

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	18 348	↑ 0,66	↑ 2,84
S&P500	2 152	↑ 0,70	↑ 3,04
Nasdaq100	4 578	↑ 0,50	↑ 3,16
Russell2000	1 206	↑ 1,33	↑ 5,83
Stoxx600	336	↑ 1,06	↑ 3,73
DAX	9 964	↑ 1,33	↑ 4,53
FTSE 100	6 681	↓ -0,03	↑ 2,07
CAC40	4 331	↑ 1,57	↑ 4,03
ATX	2 164	↑ 2,55	↑ 6,82
IBEX35	8 506	↑ 2,42	↑ 5,43
Nikkei 225	16 231	↑ 0,84	↑ 3,59
Hang Seng	21 322	↑ 0,46	↑ 4,04
SSEC	3 061	↑ 0,37	↑ 1,44
SENSEX	27 840	↑ 0,12	↓ -0,60
RTS	955	↑ 1,49	↑ 3,26
Bovespa	54 256	↑ 0,55	↑ 4,66

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1057	↑ 0,01	↓ -0,23
EUR/CHF	1,0936	↑ 0,64	↑ 0,87
USD/GBP	1,3242	↑ 1,92	↑ 2,42
USD/JPY	104,63	↓ -0,06	↑ 3,28
AUD/USD	0,7625	↑ 0,05	↑ 1,46
USD/CAD	1,3041	↓ -0,53	↑ 0,49
USD/RUB	63,73	↓ -0,71	↓ -0,99

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,6	↑ 0,0	↓ -2,0
CDS 5Y PIIS	14	↓ -2,6	↓ -2,3
CDS 5Y Italy	126	↓ -6,2	↓ -10,8
CDS 5Y Belg.	116	⇒ 0,0	↓ -3,5
iTraxx 5Y EU	38,2	↓ -3,8	↓ -10,3
US TED Spread	71,4	⇒ 0,0	↓ -4,2

Source: Reuters, OTP Research

Summary

- Stock markets soared; investors expect monetary stimulus and are optimistic about US growth.
- Fears about Italian banks' position and Brexit have eased.
- Oil prices grew by nearly 5%.

Investor sentiment remained optimistic on Tuesday. The major central banks continue to signal that further monetary stimulus may follow. Meanwhile the concerns surrounding Italian banks' problems and Brexit have abated. As a result, stock indices and commodity prices have increased.

America's stock markets broke record on Tuesday: the Dow and the S&P hit all-time highs, and the NASDAQ closed above its 2016 high by the end of the day. The buoyancy caused by Alcoa's Monday flash report persisted, and investors appreciate US economy's growth.

European markets' growth was driven by banking and car manufacturing shares. Banking stocks benefited from the fact that Germany's Chancellor Angela Merkel and Italy's Finance Minister Pier Carlo Padoan both indicated that a pragmatic solution for the woes of Italy's banking system may be found in the existing EU legislation. Monte Paschi, which nose-dived 40% after the Brexit vote, rallied 6% yesterday. European car manufacturing shares benefited from Daimler's Q2 report, which came with excellent profitability figures.

Emerging markets made gains across the board. A nearly 5% surge in oil prices helped commodity exporter countries. Markets expect that Wednesday's US oil inventory data will signify a reduction in oversupply.

The pound sterling significantly firmed on Tuesday. Markets appreciated that Britain's Conservative Party quickly found a prime minister to replace David Cameron who had stepped down. The new PM and former Home Secretary, Theresa May, is reported not to rush to announce Britain's intent to leave the EU; she is more likely to take her time to form Britain's position in the negotiations.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,69	↑	4	↑	14
US 10Y	1,51	↑	8	↑	14
JP 2Y	-0,34	→	0	↓	-1
JP 10Y	-0,27	↓	-1	↓	-1
GER 2Y	-0,69	↑	0	↓	-3
GER 10Y	-0,16	↑	3	↓	-2

CENTRAL BANKS' RATES

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0,5	↑	0,75	↑	1,25
ECB Rate	0,00	→	0,00	→	0,00
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	0,67	↑	0	↑	1
US 2Y Swap	0,80	↓	-2	↑	8
US 5Y Swap	1,02	↓	-3	↑	11
EUR 3M Euribor	-0,29	↑	0	↑	0
EUR 2Y Swap	-0,24	↓	-1	↓	0
EUR 5Y Swap	-0,14	↑	3	↑	3
GB 3M Libor	0,50	↓	-1	↓	-1
GB 2Y Swap	0,50	↑	0	↓	-1
GB 5Y Swap	0,60	↑	4	↑	7
JP 3M Libor	-0,03	↓	0	↓	-1
JP 2Y Swap	-0,18	↑	0	↓	-1
JP 5Y Swap	-0,21	↓	0	↓	-1
CHF 3M Libor	-0,77	→	0	↑	1
CHF 2Y Swap	-0,85	↑	2	↑	2
CHF 5Y Swap	-0,76	↑	4	↑	1

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	48,5	↑	4,80	↑	1,06
Gold	1 339	↑	0,56	↓	-1,82

Source: Reuters, OTP Research

Ireland's statistical service published what is probably the most exceptional statistics of the year: the country's GDP jumped by 26% in 2015 (the figure was 7.8% before the revision). The reason for the outstanding surge is that a number of American corporations moved their headquarters to Ireland, because of its low corporate tax rates. This new gauge will remarkably override Ireland's debt indicators: its government debt at the end of 2015 will amount to 79% of GDP, instead of 93.8%. The remaining data released yesterday were mostly in line with expectations.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	DE	Jun	HICP final (yoy, %)	0,2	0,2	0,2
	DE	Jun	Final CPI (yoy, %)	0,3	0,3	0,3
	US	May	Wholesale inventories (mom, %)	0,1	0,2	0,6
	US	May	Wholesale sales (mom, %)	0,5	0,6	1,0
	US	Jun	Federal budget (USDbn)	24,0	24,0	-53,0
Wednesday	CN	Jun	Import (yoy, %)		-5,0	-0,4
	CN	Jun	Export (yoy, %)		-4,1	-4,1
	EZ	May	Industrial production (mom, %)		-0,3	1,1

Source: Reuters, OTP Research

Chief Economist

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

Fundamental Analyst

Gábor Pellényi
pellenyig@otpbank.hu
+36 1 374 7276

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