

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 16 781 | ↑ 0,03 | ↓ -0,96 |
| S&P500 | 1 938 | ↑ 0,08 | ↓ -0,69 |
| Nasdaq100 | 3 780 | ↑ 0,12 | ↓ -0,55 |
| Russell2000 | 1 167 | ↑ 0,36 | ↓ -0,50 |
| Stoxx600 | 346 | ↓ -0,45 | ↓ -0,89 |
| DAX | 9 884 | ↓ -0,29 | ↓ -1,25 |
| FTSE 100 | 6 755 | ↓ -0,34 | ↓ -1,75 |
| CAC40 | 4 510 | ↓ -0,73 | ↓ -1,72 |
| ATX | 2 558 | ↑ 0,08 | ↓ -0,36 |
| IBEX35 | 11 008 | ↓ -0,95 | ↓ -1,40 |
| Nikkei 225 | 14 976 | ↑ 0,29 | ↓ -0,62 |
| Hang Seng | 23 195 | ↓ -0,45 | ↑ 0,09 |
| SSEC | 2 069 | ↓ -0,80 | ↑ 0,81 |
| SENSEX | 25 189 | ↓ -0,16 | ↓ -1,54 |
| RTS | 1 358 | ↓ -1,25 | ↓ -0,28 |
| Bovespa | 54 630 | ↓ -0,32 | ↑ 0,05 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,3564 | ↓ -0,07 | ↑ 0,13 |
| EUR/CHF | 1,2180 | ↑ 0,02 | ↑ 0,01 |
| USD/GBP | 1,6982 | ↑ 0,11 | ↑ 1,35 |
| USD/JPY | 101,97 | ↑ 0,14 | ↓ -0,37 |
| AUD/USD | 0,9349 | ↓ -0,54 | ↓ -0,25 |
| USD/CAD | 1,0850 | ↑ 0,07 | ↓ -0,45 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 12,7 | ↑ 0,5 | ↑ 1,5 |
| CDS 5Y PIIS | 13 | ↑ 0,8 | ↓ -3,0 |
| CDS 5Y Italy | 53 | ↑ 0,0 | ↓ -4,2 |
| CDS 5Y Belg. | 73 | ↑ 0,4 | ↑ 1,1 |
| iTraxx 5Y EU | 23,4 | ↑ 1,5 | ↑ 4,4 |
| US TED Spread | 60,8 | → 0,0 | ↑ 0,8 |

Source: Reuters, OTP Research

Summary

- The tension in Iraq and in Ukraine weighed on Western Europe's stock indices; the sentiment in the USA was cautiously optimistic.
- This morning saw the DAX rising by nearly 1%, and the dollar is advancing against the euro.

On Monday, global markets were ruled by the Iraqi developments and the gas dispute between Ukraine and Russia. Western Europe appeared to react more sensitively, with Frankfurt, London and Paris falling by 0.3-0.7%, whereas US markets rose slightly. Oil companies continue to benefit from the Iraqi conflict: Chevron's 1.1% growth was the strongest gain of the Dow Jones industrial average's 30 constituents; Exxon Mobil upped by 0.3%. In this morning's session, Asia moved in various directions, but Western Europe opened clearly on a positive note. The dollar is strengthening versus the single European currency.

The Iraqi government has been unable to get the upper hand in the challenges posed by Isis militants. The US administration decided to deploy a few hundred armed troops in Iraq, while ruling out military cooperation with Iran.

Russia's state-owned gas company Gazprom has suspended gas supplies to Ukraine, arguing that the latter should pay upfront for its energy bill from now on. Ukraine has sufficient reserves, and a protracted stop in gas export could be more painful for Russia, sector analysts opine. President Petro Poroshenko will present a detailed roadmap to peace later this week, including a proposal for ceasefire with separatist pro-Russia armed militia.

GOV'T BOND MARKET

| | Yield (%) | | Daily chg (bp) | | Weekly chg (bp) |
|---------|-----------|---|----------------|---|-----------------|
| US 2Y | 0,48 | ↑ | 1 | ↑ | 5 |
| US 10Y | 2,60 | ↓ | 0 | ↓ | 0 |
| JP 2Y | 0,08 | ↓ | 0 | ↓ | -1 |
| JP 10Y | 0,60 | ↓ | -1 | ↓ | -1 |
| GER 2Y | 0,03 | ↓ | -2 | ↓ | -2 |
| GER 10Y | 1,36 | ↓ | -2 | ↓ | -1 |

CENTRAL BANKS' RATES

| | Rate (%) | | 6M Consensus | | 1Y Consensus |
|------------|----------|---|--------------|---|--------------|
| Fed Funds | 0,25 | → | 0,25 | → | 0,25 |
| ECB Rate | 0,15 | → | 0,15 | → | 0,15 |
| BOE Rate | 0,50 | → | 0,50 | ↑ | 0,75 |
| 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 | 0,23 | ↓ | 0 | ↑ | 0 |
| US 2Y Swap | 0,59 | ↓ | -2 | ↑ | 2 |
| US 5Y Swap | 1,74 | ↓ | -1 | ↓ | -2 |
| EUR 3M Euribor | 0,22 | ↓ | -1 | ↓ | -4 |
| EUR 2Y Swap | 0,30 | ↓ | -1 | ↓ | -4 |
| EUR 5Y Swap | 0,69 | ↑ | 0 | ↓ | -3 |
| GB 3M Libor | 0,56 | ↑ | 1 | ↑ | 3 |
| GB 2Y Swap | 1,34 | → | 0 | ↓ | -2 |
| GB 5Y Swap | 2,20 | ↓ | -1 | ↓ | -2 |
| JP 3M Libor | 0,13 | → | 0 | ↓ | 0 |
| JP 2Y Swap | 0,16 | ↓ | -1 | ↓ | -2 |
| JP 5Y Swap | 0,27 | ↓ | -1 | ↓ | -2 |
| CHF 3M Libor | 0,01 | ↓ | 0 | ↑ | 0 |
| CHF 2Y Swap | 0,02 | ↓ | -2 | ↓ | -1 |
| CHF 5Y Swap | 0,30 | ↑ | 0 | ↑ | 0 |

COMMODITIES

| | Close | | Daily chg. (%) | | Weekly chg. (%) |
|-----------|-------|---|----------------|---|-----------------|
| Oil Brent | 112,7 | ↓ | -0,26 | ↑ | 2,86 |
| Gold | 1 265 | ↓ | -0,49 | ↑ | 0,36 |

Source: Reuters, OTP Research

The New York Fed manufacturing index was surprisingly pleasing, and US industrial output's May growth has also beaten expectations (even though the statistics office revised the previous gauge down). The new reading has sent manufacturing production to the historical high hit in 2007.

Today's important releases include consumer price indices as well as US housing statistics. Analysts' poll expects Germany's ZEW economic sentiment index to have increased in June.

| | COUNTRY | DATE | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|---------|---------|------|--------------------------------------|-------|-----------|----------|
| Monday | EZ | May | CPI (detailed, yoy, %) | -0,1 | -0,1 | 0,2 |
| | US | Jun | Empire manufacturing PMI (point) | 19,28 | 15,70 | 19,01 |
| | US | May | Industrial production (mom, %) | 0,6 | 0,5 | -0,3 |
| Tuesday | UK | May | CPI (yoy, %) | | 1,7 | 1,8 |
| | US | May | CPI (yoy, %) | | 2,0 | 2,0 |
| | US | May | Building permits (ann monthly, ths) | | 1 050 | 1 059 |
| | US | May | Housing starts (ann monthly, ths) | | 1 034 | 1 072 |
| | DE | Jun | ZEW economic sentiment index (point) | | 35,0 | 33,1 |

Source: Reuters, OTP Research

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