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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 493	↓ -0,42	↓ -0,22
S&P500	2 168	↓ -0,30	↑ 0,07
Nasdaq100	4 666	↓ 0,00	↑ 1,00
Russell2000	1 210	↓ -0,25	↑ 0,78
Stoxx600	341	↑ 0,18	↑ 0,66
DAX	10 198	↑ 0,50	↑ 1,34
FTSE 100	6 710	↓ -0,30	↑ 0,22
CAC40	4 388	↑ 0,16	↑ 0,69
ATX	2 224	↓ -0,49	↑ 0,17
IBEX35	8 576	↓ -0,28	↑ 0,60
Nikkei 225	16 383	↓ -1,43	↓ -0,70
Hang Seng	22 222	↑ 1,04	↑ 2,53
SSEC	3 040	↑ 0,80	↑ 0,11
SENSEX	28 109	↑ 0,05	↓ -0,60
RTS	931	↓ -0,56	↓ -3,99
Bovespa	56 873	↓ -0,23	↑ 0,69

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0990	↑ 0,15	↓ -0,09
EUR/CHF	1,0835	→ 0,00	↓ -0,09
USD/GBP	1,3140	↑ 0,26	↑ 0,23
USD/JPY	104,38	↓ -1,30	↓ -1,63
AUD/USD	0,7523	↑ 0,76	↑ 0,29
USD/CAD	1,3200	↓ -0,10	↑ 1,40
USD/RUB	65,35	↓ -0,07	↑ 2,93

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	12,9	↑ 0,9	↑ 0,4
CDS 5Y PIIS	13	↓ -0,2	↓ -1,6
CDS 5Y Italy	117	↓ 0,0	↑ 2,1
CDS 5Y Belg.	113	↓ -0,8	↓ -2,6
iTraxx 5Y EU	33,7	↓ -0,4	↓ -3,2
US TED Spread	68,0	→ 0,0	↑ 2,6

Source: Reuters, OTP Research

Summary

- Investors' resilience helped most stock indices of Western Europe to gains.
- This morning BP reported 45% plunge in profits.
- US markets inched down; the focus is on corporate earnings.

The recent days' terror attacks in Germany did not discourage investors; Western Europe's stock markets opened vigorously on Monday. The favourable IFO index reading supported enthusiasm but most indices eroded the morning's gains later in the day, and the energy sector's ailing, caused by the lower oil price, hindered further increases. The Stoxx600 ended only 0.2% higher by the close; the DAX upped 0.5%, while the FTSE sank 0.3%. Italy's and Greece's indices were hit the hardest in Europe. Italy's index was dragged down by worrying news from its banking system: Banca Monte dei Paschi di Siena nose-dived more than 8% on the back of reports that Friday's release of stress test results will find the bank risky. Air companies fared mixed: Air France-KLM sank more than 2% after Société Generale's move to downgrade its share to Sell; while Ryanair marched more than 6% higher because it had maintained its earlier profit forecast. Julius Baer Group, Switzerland's third largest wealth management company, profited more than 6% after its earnings report had surpassed expectations. Sweden's SEB rallied more than 7% yesterday. BP and Orange are two important companies of Western Europe to release earnings figures today. BP's report, released this morning, printed disheartening figures: its profit without one-offs and inventory fell 45% from Q2 last year, undershooting analysts' poll by 12%. Its profitability was dented by low oil prices and narrower refining margins; BP said the latter had sunk to a low last seen in 2010 and remained under considerable pressure. Looking forward, the situation is far from promising: the increase in demand is slowing, while Canada and Nigeria resume their production.

Commodity prices' slump, caused by the firming dollar, left its mark on US equity markets yesterday. The energy, industry and financial services sectors' underperformance was marked. In the S&P, only consumer discretionary closed in positive territory. Several earnings reports were published in Monday's trading, but even more are due out today, including that of 3M, Apple and Freeport-McMoRan. Yahoo! fell nearly 3% after announcing the sale of its core internet business to Verizon. The news triggered a drop in Verizon's price too (-0.4%).

Asia's stock markets opened mixed. Investors were dissatisfied that Nintendo expects PokemonGo game yield little financially. China and Hong Kong preserved their gains by the close, but the Nikkei saw considerable loss, partly owing to the yen's firming.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,76	↑	5	↑	8
US 10Y	1,57	↓	0	↓	0
JP 2Y	-0,33	↓	0	↑	0
JP 10Y	-0,24	↓	-2	↓	-1
GER 2Y	-0,61	↑	1	↑	4
GER 10Y	-0,02	↓	-1	↓	0

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	↑	3
US 2Y Swap	0,95	↓	-1	↑	8
US 5Y Swap	1,15	↓	-3	↑	9
EUR 3M Euribor	-0,30	→	0	↓	0
EUR 2Y Swap	-0,23	↓	-2	↑	0
EUR 5Y Swap	-0,12	↓	0	↑	2
GB 3M Libor	0,00	↓	0	↓	0
GB 2Y Swap	0,50	↑	1	↓	-3
GB 5Y Swap	0,57	↑	0	↓	-2
JP 3M Libor	0,00	↑	1	↑	1
JP 2Y Swap	-0,17	↓	0	↓	-3
JP 5Y Swap	-0,19	↓	-1	↓	-3
CHF 3M Libor	0,00	↑	0	↑	1
CHF 2Y Swap	-0,73	↑	1	↑	4
CHF 5Y Swap	-0,66	↓	0	↑	4

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	44,8	↑	0,20	↓	-3,96
Gold	1 319	↑	0,27	↓	-0,98

Source: Reuters, OTP Research

The Brent crude fell more than 3% (to an 11-week low) and the WTI fell nearly 4% in Monday's trading, mostly because of the dollar's firming and the high inventories.

The IFO index's fall in July was milder than the pessimistic forecasts has predicted. It was buoyed by the unexpected improvement in the current economic conditions sub-index, while the expectations component did not deteriorate as much as had been thought.

The USA will publish important data today, with two releases on the housing market. In addition, the consumer confidence index and the services preliminary purchase managers' index may influence market sentiment

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Monday	DE	Jul	IFO Economic Sentiment index (point)	108,3	107,5	108,7
Tuesday	US	May	Case-Shiller 20 Index, SA (mom, %)		-0,1	0,5
	US	Jul	Markit Services PMI, flash (points)		52,0	51,4
	US	Jul	Consumer confidence (points)		95,9	98,0
	US	Jun	New home sales ('000)		560	551

Source: Reuters, OTP Research

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