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## Daily Report – Global Markets

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 162	↑ 0,42	↑ 0,18
S&P500	2 140	↑ 0,62	↑ 0,13
Nasdaq100	4 840	↑ 0,91	↑ 0,37
Russell2000	1 217	↑ 0,59	↓ -0,81
Stoxx600	342	↑ 1,50	↑ 0,68
DAX	10 632	↑ 1,22	↑ 0,51
FTSE 100	7 000	↑ 0,76	↓ -1,00
CAC40	4 509	↑ 1,32	↑ 0,83
ATX	2 447	↑ 1,42	↑ 1,42
IBEX35	8 865	↑ 1,43	↑ 1,98
Nikkei 225	16 999	↑ 0,21	↑ 1,83
Hang Seng	23 360	↓ -0,15	↓ -0,20
SSEC	3 086	↑ 0,08	↑ 0,91
SENSEX	28 002	↓ -0,18	↓ -0,18
RTS	987	↑ 0,99	↓ -1,84
Bovespa	63 782	↑ 1,73	↑ 4,52

**FX MARKET**

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0978	↓ -0,17	↓ -0,26
EUR/CHF	1,0870	↓ -0,06	↓ -0,32
GBP/USD	1,2296	↑ 0,94	↑ 0,74
USD/JPY	103,68	↓ -0,16	↓ -0,48
AUD/USD	0,7663	↑ 0,01	↑ 1,36
USD/CAD	1,3119	↑ 0,09	↓ -1,17
USD/RUB	62,79	↑ 0,52	↓ -0,47

**RISK INDICATORS**

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	15,3	↓ -0,9	↓ -0,1
CDS 5Y PIIS	15	↓ -0,6	↓ -3,9
CDS 5Y Italy	117	↓ -2,1	↓ -3,6
CDS 5Y Belg.	121	↓ 0,0	↓ -0,4
iTraxx 5Y EU	19,7	↓ -0,9	↓ -1,9
US TED Spread	72,6	⇒ 0,0	↓ -0,4

Source: Reuters, OTP Research

**Summary**

- There was benign sentiment on Europe's and America's stock markets on Tuesday.
- UK inflation has topped forecasts; as a result, the GBP firmed.
- The lower-than-expected inflation in the USA pushed gold price higher.
- Today emerging markets release macro statistics; Canada and Brazil make rate decisions.

Tuesday's trading was optimistic in Europe, with commodity and banking names faring particularly well. Analysts at Bank of America Merrill Lynch issued a bullish recommendation for Europe's banking stocks, arguing that they are oversold whereas their profitability may be bottoming out. Owing to the pale first-half-year revenue figures in its earnings report, Britain's Burberry contracted 7.7%.

America's equity markets also made gains, thanks to the encouraging corporate reports issued on Tuesday. So far 57 companies of the S&P500 have published their figures for the third quarter, with four-fifths of them surprising on the upside. Similarly to other US banks, Goldman Sachs came up with profit figures that have beaten expectations; Morgan Stanley's report will be out today. Netflix jumped more than 17% higher, as the number of its subscribers had grown substantially in Q3.

Trading in Asia was uneventful; the Nikkei and China's indices barely changed.

Of the key currencies, the GBP firmed on Tuesday; markets can hardly expect the Bank of England to ease monetary conditions, considering the higher-than-expected UK inflation figure. There were only subtle changes in other major currencies.

On balance, the US inflation data released on Tuesday indicated milder-than-expected inflationary pressure, bringing down the expectations of a Fed interest rate hike. Forward-rated agreement prices suggested on Monday that the probability of a rate hike before the end of this year dropped from 69% to 64%. This did not cause significant shift in the USD's exchange rate or in government bond yields on Tuesday, but it lifted the price of gold.

On Tuesday the Brent crude temporarily dropped, before news on the unexpected fall in US oil inventories sent it back closer to 52 USD/barrel. Other commodity prices barely changed; only the 1% uptick in soy prices was noteworthy.

**GOV'T BOND MARKET**

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,81	↓	-1	↓	-7
US 10Y	1,75	↓	-3	↓	-2
JP 2Y	-0,27	↓	-1	↓	-1
JP 10Y	-0,05	↓	0	↓	-1
GER 2Y	-0,66	↑	0	↑	1
GER 10Y	0,06	↓	-1	↑	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	0,88	↑	0	↑	0
US 2Y Swap	1,01	↓	0	↓	-4
US 5Y Swap	1,23	↑	3	↓	-5
EUR 3M Euribor	-0,31	↓	0	↓	-1
EUR 2Y Swap	-0,20	↑	1	↑	1
EUR 5Y Swap	-0,08	↓	-1	→	0
GB 3M Libor	0,40	↑	0	↑	1
GB 2Y Swap	0,57	↓	-1	↑	1
GB 5Y Swap	0,71	↓	-3	↑	5
JP 3M Libor	-0,01	↑	0	↑	0
JP 2Y Swap	-0,06	↓	0	↑	1
JP 5Y Swap	-0,07	↓	0	↑	0
CHF 3M Libor	-0,73	↓	0	↑	0
CHF 2Y Swap	-0,68	↓	-1	↑	0
CHF 5Y Swap	-0,53	↓	0	↑	1

**COMMODITIES**

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	51,7	↑	0,31	↑	0,71
Gold	1 262	↑	0,56	↑	0,53

Source: Reuters, OTP Research

UK inflation data, released on Tuesday, have surpassed analysts' forecast. Consumer prices in the USA grew as expected: the rate of inflation rose to 1.5% year/year. Nevertheless, core inflation slowed stronger than had been thought, and this could raise concerns about the rise in inflation next year.

Emerging markets are to publish a raft of statistics today. China's economy grew steadily, as expected, in the third quarter. A number of emerging economies (Poland, Russia, South Africa, and Brazil) will publish month/month macro data. The Bank of Canada will release its fresh macroeconomic forecast after the rate decision, which analysts expect to keep interest rates on hold. Later in the day, the meeting the central bank of Brazil is forecast to trim its base rate by 25 basis points (to 14%).

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	UK	Sep	CPI (yoy, %)	1,0	0,9	0,6
	US	Sep	CPI (sa, mom, %)	0,3	0,3	0,2
	US	Sep	Core CPI (sa, mom, %)	0,1	0,2	0,3
	US	Oct	NAHB Housing Market Index (points)	63	63	65
Wednesday	CN	Sep	Industrial production (yoy, %)	6,1	6,4	6,3
	CN	Sep	Retail sales (yoy, %)	10,7	10,6	10,6
	CN	Q3	GDP (preliminary, yoy, %)	6,7	6,7	6,7
	CN	Q3	GDP (preliminary, qoq, %)	1,8	2	2
	CN	Sep	Urban investments (yoy, %)	8,2	8,2	8,1
	PL	Sep	Retail sales (yoy, %)		6,1	5,6
	PL	Sep	Industrial production (yoy, %)		3,5	7,5
	US	Sep	Housing permits (annualized monthly, thousand)		1 164	1 152
	US	Sep	Housing starts (annualized monthly, thousand)		1 175	1 142
	US	Oct	Beige Book		-	-

Source: Reuters, OTP Research

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