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Daily Report – Global Markets

STOCK EXCHANGE

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 830	↑ 0,14	↑ 0,88
S&P500	2 089	↑ 0,27	↑ 0,65
Nasdaq100	4 413	↑ 0,30	↓ -0,26
Russell2000	1 154	↓ -0,33	↑ 0,40
Stoxx600	340	↑ 0,70	↑ 6,09
DAX	10 016	↑ 0,54	↑ 5,21
FTSE 100	6 227	↑ 0,36	↑ 5,12
CAC40	4 367	↑ 0,61	↑ 5,74
ATX	2 201	↑ 0,35	↑ 5,04
IBEX35	8 667	↑ 0,23	↑ 6,65
Nikkei 225	16 066	↓ -0,64	↑ 1,30
Hang Seng	20 796	↑ 0,62	↑ 1,60
SSEC	2 894	↑ 0,53	↑ 0,23
SENSEX	26 826	↑ 0,05	↓ -0,60
RTS	937	↑ 0,23	↑ 4,11
Bovespa	50 838	↑ 1,01	↑ 4,50

FX MARKET

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1240	↓ -0,62	↑ 0,05
EUR/CHF	1,0815	↓ -0,61	↑ 0,08
USD/GBP	1,4645	↓ -0,33	↑ 3,12
USD/JPY	104,48	↓ -0,24	↓ -1,43
AUD/USD	0,7465	↑ 0,28	↑ 0,82
USD/CAD	1,2785	↓ -0,23	↓ -0,98
USD/RUB	63,71	↓ -0,28	↓ -2,75

RISK INDICATORS

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	18,5	↑ 0,1	↓ -2,0
CDS 5Y PIIS	18	↓ -0,2	↑ 0,3
CDS 5Y Italy	126	↓ 0,0	↓ -8,9
CDS 5Y Belg.	118	↓ -0,4	↑ 0,0
iTraxx 5Y EU	37,0	↑ 0,8	↓ -9,4
US TED Spread	78,4	→ 0,0	↓ -1,1

Source: Reuters, OTP Research

Summary

- Stock markets ground higher on light trading volumes, as Brexit worries eased on Tuesday.
- Oil prices exceeded USD 50 owing to a contraction in US oil inventories.
- Fed Chair Janet Yellen emphasized the risks of Brexit, admitting that the Fed could do little to alleviate a recession.

Stock markets closed higher on light trading volumes, as Brexit worries eased on Tuesday, when trading was influenced by the firming dollar, lower oil prices, and Janet Yellen's testimony. The most recent opinion polls suggest that the Leave campaign is running out of steam in the UK, and support for the Remain camp is on the rise. In response, markets started to grow, and the GBP appreciated. But George Soros warns that a move to leave the EU may slash the pound by as much as 20%.

Rising by 0.3% the S&P 500 drew near its all-time high yesterday; it is only 1.8% short of the peak hit in May 2015. Microsoft (+2.6%) and Apple (+1.1%) led the technology sector, while biotechnology and commodity producer names saw losses. Western Europe's stock markets moved in sync, advancing 0.4-0.7% on Tuesday. In Europe, banking shares did well yesterday. Asia's stock markets were seen in positive territory before the closing bell rang today. The Nikkei was closed.

In the essentially favourable mood, yields on US and German government bonds, seen as the safe assets, have increased. The USD and the GBP appreciated, that latter benefited from the EU referendum news.

Crude prices slipped by Tuesday evening, but they grew to exceed USD 50 during the night, as the American Petroleum Institute's data revealed that US oil reserves shrank sharper than had been thought (by 5.2 million barrels, whereas analysts had forecast 1.7 million).

GOV'T BOND MARKET

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,76	↑	2	↑	3
US 10Y	1,70	↑	3	↑	8
JP 2Y	-0,24	↑	0	↑	4
JP 10Y	-0,14	↓	0	↑	3
GER 2Y	-0,58	↑	2	↓	-3
GER 10Y	0,05	↑	1	↑	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	0,64	↑	0	↓	-1
US 2Y Swap	0,86	↓	-3	↑	5
US 5Y Swap	1,16	↓	-1	↑	14
EUR 3M Euribor	-0,27	→	0	↓	0
EUR 2Y Swap	-0,20	↓	-1	↓	-2
EUR 5Y Swap	-0,04	↑	3	↑	2
GB 3M Libor	0,59	↑	1	↑	1
GB 2Y Swap	0,80	↓	0	↑	3
GB 5Y Swap	1,00	↑	3	↑	16
JP 3M Libor	-0,03	↑	0	↑	1
JP 2Y Swap	-0,14	↑	0	↑	3
JP 5Y Swap	-0,12	↓	0	↑	5
CHF 3M Libor	-0,77	↑	1	↓	-1
CHF 2Y Swap	-0,79	→	0	↑	5
CHF 5Y Swap	-0,69	↑	0	↑	2

COMMODITIES

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	50,9	↑	0,63	↑	4,02
Gold	1 264	↓	-0,35	↓	-2,13

Source: Reuters, OTP Research

The USA did not release important macroeconomic statistics on Tuesday. In Europe, Germany's ZEW economic sentiment index has meaningfully beaten expectations.

On the whole, Janet Yellen's testimony before Congress held the same message as the Fed statement following the rate decision. The Fed's chair emphasized the uncertainties surrounding global growth outlook, and highlighted Brexit as a risk factor. Furthermore, she admitted the Fed did not have much at its hands to tackle a recession (which it does not expect to take place this year).

In his speech, ECB President Mario Draghi indicated that the ECB was ready for all contingencies if Britain votes to leave the EU. He spoke in positive terms about the effects of the ECB's monetary stimulus measures. On the other hand, the eurozone's Q1 lending poll suggests that the ECB's asset purchase programme or the negative deposit rate did not invigorate lending in 80% of the banks responding the survey.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Tuesday	DE	Jun	ZEW Economic Sentiment (points)	19,2	4,7	6,4
	EZ		Mario Draghi's speech in Brussels	-	-	-
	US		Fed's Yellen's Testimony	-	-	-
Wednesday	US	May	Existing home sales (annualized monthly, thousand)		5 500	5 450
	EZ	Jun	Consumer confidence (preliminary, points)		-7,1	-7
	US		Fed's Yellen's Testimony	-	-	-

Source: Reuters, OTP Research

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