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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	15 254	↑ 0,92	↓ -0,32
S&P500	1 640	↑ 0,59	↓ -0,56
Nasdaq100	2 991	↑ 0,30	↓ -0,01
Russell2000	991	↑ 0,65	↑ 0,63
Stoxx600	299	↓ -0,76	↓ -1,89
DAX	8 286	↓ -0,76	↓ -1,16
FTSE 100	6 525	↓ -0,88	↓ -1,94
CAC40	3 921	↓ -0,71	↓ -1,86
ATX	2 411	↓ -0,24	↓ -1,86
IBEX35	8 284	↓ -0,44	↓ -0,95
Nikkei 225	13 588	↑ 2,46	↓ -5,06
Hang Seng	22 282	↓ -0,49	↓ -1,78
SSEC	2 299	↓ -0,06	↑ 0,27
SENSEX	19 610	↓ -0,76	↓ -2,10
RTS	1 319	↓ -0,93	↓ -4,77
Bovespa	53 944	↑ 0,82	↓ -4,35

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3061	↓ -0,11	↑ 1,61
EUR/CHF	1,2397	↑ 0,08	↓ -1,27
USD/GBP	1,5315	↓ -0,03	↑ 1,83
USD/JPY	99,90	↑ 0,39	↓ -2,40
AUD/USD	0,9732	↓ -0,40	↑ 1,23
USD/CAD	1,0293	↑ 0,17	↓ -1,00

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	16,3	↓ 0,0	↑ 2,3
EMBI+ Spread	287	↑ 12	↑ 30
CDS 5Y PIIS	206	↑ 2	↑ 11
CDS 5Y Italy	218	↑ 2	↑ 10
CDS 5Y Belg.	37	↑ 1	↑ 2
iTraxx 5Y EU	106,9	↑ 4	↑ 9
US TED Spread	22,6	↓ -1	↑ 1

Source: Reuters, OTP Research

- Europe's leading indices started the week with losses.
- US benchmarks also opened in the red but the sentiment reversed at the end of session, lifting them by 0.3-0.9%.
- On Monday Fitch Ratings downgraded Cyprus, citing the elevated risk that the IMF/EU bailout programme may go off track.
- In the USA, manufacturing PMI for May sank near its lowest level in four years.

Europe's key indices started the first day of the week with losses. The weaker-than-expected manufacturing data from China and the USA are to blame for the one-month low. Germany's DAX dipped 0.75%, France's CAC40 slipped 0.7%, and the Footsie dropped 0.9%. In Paris, car manufacturers were the losers of the day – they retreated because car registrations fell by 10% year on year in May. Renault slid 2.1%, whereas Peugeot was 0.4% down. The financial sector was another underachiever in Paris: Credit Agricole and Societe Generale lost 0.9% each. Financial shares did not fare any better in London: HSBC contracted by 1.05%, whereas the Royal Bank of Scotland shed 1.2%. On the other hand, mining companies partly offset banks' weak performance, as Rio Tinto upped by 0.8%, while Anglo American added 0.9%.

American markets started the week with losses too, but ironically, the weaker-than-expected ISM index reversed the sentiment because the poor statistics lessened anxiety that the Fed may put an end to its asset purchase programme in the near future. Ultimately, the key indices ended Monday's trading higher: the Dow advanced almost 1%, the S&P added 0.6%, and the Nasdaq climbed 0.3% higher. All of the S&P's sector indices achieved gains, the best of them was the non-cyclical consumer goods sub-index with 1.1% uptick. Of the Dow's components, Intel excelled as its shares rallied almost 4%. Merck soared 3.75%, while Microsoft upped by 2% in yesterday's trading.

Asia's benchmark indices were mixed in this morning's trading. Japan's Nikkei rallied 3%, mostly driven by the JPY's weakening to 100 versus the dollar. Australia's stock index upped by 0.4% as the country's central bank left the base rate on hold, indicating that further easing may follow in the near future. However, Chinese indices ended the session in the red: the Shanghai Composite fell 1.3% and the Hang Seng CE edged down 0.3%.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,30	↓ 0	↑ 5
US 10Y	2,12	↓ -3	↑ 9
JP 2Y	0,13	↓ -1	↑ 1
JP 10Y	0,81	↓ -5	↓ -2
GER 2Y	0,07	↓ -2	↑ 6
GER 10Y	1,50	↑ 0	↑ 7

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	0,27	↓ 0	↑ 0
US 2Y Swap	0,44	↑ 0	↓ -2
US 5Y Swap	1,19	↓ -1	↓ -2
EUR 3M Euribor	0,20	⇒ 0	↓ 0
EUR 2Y Swap	0,47	↑ 0	↑ 4
EUR 5Y Swap	0,97	↓ 0	↑ 4
GB 3M Libor	0,51	⇒ 0	⇒ 0
GB 2Y Swap	0,69	↓ -1	↓ -3
GB 5Y Swap	1,16	↑ 1	↓ -8
JP 3M Libor	0,15	⇒ 0	↓ 0
JP 2Y Swap	0,25	↓ -1	↓ -3
JP 5Y Swap	0,48	↑ 1	↓ -8
CHF 3M Libor	0,02	⇒ 0	⇒ 0
CHF 2Y Swap	0,11	↓ -1	↑ 3
CHF 5Y Swap	0,50	↑ 1	↑ 6

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	101,8	↓ -0,29	↓ -2,37
Gold	1 409	↓ -0,13	↑ 2,13

Source: Reuters, OTP Research

On Monday Fitch Ratings downgraded Cyprus, citing the high risk that the IMF/EU programme may go off track. Thus the rating agency lowered its rating for the country's long-term FX debt by one notch deeper into the speculative territory, to 'B minus' from 'B', and slashed the former 'B' local-currency sovereign debt rating by two notches to 'CCC', a level warning of extreme investment risks. Analysts with Fitch found that the bailout package and the approved programme for the banking sector's restructuring will improve the direct liquidity and solvency position of the country as sovereign borrower, but the Cypriot government is left with no room for manoeuvre to tackle domestic or external shocks, and there is a risk that the whole rescue programme may go off track. In analysts' view, Cyprus' public debt rate will exceed the 126% laid down in the programme because deeper recession and slower recovery are expected.

The eurozone's manufacturing outlook has improved since April, but the sector's companies are pessimistic on the whole. According to the revised data, the manufacturing PMI gauge rose to 48.3 points, from 46.7, but it is still below the 50-point threshold. The May figures are somewhat encouraging, but it is certain that the eurozone's recession will persist in the second quarter.

The US manufacturing purchasing managers' index sank near four-year low. The ISM index's May reading was down at 49 points, from 50.7; the consensus was 50.9. A detailed breakdown of statistics reveals that the assessment on the outlook for both sales and employment have deteriorated: the new orders index decreased by 3.5 points, and the employment index inched down 0.1.

	COUNTRY	DATE	FACT	CONSENSUS	PREVIOUS
Monday	EZ	May	Markit Manufacturing PMI (point)	48,3	47,8
	DE	May	Markit Manufacturing PMI (point)	49,4	49,0
	FR	May	Markit Manufacturing PMI (point)	46,4	45,5
	US	Apr	Construction spending (mom, %)	0,4	1,0
	US	May	ISM Manufacturing PMI (point)	49,0	50,5
Tuesday	EZ	Apr	Producer prices (mom, %)	-0,3	-0,2
	US	Apr	International trade (billion USD)	-41,0	-38,8

Source: Reuters, OTP Research

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