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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	15 451	↓ -1,19	↑ 0,49
S&P500	1 710	↓ -0,72	↑ 1,30
Nasdaq100	3 225	↓ -0,40	↑ 1,46
Russell2000	1 073	↓ -0,23	↑ 1,79
Stoxx600	314	↓ -0,27	↑ 0,88
DAX	8 676	↓ -0,21	↑ 1,95
FTSE 100	6 596	↓ -0,44	↑ 0,19
CAC40	4 204	↓ -0,06	↑ 2,17
ATX	2 504	↓ -0,47	↑ 0,70
IBEX35	9 172	↑ 0,20	↑ 2,57
Nikkei 225	14 742	↓ -0,16	↑ 2,34
Hang Seng	23 503	↔ 0,00	↑ 2,56
SSEC	2 192	↔ 0,00	↓ -1,98
SENSEX	20 264	↓ -1,85	↑ 2,69
RTS	1 463	↓ -1,07	↑ 4,75
Bovespa	54 110	↓ -1,79	↑ 0,58

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3529	↑ 0,05	↑ 1,47
EUR/CHF	1,2325	↑ 0,11	↓ -0,32
USD/GBP	1,6004	↓ -0,16	↑ 0,69
USD/JPY	99,10	↓ -0,20	↑ 0,05
AUD/USD	0,9426	↑ 0,35	↑ 1,16
USD/CAD	1,0291	↓ -0,13	↓ -0,31

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,1	↓ 0,0	↓ -1,0
EMBI+ Spread	287	↓ -6	↓ -5
CDS 5Y PIIS	242	↑ 1	↓ -2
CDS 5Y Italy	201	↑ 1	↓ -2
CDS 5Y Belg.	34	↑ 0	↓ -1
iTraxx 5Y EU	98,9	↑ 11	↑ 2
US TED Spread	23,5	↔ 0	↑ 0

Source: Reuters, OTP Research

Summary

- The bloc of the CDU/CSU parties led by Angela Merkel made a strong showing but failed to win absolute majority in German elections. Given that their potential allies, the Liberals did not make it into parliament, a grand coalition is likely to be formed. Thus the process of European crisis management may gain a new momentum.
- Friday's trading was quite pessimistic in Europe and the USA, where the key benchmarks slipped into the red 0.1-0.4% and 0.4-1.2% respectively.

Angela Merkel's party won 41.5% of the votes in Sunday's elections, while the opposition led by Peer Steinbrück took only 25.7%. Still, the alliance of Christian Democrat Union (CDU) and its Bavarian sister party the Christian Social Union (CSU) could not win absolute majority. Given that the liberals failed to reach the 5% threshold to get into parliament, the CDU needs to look for a new coalition partner. The most probable scenario is a grand coalition with Social Democrats, but teaming up with the Greens cannot be excluded. Most importantly, the leaders of Europe's currently most successful economy are likely to be able to concentrate on resolving the European debt crisis again, shifting their focus from the domestic politics in the past quarters.

In Western Europe, the key indices opened with losses and remained below Thursday's closing level throughout Friday's unfavourable investment mood, to close 0.1-0.4% lower. Friday's more cautious behaviour stemmed from the evaporation of the euphoria that followed the Fed decision, and from the wait-and-see approach owing to the elections in Germany.

US markets were likewise pessimistic on Friday. In the absence of important macroeconomic data, investors eyed corporate news and hints from the Fed's decision-makers. The major US indices were in the red throughout the session, and the selling pressure in the last minutes of trading made them close with 0.4-1.2% loss. All of the S&P's sector indices closed lower, with utilities being the weakest sub-index, declining 2.4%. In the USA, BlackBerry became the loser of the day, as its stocks plunged 17%. The weak performance of the mobile manufacturer stocks may have roots in an unexpected negative report on Q2 results: the company's revenue may be at USD 1.6 bn, whereas analysts' consensus projected USD 3.04 bn. Its quarterly loss may reach USD 950-995 mn. Besides, the management decided to cut 4,500 jobs. The current streamlining is part of a bigger plan to halve operating costs 50% by 2015.

The leading indices of the Asian region closed mixed in this morning's trading. The Chinese indices were mixed despite the fact that the manufacturing index published by HSBC early this morning rose by 1.1, to 51.2 points, whereas the consensus expected 50.9 points. The Shanghai Composite firmed 1.1%, whereas Hang Seng CE was down 0.7%.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,34	↓ -1	↓ -10
US 10Y	2,74	↓ -2	↓ -15
JP 2Y	0,00	↓ -11	↓ -12
JP 10Y	0,00	↓ -68	↓ -73
GER 2Y	0,19	↑ 2	↓ -4
GER 10Y	1,93	↑ 6	↓ -11

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	0,47	↓ 0	↓ -6
US 5Y Swap	1,62	↓ 0	↓ -13
EUR 3M Euribor	0,22	⇒ 0	↓ 0
EUR 2Y Swap	0,57	↑ 1	↓ -2
EUR 5Y Swap	1,32	↓ -1	↓ -5
GB 3M Libor	0,52	⇒ 0	⇒ 0
GB 2Y Swap	0,87	↓ -1	⇒ 0
GB 5Y Swap	1,86	↓ -2	↓ -1
JP 3M Libor	0,15	↓ 0	↓ 0
JP 2Y Swap	0,24	↓ -1	⇒ 0
JP 5Y Swap	0,40	↓ -2	↓ -1
CHF 3M Libor	0,02	⇒ 0	⇒ 0
CHF 2Y Swap	0,17	↓ -2	↑ 1
CHF 5Y Swap	0,73	↓ -2	↓ -3

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	109,2	↓ -0,01	↓ -0,78
Gold	1 321	↓ -0,29	↑ 0,59

Source: Reuters, OTP Research

James Bullard, a voting member of the Fed's Open Market Committee, said on Friday that the scaling back of the Fed's asset purchase programme may start as early as in October. However, he added that this continues to hinge on favourable macroeconomic data.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	EZ	Sep	EC consumer confidence (point)	-14,9	-14,5	-15,6
Monday	FR	Sep	Markit Manufacturing PMI (flash, point)		50,1	49,7
	DE	Sep	Markit Manufacturing PMI (flash, point)		52,2	51,8
	EZ	Sep	Markit Manufacturing PMI (flash, point)		51,8	51,4
	US	Sep	Markit Manufacturing PMI (flash, point)		54,0	53,1

Source: Reuters, OTP Research

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