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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	15 495	↑ 0,77	↑ 2,87
S&P500	1 698	↑ 0,57	↑ 1,55
Nasdaq100	3 169	↓ -0,30	↓ -0,04
Russell2000	1 056	↑ 0,22	↑ 0,97
Stoxx600	313	↑ 0,63	↑ 2,48
DAX	8 613	↑ 1,22	↑ 4,07
FTSE 100	6 623	↑ 0,59	↑ 1,41
CAC40	4 152	↑ 0,92	↑ 2,77
ATX	2 515	↑ 1,13	↑ 0,32
IBEX35	9 000	↑ 0,65	↑ 4,25
Nikkei 225	14 312	↓ -0,65	↓ -0,77
Hang Seng	23 252	↑ 1,47	↑ 2,21
SSEC	2 231	↓ -0,22	↑ 0,85
SENSEX	19 742	↑ 0,05	↑ 2,45
RTS	1 436	↑ 2,83	↑ 4,04
Bovespa	53 822	↑ 0,04	↓ -0,79

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3342	↑ 0,07	↑ 0,57
EUR/CHF	1,2358	↓ -0,06	↓ -0,32
USD/GBP	1,5910	↑ 0,10	↑ 1,13
USD/JPY	99,14	↑ 0,09	↓ -1,25
AUD/USD	0,9311	↓ -0,08	↑ 0,03
USD/CAD	1,0324	↑ 0,01	↓ -0,23

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	14,4	↑ 0,2	↓ -1,3
EMBI+ Spread	287	↓ -6	↓ -5
CDS 5Y PIIS	250	↑ 7	↑ 3
CDS 5Y Italy	206	↑ 3	↑ 2
CDS 5Y Belg.	34	↓ -1	↓ -3
iTraxx 5Y EU	97,6	↑ 1	↓ -8
US TED Spread	24,4	→ 0	↑ 1

Source: Reuters, OTP Research

Summary

- Reports that Lawrence Summers withdrew from Fed chairmanship race caused a frenzy of joy on markets, and Europe's key indices ended 0.6-1.2% higher on the first trading day of the week.
- The optimism has spread onto American stock exchanges, but they lost steam in the last hours of trading, causing mixed results.
- US industrial production volume grew by 0.4% in August, in line with expectations.
- The September survey of the New York Fed found that manufacturing companies' optimism about their outlook had faded.

Reports that Lawrence Summers had withdrawn from the race for Fed chairmanship filled markets with optimism yesterday. Now the market sees Janet Yellen as the front-runner; she is much more cautious about tapering QE3 than the hawk Summers.

All of Europe's key benchmarks closed higher on the first trading day of the week. Rising 1.2%, the DAX hit a new record high. In Frankfurt, BASF and Heidelberg Cement excelled with 3.6% and 3.4% surges, respectively. The laggards were among energy companies this time: E.On slipped 1% and RWE eased 0.9%. The CAC40 in France added 0.9% and the London FTSE crept 0.6% higher.

The optimism seen in Europe has spread onto US stock exchanges before they ran out of steam in the last hours of trading, and the key indices closed mixed. The Dow went up 0.8%, the S&P rose by 0.6%, whereas the tech-heavy Nasdaq slipped 0.3%. Of the S&P's sector indices, the three best-performing sub-indices were industry (+1.3%), finance (+1.1%) and commodity (+1.1%) sectors. Of the sector indices, only technology (-0.14%) and energy (-0.02%) sub-indices closed in the red.

Last night US President Barack Obama declared that he would not negotiate with Congress about raising the debt ceiling. The president condemned his opponents for attaching conditions to financing the budget that takes effect on 1 October. By mid-October, US debt is likely to reach the limit that needs to be raised for the federal government to be able to cover its expenses.

The end-of-the-day uncertainty looming on American markets left its mark on this morning's performance of key Asian indices, which sank 0.5-1.5% into the red.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,39	↓ -4	↓ -6
US 10Y	2,86	↓ -3	↓ -6
JP 2Y	0,12	↓ 0	↓ 0
JP 10Y	0,72	↓ -1	↓ -4
GER 2Y	0,20	↓ -4	↓ -7
GER 10Y	1,93	↓ -10	↓ -3

CENTRAL BANKS' RATES

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,25	⇒ 0,25	⇒ 0,25
ECB Rate	0,50	⇒ 0,50	⇒ 0,50
BOE Rate	0,50	⇒ 0,50	⇒ 0,50
BOJ Rate	0,10	⇒ 0,10	⇒ 0,10
SNB Target	0,00	⇒ 0,00	⇒ 0,00

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
US 3M Libor	0,25	↓ 0	↓ 0
US 2Y Swap	0,53	↑ 0	↓ -6
US 5Y Swap	1,76	↑ 1	↓ -14
EUR 3M Euribor	0,22	⇒ 0	↓ 0
EUR 2Y Swap	0,58	↓ -1	↓ -8
EUR 5Y Swap	1,35	↓ -2	↓ -15
GB 3M Libor	0,52	↓ 0	↑ 0
GB 2Y Swap	0,86	⇒ 0	↓ 0
GB 5Y Swap	1,82	↑ 0	↓ -2
JP 3M Libor	0,15	⇒ 0	⇒ 0
JP 2Y Swap	0,25	↑ 1	↓ 0
JP 5Y Swap	0,41	↑ 0	↓ -2
CHF 3M Libor	0,02	⇒ 0	↑ 0
CHF 2Y Swap	0,17	↑ 1	↓ -5
CHF 5Y Swap	0,76	↑ 0	↓ -8

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	109,6	↓ -0,47	↓ -1,53
Gold	1 314	↑ 0,07	↓ -3,62

Source: Reuters, OTP Research

The finding of the New York Fed's September survey came as a surprise: unexpectedly, manufacturing companies' optimism about outlook has waned. The main index dropped from 8.2 points to 6.3, whereas analysts had expected growth. The breakdown of data shows that the assessment of sales prospects has improved but respondents were less optimistic about labour market outlook.

After stagnating in June, US industrial production volume has increased, the Fed's data revealed yesterday. As expected, the month/month index of industrial output gauged 0.4% increase in August. The breakdown of data reveals significant discrepancies among the various segments: while output volume grew by 0.7% in manufacturing, mining expanded by 0.3% only. Production in the USA swelled by 2.7% since August 2012.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	EZ	Aug	Inflation (final, mom, %)	0,1	0,1	-0,5
	EZ	Aug	Inflation (final, yoy, %)	1,3	1,3	1,3
	US	Sep	New York Fed manufacturing index (point)	6,3	9,20	8,24
	US	Aug	Industrial output (mom, %)	0,4	0,4	0,0
Tuesday	GB	Aug	CPI (yoy, %)		2,7	2,8
	DE	Sep	Zew economic sentiment index (point)		46,0	42,0
	US	Aug	CPI (mom, %)		0,2	0,2
	US	Aug	CPI (yoy, %)		1,6	2,0

Source: Reuters, OTP Research

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