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## Daily Report – Global Markets

**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 503	↑ 0,58	↓ -0,14
S&P500	2 180	↑ 0,52	↓ -0,10
Nasdaq100	4 791	↑ 0,15	↓ -0,36
Russell2000	1 245	↑ 0,56	↓ -0,29
Stoxx600	343	↓ -0,15	↑ 0,81
DAX	10 544	↓ -0,41	↑ 0,48
FTSE 100	6 828	↓ -0,15	↓ -0,01
CAC40	4 424	↓ -0,40	↑ 0,78
ATX	2 318	↑ 0,27	↑ 2,71
IBEX35	8 616	↓ -0,50	↑ 1,75
Nikkei 225	16 725	↓ -0,07	↑ 0,77
Hang Seng	22 129	↑ 0,81	↑ 0,04
SSEC	3 071	↑ 0,05	↓ -0,59
SENSEX	28 124	↑ 0,79	↓ -0,60
RTS	962	↓ -1,17	↓ -0,13
Bovespa	58 610	↑ 1,55	↑ 1,43

**FX MARKET**

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1188	↓ -0,06	↓ -1,19
EUR/CHF	1,0943	↓ -0,06	↑ 0,45
USD/GBP	1,3102	↓ -0,27	↓ -0,67
USD/JPY	102,25	↑ 0,34	↑ 2,02
AUD/USD	0,7555	↓ -0,16	↓ -0,79
USD/CAD	1,3034	↑ 0,22	↑ 0,95
USD/RUB	64,91	↑ 0,21	↑ 0,40

**RISK INDICATORS**

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	12,9	↓ -0,7	↑ 0,7
CDS 5Y PIIS	13	↑ 0,0	↑ 2,3
CDS 5Y Italy	118	→ 0,0	↑ 3,7
CDS 5Y Belg.	116	↑ 0,0	↓ -7,3
iTraxx 5Y EU	25,0	→ 0,0	↓ -2,6
US TED Spread	67,0	→ 0,0	↓ -0,4

Source: Reuters, OTP Research

**Summary**

- European markets edged lower but America closed with gains on Monday.
- The USD appreciated as the Fed is expected to raise its interest rates.
- Oil prices sank on Monday, but the market has been building long-term positions for weeks.
- Japan's consumption figures topped expectations; US households' consumption grew further in July, in line with forecasts.

Europe's stock indices headed down, as investors digested the possible effects of the expected increase in Fed fund rates. Alstom (+3.3%) bucked the negative trend thanks to winning a 1.8-billion-euro agreement from the US-based Amtrak railway company to deliver 28 high-speed trains. US markets benefited from favourable July consumption data. That said, Hershey (-11%) fell sharply, when it came to light that after Mondelez scrapped its takeover bid, no longer planning to acquire the American chocolate manufacturer. This morning Japan's stock exchange was practically stagnant, while China ground higher.

On currency markets, the dollar appreciated as investors anticipate Fed fund rate hike. Their attention shifted towards Friday's release of US labour market data, which (based on Fed leaders' statements) may be of key importance for the short-term change in interest rates. Long-term US yields slightly eased, while the 10Y German bond yield rose by four points.

Oil prices sank on Monday; at this point the market finds it less likely that the September meeting of OPEC members could agree to hold back production. Nonetheless, investors have been changing their positions in WTI futures and options for the second week in a row, reducing their short-term bids and increasingly building long-term positions. Citing oil market analyst companies, Bloomberg reported this morning that exploring new oil fields had hit a record low. While oil companies spent USD 100 billion on exploring new fields back in 2014, they are unlikely to spend more than 40 billion dollars this year. The current low exploration activity may drive prices higher over the next decades.

**GOV'T BOND MARKET**

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,82	↓ -2	↑ 7
US 10Y	1,57	↓ -5	↑ 2
JP 2Y	-0,18	↓ -1	↑ 2
JP 10Y	-0,07	↓ 0	→ 0
GER 2Y	-0,62	↓ 0	↓ -1
GER 10Y	-0,04	↑ 4	↑ 0

**CENTRAL BANKS' RATES**

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,5	↑ 0,75	↑ 1,25
ECB Rate	0,00	→ 0,00	→ 0,00
BOE Rate	0,25	→ 0,25	→ 0,25
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	0,83	↑ 0	↑ 2
US 2Y Swap	1,02	↑ 1	↑ 4
US 5Y Swap	1,18	↑ 3	↑ 5
EUR 3M Euribor	-0,30	↑ 0	↑ 0
EUR 2Y Swap	-0,21	↓ 0	↑ 1
EUR 5Y Swap	-0,13	↓ -4	↑ 1
GB 3M Libor	0,39	↑ 0	↑ 0
GB 2Y Swap	0,44	↓ 0	↓ -1
GB 5Y Swap	0,50	↑ 0	↑ 2
JP 3M Libor	-0,23	↑ 0	↓ 0
JP 2Y Swap	-0,10	↓ -1	↓ -1
JP 5Y Swap	-0,08	↓ -1	↓ -1
CHF 3M Libor	-0,74	→ 0	→ 0
CHF 2Y Swap	-0,68	↑ 1	↑ 2
CHF 5Y Swap	-0,61	↑ 1	↑ 0

**COMMODITIES**

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	49,3	↓ -1,32	↓ -1,40
Gold	1 323	↑ 0,16	↓ -1,23

Source: Reuters, OTP Research

Monday's release of retail sales in Japan has topped expectations by a large margin, and unemployment was slightly lower than forecast. Italy's consumer confidence index was down, short of analysts' expectations. US households' July consumption matched projections, and so did short-term inflation indicators. The annual increase in prices remained low (0.8%) but core inflation (at 1.6%) is closer to the Fed's target of 2%.

Today industrial production figures are due out in Japan and the consumer confidence index will see the light of day in the UK.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS	
Monday	DE	Aug	Unemployment rate (%)	3,0	3,1	3,1	
	US	Jul	Retail sales (yoy, %)	-0,2	-0,9	-1,3	
	US	Aug	Business confidence	101,1	102,5	103,1	
	IT	Aug	Consumer confidence	109,2	110,5	111,3	
	US	Jul	PCE inflation (yoy, %)	0,8		0,9	
	US	Jul	PCE core inflation (yoy, %)	1,6		1,6	
	US	Jul	Household expenditure (mom, %, adjusted)	0,3	0,3	0,4	
	US	Jul	Household income (mom, %)	0,4	0,4	0,2	
	Tuesday	JP	Jul	Industrial production (yoy, %)		0,8	2,3
		UK	Aug	GfK consumer confidence (points)		-8,0	-12,0

Source: Reuters, OTP Research

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