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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	18 474	↓ -0,10	↓ -0,46
S&P500	2 169	↑ 0,03	↑ 0,25
Nasdaq100	4 672	↑ 0,13	↑ 1,50
Russell2000	1 217	↑ 0,58	↑ 0,59
Stoxx600	341	↑ 0,10	↑ 1,17
DAX	10 248	↑ 0,49	↑ 2,67
FTSE 100	6 724	↑ 0,21	↑ 0,40
CAC40	4 395	↑ 0,15	↑ 1,49
ATX	2 230	↑ 0,29	↑ 0,95
IBEX35	8 560	↓ -0,18	↑ 0,88
Nikkei 225	16 665	↑ 1,72	↓ -0,35
Hang Seng	22 107	↓ -0,10	↑ 1,03
SSEC	2 980	↓ -2,31	↓ -1,59
SENSEX	27 993	↑ 0,06	↓ -0,60
RTS	925	↓ -0,64	↓ -2,95
Bovespa	56 783	↓ -0,16	↑ 0,15

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,0986	↓ -0,04	↓ -0,23
EUR/CHF	1,0903	↑ 0,63	↑ 0,34
USD/GBP	1,3127	↓ -0,10	↓ -0,61
USD/JPY	105,75	↑ 1,06	↓ -1,00
AUD/USD	0,7472	↓ -0,37	↓ -0,07
USD/CAD	1,3187	↑ 0,01	↑ 1,00
USD/RUB	66,00	↑ 0,07	↑ 3,60

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,1	↑ 0,2	↑ 1,1
CDS 5Y PIIS	13	↑ 1,1	↓ -2,5
CDS 5Y Italy	118	↑ 1,6	↓ -1,3
CDS 5Y Belg.	114	↓ 0,0	↓ -2,8
iTraxx 5Y EU	33,6	↑ 0,5	↓ -3,0
US TED Spread	68,5	⇒ 0,0	↑ 4,3

Source: Reuters, OTP Research

Summary

- Reports on Japan's fiscal stimulus plans sent the Nikkei higher and the JPY down; the Shanghai stock exchange plunged owing to fears of stricter financial regulation.
- Apple's share price shot up as its revenue had fallen less than had been expected.
- Oil prices' slumped further.
- Today's meeting of the FOMC is unlikely to change the base rate; but its announcement may hint at the Fed's future behaviour.

US markets made very subtle moves yesterday as investors were waiting to see corporate earnings figures and the Fed's Wednesday interest rate decision. After Tuesday's market close, 45 companies of the S&P500 published their flash reports. Apple's revenue shrank less than had been anticipated, and it may beat analysts' forecast in the next quarter too, as demand for its new, cheaper iPhone SE model increases. Apple's share price grew by 5.3% after market hours.

European markets' growth was fuelled by health care and consumer goods companies. Hermes, Campari, and Adidas all neared record highs. Banking shares fell ahead of the EBA stress test results due out on Friday. Commerzbank's stock price fell 4.5% as its capital had decreased. Monte dei Paschi was down 1.2%; reportedly the bank is set to increase its capital by EUR 5 billion.

In Asia, the Nikkei jumped 1.7% higher following the announcement of an economic stimulus programme in Japan. Market players attribute the Shanghai index's 2.3% slump to authorities' plan to tighten the rules on the shadow banking system (which may lead to limitations on leveraged positions), in order to attenuate the risks of the financial system.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,76	→ 0	↑ 6
US 10Y	1,56	↓ 0	↑ 0
JP 2Y	-0,33	↑ 0	↓ -1
JP 10Y	-0,26	↓ -2	↓ -3
GER 2Y	-0,61	↑ 0	↑ 5
GER 10Y	-0,04	↓ -2	↓ -1

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	0,74	↑ 1	↑ 4
US 2Y Swap	0,95	↑ 0	↑ 3
US 5Y Swap	1,17	↑ 3	↑ 6
EUR 3M Euribor	-0,30	↓ 0	↓ 0
EUR 2Y Swap	-0,22	↓ -1	↑ 0
EUR 5Y Swap	-0,12	↓ 0	↑ 1
GB 3M Libor	0,51	→ 0	↑ 0
GB 2Y Swap	0,49	↓ -1	↓ -4
GB 5Y Swap	0,57	↑ 1	→ 0
JP 3M Libor	-0,04	↓ 0	↑ 1
JP 2Y Swap	-0,19	↓ -2	↓ -4
JP 5Y Swap	-0,22	↓ -3	↓ -5
CHF 3M Libor	-0,75	↑ 0	↑ 1
CHF 2Y Swap	-0,73	→ 0	↑ 5
CHF 5Y Swap	-0,65	↑ 1	↑ 5

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	44,7	↓ -0,36	↓ -5,22
Gold	1 318	↓ -0,11	↑ 0,22

Source: Reuters, OTP Research

Oil prices slipped further on Tuesday; the Brent sank to 0.4% by Wednesday morning. This time the underlying reason was the American Petroleum Institute's weekly inventory data on stronger-than-expected growth in US oil product supplies.

On Tuesday the JPY firmed against the USD, but the direction reversed by this morning and the yen depreciated more than 1%. The pair's trading was shaped by news on Japan's planned economic stimulus programme. Analysts had expected a small fiscal stimulus but Prime Minister Shinzo Abe said the government might announce a sizeable, 265-billion-dollar fiscal package on 2 August. Besides, the Bank of Japan is expected to continue the base rate cut and augment the volume of asset purchases on Friday's meeting.

The United Kingdom will publish the Q2 reading of GDP today. However, it offers little new information, as the outlook of the economy has changed a lot since the Brexit referendum at the end of June. America will release industrial orders and housing market data, but investors' eyes will focus on the Fed's decision. The FOMC is not likely to change the benchmark interest rate now, and most analysts do not expect rate hike in September. A more exciting issue is the message conveyed by the FOMC's statement, particularly its reference to the future trajectory of the base rate.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	US	May	Case-Shiller 20 Index, SA (mom, %)	-0,1	-0,1	0,5
	US	Jul	Markit Services PMI, flash (points)	50,9	52	51,4
	US	Jul	Consumer confidence (points)	97,3	95,9	98,0
	US	Jun	New home sales ('000)	592	560,0	551,0
Wednesday	UK	Q2	GDP (preliminary, qoq, %)		1	0
	US	Jun	Durable goods orders (mom, %)		-1,1	-2,3
	US	Jun	Pending home sales (mom, %)		1,8	-3,7
	US	Jul	FOMC rate decision		0,5-0,25	0,5-0,25

Source: Reuters, OTP Research

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