

# Global Daily Report



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### Summary

- Friday's trading ended with losses on both sides of the Atlantic; a new spy story hit the US tech sector.
- US employment growth in September undershot expectations.
- Government bond yields continued to rise.
- The PBoC is to cut the required reserve ratio.

The pessimism on global stock markets did not ease on Friday, when the benchmark indices slipped in Europe and the USA alike. Europe's stock markets closed with loss for the second week in a row. The Stoxx600 dropped 0.9% on Friday, bringing last week's total loss to 1.8%. The FTSE fell 1.4%, the DAX slipped 1.1%, and the CAC40 sank 1% on the last trading day of the week. Greece's benchmark slid 2.6% as the country's banks are under strong pressure following reports about the Greek banking system's massive non-performing loan volume, which is likely to require a sizeable capital injection for local banks. The sentiment has not improved in Italy, where the FTSE-MIB index slipped 1.3% after the government final budget plan came with lower growth forecast and a 2019 deficit target of 2.4% of GDP. The 10Y Italian bond yield jumped 10 basis points higher. In Europe, mining companies were the losers of the day: Anglo American nose-dived 4.3%, and Rio Tinto plunged 4.0%. Danske Bank slid more than 6% owing to allegations of money laundering.

On Friday the USA published weaker-than-expected labour market data for September. Although the rise in non-farm jobs was short of forecasts, it still signifies more than 130,000 growth, and the unemployment rate fell to nearly fifty-year low. The latest statistics supported expectations that rate hikes will continue. Meanwhile government bond yields climbed even higher. The 10Y bond yield rose by four basis points, hitting seven-year high on Friday. On the equity market, the winner of the day was the utilities sector, while technology was the weakest one. In the aftermath of the Chinese hardware hacking scandal, the Nasdaq Composite lost 1.1% and the Nasdaq100 subsided 1.2%. On Friday Bloomberg reported that China's assembly plants nested chips that allowed hackers a stealth doorway into a variety of networks. Many of these servers were sold in the USA, and may have affected at least 30 American businesses, banks, and suppliers to the government. US authorities said this was the most significant technology supply chain attack on US companies. Possible victims include Amazon and Apple, whose share prices fell by 1% and 1.6% respectively on Friday. Chipmakers contracted by 2–6%.

The Budapest stock exchange declined by 0.5% on Friday. Warsaw's WIG and Prague's PX fell comparably.

The US dropped 0.1% against the euro on Friday. The GBP firmed 0.7% versus the USD.

Government bond yields continued to rise. That on the 10Y US note was up four basis points, reaching a seven-year high of 3.27%. Germany's 10Y Bund yield climbed four basis points higher.

The WTI closed nearly flat on Friday, and the Brent sank 0.5%. In industrial metals, copper and aluminium prices fell almost 2%.

This morning mainland China's stock indices were in the red ahead of the close, as was Hong Kong. Japan's markets are closed today. South Korea's benchmark yields also dropped. On Sunday the People's Bank of China cut the reserve requirement ratio by 100 basis points, starting from 15 October, in a bid to boost liquidity, to invigorate a slowing economy, and to offset the adverse effects of the US trade restrictions against China. The yuan weakened this morning.

Today's highlights include German industrial production statistics. The eurozone will publish the Sentix investor confidence index. USA markets will be closed to observe Columbus Day.

	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	2885,6	-0,6	7,9	VIX	14,8	4,2	34	WTI	74,3	0,0	23,0
	DOW	26447,1	-0,7	7,0	US 2Y	2,89	1	100	Brent	84,16	-0,5	25,9
	Nasdaq100	7399,0	-1,2	15,7	US 10Y	3,23	3	82	Gold	1202,5	0,3	-7,7
	DAX	12111,9	-1,1	-6,2	GER 2Y	-0,54	0	9	Silver	14,59	0,2	-13,9
	CAC40	5359,4	-1,0	0,9	GER 10Y	0,56	3	14	EUR/USD	1,15	0,1	-3,9
	FTSE 100	7318,5	-1,3	-4,8	PT10Y	1,96	5	3	EUR/GBP	0,88	-0,6	-1,1
	FTSE MIB	20346,0	-1,3	-6,9	IT 10Y	3,41	8	141	EUR/NOK	9,52	0,2	-3,4
	Stoxx600	376,4	-0,9	-3,3	SP 10	1,59	1	2	USD/CAD	1,29	0,1	2,8
	- Banks	132,2	-1,1	-19,9	iTRAXX	69,1	1,4	53	AUD/USD	0,71	-0,3	-9,6
	Nikkei 225	23783,7	0,0	4,5	JPY 2Y	-0,12	0	2	USD/JPY	113,70	-0,2	0,9
	SSEC	2731,6	-3,2	-17,4	JPY 10Y	0,15	0	10	GBP/USD	1,31	0,8	-2,9
Regional	RTS	1159,3	-0,1	0,4	RUS10	8,8	0,9	16	USD/RUB	66,620	-0,5	15,5
	WIG20	2264,2	-0,5	-8,0	POL 10	3,3	0,8	0	EUR/PLN	4,31	-0,1	3,1
	PX50	1103,4	-0,6	2,3	CZ10	2,1	2,2	41	EUR/RON	4,668	0,0	-0,2
Hungary	BUX	36945	-0,5	-6,2	3M DKJ	0,03	1	-1	EUR/HUF	324,74	0,2	4,6
	OTP	10110	-0,7	-5,7	1Y	0,40	0	35	USD/HUF	281,59	0,0	8,8
	MOL	3022	0,1	0,6	3Y	1,75	3	120	CHF/HUF	283,89	0,0	7,1
	MTelekom	400	0,4	-12,8	5Y	3,21	6	204	PLN/HUF	75,30	0,2	1,4
	Richter	5215	-1,8	-23,1	10Y	3,74	7	169	GBP/HUF	368,57	0,6	5,5

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

Sources: Reuters, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2018 10. 8.	8 : 00	DE Industrial production (mom, %)	Aug	-0,3	0,4	-1,1
	10 : 30	EZ Sentix Investor confidence (points)	Oct		11,8	12,0
	11 : 00	HU Fiscal balance (monthly, billion HUF)	Sept		-	-155,3
9.	8 : 00	DE Export (mom, %)	Aug		0,3	-0,90
	9 : 00	HU Inflation (yoy, %)	Sept		3,5	3,4
	9 : 00	HU Core inflation (yoy, %)	Sept		-	2,2
	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Aug		-	362,0
10.	10 : 30	UK Fed Vice Chair Randal Quarles testifies (Senate Banking Committee)	Aug		0	0,1
11.	13 : 30	EZ Fed Chairman Jerome Powell speech	Sept		-	-
	14 : 30	US CPI (yoy, %)	Sept		2,8	2,7
	14 : 30	US CPI (mom, %)	Sept		0,2	0,2
	14 : 30	US core-CPI (yoy, %)	Sept		2,3	2,2
	14 : 30	US core-CPI (mom, %)	Sept		0,2	0,1
	20 : 00	US Federal budget balance (USDbn)	Sept		-	-214,0
12.	8 : 00	DE CPI (final, yoy, %)	Sept		2	2,3*
	9 : 00	HU Industrial production (second estimate, yoy, %)	Aug		-	1,5*
	11 : 00	EZ Industrial production (mom, %)	Aug		0,3	-0,8
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Oct		98,5	100,1
	0 : 0	0 IMF - World Bank Annual Meeting, October 12-14	-		-	-

\* preliminary data

Sources: Reuters, OTP Research

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