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# Daily Report – Global markets

**STOCK EXCHANGE**

|             | Close  | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA        | 18 000 | ↑ 1,33         | ↓ -1,73         |
| S&P500      | 2 105  | ↑ 1,20         | ↓ -1,60         |
| Nasdaq100   | 4 485  | ↑ 1,31         | ↓ -0,76         |
| Russell2000 | 1 267  | ↑ 1,38         | ↑ 1,25          |
| Stoxx600    | 391    | ↑ 1,80         | ↓ -3,05         |
| DAX         | 11 265 | ↑ 2,40         | ↓ -3,66         |
| FTSE 100    | 6 830  | ↑ 1,13         | ↓ -2,83         |
| CAC40       | 4 935  | ↑ 1,75         | ↓ -3,65         |
| ATX         | 2 546  | ↑ 1,74         | ↓ -4,19         |
| IBEX35      | 11 098 | ↑ 1,46         | ↓ -2,92         |
| Nikkei 225  | 20 383 | ↑ 1,68         | ↓ -0,51         |
| Hang Seng   | 26 853 | ↑ 0,62         | ↓ -2,54         |
| SSEC        | 5 070  | ↓ -0,70        | ↑ 2,49          |
| SENSEX      | 26 841 | ↑ 1,36         | ↓ -0,60         |
| RTS         | 959    | ↑ 1,64         | ↓ -0,39         |
| Bovespa     | 53 876 | ↑ 2,01         | ↓ -1,32         |

**FX MARKET**

|         | Close  | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,1324 | ↑ 0,36         | ↑ 0,51          |
| EUR/CHF | 1,0547 | ↑ 0,42         | ↑ 0,36          |
| USD/GBP | 1,5529 | ↑ 0,94         | ↑ 1,07          |
| USD/JPY | 123,28 | ↑ 0,51         | ↓ -0,87         |
| AUD/USD | 0,7745 | ↓ -0,17        | ↑ 0,75          |
| USD/CAD | 1,2284 | ↑ 0,25         | ↓ -1,74         |
| USD/RUB | 54,18  | ↓ -0,25        | ↓ -3,65         |

**RISK INDICATORS**

|               | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX           | 13,2  | ↓ -1,3         | ↓ -0,4          |
| CDS 5Y PIIS   | 13    | ↓ -2,3         | ↓ -3,1          |
| CDS 5Y Italy  | 88    | ↓ -3,9         | ↓ -10,1         |
| CDS 5Y Belg.  | 96    | ↓ -0,9         | ↓ -1,0          |
| iTraxx 5Y EU  | 30,8  | ↓ -3,3         | ↑ 1,5           |
| US TED Spread | 65,7  | ⇒ 0,0          | ↓ -0,3          |

Source: Reuters, OTP Research

**Summary**

- Wednesday's bright sentiment led Western Europe's major indices at least 1% higher.
- The news about Greece was positive yesterday, but at night S&P downgraded its debt to CCC, from CCC+.

Ending a four-day losing streak, Europe's key stock markets achieved gains on Wednesday. Indices spent the morning in the red, but later they picked up as the sentiment improved. The concerns over Greece's debt crisis eased somewhat yesterday, and this increased investors' appetite to buy. The Footsie upped by 1.1%, the DAX surged 2.4%, and the CAC40 rose by 1.8%. Chemical, pharmaceutical and construction stocks were in particular demand on Wednesday. Sainsbury's surged 4.5% after its sales figures matched expectations. HeidelbergCement AG rallied 4.9% as its management announced plans to double operating profit by 2019 and to lay greater emphasis on debt reduction.

Yesterday the German ten-year Bund yield exceeded 1%, to a level not seen since last year. Positive news was released about Greece yesterday (the Greek government submitted a new fiscal plan and the underlying measures; this could facilitate an agreement). The ECB raised the level of ELA (emergency liquidity assistance) by additional EUR 2.3 billion, thus Greece's banking sector remained on life support. Markets interpret the hefty increase in the facility as a sign that the ECB hopes that the deal between Greece and the EU will be struck ultimately.

On Wednesday night, S&P cut its rating on Greece's debt to CC, down from "CCC+". The rationale mentioned that Athens prioritized paying pensions and other liabilities over servicing its debt to the IMF. S&P's analysts cannot rule out that Greece imposes capital restrictions and introduce a parallel currency alongside the euro. The downgrade indicates that in the absence of a deal with international lenders, Greece may default within the next 12 months.

The good mood reached America, where the leading indices all closed higher on Wednesday, despite the continued rise on advanced bond markets. The Dow and the NASDAQ100 both advanced 1.3%, while the S&P grew by 1.2%. All of the S&P's sector indices closed higher yesterday. The strongest of them was technology, which grew by 1.5%; the financial sector index rose by 1.4%.

This morning the trading sentiment in Asia was likewise supportive; China's and Japan's indices all posted gains.

**GOV'T BOND MARKET**

|         | Yield (%) |   | Daily chg (bp) |   | Weekly chg (bp) |
|---------|-----------|---|----------------|---|-----------------|
| US 2Y   | 0,73      | ↑ | 0              | ↑ | 6               |
| US 10Y  | 2,48      | ↑ | 4              | ↑ | 11              |
| JP 2Y   | 0,00      | ↓ | 0              | ↓ | -1              |
| JP 10Y  | 0,52      | ↑ | 4              | ↑ | 2               |
| GER 2Y  | -0,15     | ↑ | 1              | ↑ | 4               |
| GER 10Y | 0,96      | ↑ | 8              | ↑ | 26              |

**CENTRAL BANKS' RATES**

|            | Rate (%) |   | 6M Consensus |   | 1Y Consensus |
|------------|----------|---|--------------|---|--------------|
| Fed Funds  | 0,25     | ↑ | 0,5          | ↑ | 1,00         |
| ECB Rate   | 0,05     | → | 0,05         | → | 0,05         |
| BOE Rate   | 0,50     | → | 0,50         | ↑ | 1,00         |
| BOJ Rate   | 0,10     | → | 0,10         | → | 0,10         |
| SNB Target | -0,75    | → | -0,75        | → | -0,75        |

**MONEY MARKET**

|                | Rate (%) |   | Daily chg (bp) |   | Weekly chg (bp) |
|----------------|----------|---|----------------|---|-----------------|
| US 3M Libor    | 0,00     | ↑ | 0              | ↑ | 1               |
| US 2Y Swap     | 0,98     | ↑ | 2              | ↑ | 10              |
| US 5Y Swap     | 1,86     | ↓ | -2             | ↑ | 13              |
| EUR 3M Euribor | -0,01    | ↓ | 0              | → | 0               |
| EUR 2Y Swap    | 0,14     | ↓ | 0              | ↑ | 2               |
| EUR 5Y Swap    | 0,58     | ↓ | 0              | ↑ | 8               |
| GB 3M Libor    | 0,00     | ↓ | 0              | ↑ | 0               |
| GB 2Y Swap     | 0,00     | ↑ | 1              | ↑ | 1               |
| GB 5Y Swap     | 1,67     | ↑ | 0              | ↑ | 4               |
| JP 3M Libor    | 0,00     | ↑ | 0              | ↑ | 1               |
| JP 2Y Swap     | 0,14     | ↑ | 0              | ↑ | 1               |
| JP 5Y Swap     | 0,32     | ↑ | 0              | ↑ | 4               |
| CHF 3M Libor   | 0,00     | → | 0              | ↑ | 1               |
| CHF 2Y Swap    | 0,00     | ↑ | 69             | ↑ | 69              |
| CHF 5Y Swap    | 0,00     | ↑ | 19             | ↑ | 22              |

**COMMODITIES**

|           | Close |   | Daily chg. (%) |   | Weekly chg. (%) |
|-----------|-------|---|----------------|---|-----------------|
| Oil Brent | 65,6  | ↓ | -0,18          | ↑ | 5,72            |
| Gold      | 1 185 | ↓ | -0,08          | ↑ | 0,76            |

Source: Reuters, OTP Research

The usual weekly labour market statistics and retail sales data will be out in the United States today.

|           | COUNTRY | DATE                   | INDICATOR                     | FACT | CONSENSUS | PREVIOUS |
|-----------|---------|------------------------|-------------------------------|------|-----------|----------|
| Wednesday | UK      | Apr                    | Industrial output (mom, %)    | 0,4  | 0,1       | 0,5      |
| Thursday  | CN      | May                    | Urban investment (yoy, %)     | 11,4 | 12,0      | 12,0     |
|           | CN      | May                    | Industrial output (yoy, %)    | 6,1  | 6,0       | 5,9      |
|           | CN      | May                    | Retail sales (yoy, %)         | 10,1 | 10,1      | 10,0     |
|           | US      | May                    | Retail sales (mom, %)         |      | 1,1       | 0,0      |
|           | US      | weekly                 | Initial jobless claims ('000) |      | 227       | 276      |
| US        | May     | Export prices (mom, %) |                               | 0,2  | -0,7      |          |
| US        | May     | Import prices (mom, %) |                               | 0,8  | -0,3      |          |

Source: Reuters, OTP Research

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