

THE MORNING BENCHMARK

TRADEWEB, IFR MARKETS AND REUTERS

EUROPEAN EDITION

Friday, April 4, 2014

BENCHMARKS (10 year)

Country	Price	Price Change	Yield	Yield change
US	99.61	-0.05	2.80	0.01
Germany	101.31	-0.01	1.61	0.00
UK	95.83	0.01	2.76	0.00
Japan	99.56	-0.01	0.65	0.00
China	96.48	0.15	4.54	-0.02
Hong Kong	96.13	0.10	2.41	-0.01
Singapore	101.85	-0.05	2.52	0.01

CURRENCIES as of latest reported

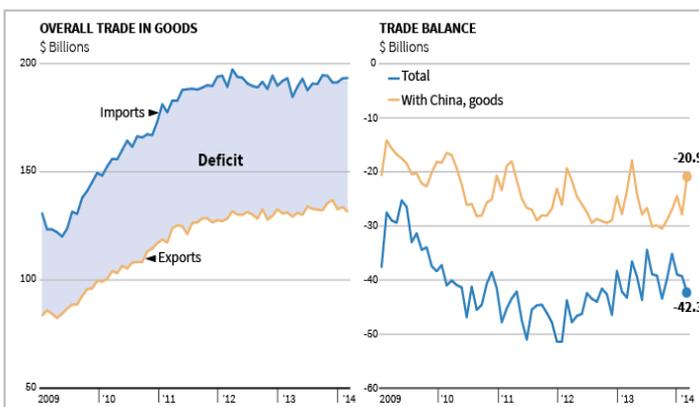
	Present	Prior	% chng	Yr-high	Yr-low
EUR/USD	1.3712	1.3718	-0.0400	1.3967	1.3478
GBP/USD	1.6585	1.6597	-0.0700	1.6822	1.6253
USD/CHF	0.8921	0.8906	0.1700	0.9156	0.8699
USD/JPY	103.89	103.91	-0.01	105.44	100.77
EUR/CHF	1.2232	1.2220	0.1000	1.2394	1.2105

ECONOMIC WATCH

GMT	Indicators	Unit	Reuters	Prior
12:30	US Non-Farm Payrolls	k	200	175
12:30	US Manufacturing Payrolls	k	7	6
12:30	US Unemployment Rate	%	6.6	6.7
12:30	US Average Earnings MM	%	0.2	0.4
12:30	US Average Workweek	hrs	34.4	34.2
12:30	US Private Payrolls	k	195	162

U.S. TRADE BALANCE

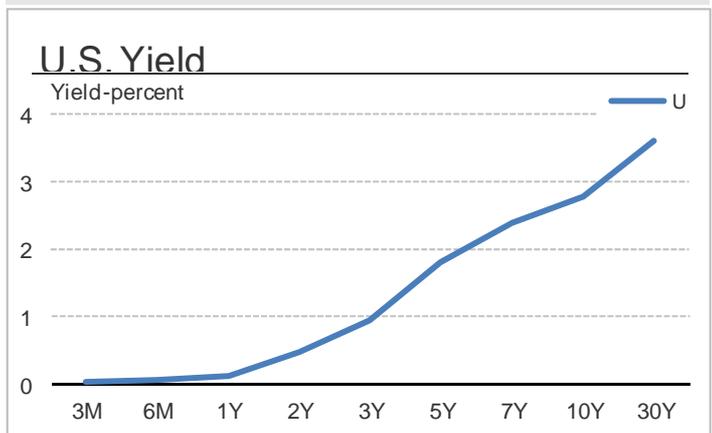
Click on the chart for full-size image



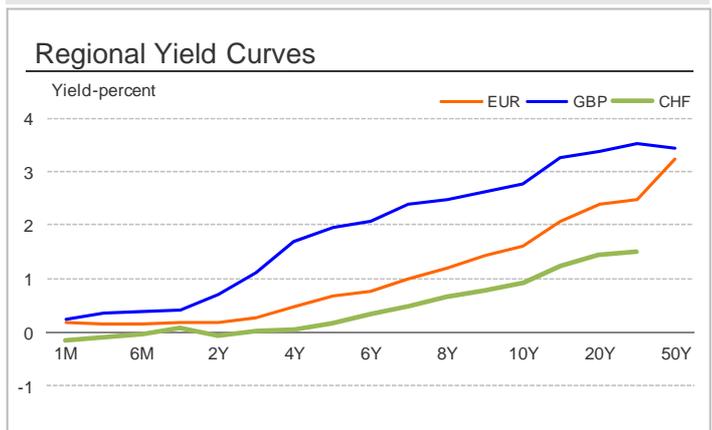
TOP NEWS

- Fading winter to lift U.S. payrolls, push down jobless rate
- Wider U.S. trade deficit to weigh on first-quarter GDP
- ECB ready to print money if "lowflation" lingers too long
- Stein to step down from depleted Fed board
- Euro zone private sector logs strongest quarter in 3 years - PMI
- Russia raises gas prices for Ukraine by 80 percent

AMERICA CLOSE



EUROPE CLOSE



- For stories from IFR Markets click [here](#)
- For Tradeweb Markets update click [here](#)
- For Thomson Reuters Biggest CDS, Loans and Bonds Movers click [here](#)

TOP NEWS FROM REUTERS

Fading winter to lift U.S. payrolls, push down jobless rate

The U.S. economy likely created jobs at the fastest pace in four months in March as it shifted into a higher gear after being held back by a brutally cold winter.

Employers are expected to have added 200,000 new jobs to their payrolls last month after adding 175,000 in February, according to a Reuters survey of economists. The jobless rate likely dipped one-tenth of a percentage point, returning to the five-year low of 6.6 percent reached in January.

"It's looking like the economy is in the process of reaccelerating after a very severe winter," said Robert Dye, chief economist at Comerica in Dallas.

The Labor Department will release its monthly jobs tally on Friday at 8:30 a.m. (1230 GMT)

Should March hiring meet expectations, it would take job growth back near the 204,000 monthly average that prevailed through the first 11 months of 2013, and leave the economy close to regaining the positions lost during the recession.

The private sector likely accounted for all anticipated employment gains in March, with government payrolls expected to have declined by 5,000 jobs.

ECB ready to print money if "lowflation" lingers too long

The European Central Bank opened the door on Thursday to turning on its money-printing presses to boost the euro zone economy and keep inflation from staying too low.

It kept interest rates steady at 0.25 percent at its regular meeting, but afterwards ECB President Mario Draghi said he and his colleagues were committed to doing anything they could to stop low inflation from dragging on too long.

"We will monitor developments very closely and we will consider all instruments available to us," Draghi said. "We are resolute in our determination to maintain a high degree of monetary accommodation and act swiftly if required."

He added: "The Governing Council is unanimous in its commitment to using also unconventional instruments within its mandate in order to cope effectively with risks of a too prolonged period of low inflation."

Euro zone inflation fell to 0.5 percent in March, levels last seen when the economy was deep in recession in 2009, but it was driven by the kind of softer food and energy prices the bank usually judges as temporary.

Euro zone private sector logs strongest quarter in 3 years – PMI

Euro zone businesses logged their busiest quarter in three years at the start of 2014 but did so by slashing prices, surveys showed on Thursday, underscoring fears that deflation may soon afflict the region.

While the recovery from the bloc's deepest economic downturn has been led by Germany, it is becoming more broad-based. Survey compiler Markit said the Composite Purchasing Managers' Index pointed to first-quarter growth of 0.5 percent.

If realised, that would beat expectations in a Reuters poll last month for more modest growth of 0.3 percent and mark the fastest pace of growth since early 2011.

Markit's Composite PMI, which is widely regarded as a good gauge of growth, dipped to 53.1 in March from February's 32-month high of 53.3, holding above the 50 mark that divides growth from contraction for the ninth month.

The index for the bloc's dominant service industry fell to 52.2 from February's 32-month high of 52.6.

Wider U.S. trade deficit to weigh on first-quarter GDP

The U.S. trade deficit unexpectedly widened in February as exports hit a five-month low, suggesting first-quarter growth could be much weaker than initially anticipated.

Despite the trade setback, the economy remains on track to regain momentum as the year progresses. Other data on Thursday showed activity in the services sector accelerating in March after being hampered by unusually cold weather.

The Commerce Department said the deficit on the trade balance increased 7.7 percent to \$42.3 billion, the largest since September last year. The inflation-adjusted gap widened to \$50.1 billion from \$48.5 billion in January.

In a second report, the Institute for Supply Management said its services sector index rose to 53.1 in March from a reading of 51.6 in February, which was the lowest since February 2010.

While a third report showed an increase in the number of Americans filing new claims for unemployment benefits last week, the underlying trend in the data continued to point to some strength in the labor market.

Initial claims for state unemployment benefits increased 16,000 to a seasonally adjusted 326,000, the Labor Department said. The four-week moving average for new claims, which irons out week-to-week volatility, hovered near six-month lows.

Stein to step down from depleted Fed board

Federal Reserve Governor Jeremy Stein, who has spearheaded the debate over whether monetary policy should be used to combat asset bubbles, will step down next month, leaving another big hole in the ranks of the U.S. central bank.

Stein will leave on May 28 to return to his teaching post at Harvard University. He has served at the Fed for nearly two years, and made the move now because he risked losing tenure at Harvard had he stayed in Washington much longer.

The departure, announced on Thursday, will open up a second vacancy on the seven-person Fed board, assuming the U.S. Senate soon approves three nominees awaiting confirmation. The loss of Stein could complicate things for the board, which has been understaffed or in flux for years, as it attempts to reverse its most accommodative policy experiment ever.

Stein, 53, announced his departure in a resignation letter to President Barack Obama, which the Fed released publicly.

Russia raises gas prices for Ukraine by 80 percent

Russia raised the gas price for Ukraine on Thursday for the second time this week, almost doubling it in three days and piling pressure on a neighbour on the brink of bankruptcy in the crisis over Crimea.

The increase, announced in Moscow by Russian natural gas producer Gazprom, means Ukraine will pay 80 percent more for its gas than before the initial increase on Monday.

Prime Minister Arseny Yatseniuk said the latest move, two weeks after Moscow annexed Ukraine's Crimea region, was unacceptable and warned that he expected Russia to increase pressure on Kiev by limiting supply to his country.

"There is no reason why Russia would raise the gas price for Ukraine ... other than one - politics," Yatseniuk told Reuters in an interview in the Ukrainian capital Kiev.

"We expect Russia to go further in terms of pressure on the gas front, including limiting gas supplies to Ukraine."

"That kind of action taken coercively against Ukraine is something we oppose," White House spokesman Jay Carney told reporters in Washington. "We believe that markets should determine energy prices."

EUROPEAN CDS LOOK AHEAD FROM IFR MARKETS

Published on Apr 3

Look out for:

The change in Nonfarm Payrolls.

Yep. It's the first Friday of the month again and that means it is time for the market to obsess about the employment situation in the US.

Headline nonfarm payrolls are expected to be up 200k in March, with warmer weather bringing the numbers closer - but not all the way back - to their pre-December trend. Government payrolls will probably provide a small drag, leaving private payrolls up 195k. Expect only modest changes in the composition of employment growth, with faster gains in professional and business services as well as leisure and hospitality.

The household survey will probably have the unemployment rate dropping back down to 6.6%, tying with January's post-October 2008 low. The employment level only rose 42k in Feb-

ruary, while the labour force rose an above-trend 264k.

Particularly helpful should be an improvement in the average workweek, to 34.4 hours from 34.2 hours last month. That should lead to solid gains in output and earnings. Hourly earnings should also rise 0.2%, bringing the year-on-year growth rate up to +2.3%, its fastest pace since July 2011.

ECONOMIC DATA:

It is a blank day for data in the US aside from the big one. In Europe, proceedings kick-off with German Industrial Orders, which are expected at 0.1% and that is your lot for the session.

CORPORATE EARNINGS/ EVENTS:

Ahead of the start of the Q1 earnings season in the US next week, there are no iTraxx constituents reporting on Friday.

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		Corporate Bond Guide	<US/CORP1>

* = Fee-liable service

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TRADEWEB MARKETS

AS OF 6:00 AM GMT

EURO SOVEREIGNS - 2YR - Current

Country	Coupon	Close	Change	Spread-DE
UK	2.00	0.721	-0.052	0.527
DE	0.25	0.194	-0.016	0.000
FR	0.25	0.235	-0.009	0.041
IT	2.25	0.925	-0.214	0.731
AT	3.50	0.225	-0.027	0.031
BE	2.75	0.297	-0.052	0.103
ES	3.25	0.826	-0.123	0.632
FI	1.75	0.221	-0.033	0.027
GR	-	-	-	-
IE	4.60	0.734	-0.392	0.540
PT	6.40	1.445	-0.109	1.251
DK	2.50	0.261	0.000	0.067
SE	3.00	0.785	0.000	0.591

EURO SOVEREIGNS - 5YR - Current

Country	Coupon	Close	Change	Spread-DE
UK	1.75	1.988	-0.084	1.319
DE	1.00	0.669	-0.044	0.000
FR	1.00	0.985	-0.032	0.316
IT	2.50	1.886	-0.061	1.217
AT	1.15	0.783	-0.090	0.114
BE	4.00	0.958	-0.061	0.289
ES	2.75	1.796	0.103	1.127
FI	1.13	0.716	-0.059	0.047
GR	-	-	-	-
IE	4.40	1.690	-0.375	1.021
PT	4.75	2.884	-0.222	2.215
DK	4.00	0.850	0.000	0.181
SE	4.25	1.428	0.000	0.759

EURO SOVEREIGNS - 10YR - Current

Country	Coupon	Close	Change	Spread-DE
UK	2.25	2.776	-0.135	1.161
DE	1.75	1.615	-0.095	0.000
FR	2.25	2.125	-0.091	0.510
IT	4.50	3.274	-0.064	1.659
AT	1.75	1.873	-0.172	0.258
BE	2.60	2.246	-0.133	0.631
ES	3.80	3.236	0.003	1.621
FI	2.00	1.905	-0.082	0.290
GR	2.00	6.143	0.138	4.528
IE	3.40	3.048	-0.387	1.433
PT	5.65	3.996	0.069	2.381
DK	1.50	1.649	0.000	0.034
SE	1.50	2.149	0.000	0.534

U.S. TREASURIES

<#USBMK=TWEB>

	Bid	Ask	Yield	Change
2-Year	99.828	99.836	0.462	0.008
3-Year	99.477	99.484	0.931	0.006
5-Year	99.180	99.188	1.798	0.010
7-Year	99.109	99.125	2.389	0.010
10-Year	99.594	99.609	2.797	0.007
30-Year	100.016	100.047	3.624	-0.001

JGBs

<#JPBMK=TWEB>

	Bid	Ask	Yield	Change
2-Year	100.031	100.047	0.084	0.000
5-Year	99.985	100.049	0.203	0.005
10-Year	99.551	99.663	0.648	-0.018
20-Year	99.923	100.230	1.505	0.000
30-Year	100.139	100.458	1.693	0.000
40-Year	103.690	104.222	1.741	-0.024

EUR IRS

<TWEBIRS>

	Close	Change
2-Year	0.305	0.000
5-Year	0.337	-0.400
10-Year	0.337	-0.450
30-Year	0.013	-0.150

GBP IRS

<TWEBIRS>

	Close	Change
2-Year	0.374	-0.800
5-Year	0.077	-0.450
10-Year	0.057	-0.250
30-Year	-0.212	0.150

USD IRS

<TWEBIRS>

	Close	Change
2-Year	0.118	-0.200
5-Year	0.087	0.100
10-Year	0.119	-0.400
30-Year	-0.015	-0.150

JPY IRS

<TWEBIRS>

	Bid	Ask
2-Year	0.105	0.115
5-Year	0.141	0.146
10-Year	0.180	0.186
30-Year	0.138	0.148

EUR SWAP SPREADS-Current

	Bid	Ask
2-Year	0.486	0.492
5-Year	0.993	0.999
10-Year	1.816	1.821

GBP SWAP SPREADS-Current

	Bid	Ask
2-Year	1.058	1.069
5-Year	2.041	2.053
10-Year	2.812	2.822

USD SWAP SPREADS-Current

	Bid	Ask
2-Year	0.576	0.581
5-Year	1.885	1.890
10-Year	2.911	2.916

JPY SWAP SPREADS-Current

	Bid	Ask
2-Year	0.190	0.195
5-Year	0.338	0.343
10-Year	0.823	0.828

EUR OIS - Prev. Close

	Close	Change
1M	0.211	0.000
2M	0.190	0.000
3M	0.183	0.000
4M	0.177	0.000
5M	0.173	0.000
6M	0.169	0.000
9M	0.162	0.000
12M	0.159	0.000

GBP OIS - Prev. Close

	Close	Change
1M	0.413	0.000
2M	0.413	0.000
3M	0.414	0.000
4M	0.414	0.000
5M	0.418	0.000
6M	0.422	0.000
9M	0.447	0.000
12M	0.494	0.000

USD OIS - Prev. Close

	Close	Change
1M	0.081	0.000
2M	0.084	-0.002
3M	0.085	-0.002
4M	0.086	-0.002
5M	0.087	0.000
6M	0.091	-0.001
9M	0.102	-0.001
12M	0.122	-0.001

CDS - EUROPE iTraxx -Prev. Close

	Bid	Ask
EUR-5Y	71.375	71.875
EUR-10Y	119.000	119.500
XOVER-5yr	278.000	280.000
HiVol-5yr	93.000	98.000

CDS - U.S. Prev. Close

	Bid	Ask
IG.20-3Y	46.171	53.409
IG.20-5Y	66.625	66.875
IG.20-7Y	110.500	110.500
IG.20-10Y	107.850	125.400

THOMSON REUTERS CDS BIGGEST MOVERS - April 3

Markit Intra-day prices. Convention spread for lower risk entities is based off the 100bp fixed coupon, while the convention spread for higher risk entities is based off the 500bp fixed coupon.

CREDIT IMPROVEMENT - LOWER RISK ENTITIES
(CDS whose 5Yr spreads are <500bps)

EUROPE/ MID EAST/ AFRICA

Name	RIC	ConvSprd	% Chg
MAN STR HLDG	EMG5YEUM=MG	172.15	-48.92
RAIFFEIS ZENTLBK	RZB5YEUM=MG	98.53	-13.80
ESTONIA	EEG5YUSAC=MG	54.81	-9.03
NORWAY	NOG5YUSAC=MG	12.75	-6.73
GROUPE DELHAIZE	DEL5YEUM=MG	72.02	-5.92

CREDIT DETERIORATION - LOWER RISK ENTITIES
(CDS whose 5Yr spreads are <500bps)

EUROPE/ MID EAST/ AFRICA

Name	RIC	ConvSprd	% Chg
TELIASONERA	TLSN5YEUM=MG	43.00	4.88
SAUDI ARABIA	SAGV5YUSAC=MG	54.26	4.32
VIVENDI	VIV5YEUM=MG	77.00	3.36
BP	BP5YEUM=MG	58.50	3.23
ITV	ITV5YEUM=MG	100.75	3.16

CREDIT IMPROVEMENT - HIGHER RISK ENTITIES
(CDS whose 5Yr spreads are >=500bps)

EUROPE/ MID EAST/ AFRICA

Name	RIC	ConvSprd	% Chg
GREECE	GRG5YUSAC=MG	401.65	-6.41
ONO FINANCE II	ONOF5YEUM=MG	43.00	-2.27
KBC BANK	KBCA5YEUM=MG	107.36	-2.27
SCANDNVN AIR SYS	SASA5YEUM=MG	445.00	-2.02
PORTUGAL	PTGV5YUSAC=MG	175.00	-1.87

CREDIT DETERIORATION - HIGHER RISK ENTITIES
(CDS whose 5Yr spreads are >=500bps)

EUROPE/ MID EAST/ AFRICA

Name	RIC	ConvSprd	% Chg
WND ACQUSTN FIN	WNSA5YEUM=MG	369.33	2.59
EDP	EDP5YEUM=MG	159.00	2.25
ISS AS	FSFN5YEUM=MG	100.25	1.50
VIRGIN MEDIA FIN	VMEA5YEUM=MG	259.33	1.30
O.T.E. TELECOM	OTE5YEUM=MG	152.67	1.22

THOMSON REUTERS BIGGEST LOAN MOVERS - April 3

CREDIT IMPROVEMENT

EUROPE/ MID EAST/ AFRICA

Name	RIC	Avg. Bid	% Chg
AUTOBAR GROUP LT	<A000AL047TB1=R>	67.92	2.52
CORTEFIEL SA	<C000DJ035TB3=R>	55.10	0.92
PHS GROUP PLC	<P0007Q036TB1=R>	73.77	0.19
CBR HOLDING GMBH	<C000CP036TB1=R>	90.33	0.09
MATERIS SA	<M0006G063TC1=R>	99.52	0.09

CREDIT DETERIORATION

EUROPE/ MID EAST/ AFRICA

Name	RIC	Avg. Bid	% Chg
VIVARTE SA	<V0002K045TB1=R>	42.00	-1.29
TUNSTALL HOLDING	<T0007W037TB2=R>	85.94	-1.03
ALMA CONSULTING	<A000GT019PR1=R>	22.83	-0.72
HC STARCK GMBH	<H0006H026TB2=R>	97.42	-0.51
NORTHGATE INFORM	<N0007Y012PR2=R>	96.33	-0.43

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