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Global Daily Report

Summary

- Monday's trading was buoyant on Europe's stock markets, with commodity-related companies and financial service providers faring particularly well.
- In the shortened business hours, the Dow hit a new high, but the tech sector dropped in the USA and Asia.
- Crude oil prices have been marching higher for the eighth consecutive day; the WTI is above 47

Western Europe's stock markets had a bright day, with the Stoxx600 closing 1.1% higher, the DAX advancing 1.2%, and the FTSE gaining 0.9%. The benchmarks of Paris (+1.47%), Madrid (+1.53%) and Milan (FTSE-MIB: +2.1%) all outperformed. Investors flocked to buy commodity producers' stocks – as a result, Anglo American and Rio Tinto soared 4% each, Antofagasta and BHP Billiton both surged more than 3%, they were followed by BP, Royal Dutch Shell, Total, and Repsol. Crude oil prices have been on the rise for eight days in a row, and Total is reported to sign a five-billion-dollar production agreement with Iran. The contract enables the international consortium led by Total to explore and produce Section 11 of the Southern Pars, a huge natural gas field between Iran and Qatar. ThyssenKrupp's share price jumped 4.9% higher on the back of news that the German steel giant is studying the feasibility of a merger with the India-based Tata's steel manufacturing arm. Investors holding banking shares did not have much cause to complain yesterday, when the Royal Bank of Scotland rallied 3.4%, HSBC grew by 2.5%, and in Italy, Unicredit surged almost 4% and Intesa went up 2.7%.

In Monday's shortened trading a 0.6% uptick took the Dow to a new high, while the tech sector slumped again. The NASDAQ Composite shed 0.5%, and the NASDAQ100 dipped 0.9%. This made technology the weakest sector in the S&P, whose engines were the energy and financial sectors. US markets are closed on 4 July.

Asia's markets closed in the red this morning – the Nikkei ended 0.1% down, the Shanghai Composite shed 0.5%, and the Hang Seng dropped 1.5%. North Korea's latest missile test also contributed to the negative sentiment, as investor fear that geopolitical tension may escalate.

The WTI oil jumped 2.2% higher, to exceed USD 47 on Monday; the Brent went up 3.5%. What gave new impetus to oil price was that the US production data released on Friday indicate that the number of producing oil fields in America decreased for the first time in six months. Precious metal prices fell on Monday: gold sank 1.8%, and silver fell more than 3%. In industrial metals, demand for copper and tin subsided, while aluminium and zinc prices edged higher.

On currency markets, the US dollar was in the limelight, it appreciated 0.6% against both the EUR and the GBP. The EUR/USD sank to 1,136, while the GBP/USD stabilized around 1.294 at the end of the day. The yen retreated almost 1% versus the greenback. On America's bond market, the increase in yields continued: that on the 10Y Treasury note upped five basis points, extending last week's 16-basis-point increase. The French and German bonds with the same tenor edged 1 bp higher.

Japan and China both released better-than-forecast June manufacturing purchasing managers' indices on Monday; moreover, the Caixin index once again surpassed the 50-point mark, which signifies economic growth. Markit's manufacturing PMIs for the eurozone and Germany also indicated slight improvement.

The US manufacturing ISM index jumped even stronger than that, improving from 54.9 to 57.8 last month, mostly driven by the new orders sub-index, and owing to a sharp improvement in the employment sub-index. This may be particularly interesting for the June labour market report, due out on Friday. The US vehicle sales statistics published yesterday also indicate a month/month reduction in June, only truck sales point to a slight expansion.

Today Britain's construction PMI, as well as the minutes of the Bank of England's most recent meeting may grab investors' attention. Australia's central bank left its base rate unchanged this morning.

	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	2429,0	0,2	8,5	VIX	11,2	0,4	-20	WTI	47,07	2,2	-12,4
	DOW	21479,3	0,6	8,7	US 2Y	1,42	3,2	22	Brent	49,68	3,7	-12,6
	Nasdaq100	5597,0	-0,9	15,1	US 10Y	2,35	4,4	-9	Gold	1220,4	-1,7	6,0
	DAX	12475,3	1,2	8,7	GER 2Y	-0,58	-0,8	22	Silver	16,09	-2,9	1,0
	CAC40	5195,7	1,5	6,9	GER 10Y	0,48	1,2	28	EUR/USD	1,1360	-0,6	8,1
	FTSE 100	7377,1	0,9	3,3	PT10Y	3,01	-1,9	-76	EUR/GBP	0,8778	0,1	3,1
	FTSE MIB	21013,1	2,1	9,2	IT 10Y	2,14	-1,0	31	EUR/NOK	9,5021	-0,3	4,6
	Stoxx600	383,4	1,1	6,1	SP 10	1,51	-1,7	12	USD/CAD	1,3005	0,3	-3,2
	- Banks	158,9	2,4	18,5	iTRAXX	54,9	-2,0	-24	AUD/USD	0,7660	-0,3	6,2
	Nikkei 225	20032,4	-0,1	4,8	JPY 2Y	-0,12	-0,2	6	USD/JPY	113,37	0,9	-3,0
SSEC	3130,4	-2,0	0,9	JPY 10Y	0,08	0,1	3	GBP/USD	1,2936	-0,7	4,9	
Regional	RTS	1009,4	0,8	-12,4	RUS10	7,70	0,1	-8	USD/RUB	59,229	0,5	-3
	WIG20	2323,74	1,0	19,3	POL 10	3,29	-1,2	-10	EUR/PLN	4,2477	0,4	-3,5
	PX50	981,3	0,1	6,5	CZ10	0,99	2,5	112	EUR/RON	4,5704	0,3	0,8
Hungary	BUX	34781	-1,2	8,7	3M TB	0,11	0	-5	EUR/HUF	308,68	0,0	0,0
	OTP	9000	-0,6	7,1	1Y	0,20	1	2	USD/HUF	271,71	0,6	-7,4
	MOL	20745	-2,3	0,5	3Y	0,77	0	-9	CHF/HUF	281,91	-0,3	-2,1
	MTelekom	469	-0,6	-5,8	5Y	1,87	1	10	PLN/HUF	72,700	-0,5	3,8
	Richter	6961	-1,5	12,1	10Y	3,13	1	-7	GBP/HUF	351,74	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 7. 3.	2 : 30	JP Nikkei Manufacturing PMI (points)	June	52,4	-	52,0
	9 : 00	HU Manufacturing PMI (points)	June	57,2	-	62,1
	9 : 00	HU Budget balance (% of GDP)	Q1	2	-	-1,8
	11 : 00	EZ Unemployment rate (%)	May	9,3	9,2	9,3
	14 : 00	RO Interest rate decision (%)	July	1,75	1,75	1,75
	16 : 00	US Construction expenditure (mom, %)	May	0	0,2	-1,4
	16 : 00	US ISM Manufacturing PMI (points)	-	57,8	55,2	54,9
	21 : 30	US Vehicle sales (annualized monthly, million)	June	16,51	16,6	16,7
5.	9 : 00	HU Retail sales (first estimate, yoy, %)	May		-	2,0
	11 : 00	EZ Retail sales (mom, %)	May		0,3	0,1
	14 : 00	PL Interest rate decision (%)	July		-	1,5
	16 : 00	US Factory orders (mom, %)	May		-0,4	-0,2
	20 : 00	US FOMC Minutes	June		-	-
	23 : 55	US Fed Monetary Policy Report	July		-	-
6.	8 : 00	DE Industrial orders (mom, %)	May		2,0	-2,1
	9 : 00	HU Industrial production (preliminary, yoy, %)	May		-	-3,0
	11 : 00	HU Fiscal balance (monthly, billion HUF)	June		-	-91,9
	13 : 30	EZ ECB Minutes	June		-	-
	14 : 15	US ADP non-farm employment (mom, '000s)	June		184	253
	16 : 00	US ISM non-Manufacturing PMI (points)	June		56,5	56,9
7.	8 : 00	DE Industrial production (mom, %)	May		0,3	0,8
	8 : 30	HU International reserves (preliminary, EURbn)	June		-	23,7
	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	May		-	865
	10 : 30	UK Industrial production (mom, %)	May		0,4	0,2
	14 : 30	US Unemployment rate (%)	June		4,3	4,3
	14 : 30	US Average earnings (yoy, %)	June		2,6	2,5
	14 : 30	US Average earning (mom, %)	June		0,3	0,2
	14 : 30	US Non-farm payroll (mom, '000s)	June		177	138
	23 : 55	HU Moody's Credit Rating Decision	July			Baa3 (stable)
	23 : 56	DE G-20 Summit (July 7-8.)	July		-	-

Source: Reuters, OTP Research

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