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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 325	↑ 1,32	↓ -0,90
S&P500	2 159	↑ 1,47	↓ -0,96
Nasdaq100	4 765	↑ 1,78	↓ -0,71
Russell2000	1 236	↑ 1,37	↓ -1,40
Stoxx600	342	↓ -0,95	↓ -2,39
DAX	10 432	↓ -1,34	↓ -2,25
FTSE 100	6 701	↓ -1,12	↓ -2,59
CAC40	4 440	↓ -1,15	↓ -2,23
ATX	2 376	↓ -0,78	↓ -0,20
IBEX35	8 867	↓ -1,76	↓ -0,97
Nikkei 225	16 729	↑ 0,34	↓ -1,81
Hang Seng	22 129	↑ 0,40	↓ -1,70
SSEC	3 017	↓ -0,18	↓ -2,40
SENSEX	28 354	↔ 0,00	↓ -0,60
RTS	984	↓ -0,41	↑ 0,65
Bovespa	58 586	↑ 1,01	↓ -1,65

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1232	↑ 0,03	↓ -0,24
EUR/CHF	1,0918	↓ -0,34	↑ 0,05
GBP/USD	1,3333	↑ 0,54	↓ -0,77
USD/JPY	101,91	↑ 0,07	↓ -0,07
AUD/USD	0,7521	↓ -0,56	↓ -2,15
USD/CAD	1,3081	↑ 0,35	↑ 1,86
USD/RUB	64,70	↑ 0,30	↑ 0,50

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	15,2	↓ -2,3	↑ 3,2
CDS 5Y PIIS	15	↑ 0,3	↓ -0,3
CDS 5Y Italy	116	↓ 0,0	↓ -0,4
CDS 5Y Belg.	115	↑ 0,0	↓ -0,9
iTraxx 5Y EU	22,6	↑ 1,7	↑ 3,5
US TED Spread	69,9	↔ 0,0	↓ -2,5

Source: Reuters, OTP Research

Summary

- Europe's stock markets were pessimistic as uncertainty rules ahead of next week's Fed meeting. Banking and car-making shares contracted, as did the stock indices of some periphery countries.
- There was correction on US markets; Fed chief Brainard warned to be cautious about interest rate hike.
- The S&P and the Dow are still near record highs, but both subsided yesterday.
- Samsung fell 7%, after recalling its latest premium phone Galaxy Note7.

Trading sentiment did not improve on Western Europe yesterday, after the Boston Fed chief Eric Rosengren had urged interest rate increase on Friday. The Stoxx600 index closed 1% down yesterday, shaving off an earlier loss of 2%. Investors sold the shares of banking, carmaker, and commodity producer companies in large quantities. None of the Stoxx600 sector indices could pick up; its banking index slid more than 2%, with Greek, Italian, and Spanish banking shares losing the most ground, dragging down the local stock indices in Monday's trading.

US markets opened with losses but the direction soon reversed. Stock indices markedly picked up after the dovish speech of Lael Brainard – the member of the Fed board of governors, and also the last decision-maker to speak before the FOMC meeting next week – warned to be cautious with interest rate hike, because a premature tightening implies risks, while the global environment is uncertain and the rate of price hikes remains unconvincing in the light of deflation fears. The comments of Ms Brainard, who is against Fed fund rate hike at this point, cheered up American markets: the S&P added 1.5%, the Dow upped 1.3%, while the NASDAQ jumped 1.8%. All of the S&P's sector indices, except real property, closed at least 1% higher, with consumer staples, utilities, and technology being the best-performing sectors. The energy sector and basic material producers advanced 1%, while the Brent and WTI crudes rose by 0.4%, going beyond 48 and 46 USD/barrel respectively. Apple grew by 2.2% while its rival Samsung slumped 7% yesterday after recalling its latest premium phone Galaxy Note7, due to battery problem. Procter&Gamble (+2.3%) and Wal-Mart were the Dow's brightest stars. The precursor of market volatility, the VIX index fell 13%, after sky-rocketing 40% on Friday.

Asia's markets opened with huge losses; the Nikkei225 stood 1.7% lower and the Topix100 was 1.6% in the red in the first hours of trading. Amid the uncertainty surrounding next week's rate decisions (the Bank of Japan meets on Tuesday) investors shied away from stock markets, while the firming of the yen (a safe haven currency) is making things worse for Japan's exporting companies. The Nikkei and the HangSeng climbed into positive territory by the close; the latter benefited from better-than-expected industrial production statistics from China.

Yesterday the Brent (0.6%) and the WTI (+0.9%) crude prices both advanced, to hit 48 and 46 USD/barrel respectively. In its most recent forecast, the OPEC raised its prediction for non-members output in 2017 to 200,000 barrels. Previously, it estimated 150,000 barrels reduction in output; the reason for the change was the production that started in the Kashagan oil field in Kazakhstan.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,76	↓	-2	↓	-4
US 10Y	1,66	↓	-1	↑	5
JP 2Y	-0,24	↓	-3	↓	-6
JP 10Y	-0,01	↓	0	→	0
GER 2Y	-0,62	↑	2	↑	1
GER 10Y	0,02	↑	8	↑	7

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	0,00	↑	1	↑	2
US 2Y Swap	1,00	↓	-1	↑	3
US 5Y Swap	1,18	↓	-1	↑	9
EUR 3M Euribor	-0,30	↓	0	↓	0
EUR 2Y Swap	-0,22	↑	0	↑	3
EUR 5Y Swap	-0,10	↑	1	↑	7
GB 3M Libor	0,00	↑	1	↓	0
GB 2Y Swap	0,46	↓	0	↓	-2
GB 5Y Swap	0,57	↓	-1	↑	5
JP 3M Libor	0,00	↑	0	↓	0
JP 2Y Swap	-0,11	↓	0	↓	-2
JP 5Y Swap	-0,07	↑	0	↑	1
CHF 3M Libor	0,00	↑	0	↑	1
CHF 2Y Swap	-0,69	↓	-2	↓	-2
CHF 5Y Swap	-0,54	↑	2	↑	3

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	48,3	↑	0,65	↑	0,87
Gold	1 327	↓	-0,04	↓	-1,59

Source: Reuters, OTP Research

The most recent monthly report of OPEC also warned about the effects a US interest rate hike might make on oil markets; the resulting USD appreciation could keep commodity prices under pressure.

But right now there is no sign of dollar strengthening: On Monday the greenback booked losses versus the JPY and the GBP, while the EUR/USD flat-lined.

Today China is to publish retail sales statistics for August (the market projects 10% growth), August industrial production figures, fixed asset investment data, and FDI.

In Germany, the ZEW economic sentiment index for September will see the light of day today.

Likewise, the USA will publish the NFIB Business Optimism survey, as well as the federal budget balance in August.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Monday			no data			
Tuesday	CN	Aug	Industrial output (yoy, %)	6,3	6,1	6
	CN	Aug	Urban investments (yoy, %)	8,1	8,0	8,1
	CN	Aug	Retail sales (yoy, %)	10,6	10,6	10,2
	DE	Aug	CPI, final (yoy, %)	0,4	0,4	0,4
	DE	Sep	ZEW Economic Sentiment (points)		2,5	0,5
	UK	Aug	CPI (yoy, %)		1,4	1,3
	US	Aug	Federal budget (USD bn)		-108,0	-113,0

Source: Reuters, OTP Research

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