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Daily Report – Global Markets

STOCK EXCHANGE

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-------------|--------|----------------|-----------------|
| DJIA | 18 571 | ↑ 0,29 | ↑ 0,29 |
| S&P500 | 2 175 | ↑ 0,46 | ↑ 0,61 |
| Nasdaq100 | 4 666 | ↑ 0,41 | ↑ 1,66 |
| Russell2000 | 1 213 | ↑ 0,75 | ↑ 0,41 |
| Stoxx600 | 340 | ↓ -0,07 | ↑ 0,71 |
| DAX | 10 147 | ↓ -0,09 | ↑ 0,80 |
| FTSE 100 | 6 730 | ↑ 0,46 | ↑ 0,92 |
| CAC40 | 4 381 | ↑ 0,11 | ↑ 0,20 |
| ATX | 2 235 | ↑ 0,68 | ↑ 0,70 |
| IBEX35 | 8 600 | ↑ 0,19 | ↑ 0,81 |
| Nikkei 225 | 16 620 | ↓ -0,04 | ↑ 0,74 |
| Hang Seng | 21 922 | ↓ -0,19 | ↑ 0,55 |
| SSEC | 3 006 | ↓ -0,23 | ↓ -1,23 |
| SENSEX | 27 929 | ↑ 0,45 | ↓ -0,60 |
| RTS | 936 | ↓ -1,17 | ↓ -2,88 |
| Bovespa | 57 002 | ↑ 0,64 | ↑ 2,56 |

FX MARKET

| | Close | Daily chg. (%) | Weekly chg. (%) |
|---------|--------|----------------|-----------------|
| EUR/USD | 1,0973 | ↓ -0,46 | ↓ -0,90 |
| EUR/CHF | 1,0835 | ↓ -0,32 | ↓ -0,33 |
| USD/GBP | 1,3106 | ↓ -0,95 | ↓ -1,12 |
| USD/JPY | 106,12 | ↑ 0,06 | ↓ -0,03 |
| AUD/USD | 0,7480 | ↑ 0,25 | ↓ -1,45 |
| USD/CAD | 1,3146 | ↑ 0,17 | ↑ 1,57 |
| USD/RUB | 64,80 | ↑ 0,13 | ↑ 3,14 |

RISK INDICATORS

| | Close | Daily chg (bp) | Weekly chg (bp) |
|---------------|-------|----------------|-----------------|
| VIX | 12,0 | ↓ -0,7 | ↓ -0,7 |
| CDS 5Y PIIS | 12 | ↓ -1,3 | ↓ -1,0 |
| CDS 5Y Italy | 118 | ↓ -0,8 | ↑ 2,9 |
| CDS 5Y Belg. | 113 | ↓ -0,7 | ↓ -2,0 |
| iTraxx 5Y EU | 34,5 | ↑ 1,5 | ↓ -3,0 |
| US TED Spread | 68,4 | → 0,0 | ↑ 3,3 |

Source: Reuters, OTP Research

Summary

- Friday's low-volatility trading ended with mixed results on global markets.
- Spain's GDP may grow by 2.9% in 2016.
- The G20 meeting's statement warned of the necessity of fiscal easing and structural reforms.

Ending a low-volatility day, stock indices closed mixed on both sides of the Atlantic. The Stoxx600 and the DAX edged down 0.1% each, while the CAC40 nudged 0.1% higher and the FTSE100 upped 0.5%. The S&P500 advanced 0.5%, the NASDAQ100 rose by 0.4%, and the Russell2000 added 0.8%. The mixed sentiment on Europe's markets can be put down to the mixed bag of purchasing managers' indices published on Friday. The data suggest that Germany continues to fare well, while the index for France struggled to reach positive territory, and Britain's reading hit its worst since April 2009. It is important to note however that this is one of the first gauges since the UK's referendum to reflect the effect of Brexit and post-Brexit events. However, in America the S&P closed at a new high of 2,174 points. Ryanair said it may be forced to issue profit warning in the near future, because of Brexit. The airline carried 31 million passengers in the second quarter (+11% year/year); its average air fare price fell by 10% and the utilization rate grew to 94%. A survey by Baker&McKenzie has found that Britain may lose USD 338 billion in unearned transaction fees because of Brexit by 2020, as the volume of company buy-up transactions may slump considerably. Verizon is to buy Yahoo for USD 4.8 billion, according to Marketwatch's sources.

The announcement issued after the weekend's G20 summit underlined the importance of further structural reforms and fiscal loosening on top of monetary easing. The announcement admitted that the world economy's growth was short of expectations.

Spain's economy may grow by 2.9% this year, surpassing expectations, the country's minister has said. Spain's government deficit was at 5.1% of GDP in 2015, exceeding the planned 4.1%, thus it may be the first EU member to be fined for overshooting the deficit target if the European Commission decides to do so.

Trading in Asia opened in a slightly sour mood. The Nikkei shed 0.05%; the Hang Seng and the SSEC dropped 0.2%. The losses may be attributed to the recent release of disappointing exports and imports data from Japan.

In Friday's trading the USD gained 0.5% against the EUR and nearly 1% versus the GBP.

GOV'T BOND MARKET

| | Yield (%) | Daily chg (bp) | Weekly chg (bp) |
|---------|-----------|----------------|-----------------|
| US 2Y | 0,71 | ↑ 2 | ↑ 2 |
| US 10Y | 1,57 | ↑ 2 | ↓ 0 |
| JP 2Y | -0,33 | ↓ 0 | ↑ 2 |
| JP 10Y | -0,22 | ↑ 1 | ↑ 4 |
| GER 2Y | -0,62 | ↑ 0 | ↑ 4 |
| GER 10Y | -0,01 | ↓ 0 | ↑ 3 |

CENTRAL BANKS' RATES

| | Rate (%) | 6M Consensus | 1Y Consensus |
|------------|----------|--------------|--------------|
| Fed Funds | 0,5 | ↑ 0,75 | ↑ 1,25 |
| ECB Rate | 0,00 | → 0,00 | → 0,00 |
| 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 | 0,72 | ↑ 1 | ↑ 4 |
| US 2Y Swap | 0,96 | ↑ 0 | ↑ 8 |
| US 5Y Swap | 1,15 | ↓ -1 | ↑ 8 |
| EUR 3M Euribor | -0,30 | → 0 | ↓ 0 |
| EUR 2Y Swap | -0,23 | ↓ -1 | ↑ 0 |
| EUR 5Y Swap | -0,12 | ↑ 1 | ↑ 3 |
| GB 3M Libor | 0,52 | ↑ 0 | ↑ 3 |
| GB 2Y Swap | 0,50 | ↓ -2 | ↓ -2 |
| GB 5Y Swap | 0,56 | ↓ -2 | ↓ -3 |
| JP 3M Libor | -0,03 | ↓ 0 | ↓ 0 |
| JP 2Y Swap | -0,17 | ↓ -1 | ↓ -2 |
| JP 5Y Swap | -0,19 | ↓ -1 | ↓ -2 |
| CHF 3M Libor | -0,76 | ↑ 0 | ↑ 1 |
| CHF 2Y Swap | -0,74 | ↓ 0 | ↑ 4 |
| CHF 5Y Swap | -0,66 | → 0 | ↑ 4 |

COMMODITIES

| | Close | Daily chg. (%) | Weekly chg. (%) |
|-----------|-------|----------------|-----------------|
| Oil Brent | 45,5 | ↓ -0,37 | ↓ -3,07 |
| Gold | 1 317 | ↓ -0,37 | ↓ -0,85 |

Source: Reuters, OTP Research

Friday's release of purchasing managers' indices painted a colourful picture of the euro area. Germany's PMI figures are grounds for optimism, but France's figures purchasing managers are only slightly optimistic. America's PMI data are as favourable as the German ones (signifying decrease below 50 points and increase above it).

Among the few data due out today, Germany will publish the IFO economic sentiment index; analysts expect a slight worsening since the previous month

| | COUNTRY | DATE | INDICATOR / EVENT | FACT | CONSENSUS | PREVIOUS | |
|--------|---------|------|---|--------------------------------------|-----------|----------|-------|
| Friday | DE | Jul | Markit Manufacturing PMI (flash, point) | 53,7 | 53,5 | 54,5 | |
| | DE | Jul | Markit Services PMI (flash, point) | 54,6 | 53,2 | 53,7 | |
| | EZ | Jul | Markit Manufacturing PMI (flash, point) | 51,9 | 52,0 | 52,8 | |
| | EZ | Jul | Markit Services PMI (flash, point) | 53 | 52 | 53 | |
| | FR | Jul | Markit Manufacturing PMI (flash, point) | 48,6 | 48,0 | 48,3 | |
| | FR | Jul | Markit Services PMI (flash, point) | 50,3 | 49,5 | 49,9 | |
| | US | Jul | Markit Manufacturing PMI (flash, point) | 53 | 51,6 | 51,3 | |
| | Monday | DE | Jul | IFO Economic Sentiment index (point) | | 107,5 | 108,7 |

Source: Reuters, OTP Research

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