

Treasury Sales Team

Headquarter Treasury Sales

Alexandru Tibuleac
0372 31 85 85
alexandru.tibuleac@otpbank.ro

Cristian Ilie
0372 31 85 86
ilie.cristian@otpbank.ro

Corina Bejan
0372 31 85 84
corina.bejan@otpbank.ro

Alina Gheorghita
0372 31 85 83
alina.gheorghita@otpbank.ro

Andreea Nica
0755 000 106
andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj
0755 000 400
szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti
0755 000 199
tudor.zaman@otpbank.ro

Laura Sirbu - Bucuresti
0729 963 540
laura.sirbu@otpbank.ro

Alexandru Sabin - Arad
0730 577 959
alexandru.sabin@otpbank.ro



Daily Report – Global Markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 17 829 | ↑ 0,94 | ↑ 1,17 |
| S&P500 | 2 104 | ↑ 1,19 | ↑ 1,59 |
| Nasdaq100 | 4 704 | ↑ 1,19 | ↑ 1,58 |
| Russell2000 | 1 186 | ↑ 2,09 | ↑ 3,56 |
| Stoxx600 | 377 | ↑ 0,34 | ↑ 0,23 |
| DAX | 10 951 | ↑ 0,93 | ↑ 1,38 |
| FTSE 100 | 6 362 | ↑ 0,01 | ↓ -0,86 |
| CAC40 | 4 916 | ↑ 0,38 | ↑ 0,39 |
| ATX | 2 434 | ↑ 0,53 | ↓ -1,38 |
| IBEX35 | 10 418 | ↑ 0,55 | ↓ -0,57 |
| Nikkei 225 | 18 683 | ↓ -2,10 | ↓ -1,39 |
| Hang Seng | 22 598 | ↑ 1,02 | ↓ -2,35 |
| SSEC | 3 312 | ↓ -0,39 | ↓ -3,56 |
| SENSEX | 26 641 | ↑ 0,31 | ↓ -0,60 |
| RTS | 854 | ↑ 0,97 | ↓ -0,49 |
| Bovespa | 45 628 | ↓ -2,38 | ↓ -4,49 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,1013 | ↑ 0,07 | ↓ -0,21 |
| EUR/CHF | 1,0868 | → 0,00 | ↓ -0,32 |
| USD/GBP | 1,5415 | ↓ -0,08 | ↑ 0,78 |
| USD/JPY | 120,60 | ↓ -0,12 | ↑ 0,12 |
| AUD/USD | 0,7209 | ↑ 0,92 | ↑ 0,29 |
| USD/CAD | 1,3083 | ↓ -0,06 | ↓ -1,36 |
| USD/RUB | 64,00 | ↑ 0,59 | ↓ -2,19 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 14,2 | ↓ -0,9 | ↓ -1,1 |
| CDS 5Y PIIS | 14 | ↑ 2,0 | ↑ 1,7 |
| CDS 5Y Italy | 89 | ↑ 1,6 | ↓ -1,0 |
| CDS 5Y Belg. | 92 | ↓ -0,1 | ↓ -0,8 |
| iTraxx 5Y EU | 27,4 | ↓ -0,3 | ↓ -0,8 |
| US TED Spread | 70,3 | → 0,0 | ↓ -3,1 |

Source: Reuters, OTP Research

Summary

- Stock markets closed with gains yesterday, as the eurozone's encouraging PMI figures offset the disappointing figures from China.
- In the USA, the S&P hit a three-month high and the NASDAQ100 closed just 1 point below its all-time high.
- Standard & Poor's placed the top 8 US banks on credit watch negative.

While the PMI figures for China caused disappointment, the same data for the eurozone paint a rosier picture. Yet this was not enough to dissuade investors from being cautious, or to cause sizeable investments on Europe's stock markets. The Stoxx600 index upped 0.3%, working off its earlier loss of 0.7%. The DAX advanced almost 1%, owing to Commerzbank's surprisingly good earnings report and to the cheering German PMI reading. Commerzbank jumped 6.6% higher on the back of a 25% surge in profits. Greek banks also excelled; Alpha bank and Eurobank Ergasias sky-rocketed 29% on reports that Greece reached agreement on a EUR 14.4 billion aid for Greek banks. Commodity producers were ailing, showing the worst performance of the Stoxx600's 19 components. Rio Tinto and BHP Billiton dived more than 1.4% yesterday. The market welcomed the outcome of the weekend's Turkish vote: Turkey's stock index soared 5.4% and its currency appreciated 4%. The quarterly profit figures released by BMW and UBS this morning have beaten expectations. Modifying its profit forecast, the Swiss bank said it would reach the 15% ROE in 2018 only, instead of 2016.

The USA clearly marched higher: the Dow added 0.9%, the S&P500 and the NASDAQ100 both gained 1.2% yesterday. The S&P500 has risen to highs last seen in August, while the NASDAQ100 was just one point away from hitting a new all-time high. US stock markets went up despite the slump in the price of oil and other commodities owing to the weak PMI reading from China. All of the S&P's sector indices achieved gains, particularly the energy and health care sectors. Financial service providers fared well yesterday – since then Standard & Poor's has warned that it may downgrade America's top 8 banks. Visa is to buy its subsidiary Visa Europe for USD 23.4 billion. The news sent Visa stocks falling in after-hours trading. The earnings season is in full swing; Tesla and Kellogg are just two names to release their reports today.

Amid today's unenthusiastic session in Asia, the Nikkei fell 2.1%, the SSEC shed 0.4% but the Hang Seng could increase.

The price of oil sank 1.6% in yesterday's trading, and it extended the drop by 0.1% this morning. Some OPEC members argue for setting a price floor and a return to the quota system, according to Reuters' sources.

GOV'T BOND MARKET

| | Yield (%) | | Daily chg (bp) | | Weekly chg (bp) |
|---------|-----------|---|----------------|---|-----------------|
| US 2Y | 0,76 | ↑ | 3 | ↑ | 12 |
| US 10Y | 2,17 | ↑ | 3 | ↑ | 11 |
| JP 2Y | 0,00 | ↓ | -1 | ↓ | -2 |
| JP 10Y | 0,00 | ↓ | -31 | ↓ | -32 |
| GER 2Y | -0,32 | ↓ | 0 | ↓ | 0 |
| GER 10Y | 0,51 | ↓ | -2 | ↑ | 0 |

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 | ↑ | 1 | ↑ | 1 |
| US 2Y Swap | 0,85 | ↓ | -1 | ↑ | 13 |
| US 5Y Swap | 1,50 | ↓ | -1 | ↑ | 15 |
| EUR 3M Euribor | -0,07 | ↑ | 0 | ↓ | 0 |
| EUR 2Y Swap | -0,02 | ↓ | 0 | ↑ | 3 |
| EUR 5Y Swap | 0,29 | ↑ | 3 | ↑ | 8 |
| GB 3M Libor | 0,00 | → | 0 | ↑ | 0 |
| GB 2Y Swap | 1,00 | ↑ | 2 | ↓ | 0 |
| GB 5Y Swap | 1,51 | ↑ | 3 | ↑ | 11 |
| JP 3M Libor | 0,00 | ↓ | 0 | ↑ | 0 |
| JP 2Y Swap | 0,09 | ↓ | -1 | ↓ | 0 |
| JP 5Y Swap | 0,18 | ↓ | 0 | ↑ | 1 |
| CHF 3M Libor | 0,00 | → | 0 | ↓ | 0 |
| CHF 2Y Swap | -0,80 | ↑ | 4 | ↑ | 2 |
| CHF 5Y Swap | -0,54 | ↓ | -3 | ↑ | 3 |

COMMODITIES

| | Close | | Daily chg. (%) | | Weekly chg. (%) |
|-----------|-------|---|----------------|---|-----------------|
| Oil Brent | 48,7 | ↓ | -0,14 | ↑ | 4,08 |
| Gold | 1 137 | ↑ | 0,30 | ↓ | -2,56 |

Source: Reuters, OTP Research

Wrong-footing economists who had expected stagnation, Germany's manufacturing purchasing managers' index has improved, as did Italy's PMI. On the other hand, Spain's PMI has slightly deteriorated.

In the USA, the current PMI reading, released by ISM, improved modestly in October. The breakdown of the index paints a mixed picture: the increase in the new orders sub-index is clearly positive, but the export orders sub-index remained below the 50-point threshold. In another negative sign, the employment sub-index fell from 50.5 to 47.6. Construction spending grew by 0.6% in a single month, exceeding expectations. This is a result of the dynamic expansion in home buildings, but the non-residential buildings segment contracted by 0.1% month/month in September.

The USA will release industrial orders statistics today.

| | COUNTRY | DATE | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|---------|---------|------|-----------------------------------|------|-----------|----------|
| Monday | CN | Oct | Caixin Manufacturing PMI (points) | 48,3 | 47,5 | 47,2 |
| | DE | Oct | Manufacturing PMI (points) | 52,1 | 51,6 | 51,6 |
| | IT | Oct | Manufacturing PMI (points) | 54,1 | 53,0 | 52,7 |
| | ES | Oct | Manufacturing PMI (points) | 51,3 | 52,0 | 51,7 |
| | US | Oct | Construction spending (MoM, %) | 0,6 | 0,5 | 0,7 |
| | US | Oct | ISM Manufacturing PMI | 50,1 | 50,0 | 50,2 |
| Tuesday | GB | Oct | Halifax house prices 3M (YoY, %) | | 9,5 | 8,6 |
| | GB | Oct | Construction PMI (points) | 58,8 | 58,8 | 59,9 |
| | US | Sep | Factory orders (MoM, %) | | -0,9 | -1,7 |

Source: Reuters, OTP Research

Chief Economist

Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Fundamental Analyst

Orsolya Rátkai
ratkaio@otpbank.hu
+36 1 374 7270

Disclaimer

OTP Bank Plc. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This material is only for information purposes and it is not intended as an investment advice, an offer or solicitation for the purchase or sale of any financial instrument, and it does not constitute legal, tax or accounting advice.

Information herein reflects the market situation at the time of writing. It provides only momentary information and may change as market conditions and circumstances develop. Additional information may be available on request. Although the information in this document has been prepared in good faith from sources which OTP Bank believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. Opinions and estimates constitute our judgment and are subject to change without notice. OTP Bank may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments is made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. Any concrete individual decision or investment made based on this publication is the sole risk of the Client and OTP Bank shall not be held responsible for the success of the investment decisions or for attaining the Client's target.

Figures described herein refer to the past and past performance is not a reliable indicator of future results.

OTP Bank Plc. (registered seat: Nádor utca 16., Budapest H-1051, Hungary; Supervisory authority: Hungarian Financial Supervisory Authority (PSZÁF, Pénzügyi Szervezetek Állami Felügyelete – H-1013 Budapest, Krisztina krt. 39.sz.) PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008. For more information, please refer to: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>). All rights reserved. This publication is exclusively owned by OTP Bank Plc., no part of this material can be reproduced, re-used or disseminated without the prior written consent of OTP Bank Plc.

If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to research@otpbank.hu or writing a letter addressed to "Research Center" Hungary 1051, Budapest Nádor utca. 21. Please refer to your name and e-mail address in both cases.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to csaba.balint@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.