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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	19 098	↓ -0,28	↑ 0,74
S&P500	2 202	↓ -0,53	↑ 0,16
Nasdaq100	4 857	↓ -0,27	↓ -0,04
Russell2000	1 330	↓ -1,29	↓ -0,34
Stoxx600	340	↓ -0,77	↓ -0,12
DAX	10 583	↓ -1,09	↓ -0,96
FTSE 100	6 799	↓ -0,60	↑ 0,32
CAC40	4 510	↓ -0,88	↓ -0,42
ATX	2 485	↓ -1,13	↓ -0,10
IBEX35	8 619	↓ -0,64	↑ 0,05
Nikkei 225	17 135	↓ -0,27	↑ 1,67
Hang Seng	22 774	↓ -0,25	↑ 0,42
SSEC	3 283	↑ 0,18	↑ 1,06
SENSEX	26 534	↑ 0,70	↑ 0,70
RTS	1 018	↓ -0,03	↑ 0,33
Bovespa	63 326	↑ 2,11	↑ 2,92

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0613	↑ 0,27	↓ -0,25
EUR/CHF	1,0748	↑ 0,06	↑ 0,05
GBP/USD	1,2413	↓ -0,49	↓ -0,07
USD/JPY	112,28	↑ 0,32	↑ 1,04
AUD/USD	0,7470	↓ -0,12	↑ 0,93
USD/CAD	1,3425	↑ 0,13	↓ -0,12
USD/RUB	64,90	↑ 0,30	↑ 1,93

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,2	↑ 0,8	↑ 0,3
CDS 5Y PIIS	13	↑ 1,4	↑ 4,7
CDS 5Y Italy	131	↑ 2,1	↑ 10,4
CDS 5Y Belg.	156	↑ 1,1	↑ 1,8
iTraxx 5Y EU	25,1	↑ 1,1	↑ 0,8
US TED Spread	82,2	⇒ 0,0	↓ -1,1

Source: Reuters, OTP Research

Summary

- Indices rebounded from their earlier peaks in America. In Europe, Italian banks, and the uncertainty surrounding Sunday's referendum in Italy scared off investors from stock markets.
- The USD's ailing continued, the GBP fell and Draghi warned of Brexit consequences.
- Oil prices increased but Wednesday's OPEC agreement is still dubious

The week started on a weak note on advanced equity markets. In Europe, the Stoxx600 closed 0.8% down, the FTSE slipped 0.6%, and the DAX lost 1.2%. The 3.1% fall in Athens' benchmark index marked the worst performance yesterday, and fears surrounding Italy's banks led the MIB index almost 2% down. Banca Monte dei Paschi di Siena nose-dived 14% even though the bank's shareholders voted for the EUR 5 billion capitalization; the management warned of the risks of this deal and Sunday's referendum holds a lot of uncertainty. Unicredit lost 4.5% and Intesa Sanpaolo dropped 3.2%.

Investors became less enthusiastic in America too, where the S&P500 shed 0.5%; the Dow and NASDAQ100 decreased by 0.3% each. Of the S&P's sectors, energy companies and financial service providers saw the sharpest losses, and utilities were the strongest names. The consumer discretionary sector was another underperformer, as the retail statistics for Black Friday, seen as the starting day of the Christmas season, did not show a robust increase in turnover. The uncertainty around the OPEC meeting and the weekend's referendum in Italy added to reasons for investors to look for less risky assets, particularly ahead of Friday's release of US employment. Herzfeld Caribbean Basin Fund, which holds papers of companies that may profit from a market opening in Cuba after Fidel Castro's death, jumped 17% higher on Monday, but President-elect Trump warned that the 2014 agreement with Cuba might be terminated. US 10Y (-4 bps) and German (-2bp) government bond yields slipped, and safe heaven asset prices grew. Gold increased by more than 1%, and zinc price hit a nine-year high.

Japan's stock exchanges opened lower, while China and Hong Kong opened in the green. Most of the key indices sank into the red by the close.

Crude oil prices grew on Monday: WTI futures upped 1.7%, and the Brent ended the day 1.6% higher, as Iraq seems to be willing to cooperate. OPEC members have been unable to resolve the issue of output limitations – this does not make the talks with Russia any easier because Moscow would not agree to more than freezing production at current levels; it definitely would not accede to reducing its output.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	1,12	↓ -2	↑ 5
US 10Y	2,34	↓ -4	↓ -1
JP 2Y	-0,15	↓ -1	↑ 2
JP 10Y	0,02	↓ -2	↓ -1
GER 2Y	-0,75	↓ -1	↓ -7
GER 10Y	0,24	↓ -2	↓ -4

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	↓ -94	↓ -92
US 2Y Swap	1,27	↓ -1	↑ 2
US 5Y Swap	1,74	↓ -2	↑ 1
EUR 3M Euribor	-0,31	→ 0	↓ 0
EUR 2Y Swap	-0,18	→ 0	↓ -2
EUR 5Y Swap	0,05	↓ -3	↓ -3
GB 3M Libor	0,00	↓ -39	↓ -40
GB 2Y Swap	0,65	↓ -1	↓ 0
GB 5Y Swap	0,93	↓ -3	↓ -5
JP 3M Libor	0,00	↑ 7	↑ 7
JP 2Y Swap	0,01	↓ -1	↓ 0
JP 5Y Swap	0,05	↓ -1	↑ 0
CHF 3M Libor	0,00	↑ 75	↑ 74
CHF 2Y Swap	-0,69	↓ -1	↓ -2
CHF 5Y Swap	0,00	↓ -2	↓ -4

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	48,2	↑ 2,12	↓ -2,69
Gold	1 193	↑ 0,89	↓ -1,82

Source: Reuters, OTP Research

The USD extended its losses yesterday. Bloomberg's Dollar Spot Index sank 0.3%. The USD/GBP fell below 1.24 after Mario Draghi's speech – the ECB's president warned that Britain would be the first economy to suffer from the consequences of its withdrawal from the EU. Employing protectionist measures would adversely affect the country's innovative power, competitiveness, productivity, and potential output in the long run.

The macroeconomic statistics released in Japan this morning missed expectations. The retail sales figure keeps shrinking, albeit at a slower pace: it inched down 0.1% last month, after dropping nearly 1.7% in September. Households' expenditure dropped 0.4% year/year in October, decelerating from the September gauge of more than 2% contraction.

Today Germany will release preliminary inflation statistics, France is to publish detailed GDP figure for Q3, and the European Commission's confidence indices will see the light of the day.

In the USA, the second estimate on Q3 GDP, housing price statistics, and the consumer confidence index may be market-moving factors.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Monday	IT	Oct	Economic Sentiment (points)	102,0	-	102,9
	EZ		Draghi's speech before the EP Committee			
Tuesday	JP	Oct	Retail sales (yoy, %)	-0,1	-1,2	-1,9
	JP	Oct	Household spending (yoy, %)	-0,4	-0,6	-2,1
	JP	Oct	Unemployment rate (%)	3,0	3,0	3,0
	EZ	Nov	EC Economic Sentiment (points)		106,9	106,3
	EZ	Nov	EC Consumer Confidence, final (points)		-6,1	-8,0
	DE	Nov	CPI, preliminary (yoy, %)		0,8	0,8
	FR	Q3	GDP, detailed breakdown (qoq, %)		0,2	0,2
	US	Q3	GDP, 2nd estimate (annualized qoq, %)		3,0	2,9
US	Sep	CaseShiller20 house price index (mom, %, sa)		0,4	0,2	
US	Nov	Consumer confidence (points)		101,2	98,6	

Source: Reuters, OTP Research

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