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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 869	↑ 0,11	↑ 3,34
S&P500	2 164	↓ -0,01	↑ 1,53
Nasdaq100	4 702	↓ -1,05	↓ -1,50
Russell2000	1 299	↑ 1,26	↑ 8,66
Stoxx600	338	↑ 0,22	↑ 1,32
DAX	10 694	↑ 0,24	↑ 2,26
FTSE 100	6 753	↑ 0,34	↓ -0,79
CAC40	4 509	↑ 0,43	↑ 1,06
ATX	2 493	↑ 0,29	↑ 2,50
IBEX35	8 658	↑ 0,22	↓ -2,92
Nikkei 225	17 135	↓ -0,03	↑ 5,56
Hang Seng	22 272	↑ 0,22	↓ -2,78
SSEC	3 207	↓ -0,11	↑ 1,87
SENSEX	26 437	↓ -1,42	↓ -1,42
RTS	960	↓ -1,01	↓ -0,38
Bovespa	63 326	↑ 0,80	↓ -6,86

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0734	↓ -1,08	↓ -2,27
EUR/CHF	1,0713	↓ -0,03	↓ -0,46
GBP/USD	1,2485	↓ -0,90	↑ 0,87
USD/JPY	107,90	↓ -0,47	↑ 2,63
AUD/USD	0,7560	↑ 0,13	↓ -2,59
USD/CAD	1,3514	↓ -0,30	↑ 1,71
USD/RUB	65,49	↓ -0,75	↑ 2,57

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	14,5	↑ 0,3	↓ -4,2
CDS 5Y PIIS	14	↑ 1,9	↑ 6,4
CDS 5Y Italy	126	↑ 2,6	↑ 6,8
CDS 5Y Belg.	140	↑ 0,9	↑ 2,4
iTraxx 5Y EU	22,5	↑ 0,5	↑ 5,5
US TED Spread	79,2	→ 0,0	↓ -12,4

Source: Reuters, OTP Research

Summary

- Stock markets performed mixed; the Dow hit new high.
- Banking names are surging, while the tech sector continued its losing streak in the USA.
- EZ members are to release Q3 GDP statistics today.

Monday's mostly benign sentiment on Western Europe's stock markets helped the Stoxx600 and the leading indices close in positive territory. The Stoxx600's 0.3% uptick was largely driven by banks and commodity producers. On Monday, when Handelsblatt informed that the consortium led by Germany's Commerzbank's private equity fund may buy Oldenburgische Landesbank, Commerzbank opened with 5% gain and closed 7.2% higher. European banking shares were also fuelled by speculation that the future US president Donald Trump may ease the regulatory burden of financial service providers. UBS soared 3.4% and HSBC upped 2.4%. European mining companies marched higher in sync with the rise in metal prices: Rio Tinto went up 2.5%, and BHP Billiton surged 2.9% yesterday. Oil companies descended as crude oil prices slipped (e.g. Total: -0.7%, ENI: -2.3%). Utilities was the weakest sector in the Stoxx600; RWE reported sharper-than-expected Q3 loss, which slashed its share price by 3.5% yesterday. Siemens' stock price benefited 0.8% from buying the US software provider Mentor Graphics for USD 4.5 billion. Intrum Justitia, the debt collection company, jumped nearly 8% on news that it buys its Oslo-based rival Lindorff for SEK 17.9 billion. In Europe, the earnings figures of Merck and Vodafone are due out today.

On a day of ebbs and flows, the Dow hit a record high on Monday. The S&P500 inched only 0.25 point lower, largely dragged down by the tech sector's losses, which were not offset by the gains of the financial and real estate sectors. The tech-heavy NASDAQ100 slipped 1.1%, as Apple (-2.5%), Google (-2.4%), Facebook (-3.3%), and Amazon (-2.7%) all closed in the red. This brought the tech sector's total loss in the four trading days since Donald Trump was elected to 3.1%. The Russell 2000 small-cap index upped 1.2%, breaking a new record. US bond yields were still on the rise, the US 10Y Treasury note went up 11 basis points, to its year-to-date high of 2.26%. Likewise, the 2Y benchmark yield, which is the most susceptible to changes to monetary policy expectations, hit its highest this year, at 1%, while the probability of a Fed interest rate hike in December is increasing.

The equity markets of Japan and China opened on a positive note, but failed to retain the morning's gains by the close. On the other hand, reversing the direction of trading, Hong Kong eked out a small gain in the end.

Extending its losses, the Brent dropped 0.3% yesterday, as Iran's output expansion and the USD appreciation adversely affect its price. Industrial metal prices ground higher, while the price of gold sank deeper. The dollar's firming continued: it gained 1.1% against the EUR and 1.8% versus the JPY yesterday. This morning the yen regained some lost ground from the greenback.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	1,00	↑	4	↑	18
US 10Y	2,25	↑	8	↑	43
JP 2Y	-0,21	↑	3	↑	4
JP 10Y	-0,01	↑	2	↑	4
GER 2Y	-0,60	↑	1	↑	4
GER 10Y	0,35	↑	7	↑	21

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	↓	-91	↓	-89
US 2Y Swap	1,18	↓	-2	↑	11
US 5Y Swap	1,64	↓	-2	↑	30
EUR 3M Euribor	-0,31	→	0	→	0
EUR 2Y Swap	-0,14	→	0	↑	2
EUR 5Y Swap	0,13	→	0	↑	8
GB 3M Libor	0,00	↓	-40	↓	-40
GB 2Y Swap	0,67	↑	1	↑	4
GB 5Y Swap	0,96	↑	3	↑	16
JP 3M Libor	0,00	↑	7	↑	5
JP 2Y Swap	0,00	↑	0	↑	4
JP 5Y Swap	0,03	↑	2	↑	7
CHF 3M Libor	0,00	↑	73	↑	73
CHF 2Y Swap	-0,60	↑	1	↑	6
CHF 5Y Swap	-0,32	↑	4	↑	14

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	44,4	↓	-0,72	↓	-2,02
Gold	1 220	↓	-0,47	↓	-3,67

Source: Reuters, OTP Research

Japan's GDP figure has beaten expectations: its annualized quarter-on-quarter growth jumped to 2.2% in the third quarter, wrong-footing economists who had forecast only 0.8%.

A raft of GDP data will see the light of day today, when Eurostat publishes eurozone members' Q3 economic output statistics. Missing expectations Germany's GDP grew by 1.5% year/year in the third quarter. The country's ZEW institute is to release its economic sentiment index today. Elsewhere in Europe, inflation figures will be out in the UK.

In America, the New York Fed manufacturing index may be influential, but retail sales turnover data and the September reading of business inventories are also due out.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
	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, %)	-0,8	-1,0	1,6
Tuesday	EZ	Q3	GDP (preliminary, yoy, %)		1,6	1,6
	DE	Q3	GDP (preliminary, yoy, %)	1,5	1,8	3,1
	DE	Nov	ZEW Economic Sentiment (points)		8,1	6,2
	IT	Q3	GDP (preliminary, yoy, %)		0,8	0,8
	UK	Oct	CPI (yoy, %)		1,1	1,0
	US	Nov	New York Fed Manufacturing index (points)		-2,5	-6,8
	US	Oct	Retail sales (mom, %)		0,6	0,6
	US	Sep	Business inventories (mom, %)		0,2	0,2

Source: Reuters, OTP Research

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