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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 526	↓ -0,06	↑ 0,68
S&P500	2 186	↓ -0,01	↑ 0,70
Nasdaq100	4 832	↑ 0,05	↑ 1,27
Russell2000	1 261	↑ 0,61	↑ 1,71
Stoxx600	350	↑ 0,29	↑ 2,02
DAX	10 753	↑ 0,62	↑ 1,51
FTSE 100	6 847	↑ 0,30	↑ 0,96
CAC40	4 558	↑ 0,61	↑ 2,69
ATX	2 394	↑ 0,55	↑ 3,45
IBEX35	9 015	↑ 1,30	↑ 3,42
Nikkei 225	16 959	↓ -0,32	↑ 0,42
Hang Seng	22 129	↑ 0,60	↑ 3,12
SSEC	3 091	↓ -0,02	↑ 0,92
SENSEX	28 947	↑ 0,07	↓ -0,60
RTS	1 006	↑ 1,05	↑ 5,84
Bovespa	60 129	→ 0,00	↑ 3,85

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1237	↓ -0,13	↑ 0,49
EUR/CHF	1,0899	↓ -0,10	↓ -0,64
GBP/USD	1,3337	↓ -0,74	↑ 0,53
USD/JPY	101,64	↓ -0,07	↓ -1,54
AUD/USD	0,7696	↑ 0,31	↑ 1,92
USD/CAD	1,2868	↓ -0,11	↓ -1,77
USD/RUB	64,00	↓ -0,22	↓ -3,03

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	11,9	↓ -0,1	↓ -1,2
CDS 5Y PIIS	12	↓ -0,4	↓ -3,1
CDS 5Y Italy	115	↓ -0,4	↓ -3,4
CDS 5Y Belg.	114	↓ -7,5	↓ -2,3
iTraxx 5Y EU	22,8	↓ -0,5	↓ -3,0
US TED Spread	65,3	→ 0,0	↑ 0,1

Source: Reuters, OTP Research

Summary

- The optimism on Western Europe's stock markets persisted, while the focus of attention is shifting to today's meeting of the ECB.
- Apple has launched iPhone7; its share price went up, helping the NASDAQ to hit record high.
- The S&P and the Dow are still flirting with new highs, but a slight drop prevented them.
- Germany's industrial production fell stronger than had been estimated.
- China's trade balance has beaten expectations, and the revision of Japan's GDP was a pleasant surprise

Investors were quick to digest Tuesday's disappointing US services PMI data, and were not shaken by Wednesday's figure on the surprise contraction in Germany's industrial output. Trading sentiment in Western Europe remained positive on Wednesday, ahead of today's ECB meeting. The dollar regained strength against the euro, cheering European carmakers. The broader vehicle industry did the most to drive the Stoxx600 index 0.3% higher, as did the energy sector, chemical names, and basic materials producers. Gaining 0.6% on Wednesday enabled the DAX to lift its year-to-date performance into positive territory; the gains of Volkswagen (+1.3%), Daimler (+1.2%), BMW (+0.6%) and of chemical names counterbalanced the wobbling of air companies and the fall of some health care and utilities names. A most recent analysis by Deutsche Bank came with Hold recommendation for Lufthansa shares, with a target price of EUR 9, citing weak prospect for the industry, high risks, and shrinking demand, while capacities are too high. The FTSE advanced 0.3%, even though its growth was temporarily hindered by worse-than-expected data on housing market and manufacturing, which also weighed on the pound sterling. Speaking before Parliament yesterday, the Bank of England's Governor, Mark Carney announced that the BoE was prepared to take further easing measures if needed.

US indices continued to grind higher. The NASDAQ100 closed at a record high, helped by Apple's 0.6% gain on the day of the debut of its new iPhone7. The water-resistant model comes without the traditional headphone socket, and features faster and better camera. The tech giant did not let smartwatch fans down either, unveiling a new version yesterday. The S&P edged down one basis point and the Dow shed 6 bps on Wednesday – within the former's sector indices, energy and real estate could not counterbalance the bigger losses of consumer staples. Mondelez dropped 1.9% and Colgate-Palmolive fell more than 2%, without any meaningful related reports; discount retail chains also went down, with Wal-Mart shedding 1.3%. The Fed Beige Book printed little new information about the health of the American economy: the Fed expects modest growth rate, increase in consumer prices, and wage inflation in most districts in the coming months, but it did not offer any clue about the Fed's 21 September meeting. Citigroup's Economic Surprise Index, which measures the published economic data against expectations, sank into negative territory in August, following a positive reading in July for the first time in many months.

Asia's markets ended mixed this morning. The Nikkei closed down even though the revision of the quarterly GDP figure was more favourable than the previous one, but the yen has firmed versus the US dollar. Nintendo jumped more than 13% higher after announcing the availability of the Super Mario Run application on smartphones from December, first on Apple iOS platform. Even though PokemonGo's success has limited effect on profits, Super Mario is Nintendo content, which may have significant contribution to profits, the company said.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,74	↑ 0	↓ -7
US 10Y	1,54	→ 0	↓ -4
JP 2Y	-0,19	↓ 0	↓ 0
JP 10Y	-0,05	↓ -1	↑ 1
GER 2Y	-0,66	↓ -3	↓ -5
GER 10Y	-0,11	↓ -6	↓ -2

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	0,00	↑ 1	↓ 0
US 2Y Swap	0,96	↓ -2	↓ -6
US 5Y Swap	1,11	↑ 0	↓ -7
EUR 3M Euribor	-0,30	→ 0	↓ 0
EUR 2Y Swap	-0,24	↑ 1	↓ -3
EUR 5Y Swap	-0,18	↓ -1	↓ -4
GB 3M Libor	0,00	↓ 0	↓ -1
GB 2Y Swap	0,43	↓ 0	↓ -1
GB 5Y Swap	0,48	↑ 0	↑ 1
JP 3M Libor	0,00	↑ 0	↓ 0
JP 2Y Swap	-0,10	↑ 1	↓ -1
JP 5Y Swap	-0,07	↑ 2	↓ -1
CHF 3M Libor	0,00	↑ 0	↑ 0
CHF 2Y Swap	-0,68	↑ 0	↓ 0
CHF 5Y Swap	0,00	↓ -1	↓ -2

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	48,0	↑ 1,52	↑ 7,26
Gold	1 345	↓ -0,35	↑ 2,54

Source: Reuters, OTP Research

Following rises and falls, the Brent's price picked up before the close, to end Wednesday's trading 1.2% higher, at USD 47.85. The WTI upped 1.3%, climbing to 45.42 USD/barrel.

Today's meeting of the European Central Bank is expected to leave the deposit and lending rates in place, but make fine-tune its asset purchase programme. The ECB may make the following minor adjustments: (1) include assets of lower quality than before into its asset purchase programme, (2) include assets with lower yield than its deposit rate (benefiting the 2Y German government bond mostly), (3) buy the bonds of some countries at higher rates than their share in the ECB (good for periphery countries), (4) extend its asset purchase programme by three to six months.

Vastly missing expectations yesterday, Germany's industrial production in July signified 1.5% contraction in month-over-month comparison, which is consistent with the subdued orders data seen in recent months.

China's trade balance data for August came in better than expected. Fresh statistics show an expansion in imports (as opposed to forecast contraction), while exports shrank 2.8% year/year, by less than analysts' consensus had estimated.

The revision of Japan's GDP figure brought a slight surprise: the economy grew by 0.7% in the second quarter, instead of the preliminary estimate of 0.2% annualized quarter/quarter increase

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Wednesday	DE	Jul	Industrial output (mom, %)	-1,5	0,2	0,8
	UK	Jul	Manufacturing output (mom, %)	0,1	-0,2	0,0
	UK	Jul	Industrial output (mom, %)	-0,9	-0,4	-0,2
	PL	Sep	Interest rate decision (%)	1,5	-	1,5
	US	Sep	Beige Book	-	-	-
Thursday	CN	Aug	Export (yoy, %)	-2,8	-4	-4,4
	CN	Aug	Import (yoy, %)	-	-4,9	-12,5
	JP	Q2	GDP, revised (annualized qoq, %)	0,7	0,0	0,2
	EZ	Sep	Rate decision, refinancing rate (%)	-	0,0	0,0
	EZ	Sep	Deposit rate (%)	-	-0,4	-0,4
	US	weekly	Initial jobless claims ('000)	-	265,0	263,0
	US	Jul	Consumer credits (USDbn)	-	16	12,32

Source: Reuters, OTP Research

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