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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 037	↓ -0,58	↓ -0,89
S&P500	2 112	↓ -0,68	↓ -1,30
Nasdaq100	4 726	↓ -1,75	↓ -3,38
Russell2000	1 178	↓ -1,13	↓ -2,23
Stoxx600	335	↓ -1,07	↓ -1,88
DAX	10 526	↓ -1,30	↓ -1,71
FTSE 100	6 917	↓ -0,53	↓ -0,59
CAC40	4 470	↓ -0,86	↓ -1,42
ATX	2 474	→ 0,00	↓ -1,38
IBEX35	9 041	↓ -1,12	↓ -1,45
Nikkei 225	17 135	↓ -1,76	↓ -2,19
Hang Seng	22 809	↓ -1,46	↓ -1,40
SSEC	3 103	↓ -0,63	↓ -0,31
SENSEX	27 600	↓ -0,99	↓ -0,99
RTS	997	↑ 0,80	↑ 0,72
Bovespa	63 326	↓ -2,46	↓ -0,78

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1053	↑ 0,67	↑ 1,45
EUR/CHF	1,0782	↓ -0,70	↓ -0,64
GBP/USD	1,2241	↓ -0,01	↓ -0,04
USD/JPY	103,88	↓ -0,23	↓ -0,56
AUD/USD	0,7629	↓ -0,26	↓ -0,26
USD/CAD	1,3393	↑ 0,04	↑ 0,10
USD/RUB	63,43	↑ 0,18	↑ 0,89

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	18,6	↑ 1,5	↑ 5,1
CDS 5Y PIIS	19	↑ 0,3	↑ 3,7
CDS 5Y Italy	118	↑ 1,9	↑ 10,9
CDS 5Y Belg.	130	↓ -0,4	→ 0,0
iTraxx 5Y EU	19,7	↑ 1,8	↑ 3,2
US TED Spread	74,8	→ 0,0	↓ -1,9

Source: Reuters, OTP Research

Summary

- US markets were driven by presidential elections news.
- Stock markets fell, the USD wobbled, the CHF firmed, and gold price rose as Trump's poll numbers upped.
- Crude fell below USD 50.
- Today's FOMC meeting is likely to keep interest rates on hold.

The unfavourable sentiment at the beginning of the week owed a lot to reports on US presidential elections. On Friday FBI director James Comey said new developments might come in Hillary Clinton's e-mail saga. The Democratic presidential candidate kept confidential official e-mails on her private computer while she was secretary of state. An earlier FBI probe found no evidence of Mrs Clinton's wrongdoing. The current announcement suggests that additional e-mails will be reviewed, but it remains to be seen whether any new specifics come to light. Yet this announcement added a new twist to the US presidential race. The latest polls indicated the gap between nominees narrowing, and some surveys even show Donald Trump taking the lead. The FiveThirtyEight.com forecaster found that the odds of Clinton's victory fell to 70%, down from 84% gauged two weeks ago.

Even the encouraging corporate reports could not help Europe's stock markets yesterday. Nearly half of the Stoxx 600 companies have published their Q3 results, and 62% of them overshot analysts' predictions – stock-exchange-listed companies have not fared better than that for six quarters. On Tuesday Royal Dutch Shell came up with profit figures that beat expectations. In contrast, BP, Shire, and Standard Chartered published rather pale quarterly reports.

It was presidential elections news that weighed on US stock markets the most on Tuesday. The S&P500 dropped 0.7%, ending below 2112 points, after making a brief visit below 2100 earlier in the day. Pfizer fell 2% on Tuesday as its profit missed expectations. Interestingly, the S&P has been an excellent precursor of US presidential elections since 1984: whenever the index fell in the three months preceding the elections, the opposition's candidate won (the S&P500 has dropped 3.2% since 8 August).

Asia's stock markets fell this morning. The earnings results of Sony and Sumitomo also disappointed. American index futures stood in the red this morning.

The USD weakened on Tuesday. Political news from America hit the Mexican peso hard, and sent it to three-week low. The CHF, a safe haven currency, has firmed and gold price rose too.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,83	↓ -2	↓ -3
US 10Y	1,83	↓ -1	↑ 8
JP 2Y	-0,24	↓ 0	↑ 1
JP 10Y	-0,05	↓ 0	↑ 1
GER 2Y	-0,62	↑ 0	↑ 4
GER 10Y	0,16	↓ 0	↑ 14

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	0,88	↓ 0	↓ 0
US 2Y Swap	1,03	↓ -1	↓ -5
US 5Y Swap	1,28	↓ -2	↓ -1
EUR 3M Euribor	-0,31	⇒ 0	↓ 0
EUR 2Y Swap	-0,16	↓ 0	↑ 3
EUR 5Y Swap	0,01	↑ 1	↑ 4
GB 3M Libor	0,40	↓ 0	↑ 0
GB 2Y Swap	0,61	↓ 0	↓ -1
GB 5Y Swap	0,84	↑ 2	↑ 11
JP 3M Libor	-0,01	↑ 1	↓ 0
JP 2Y Swap	-0,05	↓ -1	↓ -1
JP 5Y Swap	-0,05	↓ -1	↓ -1
CHF 3M Libor	-0,73	⇒ 0	↓ 0
CHF 2Y Swap	-0,64	↓ -1	↑ 2
CHF 5Y Swap	-0,45	↑ 3	↑ 6

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	48,1	↓ -0,33	↓ -4,08
Gold	1 288	↑ 0,82	↑ 2,07

Source: Reuters, OTP Research

Crude price fell as the Brent plunged 4% on Tuesday, falling below USD 50. Saturday's meeting of OPEC countries in Vienna did not conclude in agreement on capping production. No specifics were published about output freezing in September, even though OPEC members met for the second time. Thus quotas cannot be set before the general meeting at end-November. Meanwhile US petroleum inventories have risen and oil production in Russia has hit levels unseen since Soviet times; what is more, Lukoil has just received permission to open a new oil field.

China and the USA released promising macroeconomic statistics on Tuesday: manufacturing sentiment indices (NBS, Caixin, and ISM) topped expectations in both regions. The Bank of Japan's decision-makers left the base rate and the asset purchase programme's parameters unchanged; the bank's fresh forecast further delayed the attainment of the inflation target, to the fiscal year ending in March 2018. Australia's central bank also left its benchmark rate on hold.

Wednesday's most important event is the Fed Open Market Committee (FOMC) rate-setting meeting. According to the CME Group's estimates based on futures prices, the odds of keeping the rate on hold now is 93%, but the probability of rate hike before the end of the year is 74%. A number of European countries and the USA (ADP employment) will release labour market data today.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	JP	Nov	BoJ rate setting meeting (%)	-0,1	-0,1	-0,1
	CH	Sep	Retail sales (yoy, %)	-2,3	-	-3,0
	US	Oct	ISM manufacturing PMI (point)	51,9	51,5	51,5
	US	Sep	Construction spending (mom, %)	-0,4	0,5	-0,7
	US	Oct	Total vehicle sales (annualized monthly, million)	18,3	17,3	17,8
Wednesday	EZ	Nov	ECB non-rate setting meeting	-	-	-
	US	Oct	ADP nonfarm employment (mom, thousand)	-	163	154
	US	Nov	Fed rate setting meeting (%)	-	0,25-0,5	0,25-0,5

Source: Reuters, OTP Research

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