

Treasury Sales Team

Headquarter Treasury Sales

Alexandru Tibuleac
0372 31 85 85
alexandru.tibuleac@otpbank.ro

Alina Gheorghita
0372 31 85 84
alina.gheorghita@otpbank.ro

Corina Bejan
021 308 1560
corina.bejan@otpbank.ro

Andreea Nica
021 307 58 27
andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj
0755 000 400
szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti
0372 31 85 86
tudor.zaman@otpbank.ro

Laura Sirbu - Bucuresti
0372 31 85 83
laura.sirbu@otpbank.ro

Alexandru Sabin - Arad
0730 577 959
alexandru.sabin@otpbank.ro



Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 647	↑ 0,90	↑ 2,50
S&P500	2 075	↑ 1,10	↑ 2,07
Nasdaq100	4 624	↑ 2,68	↑ 4,18
Russell2000	1 166	↑ 1,00	↑ 0,15
Stoxx600	377	↑ 1,99	↑ 3,92
DAX	10 795	↑ 2,88	↑ 6,83
FTSE 100	6 444	↑ 1,06	↑ 1,04
CAC40	4 924	↑ 2,53	↑ 4,70
ATX	2 468	↑ 0,23	↑ 3,41
IBEX35	10 476	↑ 1,07	↑ 2,39
Nikkei 225	18 947	↑ 0,65	↑ 4,50
Hang Seng	23 085	↓ -0,29	↑ 0,04
SSEC	3 425	↑ 0,36	↑ 1,13
SENSEX	27 456	↓ -0,05	↓ -0,60
RTS	873	↑ 1,41	↓ -0,95
Bovespa	47 597	↓ -0,37	↑ 0,76

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1014	↓ -0,84	↓ -2,55
EUR/CHF	1,0779	↓ -0,27	↓ -0,39
USD/GBP	1,5313	↓ -0,51	↓ -0,96
USD/JPY	121,08	↓ -0,30	↑ 1,34
AUD/USD	0,7245	↑ 0,46	↓ -0,06
USD/CAD	1,3167	↑ 0,05	↑ 1,15
USD/RUB	62,61	↑ 0,70	↑ 0,37

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	14,5	↑ 0,0	↓ -0,6
CDS 5Y PIIS	14	↓ -5,7	↓ -9,7
CDS 5Y Italy	87	↓ -6,9	↓ -10,6
CDS 5Y Belg.	93	↓ -0,1	↓ -0,5
iTraxx 5Y EU	28,3	↓ -4,4	↓ -9,7
US TED Spread	69,7	⇒ 0,0	↑ 0,2

Source: Reuters, OTP Research

Summary

- At the post-meeting press conference on Thursday Mario Draghi said that the ECB was ready to review its asset purchases in December, and extend the programme beyond September 2016 if needed.
- The world's key stock indices closed higher on Friday.
- The dollar has appreciated against the euro.

Friday's trading sentiment was quite positive on the major stock markets of the world, owing to the cheering corporate earnings reports, macroeconomic data and the ECB's Thursday announcement. Speaking at the ECB Monetary Council's post-meeting press conference, Mario Draghi said the Bank was prepared to review its monthly EUR 60 billion asset purchases in December, and extend the programme beyond September 2016 if needed. This is a clear signal for the market that the EKB can not only increase the volume of, but also extend the duration of its quantitative easing.

Europe's stock indices reacted with a sharp increase, and the good mood persisted on Friday. On the last trading day of the week the Stoxx600 advanced 2%, the DAX soared 2.9%, the CAC40 surged 2.5%, and the FTSE100 rose by 1.1%. Moody's worsened the outlook on Austria's AAA debt rating from Stable to Negative, suggesting that a downgrade may follow. The agency's rationale cited the weak growth prospects.

The positive sentiment spread onto US markets too. The Dow upped 0.9%, the S&P500 climbed 1.1% higher, the NASDAQ100 added 2.7%, and the Russel2000 grew by 1%. In corporate news, Procter & Gamble's revenue of USD 16.5 billion is 12% less than a year earlier, largely owing to the dollar's firming. American Airlines' USD 10.7 billion revenue is 4% less than in the same period of last year. The company explained the drop with the strong dollar and with the weaker demand in Brazil and Venezuela.

Asia's markets closed mixed this morning. The Hang Seng dropped 0.3%, the SENSEX shed 0.05%, while the Nikkei225 was up 0.65%.

Following the ECB's Thursday announcement, the EUR retreated 2.65% versus the US dollar; after a slight euro firming on Friday morning, the EUR/USD fell further. This morning the euro opened on a stronger note against the greenback.

Trading on the Brent's market lacked a single direction last Thursday and Friday; it closed at 48 USD/barrel on Friday.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,64	↑	3	↑	4
US 10Y	2,08	↑	5	↑	6
JP 2Y	0,02	↑	2	↑	0
JP 10Y	0,31	↑	0	↓	-1
GER 2Y	-0,31	↓	-6	↓	-6
GER 10Y	0,50	↓	-7	↓	-6

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	0,32	↑	0	↑	0
US 2Y Swap	0,76	↑	1	↑	6
US 5Y Swap	1,40	↓	-2	↑	6
EUR 3M Euribor	-0,06	↓	-1	↓	-1
EUR 2Y Swap	-0,02	↓	0	↓	-4
EUR 5Y Swap	0,27	↓	0	↓	-5
GB 3M Libor	0,58	↓	0	→	0
GB 2Y Swap	0,94	↑	2	↓	-1
GB 5Y Swap	1,43	↑	5	↑	7
JP 3M Libor	0,08	→	0	↑	0
JP 2Y Swap	0,09	↑	1	↓	-1
JP 5Y Swap	0,17	→	0	↓	-1
CHF 3M Libor	-0,73	→	0	→	0
CHF 2Y Swap	-0,79	↑	1	↓	-6
CHF 5Y Swap	-0,55	↓	-1	↓	-8

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	48,0	→	0,00	↓	-1,28
Gold	1 164	↓	-0,03	↓	-0,58

Source: Reuters, OTP Research

The October gauges of Markit's purchasing managers' indices for Europe and America, released on Friday, mostly surprised on the upside. The service sector PMI's growth in Germany, France, and the eurozone have all beaten analysts' expectations. The eurozone's manufacturing PMI, at 52.0, matches the previous month's reading and surpasses economists' forecast of 51.7. Germany's manufacturing PMI was 51.6, while the previous month's reading was 52.3 and analysts had predicted 51.8 for October. The US Markit manufacturing index was 54.2 in October, wrong-footing analysts who had projected 53.

Important statistics on US housing market are due out today.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS	
Friday	FR	Oct	Markit manufacturing PMI (preliminary, point)	50,7	50,2	50,6	
	FR	Oct	Markit service sector PMI (preliminary, point)	52,3	51,6	51,9	
	DE	Oct	Markit manufacturing PMI (preliminary, point)	51,6	51,8	52,3	
	DE	Oct	Markit service sector PMI (preliminary, point)	55,2	54,0	54,1	
	EZ	Oct	Markit manufacturing PMI (preliminary, point)	52	51,7	52	
	EZ	Oct	Markit service sector PMI (preliminary, point)	54	54	54	
	PL	Sep	Unemployment rate (%)	9,7	9,9	10,0	
	US	Oct	Markit manufacturing PMI (preliminary, point)	54,0	53,0	53,1	
	Monday	DE	Oct	Ifo economic sentiment index (point)		-	108,5
		US	Sep	New home sales (annualized monthly, ths)		550,0	552,0

Source: Reuters, OTP Research

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

Fundamental Analyst
Balázs Lukács
lukacsba@otpbank.hu
+36 1 354 7490

Disclaimer

OTP Bank Plc. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This material is only for information purposes and it is not intended as an investment advice, an offer or solicitation for the purchase or sale of any financial instrument, and it does not constitute legal, tax or accounting advice.

Information herein reflects the market situation at the time of writing. It provides only momentary information and may change as market conditions and circumstances develop. Additional information may be available on request. Although the information in this document has been prepared in good faith from sources which OTP Bank believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. Opinions and estimates constitute our judgment and are subject to change without notice. OTP Bank may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments is made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. Any concrete individual decision or investment made based on this publication is the sole risk of the Client and OTP Bank shall not be held responsible for the success of the investment decisions or for attaining the Client's target.

Figures described herein refer to the past and past performance is not a reliable indicator of future results.

OTP Bank Plc. (registered seat: Nádor utca 16., Budapest H-1051, Hungary; Supervisory authority: Hungarian Financial Supervisory Authority (PSZÁF, Pénzügyi Szervezetek Állami Felügyelete – H-1013 Budapest, Krisztina krt. 39.sz.) PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008. For more information, please refer to: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>). All rights reserved. This publication is exclusively owned by OTP Bank Plc., no part of this material can be reproduced, re-used or disseminated without the prior written consent of OTP Bank Plc.

If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to research@otpbank.hu or writing a letter addressed to "Research Center" Hungary 1051, Budapest Nádor utca. 21. Please refer to your name and e-mail address in both cases.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to csaba.balint@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.