



**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 559	↑ 0,14	↑ 1,15
S&P500	2 164	↓ -0,14	↑ 0,54
Nasdaq100	4 603	↓ -0,36	↑ 0,56
Russell2000	1 200	↓ -0,62	↓ -0,06
Stoxx600	337	↓ -0,41	↑ 0,32
DAX	9 981	↓ -0,81	↑ 0,17
FTSE 100	6 697	↑ 0,03	↑ 0,25
CAC40	4 330	↓ -0,63	↓ -0,03
ATX	2 209	↓ -0,48	↑ 2,08
IBEX35	8 485	↓ -0,46	↓ -0,24
Nikkei 225	16 682	↓ -0,25	↑ 3,64
Hang Seng	21 859	↑ 0,86	↑ 2,52
SSEC	3 030	↓ -0,21	↓ -0,99
SENSEX	27 895	↑ 0,39	↓ -0,60
RTS	953	↓ -1,71	↓ -0,27
Bovespa	56 698	↑ 0,38	↑ 4,50

**FX MARKET**

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1021	↓ -0,45	↓ -0,64
EUR/CHF	1,0859	↓ -0,17	↓ -0,59
USD/GBP	1,3110	↓ -1,09	↓ -0,27
USD/JPY	106,23	↑ 0,11	↑ 1,67
AUD/USD	0,7507	↑ 0,08	↓ -1,29
USD/CAD	1,3013	↓ -0,04	↑ 0,29
USD/RUB	63,35	↓ -0,23	↓ -0,88

**RISK INDICATORS**

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	12,0	↓ -0,5	↓ -1,6
CDS 5Y PIIS	12	↓ -0,4	↓ -8,0
CDS 5Y Italy	120	↓ -1,3	↓ -7,4
CDS 5Y Belg.	114	↓ 0,0	↓ -1,8
iTraxx 5Y EU	36,4	↑ 0,3	↑ 0,1
US TED Spread	71,5	⇒ 0,0	↑ 0,9

Source: Reuters, OTP Research

**Summary**

- Weak corporate earnings reports dragged down stock markets on Tuesday
- The IMF cut growth forecasts for the UK and the EZ after Brexit vote, but was more upbeat on the USA.
- The changed macroeconomic outlook helped the USD firm.

Following the poor earnings figures, stock markets fell on both sides of the Atlantic. The IMF slashed its growth forecast after the Brexit vote, but the Fund was more positive about growth prospects in the USA, which buoyed the dollar on Tuesday.

On US markets, the S&P (-0.1%) and the NASDAQ (-0.4%) slipped, while the Dow edged higher (+0.1%). Some companies that published their earnings figures on Tuesday, including Netflix (-13.6%), Goldman Sachs (-1.3%) and Microsoft (-1.6%), suffered losses. Microsoft reported favourable Q2 results after trading hours, but the number of Netflix subscribers was short of forecasts. In Europe, the FTSE stagnated, while the other big indices sank (DAX -0.8%, CAC40 -0.6%). Commodity companies were hit by lower metal prices, and banking shares extended their losses as the IMF cut its growth forecast. Asia's stock markets moved mixed: the Hang Seng was seen in positive territory shortly before the end of trading, while the Shanghai index and the Nikkei were in the red.

The favourable figures from the USA and the combination of disappointing data and weak growth prospects in Europe helped the USD appreciating 0.5% and hit a six-week high of 1.1 versus the EUR. The greenback benefited from the IMF's reiterated growth forecast for the USA, while the Fund expects slower expansion in the eurozone in the aftermath of Brexit. The cheering prospects for America make investors assume that a Fed interest rate hike this year is becoming more likely.

On Tuesday the oil's price moved sideways (Brent +0.3%); markets are waiting for Wednesday's release on US inventories.

**GOV'T BOND MARKET**

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,70	↑	1	↑	1
US 10Y	1,56	↓	-1	↑	5
JP 2Y	-0,32	↑	1	↑	2
JP 10Y	-0,23	↓	0	↑	4
GER 2Y	-0,66	↓	-1	↑	3
GER 10Y	-0,03	↓	-2	↑	12

**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	0,70	↑	1	↑	3
US 2Y Swap	0,88	↑	0	↑	6
US 5Y Swap	1,08	↑	2	↑	7
EUR 3M Euribor	-0,30	→	0	↓	0
EUR 2Y Swap	-0,24	↓	0	↑	0
EUR 5Y Swap	-0,14	↑	1	↑	3
GB 3M Libor	0,53	↓	0	↑	2
GB 2Y Swap	0,51	↓	0	↑	2
GB 5Y Swap	0,57	↓	-2	↓	-3
JP 3M Libor	-0,03	↑	1	↓	-1
JP 2Y Swap	-0,15	↓	-1	↑	2
JP 5Y Swap	-0,18	↓	-1	↑	3
CHF 3M Libor	-0,77	↓	0	↑	1
CHF 2Y Swap	-0,78	↓	0	↑	7
CHF 5Y Swap	0,00	↑	1	↑	7

**COMMODITIES**

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	46,8	↑	0,28	↑	1,15
Gold	1 330	↓	-0,17	↓	-0,96

Source: Reuters, OTP Research

In its new forecast, published on Tuesday, the IMF expected lower economic growth globally, pointing to 3.1% expansion instead of 3.2%, and warned of strong downward risks. Brexit fallout may decelerate Britain's economic growth to 1.3% in 2017, which is 0.9 percentage points less than in the IMF's April forecast. The European Commission is even more pessimistic, estimating Britain's expansion between -0.3% and 1.1%. The IMF has slashed the eurozone's 2017 growth forecast by 0.2% percentage points.

Today's consumer confidence index may also be indicative of Europe's growth. Besides Tuesday's worse-than-expected ZEW index, this will be another early business cycle indicator gauged after Brexit.

The Republican Party's Cleveland rally in the USA called for reinstating the 1933 Glass-Steagall law, which law used to require the separation of commercial and investment banking activities. It was repealed in 1999, during Bill Clinton's presidency and some critics (e.g. Joseph Stiglitz) maintain that this played a role in the financial crisis that started in 2007. The Democratic presidential nominee Hillary Clinton is against reinstating this law, but her former rival, Senator Bernie Sanders supports the idea.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	DE	Jul	ZEW Economic Sentiment (points)	-6,8	9	19,2
	GB	Jun	CPI (mom, %)	0,2	0,2	0,2
	GB	Jun	CPI (yoy, %)	0,5	0,4	0,3
	US	Jun	Building permits (millions)		1,2	1,1
	US	Jun	Housing starts (million)		1,2	1,2
Wednesday	EZ	Jul	Consumer confidence (preliminary, points)		-8,0	-7,3

Source: Reuters, OTP Research

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