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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 943	↑ 0,11	↑ 1,19
S&P500	1 951	↑ 0,09	↑ 1,37
Nasdaq100	3 796	↑ 0,03	↑ 1,76
Russell2000	1 176	↑ 0,92	↑ 4,42
Stoxx600	349	↑ 0,38	↑ 1,02
DAX	10 009	↑ 0,21	↑ 0,59
FTSE 100	6 875	↑ 0,24	↑ 0,16
CAC40	4 589	↑ 0,17	↑ 1,62
ATX	2 568	→ 0,00	↑ 1,32
IBEX35	11 164	↑ 0,90	↑ 3,11
Nikkei 225	14 995	↓ -0,85	↓ -0,49
Hang Seng	23 335	↑ 0,94	↑ 0,98
SSEC	2 051	↑ 0,99	↑ 0,61
SENSEX	25 466	↑ 0,27	↑ 2,90
RTS	1 362	↑ 0,19	↑ 2,96
Bovespa	54 273	↑ 2,15	↑ 4,31

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3596	↑ 0,03	↓ -0,23
EUR/CHF	1,2192	→ 0,00	↓ -0,18
USD/GBP	1,6800	→ 0,00	↑ 0,30
USD/JPY	102,26	↓ -0,25	↓ -0,21
AUD/USD	0,9366	↑ 0,12	↑ 1,13
USD/CAD	1,0892	↓ -0,09	↓ -0,12

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	11,2	↑ 0,4	↓ -0,4
CDS 5Y PIIS	11	↓ -14,5	↓ -17,5
CDS 5Y Italy	51	↓ -20,2	↓ -25,2
CDS 5Y Belg.	69	↓ -2,3	↓ -2,6
iTraxx 5Y EU	21,5	↓ -1,2	↓ -8,5
US TED Spread	56,4	→ 0,0	↓ -0,3

Source: Reuters, OTP Research

Summary

- Friday's optimism on equity markets stemmed from the US employment report. In the bright mood, developed markets' stock indices continued their winning streak on Monday.
- On Monday the DAX finished above 10,000 for the first time, the Dow and the S&P500 hit new highs.
- In the USA, small businesses and the internet sector showed particular strength.
- Apple's stocks fared well after the 7-for-1 split.

Continuing Friday's advance, stock markets hit fresh highs on both sides of the Atlantic on Monday. On Friday, the better-than-expected US employment report added to investors' risk appetite and the optimism on the advanced world's stock markets seems to have stretched into this week. In Western Europe, all stock exchanges but the seven that were closed on Whit Monday ended higher. The Stoxx600 index of European shares added 0.4%, and the DAX closed above 10,000 for the first time in its history. Spanish papers were particularly successful; the IBEX index closed 0.9% higher, chiefly owing to Banco Popular Español's 4.6% rally. The Spanish big bank's stock price may have been propelled by JPMorgan Chase's Buy recommendation, while its peer Banco Sabadell advanced 2%. In sectoral breakdown, banks and commodity producers were the top performers within the Stoxx600, gaining for the fourth day in a row on Monday. Britain's Randgold Resources upped by 0.6%, and Antofagasta climbed 1.1% higher.

In the USA, the small businesses segment remained the top gainer, with the Russell2000 growing by 0.9% on Monday. The S&P500 and the Dow Jones indices inched up 0.1% each, to fresh highs. The S&P added 1.3% last week, and it has picked up 7.5% since the low following April's selloff. Its valuation is fairly high, and its forward P/E-ratio has increased to 16.5, up from 14.8 in February. The industry sector's index made the biggest gains, and utilities were the weakest ones. The stock price of Idenix Pharmaceuticals made the biggest change, the manufacturer of the clinical-state medicine against Hepatitis-C, jumping by 229%, to USD 23.79, following Merck's announcement to buy up its shares at USD 24.5 apiece. Family Dollar, the discount chain, rallied 13%, after Carl Icahn bought 9% in the company. Apple firmed 1.6% on the first day after the seven-for-one split.

Optimism ruled Asia's markets; Nikkei was the odd one out.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,42	↑	1	↑	4
US 10Y	2,60	↑	1	↑	7
JP 2Y	0,09	↑	0	↑	0
JP 10Y	0,61	↑	1	↑	2
GER 2Y	0,05	↑	1	↓	-1
GER 10Y	1,37	↓	-2	↑	1

CENTRAL BANKS' RATES

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0,25	→	0,25	→	0,25
ECB Rate	0,15	→	0,15	→	0,15
BOE Rate	0,50	→	0,50	↑	0,75
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	0,23	↑	0	↑	0
US 2Y Swap	0,55	↓	-1	↑	3
US 5Y Swap	1,72	↓	0	↑	4
EUR 3M Euribor	0,26	↓	0	↓	-5
EUR 2Y Swap	0,33	↓	-1	↓	-1
EUR 5Y Swap	0,70	↑	2	↓	-6
GB 3M Libor	0,53	→	0	↑	0
GB 2Y Swap	0,00	↓	-113	↓	-1
GB 5Y Swap	2,02	↓	-2	↓	-3
JP 3M Libor	0,14	→	0	→	0
JP 2Y Swap	0,17	↓	-1	↓	-1
JP 5Y Swap	0,28	↓	-2	↓	-3
CHF 3M Libor	0,01	→	0	→	0
CHF 2Y Swap	0,02	↓	-2	↓	0
CHF 5Y Swap	0,27	↓	-3	↓	-4

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	110,1	↑	0,10	↑	1,18
Gold	1 255	↑	0,30	↑	0,89

Source: Reuters, OTP Research

US labour market data for May fully matched expectations. Non-farm payroll grew by 217,000 (forecast: 215,000), and the retroactive revision was smaller than usually. Unexpectedly, jobless rate has not increased (staying flat at 6.3%), suggesting that the number of active workers has not dropped after April's surge, as many had expected. Average weekly wages grew in line with expectations (+0.2% month/month); the average hours worked has not changed (34.5 hours). The latter signals that the share of full-time workers has not changed materially.

Monday's release of Japan's GDP statistics shows that Japan's economic output grew by an annualized 6.7% in the first quarter, much faster than the preliminary 5.9% reading or analysts' forecast of 5.6%.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	DE	Apr	Industrial output (mom, %)	0,2	0,4	-0,5
	US	Apr	Non-farm payrolls ('000)	217	218	288
	US	Apr	Unemployment rate (%)	6,3	6,4	6,3
Monday	JP	Q1	GDP (annualised, qoq, %)	6,7	5,6	5,9
Tuesday	FR	Apr	Industrial output (mom, %)	0,3	0,4	-0,7
	IT	Apr	Industrial output (mom, %, s.a.)	0,7	0,4	-0,4
	GB	Apr	Industrial output (yoy, %)	3,0	2,8	2,5
	GB	Apr	Manufacturing output (yoy, %)	4,4	4,0	3,5
	US	Apr	Wholesale inventories (mom, %)		0,5	1,1
	US	Apr	Wholesale sales (yoy, %)		0,8	1,4

Source: Reuters, OTP Research

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