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Daily Report – Global markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	16 944	↑ 0,17	↓ -0,73
S&P500	1 968	↑ 0,15	↓ -0,90
Nasdaq100	3 905	↑ 0,63	↓ -0,16
Russell2000	1 160	↓ -0,17	↓ -2,26
Stoxx600	337	↑ 0,16	↓ -3,17
DAX	9 666	↑ 0,07	↓ -3,42
FTSE 100	6 690	↑ 0,27	↓ -2,56
CAC40	4 317	↑ 0,35	↓ -3,41
ATX	2 379	↑ 0,55	↓ -3,29
IBEX35	10 539	↑ 0,05	↓ -4,27
Nikkei 225	15 308	↑ 0,95	↓ -0,04
Hang Seng	23 339	↑ 0,46	↑ 0,70
SSEC	2 059	↑ 0,61	↓ -0,03
SENSEX	25 004	↓ -1,45	↓ -4,12
RTS	1 383	↓ -0,04	↑ 1,67
Bovespa	54 786	↑ 0,35	↑ 1,83

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,3602	↓ -0,04	↓ -0,01
EUR/CHF	1,2142	↑ 0,02	↓ -0,10
USD/GBP	1,7122	↓ -0,05	↓ -0,02
USD/JPY	101,40	↑ 0,04	↓ -0,41
AUD/USD	0,9397	↑ 0,07	↑ 0,27
USD/CAD	1,0746	↑ 0,14	↑ 0,60

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	12,1	↓ -0,5	↑ 1,8
CDS 5Y PIIS	12	↑ 10,3	↑ 16,3
CDS 5Y Italy	96	↑ 5,7	↑ 5,8
CDS 5Y Belg.	89	↓ 0,0	↑ 5,0
iTraxx 5Y EU	32,8	↓ -1,1	↑ 2,7
US TED Spread	60,9	⇒ 0,0	↓ -1,2

Source: Reuters, OTP Research

Summary

- Western Europe's key indices closed with modest gains on Friday.
- In Friday's benign trading sentiment, US benchmarks advanced 0.2-0.6%.
- Germany's consumer price index rose by 0.3% MoM in June.

Western Europe's indices spent most of Friday in the positive territory as investors' anxiety diminished. To quell fears, member banks of the Espirito Santo group, Portugal's central bank and the PM all voiced reassuring messages on Friday. The Portuguese bank's announcement pointed out that the loans granted to its biggest owner are unlikely to cause losses that would lead to violating the minimum capital requirements. The DAX inched up less than 0.1%, the CAC40 went up 0.4%, and the Footsie added 0.3%. An outstanding performance at the London stock exchange was Imperial Tobacco's 3.1% surge. The rally can be attributed to the British company's negotiations to buy some American cigarette brands and production sites. Germany's Symrise AG soared 2.7% on the back of news that Japan's Ajinomoto said it intended to buy the German company. On the other hand, HeidelbergCement AG's 2.7% contraction dragged down the Frankfurt index basket, following reports that Natixis SA downgraded the building materials stocks to Neutral.

In the absence of market-moving macroeconomic publications, investors focused on corporate news in the USA. Throughout Friday's trading, benchmarks were above their Thursday's closing values, and ended with moderate gains. The technology sector powered the upward move: the Nasdaq 100 index rose by 0.6%, while the Dow and the S&P edged up 0.2% each. Of the S&P's sector indices, energy and utilities closed in the red, sinking 0.8% each. Its Industrial constituent was in the best shape; it added 0.6% on Friday. Wells Fargo was the first big bank to release its Q2 earnings figures, which were in line with expectations. The bank reported USD 21.1 billion quarterly revenue and USD 1.01 equity per share. The bank's lending activity has improved since the same period of 2013, with loans growing by 4%. The bank's non-performing assets contracted by 15%. In the second quarter, USD 435 million net loss was written down, down from USD 717 million a year ago. Deposits expanded by 9%. The bank's stock depreciated by 0.6% in Friday's trading. Today Citigroup will release its Q2 earnings report; on Tuesday, Morgan Stanley and JP Morgan will do so. The Bank of America is to publish its second-quarter figures on 16 July, and Goldman Sachs on the following day.

Today's trading in Asia was cautiously optimistic; the region's key indices made 0.5-1% gains.

GOV'T BOND MARKET

	Yield (%)	Daily chg (bp)	Weekly chg (bp)
US 2Y	0,45	↓ 0	↓ -8
US 10Y	2,53	↓ -1	↓ -13
JP 2Y	0,06	↓ 0	↓ -1
JP 10Y	0,53	↓ -1	↓ -3
GER 2Y	0,02	→ 0	↓ 0
GER 10Y	1,20	↓ -1	↓ -9

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	↑ 1,00
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	0,59	↑ 0	↓ -5
US 5Y Swap	1,73	↑ 1	↓ -5
EUR 3M Euribor	0,20	↑ 0	↓ 0
EUR 2Y Swap	0,31	↓ 0	↑ 0
EUR 5Y Swap	0,63	↓ 0	↓ -3
GB 3M Libor	0,56	→ 0	↑ 0
GB 2Y Swap	1,32	↓ -1	↓ -2
GB 5Y Swap	2,11	↓ 0	↓ -3
JP 3M Libor	0,13	→ 0	→ 0
JP 2Y Swap	0,15	↓ -1	↓ -2
JP 5Y Swap	0,23	↓ 0	↓ -3
CHF 3M Libor	0,01	↑ 0	↑ 0
CHF 2Y Swap	0,02	↓ -1	↓ -4
CHF 5Y Swap	0,28	↑ 1	↓ -2

COMMODITIES

	Close	Daily chg. (%)	Weekly chg. (%)
Oil Brent	106,7	↑ 0,02	↓ -3,23
Gold	1 329	↓ -0,68	↑ 0,67

Source: Reuters, OTP Research

Inflationary pressure seems to be increasing in Germany, but its rate is still half of the ECB's target. Friday's release of Germany's statistics office confirmed that consumer price index grew by 0.3% month on month in June; and increased by 1% YoY. Accordingly, inflation in Germany is 0.5 pp above that of the eurozone.

A number of important macroeconomic publications will see the light of day this week. To start with, the Bank of Japan will hold rate decision meeting today. On Tuesday morning, Germany's Zew economic sentiment index will be out. On Wednesday morning, preliminary data on China's Q2 GDP will be released.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	DE	Jun	CPI final (yoy, %)	1,0	1,0	1,0
	DE	Jun	HICP final (yoy, %)	1,0	1,0	1,0
Monday	EZ	May	Industrial production (mom, %)		-1,2	0,8
	EZ	May	Industrial production (yoy, %)		0,5	1,4

Source: Reuters, OTP Research

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