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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 776	↑ 1,85	↑ 4,84
S&P500	1 987	↑ 1,83	↑ 5,59
Nasdaq100	4 331	↑ 1,50	↑ 5,56
Russell2000	1 142	↑ 2,47	↑ 5,33
Stoxx600	358	↑ 3,01	↑ 4,91
DAX	9 815	↑ 2,74	↑ 3,49
FTSE 100	6 299	↑ 2,76	↑ 5,71
CAC40	4 617	↑ 3,54	↑ 5,96
ATX	2 294	↑ 2,60	↑ 5,80
IBEX35	9 971	↑ 3,83	↑ 6,14
Nikkei 225	18 186	↑ 1,00	↑ 7,41
Hang Seng	21 743	↓ -0,51	↑ 5,77
SSEC	3 053	⇒ 0,00	↑ 0,48
SENSEX	26 848	↑ 0,23	↓ -0,60
RTS	805	↑ 5,25	↑ 3,79
Bovespa	47 598	↑ 1,20	↑ 8,28

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1185	↓ -0,21	↓ -0,60
EUR/CHF	1,0912	↑ 0,22	↓ -0,16
USD/GBP	1,5143	↓ -0,25	↓ -0,03
USD/JPY	120,29	↓ -0,13	↑ 0,48
AUD/USD	0,7120	↑ 0,55	↑ 1,98
USD/CAD	1,3073	↓ -0,08	↓ -2,58
USD/RUB	64,68	↑ 0,31	↓ -2,30

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	19,5	↓ -1,4	↓ -8,1
CDS 5Y PIIS	20	↓ -0,3	↑ 0,0
CDS 5Y Italy	100	↓ -0,2	↑ 0,0
CDS 5Y Belg.	109	↓ -0,1	⇒ 0,0
iTraxx 5Y EU	30,3	↓ -4,9	↓ -4,3
US TED Spread	86,4	⇒ 0,0	↓ -1,4

Source: Reuters, OTP Research

Summary

- Developed economies' stock exchanges extended their gains on Monday, the Stoxx600 index soared 3%, and the S&P500 grew by 1.8%.
- Commodity producers, energy and basic materials names advanced yesterday.
- Volkswagen's diesel scandal may cause EUR 80 billion loss; France is to end subsidies for diesel cars.
- Germany's industrial orders missed expectations.

Developed stock markets continued Friday's up moves on Monday; the key indices closed higher on both sides of the Atlantic. In Europe, the Stoxx600 index upped 3%; commodity producers excelled in Monday's rally. Glencore skyrocketed 21%, in the best performance since its debut in 2011. This has to do with analyses concluding that Glencore may avert bankruptcy. Yet the company worked off only two-thirds of last week's losses. The energy sector also fared well; the Brent's 2.3% rise yesterday improved producers' outlook as well. Basic material companies did not miss the across-the-board increase; ArcelorMittal surged 8.7%, owing to the CFO's optimistic words about demand for steel, and to Citigroup's recommendation to Buy. In the ITC sector, Telenor soared 3.5% following the announcement on VimpelCom's divestiture and shifting focus on core markets. Yesterday Volkswagen moved 1.2% higher despite the worsening reports about its diesel scandal, which may cost it as much as EUR 80 billion. The giant is likely to be forced to launch austerity measures; mostly Volkswagen may undergo drastic transformation as the concern's margins are well below the group's average. As a result, the EUR 85.6 billion investment programme for 2015/16 is likely to be curbed, significant job cuts are probable, and supplier contracts may be re-negotiated. France's environment minister, Ségolène Royal said that in the next five years subsidies for diesel cars would be stopped; Britain still ponders doing away with subsidies for diesel cars.

The worse-than-expected US employment report fuelled market expectation that the weaker data would keep back the Fed from raising interest rates this year. Investors sought energy, industrial and basic material producer shares; these sectors upped 2.6-3.0% within the S&P yesterday. GE soared 5.3% as the Trian fund bought a stake worth USD 2.5 billion in it. The financial and technology sectors also fared well, booking 2.1% and 2.0% gains respectively, while health care was the weakest performer yesterday. Investors' attention will soon turn to corporate earnings reports, and the earnings season will start on Thursday, traditionally with Alcoa's report. A Bloomberg poll found that market analysts expect the S&P500 companies to report 6.9% lower earnings in the third quarter.

Optimism ruled Asia's markets, with most of the key indices climbing higher, even though the Hong Kong index shed 0.5%. Markets in mainland China are closed for national holiday until Thursday.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,60	↑	2	↓	-8
US 10Y	2,05	↑	6	↓	-5
JP 2Y	0,01	↑	0	↓	0
JP 10Y	0,32	↑	1	↓	-2
GER 2Y	-0,26	↓	0	↓	-2
GER 10Y	0,52	↓	-4	↓	-13

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	↑	0	↑	0
US 2Y Swap	0,70	↓	-3	↓	-4
US 5Y Swap	1,35	↓	-3	↓	-2
EUR 3M Euribor	-0,05	↓	0	↓	-1
EUR 2Y Swap	0,03	↓	0	↓	-2
EUR 5Y Swap	0,34	↑	2	↓	-2
GB 3M Libor	0,00	↑	0	↑	0
GB 2Y Swap	0,00	↑	2	↓	-1
GB 5Y Swap	1,41	→	0	↓	-1
JP 3M Libor	0,00	↓	0	↓	0
JP 2Y Swap	0,08	↓	0	↓	-1
JP 5Y Swap	0,17	→	0	↓	-1
CHF 3M Libor	0,00	↑	0	↓	0
CHF 2Y Swap	-0,72	↑	0	↓	-3
CHF 5Y Swap	-0,45	↑	0	↓	-6

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	49,4	↑	0,32	↑	2,45
Gold	1 137	↑	0,14	↑	0,90

Source: Reuters, OTP Research

The services sector's ISM index in the USA fell to a three-month low of 56.9 in September. The market anticipated a decline from August's 59 reading but it fell deeper than has been thought. The new orders component fell but the employment sub-index improved to 58.3, from 56.0.

In Germany, industrial orders shrank 1.8% in August, beating economists who had predicted slight increase.

In the United Kingdom, home prices dropped 0.9% in September from the previous month, while market experts opine that demand on the property market remains strong, thus the fall can be temporary. The year/year index (3-month average) decelerated to 8.6%.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Monday	EZ	Aug	Retail sales (mom, %)	0,0	-0,1	0,4
	US	Sep	ISM Manufacturing PMI (point)	56,9	57,5	59,0
Tuesday	DE	Aug	Industrial orders (mom, %)	-1,8	0,5	-2,2
	GB	Sep	Halifax house price index, 3-month average (yoy, %)	8,6	9,0	9,0
	CH	Sep	CPI (yoy, %)	-1,4	-1,4	-1,4

Source: Reuters, OTP Research

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