

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 936	↑ 0,17	↓ -0,53
S&P500	2 100	↑ 0,20	↓ -0,42
Nasdaq100	4 469	↑ 0,29	↓ -0,37
Russell2000	1 268	↓ -0,09	↓ -0,05
Stoxx600	384	↓ -0,45	↓ -1,35
DAX	10 978	↓ -0,60	↓ -1,97
FTSE 100	6 681	↓ -0,44	↓ -1,76
CAC40	4 791	↓ -1,02	↓ -1,93
ATX	2 429	↓ -0,94	↓ -3,72
IBEX35	10 813	↓ -0,53	↓ -2,04
Nikkei 225	19 991	↓ -1,13	↓ -1,92
Hang Seng	26 753	↓ 0,00	↓ -0,58
SSEC	4 906	↓ -1,24	↓ -4,21
SENSEX	26 833	↑ 0,55	↓ -0,60
RTS	967	↓ -1,20	↑ 2,01
Bovespa	53 249	↓ -0,84	↓ -0,32

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1335	↑ 0,79	↑ 0,80
EUR/CHF	1,0450	↓ -0,32	↓ -0,50
USD/GBP	1,5830	↑ 1,19	↑ 2,04
USD/JPY	122,94	↓ -0,38	↓ -0,36
AUD/USD	0,7739	↓ -0,06	↓ -0,18
USD/CAD	1,2225	↑ 0,02	↓ -0,53
USD/RUB	53,51	↓ -0,23	↓ -2,36

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	14,5	↓ -0,3	↑ 1,3
CDS 5Y PIIS	15	↑ 4,0	↑ 13,8
CDS 5Y Italy	104	↑ 2,6	↑ 16,1
CDS 5Y Belg.	115	↑ 0,1	↑ 0,9
iTraxx 5Y EU	32,7	↑ 7,2	↑ 7,0
US TED Spread	75,4	→ 0,0	↑ 1,8

Source: Reuters, OTP Research

Summary

- The Fed's decision-makers did not raise the interest rate, but may start the tightening cycle in September. Central bankers' interest rate expectations for end-2016 and end-2017 interest rates have shifted lower.
- The euro has firmed against the dollar.
- In the debt talks, Greece and the EU are both waiting for the other party to move. Greece's chief negotiator maintains that the country has no funds to repay at the end of June what it owes to the IMF.

US markets closed yesterday's trading with modest gains. Europe's stock markets ended in the red.

Wednesday's most important event was the FOMC (Fed Open Market Committee) meeting. After the anaemic growth data in the first quarter, the date of the first interest rate hike had been put off previously, thus it came as no surprise that the current meeting left the base rate on hold. The Fed's policy makers still forecast 0.63% base rate for the end of 2015, which implies two or three base rate increases, each by 25 basis points, probably at the September and December meetings. The most important factor for interest rate hike is probably the labour market, particularly the development of wages. Central bankers want convincing evidence for the improvement in the labour market.

FOMC members lowered their median expectation for end-2016 to 1.63% from 1.88%, and that of end-2017 to 2.88% (from 3.13%). The Fed did not change its outlook on the economic growth, unemployment, or inflation for 2016 and 2017, but it slightly reduced the forecast for this year.

The euro's firming led the EUR/USD near 1.14.

There is no development in the Greek debt talks. Greece seems to be reluctant to give in at this point; the EU is biding its time. Greece's chief negotiator said the country could not repay the loan owed to the IMF at the end of June. The ECB cannot provide more than EUR 84.1 billion liquidity to Greece's banking system. Between October and April, deposits worth EUR 30 billion were withdrawn from Greek banks.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,65	↓	-4	↓	-8
US 10Y	2,30	↓	-1	↓	-18
JP 2Y	0,00	→	0	→	0
JP 10Y	0,48	↓	-2	↓	-4
GER 2Y	-0,19	↓	0	↓	-4
GER 10Y	0,80	↓	-2	↓	-17

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	↑	0
US 2Y Swap	0,87	↓	-1	↓	-8
US 5Y Swap	1,69	↓	-5	↓	-13
EUR 3M Euribor	-0,01	→	0	→	0
EUR 2Y Swap	0,13	↓	-1	↓	-1
EUR 5Y Swap	0,52	↓	-2	↓	-2
GB 3M Libor	0,00	→	0	↑	0
GB 2Y Swap	0,00	↑	6	↓	-1
GB 5Y Swap	1,69	↓	-3	↓	-5
JP 3M Libor	0,00	↓	0	↓	0
JP 2Y Swap	0,13	↓	0	↓	-1
JP 5Y Swap	0,26	↓	-3	↓	-5
CHF 3M Libor	0,00	↓	-1	↓	0
CHF 2Y Swap	-0,77	↑	1	↓	-8
CHF 5Y Swap	-0,30	↓	-1	↓	-11

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	63,6	↓	-0,44	↓	-2,33
Gold	1 187	↑	0,17	↑	0,44

Source: Reuters, OTP Research

Today the consumer price index for May and the Philadelphia Fed business index will see the light of day in the USA.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Wednesday	EZ	May	Inflation (final, yoy, %)	0,3	0,3	0,0
	US	Jun	Rate decision (%)	0	0,1	0,1
Thursday	US	May	Inflation (yoy, %)		0,0	0,3
	US	Jun	Philly Fed business index (points)		8,0	6,7

Source: Reuters, OTP Research

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

Fundamental Analyst
Szilárd Kondora
kondorasz@otpbank.hu
+36 1 374 7275

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