

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 16 330 | ↓ -1,09 | ↓ -1,62 |
| S&P500 | 1 943 | ↓ -1,23 | ↓ -1,79 |
| Nasdaq100 | 4 274 | ↓ -1,43 | ↓ -1,98 |
| Russell2000 | 1 143 | ↓ -1,55 | ↓ -2,73 |
| Stoxx600 | 347 | ↓ -3,12 | ↑ 0,39 |
| DAX | 9 571 | ↓ -3,80 | ↓ -2,35 |
| FTSE 100 | 5 936 | ↓ -2,83 | ↓ -0,47 |
| CAC40 | 4 429 | ↓ -3,42 | ↑ 0,35 |
| ATX | 2 200 | ↓ -2,00 | ↓ -1,21 |
| IBEX35 | 9 550 | ↓ -3,11 | ↑ 0,76 |
| Nikkei 225 | 18 070 | → 0,00 | ↓ -0,56 |
| Hang Seng | 21 100 | ↓ -3,20 | ↓ -3,95 |
| SSEC | 3 120 | ↓ -2,07 | ↓ -1,03 |
| SENSEX | 25 587 | ↓ -0,25 | ↓ -0,60 |
| RTS | 790 | ↓ -2,38 | ↑ 0,16 |
| Bovespa | 46 265 | ↓ -0,70 | ↓ -2,32 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,1118 | ↓ -0,61 | ↓ -1,45 |
| EUR/CHF | 1,0844 | ↓ -0,27 | ↓ -1,07 |
| USD/GBP | 1,5362 | ↓ -0,92 | ↓ -0,84 |
| USD/JPY | 119,71 | ↓ -0,34 | ↓ -0,70 |
| AUD/USD | 0,7024 | ↓ -0,90 | ↓ -2,38 |
| USD/CAD | 1,3290 | ↑ 0,17 | ↑ 0,93 |
| USD/RUB | 66,10 | ↑ 0,19 | ↑ 0,93 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 22,4 | ↑ 2,3 | ↓ -0,1 |
| CDS 5Y PIIS | 22 | ↑ 6,6 | ↑ 2,7 |
| CDS 5Y Italy | 97 | ↑ 5,8 | ↑ 3,5 |
| CDS 5Y Belg. | 103 | ↑ 1,3 | ↑ 1,6 |
| iTraxx 5Y EU | 30,7 | ↑ 1,6 | ↓ -0,3 |
| US TED Spread | 70,4 | → 0,0 | ↑ 4,3 |

Source: Reuters, OTP Research

Summary

- Europe's and America's stock markets were under selling pressure on Tuesday.
- The Volkswagen scandal is widening.
- China's manufacturing PMI fell to 6.5-year low in September.

Tuesday's market sentiment was rather negative on both sides of the Atlantic, as investors were concerned about China's slowing economy and the uncertainty about the Fed's interest rate hike. The widening Volkswagen scandal did not help the fragile sentiment. The Footsie fell 2.8%, the DAX plunged 3.8%, and the CAC40 plummeted 3.4% in Tuesday's session. The losers of the day were commodity producers, banks and car manufacturers across Europe. The latter group underperformed because of Volkswagen's widening scandal. The German car manufacturer nose-dived 19.8% in Tuesday's trading. VW's freefall left its mark on the performance of other European car manufacturers as well: Daimler reversed 7%, Fiat Chrysler retreated 6.2, and Peugeot slid 8.8%. VW's rigging the emission test results have expanded into a worldwide scandal. Eleven million vehicles may be affected, and these diesel models would be checked in the USA, Germany, Switzerland, South Korea and Australia, VW's management said in a statement. The management also announced a revision of its profit forecasts and to set aside EUR 6.5 billion for the costs incurred. The board of directors' meeting, summoned for Friday, will probably deprive the current head of the company from his mandate. The US Environment Protection Agency (EPA) will extend the examination to all carmakers. The London stock market was dragged down by mining companies: Glencore Plc contracted by 11%, and the commodity producer Anglo American Plc fell to a 15-year low of 6.7%. BHP Billiton Ltd and Rio Tinto Group ended the day 3.5% lower.

American investors were not saved from losses. The tug of war around the Fed's interest rate hike keeps investors in a state of uncertainty. The Atlanta Fed chair Dennis Lockhart argued for raising the Fed fund rate this year. The key US indices all lost more than 1%. The S&P's sector indices fell at least 1%, with commodities taking the hardest hit (-1.9%). Of the Dow's components, financial and technology names fared badly. United Technologies shed 3.7%, Intel shrank 1.7%, and Apple slipped 1.6%. Goldman Sachs did not have a good day as its shares went down 2%, and JP Morgan closed 1% lower.

Sellers took the upper hand in today's trading in Asia. The negative sentiment stemmed from the uncertainty around the Fed's interest rate hike, the Chinese manufacturing index's fall to more than 6Y low and the widening Volkswagen scandal. Asia's key indices sank into the red today, with China's indices seeing the largest losses. Japan's markets were closed today.

| GOV'T BOND MARKET | | | | |
|-------------------|-----------|----------------|-----------------|--|
| | Yield (%) | Daily chg (bp) | Weekly chg (bp) | |
| US 2Y | 0,72 | ↑ 2 | ↓ -1 | |
| US 10Y | 2,20 | ↑ 5 | ↑ 1 | |
| JP 2Y | 0,02 | → 0 | ↓ -1 | |
| JP 10Y | 0,36 | → 0 | ↓ -3 | |
| GER 2Y | -0,24 | ↓ 0 | ↓ -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 | 0,33 | ↓ -3 | ↓ -2 | |
| US 2Y Swap | 0,77 | ↓ -1 | ↓ -12 | |
| US 5Y Swap | 1,47 | ↓ 0 | ↓ -15 | |
| EUR 3M Euribor | -0,04 | ↓ 0 | ↓ 0 | |
| EUR 2Y Swap | 0,05 | ↑ 0 | ↓ -2 | |
| EUR 5Y Swap | 0,35 | ↓ -4 | ↓ -7 | |
| GB 3M Libor | 0,59 | ↓ 0 | → 0 | |
| GB 2Y Swap | 0,95 | ↑ 2 | ↓ -3 | |
| GB 5Y Swap | 1,44 | ↓ -1 | ↓ -4 | |
| JP 3M Libor | 0,08 | ↓ 0 | ↓ -1 | |
| JP 2Y Swap | 0,08 | ↓ -1 | ↓ -3 | |
| JP 5Y Swap | 0,16 | ↓ -1 | ↓ -4 | |
| CHF 3M Libor | -0,73 | ↑ 1 | ↑ 0 | |
| CHF 2Y Swap | -0,69 | ↓ -3 | ↓ -2 | |
| CHF 5Y Swap | -0,39 | ↓ -2 | ↓ -9 | |

| COMMODITIES | | | |
|-------------|-------|----------------|-----------------|
| | Close | Daily chg. (%) | Weekly chg. (%) |
| Oil Brent | 48,9 | ↓ -0,41 | ↓ -1,75 |
| Gold | 1 125 | ↑ 0,01 | ↑ 0,49 |

Source: Reuters, OTP Research

This morning's data confirm that China's economy is decelerating. Its manufacturing PMI fell to a 6.5-year low of 47 in September. Analysts expected a modest rise since the August reading of 47.1. The index has been sinking for seven months in a row, and this time all of its constituents, from output volumes to order stock, signify weakening economic conditions.

| | COUNTRY | DATE | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|-----------|---------|------|-----------------------------------------|------|-----------|----------|
| Tuesday | EZ | Sep | Consumer confidence, flash (points) | -7,1 | -7,0 | -6,8 |
| Wednesday | CN | Sep | Caixin Manufacturing PMI (flash, point) | 47,0 | 47,5 | 47,1 |
| | FR | Sep | Markit manufacturing PMI (flash, point) | | 48,5 | 48,3 |
| | DE | Sep | Markit manufacturing PMI (flash, point) | | 52,8 | 53,3 |
| | EZ | Sep | Markit manufacturing PMI (flash, point) | | 52,0 | 52,3 |
| | US | Sep | Markit manufacturing PMI (flash, point) | | 53,0 | 53,0 |

Source: Reuters, OTP Research

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