (closing prices in each case), ** per year, Source: Thomson Reuters, Raiffeisen RESEARCH

Forecasts

	current ¹	Jun-14	Dec-14
Euro STOXX 50	3,116	3,200	3,300
DAX	9,323	9,700	10,000
ATX	2,490	2,600	2,700
SMI	8,306	8,550	8,900
FTSE	6,563	6,750	7,000
DJIA	16,170	16,500	17,000
S&P 500	1,833	1,910	1,970
Nasdaq Comp.	4,054	4,510	4,650
Nikkei	13,960	15,200	16,300
Hang Seng CE	10,228	9,650	10,500

¹ as of 11 April 2014, 12:00 noon CET
Source: Bloomberg, Raiffeisen RESEARCH

Recommendations (horizon: end of June)

Stock markets: Buy: ATX, DAX, Euro STOXX 50, SMI, Nasdaq C., Nikkei 225, S&P 500
Hold: FTSE, Dow Jones Industrials

Established equity markets

With the starting US reporting season for the first quarter, market participants are becoming aware of a new determining influential factor. From our perspective, the good kick off by Alcoa should continue with preponderantly better-than-expected releases, and as such have a positive influence on the recently rattled market's price development in the coming weeks. Low expectations are one reason for our optimism. Here, especially US companies time and again prove to be masters in the art of "expectation management". Following a meanwhile famous tradition, estimates by individual stock analysts have in fact seen a sharp drop in the run-up to the reporting season. In such a way, consensus, for instance still prognosticated a 6.6% profit growth for the S&P 500 companies on an aggregated level compared to the same period of the previous year after Christmas. Meanwhile, this number has shrunken to a meagre 1% (!). Given an obstacle at knee height and the lately overall respectable economic dynamism (here, many doubts have been dispelled by the most recent labour market report), which for its part normally offers a good guiding framework for the forthcoming profit momentum in the next half-year; we expect to see largely positive surprises. Yet, it also needs to be said that the medium-term perspective is dull. This is indicated by the US stock market's record-high net margin, which seems barely sustainable given the expected rise in wage and interest rate costs in the future. Over time, this data series exhibits a tendency to revert to its mean and historically has shown a strongly negative correlation to profit growth in the following years (the higher the margin, the lower the future profit growth and vice versa). In the light of the abovementioned arguments, we however believe that the time window for a persistence of the US profit cycle will remain open, so that we consider a moderate profit growth for the full year of 2014 to be realistic. In 2014, we even accord the European corporate landscape low double-digit profit growth rates, which should also come from marked gains in the peripheral countries. Things might turn out another tad better for corporate Japan, provided that our assumption of a further yen depreciation over the course of the year will prove to be true. We overall confirm our optimistic attitude as to the developments on the established stock markets towards the early summer. This line of thought is primarily based on further indications of recovery in the global economy and good profit dynamics in the foreseeable future.

Financial analyst: Christian Hinterwallner

Expected corporate releases

USA

Mon, 14	Citigroup
Tue, 15	Intel, Yahoo!, Johnson & Johnson, Coca-Cola
Wed, 16	Abbott Laboratories, American Express, Google, IBM, US Bancorp
Thu, 17	Baxter Intern., Du Pont, Mattel, General Electric, Goldman Sachs, Honeywell, Morgan Stanley, Pepsico, Philip Morris Intern., Schlumberger, Union Pacific

Europe

Wed, 16	ASML, Credit Suisse, Tesco
Thu, 17	Akzo Nobel, Actelion, SAP, Sodexo

Source: Bloomberg, Raiffeisen RESEARCH

Risk notifications and explanations

Warnings

- Figures on performance refer to the past. Past performance is not a reliable indicator of the future results and development of a financial instrument, a financial index or a securities service. This is particularly true in cases when the financial instrument, financial index or securities service has been offered for less than 12 months. In particular, this very short comparison period is not a reliable indicator for future results.
- Performance is reduced by commissions, fees and other charges, which depend on the individual circumstances of the investor.
- The return on an investment can rise or fall due to exchange rate fluctuations.
- Forecasts of future performance are based purely on estimates and assumptions. Actual future performance may deviate from the forecast. Consequently, forecasts are not a reliable indicator for the future results and development of a financial instrument, a financial index or a securities service.

A description of the concepts and methods which are used in the preparation of financial analyses can be found at: www.raiffeisenresearch.at/conceptsandmethods

Detailed information on sensitivity analyses (procedure for checking the stability of the assumptions made in this document) can be found at: www.raiffeisenresearch.at/sensitivityanalysis

Equity market indices

Financial instruments	Date of the first publication	Distribution of current recommendations	
Euro STOXX 50	26/02/1998	Recommendation	Base: all analysed equity market indices
DAX 30	01/04/1993	Buy	74%
FTSE 100	01/04/1993	Hold	21%
SMI	01/04/1993	Sell	5%
S&P 500	01/04/1993		
Nasdaq Comp.	01/07/1998		
DJIA	01/04/1993		
Nikkei 225	01/04/1993		
HSCEI	01/01/2007		

Recommendation history (12m)

Date	ATX	Euro STOXX 50	DAX 30	FTSE 100	SMI	S&P 500	Nasdaq Comp.	DJIA	Nikkei 225	HSCEI
22/03/2013	Buy	Buy	Buy	Buy	Buy	Buy	Buy	Buy	Sell	Buy
10/05/2013	Hold	Hold	Hold	Hold	Hold	Hold	Hold	Hold	Hold	I
07/06/2013	I	I	I	I	I	I	I	I	Buy	I
20/06/2013	I	I	I	I	I	I	I	I	Buy	Buy
08/08/2013	I	I	I	I	I	I	I	I	I	I
13/08/2013	Sell	I	I	I	I	I	I	I	I	I
13/09/2013	Buy	Buy	Buy	Buy	Buy	Buy	Buy	Buy	I	I
07/11/2013	I	I	I	I	I	I	I	I	I	I
08/11/2013	Hold	Hold	Hold	Hold	Hold	Hold	Hold	Hold	I	I
15/11/2013	I	I	I	I	I	I	I	I	Hold	I
13/12/2013	Buy	Buy	Buy	Buy	Buy	Buy	Buy	Buy	Buy	I
20/12/2013	I	I	I	I	Hold	I	I	Hold	Hold	I
17/01/2014	Hold	Hold	Hold	Hold	I	Hold	Hold	I	I	I
14/02/2014	Buy	Buy	Buy	Buy	Buy	Buy	Buy	Buy	Buy	I
19/03/2014	I	I	I	Hold	I	Hold	I	Hold	I	I

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