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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 228	↑ 0,74	↑ 0,54
S&P500	2 160	↑ 0,64	↑ 0,94
Nasdaq100	4 867	↑ 1,03	↑ 1,28
Russell2000	1 246	↑ 0,44	↑ 0,11
Stoxx600	340	↑ 0,06	↓ -0,24
DAX	10 361	↓ -0,31	↓ -0,31
FTSE 100	6 808	↓ -0,15	↓ -0,34
CAC40	4 399	↓ -0,21	↑ 0,23
ATX	2 372	↓ -0,41	↑ 1,08
IBEX35	8 688	↓ -0,27	↑ 0,02
Nikkei 225	16 465	↓ -1,31	↓ -3,91
Hang Seng	22 129	↓ -0,60	↓ -1,01
SSEC	2 990	↓ -0,27	↓ -1,18
SENSEX	28 243	↑ 0,07	↓ -0,60
RTS	973	↓ -1,38	↑ 0,36
Bovespa	58 382	↑ 0,57	↑ 1,12

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1213	↓ -0,36	↑ 0,20
EUR/CHF	1,0886	↓ -0,17	↓ -0,03
GBP/USD	1,3020	↑ 0,35	↓ -0,04
USD/JPY	100,59	↑ 0,16	↑ 0,30
AUD/USD	0,7673	↑ 0,09	↑ 0,66
USD/CAD	1,3211	↑ 0,14	↑ 0,86
USD/RUB	63,85	↑ 0,34	↓ -0,08

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,1	↓ -1,4	↓ -2,8
CDS 5Y PIIS	13	↑ 3,2	↑ 6,4
CDS 5Y Italy	125	↑ 7,6	↑ 11,7
CDS 5Y Belg.	127	↓ -0,4	↓ -0,6
iTraxx 5Y EU	21,6	↑ 1,2	↓ -0,2
US TED Spread	73,9	⇒ 0,0	↑ 2,5

Source: Reuters, OTP Research

Summary

- Corporate news weighed on stock indices in Europe; US markets benefited from cheering macrostats.
- Emerging market currencies rallied after the US presidential debate, with the MXN gaining the most.
- Oil prices slipped ahead of today's OPEC meeting.

The pessimistic trading sentiment remained on Europe's stock markets yesterday. The DAX saw the most painful loss on Tuesday, when a number of corporate reports soured investor's mood. Lufthansa's (-3.6%) EUR 500 million bond purchase programme has failed. In recent years the ECB has been buying its bonds, but there was not sufficient demand for the bonds offered at similar conditions on the market. According to Bloomberg's sources, the US Department of Justice is examining the size of fine Volkswagen (-3.2%) could bear, for the diesel scandal. This raises concerns that a heavier-than-expected fine may be imposed on the company. Commerzbank (-2.5%) announced restructuring plans, including cutting 9,000 jobs by 2020.

Trading on US markets was more sanguine, helping the key indices climb higher. This owes a lot to Tuesday's release of favourable consumer confidence indices, which largely benefited consumer goods manufacturers. Technology shares could also advance. On the other hand, the falling oil price reduced energy companies' stock prices. The slump in oil prices also hit Asia's stock markets.

The US presidential debate had an effect on currency markets on Tuesday. Hillary Clinton's triumph in Monday night's televised debate boosted risk appetite. The weak performance of Donald Trump, a fierce opponent of immigration, helped the Mexican peso gain more than 2%.

The Swedish krona lost ground to the EUR, after the Swedish Riksbank's governor Stefan Ingves indicated that further monetary easing could come, to fight the low inflation.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,75	→ 0	↓ -2
US 10Y	1,56	↓ -3	↓ -13
JP 2Y	-0,28	↓ -5	↓ -1
JP 10Y	-0,08	↓ -1	↓ -2
GER 2Y	-0,69	↓ -2	↓ -4
GER 10Y	-0,11	↓ -3	↓ -13

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	0,85	→ 0	↓ -1
US 2Y Swap	0,97	↓ -1	↓ -6
US 5Y Swap	1,12	↑ 1	↓ -7
EUR 3M Euribor	-0,30	↑ 0	→ 0
EUR 2Y Swap	-0,25	↑ 0	↓ -2
EUR 5Y Swap	-0,17	↓ -1	↓ -6
GB 3M Libor	0,38	↓ 0	↓ 0
GB 2Y Swap	0,41	↓ 0	↓ -2
GB 5Y Swap	0,45	↓ -1	↓ -6
JP 3M Libor	-0,02	↓ 0	↑ 2
JP 2Y Swap	-0,10	↓ -1	↓ -2
JP 5Y Swap	-0,11	↓ 0	↓ -2
CHF 3M Libor	-0,75	→ 0	↑ 0
CHF 2Y Swap	-0,70	↓ -1	↓ -3
CHF 5Y Swap	-0,63	↓ -3	↓ -7

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	46,0	↓ -2,91	↓ -1,43
Gold	1 327	↓ -0,78	↓ -0,90

Source: Reuters, OTP Research

Oil prices fell almost 3% on Tuesday. Markets have been waiting for the OPEC meeting that started today, to see if oil producers can reach an agreement to limit their output. In recent weeks, this seemed increasingly likely but the announcements made by Saudi Arabia and Iran on Tuesday poured cold water on these hopes. Both countries' oil ministers maintain that the purpose of Wednesday's meeting is just consultation, and the decision on production quota may not be on the agenda before the 30 November meeting. Yet on Tuesday evening the Saudi minister indicated his country's readiness to find a compromise with Iran about capping production. Iran's oil production has steeply increased since the sanctions were lifted, but it has not reached the pre-sanctions level of the 4 million barrels/day. Supposedly, the country's leaders would not easily agree to quotas offering anything less than that.

From the makroadata published on Tuesday, the US consumer confidence and services purchasing managers' index topped expectations. The number of building permits issued also increased in August. On the other hand, the Richmond Fed manufacturing index missed the consensus forecast.

The World Trade Organization cut its forecast on world trade growth, citing the slowing of the Chinese economy and the weak US imports. The WTO expects slower growth in world trade than in the world's GDP this year, and it forecasts only 1.8-3.1% expansion next year, whereas it had projected 3.6% this spring.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	US	Jul	Case-Shiller home price index, SA (mom, %)	0,0	0,0	-0,1
	US	Sep	Markit Services PMI, flash (points)	51,9	51	51
	US	Sep	Consumer Confidence Index (points)	104	99	101
Wednesday	US	Sep	Richmond Fed Manufacturing Index (points)	-8	-2	-11
	US	Aug	Durable goods orders (mom, %)		-1,5	4,4
			OPEC meeting (26 Sept - 28 Sept)			

Source: Reuters, OTP Research

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