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Global Daily Report

Summary

- Friday's low-volatility trading lacked a single direction
- The UK's credit rating was downgraded, Russia's upgrade is round the corner
- The victory of Angela Merkel's CDU/CSU party was not as confident as had been thought

In Friday's mixed sentiment and low-volatility trading, US indices moved in different directions: the S&P500 edged down while the NASDAQ100 inched up less than 0.1%. In Europe, the DAX nudged 0.1% down while the CAC40 added 0.3%, and the FTSE100 advanced 0.6%.

Asia's markets opened on a bright note this morning, with the Nikkei and the SSEC growing 0.5% each.

There was not much volatility on currency markets either. The US dollar shed 0.1% versus the EUR and lost 0.4% against the JPY. On commodity markets, oil and precious metal prices barely changed.

On Friday Moody's downgraded the UK's credit rating from Aa1 to Aa2. The rationale mentioned the challenges posed by Brexit, and the weaknesses of the UK's public finances. In the rating agency's opinion, the reforms to consolidate general government will not live up to expectations, and government debt is likely to swell. Looking forward, the budget gap may stabilize at 3-3.5%, considerably higher than the government's 1% deficit target for 2021. The UK's debt service makes up 6.3% of the budget, much more than the 3.6% average level of other countries holding Aa2 rating (Britain's new peer group).

Fitch Ratings upgraded its outlook on Russia's credit rating from stable to positive, but affirmed the rating at BBB-. In Fitch's assessment, the tight fiscal policy, the more flexible exchange rate system, and the strong commitment to inflation targeting warrant the better outlook. The agency forecasts the federal government deficit to shrink to 2% next year, before reaching the 0% primary deficit target in 2019. By then, the federal non-oil deficit could contract to 6.2%, from 9.1% in 2016. Russia's currency reserves are expected to exceed USD 500 billion by 2019. Looking forward, Fitch Ratings forecasts near-2% growth.

In line with expectations, Angela Merkel's CDU party won elections in Germany, but somewhat surprisingly, the CDU/CSU and its rivals, SPD received fewer votes than expected as smaller parties strengthened their positions. Surprisingly, the right-wing AfD surpassed 10%, and the liberal FDP also beat expectations. Based on the election results, the CDU/CSU may enter into coalition with liberals and greens, even a new grand coalition cannot be ruled out.

	Stocks				Bonds				Commodity & FX			
	Product name	Close	Daily change (%)	YTD (%)	Product name	Yield	Daily change*	YTD*	Product name	Close	Daily change (%)	YTD (%)
Global	S&P500	2502,2	0,1	11,8	VIX	9,6	-0,8	-32	WTI	50,66	0,2	-5,7
	DOW	22349,6	0,0	13,1	US 2Y	1,44	0,0	25	Brent	56,86	0,8	0,1
	Nasdaq100	5932,3	0,0	22,0	US 10Y	2,26	-1,6	-17	Gold	1297,0	0,5	12,6
	DAX	12592,4	-0,1	9,7	GER 2Y	-0,69	-0,3	11	Silver	16,95	0,0	6,4
	CAC40	5281,3	0,3	8,6	GER 10Y	0,45	-0,2	24	EUR/USD	1,1952	0,1	13,7
	FTSE 100	7310,6	0,6	2,3	PT10Y	2,44	0,9	-132	EUR/GBP	0,8851	0,7	3,9
	FTSE MIB	22530,8	0,2	17,1	IT 10Y	2,17	0,6	34	EUR/NOK	9,3183	0,0	2,6
	Stoxx600	383,2	0,1	6,0	SP 10	1,63	0,9	23	USD/CAD	1,2336	0,1	-8,1
	- Banks	166,1	0,4	23,9	iTRAXX	59,0	3,3	-18	AUD/USD	0,7962	0,4	10,4
	Nikkei 225	20397,6	0,5	6,7	JPY 2Y	-0,14	-0,3	4	USD/JPY	111,97	-0,4	-4,2
SSEC	3368,8	0,5	8,5	JPY 10Y	0,02	0,0	-3	GBP/USD	1,3491	-0,6	9,4	
Regional	RTS	1123,2	0,3	-2,5	RUS10	7,57	-0,3	-10	USD/RUB	57,481	-0,7	-6
	WIG20	2480,73	0,5	27,4	POL 10	3,34	-1,2	-8	EUR/PLN	4,2658	-0,2	-3,1
	PX50	1046,5	-0,1	13,6	CZ10	1,18	0,1	153	EUR/RON	4,5955	0,0	1,3
Hungary	BUX	38179	0,2	19,3	3M TB	0,04	0	-12	EUR/HUF	309,74	0,0	0,3
	OTP	10195	0,0	21,4	1Y	0,05	0	-13	USD/HUF	259,20	-0,1	-11,7
	MOL	24430	0,2	18,4	3Y	0,43	-4	-44	CHF/HUF	267,08	-0,1	-7,2
	MTelekom	479	0,4	-3,8	5Y	1,26	-6	-51	PLN/HUF	72,630	0,3	3,7
	Richter	6791	0,6	9,4	10Y	2,55	-11	-66	GBP/HUF	349,82	-0,7	-3

* In the case of bond yields, the change is in basis points instead of percentage (VIX and ITRAXX not included).

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 9. 25.	2 : 30 JP	Nikkei Manufacturing PMI (points)	Sept.		-	52,2
	10 : 00 DE	IFO Economic sentiment index (points)	Sept.		116	115,9
26.	15 : 00 US	Case-Shiller Home Price Index (yoy, %)	July		5,8	5,7
	16 : 00 US	Consumer confidence (point)	Sept.		120,6	122,9
	16 : 00 US	New home sales (annualized monthly, '000s)	Aug.		574	571
27.	9 : 00 HU	Unemployment rate (%)	Aug.		-	4
	10 : 30 UK	GDP (detailed, qoq, %)	Q2		0,3	0,3
	10 : 30 UK	GDP (detailed, yoy, %)	Q2		1,7	1,7
	13 : 00 CZ	Interest rate decision (%)	Sept.		-	0,3
	14 : 30 US	Durable goods orders (mom, %)	Aug.		1,5	-7
	16 : 00 US	Pending home sales (mom, %)	Aug.		0,2	-0,8
28.	1 : 30 JP	CPI (yoy, %)	Aug.		0,5	0,4
	1 : 30 JP	core-CPI (yoy, %)	Aug.		0,7	0,5
	11 : 00 EZ	EC Economic Sentiment Index (points)	Sept.		112	111,9
	14 : 00 DE	CPI (flash, yoy, %)	Sept.		1,8	1,8
	14 : 30 US	GDP (detailed, yoy, %)	Q2		3	3,0*
29.	8 : 00 DE	Retail sales (mom, %)	Aug.		0,5	-1,2
	9 : 00 HU	Industrial producer prices (yoy, %)	Aug.		-	1,2
	9 : 00 HU	Fiscal balance (% of GDP)	Q2		-	-1,7
	11 : 00 EZ	CPI (flash, yoy, %)	Sept.		1,6	1,5
	11 : 00 EZ	Core CPI (flash, yoy, %)	Sept.		1,2	1,2
	14 : 30 US	Personal income (mom, %)	Aug.		0,2	0,4
	14 : 30 US	Personal consumption (adjusted, mom, %)	Aug.		0,1	0,3
	15 : 45 US	Chicago PMI (points)	Sept.		58,2	58,9
30.	3 : 00 CN	NBS Manufacturing PMI (points)	Sept.		-	51,7
	3 : 00 CN	NBS non-Manufacturing PMI (points)	Sept.		-	53,4

Source: Reuters, OTP Research

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