

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 254	↓ -0,30	↑ 0,88
S&P500	2 161	↓ -0,33	↑ 0,70
Nasdaq100	4 867	↓ -0,19	↑ 1,03
Russell2000	1 246	↓ -0,47	↓ -0,05
Stoxx600	343	↑ 0,09	↑ 0,95
DAX	n.a.	n.a.	n.a.
FTSE 100	6 984	↑ 1,22	↑ 2,43
CAC40	4 454	↑ 0,12	↑ 1,04
ATX	2 406	↑ 0,01	↑ 1,01
IBEX35	8 752	↓ -0,32	↑ 0,46
Nikkei 225	16 736	↑ 0,83	↑ 0,60
Hang Seng	22 129	↑ 0,09	↑ 0,15
SSEC	n.a.	n.a.	n.a.
SENSEX	28 305	↑ 0,22	↓ -0,60
RTS	1 005	↑ 1,39	↑ 1,81
Bovespa	59 461	↑ 1,87	↑ 2,42

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1209	↓ -0,26	↓ -0,24
EUR/CHF	1,0912	↓ -0,05	↑ 0,25
GBP/USD	1,2841	↓ -1,03	↓ -1,37
USD/JPY	102,30	↑ 0,68	↑ 1,86
AUD/USD	0,7667	↓ -0,04	↑ 0,01
USD/CAD	1,3138	↑ 0,16	↓ -0,42
USD/RUB	62,31	↓ -0,01	↓ -2,07

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,6	↑ 0,3	↓ -0,9
CDS 5Y PIIS	14	↑ 0,5	↑ 7,3
CDS 5Y Italy	128	↑ 0,9	↑ 14,3
CDS 5Y Belg.	132	⇒ 0,0	↓ -0,8
iTraxx 5Y EU	21,2	↑ 1,6	↑ 1,4
US TED Spread	74,1	⇒ 0,0	↓ -11,2

Source: Reuters, OTP Research

Summary

- Western European equities slightly edged higher yesterday, only the FTSE showed real strength.
- Rate hike fears intensified on the US markets, while stock indices weakened. Corporate earnings reports are expected to get into the lime-light from next week.
- Tesla reported better-than-forecast Q3 electric car deliveries, its price jumped by 5%.

Most of Western European stock markets slightly edged higher on Monday. Stoxx600 gained only 0.1%, the trade volume was a fifth lower than the 30-day average, while the German markets were closed because of national holiday. The FTSE gained 1.2% and reached the highest level since May of last year. The British pound weakened after British PM, Theresa May had announced that the Brexit negotiations were scheduled to start in Q1 2017. As the pound weakened, the British companies with sales revenues dominantly coming from abroad strengthened. At the same time better-than-forecast manufacturing data from the UK also raised the investors' attention. Worries about the European banking sector still haven't vanished, the Italian MIB Index lost due to Intesa Sanpaolo's 2.3% decline. Despite the better than expected manufacturing PMI in France, Italy and Spain, the CAC40 hardly rose, the IBEX lost 0.3% and the MIB weakened 0.8%. Although there were no fresh news on Deutsche Bank, its price declined by 2.3% in the US trading, and further decline is expected when the German market opens on Tuesday. According to some sources familiar with the matter DB can't avoid to cut 1,000 jobs in its home market. At the same time, ING Groep announced to cut 5,800 jobs in five years, that means about 20,000 jobs will be eliminated in the European banking sector.

US stocks fell on Monday, as better than expected manufacturing PMIs triggered rate hike fears. The S&P and the Dow lost 0.3%, Nasdaq100 decreased by 0.2%. Except industrials all S&P sectors declined, the real estate sector, the utilities and the consumer staples became the biggest losers. DuPont (+1,3%), United Technologies (+0,8%) and Johnson & Johnson (+0,7%) gained the most among Dow-members, while Travelers Co. (-1,4%), Procter & Gamble (-1,2%) and UnitedHealth Group (-1,1%) led the list of losers. Third quarter earnings season kicks off soon, it unofficially starts next Tuesday with Alcoa's report. According to Bloomberg, analysts expect 1.5% drop in earnings in the S&P-universe. Tesla announced better-than-forecast deliveries in the 3rd quarter, the maker of electric cars and batteries delivered 24,500 cars doubling the figure one year ago. After the announcement Tesla jumped by 5.7%, but at the it realised a 4.7% gain. The better than expected Q3 sales data were extremely important to Tesla, because this was the last chance to show that it can be profitable before it raises money to ramp up production of the new Model 3. Tesla is getting closer to its aim of the production of 50,000 cars in H2. Tesla expects to increase its production to 500,000 a year by 2018.

Asian stock markets opened with decent gains, the optimistic sentiment held on until the closing bell. Nikkei rose 0.8%, Hang Seng advanced 0.1%. China is closed today for holiday.

Source: Reuters, OTP Research

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,80	↑	2	↑	5
US 10Y	1,63	↑	3	↑	4
JP 2Y	-0,27	↑	0	↓	-5
JP 10Y	-0,06	↑	2	↑	1
GER 2Y	-0,69	↑	1	↓	-2
GER 10Y	-0,12	↑	2	↓	-3

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	↑	0
US 2Y Swap	1,00	↓	-1	↑	1
US 5Y Swap	1,17	↓	-1	↑	6
EUR 3M Euribor	-0,30	→	0	↑	0
EUR 2Y Swap	-0,23	↓	-1	↑	2
EUR 5Y Swap	-0,14	↑	2	↑	3
GB 3M Libor	0,00	↑	0	↑	1
GB 2Y Swap	0,43	↓	0	↓	0
GB 5Y Swap	0,48	↓	-1	↑	2
JP 3M Libor	0,00	↑	3	↓	-1
JP 2Y Swap	-0,10	↑	1	↓	0
JP 5Y Swap	-0,10	→	0	↑	1
CHF 3M Libor	0,00	↓	0	↓	0
CHF 2Y Swap	-0,70	→	0	↓	-1
CHF 5Y Swap	0,00	↑	1	↓	-1

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	50,9	↑	3,73	↑	10,29
Gold	1 311	↓	-0,33	↓	-1,31

Crude oils gain again, the Brent increased by 1.4, while the WTI rose 0.9%. This is the first time in the last 6 weeks that Brent's price exceeds 50\$/bbl.

The pound weakened close to 3-decade low yesterday, after the British PM, Theresa May announced that the government starts Brexit negotiations in the first quarter of 2017. The pound weakened by 1.1% against the USD, the rate sank to 1.2834 at the closing time in London. Better-than-forecast manufacturing PMI in the UK stopped the pound to drop further.

Markit manufacturing PMI data have been published also in the euro area. In some member countries it improved more than expected but in France it is still below the 50 point-level indicating growth.

Some important data are scheduled for today, construction PMI data in the UK and Nikkei manufacturing PMI in Japan are expected to be published today.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Monday	DE	Sep	Manufacturing PMI (points)	54,3	54,3	54,3
	FR	Sep	Manufacturing PMI (points)	49,7	49,5	48,3
	UK	Sep	Manufacturing PMI (points)	55,4	52,1	53,3
	IT	Sep	Manufacturing PMI (points)	51,0	50,3	49,8
	SP	Sep	Manufacturing PMI (points)	52,3	51,4	51,0
	CH	Aug	Retail sales (yoy, %)	-3,0	-1,5	-2,7
	US	Sep	ISM Manufacturing PMI (points)	51,5	50,5	49,4
	US	Aug	Construction spending (mom, %)	-0,7	0,2	-0,3
	US	Aug	Total vehicle sales (annualized monthly, million)	17,8	17,3	17,0
Tuesday	JP	Sep	Nikkei Manufacturing PMI (points)	50,4	50,3	49,5
	UK	Sep	Markit construction PMI (points)		49,0	49,2

Source: Reuters, OTP Research

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