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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 960	↓ -0,43	↓ -1,16
S&P500	2 098	↓ -0,65	↓ -1,65
Nasdaq100	4 727	↓ -0,84	↓ -2,75
Russell2000	1 163	↓ -1,31	↓ -2,30
Stoxx600	332	↓ -1,13	↓ -2,97
DAX	10 371	↓ -1,47	↓ -3,23
FTSE 100	6 845	↓ -1,04	↓ -2,02
CAC40	4 415	↓ -1,24	↓ -2,62
ATX	2 429	↓ -1,81	↓ -3,12
IBEX35	8 873	↓ -1,85	↓ -3,52
Nikkei 225	17 135	n.d.	n.d.
Hang Seng	22 758	↓ -0,23	↓ -0,86
SSEC	3 125	↑ 0,73	↑ 0,68
SENSEX	27 541	↑ 0,05	↑ 0,05
RTS	973	↓ -2,36	↓ -1,97
Bovespa	63 326	n.d.	n.d.

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1094	↑ 0,37	↑ 2,07
EUR/CHF	1,0798	↑ 0,15	↓ -0,37
GBP/USD	1,2297	↑ 0,46	↑ 1,12
USD/JPY	102,69	↓ -0,58	↓ -2,46
AUD/USD	0,7675	↑ 0,22	↑ 1,15
USD/CAD	1,3361	↓ -0,20	↓ -0,18
USD/RUB	63,45	↓ -0,03	↑ 1,26

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	19,3	↑ 0,8	↑ 5,1
CDS 5Y PIIS	19	↑ 0,2	↑ 3,9
CDS 5Y Italy	118	↑ 0,4	↑ 8,8
CDS 5Y Belg.	130	↑ 0,4	↑ 0,4
iTraxx 5Y EU	20,1	↑ 0,8	↑ 4,2
US TED Spread	75,6	⇒ 0,0	↓ -2,7

Source: Reuters, OTP Research

Summary

- The Fed left its key interest rates on hold (at 0.25-0.5%), as expected.
- Stock markets suffered losses on both sides of the Atlantic yesterday.
- Crude oil prices fell deeper as the EIA reported record high growth in US inventories.

The most influential, market-moving event on Wednesday was the Fed rate-setting meeting, which left interest rates on hold (at 0.25-0.5%), in sync with expectations. Only two of the ten policy makers voted for rate hike. The post-meeting statement pointed out that inflation, which has been accelerating this year, remained below the 2% target and central bankers would prefer to see signs of economic strengthening before raising the Fed funds rate. Based on futures prices, the CME Group puts the probability of a December rate hike at more than 70%.

Wednesday's trading sentiment on the Wall Street was rather unenthusiastic, because of the slipping oil prices and the tightening race ahead of next week's presidential election. On top of that, the ADP labour market report also disappointed, revealing that non-farm jobs grew by only 147,000, which undershot forecasts by 20,000. The key indices closed in the red, with the Russell2000 falling the sharpest (-1.3%). Facebook's Q3 earnings report far exceeded expectations in terms of revenue and the rise in user numbers.

The eight-day-long losing streak of European markets continued yesterday; the key indices sank more than 1%. Energy-related companies (owing to the slipping crude price), banking shares and car manufacturers had the worst day yesterday. The latter's pale performance owes a lot to October statistics on new vehicle sales, which fell by 4% year/year.

China's Shanghai Composite advanced 0.8% this morning, while Hong Kong's Hang Seng stood 0.3% lower before the end of trading. There was no trading in Japan today.

The euro steadily marched higher against the USD on currency markets, ending the day 0.4% stronger (EUR/USD: 1.11). The greenback did not fare well versus the yen, closing 0.6% lower (USD/JPY: 103.3) on Wednesday.

Crude oil market was also gloomy yesterday as the EIA's latest oil market report signified a record high increase in oil inventories (14.4 million barrels) in the United States. Crude futures have been steadily trickling down since last Saturday's unsuccessful OPEC meeting. The Brent traded at just 47 USD/barrel and the WTI ended the day at USD 45.5.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,82	↓	-2	↓	-5
US 10Y	1,80	↓	-2	↑	1
JP 2Y	0,00	↑	24	↑	24
JP 10Y	0,00	↑	5	↑	5
GER 2Y	-0,61	↑	0	↑	4
GER 10Y	0,16	↓	-1	↑	12

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	1,00	↓	-4	↓	-9
US 5Y Swap	1,25	↓	-3	↓	-9
EUR 3M Euribor	-0,31	→	0	→	0
EUR 2Y Swap	-0,16	→	0	↑	2
EUR 5Y Swap	0,01	↓	-1	↓	0
GB 3M Libor	0,40	↓	0	↑	0
GB 2Y Swap	0,59	↓	-2	↑	5
GB 5Y Swap	0,77	↓	-7	↓	-1
JP 3M Libor	-0,01	↑	1	↓	0
JP 2Y Swap	0,00	↑	5	↑	5
JP 5Y Swap	0,00	↑	4	↑	3
CHF 3M Libor	-0,73	→	0	↓	0
CHF 2Y Swap	-0,65	↓	-1	↓	-1
CHF 5Y Swap	0,00	↓	-3	↑	4

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	46,9	↓	-2,66	↓	-6,08
Gold	1 297	↑	0,71	↑	2,68

Source: Reuters, OTP Research

Today investors' focus may shift from the United States to Europe, where the Bank of England is to make interest rate decision and to publish the latest inflation report. The eurozone will release labour market data for September.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Wednesday	EZ	Nov	ECB non-rate setting meeting	-	-	-
	US	Oct	ADP nonfarm employment (mom, thousand)	147,0	165,0	154,0
	US	Nov	Fed rate setting meeting (%)	0,25-0,5	0,25-0,5	0,25-0,5
Thursday	EZ	Sep	Unemployment rate (%)		10,0	10,1
	UK	Nov	BoE Inflation Report		-	-
	UK	Nov	BoE Interest Rate Decision (%)		0,3	0,3
	CZ	Nov	Interest Rate Decision (%)		0	0
	US	Oct	ISM non-manufacturing PMI (point)		56,0	57,1
	US	Oct	Factory Orders (mom, %)		0,2	0,2

Source: Reuters, OTP Research

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