

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	15 116	↓ -1,36	↓ -1,23
S&P500	1 631	↓ -1,43	↓ -1,14
Nasdaq100	2 982	↓ -1,00	↓ -0,31
Russell2000	984	↓ -1,03	↓ -0,01
Stoxx600	301	↓ -0,88	↓ -0,81
DAX	8 349	↓ -0,61	↑ 0,52
FTSE 100	6 583	↓ -0,33	↓ -1,07
CAC40	3 949	↓ -1,19	↓ -0,21
ATX	2 417	↓ -1,38	↓ -1,28
IBEX35	8 321	↓ -1,34	↑ 0,68
Nikkei 225	13 262	↓ -3,72	↓ -6,23
Hang Seng	22 392	↓ -0,41	↓ -1,00
SSEC	2 301	↓ -0,74	↑ 0,53
SENSEX	19 760	↓ -2,25	↑ 0,28
RTS	1 331	↓ -1,41	↓ -4,11
Bovespa	53 506	↓ -2,07	↓ -5,14

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3015	↑ 0,15	↑ 0,67
EUR/CHF	1,2436	↑ 0,21	↓ -0,15
USD/GBP	1,5226	↑ 0,18	↑ 0,83
USD/JPY	100,41	↓ -0,05	↓ -0,52
AUD/USD	0,9632	↑ 0,65	↑ 0,01
USD/CAD	1,0359	↓ -0,15	↑ 0,21

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	16,3	↑ 1,8	↑ 2,2
EMBI+ Spread	287	↑ 12	↑ 30
CDS 5Y PIIS	204	↑ 7	↑ 9
CDS 5Y Italy	216	↑ 6	↑ 8
CDS 5Y Belg.	36	↑ 0	↑ 2
iTraxx 5Y EU	102,7	↑ 3	↑ 11
US TED Spread	23,5	↓ 0	↑ 1

Source: Reuters, OTP Research

Summary

- By the end of the month, the sentiment on developed markets went sour: nearly all indices made losses on Friday; the dollar retreated versus the euro, and most bond yields upped.
- This morning, the downhill ride on Europe's stock markets persists and the EUR/USD went beyond 1.30.

Developed stock markets' indices headed down: American benchmarks declined more than 1% while the losses in London and Frankfurt were more moderate. Investors were dispirited by weaker-than-forecast household income and spending data from the USA, as well as by the new historical highs in the euro area's unemployment rate. Even the upward revision of the University of Michigan's consumer confidence index and the higher-than-expected growth in the Chicago PMI could not reverse the sentiment. In the USA, Dell edged 0.6% higher on the back of news that a group of investors was about to sue the management board and its asset management partner. In London, a fall in raw metal prices sent mining companies on a downhill ride, dragging down benchmarks.

Simultaneously with the negative sentiment on the stock market, developed market bonds also lost some of their value. The yield on US 10-year note ticked up more than 0.5% over May. The dollar weakened to the euro, and this morning the cross confidently exceeded the 1.30 level.

The sentiment did not improve much this week. All of Asia's important markets edged down. the Nikkei 225 index dropped by 3.7%. After the opening, the German and French stock markets stood 1.2% in the red.

In an interview published during the weekend, German Chancellor Angela Merkel said that during her meeting with the French President, parties agreed that there was no need to strengthen the European Commission's powers. Views have come closer in the issue of a single European banking supervision, but no agreement has been reached at this point.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,30	↑ 0	↑ 5
US 10Y	2,16	↑ 4	↑ 13
JP 2Y	0,14	↓ -1	↑ 2
JP 10Y	0,87	↓ -3	↑ 2
GER 2Y	0,08	↑ 0	↑ 8
GER 10Y	1,50	↓ -1	↑ 6

CENTRAL BANKS' RATES

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,25	→ 0,25	→ 0,25
ECB Rate	0,50	→ 0,50	→ 0,50
BOE Rate	0,50	→ 0,50	→ 0,50
BOJ Rate	0,10	→ 0,10	→ 0,10
SNB Target	0,00	→ 0,00	→ 0,00

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
US 3M Libor	0,28	↑ 0	↑ 0
US 2Y Swap	0,44	↓ -1	↑ 5
US 5Y Swap	1,19	↑ 1	↑ 16
EUR 3M Euribor	0,20	→ 0	→ 0
EUR 2Y Swap	0,43	↑ 0	↑ 3
EUR 5Y Swap	0,92	↓ -1	↑ 2
GB 3M Libor	0,51	→ 0	→ 0
GB 2Y Swap	0,67	↓ -4	↓ -2
GB 5Y Swap	1,14	↓ -7	↓ -3
JP 3M Libor	0,15	→ 0	↓ 0
JP 2Y Swap	0,24	↓ -4	↓ -2
JP 5Y Swap	0,46	↓ -7	↓ -3
CHF 3M Libor	0,02	→ 0	→ 0
CHF 2Y Swap	0,11	↓ -1	↑ 3
CHF 5Y Swap	0,48	↓ -1	↑ 8

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	100,1	↓ -0,33	↓ -2,49
Gold	1 395	↑ 0,63	↑ 0,06

Source: Reuters, OTP Research

Somewhat surprisingly, the May reading of the University of Michigan's consumer sentiment index was upward revised in the final release, by an exceptionally large margin. The Chicago purchasing managers' index (PMI) jumped ten points higher than the forecast marginal increase. In China, the government's publication on PMI surpassed expectations (investors prefer to monitor HSBC's index, an earlier publication, but the official figure is also relevant). In company with the April gauge of 50.6 points, the current index (at 50.8) is higher than the 50.5-point average of the first quarter. Today's influential publications include the final reading of the Markit institute's manufacturing PMI for May, ISM's US manufacturing PMI, and well as US construction data.

The eurozone's unemployment rate has reached new record high. The April reading of 12.2% signifies that 19.38 million people out of work. The index was 5.4% in Germany and 26.8% in Spain. The most recent release for Greece is for February, when jobless rate stood at 27%. In the euro area, unemployment in the 15-24 age group is at 24.4%, less than in Hungary (27.5%), but youth unemployment in Greece and Spain soars near 50%.

According to the preliminary data, inflation in the eurozone rose as expected. With the 1.4% year-on-year increase in consumer prices, core inflation was at 1.2% in May.

American households' income stagnated in April (expected: +0.1% month/month), and their spending was almost 0.2% down. This suggests that the impacts of the budget expenditure cuts launched in May are felt: personal income ticked up 0.2% in April, and by 0.7% in February (month/month). The question is whether incomes' lower growth rates could last long.

	COUNTRY	DATE		FACT	CONSENSUS	PREVIOUS
Friday	US	May	Chicago PMI (point)	58,7	50,0	49,0
	US	May	Michigan sentiment (point)	84,5	83,7	83,7
	EZ	May	EZ inflation (flash, yoy, %)	1,4	1,4	1,2
	EZ	Apr	Unemployment rate (%)	12,2	12,2	12,1
	DE	Apr	Retail sales (mom, %)	-0,4	0,2	-0,1
Monday	EZ	May	Markit Manufacturing PMI (point)		47,8	47,8
	DE	May	Markit Manufacturing PMI (point)		49,0	49,0
	FR	May	Markit Manufacturing PMI (point)		45,5	45,5
	US	Apr	Construction spending (mom, %)		1,0	1,7
	US	May	ISM Manufacturing PMI (point)		50,5	50,7

Source: Reuters, OTP Research

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

FX/FI Strategist
Levente Pápa
papal@otpbank.hu
+36 1 354 7490

Fundamental Analyst
Gábor Dunai
dunaig@otpbank.hu
+36 1 374 7272

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