

Headquarter Treasury Sales

Head of Sales

Marius George Ionescu

+40755 000 437

marius.ionescu@otpbank.ro

Tania Fantana

+4021 30758 17

tania.fantana@otpbank.ro

Alexandru Tibuleac

+4021 30758 17

alexandru.tibuleac@otpbank.ro

Alina Vrabioiu

+4021 30758 17

alina.vrabioiu@otpbank.ro

Regional Treasury Sales

Cezar Trandafirescu - Iasi

+40755 000 246

cezar.trandafirescu@otpbank.ro

Szilamer Kozma - Cluj

+40755 000 400

szilamer.kozma@otpbank.ro

Valentin Cioraneanu – Brasov

+40755 000 464

valentin.cioraneanu@otpbank.ro



Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 563	↓ -1,88	↓ -3,05
S&P500	1 931	↓ -2,00	↓ -2,88
Nasdaq100	3 893	↓ -2,10	↓ -1,83
Russell2000	1 120	↓ -2,31	↓ -2,15
Stoxx600	336	↓ -1,31	↓ -2,42
DAX	9 407	↓ -1,94	↓ -3,95
FTSE 100	6 730	↓ -0,64	↓ -1,34
CAC40	4 246	↓ -1,53	↓ -3,73
ATX	2 310	↓ -1,26	↓ -2,63
IBEX35	10 707	↓ -2,10	↓ -1,41
Nikkei 225	15 523	↓ -0,63	↓ -0,04
Hang Seng	24 668	↓ -0,36	↑ 0,11
SSEC	2 216	↑ 0,67	↑ 4,22
SENSEX	25 766	↓ -1,23	↓ -0,60
RTS	1 219	↓ -0,25	↓ -3,74
Bovespa	55 829	↓ -1,84	↓ -3,44

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3386	↓ -0,01	↓ -0,32
EUR/CHF	1,2169	↑ 0,02	↑ 0,16
USD/GBP	1,6884	↓ -0,17	↓ -0,52
USD/JPY	102,91	↑ 0,12	↑ 1,07
AUD/USD	0,9290	↓ -0,05	↓ -1,10
USD/CAD	1,0919	↑ 0,14	↑ 1,01

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	17,0	↑ 3,6	↑ 5,1
CDS 5Y PIIS	17	↑ 4,0	↓ -0,5
CDS 5Y Italy	92	↑ 3,7	↓ -2,6
CDS 5Y Belg.	89	↑ 0,0	↓ 0,0
iTraxx 5Y EU	32,3	↑ 3,0	↑ 4,7
US TED Spread	64,6	→ 0,0	↓ -0,2

Source: Reuters, OTP Research

Summary

- A global selloff swept through equity markets, stock indices fell sharply in the USA and in Western Europe alike.
- The across-the-board gloom was exacerbated by individual corporate news; the Dow was dragged down by the massive falls suffered by Exxon, Amex and Nike.
- Banco Espirito Santo's share price fell deeper as the bank reported EUR 3.6 billion loss for H1.

Amid the adverse global sentiment, equity indices fell on advanced economies' stock markets: the Dow lost nearly 1.9%, and the S&P shed 2%. The MSCI World Index dropped 1.5%, in the worst daily performance in half a year. All of the S&P500's major constituents contracted, headed by the energy sector, the financial, telecommunications and health care companies, which shrank by more than 2%. The energy sector was dragged down by Exxon (-4.2%), whose price was impaired by worse-than-expected production figures. Its rival, Murphy Oil lost 6.9% of its value in the wake of a poor earnings report coupled by lower production forecast for this year. Micron Technology, the biggest chipmaker in the USA, plunged 6.1%, following a 40% year-to-date rally. Beside Exxon's nosedive, the Dow's losses may also be attributed to American Express's and Nike's over-3% slumps.

Europe's equity markets were also dented by individual corporate news. Adidas tumbled 15% after the sportswear manufacturer issued profit warning for 2014 owing to the likely contraction in sales in Russia its neighbours. Continuing its downward moves, Portugal's Banco Espirito Santo plunged 42% yesterday, following its report on EUR 3.6 billion loss in the first half-year. Grifols SA, the producer of blood plasma based products, nose-dived 14% owing to the worse-than-expected earnings report. Britain' oil producer Afren, which is making explorations in Africa and Northern Iraq, fell 26% after dismissing its CEO and COO. On the other hand, Shell could see gains, its share price advanced 2.5% as markets appreciated its better-than-expected quarterly report. In Europe, Audi's earnings report may be influential for markets today. ArcelorMittal revised its profit forecast for 2014 down.

Most of Asia's indices closed this morning's trading with losses.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,54	↓ -2	↑ 4
US 10Y	2,56	↑ 0	↑ 6
JP 2Y	0,07	↓ 0	→ 0
JP 10Y	0,54	↓ -1	↑ 1
GER 2Y	0,04	↑ 2	↑ 1
GER 10Y	1,17	↑ 5	↑ 2

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	0,24	↑ 0	↑ 1
US 2Y Swap	0,70	↑ 0	↑ 4
US 5Y Swap	1,86	↑ 1	↑ 9
EUR 3M Euribor	0,21	→ 0	→ 0
EUR 2Y Swap	0,33	↓ 0	↑ 1
EUR 5Y Swap	0,64	↓ -2	↑ 2
GB 3M Libor	0,56	↑ 0	↑ 0
GB 2Y Swap	0,00	↓ -133	↓ -1
GB 5Y Swap	0,00	↓ 0	↓ 0
JP 3M Libor	0,13	→ 0	↓ 0
JP 2Y Swap	0,16	↓ 0	↓ -1
JP 5Y Swap	0,24	↓ 0	↓ 0
CHF 3M Libor	0,02	→ 0	↑ 1
CHF 2Y Swap	0,04	↓ -2	↑ 1
CHF 5Y Swap	0,26	↓ -1	↑ 2

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	106,0	↓ -0,01	↓ -2,20
Gold	1 284	↑ 0,16	↓ -1,80

Source: Reuters, OTP Research

The eurozone's preliminary inflation figure for July, at 0.4% year on year, wrong-footed analysts who had expected 0.5% CPI. Thus the declining inflation and the risk of deflation may remain of great importance, as it has been the case in recent monetary policy decisions.

Germany's retail sales rose by 1.3% month on month in June. Unemployment in the country remained at 6.7% in July.

In the USA, the Chicago purchasing managers' index was a far cry from estimates. The most recent statistics on US employment will be out this afternoon.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Thursday	DE	Jun	Retail sales (mom, %)	1,3	1,0	-0,2
	US	Q2	Chicago PMI (points)	52,6	63,0	62,6
	EZ	Jul	Inflation, flash (yoy, %)	0,4	0,5	0,5
Friday	EZ	Jul	Markit manufacturing PMI (points)	51,8	51,9	51,9
	DE	Jul	Markit manufacturing PMI (points)	52,4	52,9	52,9
	US	Jul	Non-farm payroll ('000)		233	288
	US	Jul	Manufacturing payroll ('000)		15	16
	US	Jul	Unemployment rate (%)		6,1	6,1

Source: Reuters, OTP Research

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

Fundamental Analyst
Orsolya Rátkai
ratkaio@otpbank.hu
+36 1 374 7270

Disclaimer

OTP Bank Plc. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This material is only for information purposes and it is not intended as an investment advice, an offer or solicitation for the purchase or sale of any financial instrument, and it does not constitute legal, tax or accounting advice.

Information herein reflects the market situation at the time of writing. It provides only momentary information and may change as market conditions and circumstances develop. Additional information may be available on request. Although the information in this document has been prepared in good faith from sources which OTP Bank believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. Opinions and estimates constitute our judgment and are subject to change without notice. OTP Bank may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments is made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. Any concrete individual decision or investment made based on this publication is the sole risk of the Client and OTP Bank shall not be held responsible for the success of the investment decisions or for attaining the Client's target.

Figures described herein refer to the past and past performance is not a reliable indicator of future results.

OTP Bank Plc. (registered seat: Nádor utca 16., Budapest H-1051, Hungary; Supervisory authority: Hungarian Financial Supervisory Authority (PSZÁF, Pénzügyi Szervezetek Állami Felügyelete – H-1013 Budapest, Krisztina krt. 39.sz.) PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008. For more information, please refer to: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>). All rights reserved. This publication is exclusively owned by OTP Bank Plc., no part of this material can be reproduced, re-used or disseminated without the prior written consent of OTP Bank Plc.

If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to research@otpbank.hu or writing a letter addressed to "Research Center" Hungary 1051, Budapest Nádor utca. 21. Please refer to your name and e-mail address in both cases.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to mihaela.neagu@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases