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Global Daily Report

Summary

- The Dow flirted with the 22,000 line on Tuesday. Europe's stock markets closed higher thanks to strong GDP data.
- The EUR continued its march higher, but the USD was seen regaining strength against other major currencies for the first time in a long while.
- Commodity prices dropped; oil wiped off the previous two days' gains.

Positive sentiment returned to the major stock markets of the world yesterday. The DAX picked up 1.1%, the CAC advanced 0.7%, Spain's IBEX upped 0.8%, and Italy's FTSE MIB ended the day 0.6% higher. Apparently, the eurozone's strong GDP reading in the second quarter (reflecting 0.6% QoQ expansion) helped stock markets, although the already available data on member states' economic health made it hardly surprising. The robust growth in the German stock exchange owed a lot to local carmakers' rally; they recovered from the substantial losses made in previous days/weeks owing to the cartel scandal.

Investment mood was just as bright in America, where the Dow drew near the 22,000 line, but the other major US indices also closed with gains. They may have benefited from the US core inflation figure being in line with expectations: it upped 0.1% from the previous month, which brings the annualized index to 1.2% only, well below the Fed's target. Importantly, this brings the past four months' average month/month number to only 0.1%, pointing to a slowing in US underlying inflation. This may cause the Fed to further delay its next interest rate hike. Besides, other macroeconomic figures of the USA were not too strong either. The ISM manufacturing index came in weaker than expected, and has contracted since the previous month. Personal incomes grew slower than had been thought. Neither did vehicle sales fare well: even though the USA sold more cars than previously but the outturn was short of expectations, and this is not the first month of contraction. In the light of the macro-economic data, it is hardly surprising that the technology and the banking sectors were the brightest components of the index, while consumption-related and health care sectors were laggards.

The Budapest Stock Exchange underperformed the CEE region, where Poland's WIG and the Czech PX both gained about 0.5%.

On currency markets, the euro kept marching higher, sending the EUR/USD above the 1.18 mark, largely owing to the strengthening interest rate hike expectations after the cheering GDP data. The US dollar showed some strength against other currencies (CAD, AUD, and JPY). Because of the returning strength of the greenback, dollar-denominated commodity prices also slipped; gold, silver, and copper all lost some of their lustre, and oil also gave back the gains made in the past two days.

Today's important publications include unemployment data from Spain. In America, the ADP employment report and crude inventory data are due out.

	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	2476,4	0,2	10,6	VIX	10,1	-1,7	-28	WTI	49,16	-2,0	-8,5
	DOW	21963,9	0,3	11,1	US 2Y	1,34	-0,8	15	Brent	51,78	-1,7	-8,9
	Nasdaq100	5895,2	0,3	21,2	US 10Y	2,25	-4,1	-18	Gold	1268,6	0,0	10,2
	DAX	12251,3	1,1	6,7	GER 2Y	-0,70	-1,9	9	Silver	16,70	-0,5	4,8
	CAC40	5127,0	0,7	5,4	GER 10Y	0,49	-4,4	28	EUR/USD	1,1801	-0,3	12,3
	FTSE 100	7423,7	0,7	3,9	PT10Y	2,83	-3,4	-93	EUR/GBP	0,8933	-0,3	4,9
	FTSE MIB	21612,8	0,6	12,4	IT 10Y	2,02	-7,1	20	EUR/NOK	9,3570	0,5	3,0
	Stoxx600	380,3	0,6	5,2	SP 10	1,43	-6,1	4	USD/CAD	1,2534	0,5	-6,7
	- Banks	166,5	1,0	24,1	iTRAXX	52,4	-0,5	-28	AUD/USD	0,7967	-0,4	10,4
	Nikkei 225	19985,8	0,0	4,6	JPY 2Y	-0,11	-0,3	6	USD/JPY	110,35	0,1	-5,6
SSEC	3213,4	-2,4	3,5	JPY 10Y	0,07	-0,4	3	GBP/USD	1,3199	-0,1	7,0	
Regional	RTS	1014,2	0,7	-12,0	RUS10	7,86	0,5	-6	USD/RUB	60,352	1,0	-1
	WIG20	2386,4	0,5	22,5	POL 10	3,36	-0,2	-7	EUR/PLN	4,2531	0,0	-3,4
	PX50	1015,0	0,6	10,1	CZ10	0,88	0,0	88	EUR/RON	4,5530	-0,1	0,4
Hungary	BUX	35787	0,0	11,8	3M TB	0,10	0	-6	EUR/HUF	303,36	-0,2	-1,8
	OTP	9580	0,2	14,0	1Y	0,17	-1	-1	USD/HUF	256,98	0,1	-12,4
	MOL	22255	0,1	7,9	3Y	0,86	0	0	CHF/HUF	265,89	-0,4	-7,6
	MTelekom	466	0,4	-6,4	5Y	1,96	3	19	PLN/HUF	71,250	-0,3	1,7
	Richter	6540	-0,5	5,3	10Y	3,16	1	-4	GBP/HUF	339,06	-0,1	-6

* 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 7. 31	1 : 50 JP	Industrial production (preliminary, mom, %)	June	1,6	1,7	-3,6
	3 : 00 CN	NBS Manufacturing PMI (points)	July	51,4	51,6	51,7
	3 : 00 CN	NBS non-Manufacturing PMI (points)	July	54,5		54,9
	8 : 00 DE	Retail sales (mom, %)	June	1,1	0,2	0,5
	9 : 00 HU	Industrial producer prices (yoy, %)	June	1,5	-	2,7
	11 : 00 EZ	CPI (flash, yoy, %)	July	1,3	1,3	1,3
	11 : 00 EZ	Core CPI (flash, yoy, %)	July	1,3	1,1	1,2
	11 : 00 EZ	Unemployment rate (%)	June	9,1	9,2	9,3
	15 : 45 US	Chicago PMI (points)	July	58,9	61,3	65,7
	16 : 00 US	Pending home sales (mom, %)	June	1,5	1,0	-0,8
8. 1.	2 : 30 JP	Nikkei Manufacturing PMI (points)	July	52,1	-	52,4
	9 : 00 HU	Trade balance (detailed, monthly, EUR mn)	May	959,0	-	913,0*
	9 : 00 HU	Manufacturing PMI (points)	July	54,2	-	57,2
	11 : 00 EZ	GDP (preliminary, qoq, %)	Q2	0,6	0,6	0,6
	11 : 00 EZ	GDP (preliminary, yoy, %)	Q2	2,1	2,1	1,9
	14 : 30 US	Personal income (mom, %)	June	0	0,4	0,3
	14 : 30 US	Personal consumption (adjusted, mom, %)	June	0,1	0,1	0,2
	16 : 00 US	Construction expenditure (mom, %)	June	-1,3	0,3	0,3
	16 : 00 US	ISM Manufacturing PMI (points)	July	56,3	56,5	57,8
	21 : 30 US	Vehicle sales (annualized monthly, million)	July	16,7	16,8	16,5
2.	14 : 15 US	ADP non-farm employment (mom, '000s)	July		190	158
3.	9 : 00 HU	Retail sales (first estimate, yoy, %)	June		-	6,0
	11 : 00 EZ	Retail sales (mom, %)	June		0,2	0,4
	13 : 00 UK	Interest rate decision (%)	Aug.		0,25	0,25
	16 : 00 US	Factory orders (mom, %)	June		2,7	-0,8
	16 : 00 US	ISM non-Manufacturing PMI (points)	July		57,0	57,4
4.	8 : 00 DE	Industrial orders (mom, %)	June		0,5	1,0
	9 : 00 HU	Industrial production (preliminary, yoy, %)	June		-	8,8
	10 : 00 HU	Real MNB house price index	Q1		-	105,9
	14 : 00 RO	Interest rate decision (%)	Aug.		1,8	1,8
	14 : 30 US	Unemployment rate (%)	July		4,3	4,4
	14 : 30 US	Average earnings (yoy, %)	July		2,4	2,5
	14 : 30 US	Average earning (mom, %)	July		0,3	0,2
	14 : 30 US	Non-farm payroll (mom, '000s)	July		187	222

*preliminary data

Source: Reuters, OTP Research

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