

## Treasury Sales Team

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## Daily Report – Global Markets

**STOCK EXCHANGE**

|             | Close  | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA        | 18 130 | ↑ 0,05         | ↑ 0,35          |
| S&P500      | 2 140  | ↑ 0,03         | ↑ 0,60          |
| Nasdaq100   | 4 805  | ↑ 0,19         | ↑ 1,74          |
| Russell2000 | 1 228  | ↓ -0,34        | ↑ 1,38          |
| Stoxx600    | 341    | ↓ -0,08        | ↑ 0,67          |
| DAX         | 10 394 | ↑ 0,19         | ↑ 0,07          |
| FTSE 100    | 6 831  | ↑ 0,25         | ↑ 2,48          |
| CAC40       | 4 389  | ↓ -0,13        | ↑ 0,03          |
| ATX         | 2 346  | ↓ -0,16        | ↓ -0,43         |
| IBEX35      | 8 686  | ↓ -0,34        | ↓ -0,44         |
| Nikkei 225  | 16 808 | ↑ 3,63         | ↑ 2,22          |
| Hang Seng   | 22 129 | ↑ 0,56         | ↑ 2,04          |
| SSEC        | 3 026  | ↑ 0,10         | ↑ 0,77          |
| SENSEX      | 28 654 | ↑ 0,46         | ↓ -0,60         |
| RTS         | 970    | ↓ 0,00         | ↑ 0,12          |
| Bovespa     | 57 736 | ↑ 0,67         | ↑ 1,61          |

**FX MARKET**

|         | Close  | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,1152 | ↓ -0,19        | ↓ -0,96         |
| EUR/CHF | 1,0917 | ↓ -0,31        | ↓ -0,27         |
| GBP/USD | 1,2988 | ↓ -0,28        | ↓ -1,85         |
| USD/JPY | 102,22 | ↑ 0,52         | ↓ -0,18         |
| AUD/USD | 0,7562 | ↑ 0,08         | ↑ 1,29          |
| USD/CAD | 1,3173 | ↓ -0,11        | ↓ -0,15         |
| USD/RUB | 64,49  | ↓ -0,27        | ↓ -1,04         |

**RISK INDICATORS**

|               | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX           | 15,9  | ↑ 0,4          | ↓ -1,9          |
| CDS 5Y PIIS   | 16    | ↑ 3,6          | ↑ 5,8           |
| CDS 5Y Italy  | 122   | ↑ 3,6          | ↑ 4,0           |
| CDS 5Y Belg.  | 119   | ↑ 0,7          | ↑ 0,2           |
| iTraxx 5Y EU  | 22,8  | ↑ 5,1          | ↑ 2,7           |
| US TED Spread | 74,1  | ⇒ 0,0          | ↑ 5,7           |

Source: Reuters, OTP Research

**Summary**

- Global markets were upbeat on Tuesday.
- Agricultural raw material prices increased yesterday.
- The Bank of Japan launched a new instrument, targeting the 10Y government bond yield.
- Markets expect the Fed to keep interest rates on hold in today's meeting.

The sentiment on the world's stock markets was positive on the whole, with most indices closing Tuesday with gain. The pale economic statistics released in recent days make investors assume that the Fed will not change the base rate at its meeting that concludes tonight.

Europe's banking shares were ailing yesterday. Deutsche Bank extended its losses (-3.6%) as investors worry about the consequences of the record-high fine imposed by American authorities. Chemical and pharmaceutical stocks outperformed. Banking share in the USA were on the rise, benefiting from the expectations regarding the Fed decision. Nikkei jumped high after the Bank of Japan's announcements.

This morning the BoJ left its benchmark rate on hold but announced a new instrument. From now on, it wants to keep the 10Y bond yield near zero as long as inflation is above 2%. Immediately after the announcement, the JPY depreciated 1% versus the USD but soon started to work off the loss. Ahead of Wednesday's Fed decision, there were no significant changes in other big currency pairs.

American and German bond yields dropped; the 10Y German bund yield sank below zero again.

Oil price oscillated in the 45-46 range on Tuesday, working off the morning's loss in the afternoon. Precious metal and industrial metal prices barely changed but agricultural raw material prices rose on Tuesday. The rainy weather in the USA hinders soy harvest, raising the product's price for days now.

**GOV'T BOND MARKET**

|         | Yield (%) |   | Daily chg (bp) |   | Weekly chg (bp) |
|---------|-----------|---|----------------|---|-----------------|
| US 2Y   | 0,78      | ↓ | 0              | ↓ | -2              |
| US 10Y  | 1,69      | ↓ | -2             | ↓ | -4              |
| JP 2Y   | -0,27     | → | 0              | ↓ | -1              |
| JP 10Y  | -0,06     | ↓ | -2             | ↓ | -4              |
| GER 2Y  | -0,65     | ↑ | 0              | ↓ | -2              |
| GER 10Y | 0,02      | ↑ | 1              | ↓ | -1              |

**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    | 0,87     | ↑ | 0              | ↑ | 0               |
| US 2Y Swap     | 1,01     | ↓ | -1             | ↑ | 2               |
| US 5Y Swap     | 1,20     | ↓ | 0              | ↑ | 0               |
| EUR 3M Euribor | -0,30    | → | 0              | ↑ | 0               |
| EUR 2Y Swap    | -0,24    | ↓ | -1             | ↓ | -1              |
| EUR 5Y Swap    | -0,12    | ↓ | -1             | ↓ | 0               |
| GB 3M Libor    | 0,38     | ↓ | 0              | ↓ | 0               |
| GB 2Y Swap     | 0,42     | ↓ | -1             | ↑ | 3               |
| GB 5Y Swap     | 0,51     | ↓ | -4             | ↓ | -11             |
| JP 3M Libor    | -0,04    | ↑ | 0              | ↓ | 0               |
| JP 2Y Swap     | -0,09    | ↑ | 1              | ↑ | 3               |
| JP 5Y Swap     | -0,08    | ↑ | 2              | ↑ | 2               |
| CHF 3M Libor   | -0,75    | ↓ | 0              | ↓ | -2              |
| CHF 2Y Swap    | -0,67    | ↑ | 1              | ↓ | -2              |
| CHF 5Y Swap    | -0,54    | ↓ | -1             | ↑ | 1               |

**COMMODITIES**

|           | Close |   | Daily chg. (%) |   | Weekly chg. (%) |
|-----------|-------|---|----------------|---|-----------------|
| Oil Brent | 45,9  | ↓ | -0,15          | ↑ | 1,46            |
| Gold      | 1 315 | ↑ | 0,11           | ↓ | -0,31           |

Source: Reuters, OTP Research

Tuesday's release of US housing prices missed analysts' consensus forecast. This added the previous weeks' string of pale data; the US macroeconomic figures on Q3 are still short of forecasts. Wednesday's most important event is the Fed's rate decision. Analysts expect no change in the interest rate. Although a number of Fed officials hinted at the possibility of imminent rate hike at the end of August, contrary opinions surfaced in recent weeks, along with poor macroeconomic data. On top of today's decision, the Fed's fresh forecast is also important, to see if decision-makers continue to lower their expectation for the medium-term equilibrium value of the benchmark interest rate.

|           | COUNTRY | DATE | INDICATOR / EVENT                             | FACT  | CONSENSUS | PREVIOUS  |
|-----------|---------|------|---|-------|-----------|-----------|
| Tuesday   | US      | Aug  | Building permits (annualized, thousands)      | 1 139 | 1 170     | 1 144     |
|           | US      | Aug  | Housing Starts Number (annualized, thousands) | 1 142 | 1 190     | 1 211     |
| Wednesday | JP      | Sep  | Rate decision (%)                             | -0,1  | -0,1      | -0,1      |
|           | US      | Sep  | Rate decision (%)                             |       | 0,25-0,50 | 0,25-0,50 |

Source: Reuters, OTP Research

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