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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	14 989	↔ 0,00	↓ -0,24
S&P500	1 615	↔ 0,00	↑ 0,14
Nasdaq100	2 941	↔ 0,00	↑ 1,19
Russell2000	991	↔ 0,00	↑ 1,14
Stoxx600	292	↑ 2,34	↑ 2,00
DAX	7 994	↑ 2,11	↑ 0,04
FTSE 100	6 422	↑ 3,08	↑ 2,86
CAC40	3 809	↑ 2,90	↑ 1,25
ATX	2 245	↑ 1,59	↑ 0,07
IBEX35	8 002	↑ 3,07	↑ 2,01
Nikkei 225	14 310	↑ 2,08	↑ 4,63
Hang Seng	20 469	↑ 1,60	↑ 0,14
SSEC	2 006	↑ 0,59	↑ 2,88
SENSEX	19 411	↑ 1,22	↑ 2,83
RTS	1 281	↑ 1,29	↑ 1,41
Bovespa	45 763	↑ 1,60	↓ -3,88

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,2892	↓ -0,16	↓ -0,89
EUR/CHF	1,2350	↔ 0,00	↑ 0,46
USD/GBP	1,5044	↓ -0,17	↓ -1,09
USD/JPY	100,32	↑ 0,29	↑ 1,21
AUD/USD	0,9134	↓ -0,09	↓ -0,02
USD/CAD	1,0525	↑ 0,14	↑ 0,07

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	16,2	↓ -0,2	↓ -1,0
EMBI+ Spread	287	↑ 12	↑ 30
CDS 5Y PIIS	256	↓ -4	↑ 19
CDS 5Y Italy	235	↓ -9	↑ 2
CDS 5Y Belg.	45	↑ 1	↑ 1
iTraxx 5Y EU	111,6	↓ -5	↓ -5
US TED Spread	23,1	↔ 0	↓ 0

Source: Reuters, OTP Research

Summary

- Breaking with the earlier communication pattern, the ECB' President said that the key policy rate may remain low for an extended period of time.
- The words of the BoE's new governor, who took office on Monday, also suggest that looser monetary policy may come.
- Today the USA will publish non-farm payrolls, a release closely monitored by monetary policy makers.

Breaking with the earlier communications precedent, the ECB's President has said that the benchmark rate may remain at current low levels for an extended longer period of time (Europe's central bank left the rate unchanged at 0.5%). This announcement has boosted risk appetite all over the world. European stock markets closed 2-3% higher. Government bond yields fell both in the euro zone core countries and in the periphery. The possibility that Portugal's government will be able to carry on has added to the optimism.

The Bank of England held rate-setting meeting too. The new governor Mark Carney took office on Monday but, in line with market expectations, he kept interest rates unchanged at this point. At the same time, he said that the rate hike markets expect to take place some time in the future is unjustified as it would hinder recovery. This clearly indicates a looser monetary policy. As a result, yields dropped and the GBP weakened.

The US market was closed for Independence Day on 4 July.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,36	↑	1	↑	0
US 10Y	2,52	↑	4	↑	4
JP 2Y	0,14	↓	0	↓	-1
JP 10Y	0,86	↓	-2	↑	2
GER 2Y	0,18	↑	2	↓	-3
GER 10Y	1,68	↑	0	↓	-9

CENTRAL BANKS' RATES

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0,25	→	0,25	→	0,25
ECB Rate	0,50	→	0,50	→	0,50
BOE Rate	0,50	→	0,50	→	0,50
BOJ Rate	0,10	→	0,10	→	0,10
SNB Target	0,00	→	0,00	→	0,00

MONEY MARKET

	Rate (%)		Daily chg (bp)		Weekly chg (bp)
US 3M Libor	0,27	↓	0	↓	0
US 2Y Swap	0,51	↓	-1	↑	1
US 5Y Swap	1,60	↑	4	↑	6
EUR 3M Euribor	0,22	→	0	↑	0
EUR 2Y Swap	0,51	↓	-1	↓	-8
EUR 5Y Swap	1,10	↓	-2	↓	-12
GB 3M Libor	0,51	→	0	↑	0
GB 2Y Swap	0,76	↓	-1	↓	-1
GB 5Y Swap	1,48	↓	-1	↑	1
JP 3M Libor	0,16	→	0	→	0
JP 2Y Swap	0,26	↓	-1	↓	-1
JP 5Y Swap	0,48	↓	-1	↑	1
CHF 3M Libor	0,02	→	0	→	0
CHF 2Y Swap	0,13	↑	1	↓	-3
CHF 5Y Swap	0,67	↓	-2	↓	-8

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	105,5	↓	-0,07	↑	3,24
Gold	1 242	↓	-0,59	↑	0,71

Source: Reuters, OTP Research

Important data are due out in the USA today. One of the releases, non-farm payrolls, are keenly watched by monetary policy makers because the phasing out of printing money depends on them. Employment is likely to have increased by 165,000 in June, potentially missing the Fed's 200,000 target.

	COUNTRY	DATE		FACT	CONSENSUS	PREVIOUS
Thursday	EZ	Jul	ECB deposit rate (%)	0,00	0,00	0,00
			ECB refinancing rate (%)	0,50	0,50	0,50
		GB	Jul	BOE bank rate (%)	0,50	0,50
Friday	US	Jun	Non-farm payrolls (change, ths)		165	175
		Jun	Unemployment rate (%)		7,5	7,6

Source: Reuters, OTP Research

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