

Treasury Sales Team

Headquarter Treasury Sales

Alexandru Tibuleac
0372 31 85 85
alexandru.tibuleac@otpbank.ro

Cristian Ilie
0372 31 85 86
ilie.cristian@otpbank.ro

Corina Bejan
0372 31 85 84
corina.bejan@otpbank.ro

Andreea Nica
0755 000 106
andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj
0755 000 400
szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti
0755 000 199
tudor.zaman@otpbank.ro

Alexandru Sabin - Arad
0730 577 959
alexandru.sabin@otpbank.ro



Daily Report – Global Markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 18 590 | ↑ 1,40 | ↑ 3,51 |
| S&P500 | 2 163 | ↑ 1,11 | ↑ 3,11 |
| Nasdaq100 | 4 825 | ↑ 0,42 | ↑ 2,08 |
| Russell2000 | 1 232 | ↑ 3,10 | ↑ 6,50 |
| Stoxx600 | 340 | ↑ 1,46 | ↑ 2,49 |
| DAX | 10 646 | ↑ 1,56 | ↑ 2,65 |
| FTSE 100 | 6 912 | ↑ 1,00 | ↑ 0,97 |
| CAC40 | 4 543 | ↑ 1,49 | ↑ 2,92 |
| ATX | 2 487 | ↑ 1,18 | ↑ 2,37 |
| IBEX35 | 8 902 | ↓ -0,40 | ↑ 0,32 |
| Nikkei 225 | 17 135 | ↑ 6,72 | ↑ 195,32 |
| Hang Seng | 22 875 | ↑ 2,05 | ↑ 0,84 |
| SSEC | 3 170 | ↑ 1,34 | ↑ 1,32 |
| SENSEX | 27 695 | ↑ 1,62 | ↑ 1,62 |
| RTS | 990 | ↑ 1,82 | ↑ 1,77 |
| Bovespa | 63 326 | ↓ -1,40 | ↓ -0,11 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,0909 | ↓ -1,05 | ↓ -1,48 |
| EUR/CHF | 1,0738 | ↓ -0,38 | ↓ -0,60 |
| GBP/USD | 1,2404 | ↑ 0,22 | ↓ -0,45 |
| USD/JPY | 105,21 | ↓ -0,42 | ↑ 2,18 |
| AUD/USD | 0,7675 | ↑ 0,55 | ↓ -0,04 |
| USD/CAD | 1,3410 | ↓ -0,07 | ↑ 0,12 |
| USD/RUB | 63,52 | ↓ -0,54 | ↓ -0,06 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 14,4 | ↓ -4,4 | ↓ -4,9 |
| CDS 5Y PIIS | 14 | ↑ 1,6 | ↑ 0,8 |
| CDS 5Y Italy | 119 | ↑ 1,3 | ↓ -0,4 |
| CDS 5Y Belg. | 129 | ↑ 0,4 | ↑ 0,7 |
| iTraxx 5Y EU | 20,4 | ↓ -0,5 | ↓ -1,6 |
| US TED Spread | 73,2 | ⇒ 0,0 | ↓ -8,1 |

Source: Reuters, OTP Research

Summary

- The Republican Donald Trump won presidential election.
- Europe's stock exchanges quickly recovered from the initial selloff, closing at least 1% higher.
- Trading on Wall Street was optimistic; the Dow nearly hit an all-time high yesterday.
- The USD firmed broadly on currency markets; the Mexican peso fell 7% vs the greenback.

The votes of Tuesday's US presidential election were counted in most states by Wednesday morning (European time), making it clear that the Republican candidate, Donald J. Trump won more than 270 elector votes necessary for presidency.

European markets did not give a hearty welcome to the victory of the Republican candidate and opened with sharp fall. But the sentiment eased after Donald Trump's acceptance speech, helping the leading indices to end more than 1% higher. The brightest names came from pharmaceutical and commodity-related companies yesterday.

Trading was likewise buoyant on Wall Street, where the key indices soared, headed by the Russell2000's 3.1% rally. Meanwhile the Dow advanced 1.4% (to 18,589 points), nearly hitting a record high. Investors fancied health care and financial stocks because Donald Trump's victory means that the tighter rules in these fields, proposed by the Democrats, no longer pose a threat. Heavy-duty vehicles and construction companies' share also increased, anticipating business-friendly politics from the newly elected Republican president. However, the most popular firearms manufacturers (Smith & Wesson, Sturm Ruger) slid nearly 15%.

The optimism of American markets reached Asia, helping its markets achieve gains this morning, after Wednesday's sharp fall. Japan's Nikkei surged 6.7%, wiping out the previous day's losses. In Hong Kong, the Hang Seng rallied 2.1% and mainland China's Shanghai Composite closed 1.4% higher.

GOV'T BOND MARKET

| | Yield (%) | | Daily chg (bp) | | Weekly chg (bp) |
|---------|-----------|---|----------------|---|-----------------|
| US 2Y | 0,89 | ↑ | 3 | ↑ | 8 |
| US 10Y | 2,04 | ↑ | 18 | ↑ | 24 |
| JP 2Y | -0,26 | → | 0 | ↓ | -26 |
| JP 10Y | -0,05 | ↑ | 2 | ↓ | -5 |
| GER 2Y | -0,64 | ↓ | -1 | ↓ | -3 |
| GER 10Y | 0,12 | ↓ | -3 | ↓ | -4 |

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 | 1,10 | ↓ | -2 | ↑ | 7 |
| US 5Y Swap | 1,46 | ↓ | -4 | ↑ | 18 |
| EUR 3M Euribor | -0,31 | → | 0 | ↑ | 0 |
| EUR 2Y Swap | -0,15 | ↑ | 0 | ↑ | 1 |
| EUR 5Y Swap | 0,06 | ↑ | 1 | ↑ | 4 |
| GB 3M Libor | 0,40 | ↓ | 0 | ↓ | 0 |
| GB 2Y Swap | 0,63 | ↑ | 0 | ↑ | 0 |
| GB 5Y Swap | 0,83 | ↑ | 1 | ↑ | 6 |
| JP 3M Libor | -0,06 | ↓ | -1 | ↓ | -5 |
| JP 2Y Swap | -0,04 | ↑ | 1 | ↑ | 0 |
| JP 5Y Swap | -0,04 | ↓ | -1 | ↑ | 1 |
| CHF 3M Libor | -0,74 | ↓ | -1 | ↓ | -1 |
| CHF 2Y Swap | -0,65 | ↓ | 0 | ↑ | 0 |
| CHF 5Y Swap | 0,00 | ↑ | 3 | ↑ | 3 |

COMMODITIES

| | Close | | Daily chg. (%) | | Weekly chg. (%) |
|-----------|-------|---|----------------|---|-----------------|
| Oil Brent | 46,4 | ↑ | 0,70 | ↑ | 0,86 |
| Gold | 1 278 | ↑ | 0,20 | ↓ | -1,20 |

Source: Reuters, OTP Research

The USD benefited from the outcome of presidential election; the greenback appreciated against all major currencies, gaining 0.9% versus the euro (EUR/USD: 1.0909) and 0.5% against the yen (USD/JPY: 105.7). Following a sharp fall, the Mexican peso ended the day 7% down against the dollar (USD/MXN: 19.79), as Donald Trump's election campaign held out the prospect of terminating NAFTA (the North American Free Trade Agreement), which would have an adverse effect on Mexico's economy.

Copper, the most sought-after commodity yesterday, went up 3.6%. Despite opening with a rally, gold price ended marginally higher (+0.1%), while silver futures went up 0.6%. Crude oil markets were also upbeat: the Brent oil rose by 1.4% (USD 46.5), and the WTI gained 1.2% (USD 45.3) on Wednesday.

| | COUNTRY | DATE | INDICATOR / EVENT | FACT | CONSENSUS | PREVIOUS |
|-----------|---------|--------|---|-------|-----------|----------|
| Wednesday | CN | Oct | CPI (yoy, %) | 2,1 | -1,0 | -1,9 |
| | UK | Sep | Trade balance (GBP bn) | -12,7 | -11,2 | -12,1 |
| | US | Sep | Wholesale inventories (rev., mom, %) | 0,1 | 0,2 | 0,2 |
| | US | weekly | EIA crude oil stocks change (million barrels) | 2,4 | 1,3 | 14,4 |
| Thursday | US | Oct | Federal Budget (USD bn) | | -80,0 | 33,0 |

Source: Reuters, OTP Research

Chief Economist

Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Fundamental Analyst

Beáta Váradi
varadibe@otpbank.hu
+36 1 374 7271

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