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Global Daily Report

Summary

- Monday's trading started off optimistically in Europe, after the second round of the French parliamentary elections.
- The technology sector helped US indices to all-time highs.
- The USD firmed, oil prices slipped, and industrial metal prices rose yesterday.
- Brexit talks have begun

Europe's stock markets closed higher on Monday, after the historical victory of Emmanuel Macron's party in the second round of the French parliamentary elections. The Stoxx600 upped 0.9% as much as France's CAC40 did. The French benchmark's year-to-date growth totalled 9.2%, outperforming the pan-European index. The DAX's 1.1% rally was enough to hit an all-time high. In terms of sectors, commodity producers and banks excelled on Monday.

The Brexit talks between the EU and the UK began yesterday. On the first day of the negotiations, the timetable was set – parties will hold four-week rounds starting from 17 July, 28 August, 18 September, and 9 October. Brexit Secretary David Davis confirmed that the United Kingdom would not remain in the EU's internal market, the UK will leave the customs union, and wants to sign a free trade agreement with the EU. The London Stock Exchange reacted well to the European developments, the FTSE climbed 0.8% higher. Mining companies fared particularly well: AngloAmerican grew by 2.0%, Antofagasta climbed 1.6% higher, and BHP Billiton went up 1.8%.

Europe's enthusiasm spilled over to America, where stock indices were driven by the tech sector's upsurge. Increasing by 0.8%, to 2,453, the S&P closed at an all-time high. The Dow (+0.7%) also broke record; the NASDAQ Composite was up 1.4%, and the NASDAQ100 grew by 1.6% yesterday. The technology sector was mostly fuelled by 'tech giants': Apple (+3%), Alphabet (+1.7%), Facebook (+1.5%), and Microsoft (1.2%). Chipmakers and software developers had a strong day too: Micron jumped 4.5%, NVidia surged 3.8%, Applied Materials leapt 2.7% higher, and Electronic Arts' shares were up 2.8%. The health care and financial sectors also outperformed. Investment service providers fared well: Morgan Stanley upped 2.8%, Goldman gained 2.0%, and so did banks: JP Morgan Chase grew by 2.2% and Bank of America closed 2.1% higher.

Japan's key stock indices closed higher this morning, the Nikkei added 0.8% while the yen weakened. The Shanghai Composite shed 0.4% and the Hang Seng inched down 0.2% in today's trading.

On currency markets, the USD somewhat strengthened on Monday after William Dudley, a Fed decision maker, said that stopping the tightening cycle would put America's economic growth at risk. The US dollar appreciated 0.5% vs. the EUR, 0.4% against the GBP, and 0.6% versus the JPY on Monday. Dudley's comments set US bond yields in motion, and the 10Y bond yield upped four basis points. Oil prices slipped again on Monday: the WTI was down 1.4%, and the Brent sank 1% as the increase in US output seems to undermine OPEC's efforts to freeze production. Precious metal prices edged lower. In industrial metal prices, copper, aluminium and zinc all added more than 1%.

With few macroeconomic data releases in this week's calendar, it is mostly political developments (Brexit talks, forming government in France, and geopolitical tensions) that could influence markets. Today another Fed decision-maker, Stanley Fischer will speak – his message is worth keeping an eye on because the recent weeks' US macroeconomic data made markets less certain about further interest rate hikes. Later in the day, the Fed's semi-annual monetary policy report to the Congress will also be released.

	Stocks				Bonds				Commodity & FX			
	Product name	Close	Daily change (%)	YTD (%)	Product name	Yield	Daily change*	YTD*	Product name	Close	Daily change (%)	YTD (%)
Global	S&P500	2453,5	0,8	9,6	VIX	10,4	-0,1	-26	WTI	44,20	-1,7	-17,7
	DOW	21529,0	0,7	8,9	US 2Y	1,36	4,5	17	Brent	46,91	-1,0	-17,4
	Nasdaq100	5772,2	1,6	18,7	US 10Y	2,19	3,1	-24	Gold	1242,8	-0,8	7,9
	DAX	12889,0	1,1	12,3	GER 2Y	-0,65	3,3	14	Silver	16,45	-0,8	3,3
	CAC40	5310,7	0,9	9,2	GER 10Y	0,28	0,2	7	EUR/USD	1,1148	-0,4	6,0
	FTSE 100	7523,8	0,8	5,3	PT10Y	2,87	-4,3	-89	EUR/GBP	0,8751	0,0	2,7
	FTSE MIB	21014,3	0,4	9,3	IT 10Y	1,95	-3,7	13	EUR/NOK	9,4776	0,2	4,3
	Stoxx600	391,9	0,9	8,4	SP 10	1,44	-2,2	5	USD/CAD	1,3216	0,0	-1,6
	- Banks	151,8	0,8	13,2	iTRAXX	56,1	-2,4	-22	AUD/USD	0,7594	-0,3	5,3
	Nikkei 225	20230,4	0,8	5,8	JPY 2Y	-0,11	0,6	7	USD/JPY	111,51	0,6	-4,6
SSEC	3130,4	-0,4	0,9	JPY 10Y	0,06	0,0	1	GBP/USD	1,2732	-0,3	3,2	
Regional	RTS	998,3	0,4	-13,4	RUS10	7,86	0,4	-6	USD/RUB	58,460	1,2	-5
	WIG20	2334,27	1,3	19,8	POL 10	3,17	-0,4	-13	EUR/PLN	4,2168	0,2	-4,2
	PX50	1004,0	1,3	8,9	CZ10	0,90	0,0	92	EUR/RON	4,5928	0,3	1,3
Hungary	BUX	35948	1,2	12,3	3M TB	0,10	-1	-6	EUR/HUF	307,72	0,1	-0,4
	OTP	9280	1,6	10,5	1Y	0,20	0	2	USD/HUF	276,20	0,6	-5,9
	MOL	22015	2,4	6,7	3Y	0,82	-1	-4	CHF/HUF	282,92	0,2	-1,7
	MTelekom	470	1,5	-5,6	5Y	1,88	1	11	PLN/HUF	73,000	-0,1	4,2
	Richter	7190	-0,8	15,8	10Y	3,07	5	-13	GBP/HUF	351,57	0,0	-3

* In the case of bond yields, the change is in basis points instead of percentage (VIX and ITRAXX not included).

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 6. 20. 14 : 00	HU	Interest rate decision (%)	June		0,9	0,9
23 : 00	US	Fed Monetary Policy Report	-		-	-
21. 8 : 30	HU	Balance of payment (quarterly, EURbn)	Q1		1,37	0,69
9 : 00	HU	Gross wages (yoy, %)	Apr.		-	12,8
16 : 00	US	Existing home sales (mom, %)	May		5600	5570
22. 10 : 00	HU	MNB Inflation Report	June		-	-
16 : 00	US	Leading index (mom, %)	May		0,4	0,3
16 : 00	EZ	Consumer confidence index (flash, points)	June		-3	-3,3
23. 2 : 30	JP	Nikkei Manufacturing PMI (points)	June			53,1
9 : 00	HU	Retail sales (second estimate, yoy, %)	Apr.		-	3,5*
9 : 00	FR	Markit Service PMI (points)	June		57	57,2
9 : 00	FR	Markit Manufacturing PMI (points)	June		54	53,8
9 : 30	DE	Markit Service PMI (points)	June		55,5	55,4
9 : 30	DE	Markit Manufacturing PMI (points)	June		59,0	59,5
10 : 00	EZ	Markit Service PMI (points)	June		56,2	56,3
10 : 00	EZ	Markit Manufacturing PMI (points)	June		56,8	57
15 : 45	US	Markit Service PMI (points)	June		53,9	53,6
15 : 45	US	Markit Manufacturing PMI (points)	June		53	52,7
16 : 00	US	New home sales (annualized monthly, '000s)	May		580	570

*preliminary data

Source: Reuters, OTP Research

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