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Global Daily Report

Summary

- Stock markets dropped on reports suggesting that monetary rigour may come; only the banking sector made gains
- Central bankers' words strengthened the EUR, the GBP, and the CDN
- Commodity prices have slightly increased
- Europe released reassuring economic data; inflation updates from the EZ and the USA are due out today

Stock markets fell across the board on Thursday, probably in response to big central banks' more hawkish tone. The tech sector headed the plunge in the USA. Banking shares outperformed on both sides of the Atlantic: seeing the successful stress tests, the Federal Reserve agreed this week that US banks may pay as much as 100% of their last year's profit in dividends.

The sentiment on currency markets was still largely shaped by the European Central Bank's communication. Previously, Mario Draghi's speech in Sintra caused euro appreciation; investors interpreted his words as Mario Draghi's preparation for a forthcoming monetary tightening. On Wednesday the ECB tried to dampen expectations, but the anonymous source's information proved to be too little to stop the euro's rally. A gradual forint weakening on Thursday sent the EUR/HUF above 310 again.

The pound's surge continued on Thursday. Previously, the Bank of England's governor Mark Carney indicated that the above-target inflation may necessitate an interest rate hike. Meanwhile, the May data suggest that Britain's consumer credit growth remained fast, above 10%. This may be a good reason why the BoE's said earlier this week that it wanted British banks to set aside more capital because of their exposure to the consumer credit market. Looking forward, a further risk for the British banking system could be that for the first time in five years, Nationwide reported a decline in home prices.

As a result of the expectations of tighter monetary policies, yields on advanced economies government securities have increased; long-term yields in the eurozone grew by 10 points in a single day.

The weakening dollar may have contributed to commodity prices' increase on Thursday. Oil price climbed higher again as US oil inventory data signified contraction. In contrast, gold price dropped, owing to the expectations that interest rates may go up.

Given that German states' inflation figures came in higher than expected, Thursday's release of the federal inflation gauge has also surpassed consensus forecast. The eurozone's economic sentiment index grew steeper than had been thought, and the German retail sales data released this morning also surprised on the upside. The third reading of America's first-quarter GDP came as a positive surprise; the BEA revised up the growth pace of economic output by 0.2 percentage points. A string of important macroeconomic statistics is to be published today, including eurozone's preliminary figures for June, as well as consumption and inflation data from the USA. Even though the American PCE deflator is not the earliest inflation reading, it is closely watched by the Fed. The 0.2% month/month growth in April (and the 1.5% annualized increase) makes economists estimate 0.1% month/month rise in May. These figures may have an impact on monetary policy expectations as well as on the EUR/USD exchange rate.

	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	2419,7	-0,9	8,1	VIX	11,4	14,1	-19	WTI	44,93	0,1	-16,4
	DOW	21287,0	-0,8	7,7	US 2Y	1,37	2,0	18	Brent	47,42	0,2	-16,5
	Nasdaq100	5599,4	-2,7	15,1	US 10Y	2,27	4,4	-17	Gold	1245,2	-0,3	8,1
	DAX	12416,2	-1,8	8,1	GER 2Y	-0,56	3,9	23	Silver	16,59	-1,1	4,1
	CAC40	5154,4	-1,9	6,0	GER 10Y	0,45	9,9	25	EUR/USD	1,1440	0,6	8,8
	FTSE 100	7350,3	-0,5	2,9	PT10Y	3,03	6,2	-73	EUR/GBP	0,8794	-0,1	3,2
	FTSE MIB	20704,7	-1,6	7,6	IT 10Y	2,15	12,9	32	EUR/NOK	9,5917	0,1	5,6
	Stoxx600	380,7	-1,3	5,3	SP 10	1,52	10,2	13	USD/CAD	1,3003	-0,3	-3,2
	- Banks	157,1	1,1	17,1	iTRAXX	56,0	3,0	-23	AUD/USD	0,7682	0,5	6,5
	Nikkei 225	20033,4	-0,9	4,8	JPY 2Y	-0,11	0,5	6	USD/JPY	112,16	-0,1	-4,0
SSEC	3130,4	-1,8	0,9	JPY 10Y	0,08	2,2	4	GBP/USD	1,3004	0,6	5,4	
Regional	RTS	1000,5	-0,2	-13,2	RUS10	7,72	0,5	-8	USD/RUB	59,395	0,3	-3
	WIG20	2329,26	0,1	19,6	POL 10	3,35	2,1	-8	EUR/PLN	4,2392	0,3	-3,7
	PX50	975,8	-0,1	5,9	CZ10	0,97	7,6	107	EUR/RON	4,5672	0,4	0,7
Hungary	BUX	35130	-0,9	9,8	3M TB	0,10	-1	-6	EUR/HUF	309,55	0,2	0,2
	OTP	9130	-0,8	8,7	1Y	0,20	0	2	USD/HUF	270,48	-0,5	-7,8
	MOL	21085	-0,1	2,2	3Y	0,79	3	-7	CHF/HUF	283,09	-0,1	-1,7
	MTelekom	470	0,0	-5,6	5Y	1,88	2	11	PLN/HUF	73,020	-0,1	4,2
	Richter	6990	-2,5	12,6	10Y	3,13	6	-7	GBP/HUF	351,89	0,2	-3

* 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 6. 26. 10 : 00	DE	IFO Economic sentiment index (points)	June	115,1	114,4	114,6
14 : 30	US	Durable goods orders (mom, %)	May	-1,1	-0,5	-0,8
27. 15 : 00	US	Case-Shiller Home Price Index (yoy, %)	Apr.	5,7	5,9	5,9
16 : 00	US	Consumer confidence (point)	June	118,9	116,0	117,9
28. 9 : 00	HU	Unemployment rate (%)	May	4,4	-	4,6
16 : 00	US	Pending home sales (mom, %)	May	-0,8	0,8	-1,3
23 : 55	US	Fed Monetary Policy Report	-	-	-	-
29. 11 : 00	EZ	EC Economic Sentiment Index (points)	June	111,1	109,5	109,2
14 : 00	DE	CPI (flash, yoy, %)	June	1,6	1,4	1,5
13 : 00	CZ	Interest rate decision (%)	June	0,05	-	0,05
14 : 30	US	GDP (3rd estimate, qoq, %)	Q1	1,4	1,2	1,2*
30. 1 : 30	JP	CPI (yoy, %)	May	0,4	-	0,4
1 : 30	JP	core-CPI (yoy, %)	May	0,4	0,4	0,3
1 : 50	JP	Industrial production (preliminary, mom, %)	May	-3,3	-3,2	4,0
3 : 00	CN	NBS Manufacturing PMI (points)	June	51,7	51,0	51,2
3 : 00	CN	NBS non-Manufacturing PMI (points)	June	54,9	-	54,5
8 : 00	DE	Retail sales (mom, %)	May	0,5	0,3	-0,2
9 : 00	HU	Industrial producer prices (yoy, %)	May	2,7	-	4,4
9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	Apr.	865	-	878,0*
11 : 00	EZ	CPI (flash, yoy, %)	June		1,2	1,4
11 : 00	EZ	Core CPI (flash, yoy, %)	June		1,0	1,0
14 : 30	US	Personal income (mom, %)	May		0,3	0,4
14 : 30	US	Personal consumption (adjusted, mom, %)	May		0,1	0,4
15 : 45	US	Chicago PMI (points)	June		58,0	59,4

* preliminary data

Source: Reuters, OTP Research

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