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Daily Report – Global Markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 18 848 | ↑ 0,21 | ↑ 5,36 |
| S&P500 | 2 164 | ↓ -0,14 | ↑ 3,80 |
| Nasdaq100 | 4 752 | ↑ 0,10 | ↑ 1,96 |
| Russell2000 | 1 282 | ↑ 2,46 | ↑ 7,56 |
| Stoxx600 | 338 | ↓ -0,41 | ↑ 2,65 |
| DAX | 10 668 | ↑ 0,36 | ↑ 3,98 |
| FTSE 100 | 6 730 | ↓ -1,43 | ↑ 0,56 |
| CAC40 | 4 489 | ↓ -0,92 | ↑ 2,55 |
| ATX | 2 486 | ↓ -0,64 | ↑ 3,01 |
| IBEX35 | 8 639 | ↓ -1,34 | ↓ -1,73 |
| Nikkei 225 | 17 135 | ↑ 1,71 | ↑ 5,55 |
| Hang Seng | 22 213 | ↓ -1,41 | ↓ -2,58 |
| SSEC | 3 207 | ↑ 0,33 | ↑ 2,34 |
| SENSEX | 26 819 | ⇒ 0,00 | ⇒ 0,00 |
| RTS | 970 | ↓ -2,38 | ↓ -0,11 |
| Bovespa | 63 326 | ↓ -3,30 | ↓ -3,92 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,0850 | ↓ -0,36 | ↓ -2,19 |
| EUR/CHF | 1,0716 | ↓ -0,30 | ↓ -0,48 |
| GBP/USD | 1,2599 | ↑ 0,36 | ↑ 1,64 |
| USD/JPY | 107,51 | ↑ 0,79 | ↑ 2,93 |
| AUD/USD | 0,7545 | ↓ -0,07 | ↓ -2,33 |
| USD/CAD | 1,3559 | ↑ 0,14 | ↑ 1,50 |
| USD/RUB | 65,97 | ↑ 0,50 | ↑ 3,72 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 14,2 | ↓ -0,6 | ↓ -8,3 |
| CDS 5Y PIIS | 14 | ↑ 3,9 | ↑ 5,1 |
| CDS 5Y Italy | 124 | ↑ 5,0 | ↑ 5,4 |
| CDS 5Y Belg. | 137 | ↑ 1,1 | ↑ 1,5 |
| iTraxx 5Y EU | 21,6 | ↑ 4,0 | ↑ 2,5 |
| US TED Spread | 78,6 | ⇒ 0,0 | ↓ -8,1 |

Source: Reuters, OTP Research

Summary

- Stock markets ended Friday's session with mixed results.
- Precious metal prices fell as bond yields climbed higher.
- OPEC member countries produced record-high amount of petroleum in October; oil prices were down.

Friday's session ended with mixed results on Friday. In Europe, Germany's DAX rose by 0.4%, while France's CAC40 sank nearly 1%. In the USA, the S&P500 slipped 0.15% even though the University of Michigan investor sentiment index grew to 91.6, whereas analysts had expected 87.5. On currency markets, the dollar's firming continued. This is because of the assumption that the US fiscal policy may be more expansionary under the Trump administration than before, which could lead to higher debt trajectory. The higher debt-to-GDP ratio requires higher interest rates, which strengthens the US dollar. Moreover, a number of market analysts predicted that a Trump victory may bring sharp falls to markets, and therefore interest rates would be left on hold in December. But this is not what happened, and market prices still suggest that the possibility of a December rate is more than 70%. Furthermore, the fiscal expansion may force the Fed to raise rates faster than the market expects. This is confirmed by Stanley Fischer's statement on Friday, when he signalled that attaining the 2% inflation target is within reach, thus the era of accommodative monetary policy is coming to an end.

Last week's winners were clearly US banks and insurance companies, as their share price has advanced more than 10% since Donald Trump was elected. This is because Trump, unlike Clinton, would rather ease banks' regulatory burdens; moreover, the planned tax cuts and other fiscal easing measures would benefit borrowing as well as economic activity.

Crude prices fell nearly 3% in Friday's trading, on reports that OPEC members' output broke another record in October. The agreement on capping output does not appear to be working. The price of gold fell almost 3% and that of silver lost its lustre (losing 8%) in Friday's trading, in consequence of the rising bond yields.

There was sanguine trading on Japan's stock market this morning, owing to the much-better-than-expected Q3 GDP figure published on Sunday.

GOV'T BOND MARKET

| | Yield (%) | Daily chg (bp) | Weekly chg (bp) |
|---------|-----------|----------------|-----------------|
| US 2Y | 0,97 | ↑ 7 | ↑ 13 |
| US 10Y | 2,17 | ↑ 13 | ↑ 34 |
| JP 2Y | -0,24 | ↑ 0 | ↑ 2 |
| JP 10Y | -0,03 | ↓ -1 | ↑ 3 |
| GER 2Y | -0,61 | ↑ 2 | ↑ 2 |
| GER 10Y | 0,28 | ↑ 5 | ↑ 12 |

CENTRAL BANKS' RATES

| | Rate (%) | 6M Consensus | 1Y Consensus |
|------------|----------|--------------|--------------|
| Fed Funds | 0 | ↑ 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 | 0,91 | ↑ 0 | ↑ 2 |
| US 2Y Swap | 1,20 | ↑ 3 | ↑ 16 |
| US 5Y Swap | 1,67 | ↑ 8 | ↑ 38 |
| EUR 3M Euribor | -0,31 | → 0 | → 0 |
| EUR 2Y Swap | -0,11 | ↑ 2 | ↑ 4 |
| EUR 5Y Swap | 0,13 | ↑ 1 | ↑ 10 |
| GB 3M Libor | 0,40 | ↓ 0 | ↓ -1 |
| GB 2Y Swap | 0,66 | ↑ 2 | ↑ 3 |
| GB 5Y Swap | 0,93 | ↑ 2 | ↑ 18 |
| JP 3M Libor | -0,07 | ↓ -1 | ↓ -2 |
| JP 2Y Swap | -0,01 | ↑ 2 | ↑ 3 |
| JP 5Y Swap | 0,00 | ↑ 0 | ↑ 5 |
| CHF 3M Libor | -0,73 | ↑ 0 | ↓ 0 |
| CHF 2Y Swap | -0,61 | ↑ 2 | ↑ 6 |
| CHF 5Y Swap | -0,34 | ↑ 2 | ↑ 12 |

COMMODITIES

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-----------|-------|----------------|-----------------|
| Oil Brent | 44,8 | ↓ -2,38 | ↓ -3,16 |
| Gold | 1 226 | ↑ 0,01 | ↓ -3,98 |

Source: Reuters, OTP Research

The month/month readings of China's industrial production and retail sales have missed expectations, while urban investments were broadly in line with projections. The most important of the few data due out later today is the eurozone's industrial output for September.

| | COUNTRY | DATE | INDICATOR / EVENT | FACT | CONSENSUS | PREVIOUS |
|--------|---------|------|--|------|-----------|----------|
| Friday | US | Nov | University of Michigan consumer confidence (point) | 91,5 | 87,5 | 87,2 |
| Monday | JP | Q3 | GDP (preliminary, qoq, annualized, %) | 2,2 | 0,9 | 0,7 |
| | CN | Oct | Industrial production (yoy, %) | 6,1 | 6,2 | 6,1 |
| | CN | Oct | Retail sales (yoy, %) | 10,0 | 10,7 | 10,7 |
| | CN | Oct | Infrastructural spending (yoy, %) | 8,3 | 8,2 | 8,2 |
| | EZ | Sep | Industrial production (mom, %) | | -1,0 | 1,6 |

Source: Reuters, OTP Research

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