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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 223	↑ 0,43	↑ 0,76
S&P500	2 151	↑ 0,47	↑ 1,17
Nasdaq100	4 910	↑ 1,20	↑ 2,37
Russell2000	1 226	↑ 0,69	↑ 0,75
Stoxx600	344	↓ -0,01	↑ 2,03
DAX	10 761	↑ 0,47	↑ 2,45
FTSE 100	6 986	↓ -0,49	↑ 0,56
CAC40	4 553	↑ 0,36	↑ 2,30
ATX	2 495	↑ 1,27	↑ 3,42
IBEX35	9 216	↑ 1,27	↑ 5,44
Nikkei 225	17 373	↑ 0,80	↑ 4,62
Hang Seng	23 603	↓ 0,00	↑ 0,89
SSEC	3 129	↑ 0,02	↑ 1,46
SENSEX	28 067	↓ -0,40	↓ -0,40
RTS	994	↑ 0,75	↑ 1,69
Bovespa	64 060	↓ -0,08	↑ 2,18

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0880	↓ -0,02	↓ -0,86
EUR/CHF	1,0808	↓ -0,04	↓ -0,50
GBP/USD	1,2235	↑ 0,02	↓ -0,50
USD/JPY	104,36	↑ 0,18	↑ 0,49
AUD/USD	0,7634	↑ 0,33	↓ -0,37
USD/CAD	1,3329	↑ 0,33	↑ 1,69
USD/RUB	62,06	↓ -0,13	↓ -0,64

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,0	↓ -0,3	↓ -3,2
CDS 5Y PIIS	13	↓ -2,6	↓ -4,0
CDS 5Y Italy	114	↓ -1,5	↓ -4,0
CDS 5Y Belg.	119	↓ -0,1	↓ -0,1
iTraxx 5Y EU	19,7	↓ -1,0	↓ -3,3
US TED Spread	70,2	→ 0,0	↓ -2,0

Source: Reuters, OTP Research

Summary

- Sentiment was positive on Monday in the European and the US stock markets.
- Markit PMIs delighted investors in Western Europe, while stocks in the US advanced amid takeover deals.
- Crude oil price decreases.
- 3M, Apple and GM are scheduled to release earnings report in the US today.

Market sentiment in the Western European market was optimistic on Monday morning due to the improving Markit PMIs. Sales of defensive stocks eroded earlier gains by the end of the day, and the Stoxx600 lost less than 0.1% despite the 0.8% earlier advance. Banks performed the biggest gain among Stoxx600 sectors, but corporate stories also moved the market. Philips surprised investors with 14% YoY profit gain and stocks rallied 4.4%. Nestle and Anheuser-Busch brewery dragged food manufacturers lower, Nestle declined by 1.0% AB fell by 1.6% yesterday. Nestle published third quarter earnings figures last week, at the same time the company released a warning as it fails this year again to meet its own 5–6% organic growth target. AstraZeneca declined 2.0% and became one of the biggest losers of the London FTSE index. Spanish stock market was the best performer among Western European peers, IBEX35 closed with a 1.3% gain after former PM Mariano Rajoy was given the right to form cabinet and the 10-month political deadlock in Spain finally ends. Spanish banks benefited the most from this, Bankia gained 4.0% and Caixa rallied 4.8% yesterday. Battered Italian bank, Banca Monte dei Paschi di Siena performed even better, stocks gained 28% in yesterday's trading as investors were looking forward the new business plan expected to be presented on Monday evening. British hospitality chain Whitbread is scheduled to release earnings report today, while Barclay's, Deutsche Bank, GlaxoSmithKline and Heineken is expected to publish their latest earning figures this week.

Positive sentiment helped stocks also in the US on Monday, S&P gained 0.5%, the Dow added 0.4% while the Nasdaq100 rose 1.2%. Takeover deals moved stock prices while investors focus more and more on corporate earnings reports. Microsoft was one of the best performers of the technology sector, after Friday's post-earnings over 4% rally it gained 2.3% on Monday and reached new historic highs. Apart from the technology, the consumer sector was the biggest winner among S&P sectors, while energy and healthcare companies declined. Amazon gained 2.3% after Goldman Sachs raised its target price to 1050\$ that means a 25% potential gain. 3M, Apple, Caterpillar, General Motors and Merck are scheduled to release earning reports today.

Asian markets started Tuesday's trade with gains and ended trading session in the positive territory. Japanese precision motors manufacturer rallied 6.1 after the company posted 20% profit gain in the third quarter. Apple supplier Korean SK Hynix gained 2.1% after releasing earnings report.

Both Brent and WTI sank 0.6% after Iraqi oil minister expects his country to be excluded from OPEC production freeze as Iraq is embroiled in a war with Islamic militants, while Russia refused again on Sunday to commit to joining OPEC in trimming production.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,84	↑	2	↑	3
US 10Y	1,77	↑	2	↓	0
JP 2Y	-0,24	↑	1	↑	2
JP 10Y	-0,06	↓	0	↓	-1
GER 2Y	-0,65	↑	2	↑	1
GER 10Y	0,01	↑	0	↓	-6

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	↓	-88	↓	-88
US 2Y Swap	1,05	↓	-1	↑	3
US 5Y Swap	1,26	↓	-2	↑	5
EUR 3M Euribor	-0,31	↑	0	→	0
EUR 2Y Swap	-0,20	→	0	↑	1
EUR 5Y Swap	-0,07	↑	1	↑	1
GB 3M Libor	0,00	↓	-40	↓	-40
GB 2Y Swap	0,58	↑	0	↑	1
GB 5Y Swap	0,73	↑	0	↓	-1
JP 3M Libor	0,00	↑	1	↑	1
JP 2Y Swap	-0,05	↓	-1	↑	1
JP 5Y Swap	-0,05	↓	-2	↑	2
CHF 3M Libor	0,00	↑	72	↑	73
CHF 2Y Swap	-0,66	↑	1	↑	1
CHF 5Y Swap	0,00	↑	1	↑	1

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	51,5	↓	-0,62	↓	-0,50
Gold	1 264	↓	-0,17	↑	0,41

Source: Reuters, OTP Research

October Markit PMIs were released yesterday in several countries. Japan's PMI outperformed expectations, the manufacturing indicator improved more than expected this month.

German PMIs both in the manufacturing and the service sector were better than forecast, 3.2 point improvement in the service sector was a real surprise.

Manufacturing and services PMIs in the euro area improved beyond expectations.

Manufacturing companies in the USA also reported improvement of the business environment, PMI outperformed market consensus.

IFO business climate indicator in Germany and consumer confidence index in the US are scheduled to release today.

This latter indicator and Atlanta Fed-president Dennis Lockhart' speech may have an influence on rate expectations.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Monday	JP	Oct	Nikkei Manufacturing PMI (point)	51,7		50,4
	FR	Oct	Markit Service PMI (point)	52,1	53,0	53,3
	FR	Oct	Markit manufacturing PMI (point)	51,3	50,0	49,7
	DE	Oct	Markit Service PMI (point)	54,1	51,5	50,9
	DE	Oct	Markit manufacturing PMI (point)	55,1	54,3	54,3
	EZ	Oct	Markit Service PMI (point)	53,5	52,5	52,2
	EZ	Oct	Markit manufacturing PMI (point)	53,3	52,6	52,6
	US	Oct	Markit manufacturing PMI (point)	53,2	51,5	51,5
Tuesday	DE	Oct	Ifo Business Climate		109,5	109,5
	US	Aug	CasShiller20 home price index, SA (mom, %)		0,1	0,0
	US	Oct	Consumer confidence (points)		101,0	104,1

Source: Reuters, OTP Research

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