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## Daily Report – Global Markets



**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 315	↑ 0,70	↓ -0,43
S&P500	1 931	↓ -0,05	↓ -1,36
Nasdaq100	4 225	↓ -0,85	↓ -2,29
Russell2000	1 123	↓ -1,30	↓ -3,30
Stoxx600	349	↑ 2,84	↓ -4,27
DAX	9 689	↑ 2,77	↓ -4,93
FTSE 100	6 109	↑ 2,47	↓ -2,34
CAC40	4 481	↑ 3,07	↓ -4,16
ATX	2 207	↑ 1,57	↓ -3,05
IBEX35	9 520	↑ 2,45	↓ -5,64
Nikkei 225	17 645	↓ -1,32	↓ -2,90
Hang Seng	21 186	↑ 0,43	↓ -3,35
SSEC	3 078	↓ -0,46	↓ -2,48
SENSEX	25 827	↓ -0,14	↓ -0,60
RTS	789	↑ 2,49	↓ -5,78
Bovespa	44 831	↓ -1,02	↓ -5,15

**FX MARKET**

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1194	↓ -0,31	↓ -0,12
EUR/CHF	1,0962	↑ 0,11	↑ 0,74
USD/GBP	1,5181	↓ -0,39	↓ -2,09
USD/JPY	120,26	↓ -0,24	↓ -0,22
AUD/USD	0,7018	↓ -0,01	↓ -1,56
USD/CAD	1,3324	↓ -0,08	↑ 0,53
USD/RUB	65,42	↓ -0,11	↓ -0,92

**RISK INDICATORS**

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	23,6	↑ 0,2	↑ 1,3
CDS 5Y PIIS	24	↑ 2,0	↑ 10,3
CDS 5Y Italy	100	↑ 3,9	↑ 12,4
CDS 5Y Belg.	109	↓ -0,5	↑ 1,2
iTraxx 5Y EU	30,3	↓ -1,2	↑ 15,6
US TED Spread	84,4	⇒ 0,0	↓ -1,4

Source: Reuters, OTP Research

**Summary**

- Gloom ruled the developed world's equity markets, with strong selling pressure on commodity producers.
- Glencore nose-dived 29% as analysts warned that the persistently low commodity prices may lead to the erosion of equity value.
- The disappointing housing figure from the USA, coupled with a sharp fall in Chinese corporate results, fuelled growth concerns.

Friday's optimism soon evaporated from Europe's stock markets, and a disappointing figure about the profitability of China's corporate sector shed light on China growth fears again. Investors abandoned mostly commodity producers' shares; the sector's biggest loser was Glencore, which is also struggling with its own debt problems. The mining firm lost 29% of its value yesterday and became the biggest loser in the FTSE. A few weeks ago Glencore announced a debt restructuring plan, and is about to reduce its stake in the agriculture division, yet investors find its prospects gloomy. An analysis by Investec found that persistently low commodity prices could lead to the elimination of Glencore's equity value. Carmakers suffered from a strong selling pressure too: Volkswagen extended its losses by 7.5% plunge yesterday, and its majority owner Porsche AG reversed 6.9%. Vodafone shrank by 4.8% as its asset swap talks with Liberty Global ended. The Stoxx600 index dropped 2.2% yesterday, with 550 of its 600 names closing in the red.

There was no positive development in the USA to counterbalance the negative sentiment stemming from China growth fears on developed markets. The selling pressure weighed on commodity producers and the energy sector alike; health care and biotech also suffered sizeable losses. In the mining industry, Freeport-McMoRan dived 9.1%, and oil companies' shares fell in sync with the sliding crude price. The NASDAQ's Biotech Index topped last week's plunge by 6% fall; investors are still pricing the effect of the plan communicated by Hillary Clinton (and outlined by the Democrats) last week, which would limit the price hikes of selected prescription drugs. Between October 2014 and 20 July (when it hit an all-time high), the biotech sector rallied 56%, but it gave back almost half of those gain in the past two months. All of the S&P's sector indices descended. Banks suffered painful losses while the 10Y bond yields sank to one-month low. Amid fears that banks' profitability could deteriorate in the low interest rate environment, Goldman Sachs decreased by 3.8% and Morgan Stanley closed 3.4% lower in Monday's session. Citigroup and Bank of America slipped 3.0% and 2.6% respectively. Building companies had a bad day in the wake of disappointing home sales data from the USA. On the other hand, lightweight metal producer giant Alcoa made gains on the announcement to split its low-profitability legacy aluminium production and the other division, which will focus on rolled products, vehicles and technology under a new brand name. In response, investors drove the share price 5.7% higher.

The negative sentiment on US and European markets did not ease in Asia, where the key benchmarks closed 2.5-4% lower this morning.

The Brent oil sank by 2.6% on Monday and was seen rising this morning.

**GOV'T BOND MARKET**

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,70	↑	3	↑	0
US 10Y	2,16	↑	1	↑	1
JP 2Y	0,01	↓	0	↑	1
JP 10Y	0,33	↓	0	↑	33
GER 2Y	-0,24	↑	1	↓	-2
GER 10Y	0,63	↑	3	↓	-7

**CENTRAL BANKS' RATES**

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0,25	↑	0,5	↑	1,00
ECB Rate	0,05	→	0,05	→	0,05
BOE Rate	0,50	→	0,50	↑	1,00
BOJ Rate	0,10	→	0,10	→	0,10
SNB Target	-0,75	→	-0,75	→	-0,75

**MONEY MARKET**

	Rate (%)		Daily chg (bp)		Weekly chg (bp)
US 3M Libor	0,33	↑	0	↓	-2
US 2Y Swap	0,79	↑	1	↓	-2
US 5Y Swap	1,47	↓	-2	↓	-6
EUR 3M Euribor	-0,04	↓	0	↓	0
EUR 2Y Swap	0,05	↓	0	↓	-2
EUR 5Y Swap	0,37	↓	-1	↓	-2
GB 3M Libor	0,58	↓	0	↓	0
GB 2Y Swap	0,00	↑	2	↑	0
GB 5Y Swap	0,00	↑	2	↑	2
JP 3M Libor	0,08	↑	1	↑	0
JP 2Y Swap	0,09	↑	0	↑	0
JP 5Y Swap	0,18	↑	2	↑	2
CHF 3M Libor	-0,73	→	0	↑	1
CHF 2Y Swap	-0,34	↑	35	↑	33
CHF 5Y Swap	-0,39	↓	-2	↓	-6

**COMMODITIES**

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	48,1	↓	-1,13	↓	-1,78
Gold	1 145	↓	-0,06	↑	1,07

Source: Reuters, OTP Research

The profitability of China's industrial companies fell 8.8% year/year in August, extending July's 2% contraction, the most recent statistics show.

US pending home sales unexpectedly fell in August. Even though analysts had predicted deceleration, the 1.4% drop took the market by surprise.

One of the most important statistical releases today is the CaseShiller home price index of the top 20 US cities.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	JP	Jul	Leading economic index (final, point)	105,0	104,9	106,7
	IT	Sep	Business confidence	104,2	102,7	102,5
	IT	Sep	Consumer confidence	112,7	108,7	109,0
	US	Aug	Pending home sales (MoM, %)	-1,4	0,2	0,5
	US	Aug	PCE Core inflation (MoM, %)	0,1	0,1	0,1
	US	Aug	PCE inflation (MoM, %)	0,0	-	0,10
	Tuesday	JP	Aug	Industrial output, preliminary (mom, %)		1,0
JP		Aug	Retail sales (yoy, %)		1,1	1,6
EZ		Sep	Business Climate Indicator (points)		0,2	0,21
DE		Sep	CPI, preliminary (yoy, %)		0,1	0,2
US		Jul	CsaShiller 20 home price index (mom, %, SA)		0,1	-0,1
US		Sep	Consumer Confidence (points)		96,1	101,5

Source: Reuters, OTP Research

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