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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	15 619	↓ -0,39	↑ 1,33
S&P500	1 763	↓ -0,49	↑ 0,97
Nasdaq100	3 385	↓ -0,19	↑ 1,18
Russell2000	1 106	↓ -1,47	↓ -0,49
Stoxx600	321	↑ 0,01	↑ 0,57
DAX	9 010	↓ -0,13	↑ 1,01
FTSE 100	6 778	↑ 0,77	↑ 1,23
CAC40	4 274	↓ -0,09	↑ 0,32
ATX	2 611	↑ 1,74	↑ 2,32
IBEX35	9 779	↓ -0,86	↓ -0,50
Nikkei 225	14 328	↓ -1,20	↓ -1,09
Hang Seng	23 184	↓ -0,52	↑ 1,52
SSEC	2 141	↓ -0,89	↓ -1,07
SENSEX	21 079	↑ 0,21	↑ 1,71
RTS	1 493	↑ 0,11	↓ -0,12
Bovespa	54 173	↓ -0,67	↓ -2,29

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3697	↓ -0,28	↓ -0,74
EUR/CHF	1,2340	↓ -0,07	↑ 0,21
USD/GBP	1,6036	↓ -0,06	↓ -1,01
USD/JPY	98,32	↓ -0,17	↑ 1,08
AUD/USD	0,9487	↑ 0,09	↓ -1,38
USD/CAD	1,0480	↑ 0,02	↑ 0,57

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,7	↑ 0,2	↑ 0,2
EMBI+ Spread	287	↓ -6	↓ -5
CDS 5Y PIIS	188	↑ 1	↑ 4
CDS 5Y Italy	172	↓ 0	↑ 7
CDS 5Y Belg.	31	↓ -1	↓ -1
iTraxx 5Y EU	83,2	↓ -2	↓ -2
US TED Spread	19,7	→ 0	↓ -1

Source: Reuters, OTP Research

Summary

- The Fed has left its QE3 programme in place. The US Federal Reserve acknowledged that the housing market was decelerating and expressed worries about the rather slow improvement on the labour market.
- The events drove US markets lower on Wednesday. The Russel 2000 dropped by 1.5%, in the strongest fall.
- In this morning's release, Germany' retail index was slightly better than expected, but it is the US developments that appear to be the strongest market-moving factors.

The US Federal Reserve announced yesterday to continue spending USD 85 bn a month on bond purchases. The Fed's statement on the US economy's outlook has become less optimistic than before. The central bank acknowledged that the American housing market was decelerating and expressed concerns about the job market's slow recovery. On the other hand, this time the statement had no mention of fears relating to higher rates – this suggests that the Fed finds the current interest rate level appropriate (ten-year US yield was at 2.54% yesterday, about one percentage point higher than in July 2012, but materially less than the 3% seen in August 2013).

Last month the Fed took markets by surprise by not scaling back its monthly bond purchases. According to some commentaries, the developments have confirmed the Fed's cautiousness since then. Owing to the political battles, consumer and business confidence has fallen, and the figures published in the recent weeks were mostly disappointing. In the worst reading in six months, ADP's report revealed yesterday that a mere 130,000 new jobs were created in October, missing the Fed's target of 200,000.

The developments of the day made US stock markets decline on Wednesday. Falling 1.5%, the Russel 2000 saw the biggest loss.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,32	↑	0	↑	1
US 10Y	2,54	↑	3	↑	4
JP 2Y	0,10	↑	0	↓	0
JP 10Y	0,60	↓	-1	↓	-1
GER 2Y	0,19	↓	-2	↑	3
GER 10Y	1,72	↓	-3	↓	-7

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	0,41	↑	1	↓	-1
US 5Y Swap	1,41	↓	-1	↓	-2
EUR 3M Euribor	0,23	→	0	↑	1
EUR 2Y Swap	0,54	↓	-1	↓	-2
EUR 5Y Swap	1,16	↓	-2	↓	-4
GB 3M Libor	0,51	→	0	↓	0
GB 2Y Swap	0,77	→	0	↓	0
GB 5Y Swap	1,58	↑	1	↓	-1
JP 3M Libor	0,14	→	0	→	0
JP 2Y Swap	0,20	↓	0	↓	0
JP 5Y Swap	0,33	↑	1	↓	-1
CHF 3M Libor	0,02	→	0	→	0
CHF 2Y Swap	0,09	↑	0	↓	-2
CHF 5Y Swap	0,60	↑	1	↓	-2

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	109,6	↓	-0,28	↑	2,39
Gold	1 336	↓	-0,45	↓	-0,78

Source: Reuters, OTP Research

Germany's inflation figure (1.2%) undershot expectations (1.4%). This may have an effect on the ECB's monetary policy. The other figures matched expectations. ADP's employment data caused some disappointment.

Today's releases include the Chicago purchasing managers' index, as well as the eurozone's unemployment and inflation data. In this morning's publication, Germany's retail index came in slightly better than expected, but currently it is the US developments that cause the market moves.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday	DE	Oct	Unemployment rate (%)	6,9	6,9	6,9
	EZ	Oct	Economic sentiment (point)	98	97,5	96,9
	US	Oct	ADP employment report ('000)	130,0	150	166
	US	Sep	CPI (y/y, %)	1,2	1,2	1,5
	DE	Oct	CPI (preliminary, y/y, %)	1	1,4	1,4
	US	Oct	Fed rate decision (%)	0-0,25	-	0,25
	Thursday	JP	Oct	BoJ interest rate decision		-
US		Oct	Chicago PMI (points)		55,0	55,7
DE		Nov	GfK consumer sentiment (points)	7	7,2	7,1
DE		Sep	Retail sales (mom, %)	0	0,1	0,5
EZ		Oct	CPI (preliminary, y/y, %)		1,1	1,1
EZ		Sep	Unemployment rate (%)		12,0	12,0

Source: Reuters, OTP Research

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