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## Daily Report – Global Markets

**STOCK EXCHANGE**

|             | Close  | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA        | 19 192 | ↑ 0,36         | ↑ 0,57          |
| S&P500      | 2 191  | ↓ -0,35        | ↓ -0,62         |
| Nasdaq100   | 4 734  | ↓ -1,59        | ↓ -2,47         |
| Russell2000 | 1 314  | ↓ -0,65        | ↓ -2,48         |
| Stoxx600    | 341    | ↓ -0,33        | ↓ -0,29         |
| DAX         | 10 534 | ↓ -1,00        | ↓ -1,45         |
| FTSE 100    | 6 753  | ↓ -0,45        | ↓ -1,12         |
| CAC40       | 4 561  | ↓ -0,39        | ↑ 0,40          |
| ATX         | 2 523  | ↑ 0,15         | ↓ -0,03         |
| IBEX35      | 8 669  | ↓ -0,22        | ↑ 0,14          |
| Nikkei 225  | 17 135 | ↓ -0,47        | ↑ 0,52          |
| Hang Seng   | 22 598 | ↓ -1,23        | ↓ -0,55         |
| SSEC        | 3 244  | ↓ -0,90        | ↓ -0,55         |
| SENSEX      | 26 316 | ↓ -0,92        | ↓ -0,92         |
| RTS         | 1 047  | ↑ 1,79         | ↑ 1,80          |
| Bovespa     | 63 326 | ↓ -3,88        | ↓ -3,08         |

**FX MARKET**

|         | Close  | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,0660 | ↑ 0,70         | ↑ 0,84          |
| EUR/CHF | 1,0772 | ↓ -0,03        | ↑ 0,43          |
| GBP/USD | 1,2591 | ↑ 0,70         | ↑ 0,94          |
| USD/JPY | 114,02 | ↓ -0,05        | ↑ 0,85          |
| AUD/USD | 0,7418 | ↑ 0,05         | ↓ -0,16         |
| USD/CAD | 1,3309 | ↓ -0,03        | ↓ -1,62         |
| USD/RUB | 64,19  | ↑ 0,35         | ↓ -1,05         |

**RISK INDICATORS**

|               | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX           | 14,1  | ↑ 0,7          | ↑ 1,6           |
| CDS 5Y PIIS   | 14    | ↓ -0,1         | ↑ 1,9           |
| CDS 5Y Italy  | 129   | ↑ 0,0          | ↑ 5,1           |
| CDS 5Y Belg.  | 152   | ↓ -0,4         | ↑ 1,4           |
| iTraxx 5Y EU  | 24,7  | ↓ -0,6         | ↓ -2,4          |
| US TED Spread | 79,4  | → 0,0          | ↑ 3,4           |

Source: Reuters, OTP Research

**Summary**

- Banking shares upped in Western Europe but equities were under pressure ahead of the Italian referendum.
- America closed mixed. The financial sector is soaring as Trump nominated a former Wall Street banker for Treasury Secretary. Technology stock extended their losses.
- Crude oil prices continued their up moves. Indonesia suspends its OPEC membership. The USD weakened.

There was unsupportive sentiment on Western-Europe's stock markets. News on the OPEC agreement sent share prices higher on Wednesday but the risk-on mood faded away by Thursday. The Stoxx600 closed 0.3% down, climbing back from an even sharper fall of 0.7% earlier in the day. Simultaneously with the continued increase in oil prices, the energy sector gained, as did mining companies and banking shares. The consumer staples sector was biggest loser: Unilever fell 3.1% and Nestlé dropped 1.6%. The FTSE sank 0.5% and the DAX came down 1%. Even though the Italian benchmark upped 1%, the huge uncertainty surrounding Sunday's referendum in Italy did not ease. Banca Monte dei Paschi fell nearly 4%, but Banco Popolare and Unicredit gained 3% each, and Intesa upped 2%. Spain's Banco Popular Español rallied 14% on news that the bank is looking for a partner for a merger, and the board is planning to dismiss the CEO. The Greek ASE index's 2.3% decrease was the sharpest fall in Western Europe.

America's key benchmarks closed mixed; the Dow inched up, while the S&P edged down. Investors dumped tech shares: the NASDAQ100 closed 1.6% down and the Nasdaq Composite shed 1.4%; technology was the weakest sector within the S&P too. Apart from telecom names, all segments of the technology market saw sharp losses. Semiconductors and suppliers were the least favoured by investors: Applied Materials shrank 6.5%, Analog Devices contracted by 7%, but big names such as Intel and Texas Instruments also became 3–5% cheaper by the end of the day. The Philadelphia Semiconductor Index sank 4.9%, in the sharpest fall since the Brexit referendum, on the back of news that Apple scales back its orders for iPhone7 parts. The technology sector has been ailing since the US presidential election – the expected trade policy in the Trump era makes investors quit the tech sector, which used to be the best investment story of the year. The financial sector was the winner of the day, following news that a former head of Goldman Sachs, Steven Mnuchin would be Trump's Treasury Secretary, even though the president-elect took pleasure in criticizing the Wall Street during his campaign. Mnuchin will be the third Treasury Secretary since the '90s with a career history as a Goldman executive. Not everyone is happy about his nomination; a Democrat dubbed Mnuchin 'the Forrest Gump of the financial crisis' adding that 'he managed to participate in all the worst practices on Wall Street', Bloomberg reports.

US carmakers advanced notably yesterday, with General Motors and Ford rallying 5.5% and 3.9% respectively, as November car sales statistics surpassed expectations in the USA.

Asia opened in the green but the sentiment soured later. Investors took profits in Japan, where companies were also hit by the JPY's firming. The Nikkei225 shed 0.5%, and the Hong Kong benchmark lost more than 1%.

| GOV'T BOND MARKET |           |                |                 |  |
|-------------------|-----------|----------------|-----------------|--|
|                   | Yield (%) | Daily chg (bp) | Weekly chg (bp) |  |
| US 2Y             | 1,13      | ↑ 4            | ↑ 113           |  |
| US 10Y            | 2,40      | ↑ 10           | ↑ 240           |  |
| JP 2Y             | -0,17     | ↓ -1           | ↓ -1            |  |
| JP 10Y            | 0,05      | ↑ 2            | ↑ 2             |  |
| GER 2Y            | -0,74     | ↑ 2            | ↓ -3            |  |
| GER 10Y           | 0,28      | ↑ 7            | ↑ 3             |  |

| 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     | ↓ -93          | ↓ -94           |  |
| US 2Y Swap     | 1,31     | ↓ 0            | ↑ 2             |  |
| US 5Y Swap     | 1,82     | ↓ -3           | ↑ 3             |  |
| EUR 3M Euribor | -0,31    | ↑ 0            | ↑ 0             |  |
| EUR 2Y Swap    | -0,16    | ↓ -1           | ↑ 1             |  |
| EUR 5Y Swap    | 0,14     | ↑ 7            | ↑ 6             |  |
| GB 3M Libor    | 0,00     | ↓ -38          | ↓ -40           |  |
| GB 2Y Swap     | 0,66     | ↑ 1            | ↓ -1            |  |
| GB 5Y Swap     | 0,98     | ↑ 3            | ↑ 1             |  |
| JP 3M Libor    | 0,00     | ↑ 7            | ↑ 7             |  |
| JP 2Y Swap     | 0,02     | ↓ 0            | ↓ -1            |  |
| JP 5Y Swap     | 0,07     | ↓ -1           | ↓ 0             |  |
| CHF 3M Libor   | 0,00     | ↑ 75           | ↑ 75            |  |
| CHF 2Y Swap    | -0,64    | ↑ 2            | ↑ 7             |  |
| CHF 5Y Swap    | -0,35    | ↑ 4            | ↑ 9             |  |

| COMMODITIES |       |                |                 |  |
|-------------|-------|----------------|-----------------|--|
|             | Close | Daily chg. (%) | Weekly chg. (%) |  |
| Oil Brent   | 53,9  | ↑ 6,88         | ↑ 13,38         |  |
| Gold        | 1 171 | ↓ -0,15        | ↓ -0,70         |  |

Source: Reuters, OTP Research

The rally following Wednesday's OPEC agreement sent the WTI 3% higher (to nearly 51 USD/barrel), and lifted the Brent by 3.5%. Unsurprisingly, Norway's stock index added 1.1%; Statoil's share price advanced 4%, extending Wednesday's 4.4% gain. The NOK appreciated 0.9% against the USD. The greenback also lost ground against the EUR, CHF and the GBP, losing 0.4–0.6%. The sterling's gain stemmed from speculation that the single market membership might be retained. The yen also edged up against the USD.

Indonesia is to suspend its OPEC membership as it does not agree with the 37,000-barrel output cut, which amounts to 5% of its production. This would make it net importer, and thus automatically trigger suspension.

The eurozone published better-than-expected unemployment figures; the gauge stood at 9.8% in October, its lowest in seven years.

The weekly employment statistics did not do well in the United States, where initial jobless claims hit the highest since June, reaching 268,000 in the last week of November, exceeding the forecast 253,000. However the four-week average barely changed. The November employment report, due out today, will add further detail to the US unemployment picture.

The ISM manufacturing purchasing managers' index (PMI) rose to a better-than-expected 53.2. This is the best figure since June, and its components are also encouraging. The production sub-index has risen, and the delivery time of the purchased materials also became longer, signifying an increase in demand.

|          | COUNTRY | DATE | INDICATOR / EVENT                     | FACT                             | CONSENSUS | PREVIOUS |      |
|----------|---------|------|---------------------------------------|----------------------------------|-----------|----------|------|
| Thursday | CN      | Aug  | NBS Manufacturing PMI (point)         | 51,7                             | 51,0      | 51,2     |      |
|          | CN      | Aug  | NBS non-manufacturing PMI (point)     | 54,7                             | -         | 54,0     |      |
|          | CN      | Nov  | Caixin manufacturing PMI (point)      | 50,9                             | 50,8      | 51,2     |      |
|          | EZ      | Oct  | Unemployment rate (%)                 | 9,8                              | 10,0      | 10,0     |      |
|          | GB      | Nov  | Nationwide house price index (yoy, %) | 4,4                              | 4,6       | 4,6      |      |
|          | US      | Nov  | ISM manufacturing PMI (point)         | 53,2                             | 52,2      | 51,9     |      |
|          | US      | Oct  | Construction spending (mom, %)        | 0,5                              | 0,5       | -0,4     |      |
|          | US      | Nov  | Total vehicle sales (annualized, mn)  | 17,9                             | 17,7      | 18,0     |      |
|          | Friday  | GB   | Nov                                   | Markit Construction PMI (points) |           | 52,2     | 52,6 |
|          |         | CH   | Q3                                    | GDP (yoy, %)                     |           | 1,8      | 2,0  |
| US       |         | Nov  | Non-farm payroll ('000)               |                                  | 175       | 161      |      |
| US       |         | Nov  | Manufacturing payroll ('000)          |                                  | -3        | -9       |      |
| US       |         | Nov  | Unemployment rate (%)                 |                                  | 4,9       | 4,9      |      |

Source: Reuters, OTP Research

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