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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 868	↓ -0,29	↑ 1,50
S&P500	2 177	↓ -0,16	↑ 0,63
Nasdaq100	4 792	↑ 0,58	↓ -0,68
Russell2000	1 302	↑ 0,00	↑ 4,04
Stoxx600	338	↓ -0,20	↓ -0,39
DAX	10 664	↓ -0,66	↑ 0,17
FTSE 100	6 750	↓ -0,63	↓ -2,35
CAC40	4 501	↓ -0,78	↓ -0,93
ATX	2 497	↓ -0,62	↑ 0,44
IBEX35	8 639	↓ -0,56	↓ -2,95
Nikkei 225	17 135	↑ 0,00	↑ 5,92
Hang Seng	22 282	↑ 0,00	↓ -2,44
SSEC	3 208	↑ 0,10	↑ 1,16
SENSEX	26 371	↑ 0,27	↑ 0,27
RTS	990	↑ 0,94	↓ -0,07
Bovespa	63 326	↑ 1,85	↓ -5,30

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0685	↓ -0,33	↓ -1,80
EUR/CHF	1,0712	↓ -0,27	↓ -0,28
GBP/USD	1,2441	↓ -0,10	↓ -0,90
USD/JPY	109,24	↑ 0,17	↑ 2,28
AUD/USD	0,7472	↓ -0,05	↓ -1,83
USD/CAD	1,3430	↓ -0,09	↓ -0,28
USD/RUB	64,70	↓ -0,06	↓ -1,49

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,7	↑ 0,4	↓ -0,7
CDS 5Y PIIS	14	↑ 0,8	↑ 5,9
CDS 5Y Italy	123	↑ 3,4	↑ 12,1
CDS 5Y Belg.	140	↑ 0,4	↑ 2,2
iTraxx 5Y EU	22,2	↓ -1,9	↑ 4,1
US TED Spread	77,3	⇒ 0,0	↓ -1,1

Source: Reuters, OTP Research

Summary

- Europe's leading indices slipped up to 1% yesterday.
- There was a huge rally on the market of shipping companies.
- The EUR/USD hit its lowest this year; the probability of a December rate hike is more than 90%.
- Crude futures fell after the EIA's oil market report was published.

The post-election rally on Europe's stock markets came to an end on Wednesday, when the key indices lost up to 1%. None of the sectors posted outstanding performance; banking and airline shares saw the most painful losses. In Germany, Bayer was the weakest link (-4.2%), after issuing convertible bonds worth EUR 4 billion.

America's key stock markets ended the day mixed: NASDAQ100 was the only index to close higher (+0.6%). Just like in Europe, banking and aviation names were ailing. On the other hand, there was a huge rally on the market of shipping companies, most of whom gained more than 100% (Diana Containerships (+109.5%), Globus Maritime Limited (+188.1%), Sino-Global Shipping America (+178.1%). This unprecedented performance can be mostly attributed to the high number of short positions taken up in this sector in recent weeks as Donald Trump promised to review or terminate trade agreements. But yesterday Taiwan announced a USD 1.9 billion rescue package for its shipping countries – share prices are correcting, worries about the sector's future have eased.

The dollar continued its winning streak against the euro, the EUR/USD hit its lowest in a year. Yields on the 30Y US government bonds went to their year-to-date highs, as investors expect looser fiscal policy in the Trump era. For the same reason, the CME Group estimates (based on futures prices) that the probability of an imminent tightening of monetary conditions (i.e. a December rate hike) has exceeded 90%.

Asia's key markets barely moved this morning. The 0.4% loss of the Hang Seng in Hong Kong was the sharpest fall.

Reversing Tuesday's nearly 4% rise, crude futures fell more than 1% on Wednesday, largely owing to the EIA's fresh oil report on markets. US inventories grew by 5.27 million barrels, instead of the expected 1.5 million. However, Russia's Energy Minister Alexander Novak offered a ray of hope by saying that Russia also backs the agreement on freezing output, at the next OPEC meeting, 30 November.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	1,00	↓	0	↑	11
US 10Y	2,21	↓	-2	↑	16
JP 2Y	-0,10	↑	8	↑	16
JP 10Y	0,03	↑	2	↑	7
GER 2Y	-0,63	↓	-1	↑	2
GER 10Y	0,31	↓	-2	↑	19

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	1,20	↓	-1	↑	4
US 5Y Swap	1,64	↓	-3	↑	6
EUR 3M Euribor	-0,31	↑	0	↑	0
EUR 2Y Swap	-0,15	↓	0	↓	-2
EUR 5Y Swap	0,12	↓	0	↑	1
GB 3M Libor	0,00	↓	-40	↓	-40
GB 2Y Swap	0,67	↓	0	↑	5
GB 5Y Swap	0,95	↑	1	↑	12
JP 3M Libor	0,00	↑	6	↑	5
JP 2Y Swap	0,01	↓	-3	↑	5
JP 5Y Swap	0,04	↓	-4	↑	9
CHF 3M Libor	0,00	↑	74	↑	74
CHF 2Y Swap	-0,64	↑	2	↑	2
CHF 5Y Swap	-0,36	↓	-1	↑	11

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	46,6	↓	-0,68	↑	1,59
Gold	1 225	↓	-0,25	↓	-2,64

Source: Reuters, OTP Research

No influential macroeconomic figures were released yesterday. But today the US consumer price index for October may be in the centre of attention. Markets do not expect the headline or core inflation to change significantly from the September reading.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Wednesday	US	Oct	Industrial production (mom, %)	0,0	0,2	0,1
Thursday	UK	Oct	Retail sales (mom, %)		0,4	0,0
	EZ	Oct	CPI (final, yoy, %)		0,5	0,5*
	EZ	Oct	ECB Monetary Policy Meeting Accounts		-	-
	US	Oct	CPI (yoy, %)		1,6	1,5
	US	Oct	CPI (mom, %)		0,4	0,3
	US	Oct	Core CPI (yoy, %)		2,2	2,2
	US	Oct	Core CPI (mom, %)		0,2	0,1
	US	Oct	Building Permits (annualized, thousands)		1 198	1 225
	US	Oct	Housing Starts (annualized, thousands)		1 156	1 047

Source: Reuters, OTP Research

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