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Global Daily Report

Summary

- Despite the political uncertainty caused by the Catalan independence referendum, most stock markets in Western Europe ground higher yesterday.
- The S&P hit new high; the massacre in Las Vegas reverberated on equity markets.
- Oil prices slipped, as statistics show rising output in OPEC countries.

Sunday's Catalan independence referendum and the political uncertainty caused by the violence accompanying it have sent the IBEX 1.2% down; the 10Y Spanish bond yields hit nearly three-month high, and the EUR weakened yesterday. But some voices attribute the higher yields partly to the fact that S&P had left Spanish sovereign debt rating in place on Friday evening, rather than upgrading it: in recent weeks demand for Spanish bonds had noticeably increased, driven by speculation that the country's credit rating would be upgraded. The 10Y bond yields grew by nine basis points, to 1.69%, while the yield gap between Spanish and German bonds of the same tenor widened by 10 basis points, to 124 bps. Madrid finds the referendum anti-constitutional. The outcome of the referendum, in which 85% of voters backed Catalonia's independence, has not been officially confirmed. The political uncertainty is not likely to ease in the coming days; there will be general strike across Catalonia today. The unilateral declaration of Catalonia's independence may be a matter of a few days – some observers highlight the rhyme in history (Catalonia's independence was declared on 6 October 1934). The Catalan government urges international intermediation; the EU has been silent so far.

Excluding Spain and Portugal, most stock markets in Western Europe ended Monday's trading in positive sentiment and accordingly, with gains. Rising 0.9% sent the FTSE to two-month high, and the DAX surged 0.6%, breaking record. The Stoxx600 marched 0.5% higher, to levels last seen in June. The collapse of Britain's Monarch Airlines benefited its competitors: easyJet took off 5.2%, Lufthansa soared 3.3%, and International Consolidated Airlines (the holding that embraces IAG, Aer Lingus, British Airways, Iberia and Vueling) ascended 2.4%. Mining companies did well too.

The USA's benchmark indices climbed higher. The S&P hit new high, the fortieth one this year (+0.4%), while the Dow grew by 0.7% after the ISM manufacturing index in September hit 60.8 points, to a level last seen in 2004, partly as a consequence of the two hurricanes that swept through America. Of the S&P's sector indices, commodity and health care companies made particularly nice gains; even though technology advanced, it detached from the top performers. This was reflected in Monday's performance of tech indices: the NASDAQ Composite rose by 0.3% and the NASDAQ100 nudged only 3 points higher. The Sunday night shooting in Las Vegas, leaving at least 60 people dead, also left its mark on equity markets, where weapon manufacturers' share price increased, while casino stocks ended in the red.

On currency markets, the USD firming sent the EUR/USD 0.7% down and the GBP/USD 0.9% lower on Monday.

In the commodity world, the WTI crude fell 2.5%, and the Brent plunged 2.6% on the back of news that OPEC members, particularly Saudi Arabia, Kuwait, Libya and Nigeria had boosted their daily output by a total of 120,000 barrels, and Libya was to restart production in the Sahara this week. On industrial metal market, zinc futures upped more than 2%.

Today's most important statistics include the September reading of Japan's consumer confidence index, Britain's construction PMI for last month, as well as September car sales statistics from the USA.

Asia's stock markets closed in the green this morning. The Nikkei advanced 1.1% after the September gauge of consumer sentiment index improved stronger than had been thought. This morning the JPY eased 0.3%. Today's rate-setting meeting of the Reserve Bank of Australia left its benchmark rate unchanged.

	Stocks				Bonds				Commodity & FX			
	Product name	Close	Daily change (%)	YTD (%)	Product name	Yield	Daily change*	YTD*	Product name	Close	Daily change (%)	YTD (%)
Global	S&P500	2529,1	0,4	13,0	VIX	9,5	-0,6	-33	WTI	50,58	-2,1	-5,8
	DOW	22557,6	0,7	14,1	US 2Y	1,49	0,8	29	Brent	56,12	-2,5	-1,2
	Nasdaq100	5981,9	0,0	23,0	US 10Y	2,34	1,1	-9	Gold	1270,7	-0,7	10,4
	DAX	12902,7	0,6	12,4	GER 2Y	-0,71	-2,6	8	Silver	16,54	-0,4	3,8
	CAC40	5350,4	0,4	10,0	GER 10Y	0,45	-0,9	25	EUR/USD	1,1730	-0,7	11,6
	FTSE 100	7438,8	0,9	4,1	PT10Y	2,41	2,7	-135	EUR/GBP	0,8835	0,2	3,7
	FTSE MIB	22811,2	0,5	18,6	IT 10Y	2,20	2,4	38	EUR/NOK	9,3872	-0,2	3,3
	Stoxx600	390,1	0,5	7,9	SP 10	1,69	7,5	29	USD/CAD	1,2507	0,3	-6,9
	- Banks	165,5	-0,9	23,4	iTRAXX	55,5	-1,8	-23	AUD/USD	0,7825	-0,1	8,5
	Nikkei 225	20614,1	1,2	7,8	JPY 2Y	-0,11	-0,4	6	USD/JPY	112,75	0,2	-3,5
SSEC	3368,8	0,0	8,5	JPY 10Y	0,08	0,0	3	GBP/USD	1,3275	-0,9	7,6	
Regional	RTS	1128,7	-0,7	-2,1	RUS10	7,61	0,5	-9	USD/RUB	57,872	0,6	-6
	WIG20	2469,58	0,7	26,8	POL 10	3,36	-0,4	-7	EUR/PLN	4,3084	-0,1	-2,2
	PX50	1050,7	0,5	14,0	CZ10	1,33	10,0	184	EUR/RON	4,5833	-0,2	1,1
Hungary	BUX	37752	1,2	18,0	3MTB	0,06	3	-10	EUR/HUF	312,02	0,2	1,0
	OTP	10070	1,8	19,9	1Y	0,02	0	-16	USD/HUF	265,88	0,8	-9,4
	MOL	3010	0,3	16,7	3Y	0,60	3	-26	CHF/HUF	272,77	0,6	-5,3
	MTelekom	483	0,6	-3,0	5Y	1,32	2	-45	PLN/HUF	72,400	0,4	3,4
	Richter	6668	1,8	7,4	10Y	2,69	4	-51	GBP/HUF	352,95	0,1	-2

* In the case of bond yields, the change is in basis points instead of percentage (VIX and ITRAXX not included).

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.	
2017 10. 2.	2 : 30	JP	Nikkei Manufacturing PMI (points)	Sept.	52,9	52,6	52,6
	9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	July	303	-	322*
	9 : 00	HU	Manufacturing PMI (points)	Sept.	59,3	-	56,6
	11 : 00	EZ	Unemployment rate (%)	Aug.		9,1	9,1
	16 : 00	US	Construction expenditure (mom, %)	Aug.		0,2	-1
	16 : 00	US	ISM Manufacturing PMI (points)	Sept.		57,5	58,8
3.	14 : 00	RO	Interest rate decision (%)	Oct.		1,75	1,8
	21 : 30	US	Vehicle sales (annualized monthly, million)	Sept.		16,3	16,1
4.	9 : 00	HU	Retail sales (first estimate, yoy, %)	Aug.		-	4,2
	14 : 00	PL	Interest rate decision (%)	Oct.		1,5	2
	14 : 15	US	ADP non-farm employment (mom, '000s)	Sept.		172	237,0
	8 : 00	US	ISM non-Manufacturing PMI (points)	Aug.		54,9	55,3
5.	9 : 00	HU	Fiscal balance (monthly, billion HUF)	Aug.		-	-163,1
	16 : 00	US	Factory orders (mom, %)	Sept.		0,5	-3,3
6.	11 : 00	DE	Industrial orders (mom, %)	Sept.		0,7	-0,7
	16 : 00	HU	Industrial production (preliminary, yoy, %)	Aug.		-	0,2
	10 : 00	HU	International reserves (preliminary, EURbn)	Sept.		-	22,4
	14 : 30	US	Unemployment rate (%)	Sept.		4,4	4,4
	14 : 30	US	Average earnings (yoy, %)	Sept.		2,6	2,5
	14 : 30	US	Average earning (mom, %)	Sept.		0,2	0,1
	14 : 30	US	Non-farm payroll (mom, '000s)	Sept.		130	156,0

* preliminary data

Source: Reuters, OTP Research

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