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Daily Report – Global Markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 17 711 | ↑ 1,00 | ↑ 0,03 |
| S&P500 | 2 067 | ↑ 0,98 | ↑ 0,39 |
| Nasdaq100 | 4 380 | ↑ 1,25 | ↑ 0,90 |
| Russell2000 | 1 116 | ↑ 1,25 | ↓ -1,12 |
| Stoxx600 | 335 | ↑ 0,01 | ↑ 0,45 |
| DAX | n.a. | n.a. | n.a. |
| FTSE 100 | 6 151 | ↑ 0,21 | ↑ 0,60 |
| CAC40 | 4 312 | ↓ -0,18 | ↓ -0,24 |
| ATX | n.a. | n.a. | n.a. |
| IBEX35 | 8 682 | ↓ -0,45 | ↑ 0,25 |
| Nikkei 225 | 16 653 | ↑ 1,13 | ↑ 2,69 |
| Hang Seng | 19 960 | ↑ 0,38 | ↓ -1,39 |
| SSEC | 2 849 | ↓ -0,05 | ↑ 0,59 |
| SENSEX | 25 798 | ↑ 0,57 | ↓ -0,60 |
| RTS | 929 | ↑ 0,79 | ↑ 1,87 |
| Bovespa | 51 803 | ↓ 0,00 | ↑ 1,59 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,1316 | ↑ 0,10 | ↓ -0,48 |
| EUR/CHF | 1,1065 | ↑ 0,36 | ↓ -0,26 |
| USD/GBP | 1,4396 | ↑ 0,24 | ↓ -0,30 |
| USD/JPY | 109,20 | ↑ 0,17 | ↓ -0,05 |
| AUD/USD | 0,7345 | ↑ 0,80 | ↓ -0,23 |
| USD/CAD | 1,2862 | ↓ -0,24 | ↓ -0,37 |
| USD/RUB | 64,62 | ↓ -0,41 | ↓ -2,33 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 14,7 | ↓ -0,4 | ↑ 0,1 |
| CDS 5Y PIIS | 15 | ↑ 0,2 | ↓ -2,1 |
| CDS 5Y Italy | 115 | ↑ 0,9 | ↓ -0,5 |
| CDS 5Y Belg. | 111 | ↓ -0,3 | ↓ -0,8 |
| iTraxx 5Y EU | 37,7 | ↑ 0,9 | ↓ -0,4 |
| US TED Spread | 77,6 | → 0,0 | ↓ -5,2 |

Source: Reuters, OTP Research

Summary

- The few stock markets that were open in Western Europe inched up on Whit Monday.
- Stock indices marched higher in America; raw material producer and energy names grew together with commodity prices.
- Asia's stock markets closed mixed today; the Nikkei continued where US markets closed yesterday, while the Chinese index edged somewhat lower.

Western Europe's stock markets barely moved on Whit Monday, when a number of stock exchanges were closed, including Frankfurt and Zurich. With its turnover 45% below the 30-day average, the Stoxx600 closed just 0.1% higher, climbing back from a 1% loss made earlier in the day. Its top performer, the energy sector, largely benefited from the rising oil prices. The Brent grew by 2.6% in Monday's trading; the fall in Canada's oil production, caused by the wildfire, continues to raise prices on global markets. Some other commodity prices also increased: copper added 0.8% and zinc upped more than 1%. The higher commodity prices also helped AngloAmerican and Tullow Oil rally 5.4% and 5.0% respectively. Telecom Italia added 3%; after trebling the 2018 profit target owing to the planned cost cutting measures. Eutelsat, the French satellite operator fell nearly 7%, extending Friday's 28% loss following the release of Q1 earnings figures and as Morgan Stanley lowered its recommendation to Sell. MAN, the vehicle producer, and Vodafone will publish their earnings reports today.

Headed by the energy sector and raw material producers, America's stock indices made headway on Monday when the WTI oil's price jumped 3.7% higher. Freeport-McMoRan, the copper miner, sky-rocketed 6.1%, and Newmont Mining surged 4%. The Dow and the S&P advanced 1% each, while the NASDAQ100 upped 1.3%, mostly driven by Apple's gains. Apple closed 3.7% higher yesterday as Warren Buffett's investment company, Berkshire Hathaway had revealed in a regulatory filing to have bought 9.81 million Apple shares in the first quarter of 2016. There were also acquisition reports to keep investors excited: Pfizer reached agreement to buy the Anacor pharmaceutical; the news triggered a 57% rally in the latter's share price. Reportedly, Berkshire, and thus Warren Buffett may be making a bid for Yahoo!'s assets. Following Friday's better-than-expected retail data and consumer confidence indices, as well as the worse-than-expected earnings reports of some retail chains, the focus remains on the retail segment in the following days as a string of earnings reports is due out: Home Depot (Tuesday), Target (Wednesday), and Wal-Mart (Thursday).

Today Asia's stock markets closed higher but most of them lost the initial impetus. The tech rally in the USA and the higher oil prices raised Asia's stock indices too; the Nikkei gained more than 1%, and the Hang Seng rose by 0.4%. The Shanghai Composite closed somewhat below zero.

The dollar's firming versus the GBP and the JPY continued; the euro appreciated against the USD and the CHF. Monday's rise in commodity prices benefited the currencies of commodity-exporting countries.

GOV'T BOND MARKET

| | Yield (%) | | Daily chg (bp) | | Weekly chg (bp) |
|---------|-----------|---|----------------|---|-----------------|
| US 2Y | 0,79 | ↑ | 4 | ↑ | 7 |
| US 10Y | 1,75 | ↑ | 5 | ↑ | 0 |
| JP 2Y | -0,24 | ↑ | 1 | ↓ | 0 |
| JP 10Y | -0,10 | ↑ | 1 | ↑ | 0 |
| GER 2Y | -0,51 | ↓ | 0 | ↓ | -2 |
| GER 10Y | 0,12 | ↓ | -3 | ↓ | -4 |

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 | ↓ | -1 |
| US 2Y Swap | 0,91 | ↑ | 2 | ↑ | 6 |
| US 5Y Swap | 1,20 | ↓ | 0 | ↑ | 6 |
| EUR 3M Euribor | -0,26 | ↑ | 0 | ↓ | 0 |
| EUR 2Y Swap | -0,16 | ↓ | -1 | ↑ | 0 |
| EUR 5Y Swap | 0,00 | ↑ | 2 | ↑ | 1 |
| GB 3M Libor | 0,59 | ↓ | 0 | ↑ | 0 |
| GB 2Y Swap | 0,76 | ↑ | 0 | ↓ | 0 |
| GB 5Y Swap | 0,99 | ↑ | 1 | ↑ | 2 |
| JP 3M Libor | -0,03 | ↓ | 0 | ↓ | -1 |
| JP 2Y Swap | -0,15 | ↑ | 1 | ↓ | 0 |
| JP 5Y Swap | -0,12 | ↑ | 0 | ↓ | -1 |
| CHF 3M Libor | -0,74 | ↓ | 0 | ↓ | 0 |
| CHF 2Y Swap | -0,76 | ↓ | -3 | ↓ | -2 |
| CHF 5Y Swap | 0,00 | ↓ | -2 | ↓ | -2 |

COMMODITIES

| | Close | | Daily chg. (%) | | Weekly chg. (%) |
|-----------|-------|---|----------------|---|-----------------|
| Oil Brent | 49,3 | ↑ | 0,57 | ↑ | 8,19 |
| Gold | 1 275 | ↑ | 0,10 | ↑ | 0,69 |

Source: Reuters, OTP Research

The New York Fed manufacturing index sank into negative territory, surprising economists. The May reading of the home price index in the USA also missed forecasts. A new string of housing market statistics –the building permits and the housing starts data– will be out in the USA today, as will the inflation and industrial production figures for April.

| | COUNTRY | DATE | INDICATOR | FACT | CONSENSUS | PREVIOUS |
|---------|---------|--------------------------|---|------|-----------|----------|
| Monday | US | May | New York Fed Manufacturing Index (points) | -9,0 | 6,5 | 9,6 |
| | UK | May | NAHB housing market index (points) | 58,0 | 59,0 | 58,0 |
| Tuesday | UK | Apr | CPI (final, mom, %) | | 0,3 | 0,4 |
| | UK | Apr | CPI (final, yoy, %) | | 0,5 | 0,5 |
| | US | Apr | CPI (mom, %), SA | | 0,3 | 0,1 |
| | US | Apr | CPI (final, yoy, %) | | 1,1 | 0,9 |
| | US | Apr | Building permits (millions) | | 1,1 | 1,1 |
| | US | Apr | Housing starts (millions) | | 1,1 | 1,1 |
| | US | Apr | Industrial production (mom, %) | | 0,3 | -0,6 |
| | US | Apr | Manufacturing production (mom, %) | | 0,3 | -0,3 |
| US | Apr | Capacity utilization (%) | | 75,0 | 74,8 | |

Source: Reuters, OTP Research

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