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Daily Report – Global Markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 18 308 | ↑ 0,91 | ↑ 0,26 |
| S&P500 | 2 168 | ↑ 0,80 | ↑ 0,17 |
| Nasdaq100 | 4 876 | ↑ 0,77 | ↑ 0,35 |
| Russell2000 | 1 252 | ↑ 1,12 | ↑ 0,86 |
| Stoxx600 | 343 | ↑ 0,06 | ↓ -0,70 |
| DAX | 10 511 | ↑ 1,01 | ↓ -1,09 |
| FTSE 100 | 6 899 | ↓ -0,29 | ↓ -0,15 |
| CAC40 | 4 448 | ↑ 0,10 | ↓ -0,90 |
| ATX | 2 405 | ↓ -0,41 | ↑ 0,09 |
| IBEX35 | 8 779 | ↓ -0,19 | ↓ -0,50 |
| Nikkei 225 | 16 599 | ↑ 0,90 | ↑ 0,62 |
| Hang Seng | 22 129 | ↑ 1,20 | ↑ 1,11 |
| SSEC | 3 005 | → 0,00 | ↑ 0,81 |
| SENSEX | 28 164 | ↑ 1,07 | ↓ -0,60 |
| RTS | 991 | ↓ -0,73 | ↓ -0,31 |
| Bovespa | 58 367 | ↑ 0,03 | ↓ -0,56 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,1238 | ↑ 0,15 | ↓ -0,21 |
| EUR/CHF | 1,0918 | ↑ 0,72 | ↑ 0,14 |
| GBP/USD | 1,2975 | ↑ 0,06 | → 0,00 |
| USD/JPY | 101,37 | ↑ 0,04 | ↑ 1,05 |
| AUD/USD | 0,7649 | ↓ -0,07 | ↑ 0,17 |
| USD/CAD | 1,3117 | ↓ -0,08 | ↓ -0,79 |
| USD/RUB | 62,87 | ↓ 0,00 | ↓ -1,57 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 13,3 | ↓ -0,7 | ↑ 1,0 |
| CDS 5Y PIIS | 13 | ↑ 0,1 | ↑ 5,0 |
| CDS 5Y Italy | 125 | ↑ 2,3 | ↑ 12,6 |
| CDS 5Y Belg. | 129 | ↓ -0,4 | ↓ -1,6 |
| iTraxx 5Y EU | 21,2 | ↓ -0,5 | ↑ 1,8 |
| US TED Spread | 72,5 | → 0,0 | ↓ -11,1 |

Source: Reuters, OTP Research

Summary

- The penalty of Deutsche Bank could be significantly less than expected
- Due to the good news, equity markets increased
- Brexit will begin in the fall of 2017 according to the British PM

After news broke that the American Department of Justice could penalize the Deutsche Bank less than expected, sentiment on the international markets improved considerably. The DAX increased around 1% and the S&P500 by 0,8%. Bank stocks were over performing on Friday. Deutsche Bank increased by a staggering 14%, Goldman Sachs by 1,5% and Credit Suisse by 6,3%.

The British Prime Minister announced that the UK will begin the exit process in the fall of 2017, which will end after around 2 years of negotiations with the EU. The first step will be to countermand the 1972. Law about the EU Ascension. Market speculation was earlier that the UK could wait for the German election next year, but with that news it is out of the equation. Minouche Shafik, Deputy Governor of the BOE said that there is room for more QE, if needed.

Achim Wambach, Head of the German ZEW Institution said that although the German economy is in good shape, but there are major risk factors which could materialize in the near future. The Brexit has no significant immediate effect so far, but according to Wambach more and more German enterprises postpone their investment which could have an impact in the economy later. Moreover due to the elections next year, important economic reforms are postponed or altered due to political reasons.

Despite the agreement between the OPEC members last week, the Brent crude increased only modestly. So far, there are market participants who question the effectiveness of the agreement. If it will be effective from November it will have only a modest effect on the oil prices.

On Friday the EUR appreciated against the US dollar. Against the Swiss franc it appreciated 0,7% the EUR due to the good news about the Deutsche Bank.

Trading in the Asian markets was in a good mode. The Nikkei increased by 0.9%, and the Hang Seng by 1,2%.

GOV'T BOND MARKET

| | Yield (%) | Daily chg (bp) | Weekly chg (bp) |
|---------|-----------|----------------|-----------------|
| US 2Y | 0,78 | ↑ 5 | ↑ 2 |
| US 10Y | 1,60 | ↑ 5 | ↓ -2 |
| JP 2Y | -0,27 | ↓ -2 | ↓ -6 |
| JP 10Y | -0,08 | ↑ 1 | ↓ -3 |
| GER 2Y | -0,70 | ↓ 0 | ↓ -3 |
| GER 10Y | -0,14 | ↓ -1 | ↓ -5 |

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 | 0,85 | ↑ 1 | ↓ -1 |
| US 2Y Swap | 0,99 | ↓ -2 | ↑ 1 |
| US 5Y Swap | 1,15 | ↓ -1 | ↑ 3 |
| EUR 3M Euribor | -0,30 | → 0 | ↑ 0 |
| EUR 2Y Swap | -0,23 | ↑ 1 | ↑ 1 |
| EUR 5Y Swap | -0,16 | ↑ 2 | ↑ 1 |
| GB 3M Libor | 0,38 | ↑ 0 | ↑ 0 |
| GB 2Y Swap | 0,44 | ↑ 2 | ↓ -2 |
| GB 5Y Swap | 0,49 | ↑ 2 | ↑ 1 |
| JP 3M Libor | -0,03 | ↓ -1 | ↓ -3 |
| JP 2Y Swap | -0,11 | ↑ 1 | ↓ -2 |
| JP 5Y Swap | -0,10 | ↑ 1 | ↓ -1 |
| CHF 3M Libor | -0,75 | ↑ 0 | ↓ 0 |
| CHF 2Y Swap | -0,70 | ↓ -1 | ↓ -2 |
| CHF 5Y Swap | -0,63 | ↓ -1 | ↓ -3 |

COMMODITIES

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-----------|-------|----------------|-----------------|
| Oil Brent | 49,1 | ↓ -0,37 | ↑ 5,53 |
| Gold | 1 316 | ↓ -0,32 | ↓ -1,69 |

Source: Reuters, OTP Research

Although sentiment was good on Friday but the incoming data was mixed. Japanese household spending and unemployment disappointed and the dynamic of household construction also slowed.

Inflation in the Eurozone was subdued, and the unemployment rate increased. The sentiment indexes from the US improved considerably. Today PMI data are coming from major EU economies. Moreover we have construction spending and total vehicle sales.

| | COUNTRY | DATE | INDICATOR / EVENT | FACT | CONSENSUS | PREVIOUS |
|--------|---------|------|---|------|-----------|----------|
| Friday | JP | Aug | Households Spending (yoy, %) | -4,6 | -2,5 | -0,5 |
| | JP | Aug | Unemployment rate (%) | 3 | 3 | 3 |
| | JP | Aug | Industrial output (yoy, %) | | | |
| | JP | Aug | Housing starts (yoy, %) | 3 | 7 | 9 |
| | CN | Sep | Caixin Manufacturing PMI (points) | 50,1 | 50,1 | 50 |
| | EZ | Sep | CPI (flash, yoy, %) | 0,4 | 0,4 | 0,2 |
| | EZ | Aug | Unemployment rate (%) | 10,1 | 10,0 | 10,1 |
| | DE | Aug | Retail sales (yoy, %) | 3,7 | 1,3 | -1,5 |
| | GB | Sep | Home price index (év/év, %) | 5,3 | 5 | 6 |
| | GB | Q2 | GDP (yoy, %) | 2,1 | 2,2 | 2,2 |
| | US | Aug | Personal income (mom, %) | 0,2 | 0,2 | 0,4 |
| | US | Aug | Personal consumption, adjusted (mom, %) | 0,0 | 0,1 | 0,3 |
| | US | Sep | Chicago PMI (point) | 54,2 | 52,0 | 51,5 |
| | US | Sep | Michigan Consumer sentiment (final, point) | 91,2 | 90,0 | 89,8 |
| Monday | JP | Sep | Nikkei Manufacturing PMI (point) | | - | 50,3 |
| | DE | Sep | Manufacturing PMI (point) | | 54,3 | 54,3 |
| | FR | Sep | Manufacturing PMI (point) | | 49,5 | 49,5 |
| | UK | Sep | Manufacturing PMI (point) | | 52,1 | 53,3 |
| | IT | Sep | Manufacturing PMI (point) | | 50,3 | 49,8 |
| | SP | Sep | Manufacturing PMI (point) | | 51,4 | 51 |
| | CH | Aug | Retail sales (yoy, %) | | - | -2,2 |
| | US | Sep | ISM Manufacturing PMI (point) | | 50,5 | 49,4 |
| | US | Aug | Construction spending (mom, %) | | -0,2 | 0,0 |
| | US | Aug | Total vehicle sales (annualized monthly, million) | | 17,1 | 17,0 |

Source: Reuters, OTP Research

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