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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 675	↓ -0,33	↓ -1,47
S&P500	2 075	↓ -0,18	↓ -1,74
Nasdaq100	4 425	↑ 0,05	↓ -1,95
Russell2000	1 148	↓ -0,25	↓ -3,46
Stoxx600	321	↓ -1,92	↓ -7,43
DAX	9 519	↓ -1,43	↓ -7,47
FTSE 100	5 924	↓ -2,01	↓ -5,74
CAC40	4 130	↓ -2,29	↓ -7,72
ATX	2 095	↓ -2,03	↓ -7,46
IBEX35	8 127	↓ -2,13	↓ -8,63
Nikkei 225	15 920	↑ 0,38	↓ -4,53
Hang Seng	20 427	↑ 0,19	↓ -4,09
SSEC	2 889	↑ 1,64	↓ -1,31
SENSEX	26 489	↑ 0,35	↓ -0,60
RTS	900	↓ -2,65	↓ -5,13
Bovespa	48 648	↓ -2,04	↓ -3,64

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1206	↓ -0,75	↓ -1,54
EUR/CHF	1,0794	↓ -0,86	↓ -0,98
USD/GBP	1,4114	↓ -1,10	↓ -2,67
USD/JPY	106,25	↑ 0,14	↓ -0,67
AUD/USD	0,7379	↑ 0,31	↓ -1,19
USD/CAD	1,2856	↓ -0,11	↑ 1,28
USD/RUB	65,92	↓ -0,20	↑ 3,64

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	20,5	↓ -0,5	↑ 6,5
CDS 5Y PIIS	21	↑ 3,5	↑ 12,2
CDS 5Y Italy	129	↑ 2,5	↑ 15,6
CDS 5Y Belg.	129	↑ 0,8	↑ 0,8
iTraxx 5Y EU	37,8	↑ 6,4	↑ 15,2
US TED Spread	87,8	→ 0,0	↓ -0,1

Source: Reuters, OTP Research

Summary

- Brexit fears ruled markets on Thursday.
- European and emerging markets fell more than 2% yesterday.
- Amid the strong demand for safe assets, the 10Y German bond yield fell below zero.
- Oil prices sank close to USD 49.

Brexit fears ruled markets on Thursday. Investors are waiting for today's Fed rate decision. Stock markets closed lower, investors sought safe assets. Developed countries' bond yields fell, as did oil prices, while the USD appreciated.

What soured the sentiment was that within 24 hours, five opinion polls indicated the majority of the Brexit camp (campaigning for leaving the EU in the 23 June referendum). In addition, The Sun campaigned for the exit on its cover page on Tuesday. That said, bookmakers see near 60% probability of Britain remaining in the EU.

America's stock markets slightly fell; the S&P500 closed 0.2% lower. In Europe, the CAC and the FTSE plunged more than 2%, and the DAX sank 1.4%. In the uncertain environment, most of emerging markets' stock indices lost more than 2%. The Brent oil's price slipped 1.3%.

There was strong demand for safe assets. For the first time in history, the yield on 10Y German *bund* became negative. The 10Y Japan bond yield also hit negative record (at -0.175%) on Tuesday. Among the key currencies, the GBP weakened owing to Brexit fears, while the safe-haven currencies – the USD, the CHF, and the JPY – appreciated.

Commodity prices dropped; and the Brent petroleum slipped to near 49 USD/barrel. Gold price increased slightly (+0.1%).

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,73	↑ 1	↓ -6
US 10Y	1,61	↑ 0	↓ -11
JP 2Y	-0,27	→ 0	↓ -3
JP 10Y	-0,17	↓ -1	↓ -6
GER 2Y	-0,54	↓ 0	↓ -1
GER 10Y	0,02	↑ 0	↓ -7

CENTRAL BANKS' RATES

	Rate (%)	6M Consensus	1Y Consensus
Fed Funds	0,5	↑ 0,75	↑ 1,25
ECB Rate	0,00	↑ 0,05	↑ 0,05
BOE Rate	0,50	↑ 0,75	↑ 1,00
BOJ Rate	0,10	→ 0,10	→ 0,10
SNB Target	-0,75	→ -0,75	→ -0,75

MONEY MARKET

	Rate (%)	Daily chg (bp)	Weekly chg (bp)
US 3M Libor	0,65	↓ 0	↓ -1
US 2Y Swap	0,86	↑ 2	↓ -4
US 5Y Swap	1,10	↑ 1	↓ -7
EUR 3M Euribor	-0,26	↑ 0	↓ 0
EUR 2Y Swap	-0,18	↓ -1	↓ -2
EUR 5Y Swap	-0,05	↓ -1	↓ -3
GB 3M Libor	0,57	↓ 0	↓ -1
GB 2Y Swap	0,69	↓ -5	↓ -4
GB 5Y Swap	0,84	↓ -6	↓ -8
JP 3M Libor	-0,04	↓ 0	↓ -1
JP 2Y Swap	-0,17	↓ -1	↓ -4
JP 5Y Swap	-0,18	↓ -2	↓ -6
CHF 3M Libor	-0,77	↓ -1	↓ -2
CHF 2Y Swap	-0,84	↓ -3	↓ -10
CHF 5Y Swap	-0,70	↓ -2	↓ -9

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	49,1	↓ -1,40	↓ -6,44
Gold	1 286	↑ 0,05	↑ 1,93

Source: Reuters, OTP Research

US retail sales statistics, released on Tuesday, have beaten expectations. Today's most important event will be the FOMC rate decision in the USA. Futures' prices suggest that the Fed will leave interest rates on hold; moreover, markets see less than 50% probability of fed fund rate hikes by the end of this year.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	UK	May	Consumer prices (yoy, %)	0,3	0,4	0,3
	EZ	Apr	Industrial production (mom, %)	1,1	0,5	-0,8
	US	May	Retail sales (mom, %)	0,5	0,3	1,3
	US	Apr	Business inventories (mom, %)	0,1	0,2	0,4
Wednesday	UK	Apr	Unemployment rate (%)		5,1	5,1
	US	Jun	New York Fed manufacturing index (point)		-1,5	-9,0
	US	May	Industrial production (mom, %)		0,1	0,7
	US		FOMC rate decision (%)		0,25-0,5	0,25-0,5

Source: Reuters, OTP Research

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