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Daily Report

Summary

- The developed world's stock markets closed in positive territory.
- Donald Trump would sharply cut the social spending.
- The USD was the winner of the day on currency markets yesterday.
- Crude oil futures ground higher yesterday.
- Moody's downgraded its sovereign credit rating on China

The strength of both the euro-zone PMI and the German Ifo in May provide further evidence that the economic recovery is gaining momentum in Q2, which paved the way for investor optimism on Tuesday on the European Stock Market. Technology companies spur the Stoxx Europe 600 Index after Nokia settled a litigation with Apple.

America's key indices climbed higher since Monday. Donald Trump introduced his first budget program, which would sharply cut social, disabled and unemployed benefits. The new president wants to raise infrastructure, military the border protection spending.

On Tuesday the BUX inched 0.4% down; the performance of blue chips was a mixed bag, Richter was the top performer by adding 0.8%. On the small-cap market, FHB gained +4.1%, after the credit cooperatives presented an offer of public takeover aiming to delist FHB from Budapest bourse.

In Tuesday's auction, the ÁKK sold the amount it had offered (HUF 20 billion) in 3M discount treasury bills, at an average yield of 0.03%. Yields on the secondary market barely changed. Today there will be a change in the 6 M benchmark.

In Tuesday's meeting the MNB's Monetary Council left monetary conditions unchanged and the central bank's Press Release also remained basically the same. The MNB also signaled it could offer HUF 200 bn on the three-month central bank deposit auction today.

The Brent oil rallied 0.8% to USD 54.2, and the WTI surged 0.9% (to USD 51.5). The most important industrial metal prices also climbed, zinc price's increase was the sharpest (+0.8%), because China boosted imports to the highest level in 13 months, the stockpiles fell and domestic production shrank in the Asian country. The precious metal prices decreased, gold futures fell 0.8%.

On the FX markets, the USD fared well yesterday, appreciating 0.5% versus the euro (EUR/USD: 1.1), and 0.5% against the yen (USD/JPY: 111.8). The HUF marginally appreciated against the euro (EUR/HUF: 308.7), while the USD/HUF climbed higher to 276.1.

Chinese stocks fell on Wednesday after Moody's downgraded its sovereign credit rating on China, adding to worries about the global impact of slowing growth and rising debt.

Today investors' attention will shift to the USA, where the minutes of the Fed's May rate-setting meeting will see the light of day.

	Stocks				Bonds				Commodity & FX			
	Product name	Close	Daily change (%)	YTD (%)	Product name	Yield	Daily change*	YTD*	Product name	Close	Daily change (%)	YTD (%)
Global	S&P500	2398,4	0,2	7,1	VIX	10,7	-1,9	-24	WTI	51,47	0,7	-4,2
	DOW	20937,9	0,2	5,9	US 2Y	1,31	2,8	11	Brent	54,15	0,5	-4,7
	Nasdaq100	5703,4	0,1	17,3	US 10Y	2,28	2,9	-15	Gold	1250,8	-0,7	8,6
	DAX	12659,2	0,3	10,3	GER 2Y	-0,65	3,2	15	Silver	17,03	-0,5	6,9
	CAC40	5348,2	0,5	10,0	GER 10Y	0,40	0,6	20	EUR/USD	1,1182	-0,5	6,4
	FTSE 100	7485,3	-0,1	4,8	PT10Y	3,16	1,3	-60	EUR/GBP	0,8625	-0,2	1,3
	FTSE MIB	21415,7	0,5	11,3	IT 10Y	2,11	-2,1	28	EUR/NOK	9,3660	0,0	3,1
	Stoxx600	392,0	0,2	8,5	SP 10	1,61	-0,6	22	USD/CAD	1,3513	0,1	0,6
	- Banks	155,5	0,6	16,0	iTRAXX	62,0	-1,0	-14	AUD/USD	0,7474	0,0	3,6
	Nikkei 225	19752,3	0,6	3,3	JPY 2Y	-0,16	0,5	2	USD/JPY	111,77	0,4	-4,4
SSEC	3130,4	2,2	0,9	JPY 10Y	0,05	0,2	0	GBP/USD	1,2959	-0,3	5,1	
Regional	RTS	1096,8	1,2	-4,8	RUS10	7,48	0,0	-11	USD/RUB	56,338	-0,5	-8
	WIG20	2307,84	-1,5	18,5	POL 10	3,35	-0,7	-8	EUR/PLN	4,2020	0,1	-4,6
	PX50	1007,9	-0,9	9,4	CZ10	0,85	0,0	81	EUR/RON	4,5512	-0,2	0,4
Hungary	BUX	34731	-0,4	8,5	3M TB	0,17	2	1	EUR/HUF	308,18	0,1	-0,2
	OTP	8860	-0,7	5,5	1Y	0,20	0	2	USD/HUF	275,72	0,5	-6,1
	MOL	22090	-1,2	7,1	3Y	0,90	-2	4	CHF/HUF	282,36	0,3	-1,9
	MTelekom	467	-0,4	-6,2	5Y	1,96	0	19	PLN/HUF	73,350	0,0	4,7
	Richter	7118	0,8	14,6	10Y	3,12	0	-8	GBP/HUF	357,26	0,3	-1

* In the case of bond yields, the change is in basis points instead of percentage (VIX and ITRAXX not included).

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 5. 22.	15 : 00	EZ Eurogroup meeting	May		-	-
	23. 8 : 00	DE GDP (detailed, qoq, %)	Q1	0,6	0,6	0,6*
	8 : 00	DE Infrastructural investments (yoy, %)	Q1	1,7	1,7	1,7*
	9 : 00	HU Retail sales (second estimate, yoy, %)	March	3,3	-	3,6*
	9 : 00	FR Markit Service PMI (points)	May	58,0	56,5	56,7
	9 : 00	FR Markit Manufacturing PMI (points)	May	54,0	55,2	55,1
	9 : 30	DE Markit Service PMI (points)	May	55,2	55,5	55,4
	9 : 30	DE Markit Manufacturing PMI (points)	May	59,4	58	58,2
	10 : 00	EZ Markit Service PMI (points)	May	56,2	56,4	56,4
	10 : 00	EZ Markit Manufacturing PMI (points)	May	57,0	56,5	56,7
	10 : 00	DE IFO Economic sentiment index (points)	May	114,6	113,1	112,9
	14 : 00	HU Interest rate decision (%)	May	0,9	0,9	0,9
	15 : 45	US Markit Service PMI (points)	May	54,0	53,1	53,1
	15 : 45	US Markit Manufacturing PMI (points)	May	52,5	53	52,8
	16 : 00	US New home sales (annualized monthly, '000s)	Apr.	569	610	621
24.	2 : 30	JP Nikkei Manufacturing PMI (points)	May	52,0	-	52,7
	16 : 00	US Existing home sales (mom, %)	Apr.		5650	5710
	20 : 00	US FOMC Minutes	Apr.		-	-
25.	10 : 30	UK GDP (second estimate, yoy, %)	Q1		2,1	2,1*
	10 : 30	UK GDP (second estimate, qoq, %)	Q1		0,3	0,3*
		AT OPEC Meeting	May		-	-
26.	1 : 30	JP CPI (yoy, %)	Apr.		-	0,2
	1 : 30	JP core-CPI (yoy, %)	Apr.		0,4	0,2
	9 : 00	HU Unemployment rate (%)	Apr.		-	4,5
	14 : 30	US GDP (second estimate, qoq, %)	Q1		0,8	0,7

*preliminary data

Source: Reuters, OTP Research

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