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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 401	↓ -3,39	↓ -1,55
S&P500	2 037	↓ -3,59	↓ -1,63
Nasdaq100	4 286	↓ -4,07	↓ -2,03
Russell2000	1 128	↓ -3,81	↓ -2,61
Stoxx600	322	↓ -7,03	↓ -1,17
DAX	9 557	↓ -6,82	↓ -0,77
FTSE 100	6 139	↓ -3,15	↑ 1,95
CAC40	4 107	↓ -8,04	↓ -2,08
ATX	2 084	↓ -7,04	↓ -2,60
IBEX35	7 788	↓ -12,35	↓ -6,87
Nikkei 225	15 301	↑ 2,33	↓ -1,92
Hang Seng	20 129	↓ -0,64	↓ -1,86
SSEC	2 883	↑ 1,01	↓ -0,20
SENSEX	26 387	↓ -0,04	↓ -0,60
RTS	912	↓ -3,04	↑ 0,24
Bovespa	50 105	↓ -2,82	↑ 1,15

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1115	↓ -2,43	↓ -2,55
EUR/CHF	1,0811	↓ -0,95	↓ -1,26
USD/GBP	1,3678	↓ -8,07	↓ -6,91
USD/JPY	101,65	↓ -0,53	↓ -2,18
AUD/USD	0,7403	↓ -0,74	↓ -0,72
USD/CAD	1,3048	↑ 0,36	↑ 1,91
USD/RUB	65,41	↑ 1,04	↑ 1,88

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	25,8	↑ 8,5	↑ 6,4
CDS 5Y PIIS	26	↓ -0,5	↓ -2,3
CDS 5Y Italy	125	↓ -0,5	↓ -7,9
CDS 5Y Belg.	116	↓ -0,3	↓ -1,1
iTraxx 5Y EU	36,6	↑ 19,0	↑ 9,0
US TED Spread	93,6	→ 0,0	↓ -0,1

Source: Reuters, OTP Research

Summary

- Brexit triggered massive losses on the stock markets of Europe and America, with banking shares hit the hardest.
- The GBP plunged 11% versus the USD.
- US and German government bond yields have fallen significantly.

The United Kingdom's vote last Thursday to leave the European Union triggered huge falls on the world's stock markets. Soon after the official results were announced, Prime Minister David Cameron announced to step down by October the latest; his successor will tackle the beginning of the Brexit process. Meanwhile, a number of leading European politicians urged to complete the exit talks as soon as possible, irrespective of who Britain's PM is.

In Europe, the FTSE dived 3.2% by Friday's close; its trading volume exceeded the average daily turnover of the past 90 days in a single hour. The DAX plummeted 6.8% and the CAC40 dived 8%. Stock markets opened with huge falls but then corrected and moved sideways later in the day. The key indices fell to their deepest since February. The financial sector's companies were the most lethargic ones amid the post-Brexit blues – in the eurozone, banks contracted by 14.5% and investment companies plunged 12.7%. In the United Kingdom, Barclays sank 17.7%, Royal Bank of Scotland lost 18%, and Lloyds slid 21% by the close. European car manufacturers' shares reversed 10.5%. Randgold Resources, a gold mining business, sky-rocketed 14.2%, Fresnilo jumped 11.9% higher, whereas gold price upped by 4.9% owing to the intensifying uncertainty on markets.

America's markets fell too: the Dow slumped 3.4%, the S&P500 decreased 3.6%, and the NASDAQ100 closed with 4.1% loss. At sector level, financial names were hit the hardest by the direct effect of Brexit in the USA too. The sector index slid 5.4%, in the largest fall since November 2011. The CBOE volatility index (VIX) surged to 49%, the highest reading since 11 February. As a result of Brexit, market actors' pricing rules out any Fed fund rate hikes this year.

This morning the close of Asia's stock markets suggests that investors' panic is abating. The Nikkei picked up 2.3%, the SSEC advanced 1%, while the Hang Seng shed 0.6% and the SENSEX ended nearly flat. Japan's government and central bank will meet today to discuss the measures to tackle the fallout of Brexit.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,60	↓ -15	↓ -13
US 10Y	1,51	↓ -18	↓ -15
JP 2Y	-0,28	↓ -5	↓ -4
JP 10Y	-0,18	↓ -5	↓ -4
GER 2Y	-0,72	↓ -13	↓ -12
GER 10Y	-0,15	↓ -21	↓ -16

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	0,62	⇒ 0	↓ -1
US 2Y Swap	0,70	↓ -4	↓ -18
US 5Y Swap	0,95	↓ -7	↓ -20
EUR 3M Euribor	-0,28	↓ -1	↓ -2
EUR 2Y Swap	-0,23	↓ -4	↓ -4
EUR 5Y Swap	-0,04	↓ -1	↑ 3
GB 3M Libor	0,56	↑ 0	↑ 1
GB 2Y Swap	0,61	↓ -23	↓ -2
GB 5Y Swap	0,74	↓ -34	↓ -13
JP 3M Libor	-0,03	↑ 1	↑ 1
JP 2Y Swap	-0,17	↓ 0	↓ -2
JP 5Y Swap	-0,16	↓ -1	↓ -3
CHF 3M Libor	-0,80	↑ 0	↑ 1
CHF 2Y Swap	-0,85	↓ -6	↓ -2
CHF 5Y Swap	-0,75	↓ -9	↑ 1

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	48,3	↓ -0,19	↓ -4,60
Gold	1 325	↑ 0,73	↑ 2,74

Source: Reuters, OTP Research

The pound sterling depreciated 10.6% against the USD, and the greenback gained 2.7% versus the EUR. The JPY firmed 4% against the USD.

The Brent oil fell 5%.

There were significant moves on the government bond market as demand for safe assets has grown. The yields on American and German long-term bond yields came down 13-21 basis points.

Germany's IFO economic sentiment index rose to 108.7 in June volt, beating analysts' consensus by 1.2.

US building permits in May dropped to 1,136,000, falling 2,000 since the previous month. However, disappointing figures were released about durable goods orders – their volume fell by 2.2% in May from the previous month, whereas analysts had forecast 0.5%.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Friday	DE	Jun	IFO Business Climate (point)	108,7	107,5	107,7
	US	May	Building Permits (annualized, thousands)	1 136,0	-	1 138,0
	US	May	Durable goods (mom, %)	-2,2	-0,5	3,4
Monday	US	Jun			-	51

Source: Reuters, OTP Research

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