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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 492	↑ 0,39	↑ 0,52
S&P500	2 180	↑ 0,42	↑ 0,50
Nasdaq100	4 799	↑ 0,31	↑ 0,31
Russell2000	1 252	↑ 0,97	↑ 0,55
Stoxx600	350	↑ 1,97	↑ 1,96
DAX	10 684	↑ 1,42	↑ 0,91
FTSE 100	6 895	↑ 2,20	↑ 0,83
CAC40	4 542	↑ 2,31	↑ 2,26
ATX	2 369	↑ 1,48	↑ 2,48
IBEX35	8 909	↑ 1,67	↑ 2,88
Nikkei 225	17 038	↑ 0,66	↑ 4,14
Hang Seng	22 129	↑ 1,67	↑ 3,65
SSEC	3 075	↑ 0,24	↑ 0,15
SENSEX	28 532	→ 0,00	↓ -0,60
RTS	970	↑ 2,64	↓ -0,37
Bovespa	59 616	↑ 2,37	↑ 3,29

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1153	↓ -0,39	↓ -0,10
EUR/CHF	1,0934	↓ -0,35	↓ -0,05
USD/GBP	1,3288	↑ 0,16	↑ 1,42
USD/JPY	103,43	↓ -0,52	↑ 1,50
AUD/USD	0,7597	↑ 0,36	↑ 0,40
USD/CAD	1,2956	↓ -0,31	↓ -0,38
USD/RUB	64,97	↓ -0,25	↑ 0,30

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	12,0	↓ -1,5	↓ -1,7
CDS 5Y PIIS	12	↓ -0,8	↓ -1,7
CDS 5Y Italy	117	↓ -1,7	↓ -0,4
CDS 5Y Belg.	115	↓ -0,1	↓ -1,5
iTraxx 5Y EU	23,5	↓ -1,5	↑ 0,6
US TED Spread	67,6	→ 0,0	↑ 0,5

Source: Reuters, OTP Research

Summary

- The USA published weaker-than-expected labour market data on Friday.
- European and American equity indices have both advanced.
- The worse-than-expected US job data triggered USD weakening vs the EUR but later the greenback regained strength and closed 0.4% stronger.

The US job market data released on Friday afternoon missed expectations. Non-farm payrolls grew by just 151,000, whereas 180,000 increase had been forecast, the unemployment rate did not shrink to 4.8%, and wage growth was at a sluggish 0.1% from the previous month. The pale figure is particularly important as Fed president Stanley Fischer recently named this figure as the one the interest rate hike hinges on. Given that it was short of expectations, markets are no longer pricing in the September interest rate hike. As a result, European and US stock indices marched higher, US bond yields have fallen, and gold price has increased. The dollar's behaviour was somewhat surprising: recovering from the initial wobbling, it firmed 0.4% against the EUR by the end of the day.

Barron's, the financial magazine, polls the world's largest money market investors twice a year about their expectations of the coming period and of economic outlook. According to the September survey, strategists have become more bearish about stocks. That said, most of them expect Hillary Clinton to win the presidential race, oil markets to stabilize, and at this point they are not particularly worried about China. Mrs Clinton's election may bode ill for pharmaceutical companies, but Donald Trump's win would trigger an immediate 3-5% downturn on stock markets, Citigroup said.

Bloomberg studied Europe's banking system in an in-depth coverage. Authors argue that the collapse in bank share prices suggests that the existing banking models are no longer viable; therefore mergers are needed in this sector. Participants are still waiting; apparently, no-one wants to take the first step. Banks with similar profiles should merge, the article concludes, bringing up the example of Switzerland's Credit Suisse and UBS (both big banks specialize in wealth management). That said, the authors do not recommend mergers of universal banks.

Unicredit and Monte dei Paschi di Siena will issue bonds at the beginning of 2017, with a combined amount of nearly EUR 11-12 billion. Analysts fear that capital increase may be dented by the fact that the two banks issue bonds at around the same time and they are targeting very similar investment groups, thus their plans may overlap and that may have an adverse effect on their ability to attract capital.

On Friday, Spain failed to elect its Prime Minister. Unless they manage to designate one soon, the Spanish king will dissolve parliament and announce new elections. This would be the second such event since December 2015.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,79	→ 0	↓ -6
US 10Y	1,57	→ 0	↓ -5
JP 2Y	-0,18	↓ 0	↓ -1
JP 10Y	-0,01	↑ 2	↑ 6
GER 2Y	-0,62	↓ 0	↓ 0
GER 10Y	-0,06	↓ 0	↑ 2

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	0,84	↓ 0	↑ 1
US 2Y Swap	1,01	↑ 1	↑ 1
US 5Y Swap	1,18	↓ 0	↑ 3
EUR 3M Euribor	-0,30	↓ 0	↓ 0
EUR 2Y Swap	-0,22	↑ 2	↓ -2
EUR 5Y Swap	-0,13	↑ 1	↑ 0
GB 3M Libor	0,38	↓ 0	↓ 0
GB 2Y Swap	0,44	↑ 0	↓ -2
GB 5Y Swap	0,53	↑ 3	↑ 3
JP 3M Libor	-0,03	↓ 0	↓ -1
JP 2Y Swap	-0,10	↓ -1	↓ -2
JP 5Y Swap	-0,06	↓ -1	↑ 0
CHF 3M Libor	-0,74	↑ 0	↑ 0
CHF 2Y Swap	-0,67	↑ 0	↑ 2
CHF 5Y Swap	-0,56	↑ 1	↑ 6

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	46,8	↑ 3,04	↓ -5,01
Gold	1 325	↑ 0,85	↑ 0,20

Source: Reuters, OTP Research

Trading sentiment in Asia was fairly positive this morning. Japan's Nikkei grew by 0.7%, the Hang Seng upped 1.7%, and the SSEC inched up 0.2%. Japan's government warned Britain that if the latter no longer falls under EU regulations, then Japan could move its European headquarters from Great Britain. Japan wants Britain to draw up its Brexit schedule and framework as soon as possible.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Friday	US	Aug	Non-farm payroll ('000)	151	180,0	255,0
	US	Aug	Unemployment rate (%)	4,9	4,8	4,9
	US	Aug	Average wages (mom, %)	0,1	0,2	0,3
	US	Jul	Factory orders (mom, %)	1,9	2,0	-1,5
Monday	CN	Sep	G-20 Meeting	-	-	-
	EZ	Sep	Sentix Index		5,0	4,2
	EZ	Jul	Retail sales (mom, %)		0,6	0,0
	UK	Aug	Retail sales (yoy, %)		-	1,1

Source: Reuters, OTP Research

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