

Treasury Sales Team

Alina Elena Vrabioiu

+4021 307 58 17

alina.vrabioiu@otpbank.ro

Irina Ananiese

+4021 307 58 17

irina.ananiese@otpbank.ro

Tania Fantana

+4021 307 58 17

tania.fantana@otpbank.ro

Chief Economist

Gergely Tardos

+36 1 374 7273

tardosg@otpbank.hu

FX/FI Strategist

Levente Pápa

+36 1 354 7490

papal@otpbank.hu



Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	15 471	↑ 0,12	↑ 1,17
S&P500	1 681	↑ 0,28	↑ 1,71
Nasdaq100	3 085	↑ 0,25	↑ 2,82
Russell2000	1 043	↑ 0,36	↑ 2,17
Stoxx600	297	↑ 0,59	↑ 0,75
DAX	8 255	↑ 0,65	↑ 2,33
FTSE 100	6 572	↑ 0,24	↑ 1,03
CAC40	3 872	↑ 0,55	↑ 0,82
ATX	2 304	↑ 0,58	↑ 3,02
IBEX35	7 813	↑ 0,19	↓ -2,28
Nikkei 225	14 787	↑ 1,18	↑ 2,17
Hang Seng	21 372	↑ 0,28	↑ 2,24
SSEC	2 045	↓ -1,01	↑ 1,83
SENSEX	19 949	↑ 0,49	↑ 3,39
RTS	1 393	↑ 1,77	↑ 9,23
Bovespa	47 407	↑ 1,15	↑ 4,23

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3097	↓ -0,21	↑ 0,02
EUR/CHF	1,2358	↑ 0,05	↓ -0,31
USD/GBP	1,5181	↓ -0,20	↓ -0,01
USD/JPY	100,05	↑ 0,48	↑ 1,12
AUD/USD	0,9171	↓ -0,66	↓ -0,16
USD/CAD	1,0426	↑ 0,23	↑ 0,61

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	13,8	↓ -0,6	↓ -0,4
EMBI+ Spread	287	↑ 12	↑ 30
CDS 5Y PIIS	264	↓ -1	↑ 15
CDS 5Y Italy	231	↓ -1	↑ 10
CDS 5Y Belg.	39	↓ -1	↓ -3
iTraxx 5Y EU	106,9	↑ 1	↓ -2
US TED Spread	23,4	↓ 0	↑ 1

Source: Reuters, OTP Research

Summary

- Wednesday's trading started optimistically and the good spirits lasted until the close, helping both European and US indices achieve gains.
- In his testimony to Congress yesterday, the Fed's chairman indicated that the central bank's asset purchases may shrink this year and be phased out in 2014 if the signs of recovery remain there in US economy. The benchmark rate will remain flat as long as unemployment is above 6.5%, the central banker pointed out.

Wednesday's session started positively in Europe's key markets, and the Bank of America's cheering quarterly report added to the impetus. The Fed chairman's testimony to Congress did not spoil the good mood, thus the leading indices ended Wednesday's session 0.1-0.7% higher. Banking shares fared well in London: Lloyds advanced 1.8%, HSBC added 0.7%, and Barclays picked up 0.5%. Mining companies' stocks also excelled: BHP Billiton climbed 2%, Anglo American went up 2.5%, and Rio Tinto climbed 1.1% higher. Sliding 2% made Commerzbank the loser of the day in Frankfurt. ThyssenKrupp (+4%) and Siemens (+1.7%) made nice gains too.

Speaking before the Congress' committee on financial services yesterday, Ben Bernanke said that the central bank's asset purchases may shrink this year and be completely phased out in 2014 if the signs of recovery remain there in US economy. However, the Fed chairman pointed out that the schedule is not carved in stone: if the different indicators suggest that the economy's performance is better than expected, then the tapering may accelerate, but the opposite of that also holds. The central bank chairman also pointed out that the benchmark rate might remain at its current level, practically at 0%, as long as unemployment is above 6.5%.

US indices started yesterday's trading higher, and the bright mood persisted until the end of session. The key indices gained between 0.1% and 0.3%. Of the S&P's sector indices, the raw materials sub-index was the strongest one, going up almost 1%. The weakest sub-index was utilities this time. Of the Dow's components, the Bank of America excelled (+2.8%) on the day when its Q2 earnings figures were posted. The bank reported 32 cents earnings per share, better than the estimated 25 cents. The financial institution's Q2 revenue matched analysts' forecast, while its USD 22.7 bn result slightly undershot expectations.

Asia's key indices closed with mixed results today. Japan's indices upped by 0.8-1.3%, whereas Chinese benchmarks dipped 0.1-0.9%. What dragged down China's indices was probably the Chinese finance minister's indication that there are no plans to launch considerable quantitative easing this year, and according to the IMF, the growth pace of the Chinese economy may halve by the end of this decade unless the government implements reforms or stimulates domestic consumption.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,30	↓ -2	↓ -3
US 10Y	2,49	↓ -5	↓ -8
JP 2Y	0,13	→ 0	↓ -1
JP 10Y	0,82	↓ 0	↓ -4
GER 2Y	0,09	↓ -3	↑ 2
GER 10Y	1,55	↓ -2	↓ -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	0,46	↑ 1	↓ -3
US 5Y Swap	1,46	↓ -1	↓ -10
EUR 3M Euribor	0,22	↑ 0	↑ 0
EUR 2Y Swap	0,49	↑ 0	↓ -3
EUR 5Y Swap	1,05	↓ -1	↓ -5
GB 3M Libor	0,51	↑ 0	↑ 0
GB 2Y Swap	0,68	↓ -1	↓ 0
GB 5Y Swap	1,32	↓ 0	↓ -2
JP 3M Libor	0,16	→ 0	→ 0
JP 2Y Swap	0,26	↓ -1	↓ 0
JP 5Y Swap	0,45	↓ 0	↓ -2
CHF 3M Libor	0,02	→ 0	↑ 0
CHF 2Y Swap	0,13	↓ -1	↓ 0
CHF 5Y Swap	0,67	↓ -1	↓ -1

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	108,5	↓ -0,09	↑ 0,72
Gold	1 276	↑ 0,05	↓ -0,68

Source: Reuters, OTP Research

The June reading of America's housing market statistics caused disappointment as both housing starts and building permits have contracted. Housing starts reduced by almost 10%, while the building permits gauge dropped by 7.5% in a month's time.

The USA is to publish the weekly unemployment statistics, as well as the Philadelphia Fed business index.

In today's releases, Microsoft and Google will share their results for the second quarter after American markets close.

	COUNTRY	DATE	FACT	CONSENSUS	PREVIOUS
Wednesday	UK	May	ILO Unemployment rate (%)	7,8	7,8
	US	Jun	Housing starts (m-o-m, %)	-9,9	-
	US	Jun	Building permits (m-o-m, %)	-7,5	-
Thursday	GB	Jun	Retail sales (yoy, %)	1,7	1,9
	US	weekly	Initial jobless claims ('000)	345	360
	US	weekly	Continued jobless claims	2 959	2 977
	US	Jul	Philly Fed business index (point)	7,8	12,5
	US	Jun	Leading indicator index (mom, %)	0,3	0,1

Source: Reuters, OTP Research

Chief Economist
Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

FX/FI Strategist
Levente Pápa
papal@otpbank.hu
+36 1 354 7490

Fundamental Analyst
Piroska Beáta Szabó
szabopb@otpbank.hu
+36 1 374 7276

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