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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 553	↓ -0,24	↓ -0,13
S&P500	2 184	↓ -0,14	↓ -0,01
Nasdaq100	4 806	↓ -0,05	↓ -0,02
Russell2000	1 237	↓ -0,01	↓ -0,41
Stoxx600	340	↓ -0,81	↓ -1,72
DAX	10 544	↓ -0,55	↓ -1,58
FTSE 100	6 859	↓ -0,15	↓ -0,83
CAC40	4 401	↓ -0,82	↓ -2,21
ATX	2 268	↑ 0,03	↓ -0,71
IBEX35	8 451	↓ -1,16	↓ -3,05
Nikkei 225	16 598	↑ 0,32	↓ -1,90
Hang Seng	22 129	↓ -0,45	↓ -0,43
SSEC	3 095	↓ -0,43	↓ -0,98
SENSEX	27 946	↓ -0,47	↓ -0,60
RTS	966	↓ -0,96	↑ 1,16
Bovespa	59 099	↓ -0,11	↑ 1,37

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1325	↓ -0,24	↑ 0,88
EUR/CHF	1,0868	↑ 0,30	↓ -0,05
USD/GBP	1,3074	↓ -0,70	↑ 1,51
USD/JPY	100,78	↑ 0,58	↓ -0,45
AUD/USD	0,7590	↓ -0,45	↓ -1,07
USD/CAD	1,2918	↑ 0,37	↓ -0,01
USD/RUB	64,17	↑ 0,43	↑ 0,21

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	11,3	↓ -0,1	↓ -0,2
CDS 5Y PIIS	11	↑ 1,9	↑ 4,3
CDS 5Y Italy	116	↑ 0,4	↑ 0,9
CDS 5Y Belg.	112	↑ 7,9	↑ 6,5
iTraxx 5Y EU	32,3	↑ 1,3	↑ 1,1
US TED Spread	67,9	→ 0,0	↓ -3,8

Source: Reuters, OTP Research

Summary

- Stock indices nudged down on both sides of the Atlantic on Friday.
- Italy's banking shares plunged; EZ periphery countries' stock indices underperformed.
- The vice chairman's Sunday speech suggests the Fed may raise interest rates this year.
- The USD's appreciation made commodities cheaper.

Western Europe's key stock indices edged lower on Friday, with the EZ periphery countries seeing the sharpest falls (ASE index: -1.9%, FTSE MIB: -2.2%, IBEX: -1.2%). At sector level, banks, particularly those in Italy nosedived: Unicredit plunged 6.3%, Banca Popolare dell'Emilia Romagna slumped 5.8%, and Banca Monte dei Paschi fell 2.9% on some reports on investigation against Monte Paschi's CEO and former chairman, for alleged false accounting. The drop in commodity prices, caused by the stronger dollar, has weighed on mining companies. Friday's 0.8% drop brought the Stoxx600 index's total weekly loss to 1.7%, and according to the Bank of America's Friday report, investors have been withdrawing capital from the region's stock funds for 28 weeks now.

US stock indices sank on Friday again, with the slump hitting mostly the utilities, energy, and real estate sectors of the S&P500, but some heartening corporate reports alleviated the pains. In this index, only the basic material producer, technology, consumer staples, and financial service providers could eke out small gains. The index moved in a narrow range, with trading volumes 20% below the average. Although crude price continued to climb higher on Friday, Exxon Mobile (-1.3%), Chevron (-1.2%), and Southwestern Energy lost 4.6%. Neither did non-oil-producing mining companies or base material producers do well: Freeport-McMoRan contracted by 2.1%, the steel manufacturer Nucor and Alcoa shrank 1.7% each. The technology sector benefited from Applied Material's earnings figures; the company reported better-than-expected results, increasing stock market demand for other semiconductors too. The machinery producer Deere & Co's stock price rallied 13% after lifting this year's profit forecast, but this was not enough to keep the industrial machinery sector in positive territory. By contrast, FootLocker's better-than-expected earnings also stimulated rivals in the consumer discretionary segment; Nike hit a three-month high (+3%), and Gap jumped 3.9% higher.

Today Asia's stock exchanges mostly opened in positive territory in Japan and China, while Hong Kong was trickling down. China's stock markets closed in the red.

Crude oil prices moved in various directions on Friday: the WTI upped 0.6%, while the Brent edged down 1 cent/barrel, but is still above USD 50. Gold price sank 0.8%, silver fell more than 2%, while copper and aluminium prices went down.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,77	↑	6	↑	6
US 10Y	1,60	↑	5	↑	9
JP 2Y	-0,20	↑	1	→	0
JP 10Y	-0,07	↑	1	↑	4
GER 2Y	-0,62	↑	0	↑	2
GER 10Y	-0,09	↓	-2	→	0

CENTRAL BANKS' RATES

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0,5	↑	0,75	↑	1,25
ECB Rate	0,00	→	0,00	→	0,00
BOE Rate	0,25	→	0,25	→	0,25
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	0,82	↓	0	↓	-1
US 2Y Swap	1,00	↑	2	↑	5
US 5Y Swap	1,17	↑	0	↑	5
EUR 3M Euribor	-0,30	↑	0	↑	0
EUR 2Y Swap	-0,22	↓	-1	↑	1
EUR 5Y Swap	-0,12	↑	2	↑	3
GB 3M Libor	0,39	↑	0	↑	0
GB 2Y Swap	0,42	↑	0	↓	-3
GB 5Y Swap	0,50	↑	3	↑	6
JP 3M Libor	-0,02	↓	-1	↓	-1
JP 2Y Swap	-0,07	↓	-1	↓	-3
JP 5Y Swap	-0,05	↓	-1	↓	-2
CHF 3M Libor	-0,74	→	0	↑	0
CHF 2Y Swap	-0,70	↑	1	↑	3
CHF 5Y Swap	-0,60	↑	1	↑	6

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	50,0	↓	-1,79	↑	3,35
Gold	1 333	↓	-0,64	↓	-0,46

Source: Reuters, OTP Research

On currency markets, the dollar picked up versus the EUR and the GBP on Friday, and appreciated more dynamically versus the JPY. In Europe's bond market, the 13-point rise in Portugal's 30Y bond yield was notable.

Fed vice chairman Stanley Fischer, speaking in Aspen on Sunday, indicated that the Fed continues to consider the possibility of rate hikes, as the US economy's performance is nearing the central bank's target, and growth is likely to intensify in the coming quarters. According to some commentaries, ahead of Janet Yellen's 26 August speech in Jackson Hole, Fischer would hardly say anything that the Fed Chair did not agree with; even though her Friday speech is unlikely to hint at the path for interest rates.

None of the major economies publish influential macroeconomic statistics today.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Friday	JP	Aug	All industries activity (m/m, %)	1,0	0,9	-1,3
	CAD	Aug	Core CPI (m/m, %)	0,0	0,0	0,0
	CAD	Aug	CPI (m/m, %)	-0,2	0,0	0,2
	CAD	Aug	Retail sales (m/m, %)	-0,8	0,5	0,2
Monday			No data			

Source: Reuters, OTP Research

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