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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 506	↑ 0,73	↑ 3,41
S&P500	2 164	↑ 0,53	↑ 3,14
Nasdaq100	4 596	↑ 0,67	↑ 3,42
Russell2000	1 202	↑ 0,08	↑ 2,11
Stoxx600	339	↑ 0,80	↑ 5,09
DAX	10 068	↑ 1,39	↑ 6,90
FTSE 100	6 654	↓ -0,24	↑ 1,85
CAC40	4 386	↑ 1,16	↑ 6,50
ATX	2 212	↑ 3,53	↑ 8,24
IBEX35	8 552	↑ 0,93	↑ 6,79
Nikkei 225	16 490	↑ 0,64	↑ 7,95
Hang Seng	21 569	↑ 0,04	↑ 4,89
SSEC	3 050	↓ -0,14	↑ 2,06
SENSEX	27 804	↓ -0,49	↓ -0,60
RTS	972	↑ 2,11	↑ 5,26
Bovespa	55 481	↑ 1,62	↑ 6,66

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1118	↑ 0,27	↑ 0,62
EUR/CHF	1,0904	↓ -0,19	↑ 0,34
USD/GBP	1,3338	↑ 1,47	↑ 2,96
USD/JPY	105,62	↑ 0,28	↑ 5,06
AUD/USD	0,7628	→ 0,00	↑ 0,81
USD/CAD	1,2910	↑ 0,16	↓ -1,01
USD/RUB	62,80	↓ -0,11	↓ -1,58

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	12,8	↓ -0,2	↓ -1,9
CDS 5Y PIIS	13	↓ -5,6	↓ -11,3
CDS 5Y Italy	119	↓ -4,9	↓ -16,5
CDS 5Y Belg.	110	↓ -0,9	↓ -4,4
iTraxx 5Y EU	36,5	↑ 0,8	↓ -10,5
US TED Spread	72,2	→ 0,0	↓ -1,1

Source: Reuters, OTP Research

Summary

- Confounding analysts, the Bank of England did not trim its interest rates yesterday.
- Banking shares were outperformers on the equity markets of Europe and America.
- China's Q2 GDP data have surpassed expectations.
- Today the USA will publish consumer price index data for June.

Thursday's most important, market-moving event was the Bank of England's MPC meeting. In a surprise move, the BoE maintained both its Bank rate at 0.5% and the size of its asset purchase programme. After the decision, the GBP surged materially against the EUR and the USD. But the minutes reveal that a number of decision-makers would prefer monetary easing in August.

The BoE's announcement triggered a selloff on Western Europe's stock markets, reversing the steady growth seen earlier in the day. But the uncertainty did not last long and the major indices closed with above-1% gains. Banking stocks were the perkier ones in Europe at the beginning of the Q2 earnings season. Deutsche Bank (+3.62%) and BASF (+3.6%) were the brightest stars in the DAX, while on the French stock exchange BNP Paribas (+3.4%) and Societe Generale (3.6%) were the most sought after ones. The excellent performance of BASF can be put down to reports that Monsanto (+3%) is prepared to buy part of the chemical company. This had a particularly great impact on share prices because yesterday Bayer announced to submit a new bid to buy Monsanto, a plan that had already failed once.

Buyers' dominance on America's stock markets helped the key indices to end the day with gains too. Just like in Europe, banking shares were the strongest performers as the earnings reports season for banks kicked off when JP Morgan released its Q2 figures, with its profit beating expectations. The good news boosted its share price by 1.5%. The share price of Citigroup, which is to publish its report today, grew by 2.6% in Thursday's trading. Nintendo (+15%) continued its march higher that started on 6 July, as its most recent game Pokemon Go is exploding in popularity.

There was modest optimism in Asia trading this morning, as China's Q2 GDP somewhat surpassed expectations. Retail sales and industrial production growth both overshot forecasts, only the infrastructural investment data disappointed. Japan's Nikkei gained 0.7%, while the Shanghai Composite and the Hang Seng ended Friday's trading nearly flat.

Crude oil price increased in Thursday's trading. The Brent ended the day trading above 47 USD/barrel (+1.3%) and the WTI exceeded USD 45 (+0.8%).

On currency markets, the pound sterling made the sharpest moves yesterday. After the BoE's rate decision the GBP appreciated 1.6% against the USD and 1.4% versus the EUR. By the end of the day, the USD/GBP sank to 0.75 and the EUR/GBP dropped to 0.8.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,67	↑	1	↑	7
US 10Y	1,52	↑	5	↑	13
JP 2Y	-0,34	↑	1	↑	0
JP 10Y	-0,26	↑	2	↑	1
GER 2Y	-0,67	→	0	↑	1
GER 10Y	-0,11	↓	-1	↑	7

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	0,00	↑	1	↑	2
US 2Y Swap	0,82	↓	-1	↑	8
US 5Y Swap	1,04	↑	1	↑	12
EUR 3M Euribor	-0,30	→	0	↓	0
EUR 2Y Swap	-0,25	↓	-1	↑	1
EUR 5Y Swap	-0,15	↑	1	↑	3
GB 3M Libor	0,00	↑	0	↓	-2
GB 2Y Swap	0,49	↑	1	↑	4
GB 5Y Swap	0,59	↑	5	↑	4
JP 3M Libor	0,00	↓	-1	↓	-1
JP 2Y Swap	-0,16	↑	0	↑	4
JP 5Y Swap	-0,17	↑	2	↑	5
CHF 3M Libor	0,00	↑	1	↑	1
CHF 2Y Swap	-0,80	↑	3	↑	5
CHF 5Y Swap	0,00	↑	3	↑	3

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	47,0	↓	-0,72	↑	0,58
Gold	1 333	↓	-0,15	↓	-2,47

Source: Reuters, OTP Research

The USA is to release important statistics this afternoon: the June gauge of consumer price index. If inflation developments are as good as the job market statistics were, that would provide ammo for the Fed to raise its interest rates in September. But the presidential election in the autumn may add to reasons to postpone the continuation of the easing cycle until December.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Thursday	UK	Jul	Base rate (%)	0,5	0,25	0,5
Friday	CN	Q2	GDP (qoq, %)	1,8	1,6	1,1
	CN	Q2	GDP (yoy, %)	6,7	6,6	6,7
	CN	Jun	Urban investment (yoy, %)	9,0	9,4	9,6
	CN	Jun	Industrial Output (yoy, %)	6,2	5,9	6,0
	CN	Jun	Retail Sales (yoy, %)	10,6	10,0	10,0
	EZ	Jun	Inflation (final, yoy, %)		0,1	0,1
	US	Jun	Retail Sales (mom, %)		0,1	0,5
	US	Jul	NY Fed Manufacturing index (point)		5,0	6,0
	US	Jun	CPI (yoy, %)		1,1	1,0
	US	Jun	CPI (mom, %)		0,3	0,2
	US	Jun	Core CPI (yoy, %)		2,3	2,2
	US	Jun	Core CPI (mom, %)		0,2	0,2
	US	Jun	Industrial Output (mom, %)		0,2	-0,4
US	Jul	U Michigan Sentiment (preliminary, point)		93,5	93,5	
US	May	Business Inventories (mom, %)		0,1	0,1	

Source: Reuters, OTP Research

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