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Daily Report – Global markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 15 400 | ↑ 0,18 | ↑ 1,07 |
| S&P500 | 1 745 | ↑ 0,65 | ↑ 2,42 |
| Nasdaq100 | 3 354 | ↑ 1,59 | ↑ 3,71 |
| Russell2000 | 1 115 | ↑ 1,13 | ↑ 2,81 |
| Stoxx600 | 318 | ↑ 0,79 | ↑ 2,20 |
| DAX | 8 865 | ↑ 0,60 | ↑ 1,61 |
| FTSE 100 | 6 623 | ↑ 0,71 | ↑ 2,09 |
| CAC40 | 4 286 | ↑ 1,09 | ↑ 1,57 |
| ATX | 2 573 | ↑ 0,99 | ↑ 2,43 |
| IBEX35 | 10 002 | ↑ 0,84 | ↑ 3,45 |
| Nikkei 225 | 14 562 | ↓ -0,17 | ↑ 1,09 |
| Hang Seng | 23 340 | ↑ 1,06 | ↑ 0,52 |
| SSEC | 2 194 | ↑ 0,24 | ↓ -1,54 |
| SENSEX | 20 883 | ↑ 2,29 | ↑ 1,73 |
| RTS | 1 517 | ↑ 1,66 | ↑ 2,68 |
| Bovespa | 55 378 | ↑ 0,04 | ↑ 4,19 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,3675 | ↓ -0,07 | ↑ 0,84 |
| EUR/CHF | 1,2346 | ↑ 0,05 | ↑ 0,02 |
| USD/GBP | 1,6165 | ↑ 0,01 | ↑ 1,15 |
| USD/JPY | 98,00 | ↑ 0,31 | ↓ -0,57 |
| AUD/USD | 0,9668 | ↓ -0,07 | ↑ 1,91 |
| USD/CAD | 1,0295 | ↑ 0,10 | ↓ -0,55 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 13,0 | ↓ -0,4 | ↓ -2,7 |
| EMBI+ Spread | 287 | ↓ -6 | ↓ -5 |
| CDS 5Y PIIS | 190 | ↑ 1 | ↓ -21 |
| CDS 5Y Italy | 171 | ↑ 1 | ↓ -21 |
| CDS 5Y Belg. | 31 | ↓ 0 | ↓ -2 |
| iTraxx 5Y EU | 84,8 | ↓ -2 | ↓ -17 |
| US TED Spread | 21,1 | → 0 | ↑ 2 |

Source: Reuters, OTP Research

Summary

- In Friday's cheerful trading, Europe's leading indices grew by 0.6-1.1%, and their American peers advanced 0.2-1.6%.
- Morgan Stanley's Q3 earnings report gave account of higher-than-expected profits.

Friday's trading on major European markets was upbeat, benefiting from the better-than-expected Chinese GDP data, as well as from the temporary solution for the US budget and federal debt ceiling. Investors are increasingly prone to think that the temporariness of American budget solution and the fragility of the economic and capital market practically rule out the possibility that the Fed could start tapering its bond purchase programme this year. Amid the benign investment sentiment, the DAX hit new historical high, rising 0.6%. The Footsie rose by 0.7%, and the CAC40 advanced 1.1% on Friday.

In the USA, the agreement on the debt ceiling, the news on the acceleration of China's economy, as well as the favourable corporate earnings reports all helped the benchmarks to gains. The S&P closed at a new record high on Friday. The index upped by 0.6%, benefiting greatly from Google's near-14% rally. In Friday's trading, the technology stock exceeded the psychologically important 1,000-dollar threshold, and managed to close above that. Of the S&P's sector indices, technology (+1.7%), energy (+1.1%) and industry (+1.1%) were the top performers. The healthcare sub-index was the weakest sector on Friday, with 0.4% decline. The Nasdaq firmed 1.6%, and the Dow upped 0.2%. On Friday, GE and Morgan Stanley published encouraging earnings reports, and closed 3.5% and 2.6% higher.

GE's revenues dropped by 1% year/year, owing to the fall in the revenues of its financial division GE Capital, as well as to the adverse effect of exchange rate changes. The company reported fall in profits; and its earnings per share came in at 31 cents, 11% less than had been expected. In positive news regarding GE's future, orders grew considerably and not only on emerging markets, but also in Europe (+17%) and in the USA (+18%).

Morgan Stanley reported higher-than-expected profit in the third quarter. The bank's revenues have risen by almost 50% year/year, to USD 7.9 billion. After the loss seen in 2012, its earnings per share advanced to 0.44 cents.

The optimism seen in Friday's trading spread onto Asia's markets: in this morning's session, most of the key indices closed higher.

GOV'T BOND MARKET

| | Yield (%) | | Daily chg (bp) | | Weekly chg (bp) |
|---------|-----------|---|----------------|---|-----------------|
| US 2Y | 0,32 | ↑ | 0 | ↑ | 32 |
| US 10Y | 2,59 | ↓ | -1 | ↑ | 259 |
| JP 2Y | 0,10 | ↑ | 0 | ↑ | 10 |
| JP 10Y | 0,63 | ↓ | 0 | ↑ | 63 |
| GER 2Y | 0,19 | ↓ | -2 | → | 0 |
| GER 10Y | 1,87 | ↓ | -2 | ↑ | 2 |

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 | 0,24 | ↓ | 0 | ↓ | 0 |
| US 2Y Swap | 0,42 | ↓ | 0 | ↓ | -3 |
| US 5Y Swap | 1,47 | ↓ | 0 | ↓ | -7 |
| EUR 3M Euribor | 0,22 | → | 0 | ↓ | 0 |
| EUR 2Y Swap | 0,54 | ↑ | 0 | ↓ | -3 |
| EUR 5Y Swap | 1,23 | ↓ | -4 | ↓ | -7 |
| GB 3M Libor | 0,52 | → | 0 | ↑ | 0 |
| GB 2Y Swap | 0,85 | → | 0 | ↓ | -1 |
| GB 5Y Swap | 1,72 | ↑ | 1 | ↓ | -3 |
| JP 3M Libor | 0,14 | → | 0 | ↓ | 0 |
| JP 2Y Swap | 0,21 | ↓ | -1 | ↓ | -1 |
| JP 5Y Swap | 0,34 | ↑ | 1 | ↓ | -3 |
| CHF 3M Libor | 0,02 | → | 0 | → | 0 |
| CHF 2Y Swap | 0,13 | ↑ | 0 | ↑ | 2 |
| CHF 5Y Swap | 0,68 | ↑ | 0 | ↑ | 1 |

COMMODITIES

| | Close | | Daily chg. (%) | | Weekly chg. (%) |
|-----------|-------|---|----------------|---|-----------------|
| Oil Brent | 110,0 | ↑ | 0,04 | ↓ | -0,95 |
| Gold | 1 320 | ↑ | 0,34 | ↑ | 3,73 |

Source: Reuters, OTP Research

US existing home sales data will be published today. Later this week, a string of statistics will be out, which were put off during the partial government shutdown. The figures on the job market, postponed in early October, will be out on Tuesday.

| | COUNTRY | DATE | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|--------|---------|------|---------------------------------|------|-----------|----------|
| Friday | CH | Q3 | GDP (yoy, %) | 7,8 | 7,8 | 7,5 |
| | CH | Sep | Industrial production (yoy, %) | 10,2 | 10,1 | 10,4 |
| | CH | Sep | Retail sales (yoy, %) | 13,3 | 13,5 | 13,4 |
| | DE | Sep | Producer prices (mom, %) | | 0,1 | -0,1 |
| | US | Sep | Existing home sales (mn pieces) | | 5,3 | 5,5 |

Source: Reuters, OTP Research

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