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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	14 975	↑ 0,44	↑ 2,15
S&P500	1 615	↑ 0,54	↑ 2,66
Nasdaq100	2 927	↑ 0,61	↑ 2,78
Russell2000	990	↑ 1,26	↑ 4,08
Stoxx600	288	↑ 1,15	↑ 4,58
DAX	7 984	↑ 0,31	↑ 3,79
FTSE 100	6 308	↑ 1,49	↑ 4,62
CAC40	3 767	↑ 0,76	↑ 4,78
ATX	2 254	↑ 1,34	↑ 3,82
IBEX35	7 907	↑ 1,86	↑ 4,69
Nikkei 225	14 083	↑ 1,66	↑ 8,59
Hang Seng	20 803	→ 0,00	↑ 4,99
SSEC	1 995	↑ 0,81	↑ 1,63
SENSEX	19 577	↑ 0,94	↑ 5,59
RTS	1 277	↑ 0,11	↑ 3,55
Bovespa	47 230	↓ -0,48	↑ 2,75

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3063	→ 0,00	↓ -0,16
EUR/CHF	1,2355	↑ 0,05	↑ 0,66
USD/GBP	1,5208	↓ -0,05	↓ -1,39
USD/JPY	99,82	↑ 0,17	↑ 2,07
AUD/USD	0,9171	↓ -0,73	↓ -0,94
USD/CAD	1,0513	↑ 0,17	↑ 0,02

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	16,4	↓ -0,5	↓ -3,7
EMBI+ Spread	287	↑ 12	↑ 30
CDS 5Y PIIS	234	↓ -4	↓ -10
CDS 5Y Italy	231	↓ -6	↓ -11
CDS 5Y Belg.	44	↑ 0	↓ -2
iTraxx 5Y EU	114,5	↓ -5	↓ -17
US TED Spread	23,3	↓ -3	↑ 3

Source: Reuters, OTP Research

Summary

- Monday's trading opened optimistically on the key international markets, with European indices gaining 0.3-1.5% and their American peers adding 0.4-0.6%.
- On Monday night, Moody's declared Cyprus to have defaulted, under its definitions.
- US and European manufacturing PMIs beat expectations.

Europe's key stock markets opened the first trading day of the week higher, but owing to the mixed bag of European macroeconomic data, it lost some steam in the morning. The better-than-expected US manufacturing data helped markets regain strength and the buoyancy persisted until the end of the session. Europe's leading indices finished Monday's trading 0.3-1.5% higher. H&M's outstanding 4% advance benefited from the Bank of America Merrill Lynch's upgrading its recommendation from Hold to Buy. Nokia (+4%) and Siemens (+2.5%) both fared well, as Nokia announced to buy out Siemens from Nokia-Siemens Networks.

US trading also started on an optimistic note, and the favourable mood was supported by better-than-expected US manufacturing data. Ultimately, the S&P increased by 0.5%, the Dow climbed 0.4%, while the Nasdaq added 0.6%. Of the S&P's sector indices, the industrial sub-index rose by 1.01%. The 0.7% growth ranked the non-cyclical consumer goods sub-index second.

Last night, after European and American markets had closed, Moody's announced to consider Cyprus to have defaulted. Under the rating agency's definitions, the country's swapping the local government bonds worth one billion euros is seen as 'distressed' exchange (with diminished financial obligation), therefore it is considered to have defaulted. Moody's current rating on Cyprus' sovereign debt is Caa3, with a negative outlook. This is warning of extraordinary investment risks, well into the non-investment territory.

Asian markets were also positive this morning. Australia's stock market performed excellently, the S&P/ASX 200 added more than 2% as Australia's central bank left its benchmark rate on hold. Japan's markets also firmed: the Nikkei upped by 2% and the TOPIX grew by 1.8%. China's markets performed mixed: the Hang Seng CE dropped 0.8%, while the Shanghai Composite edged 0.3% higher.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,36	↓ 0	↓ -3
US 10Y	2,48	↓ -2	↓ -5
JP 2Y	0,15	↑ 0	↑ 1
JP 10Y	0,90	↑ 4	↑ 1
GER 2Y	0,21	↑ 1	↓ -7
GER 10Y	1,74	↑ 2	↓ -3

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	0,50	↑ 1	↓ -5
US 5Y Swap	1,53	↓ 0	↓ -12
EUR 3M Euribor	0,22	↑ 0	↑ 0
EUR 2Y Swap	0,60	↓ -1	↓ -5
EUR 5Y Swap	1,22	↓ -1	↓ -13
GB 3M Libor	0,51	⇒ 0	↓ 0
GB 2Y Swap	0,80	↓ 0	↓ -1
GB 5Y Swap	1,54	↓ 0	↓ -2
JP 3M Libor	0,16	⇒ 0	↑ 0
JP 2Y Swap	0,26	↓ 0	↓ -1
JP 5Y Swap	0,50	↓ 0	↓ -2
CHF 3M Libor	0,02	⇒ 0	↑ 0
CHF 2Y Swap	0,17	↓ -1	↓ -5
CHF 5Y Swap	0,74	↑ 0	↓ -6

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	103,1	↑ 0,05	↑ 1,77
Gold	1 257	↑ 0,37	↓ -1,51

Source: Reuters, OTP Research

The eurozone's unemployment rate hit 12.1% in May, from the 12% reading in the previous month. However, the EU27 jobless rate seems to stabilize, as it remained near 10.9% in May.

According to preliminary data, the eurozone's CPI grew by 1.6% in June. However, the core inflation stayed flat at 1.2% year on year. Food, alcohol and tobacco product prices saw the steepest rise in June. The June reading is still significantly behind the ECB's 2% medium-term target, granting continued greater freedom to monetary policy decision-makers.

The eurozone's manufacturing purchasing manager index for June stood at 48.8 points, 0.1 point higher than the consensus had forecast. After the previous month's 48.3-point gauge, now the data show some improvement but the below-50 reading continued to reflect pessimism regarding this sector.

In the USA, ISM's manufacturing PMI grew to 50.9, from 49 points, surpassing the forecast 50.5 points. The above-50 reading implies that most of the manufacturing sector's players are optimistic about future prospects. The sub-indices suggest that the outlook for production and sales has improved most of all. The view on employment outlook has worsened, as most companies expect labour market conditions to deteriorate further.

	COUNTRY	DATE		FACT	CONSENSUS	PREVIOUS
Monday	EZ	Jun	CPI (flash, yoy, %)	1,6	1,6	1,4
	EZ	May	Unemployment rate (%)	12,1	12,3	12,2
	US	May	Construction spending (mom, %)	0,5	0,6	0,4
Tuesday	EZ	May	Producer prices (yoy, %)		0,0	-0,2
	US	May	Factory orders (mom, %)		2,0	1,0

Source: Reuters, OTP Research

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