

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	n.a	n.a	n.a
S&P500	n.a	n.a	n.a
Nasdaq100	n.a	n.a	n.a
Russell2000	n.a	n.a	n.a
Stoxx600	330	↓ -0,74	↑ 6,81
DAX	9 709	↓ -0,69	↑ 4,75
FTSE 100	6 522	↓ -0,84	↑ 9,03
CAC40	4 235	↓ -0,91	↑ 6,28
ATX	2 083	↓ -1,02	↑ 4,74
IBEX35	8 256	↓ -0,16	↑ 7,98
Nikkei 225	15 669	↓ -0,67	↑ 2,35
Hang Seng	20 938	↓ -0,57	↑ 3,80
SSEC	3 002	↑ 0,45	↑ 3,07
SENSEX	27 208	↓ -0,26	↓ -0,60
RTS	941	↑ 0,81	↑ 5,86
Bovespa	52 569	↑ 0,64	↑ 6,75

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1154	↑ 0,17	↑ 0,55
EUR/CHF	1,0827	↓ -0,07	↓ -0,48
USD/GBP	1,3289	↑ 0,21	↓ -0,38
USD/JPY	102,01	↓ -0,53	↓ -0,71
AUD/USD	0,7516	↓ -0,24	↑ 1,75
USD/CAD	1,2873	↑ 0,23	↓ -1,14
USD/RUB	64,12	↑ 0,43	↑ 0,18

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	14,8	↓ -0,9	↓ -11,0
CDS 5Y PIIS	15	↓ -7,0	↓ -36,8
CDS 5Y Italy	128	↑ 3,4	↓ -17,2
CDS 5Y Belg.	126	↓ 0,0	↓ -2,0
iTraxx 5Y EU	41,7	↑ 1,2	↓ -18,2
US TED Spread	79,9	⇒ 0,0	↑ 3,0

Source: Reuters, OTP Research

Summary

- The recent winning streak on European stock exchanges has broken; concerns about Italy's banks have re-intensified, stock indices have dropped.
- More than a week after Brexit, producers are still benefiting from rising precious metal prices.
- US markets were closed on Independence Day, 4 July.

The recent days' winning streak has ended, Western Europe's stock exchanges posted slight losses on Monday. With no trading in America on Independence Day, sales volumes in Europe were rather light, making up just 70% of the 30-day average. The Stoxx600 index shed 0.7%, with car manufacturers and real property companies making the biggest reversals. The FTSE slipped 0.8%, construction companies fell as the final reading of construction purchasing managers' index in the UK was well short of expectations. Italy's banks caused further excitement: Banca Monte dei Paschi di Siena plunged 14% after the ECB called on it to draft a plan for phasing out EUR 14 billion worth non-performing loans over the next three years. If the bank, which had an NPL stock of EUR 46.9 billion at the end of last year, agrees to do so, its NPL ratio may shrink to 20%. The Stoxx600's bank index sank 1.6% in the red, and seven of its ten biggest losers came from the banking sector; Banca Popolare dell'Emilia Romagna dived 7% and Banca Popolare fell 4.5% yesterday. The Milan stock index was the worst performer in its region yesterday, sinking 1.7%.

The European banking sector's ailing could not be offset by the rise in commodity prices or the resulting gains of precious metal producers. Fresnillo jumped 7.7% higher, and Randgold surged 4.4%, while silver price hit a two-year high (rising 7% in the day) and gold price has been soaring for four days in a row. The Brent's price exceeded 50 USD/barrel again, as a military conflict in Nigeria may threaten production. In sync with the increase in commodity prices, producer countries' currencies appreciated; the iBovespa index is at an eight-week high.

Asia's stock markets opened with gains but closed mixed: China's indices eked out small gains (Shanghai Composite: +0.7%), but Japan and Hong Kong indices ended lower. The yen's continued firming (by 0.5% this time) led the USD/JPY below the 102 mark this morning.

The USD wobbled 0.1% versus the EUR but gained 0.2% against the GBP.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,59	↑	59	↓	-1
US 10Y	1,44	↑	144	→	0
JP 2Y	-0,32	↑	1	↓	-4
JP 10Y	-0,24	↑	2	↓	-5
GER 2Y	-0,65	↓	-2	↓	-3
GER 10Y	-0,13	↓	-4	↓	-5

CENTRAL BANKS' RATES

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0	↑	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	0,00	↓	0	↑	3
US 2Y Swap	0,73	↓	0	↑	2
US 5Y Swap	0,94	↓	-3	↓	-1
EUR 3M Euribor	-0,29	↓	0	↓	-1
EUR 2Y Swap	-0,24	↑	0	↓	-2
EUR 5Y Swap	-0,15	↓	-2	↓	-3
GB 3M Libor	0,00	↓	-4	↓	-4
GB 2Y Swap	0,49	↓	-1	↓	-1
GB 5Y Swap	0,56	↓	-2	↓	-1
JP 3M Libor	0,00	↓	0	↑	1
JP 2Y Swap	-0,17	↓	0	↓	-1
JP 5Y Swap	-0,20	↓	0	↓	-2
CHF 3M Libor	0,00	↓	0	↑	2
CHF 2Y Swap	-0,87	↑	1	↑	0
CHF 5Y Swap	-0,77	↓	0	↓	-1

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	49,5	↓	-1,16	↑	1,93
Gold	1 342	↓	-0,60	↑	2,30

Source: Reuters, OTP Research

The final reading on the UK's construction purchasing managers' index missed both the preliminary data and expectations. What is more, it sank below the 50-point mark, signifying recession.

The Sentix investor sentiment index also undershot expectations, falling to 1.7 in July.

PMI indices are to be released in the euro area and the UK today; Eurostat is to publish eurozone retail sales statistics. The factory orders statistics due out in the United States today may be market-moving factors.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Monday	EZ	Jul	Sentix Investor confidence (points)	1,7	6,5	9,9
	UK	Jun	Construction PMI (points)	46,0	50,5	51,2
Tuesday	EZ	Jul	Services PMI, final (points)		52,4	52,4
	EZ	Jun	Composite PMI, final (points)		52,8	52,8
	EZ	Jun	Retail sales (yoy, %)		1,6	1,4
	UK	Jun	Services PMI, (points)		52,7	53,5
	US	May	Durable goods orders (mom, %)		-	-2,2
US	May	Factory orders (mom, %)		-0,9	1,9	

Source: Reuters, OTP Research

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