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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 333	↑ 0,40	↑ 1,64
S&P500	2 140	↑ 0,38	↑ 1,32
Nasdaq100	4 805	↑ 0,65	↑ 0,80
Russell2000	1 195	↑ 0,24	↑ 2,81
Stoxx600	335	↑ 0,32	↓ -0,13
DAX	10 482	↑ 0,24	↓ -0,42
FTSE 100	6 843	↑ 0,53	↓ -1,07
CAC40	4 477	↑ 0,35	↑ 0,15
ATX	2 457	↑ 1,05	↓ -0,66
IBEX35	8 937	↑ 0,20	↓ -1,15
Nikkei 225	17 135	↓ -5,36	↓ -9,95
Hang Seng	22 169	↓ -3,23	↓ -2,81
SSEC	3 129	↓ -0,61	↑ 0,84
SENSEX	26 693	↓ -3,25	↓ -3,25
RTS	973	↑ 0,90	↓ -2,41
Bovespa	63 326	↑ 0,17	↑ 1,31

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1023	↓ -0,14	↑ 0,96
EUR/CHF	1,0779	↑ 0,24	↑ 0,26
GBP/USD	1,2377	↓ -0,15	↑ 0,65
USD/JPY	102,33	↓ -2,67	↓ -0,93
AUD/USD	0,7649	↓ -1,44	↓ -0,12
USD/CAD	1,3398	↑ 0,84	↑ 0,07
USD/RUB	63,97	↑ 0,19	↑ 0,78

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	18,7	↑ 0,0	↑ 0,2
CDS 5Y PIIS	19	↓ -0,4	↓ -0,5
CDS 5Y Italy	117	↓ -1,7	↑ 0,2
CDS 5Y Belg.	128	⇒ 0,0	⇒ 0,0
iTraxx 5Y EU	20,0	↓ -0,5	↓ -1,6
US TED Spread	73,2	⇒ 0,0	↓ -6,7

Source: Reuters, OTP Research

Summary

- Donald Trump won the US presidential election.
- In the wake of the Republican victory, Asia's markets closed down, the peso is falling, the yen is firming, and equity futures are in the red.
- The sentiment on global markets was positive on US election day.
- Europe's indices were driven by mining companies and banks. ArcelorMittal issued profit warning. In the USA, the utilities and real estate sectors were the winners, but there were also profit warnings.

According to the latest information, Donald Trump took 276 against Hillary Clinton's 218 electoral votes, winning the US presidential election. The 100-seat Senate is likely to retain Republican majority too. Of the important battlefield states, Trump won in Pennsylvania, moreover, his victory was overwhelming in a number of states. Clinton congratulated him.

Trading on advanced markets started optimistically on yesterday, and the buoyancy lasted until the end of session. Markets thought that Hillary Clinton was more likely to win, but the below-average trading volumes indicate that investors were wary. Most of Europe's indices closed with modest gains; the Stoxx600 upped 0.3%. Commodity producers fared particularly well, but banks, food, and construction companies also outperformed. The FTSE advanced 0.5%, and the DAX upped 0.2% on Tuesday. In mining companies BHP Billiton surged 4.7%, and Antofagasta rallied 4.3%. AngloAmerican gained 2.7%. ArcelorMittal's share price jumped 6.4% after the steel manufacturer warned that a robust increase in coal prices worsened its profitability. ArcelorMittal's quarterly report slightly missed expectations; its share price closed 4.3% down. Marks & Spencer sank 5.2% into the red, after announcing to close 53 retail units abroad and 30 shops in the UK. Today Sainsbury will publish its earnings figures in the UK; in Germany, the quarterly reports of E.On, MunichRe, HeidelbergCement, and Heidelberg Druckmaschinen are worth keeping an eye on.

Trading in America was likewise optimistic in Tuesday, when the Dow and the S&P closed 0.4% higher and the NASDAQ100 advanced 0.7%. The best-performing sectors were utilities, real estate, industry and technology, far exceeding the benchmark. In semiconductors, Texas Instruments soared 3.3%. Facebook went up 1.7% and Google added 1.2%. Hertz Global Holdings nose-dived 22.5% after issuing a profit warning. For similar reasons the Valeant pharmaceuticals plunged 22%, while the health care service provider CVS Health fell almost 12%, after a downward revision of this year's profit forecast. The 10Y bond yield inched up – a Trump victory could lead to major fall in yields, while in case Clinton wins bond yields could stay flat or rise.

The Mexican peso firmed 1.2% to a two-month high of 18.37, as a Trump victory is expected to weaken the peso to 25 versus the USD; whereas a Clinton presidency suggests a mild firming. A few days before the election the JPY, seen as a safe haven currency, weakened and its depreciation against the USD and the EUR continued. The USD somewhat retreated against the EUR but gained vs the GBP. Trump's victory reversed the recent days' trend, the Mexican peso is in free-fall, the yen is strengthening, and the greenback opened weaker against the EUR and the GBP.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,87	↑	4	↑	3
US 10Y	1,86	↑	3	↑	3
JP 2Y	-0,26	↓	-1	↓	-2
JP 10Y	-0,06	↓	-1	↓	-1
GER 2Y	-0,63	↑	1	↓	-2
GER 10Y	0,15	↑	2	↓	-1

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	↓	-89	↓	-88
US 2Y Swap	1,01	↓	-6	↓	-3
US 5Y Swap	1,25	↓	-9	↓	-3
EUR 3M Euribor	-0,31	→	0	↑	0
EUR 2Y Swap	-0,17	↓	-1	↓	-1
EUR 5Y Swap	0,04	↑	1	↑	4
GB 3M Libor	0,00	↓	-40	↓	-40
GB 2Y Swap	0,62	↑	1	↓	-1
GB 5Y Swap	0,82	↑	2	↓	-2
JP 3M Libor	0,00	↑	5	↑	1
JP 2Y Swap	-0,06	↓	-1	↓	-1
JP 5Y Swap	-0,06	↓	-2	↓	-2
CHF 3M Libor	0,00	↑	73	↑	73
CHF 2Y Swap	-0,65	↑	2	↓	-1
CHF 5Y Swap	-0,47	↓	-1	↓	-3

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	46,0	↓	-0,24	↓	-3,46
Gold	1 275	↓	-0,47	↑	1,46

Source: Reuters, OTP Research

Asia's markets opened mixed. Their close reflected the result of the US election as voting in the most important swing states was coming to an end, and the results and exit polls started to leak out. The Nikkei closed 5.4% in the red, and most benchmarks in Asia fell too. The JPY firmed dynamically earlier this morning, before a slight correction came.

On Tuesday China released foreign trade statistics, which indicated an expansion in the October surplus from the previous month, but the pace of contraction in exports and imports beat expectations.

Germany's foreign trade surplus for September has overshot forecasts, as did the current account surplus. Germany's industrial production fell sharper than had been estimated, dropping 1.8% month over month. The industrial production statistics from the UK were rather mixed: manufacturing production in September grew faster than had been thought (in both month/month and year/year comparison), and the full industrial output was 0.4% down in September from the previous month, wrong-footing analysts who had predicted 0.3% month/month growth.

The JPY 1,821 billion surplus in Japan's September current account balance was short of expectations. Inflation in China accelerated to 2.1% year/year in October, in line with expectations.

On top of the election results, wholesale inventory statistics as well as weekly data on crude oil and gas reserves are due out in the United States today.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	CN	Oct	Import (yoy, %)	-1,4	-1,0	-1,9
	CN	Oct	Export (yoy, %)	-7,3	-6,0	-10,0
	DE	Sep	Export (mom, %)	-0,7	-0,8	5,4
	DE	Sep	Industrial production (mom, %)	-1,8	-0,5	2,5
	UK	Sep	Industrial production (mom, %)	-0,4	0,1	-0,4
	US		U.S. presidential elections	Trump	Clinton	Obama
	Tuesday	CN	Oct	CPI (yoy, %)	2,1	-1,0
	UK	Sep	Trade balance (GBP bn)		-11,2	-12,1
	US	Sep	Wholesale inventories (mom, %)		0,2	0,2
	US	weekly	EIA crude oil stocks change (million barrels)		1,3	14,4

Source: Reuters, OTP Research

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