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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 143	↓ -1.07	↓ -1.35
S&P500	2 151	↓ -0.93	↓ -1.20
Nasdaq100	4 875	↑ 0.18	↑ 0.44
Russell2000	1 256	↑ 0.75	↓ -0.61
Stoxx600	343	↑ 0.04	↓ -1.48
DAX	10 406	↓ -0.31	↓ -2.52
FTSE 100	6 919	↑ 1.02	↑ 0.12
CAC40	4 444	↑ 0.26	↓ -1.46
ATX	2 415	↑ 1.21	↑ 0.49
IBEX35	8 796	↑ 0.64	↓ -1.55
Nikkei 225	16 450	↓ -1.46	↓ -3.45
Hang Seng	22 129	↓ -1.52	↓ -1.30
SSEC	3 004	↑ 0.20	↓ -0.97
SENSEX	27 793	↓ -0.12	↓ -0.60
RTS	998	↑ 2.34	↓ -0.40
Bovespa	58 351	↓ -1.69	↓ -1.09

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1.1221	↑ 0.06	↑ 0.02
EUR/CHF	1.0840	↓ -0.46	↓ -0.59
GBP/USD	1.2967	↓ -0.38	↓ -0.04
USD/JPY	100.84	↓ -0.17	↓ -0.14
AUD/USD	0.7626	↓ -0.09	↑ 0.11
USD/CAD	1.3151	↑ 0.08	↓ -0.12
USD/RUB	63.10	↑ 0.29	↓ -1.36

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	14.0	↑ 1.6	↑ 2.0
CDS 5Y PIIS	14	↑ 0.1	↑ 5.0
CDS 5Y Italy	125	↑ 2.3	↑ 12.6
CDS 5Y Belg.	129	↓ -0.4	↓ -1.6
iTraxx 5Y EU	21.2	↓ -0.3	↑ 3.1
US TED Spread	73.0	⇒ 0.0	↓ -10.1

Source: Reuters, OTP Research

Summary

- Equity markets turned down due on Deutsche Bank concerns
- Bloomberg poll: the OPEC deal could help not only oil exporters, but also central banks fighting for inflation
- Serious cost-cutting program announced by Commerzbank.

The unexpected OPEC deal on limiting oil production on Wednesday resulted in a positive start on the stock markets globally. However, in the afternoon market sentiment turned into negative and the major indices headed downwards as concerns over German banks mounted. On increased counterparty risk some hedge funds terminated their relationship with Deutsche Bank. Deutsche is one of the world's largest bank, with very high exposures on the derivative markets, therefore any worry around its vulnerability results in market turbulences. Furthermore, the second biggest German bank, Commerzbank announced major layoffs in order to target a 6% return on equity by 2020 (investors usually expect 8-12% ROE from banks in developed countries). The news put the equity prices, especially those of banks under pressure yesterday, while this morning Deutsche Bank fell another 8%.

A poll made by Bloomberg suggested that the deal on limiting production could help not only oil producers, like Mexico and Russia, but could also help central banks struggling with low inflation (ECB, BOJ) In addition, of course, the energy companies and US shale oil extraction is better off with the agreement. Oil prices yesterday's trading spiked up to USD 50 per barrel.

The negative sentiment in Europe and in the USA also pulled down Asian equity markets this morning, so Nikkei and Hang Seng closed 1.5% lower. In Japan the sentiment was also worsened by weaker than expected household spending and housing start data.

While the euro has not weakened against the USD yesterday, the worrying news about Deutsche Bank pushed the EURCHF down by 0.5%. The

Source: Reuters, OTP Research

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0.73	↓ -4	↓ -5
US 10Y	1.55	↓ -3	↓ -7
JP 2Y	-0.26	↑ 3	↓ -3
JP 10Y	-0.09	↓ 0	↓ -5
GER 2Y	-0.70	↑ 0	↓ -4
GER 10Y	-0.13	↑ 2	↓ -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	0.00	↓ -2	↓ -3
US 2Y Swap	0.96	↓ -2	↓ -4
US 5Y Swap	1.12	↑ 0	↓ -5
EUR 3M Euribor	-0.30	↑ 0	→ 0
EUR 2Y Swap	-0.24	↑ 1	↓ 0
EUR 5Y Swap	-0.18	↓ -1	↓ -2
GB 3M Libor	0.00	↑ 0	↑ 0
GB 2Y Swap	0.42	↑ 1	↓ -3
GB 5Y Swap	0.48	↑ 2	→ 0
JP 3M Libor	0.00	↓ -1	↓ -2
JP 2Y Swap	-0.11	↓ -1	↓ -3
JP 5Y Swap	-0.11	↓ -1	↓ -3
CHF 3M Libor	0.00	↓ 0	↓ -1
CHF 2Y Swap	-0.69	↑ 3	↓ -2
CHF 5Y Swap	-0.60	↑ 2	↓ -2

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	49.2	↑ 1.13	↑ 6.47
Gold	1 320	↓ -0.09	↓ -0.93

The third estimate of Q2 GDP growth in the US exceeded both expectations (1.3%) and the second estimate (1.15%). On the other hand pending home sales fell behind expectations of stagnation compared to the previous month.

The German retail trade - published this morning - rose more than expected, by 3.7% in August. British housing prices rose by 0.3% in September compared to August, adding 5.3% in a year, suggesting that Brexit had no major effect on the property market.

Today markets will focus on the Q2 GDP from the UK in the morning. In the afternoon the attention will be turned toward the Chicago BMI and Michigan consumer confidence index.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Thursday	EZ	Sep	European Commission Economic Sentiment (point)	104.9	103.5	103.5
	DE	Sep	CPI (flash, yoy, %)	1	1	0
		Aug	GDP (third estimate, qoq, %)			
Friday		Aug	Pending home sales change (mom, %)	-2	0	1
	JP	Aug	Households Spending (yoy, %)	-4.6	-2.5	-0.5
	JP	Aug	Unemployment rate (%)	3.1	3.0	3.0
	JP	Aug	Industrial output (yoy, %)	1.5	0.5	-0.4
	JP	Aug	Housing starts (yoy, %)	2.5	7.1	8.9
	CN	Sep	Caixin manufacturing BMI, final	50.1	50	50
	EZ	Sep	CPI (flash, yoy, %)		0.4	0.2
	EZ	Aug	Unemployment rate (%)		10.0	10.1
	DE	Aug	Retail trade (yoy, %)	3.7	1.3	-1.5
	GB	Sep	House prices	5.3	5.3	5.6
	GB	Q2	GDP (yoy, %)		2.2	2.2
US	Aug	Personal Income (mom, %)		0.2	0.4	
US	Aug	Consumption (mom, %)		0.1	0.3	
US	Sep	Chicago BMI		52.0	51.5	
US	Sep	Michigan consumer confidence		90.0	89.8	

Source: Reuters, OTP Research

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