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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 915	↓ -0,42	↓ -0,90
S&P500	1 965	↓ -0,41	↓ -1,05
Nasdaq100	3 880	↓ -0,33	↓ -1,10
Russell2000	1 162	↓ -1,02	↓ -3,83
Stoxx600	336	↓ -1,06	↓ -3,59
DAX	9 659	↓ -1,52	↓ -3,69
FTSE 100	6 672	↓ -0,68	↓ -2,81
CAC40	4 301	↓ -1,34	↓ -4,20
ATX	2 366	↓ -1,01	↓ -6,72
IBEX35	10 534	↓ -1,98	↓ -5,02
Nikkei 225	15 173	↓ -0,29	↓ -1,34
Hang Seng	23 172	↓ -0,29	↓ -1,57
SSEC	2 050	↑ 0,58	↓ -0,45
SENSEX	25 383	↓ -0,24	↓ -2,27
RTS	1 384	↓ -1,43	↓ -0,50
Bovespa	54 593	↑ 1,79	↑ 0,99

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3599	↓ -0,07	↑ 0,04
EUR/CHF	1,2142	⇒ 0,00	↓ -0,16
USD/GBP	1,7131	↓ -0,15	↓ -0,16
USD/JPY	101,27	↓ -0,04	↓ -0,81
AUD/USD	0,9387	↓ -0,03	↑ 0,30
USD/CAD	1,0637	↓ -0,09	↓ -0,15

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	12,6	↑ 0,9	↑ 1,8
CDS 5Y PIIS	13	↑ 10,3	↑ 16,3
CDS 5Y Italy	96	↑ 5,7	↑ 5,8
CDS 5Y Belg.	89	↓ 0,0	↑ 5,0
iTraxx 5Y EU	32,8	↑ 0,2	↓ -1,1
US TED Spread	60,9	⇒ 0,0	↑ 0,1

Source: Reuters, OTP Research

Summary

- Concerns about the health of Portugal's largest bank led to a strong selling pressure in Europe, sending its key benchmarks 0.7-1.5% lower yesterday.
- The unfavourable sentiment spilled over into US markets, where indices eased 0.3-0.4%.
- Thursday's meeting of the Bank of England left the benchmark rate on hold.

The most probable reason for yesterday's negative sentiment in Europe was the panic caused by the woes of the largest Portuguese bank's parent, which fear, via Portugal's bond markets, caused a modest contagion on the eurozone periphery's stock and bond markets. China's worse-than-expected export statistics, the macroeconomic data released in Europe, and profit warnings from a number of companies did not exactly benefit the fragile mood. These developments slashed Europe's benchmark indices more than 2% down during the day, but the opening of the American indices eased tensions, eroding some of the earlier losses by the time Europe closed. The DAX ended 1.5% lower, the CAC40 lost 1.3%, and the Footsie shed 0.7%. The financial sector of the eurozone periphery was hit the hardest by the selling pressure: Italy's Banca Popolare dipped 1.6%, and Banca Monte dei Paschi plunged 4.3%. Portugal's Banco Espirito Santo SA nosedived 17% before its trading was suspended. Portugal's second-largest bank, Banco Comercial Portugues SA slumped 6%.

US markets also opened in the red on Thursday, as American investors fretted about the problems of Portugal's biggest bank. The tension somewhat eased later in the day, but not until close; the Dow and S&P ended 0.4% lower and the Nasdaq went 0.3% down. Of the S&P's constituents, only utilities could close in the positive territory (+0.7%). Energy and consumer staples were the weakest performers, shrinking almost 1%. The financial sector's stocks did not do well in the USA, either: the Bank of America and Citigroup both declined 1%; JP Morgan shed 0.8%, while Goldman Sachs and Wells Fargo lost 0.7% each. Wells Fargo will publish its Q2 earnings report before US markets open today.

Yesterday's anxiousness reverberated in this morning's Asian trading, where all the key indices closed lower today.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,46	↓	-3	↓	-3
US 10Y	2,54	↓	-2	↓	-9
JP 2Y	0,06	↓	0	↓	-1
JP 10Y	0,54	↓	-1	↓	-2
GER 2Y	0,02	↑	1	↓	0
GER 10Y	1,22	↓	-1	↓	-7

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	↑	1,00
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	0,58	↓	-2	↓	-5
US 5Y Swap	1,72	↑	1	↓	-5
EUR 3M Euribor	0,20	↓	0	↓	0
EUR 2Y Swap	0,31	↑	0	↑	1
EUR 5Y Swap	0,64	↓	0	↓	-3
GB 3M Libor	0,56	↑	0	↑	0
GB 2Y Swap	1,32	↓	-3	↓	-1
GB 5Y Swap	2,14	↓	-1	↓	-3
JP 3M Libor	0,13	→	0	→	0
JP 2Y Swap	0,15	↓	-1	↓	-1
JP 5Y Swap	0,23	↓	-1	↓	-3
CHF 3M Libor	0,01	↓	0	→	0
CHF 2Y Swap	0,03	↓	0	↓	-1
CHF 5Y Swap	0,27	↑	0	↓	-3

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	108,6	↓	-0,07	↓	-1,85
Gold	1 338	↑	0,19	↑	1,32

Source: Reuters, OTP Research

As expected, the Bank of England's rate decision left the benchmark rate on hold yesterday. Accordingly, the UK's base rate remained at a record low of 0.5%. Neither did bankers change the current size of its economic stimulus programme, leaving it at GBP 375 bn. This is hardly surprising given Governor Mark Carney's recent statement: the first rate hike will precede the scaling back of this portfolio. Markets do not expect the Bank of England to raise interest rates before the end of this year or some time at the beginning of 2015.

The fresh weekly initial jobless claims beat expectations again: in the first week of July, 304,000 people applied for new unemployment benefit in the USA, whereas analysts forecast 315,000 growth.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	CN	Jun	Exports (yoy, %)	7,2	10,6	7,0
	UK	Jul	Interest rate decision (%)	0,5	0,5	0,5
	US	May	Wholesale inventories (mom, %)	0,5	0,6	1,1
	US	weekly	Initial Jobless claims ('000)	304	315	315
	US	weekly	Continued jobless claims (millió fő)	2 584	2 567	2 579
Friday	DE	Jun	CPI final (yoy, %)	1,0	1,0	1,0
	DE	Jun	HICP final (yoy, %)	1,0	1,0	1,0

Source: Reuters, OTP Research

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