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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 706	↑ 1,22	↑ 1,00
S&P500	2 076	↑ 1,37	↑ 1,41
Nasdaq100	4 444	↑ 2,05	↑ 2,82
Russell2000	1 135	↑ 2,15	↑ 2,93
Stoxx600	344	↑ 2,21	↑ 2,81
DAX	10 057	↑ 2,18	↑ 1,69
FTSE 100	6 219	↑ 1,35	↑ 0,83
CAC40	4 432	↑ 2,46	↑ 3,12
ATX	2 240	↑ 1,60	↑ 1,50
IBEX35	8 918	↑ 2,34	↑ 2,52
Nikkei 225	16 770	↑ 1,64	↑ 0,70
Hang Seng	20 335	↑ 2,54	↑ 2,56
SSEC	2 829	↑ 0,25	↑ 0,76
SENSEX	25 649	↑ 1,36	↓ -0,60
RTS	891	↑ 1,36	↓ -4,32
Bovespa	49 345	↑ 0,03	↓ -2,94

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1140	↓ -0,68	↓ -0,56
EUR/CHF	1,1064	↓ -0,32	↓ -0,12
USD/GBP	1,4630	↑ 1,02	↑ 0,24
USD/JPY	109,88	↓ -0,09	↓ -0,27
AUD/USD	0,7210	↑ 0,39	↓ -0,25
USD/CAD	1,3097	↓ -0,17	↑ 0,50
USD/RUB	66,19	↑ 0,33	↑ 0,31

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	14,4	↓ -1,4	↓ -1,2
CDS 5Y PIIS	14	↓ -0,6	↓ -0,1
CDS 5Y Italy	114	↓ -0,4	↑ 0,9
CDS 5Y Belg.	111	↓ -0,5	↓ -1,0
iTraxx 5Y EU	37,0	↑ 0,4	↑ 0,5
US TED Spread	78,1	⇒ 0,0	↓ -3,4

Source: Reuters, OTP Research

Summary

- Investor sentiment was positive on both sides of the Atlantic yesterday.
- The USD firmed 0.7% against the EUR and the JPY in Tuesday's trading.
- A deal with Greece unlocked EUR 10.3 billion loan from a bailout package.
- The Brent oil drew near 50 USD/barrel again.

Tuesday's sentiment was benign on both sides of the Atlantic, after the president of the Federal Reserve Bank of Philadelphia, Patrick Harker said that continuing the interest rate increases in June could be justified if the US economy will be seen strong enough. He cannot rule out two or three rate hikes in 2016; this is line with an earlier statement by John Williams (San Francisco Fed president). On Friday, the Fed's Chair Janet Yellen will participate in a panel discussion, which may provide further hint at the possible outcome of the June rate decision.

As a result, the USD appreciated 0.7% against the USD and the JPY. The single European currency's weakening benefits the profitability of the region's exporting businesses.

The CAC40's 2.5% rally was the strongest gain in Western Europe. The DAX surged 2.2%, and the FTSE100 upped 1.5%. The German index's engine of growth was Volkswagen, which advanced 4%. Another German name, Bayer reversed a losing streak and soared 3.2% yesterday, after revealing two days earlier the details of a 62-billion-dollar bid to buy Monsanto, which will likely reject it, according to Reuters' sources. This merger would make Bayer the biggest supplier of seeds and agricultural chemicals.

Eurozone finance ministers ended a successful meeting this morning, unlocking another tranche of bailout package for Greece, totalling EUR 10.3 billion. There may be disputes about easing Greece's debt burden, but the eurogroup and the IMF appeared to be more flexible than before to reach an agreement.

In America, the Russell2000 (+2.2%) and the NASDAQ100 (+2.1%) grew by more than 2% each, while the Dow (+1.2%) and the S&P500 (+1.4%) climbed more than 1%. The positive sentiment can be put down to rate hike expectations as well as to new home sales statistics, which hit more than eight-year high in April. The median of sales prices hit a record high. In the S&P500, the technology, financial, and health care sectors made the strongest gains.

Surging 1.6% and 2.4% respectively, Japan's Nikkei225 and Hong Kong's Hang Seng jumped on the optimism bandwagon. By contrast, China's Shanghai Composite stood 0.3% in the red before the closing bell rang.

GOV'T BOND MARKET				
	Yield (%)	Daily chg (bp)	Weekly chg (bp)	
US 2Y	0,92	↑ 1	↑	8
US 10Y	1,86	↑ 2	↑	9
JP 2Y	-0,23	↑ 1	↑	2
JP 10Y	-0,10	↓ 0	↑	1
GER 2Y	-0,51	↓ -1	→	0
GER 10Y	0,17	↓ 0	↑	2
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	0,00	↑ 0	↑	4
US 2Y Swap	1,02	↓ -1	↑	3
US 5Y Swap	1,33	↓ -1	↑	1
EUR 3M Euribor	-0,26	→ 0	↓	0
EUR 2Y Swap	-0,15	↓ 0	↓	-1
EUR 5Y Swap	0,01	↓ -1	↓	-1
GB 3M Libor	0,00	→ 0	↓	0
GB 2Y Swap	0,85	↑ 4	↓	0
GB 5Y Swap	1,11	↑ 5	↑	14
JP 3M Libor	0,00	↑ 0	↑	1
JP 2Y Swap	-0,14	↑ 0	↓	0
JP 5Y Swap	-0,10	↓ 0	→	0
CHF 3M Libor	0,00	→ 0	↓	0
CHF 2Y Swap	-0,67	↑ 5	↑	4
CHF 5Y Swap	0,00	↑ 4	↑	4
COMMODITIES				
	Close	Daily chg. (%)	Weekly chg. (%)	
Oil Brent	49,2	↑ 1,11	↑	0,45
Gold	1 228	↑ 0,08	↓	-2,42

Source: Reuters, OTP Research

Rising 1.6%, the Brent's price drew near 50 USD/barrel yesterday. The WTI oil marched 2% higher, to close at 49.2 USD/barrel. The market of gold was under selling pressure (-1.8%), owing to the prospect of the tighter American monetary policy.

The detailed estimate on Germany's GDP for the first quarter was released yesterday. In line with the preliminary data, economic output expanded by 0.7% from the previous quarter, but a minor revision brought the year/year growth rate to +1.3%, down from the preliminary reading of +1.6% published on 13 May. The increase was driven by the rise in investments and consumer spending, adding to evidence that the loose monetary conditions Germany has criticised many times appear to be bolstering the revival of economic activity.

Meanwhile the ZEW investor sentiment index fell to 6.4 in May, down from 11.2 in the previous month, and missing analysts' consensus of 12.

Another important data due from Germany today is the IFO economic sentiment index, which analysts expect to have slightly increased from April.

The USA will publish the April gauge on building permits later today.

	COUNTRY	DATE	INDICATOR	FACT	CONSENSUS	PREVIOUS
Tuesday	DE	Q1	GDP, 2nd reading (qoq, %)	0,7	0,7	0,7
	DE	Q1	GDP, 2nd reading (yoy, %)	1,3	1,6	1,3
	DE	May	ZEW investor sentiment (points)	6,4	12,0	11,2
	US	Apr	New home sales (mom, %)	16,6	2,0	-1,5
	US	Apr	New home sales ('000)	619	523	511
Wednesday	DE	May	IFO Business Climate (point)		106,8	106,6
	US	Apr	Buliding Permits (annualized, '000)			1 116

Source: Reuters, OTP Research

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