

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 510	↑ 0,77	↑ 0,85
S&P500	1 967	↑ 0,46	↑ 0,71
Nasdaq100	4 336	↑ 0,28	↑ 0,64
Russell2000	1 161	↓ -0,20	↓ -0,42
Stoxx600	358	↑ 0,86	↑ 0,32
DAX	9 949	↑ 0,33	↓ -2,13
FTSE 100	6 109	↑ 0,08	↑ 0,32
CAC40	4 586	↑ 1,09	↑ 0,39
ATX	2 245	↑ 0,18	↓ -0,91
IBEX35	9 857	↑ 0,10	↑ 1,56
Nikkei 225	18 070	↓ -1,96	↓ -1,06
Hang Seng	22 000	↑ 1,12	↑ 2,54
SSEC	3 183	↑ 0,83	↑ 5,91
SENSEX	26 251	↑ 0,22	↓ -0,60
RTS	809	↓ -0,95	↑ 0,98
Bovespa	46 590	↓ -1,43	↓ -1,46

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1186	↓ -1,06	↓ -0,91
EUR/CHF	1,0873	↓ -0,61	↓ -0,87
USD/GBP	1,5505	↓ -0,17	↑ 1,07
USD/JPY	120,49	↓ -0,03	↑ 0,06
AUD/USD	0,7139	↑ 0,14	↓ -0,03
USD/CAD	1,3240	↓ -0,11	↓ -0,05
USD/RUB	66,00	↓ -0,04	↓ -1,22

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	20,1	↓ -2,1	↓ -4,1
CDS 5Y PIIS	20	↑ 4,5	↑ 0,8
CDS 5Y Italy	94	↑ 4,4	↑ 1,1
CDS 5Y Belg.	101	↑ 1,3	↑ 1,2
iTraxx 5Y EU	30,4	↑ 1,6	↓ -0,3
US TED Spread	70,4	⇒ 0,0	↑ 2,0

Source: Reuters, OTP Research

Summary

- Investors' worries eased in Europe; but Volkswagen dragged down share prices.
- Volkswagen nose-dived 19% on news that it had manipulated emission test results.
- In the USA, financial and technology names made gains and pharmaceuticals contracted after Democratic presidential front-runner Hillary Clinton's words.

Investors' worries in the western part of Europe somewhat eased when the Greek elections ended. Consequently, the key indices could end in positive territory. The Stoxx600 closed 0.9% higher, reversing the 0.2% loss made earlier on Monday. All sector indices but mining and car manufacturing climbed higher. The DAX gained 0.3% despite Volkswagen's 19% tailspin. The US environment protection agency EPA shed light on Volkswagen's rigging emission test data, seriously violating the US Clean Air act, under which the carmaker may be fined USD 37,500. The current investigation involves 482,000 vehicles, thus if VW is found guilty, the fine may hit USD 18 billion (roughly EUR 15.9 billion). Volkswagen's combined operating profit for years 2015 and 2016 is estimated at EUR 28 billion, most of which may be erased by a maximum fine in the USA. Even though the car manufacturer has its reserves, this fine, coupled with additional costs relating to the recall, will make its earlier strategic target unattainable. Moreover, its damaged image may slash its future sales. The whole case may shake its balance sheet structure so vastly that it may require capital increase, via share issue, which can mean dilution for the current shareholders. The models sold in Germany and South Korea are being examined too. Porsche plunged 17% in Monday's trading; Renault and BMW both retreated 2%. Greece's stock index closed 0.6% lower yesterday.

Most stock indices in the USA also advanced yesterday; the Dow upped 0.8%, and the S&P added 0.5%. The strongest performer within the Dow was Apple, gaining 1.6%. In technology blue chips, Microsoft and IBM were the big winners. Pharmaceuticals were the losers of the day: Merck shrank 2.2%, Pfizer dropped 1.3%, and Johnson & Johnson edged down 0.3%. The NASDAQ Biotechnology Index slid 4.4%, after Democratic presidential candidate Hillary Clinton announced to work out a plan against a drastic increase in prescription drug prices. Nine out of the S&P's ten sector indices went up, mostly the ones that are sensitive to changes to the interest rate (financial service providers and insurance companies), which have grown simultaneously with the rise in bond yields.

Asia's most important stock indices made gains in today's close; Japan was closed today.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,70	→	0	↓	-3
US 10Y	2,15	→	0	↓	-4
JP 2Y	0,00	→	0	↓	-2
JP 10Y	0,00	→	0	↓	-36
GER 2Y	-0,23	↓	-2	↓	-1
GER 10Y	0,67	↓	-3	↑	2

CENTRAL BANKS' RATES

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0,25	↑	0,5	↑	1,00
ECB Rate	0,05	→	0,05	→	0,05
BOE Rate	0,50	→	0,50	↑	1,00
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	↓	-3	↓	-2
US 2Y Swap	0,81	↑	1	↓	-8
US 5Y Swap	1,53	↑	0	↓	-10
EUR 3M Euribor	-0,04	↓	0	→	0
EUR 2Y Swap	0,06	↓	-1	↓	-2
EUR 5Y Swap	0,39	↑	1	↓	-3
GB 3M Libor	0,00	↓	0	→	0
GB 2Y Swap	0,00	↑	2	↓	-1
GB 5Y Swap	1,53	↓	-1	↓	-3
JP 3M Libor	0,00	↓	0	↓	-1
JP 2Y Swap	0,08	↓	-1	↓	-1
JP 5Y Swap	0,16	↓	-1	↓	-3
CHF 3M Libor	0,00	↑	1	↑	0
CHF 2Y Swap	-0,65	↑	2	↑	2
CHF 5Y Swap	-0,31	↑	2	↑	3

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	48,4	↓	-1,00	↑	3,86
Gold	1 133	↑	0,02	↑	2,56

Source: Reuters, OTP Research

US existing home sales for August have missed expectations: only 5.31 million homes were sold versus the estimated 5.5 million, while the July data was revised slightly down, to 5.58 million.

The USA will not release influential data today. In Europe, the preliminary reading of the eurozone's consumer confidence index for September will be released.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	US	Aug	Existing home sales (annualized ths. pieces)	5310	5 510	5 590
Tuesday	EZ	Sep	Consumer confidence, flash (points)		-7,00	-6,80

Source: Reuters, OTP Research

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