

Headquarter Treasury Sales

Head of Sales

Marius George Ionescu

+40755 000 437

marius.ionescu@otpbank.ro

Alina Elena Vrabioiu

+4021 307 58 17

alina.vrabioiu@otpbank.ro

Tania Fantana

+4021 307 58 17

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 307 58 17

alexandru.tibuleac@otpbank.ro

Regional Treasury Sales

Cezar Trandafirescu - Iasi

+40755 000 246

cezlar.trandafirescu@otpbank.ro

Szilamer Kozma – Cluj

+40755 000 400

szilamer.kozma@otpbank.ro

Valentin Cioraneanu – Brasov

+40755 000 464

valentin.cioraneanu@otpbank.ro

Radu Oprea – Bucharest

+40755 000 474

radu.oprea@otpbank.ro



Daily Report – Global markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 15 509 | ↑ 0,62 | ↑ 0,89 |
| S&P500 | 1 752 | ↑ 0,33 | ↑ 1,09 |
| Nasdaq100 | 3 362 | ↑ 0,49 | ↑ 1,85 |
| Russell2000 | 1 119 | ↑ 0,71 | ↑ 1,50 |
| Stoxx600 | 320 | ↑ 0,44 | ↑ 1,39 |
| DAX | 8 981 | ↑ 0,68 | ↑ 1,91 |
| FTSE 100 | 6 713 | ↑ 0,58 | ↑ 2,08 |
| CAC40 | 4 276 | ↑ 0,35 | ↑ 0,85 |
| ATX | 2 550 | ↓ -0,06 | ↑ 0,10 |
| IBEX35 | 9 915 | ↑ 0,89 | ↓ -0,03 |
| Nikkei 225 | 14 486 | ↑ 0,42 | ↓ -0,52 |
| Hang Seng | 22 836 | ↓ -0,71 | ↓ -1,12 |
| SSEC | 2 164 | ↓ -0,86 | ↓ -1,11 |
| SENSEX | 20 725 | ↓ -0,20 | ↑ 1,52 |
| RTS | 1 494 | ↓ -0,07 | ↑ 0,13 |
| Bovespa | 54 877 | ↓ -1,02 | ↓ -0,87 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,3815 | ↑ 0,12 | ↑ 0,96 |
| EUR/CHF | 1,2304 | ↓ -0,08 | ↓ -0,29 |
| USD/GBP | 1,6200 | ↑ 0,24 | ↑ 0,22 |
| USD/JPY | 97,07 | ↓ -0,21 | ↓ -0,64 |
| AUD/USD | 0,9595 | ↓ -0,26 | ↓ -0,83 |
| USD/CAD | 1,0421 | → 0,00 | ↑ 1,32 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 13,2 | ↓ -0,2 | ↓ -0,3 |
| EMBI+ Spread | 287 | ↓ -6 | ↓ -5 |
| CDS 5Y PIIS | 184 | ↓ -6 | ↓ -5 |
| CDS 5Y Italy | 165 | ↓ -9 | ↓ -5 |
| CDS 5Y Belg. | 32 | → 0 | ↑ 0 |
| iTraxx 5Y EU | 85,9 | ↑ 1 | ↓ -12 |
| US TED Spread | 20,1 | → 0 | ↑ 1 |

Source: Reuters, OTP Research

Summary

- In the global cheerfulness, European and US stock indices climbed higher. Asia corrected down this morning.
- ABB and Daimler amazed investors with impressive quarterly profit numbers; Microsoft and Amazon revealed their pleasing surprises after market close.
- Markit's manufacturing PMI deteriorated in October, in the euro area and in USA, wrong-footing analysts.
- The ECB announced to put the EZ's top banks to the test by autumn 2014.

America's worse-than-expected macroeconomic data did not discourage investors in the USA, and the gains achieved by Asian markets have paved the way for the buoyancy in Europe. A bunch of encouraging corporate reports came out: ABB shot up 5%, following reports on 10% higher profit as well as growing Chinese and German orders. Daimler came up with likewise staggering profit figures (EBIT: +16%) owing to the increased sales of two of its models; this bolstered the carmaker's share price by 3.3%. On the other hand, Credit Suisse lost 2.8% of its value as its quarterly earnings missed expectations. Ericsson's third-quarter data also caused disappointment, eating out 5.3% of its share price.

Of Western Europe's 18 markets, 15 made gains on Thursday, with the DAX (+0.7%) drawing near a record high. Of the Stoxx600 index's industries, carmakers rallied: BMW advanced 1.9%.

Investors in the USA preferred to interpret the fundamentals as a sign that the Fed's asset purchase programme will remain in place, rather than reacting on the weaker-than-expected American macroeconomic data. Corporate profit reports were in the limelight: 47 of the S&P500 companies scheduled their Q3 earnings reports for Thursday, making it the most exciting day of the earnings season in many respects. Microsoft surged 5% after market close, benefiting from the higher-than-expected sales and profit data. During the standard trading session, Amazon picked up 1.7%, which was followed by an additional 4.7% rally after the close, even though its net profit has shrunk, whereas its revenue soared higher.

The US-based Procter & Gamble, and the Europe-based Bayer will share their earnings reports today.

The dollar has weakened vis-à-vis the key currencies. This morning, the EUR/USD is at levels unseen since November 2011.

GOV'T BOND MARKET

| | Yield (%) | Daily chg (bp) | Weekly chg (bp) |
|---------|-----------|----------------|-----------------|
| US 2Y | 0,31 | → 0 | ↓ -1 |
| US 10Y | 2,52 | ↑ 2 | ↓ -8 |
| JP 2Y | 0,10 | ↓ 0 | → 0 |
| JP 10Y | 0,61 | ↓ 0 | ↓ -2 |
| GER 2Y | 0,17 | ↑ 1 | ↓ -4 |
| GER 10Y | 1,78 | ↓ -1 | ↓ -11 |

CENTRAL BANKS' RATES

| | Rate (%) | 6M Consensus | 1Y Consensus |
|------------|----------|--------------|--------------|
| Fed Funds | 0,25 | → 0,25 | → 0,25 |
| ECB Rate | 0,50 | → 0,50 | → 0,50 |
| BOE Rate | 0,50 | → 0,50 | → 0,50 |
| BOJ Rate | 0,10 | → 0,10 | → 0,10 |
| SNB Target | 0,00 | → 0,00 | → 0,00 |

MONEY MARKET

| | Rate (%) | Daily chg (bp) | Weekly chg (bp) |
|----------------|----------|----------------|-----------------|
| US 3M Libor | 0,24 | ↓ 0 | ↓ 0 |
| US 2Y Swap | 0,42 | ↓ -1 | ↓ 0 |
| US 5Y Swap | 1,41 | ↓ -3 | ↓ -6 |
| EUR 3M Euribor | 0,23 | ↑ 0 | ↑ 0 |
| EUR 2Y Swap | 0,56 | ↓ 0 | ↑ 2 |
| EUR 5Y Swap | 1,20 | ↑ 3 | ↓ -3 |
| GB 3M Libor | 0,52 | ↓ 0 | ↓ 0 |
| GB 2Y Swap | 0,81 | ↓ -1 | ↓ -1 |
| GB 5Y Swap | 1,67 | ↑ 0 | ↑ 1 |
| JP 3M Libor | 0,14 | → 0 | → 0 |
| JP 2Y Swap | 0,21 | ↑ 0 | ↓ -1 |
| JP 5Y Swap | 0,34 | ↑ 0 | ↑ 1 |
| CHF 3M Libor | 0,02 | → 0 | → 0 |
| CHF 2Y Swap | 0,11 | ↓ -1 | ↓ -2 |
| CHF 5Y Swap | 0,62 | ↓ -1 | ↓ -6 |

COMMODITIES

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-----------|-------|----------------|-----------------|
| Oil Brent | 107,0 | ↑ 0,02 | ↓ -2,67 |
| Gold | 1 342 | ↓ -0,32 | ↑ 2,01 |

Source: Reuters, OTP Research

The October gauge of purchasing managers' index, published by HSBC on Thursday, suggests that China's business climate may be improving.

In the face of the expected increase, the eurozone's purchasing managers' index deteriorated in October; Markit's gauge sank to 51.5 points this month, down from 52.2 reading in September.

In contrast with the expected stagnation, the USA's manufacturing index has declined: it sank to 51.1 points in October, according to Markit's preliminary release. Most of the deterioration can be put down to the partial government shutdown, while new orders also fell to six-month low. The weekly employment data left the market unaffected; even though it somewhat undershot expectations, the previous week's figure underwent considerable revision, citing data error.

| | COUNTRY | DATE | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|----------|---------|--------|--|-------|-----------|----------|
| Thursday | CN | Oct | HSBC Manufacturing PMI (flash, points) | 50,9 | | 50,2 |
| | DE | Oct | Markit manufacturing PMI (preliminary, points) | 51,5 | 51,5 | 51,1 |
| | EZ | Oct | Markit manufacturing PMI (preliminary, points) | 51,3 | 51,4 | 51,1 |
| | US | weekly | Initial jobless claims ('000) | 350 | 340 | 358 |
| | US | weekly | Continued jobless claims ('000) | 2 874 | 2 875 | 2 859 |
| | US | weekly | Markit Mfg flash PMI (points) | 51 | 52,5 | 52,8 |
| Friday | DE | Oct | Markit Mfg flash PMI (points) | | 108,0 | 107,7 |
| | UK | Q3 | GDP (preliminary, y-o-y, %) | | 1,5 | 1,3 |
| | US | Oct | Durable goods orders | | 2,0 | |
| | US | Oct | Michigan Sentiment (final, points) | | 75,0 | 75,2 |

Source: Reuters, OTP Research

Chief Economist
Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

FX/FI Strategist
Levente Pápa
papal@otpbank.hu
+36 1 354 7490

Fundamental Analyst
Orsolya Rátkai
ratkaio@otpbank.hu
+36 1 374 7270

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