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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 957	↑ 0,47	↑ 0,47
S&P500	2 198	↑ 0,75	↑ 1,57
Nasdaq100	4 859	↑ 1,06	↑ 3,34
Russell2000	1 322	↑ 0,50	↑ 1,54
Stoxx600	340	↑ 0,25	↑ 0,59
DAX	10 685	↑ 0,19	↓ -0,08
FTSE 100	6 778	↑ 0,03	↑ 0,37
CAC40	4 530	↑ 0,56	↑ 0,47
ATX	2 488	↑ 0,28	↓ -0,20
IBEX35	8 615	↓ -0,10	↓ -0,50
Nikkei 225	17 135	↑ 0,31	↑ 5,70
Hang Seng	22 685	↑ 1,46	↑ 1,62
SSEC	3 248	↑ 0,94	↑ 1,29
SENSEX	25 814	↑ 0,19	↑ 0,19
RTS	1 015	↑ 2,43	↑ 5,68
Bovespa	63 326	↑ 1,85	↑ 2,37

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0627	↑ 0,40	↓ -1,02
EUR/CHF	1,0721	↑ 0,21	↓ -0,14
GBP/USD	1,2490	↑ 1,19	↑ 0,30
USD/JPY	111,11	↑ 0,29	↑ 1,80
AUD/USD	0,7378	↑ 0,19	↓ -2,36
USD/CAD	1,3426	↑ 0,07	↓ -0,16
USD/RUB	63,61	↓ -0,57	↓ -0,87

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	12,4	↓ -0,4	↓ -2,1
CDS 5Y PIIS	12	↑ 0,7	↑ 3,4
CDS 5Y Italy	127	↓ 0,0	↑ 8,0
CDS 5Y Belg.	145	↑ 0,0	↑ 1,7
iTraxx 5Y EU	23,3	↓ -0,6	↑ 2,2
US TED Spread	81,3	⇒ 0,0	↑ 9,1

Source: Reuters, OTP Research

Summary

- Europe's stock markets made subtle moves but America broke records on Monday.
- The sterling appreciated while the euro weakened yesterday.
- Crude prices marched higher as an OPEC agreement seems increasingly likely.

Europe's stock markets barely changed on Monday, while America's major indices hit new highs. In Europe Volkswagen's share price benefited 2.6% from a number of target price increases.

Lufthansa's pilots go on strike on Wednesday, demanding 20% wage increase as opposed to the 2.5% rise offered by the airline. The strike hits short and long haul flights to and from Germany.

America's indices all closed at record highs; stock prices continued to benefit from the fiscal stimulus and commodity market rally expected in the Trump era. Asia also ended with gains this morning; futures prices suggest that further gains may follow in Europe and America today.

There was a 7.4 magnitude undersea earthquake not far from Fukushima, Japan. The tsunami warning has been eased since then.

The pound sterling appreciated on Monday. Prime Minister Theresa May said that Britain was ready to sign a temporary trade agreement with the EU to reduce the economic risks of exiting the community. Interestingly, most of the GBP's firming happened in a single minute. The euro lost ground against the US dollar after President Mario Draghi said the ECB was readiness to maintain loose monetary conditions. In his assessment, the eurozone's growth will continue to strongly depend on monetary stimulus.

The US 10Y note yield was practically flat on Monday. However, the 2Y yield, which is the most susceptible to the Fed's decisions, climbed to 1.09%.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	1,09	↑	2	↑	9
US 10Y	2,30	↓	-5	↑	5
JP 2Y	-0,17	↓	0	↑	4
JP 10Y	0,03	↓	-1	↑	4
GER 2Y	-0,68	↓	-4	↓	-8
GER 10Y	0,28	↓	-5	↓	-7

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	0,92	↑	0	↑	1
US 2Y Swap	1,27	↑	2	↑	6
US 5Y Swap	1,76	↑	3	↑	9
EUR 3M Euribor	-0,31	↑	0	→	0
EUR 2Y Swap	-0,16	→	0	↓	-2
EUR 5Y Swap	0,10	↓	0	↓	-2
GB 3M Libor	0,40	→	0	↑	0
GB 2Y Swap	0,66	↓	-1	↑	1
GB 5Y Swap	0,97	↓	-2	↑	2
JP 3M Libor	-0,07	↓	-1	↓	0
JP 2Y Swap	0,02	↑	0	↑	1
JP 5Y Swap	0,06	↑	0	↑	3
CHF 3M Libor	-0,74	↓	0	↓	-1
CHF 2Y Swap	-0,67	↓	-2	↓	-7
CHF 5Y Swap	-0,36	↓	-2	↓	-4

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	48,9	↑	4,35	↑	4,79
Gold	1 214	↑	0,44	↓	-1,08

Source: Reuters, OTP Research

Crude prices marched higher, with the Brent adding almost 4%. Markets are seeing the OPEC output quota agreement increasingly likely. In a research note released on Monday, Goldman Sachs' raised its H1 2017 oil price forecast from 45-50 USD/barrel to USD 55. Other commodity prices have also risen; copper hit a level unseen since July 2015.

The October reading of Japan's exports was short of expectations; imports contracted by more than 10% from the same month of last year. Today the USA will publish housing market figures, and Europe will release consumer confidence index.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Monday	JP	Oct	Export (yoy, %)	-10,3	-8,6	-6,9
	JP	Oct	Import (yoy, %)	-16,5	-16,3	-16,3
	EZ	Nov	ECB's Mario Draghi's speech			
Tuesday	US	Oct	Existing home sales (annualized monthly, thousand)		5420	5470
	EZ	Nov	Consumer confidence (preliminary, point)		-7,8	-8,0

Source: Reuters, OTP Research

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