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Daily Report – Global Markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 18 339 | ↑ 0,61 | ↑ 0,25 |
| S&P500 | 2 171 | ↑ 0,53 | ↑ 0,38 |
| Nasdaq100 | 4 875 | ↑ 0,18 | ↑ 0,44 |
| Russell2000 | 1 256 | ↑ 0,75 | ↓ -0,61 |
| Stoxx600 | 343 | ↑ 0,70 | ↑ 0,03 |
| DAX | 10 438 | ↑ 0,74 | ↑ 0,02 |
| FTSE 100 | 6 849 | ↑ 0,61 | ↑ 0,21 |
| CAC40 | 4 432 | ↑ 0,77 | ↑ 0,52 |
| ATX | 2 386 | ↑ 0,61 | ↑ 0,99 |
| IBEX35 | 8 740 | ↑ 0,60 | ↓ -0,21 |
| Nikkei 225 | 16 746 | ↑ 1,71 | ↑ 187,43 |
| Hang Seng | 22 129 | ↑ 0,38 | ↓ -0,21 |
| SSEC | 3 003 | ↑ 0,52 | ↓ -1,28 |
| SENSEX | 28 366 | ↑ 0,26 | ↓ -0,60 |
| RTS | 975 | ↑ 0,22 | ↓ -0,43 |
| Bovespa | 59 356 | ↑ 1,67 | ↑ 1,65 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,1214 | ↑ 0,01 | ↑ 0,16 |
| EUR/CHF | 1,0890 | ↑ 0,04 | ↑ 0,44 |
| GBP/USD | 1,3017 | ↓ -0,02 | ↓ -0,43 |
| USD/JPY | 101,56 | ↑ 0,90 | ↑ 0,82 |
| AUD/USD | 0,7681 | ↓ -0,12 | ↑ 0,51 |
| USD/CAD | 1,3080 | ↑ 0,02 | ↑ 0,31 |
| USD/RUB | 63,05 | ↑ 0,01 | ↓ -0,97 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 12,4 | ↓ -0,7 | ↓ -0,9 |
| CDS 5Y PIIS | 12 | ↑ 0,0 | ↑ 2,8 |
| CDS 5Y Italy | 125 | ↑ 0,2 | ↑ 8,3 |
| CDS 5Y Belg. | 127 | ↑ 0,0 | ↓ -1,2 |
| iTraxx 5Y EU | 21,6 | ↑ 1,2 | ↓ -0,2 |
| US TED Spread | 73,9 | ⇒ 0,0 | ↓ -6,5 |

Source: Reuters, OTP Research

Summary

- Wednesday's OPEC meeting unexpectedly reached an agreement, triggering a huge rally in crude futures.
- Trading in Western Europe was optimistic; Deutsche Bank picked up 2%.
- America opened modestly but the favourable reports from the oil market led the benchmark indices higher.

Wednesday's most important, market-moving event was OPEC extraordinary meeting, where counterintuitively, members struck a deal to freeze production. The daily limit of 32.5 million barrels (against the current output of 33.24 million barrels) is to take effect from November. Right after the word on the agreement leaked out, before the official announcement, crude futures started to steeply rise. Rallying more than 5%, the Brent traded at 49.32 USD/barrel at the end of the day, and the WTI surged 4.9%, to USD 47.1.

Buyers began to outnumber sellers on Western Europe's stock markets, which were ailing earlier in the week. The DAX upped 0.7%, the CAC40 advanced 0.8%, and the FTSE100 rose by 0.6%. In recent days Deutsche Bank came to the focus of attention because of a record-high fine of USD 14 billion from the US Department of Justice, which would put the bank on the verge of bankruptcy without capital increase. The bank's share price recovered 2% yesterday, helped by a number of favourable reports; in one of them, the ministry is willing to reduce the fine if the bank cooperates with authorities; the other said DB managed to sell its British subsidiary Abbey Life Insurance for USD 1.2 billion. The German daily Die Zeit's sources denied earlier reports, saying that Germany was preparing a rescue package for Deutsche Bank if it fails to find sufficient market funding for the necessary capital increase; but this report has not been confirmed. Benefiting from the benign news, banking shares fared well across Europe's stock exchanges.

Trading in America started quietly, and Janet Yellen's testimony before Congress did not make much difference either. The key topics were the presidential election as well as the labour market situation, and little was said about interest rate hikes. The information leaked out from the OPEC meeting stirred things up, and helped all leading indices climb into positive territory. Of the Dow's components, Caterpillar and Exxon Mobil were the best performers (surging 4.5%). One of the S&P500 names, Murphy Oil Corporation's share price jumped 11% higher, following a huge rally. Energy companies and commodity-related businesses also did well.

GOV'T BOND MARKET

| | Yield (%) | | Daily chg (bp) | | Weekly chg (bp) |
|---------|-----------|---|----------------|---|-----------------|
| US 2Y | 0,77 | ↑ | 1 | ↓ | -1 |
| US 10Y | 1,59 | ↑ | 3 | ↓ | -6 |
| JP 2Y | -0,29 | ↓ | -1 | ↓ | -29 |
| JP 10Y | -0,08 | ↓ | -1 | ↓ | -8 |
| GER 2Y | -0,70 | ↓ | -1 | ↓ | -4 |
| GER 10Y | -0,14 | ↓ | -3 | ↓ | -13 |

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 | ↑ | 0 | ↓ | -1 |
| US 2Y Swap | 0,97 | ↑ | 0 | ↓ | -4 |
| US 5Y Swap | 1,15 | ↑ | 0 | ↓ | -1 |
| EUR 3M Euribor | -0,30 | ↓ | 0 | ↓ | 0 |
| EUR 2Y Swap | -0,25 | → | 0 | ↓ | -1 |
| EUR 5Y Swap | -0,17 | → | 0 | ↓ | -2 |
| GB 3M Libor | 0,00 | → | 0 | → | 0 |
| GB 2Y Swap | 0,41 | ↓ | 0 | ↓ | -2 |
| GB 5Y Swap | 0,46 | ↑ | 1 | ↓ | -5 |
| JP 3M Libor | 0,00 | ↓ | 0 | ↑ | 1 |
| JP 2Y Swap | -0,10 | ↓ | 0 | ↓ | -2 |
| JP 5Y Swap | -0,11 | ↑ | 0 | ↓ | -2 |
| CHF 3M Libor | 0,00 | ↓ | 0 | ↓ | 0 |
| CHF 2Y Swap | -0,73 | ↓ | -3 | ↓ | -7 |
| CHF 5Y Swap | 0,00 | ↑ | 1 | ↓ | -7 |

COMMODITIES

| | Close | | Daily chg. (%) | | Weekly chg. (%) |
|-----------|-------|---|----------------|---|-----------------|
| Oil Brent | 48,7 | ↑ | 5,92 | ↑ | 2,20 |
| Gold | 1 321 | ↓ | -0,45 | ↓ | -1,01 |

Source: Reuters, OTP Research

The optimism seen in Europe and America spread into Asia, where the indices stood in positive territory this morning, benefiting from the favourable oil market news.

Global currency markets barely moved; the EUR/USD closed flat, whereas the USD firmed 0.3% versus the yen (USD/JPY: 100.7). This morning the greenback marched higher against the JPY, and was seen gaining 0.9%.

The USA published the August reading of durable goods orders, which was stagnant, wrong-footing economists who had forecast 1.5% fall from the previous month. Yet the figure is seen weak, as the unexpected increase came from a one-off order for defence aircraft.

Today the European Commission will publish its economic sentiment index for September, which is expected to match the previous month's reading.

The USA is to publish the third revision of the Q2 GDP figure.

| | COUNTRY | DATE | INDICATOR / EVENT | FACT | CONSENSUS | PREVIOUS |
|-----------|---------|------|--|------|-----------|----------|
| Wednesday | US | Aug | Durable goods orders (mom, %) | 0,0 | -1,4 | 4,4 |
| | US | Sep | Janet Yellen speaking before the Committee on Financial Services | - | - | - |
| | | Sep | OPEC meeting (26 Sept - 28 Sept) | - | - | - |
| Thursday | EZ | Sep | European Commission Economic Sentiment (point) | | 103,5 | 103,5 |
| | DE | Sep | CPI (flash, yoy, %) | | 0,6 | 0,4 |
| | US | Q2 | GDP (third estimate, qoq, %) | | 1,3 | 1,1* |
| | US | Aug | Pending home sales change (mom, %) | | 0,0 | 1,3 |

Source: Reuters, OTP Research

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