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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 741	↑ 0,45	↓ -0,19
S&P500	2 057	↑ 0,32	↓ -0,40
Nasdaq100	4 330	↑ 0,48	↓ -0,26
Russell2000	1 115	↑ 0,61	↓ -2,30
Stoxx600	332	↓ -0,36	↓ -2,87
DAX	9 870	↑ 0,18	↓ -1,68
FTSE 100	6 126	↑ 0,14	↓ -1,86
CAC40	4 301	↓ -0,42	↓ -2,88
ATX	2 239	↓ -0,04	↓ -3,87
IBEX35	8 702	↑ 0,15	↓ -3,59
Nikkei 225	16 216	↑ 0,68	↓ -2,70
Hang Seng	20 182	↑ 0,36	↓ -4,20
SSEC	2 843	↓ -2,42	↓ -3,26
SENSEX	25 579	↑ 1,39	↓ -0,60
RTS	912	↓ -0,49	↓ -4,11
Bovespa	51 718	↑ 0,09	↓ -4,07

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1402	↓ -0,02	↓ -1,14
EUR/CHF	1,1086	↑ 0,47	↑ 0,65
USD/GBP	1,4428	↓ -0,37	↓ -1,66
USD/JPY	107,52	↑ 0,39	↑ 1,05
AUD/USD	0,7366	↑ 0,03	↓ -3,90
USD/CAD	1,2923	↑ 0,12	↑ 3,16
USD/RUB	65,49	↓ -0,55	↑ 0,49

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	14,7	↓ -1,2	↓ -1,0
CDS 5Y PIIS	15	↑ 1,2	↑ 3,6
CDS 5Y Italy	117	↑ 0,0	↑ 3,8
CDS 5Y Belg.	111	↑ 0,2	↑ 1,2
iTraxx 5Y EU	38,5	↑ 0,9	↑ 8,8
US TED Spread	79,4	→ 0,0	↑ 1,3

Source: Reuters, OTP Research

Summary

- Europe's stock indices pared some of the losses caused by the underwhelming US job market figures on Friday.
- The worse-than-expected employment data's negative effect on US markets was only transitory, the indices closed in the green, helped by commodity, technology, and manufacturing sectors.
- Today Asia's indices dropped owing to China's poor trade balance figure; the Shanghai Composite fell 2.4%.

The weaker-than-expected April labour market statistics pushed Europe's equity indices down – despite the uptick before the close, they ended Friday's session in the red. Working off some of the 1.3% loss suffered when the US employment data were released, the Stoxx600 index could end at -0.4%. Of Europe's key benchmarks, the FTSE inched up 0.1%, the DAX rose by 0.2% by the close, while France's CAC40 shed 0.4%, and Italy's MIB dropped 0.5%. The FTSE benefited from the gains of mining companies, particularly precious metal producers (Randgold: +6.6%, Fresnillo: 6.2%), while the Inmarsat satellite telecommunications company, and British Telecom (the latter had risen almost 3% on the previous day owing to its cheering earnings report) saw the most painful losses on Friday. In the DAX, a 3.7% rally made Volkswagen the winner of the day; and Continental (+2.0%) greatly benefited from car manufacturers' gains.

Friday's trading was not all cloudless in America either; the release of April's labour market report came with the worst employment statistics of the past seven months. But investors did not lose heart. Thinking that every cloud has a silver lining and assuming that interest rates could remain low over a longer horizon and the next interest rate hike might be put off, risk-taking investors headed for stock markets. The S&P climbed 0.3% higher, and the Dow advanced 0.5%. In the S&P, commodity, technology, and consumer discretionary names made nice gains. The financial sector, which generated the biggest turnover, also fared well. General Motors, and thus the whole car manufacturing industry, benefited from the investment recommendation by Morgan Stanley (the investment bank upgraded GM from Underweight to Equal Weight). Through the dollar-denominated commodity prices, the weakening dollar helped producers; one of them, Freeport-McMoran surged 4.4%. Newmont Mining, the gold mine, jumped almost 4% higher. Last year's excellent investment names, Google, Facebook and Amazon all marched higher on Friday: Google added 1.5%, FB upped 1.4%, and Amazon jumped 2.3%. By contrast, Apple's 0.6% loss sent it to a level last hit in mid-2014. On the equity market, the closing period of the earnings season is yet to come; 15% of the S&P500 companies have not published their Q1 figures yet. Of those who did, three in four companies posted figures that beat expectations, and more than half of them surpassed the revenue forecasts as well. However, analysts continue to expect 7% year/year contraction in profit, according to a Bloomberg poll.

Asia's markets started in the red; China's indices opened about 2% lower, owing to the worse-than-expected trade balance figure. Japan's and Hong Kong's benchmarks returned to positive territory by the close, but the Shanghai Composite saw sharp losses.

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,74	↑	1	↓	-4
US 10Y	1,79	↑	3	↓	-4
JP 2Y	-0,24	↓	-1	↓	-1
JP 10Y	-0,12	↓	-1	↓	-3
GER 2Y	-0,51	↓	-2	↓	-2
GER 10Y	0,15	↓	-5	↓	-10

CENTRAL BANKS' RATES

	Rate (%)		6M Consensus		1Y Consensus
Fed Funds	0,5	↑	0,75	↑	1,25
ECB Rate	0,00	↑	0,05	↑	0,05
BOE Rate	0,50	↑	0,75	↑	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	0,63	↓	0	↓	0
US 2Y Swap	0,86	↑	2	↓	-5
US 5Y Swap	1,16	↓	-2	↓	-12
EUR 3M Euribor	-0,26	↓	0	↓	-1
EUR 2Y Swap	-0,18	↓	-2	↓	-5
EUR 5Y Swap	0,02	↑	1	↓	-4
GB 3M Libor	0,59	→	0	↓	0
GB 2Y Swap	0,77	↓	-2	↓	0
GB 5Y Swap	0,99	↓	-4	↓	-13
JP 3M Libor	-0,02	→	0	→	0
JP 2Y Swap	-0,13	↓	-1	↓	0
JP 5Y Swap	-0,08	↑	0	↑	0
CHF 3M Libor	-0,73	↓	0	↓	0
CHF 2Y Swap	-0,71	↑	3	↓	-1
CHF 5Y Swap	-0,57	↓	-2	↓	-1

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	45,9	↑	1,23	↑	0,22
Gold	1 281	↓	-0,59	↓	-0,81

Source: Reuters, OTP Research

Friday's release of US labour market data show that the economy added only 160,000 new jobs, short of the expected 200,000 growth, while the March statistics were also revised down (from 215,000 to 208,000). The growth in the private sector employment was underwhelming too: the number of jobs grew by 171,000, missing the 200,000 forecast. The March figure was revised by 6%, to 184,000. The unemployment rate remained at 5% in April.

China's latest trade balance figure caused disappointment. Imports have been falling for 18 months in a row, this time by 11%, while the market had expected near-5% drop. Exports shrank almost 2% last month, while the market had expected no more than a subtle change (-0.1%) following the 11.5% growth in March.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Friday	PL	May	Base rate (%)	1,50	1,50	1,50
	US	Apr	Average Earnings (mom, %)	0,3	0,3	0,3
	US	Apr	Unemployment rate (%)	5,0	5,0	5,0
	US	Apr	Non-farm Payrolls (mom, thousands)	160	202	208
Monday	CH	Apr	Export (yoy, %)	-1,8	-0,1	11,5
	CH	Apr	Import (yoy, %)	-10,9	-5,0	-7,6
	EZ	May	Sentix confidence indicator (points)		6,1	5,7
	DE	Mar	Industrial orders (mom, %)	1,9	0,7	-0,8
	UK	Apr	Halifax house price index, 3M (yoy, %)		9,6	10,1

Source: Reuters, OTP Research

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