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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 454	↓ -0,26	↓ -0,50
S&P500	2 176	↓ -0,20	↓ -0,49
Nasdaq100	4 776	↓ -0,31	↓ -0,88
Russell2000	1 246	↑ 0,09	↑ 0,71
Stoxx600	345	↑ 0,45	↑ 0,33
DAX	10 658	↑ 1,07	↑ 0,61
FTSE 100	6 821	↓ -0,25	↓ -0,69
CAC40	4 457	↑ 0,75	↑ 0,82
ATX	2 333	↑ 0,63	↑ 1,88
IBEX35	8 685	↑ 0,80	↑ 1,22
Nikkei 225	16 887	↑ 0,97	↑ 2,36
Hang Seng	22 129	↓ -0,09	↑ 0,77
SSEC	3 080	↑ 0,18	↓ -0,18
SENSEX	28 433	↑ 0,32	↓ -0,60
RTS	959	↓ -0,35	↓ -1,40
Bovespa	58 575	↓ -0,06	↑ 0,96

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1141	↓ -0,42	↓ -1,02
EUR/CHF	1,0960	↑ 0,16	↑ 0,67
USD/GBP	1,3081	↓ -0,16	↓ -1,13
USD/JPY	103,17	↑ 0,21	↑ 2,73
AUD/USD	0,7511	↑ 0,03	↓ -1,33
USD/CAD	1,3094	↓ -0,02	↑ 1,32
USD/RUB	65,21	↓ -0,22	↑ 0,01

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,1	↑ 0,2	↑ 0,7
CDS 5Y PIIS	13	↑ 0,1	↑ 0,3
CDS 5Y Italy	118	↑ 1,7	↑ 3,8
CDS 5Y Belg.	117	↓ 0,0	↓ -0,8
iTraxx 5Y EU	25,0	↑ 0,3	↓ -0,2
US TED Spread	67,3	→ 0,0	↓ -0,9

Source: Reuters, OTP Research

Summary

- Europe's stock markets picked up while those of America fell on Tuesday.
- The European Commission imposed a record fine on Apple for corporate tax evasion.
- The USD's appreciation continued.
- Oil prices slipped again.
- A raft of US job market data, closely watched by the Fed and markets, are due out from Wednesday.

Most European stock indices advanced on Tuesday, but the sentiment in America was negative. In Europe, the banking and technology sectors were strong performers. Basic material producers remained underperformers, owing to the falling commodity prices and the weak results Glencore published last week.

The European Commission imposed a record-high fine of USD 14.5 billion on Apple for tax evasion. The Commission said that Apple had not paid that much in corporate earnings taxes on its sales in Europe between 2003 and 2014, misusing the tax benefit offered by the Irish government. Instead of the 12.5% corporate earnings tax, Apple paid 1% in 2004 and only 0.005% effective tax rate in 2014. Both Apple and Ireland will appeal against the decision – the latter worries about its corporate tax system that is very attractive for multinational companies. This record high fine is dwarfed by Apple's 232-billion-dollar cash pile. Probably that is why the company's price barely sank after the announcement.

Two Canadian artificial fertilizer companies, Agrium and Potash, are reportedly planning a merger; the news sent their share price 8% and 13% higher, respectively. The details of the transaction may be published next week, but neither party has made a final decision yet.

Japan's Nikkei closed higher this morning. Even though the country's industrial output figure was weak, the retail sales data released yesterday and this morning's publication of housing market data were encouraging, which may have helped the Nikkei to gain.

The dollar's appreciation against the key currencies continued on Tuesday; its exchange rate was probably driven by expectations of Fed interest rate hikes.

Crude oil prices sank deeper on Wednesday morning owing to the firming dollar and the strong US oil inventories.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,81	↓ -2	↑ 4
US 10Y	1,57	↓ 0	↑ 1
JP 2Y	-0,20	↓ -2	↑ 1
JP 10Y	-0,07	↓ 0	↑ 2
GER 2Y	-0,62	↓ 0	↓ 0
GER 10Y	-0,08	↓ -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	↑ 1
US 2Y Swap	1,02	↓ 0	↑ 4
US 5Y Swap	1,18	↑ 2	↑ 5
EUR 3M Euribor	-0,30	↓ 0	↓ 0
EUR 2Y Swap	-0,21	↓ 0	↑ 1
EUR 5Y Swap	-0,13	↓ 0	↓ -1
GB 3M Libor	0,39	⇒ 0	↑ 0
GB 2Y Swap	0,44	↓ 0	↓ -2
GB 5Y Swap	0,48	↓ -2	↑ 0
JP 3M Libor	-0,03	⇒ 0	↑ 0
JP 2Y Swap	-0,10	↓ 0	↓ -2
JP 5Y Swap	-0,08	↑ 0	↓ -1
CHF 3M Libor	-0,74	⇒ 0	⇒ 0
CHF 2Y Swap	-0,68	⇒ 0	↑ 3
CHF 5Y Swap	-0,60	↓ -2	↓ -2

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	48,4	↓ -1,81	↓ -1,51
Gold	1 311	↓ -0,93	↓ -0,79

Source: Reuters, OTP Research

France's Finance Minister Emmanuel Macron resigned on Tuesday. While in office, France's second most popular politician carried out a number of economic reforms. Reportedly, he is planning to run for presidency in 2017 and to launch centrist political movement.

On Tuesday Germany published lower-than-expected inflation figure, and accordingly the eurozone's index (due out today) may also be short of forecasts. The European Commission's confidence index published on Tuesday does not bode well for growth prospects in Europe. Germany's retail sales figure, due out today, may be the silver lining in the cloud.

Japan's industrial production stagnated in July, vastly undershooting expectations.

Downbeat reports came from Britain's housing market on Tuesday: in July, both mortgage lending volumes and new applications for mortgage loans were short of analysts' forecasts, and dropped since June. But somewhat surprisingly, the Nationwide home price index has increased, Wednesday's statistics show, suggesting that the weakening demand on the housing market may have been accompanied by a drop in the supply.

In the USA, the ADP employment figures mark the beginning of the bunch of job market statistics, which will continue on Thursday and Friday. These labour market data may influence the timing of the Fed fund rate hikes, according to the Fed leaders' recent statements.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	JP	Jul	Industrial production (yoy, %)	0,0	0,8	2,3
	DE	Jul	Consumer prices (HICP, yoy, %)	0,3	0,5	0,4
	EZ	Aug	EC Economic sentiment index (point)	103,5	104,1	104,6
	UK	Aug	GfK consumer confidence (points)	-7,0	-8,0	-12,0
	UK	Jul	Mortgage lending (net flow, SA, bn GBP)	2,665	3,200	3,348
Wednesday	EZ	Jul	Consumer prices (flash, yoy, %)		0,3	0,2
	EZ	Jul	Core consumer prices (flash, yoy, %)		0,9	0,8
	DE	Jul	Retail sales (mom, %)		0,5	-0,1
	DE	Jul	Unemployment rate (%)		6,1	6,1
	UK	Aug	Nationwide house price index (mom, %)	0,6	-0,3	0,5
	US	Aug	ADP nonfarm employment (mom, thousand)		170,0	179,0
	US	Aug	Chicago PMI (point)		54,4	55,8

Source: Reuters, OTP Research

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