

Treasury Sales Team

Headquarter Treasury Sales

Alexandru Tibuleac
0372 31 85 85
alexandru.tibuleac@otpbank.ro

Cristian Ilie
0372 31 85 86
ilie.cristian@otpbank.ro

Corina Bejan
0372 31 85 84
corina.bejan@otpbank.ro

Andreea Nica
0755 000 106
andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj
0755 000 400
szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti
0755 000 199
tudor.zaman@otpbank.ro

Alexandru Sabin - Arad
0730 577 959
alexandru.sabin@otpbank.ro



Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 841	↓ -0,61	↑ 2,48
S&P500	2 089	↓ -0,68	↑ 2,58
Nasdaq100	4 411	↓ -0,60	↑ 2,80
Russell2000	1 139	↓ -1,50	↑ 0,69
Stoxx600	324	↓ -1,70	↑ 2,36
DAX	9 533	↓ -1,82	↑ 0,90
FTSE 100	6 545	↑ 0,35	↑ 6,60
CAC40	4 163	↓ -1,69	↑ 1,82
ATX	2 026	↓ -2,72	↓ -0,09
IBEX35	8 068	↓ -2,28	↑ 2,97
Nikkei 225	15 379	↓ -1,85	↑ 0,36
Hang Seng	20 393	↓ -1,73	↓ -0,21
SSEC	3 004	↓ -0,07	↑ 2,48
SENSEX	27 167	→ 0,00	↓ -0,60
RTS	925	↓ -1,66	↑ 2,19
Bovespa	51 842	↓ -1,38	↑ 3,67

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1075	↓ -0,71	↓ -0,59
EUR/CHF	1,0816	↓ -0,10	↓ -0,73
USD/GBP	1,3021	↓ -2,02	↓ -3,00
USD/JPY	101,05	↓ -0,64	↓ -1,71
AUD/USD	0,7439	↓ -0,25	↓ -0,12
USD/CAD	1,3009	↑ 0,24	↑ 0,62
USD/RUB	64,65	↑ 0,43	↑ 1,53

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	15,6	↑ 0,8	↓ -8,3
CDS 5Y PIIS	16	↑ 2,6	↓ -54,3
CDS 5Y Italy	131	↓ -0,1	↓ -26,4
CDS 5Y Belg.	126	↓ -0,8	↓ -8,9
iTraxx 5Y EU	40,9	↑ 1,8	↓ -11,5
US TED Spread	81,7	→ 0,0	↑ 2,9

Source: Reuters, OTP Research

Summary

- The sentiment on global markets was rather negative on Tuesday.
- The USD firmed 0.7% against the EUR and 2% vs the GBP.
- The BoE said Brexit's negative effects on the economy are already being felt.

Tuesday's sentiment was unenthusiastic on both sides of the Atlantic. In Europe, the Stoxx600 and the CAC40 shed 1.7% each, the DAX dropped 1.8%, while rising 0.35% made the FTSE an outperformer. In America, the S&P500 closed 0.7% lower, the NASDAQ100 lost 0.6%, and the Russell2000 dropped by 1.5%.

The Bank of England's stability report suggests that Brexit's effects are already biting into Britain's economy. The stock prices of British banks fell by 20%, those of domestic-oriented British companies declined by 10%, and the foreign capital flowing to Britain's commercial property market contracted by 50% in the first quarter. Capital Economics expects the Bank of England's Monetary Policy Council to lower the base rate by 25 bps in July; others anticipate a sharper cut.

According to an analysis by Unicredit Bank, the ECB's 80 billion EUR/month bond purchase programme shifted towards the bigger periphery countries in July, to partly offset the negative effects of Brexit. Under the bond purchase programme, theoretically the ECB buys bonds from each country depending on its size, but there are few eligible bonds in small countries. So far Germany has benefited from this shortage, but the ECB preferred Italy and Spain in July.

The San Francisco Fed President said the market turbulence caused by Britain's leave would not have a meaningful effect on US economy, thus the Fed may raise interest rates this year if the unemployment rate draws near 4.5% and inflation rises.

There was sour sentiment in Asian trading this morning. The Nikkei closed 1.9% lower, the Hang Seng sank 1.7%, and the SSEC edged down 0.1%.

The Brent's price rose by 0.13% this morning. According to the Rystad consulting company, the USA has more produceable oil than Russia or Saudi Arabia. Shale oil makes up a large part of US reserves.

The USD firmed 0.7% versus the EUR and 2% against the GBP.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,56	↓ -3	↓ -5
US 10Y	1,37	↓ -7	↓ -10
JP 2Y	-0,33	↓ -1	↓ -4
JP 10Y	-0,26	↓ -2	↓ -4
GER 2Y	-0,67	↓ -2	↓ -1
GER 10Y	-0,14	↓ -2	↓ -3

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	0,00	↑ 0	↑ 3
US 2Y Swap	0,71	↑ 1	↓ -3
US 5Y Swap	0,91	↑ 1	↓ -8
EUR 3M Euribor	-0,29	↓ 0	↓ -1
EUR 2Y Swap	-0,24	↑ 1	↓ -4
EUR 5Y Swap	-0,18	↓ -3	↓ -6
GB 3M Libor	0,00	↓ -1	↓ -3
GB 2Y Swap	0,47	↓ -1	↓ -1
GB 5Y Swap	0,53	↓ -4	↓ -10
JP 3M Libor	0,00	↑ 0	↑ 1
JP 2Y Swap	-0,18	↓ -1	↓ -1
JP 5Y Swap	-0,20	↑ 1	↓ -2
CHF 3M Libor	0,00	↓ 0	↑ 2
CHF 2Y Swap	-0,87	↑ 0	↓ -3
CHF 5Y Swap	-0,78	↓ -1	↓ -5

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	48,0	↑ 0,13	↓ -5,12
Gold	1 368	↑ 0,90	↑ 3,74

Source: Reuters, OTP Research

In the eurozone, Tuesday's release of purchasing managers' index has beaten forecasts, but these reading do not reflect the Brexit effect. In the USA, durable goods orders shrank 2.3% month/month. The factory orders figure, released this morning, has not changed from the previous month – this is a huge negative surprise and it may signal Brexit effects. Later in the day, the FOMC minutes may reveal more details about the Fed's interest rate policy. The US trade balance may be an important figure, particularly if it is short of expectations.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	EZ	Jul	Services PMI, final (points)	52,8	53,1	52,4
	EZ	Jun	Composite PMI, final (points)	53,1	52,8	52,8
	EZ	Jun	Retail sales (yoy, %)	1,6	1,6	1,4
	UK	Jun	Services PMI, (points)	52,3	52,7	53,5
	US	May	Durable goods orders (mom, %)	-2,3	-	-2,2
	US	May	Factory orders (mom, %)	-1,0	-0,9	1,9
Wednesday	DE	May	Durable goods orders (mom, %)	0,0	0,8	-2,0
	US	Jun	Factory orders (mom, %)	-	-	-
	US	May			-39,3	-37,4

Source: Reuters, OTP Research

Chief Economist

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

Fundamental Analyst

Dániel Módos
modosd@otpbank.hu
+36 1 301 2810

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