



**STOCK EXCHANGE**

	Close	Daily chg. (%)	Weekly chg. (%)
DJIA	17 140	↓ -1,50	↓ -3,73
S&P500	2 001	↓ -1,81	↓ -3,97
Nasdaq100	4 201	↓ -1,97	↓ -4,52
Russell2000	1 090	↓ -3,36	↓ -5,57
Stoxx600	309	↓ -4,11	↓ -8,56
DAX	9 269	↓ -3,02	↓ -6,96
FTSE 100	5 982	↓ -2,55	↓ -3,58
CAC40	3 985	↓ -2,97	↓ -8,20
ATX	1 988	↓ -4,60	↓ -9,33
IBEX35	7 646	↓ -1,83	↓ -11,58
Nikkei 225	15 323	↑ 0,09	↓ -4,02
Hang Seng	20 082	↓ -0,72	↓ -2,84
SSEC	2 907	↑ 0,38	↑ 0,98
SENSEX	26 476	↑ 0,28	↓ -0,60
RTS	889	↓ -2,60	↓ -4,95
Bovespa	49 246	↓ -1,72	↓ -2,15

**FX MARKET**

	Close	Daily chg. (%)	Weekly chg. (%)
EUR/USD	1,1022	↓ -0,84	↓ -1,52
EUR/CHF	1,0781	↓ -0,28	↓ -0,02
USD/GBP	1,3218	↓ -3,36	↓ -9,74
USD/JPY	101,90	↓ -0,09	↓ -2,70
AUD/USD	0,7403	↑ 1,11	↓ -0,55
USD/CAD	1,2989	↓ -0,63	↑ 1,36
USD/RUB	64,82	↓ -0,74	↑ 1,45

**RISK INDICATORS**

	Close	Daily chg (bp)	Weekly chg (bp)
VIX	23,9	↓ -1,9	↑ 5,5
CDS 5Y PIIS	24	↑ 20,1	↑ 53,5
CDS 5Y Italy	185	↑ 9,2	↑ 27,7
CDS 5Y Belg.	153	↑ 6,0	↑ 11,8
iTraxx 5Y EU	49,8	↑ 4,5	↑ 20,5
US TED Spread	98,1	⇒ 0,0	↓ -1,1

Source: Reuters, OTP Research

**Summary**

- The turmoil on stock markets continued on the second day after the Brexit referendum. The GBP fell further.
- Standard and Poor's as well as Fitch stripped the UK of its triple A credit rating.
- Asia's markets closed mixed; investors sought defensive names.

The dust has not settled on developed stock markets after last Thursday's referendum in Britain. Western Europe started Monday's trading on a strong note, before a strong sell-off swept through stock markets. The Stoxx600 slipped 4.1%, as investors rushed to get rid of banking and airline shares. The stocks of UK-based financial institutions were under the worst strain: Barclays lost 17%, and the Royal Bank of Scotland plunged 15%. Among airlines and travel companies, EasyJet was hit the hardest as the no-frills airline's shares nose-dived 22%, following a profit warning for this summer in the aftermath of Brexit. The FTSE plunged 2.6% on Monday, while Finance Minister George Osborne assured markets that the crisis plan to facilitate Britain's economic support has been prepared. Neither did the periphery countries end a bright day: Greece's ASE and Italy's MIB both fell 4%, Spain's IBEX dropped 1.8%, and Portugal's index slipped 2.3%. The DAX ended 3% lower, exacerbated by car manufacturers' reversal. Volvo slid 15%, and K+S AG, the artificial fertilizer producer shrank 12%, owing to the lower product prices and the worst-than-expected demand in North America. Standard & Poor's move yesterday to downgrade the United Kingdom's credit rating did not have much impact on European markets' performance.

US stock indices continued to trickle down on Tuesday, and many expected that the Black Friday could repeat itself. Eight out of the S&P's ten sector indices ended in the red, with base material producers, energy and financial names seeing the sharpest falls, while utilities and telecommunications companies were the safest havens yesterday. Citigroup contracted by 4.5%, the Bank of America slid 6.3%, and JPMorgan dived 3.3%. Investment banks were also hit hard: the Charles Schwab Corp. slumped 8%, Morgan Stanley lost 3.7%, and Goldman Sachs sank 1.6%.

Asia's markets closed mixed; the Nikkei and the Shanghai Composite rose slightly, but the Hong Kong index shed 0.7%. Japan's Topix closed 1.8% higher; the successful papers came from defensive sectors, thus pharmaceutical and food manufacturing companies made the nicest gains. The Shanghai Composite's gains benefited from the fact that Credit Suisse and Citigroup recommended Chinese securities for Buy, after last week's selloff.

In the coming days, stock markets may recover after the Brexit shock, but the corporate sector may issue further profit warnings.

**GOV'T BOND MARKET**

	Yield (%)		Daily chg (bp)		Weekly chg (bp)
US 2Y	0,59	↓	0	↓	-15
US 10Y	1,44	↓	-7	↓	-23
JP 2Y	-0,28	↑	0	↓	-4
JP 10Y	-0,19	↓	-1	↓	-6
GER 2Y	-0,62	↑	10	↓	-3
GER 10Y	-0,08	↑	8	↓	-12

**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	↓	-2	↓	-2
US 2Y Swap	0,70	↓	0	↓	-19
US 5Y Swap	0,95	↑	3	↓	-22
EUR 3M Euribor	-0,28	↓	0	↓	-2
EUR 2Y Swap	-0,23	↓	-3	↓	-4
EUR 5Y Swap	-0,11	↓	-7	↓	-7
GB 3M Libor	0,00	↓	-3	↓	-2
GB 2Y Swap	0,53	↓	-8	↓	-3
GB 5Y Swap	0,58	↓	-16	↓	-40
JP 3M Libor	0,00	↓	0	↑	0
JP 2Y Swap	-0,17	↓	-1	↓	-3
JP 5Y Swap	-0,18	↓	-1	↓	-5
CHF 3M Libor	0,00	↓	-3	↓	-3
CHF 2Y Swap	-0,87	↓	-2	↓	-8
CHF 5Y Swap	-0,75	↓	-4	↓	-8

**COMMODITIES**

	Close		Daily chg. (%)		Weekly chg. (%)
Oil Brent	47,8	↑	1,29	↓	-5,63
Gold	1 317	↓	-0,59	↑	3,82

Source: Reuters, OTP Research

The pound lost further 3% versus the USD yesterday, while the greenback firmed less than 1% against the EUR. The JPY ran out of steam, inching up merely 0.1% vs the USD, while Goldman's most recent analysis warns that at this point the Bank of Japan can do little to weaken the yen, which is a safe haven currency in Asia. The portfolio.hu business portal quotes Goldman Sachs' calculations as stating that a 10-unit change in the USD/JPY reduces operating profit growth by 4-5 per cents, and the expectations of a strong JPY strongly influence stock market outlook. Goldman expects Japan's export companies' profit outlook to worsen in the next quarter.

The Brent oil's price rose by 1.3%, remaining below 48 USD/barrel.

The considerable moves on government securities' market continued, but some reversed the direction seen on Friday. The yield on US 10Y treasury note sank seven basis points deeper, but German bond yields grew by 8-10 basis points.

Standard & Poor's downgraded the United Kingdom's AAA rating to AA, with negative outlook. Its rationale highlighted that the event is likely to lead to a less predictable, stable and effective political framework.

Yesterday's release of US Markit purchasing managers' index came in better than expected for the whole of the economy, but the services sector reading stagnated, as opposed to the expected improvement. In today's publications, the US Q1 GDP reading and home price data will be released. The June gauge of consumer confidence index is expected to signify a slight improvement. The Richmond Fed's manufacturing index is also due out today.

	COUNTRY	DATE	INDICATOR / EVENT	FACT	CONSENSUS	PREVIOUS
Monday	US	Jun	Markit Composite PMI, flash (points)	51,2	50,9	50,9
	US	May	Markit PMI, services	51,3	-	51,3
Tuesday	US	Q1	GDP final (annualized qoq. %)		1,0	0,8
	US	Q1	GDP deflator (%)		0,6	0,6
	US	Apr	Case-Shiller 20, SA (mom. %)		0,6	0,9
	US	Jun	Consumer Confidence (points)		93,3	92,6

Source: Reuters, OTP Research

**Chief Economist**

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

**Fundamental Analyst**

Orsolya Rátkai  
ratkaio@otpbank.hu  
+36 1 374 7270

**Disclaimer**

**OTP Bank Plc. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.**

This communication does not contain a comprehensive analysis of the described issues. This material is only for information purposes and it is not intended as an investment advice, an offer or solicitation for the purchase or sale of any financial instrument, and it does not constitute legal, tax or accounting advice.

Information herein reflects the market situation at the time of writing. It provides only momentary information and may change as market conditions and circumstances develop. Additional information may be available on request. Although the information in this document has been prepared in good faith from sources which OTP Bank believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. Opinions and estimates constitute our judgment and are subject to change without notice. OTP Bank may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments is made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. Any concrete individual decision or investment made based on this publication is the sole risk of the Client and OTP Bank shall not be held responsible for the success of the investment decisions or for attaining the Client's target.

Figures described herein refer to the past and past performance is not a reliable indicator of future results.

OTP Bank Plc. (registered seat: Nádor utca 16., Budapest H-1051, Hungary. Supervisory authority: Magyar Nemzeti Bank (National Bank of Hungary – H-1013 Budapest, Krisztina krt. 39.sz.) PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008. For more information, please refer to: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>). All rights reserved. This publication is exclusively owned by OTP Bank Plc., no part of this material can be reproduced, re-used or disseminated without the prior written consent of OTP Bank Plc.

If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to [research@otpbank.hu](mailto:research@otpbank.hu) or writing a letter addressed to "Research Center" Hungary 1051, Budapest Nádor utca. 21. Please refer to your name and e-mail address in both cases.

## Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to [csaba.balint@otpbank.ro](mailto:csaba.balint@otpbank.ro) or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.