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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 001	↓ -0,22	↑ 2,03
S&P500	1 988	↓ -0,20	↑ 1,71
Nasdaq100	4 053	↑ 0,14	↑ 0,80
Russell2000	1 160	↑ 0,03	↑ 0,17
Stoxx600	337	↓ -0,23	↑ 2,13
DAX	9 339	↓ -0,66	↑ 2,71
FTSE 100	6 775	↓ -0,03	↑ 1,29
CAC40	4 253	↓ -0,93	↑ 1,88
ATX	2 299	↓ -0,18	↑ 1,25
IBEX35	10 500	↓ -0,53	↑ 2,72
Nikkei 225	15 613	↑ 0,48	↑ 1,06
Hang Seng	25 207	↑ 0,38	↑ 0,19
SSEC	2 237	↓ -0,17	↓ -0,11
SENSEX	26 607	↑ 0,94	↓ -0,60
RTS	1 260	↓ -1,22	↑ 2,25
Bovespa	58 407	↓ -0,99	↑ 1,47

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3195	↓ -0,35	↓ -1,25
EUR/CHF	1,2090	↓ -0,11	↓ -0,20
USD/GBP	1,6569	↓ -0,05	↓ -0,94
USD/JPY	104,15	↑ 0,22	↑ 1,55
AUD/USD	0,9317	↑ 0,08	→ 0,00
USD/CAD	1,0944	→ 0,00	↑ 0,54

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	11,5	↓ -0,3	↓ -1,7
CDS 5Y PIIS	11	↓ -1,4	↓ -6,6
CDS 5Y Italy	82	↓ 0,0	↓ -1,3
CDS 5Y Belg.	86	↓ 0,0	↑ 2,9
iTraxx 5Y EU	38,8	↑ 0,6	↓ -5,6
US TED Spread	59,3	→ 0,0	↑ 1,1

Source: Reuters, OTP Research

Summary

- The key indices of Europe and the USA ended Friday's session with small losses.
- After Europe's and America's markets had closed on Friday, Fitch cut Ukraine's long-term local-currency IDR to 'CCC', from 'B minus'.
- Speaking at Jackson Hole on Friday, the Fed's chair argued for preserving the loose monetary environment.

In Friday's gloomy sentiment in Europe, benchmarks drifted down all day. The re-intensified tension between Ukraine and Russia made European investors wary. London's Footsie edged 0.1% down, France's CAC40 slipped 0.9%, and Frankfurt's DAX sank 0.7%. During Friday's conference in Jackson Hole, the Fed's chair spoke about the assessment of US job market and advocated preserving the loose monetary policy. Her words did not trigger noticeable reaction on stock markets.

US trading saw undecided investors; the Fed chair's words apparently did not stir markets. The four days of winning streak ended on Friday: the Dow and S&P both shed 0.2%. In contrast, the Nasdaq inched up 0.1%. Three of the S&P's sector indices climbed into the positive territory. Consumer discretionary's 0.2% uptick was the strongest gain, health care upped by 0.1%, and the technology sector rose by 0.02% on Friday. The weakest constituent was energy, shrinking 0.7%.

After Europe's and America's markets had closed on Friday, Fitch announced to cut Ukraine's long-term local-currency issuer default rating to 'CCC', from 'B minus'. Thus the rating agency slashed Ukraine's foreign currency debt rating to the status of its UAH-denominated government debt. Fitch Ratings expects Ukraine's gross domestic product to shrink by at least 6.5% this year, much stronger than the agency had earlier forecast, the rationale reveals.

In today's pessimistic trading in Asia, the key indices dipped 0.5-1%.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,50	↑	3	↑	8
US 10Y	2,41	→	0	↑	5
JP 2Y	0,08	↑	0	↑	1
JP 10Y	0,51	↓	-1	↑	1
GER 2Y	0,01	↑	1	↑	1
GER 10Y	0,99	↓	-1	↓	-3

CENTRAL BANKS' RATES

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0,25	→	0,25	↑	0,5
ECB Rate	0,15	→	0,15	→	0,15
BOE Rate	0,50	↑	0,75	↑	1,00
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	0,23	→	0	↑	0
US 2Y Swap	0,70	↑	2	↑	8
US 5Y Swap	1,78	↓	0	↑	6
EUR 3M Euribor	0,18	↓	0	↓	-1
EUR 2Y Swap	0,26	↓	-4	↓	-5
EUR 5Y Swap	0,55	↓	-1	↓	-3
GB 3M Libor	0,56	↑	0	↑	0
GB 2Y Swap	1,24	↑	1	↓	0
GB 5Y Swap	1,98	↓	-1	↑	0
JP 3M Libor	0,13	↓	0	↓	0
JP 2Y Swap	0,17	↓	-1	↓	0
JP 5Y Swap	0,25	↓	-1	↑	0
CHF 3M Libor	0,02	→	0	↓	0
CHF 2Y Swap	0,01	↓	-1	↓	-1
CHF 5Y Swap	0,21	↓	-2	↓	-2

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	102,2	↓	-0,09	↑	0,59
Gold	1 278	↓	-0,24	↓	-1,50

Source: Reuters, OTP Research

On Friday, both the Fed's and the ECB's leaders gave speeches. Janet Yellen advocated preserving the existing loose monetary policy. In her view, the unemployment rate is not an adequately good indicator of job market recovery, therefore it remains reasonable to keep up the loose monetary conditions for a while. There is nothing new in this view; Janet Yellen reiterated her support for the Fed's monetary policy direction.

The ECB's president Mario Draghi expressed hope that the stimulus measures announced in June help the eurozone's economy, as does the weaker euro. However, the central banker underlined the ECB's readiness to take further steps.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday			No data			
Monday	DE	Aug	Ifo business climate index (point)		107,0	108,0
	US	Aug	Markit services PMI (point)		59,5	60,8
	US	Jul			430,0	406,0

Source: Reuters, OTP Research

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