



### Summary

- Stock markets plunged owing to geopolitical tensions on Wednesday
- There was strong demand for safe haven assets – the CHF firmed, precious metal prices went up
- America's private sector reported higher-than-expected productivity and lower unit labour cost.

It was the tension between the USA and North Korea that shaped Wednesday's trading. In the small hours of Wednesday, North Korea said it was weighing the idea of an attack on Guam, an island in US Pacific; in the afternoon, Donald Trump tweeted that the USA's nuclear arsenal was stronger than ever. Later in the day Jim Mattis, Secretary of Defence warned North Korea to abandon its nuclear programme. Accordingly, stock indices fell worldwide and investors flocked to buy safe assets. Unsurprisingly, defence companies' shares shot up on stock exchanges: Lockheed Martin, Raytheon and Northrop Grumman all went to record highs.

With risk-averse investors seeking safe assets, the Swiss franc appreciated more than 1% against the euro and the US dollar. Gold and silver prices also jumped higher. Yields on developed economies' government securities sank (with German and UK 10Y bond yields slipping five points in a single day).

Crude oil prices climbed higher as US oil inventories shrank stronger last week than markets had assumed.

Of the macroeconomic statistics published on Wednesday, the US private sector's productivity surprised in the upside, as its 0.9% growth in the second quarter signifies faster expansion than in the first three months of the year. That said, unit labour cost increased slower than predicted, in sync with the weaker-than-expected US inflation in recent months. The CPI reading from China, also released yesterday, undershot analysts' forecast too.

In today's important releases, the USA will publish federal budget balance and producer price index, and a number of European countries are to release industrial output data for July.

	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	2474,0	0,0	10,5	VIX	11,1	1,4	-21	WTI	49,56	0,8	-7,7
	DOW	22048,7	-0,2	11,6	US 2Y	1,34	-2,8	14	Brent	52,70	1,1	-7,3
	Nasdaq100	5919,4	-0,1	21,7	US 10Y	2,24	-4,1	-19	Gold	1277,2	1,3	10,9
	DAX	12154,0	-1,1	5,9	GER 2Y	-0,69	-2,6	10	Silver	16,91	3,0	6,1
	CAC40	5145,7	-1,4	5,8	GER 10Y	0,42	-4,9	22	EUR/USD	1,1757	0,1	11,8
	FTSE 100	7498,1	-0,6	5,0	PT10Y	2,83	-1,6	-93	EUR/GBP	0,9038	-0,1	6,1
	FTSE MIB	21848,4	-0,9	13,6	IT 10Y	2,00	0,5	18	EUR/NOK	9,3549	0,0	3,0
	Stoxx600	379,8	-0,7	5,1	SP 10	1,42	-1,8	3	USD/CAD	1,2698	0,3	-5,5
	- Banks	164,7	-1,4	22,8	ITRAXX	55,0	4,3	-24	AUD/USD	0,7886	-0,3	9,3
	Nikkei 225	19729,7	0,0	3,2	JPY 2Y	-0,11	0,2	7	USD/JPY	110,06	-0,2	-5,8
SSEC	3213,4	-1,9	3,5	JPY 10Y	0,06	-0,1	1	GBP/USD	1,3004	0,1	5,4	
Regional	RTS	1035,0	-1,3	-10,2	RUS10	7,78	0,1	-7	USD/RUB	60,086	0,4	-2
	WIG20	2408,11	-0,7	23,6	POL 10	3,36	-0,1	-7	EUR/PLN	4,2655	0,0	-3,1
	PX50	1029,9	-1,3	11,7	CZ10	0,94	5,9	101	EUR/RON	4,5667	0,1	0,7
Hungary	BUX	36578	-0,5	14,3	3M TB	0,10	0	-6	EUR/HUF	305,37	0,4	-1,1
	OTP	9890	-0,4	17,7	1Y	0,15	-4	-3	USD/HUF	259,64	0,3	-11,5
	MOL	23250	-1,5	12,7	3Y	0,86	0	0	CHF/HUF	269,15	1,4	-6,5
	MTelekom	465	0,2	-6,6	5Y	1,90	-1	13	PLN/HUF	71,550	0,4	2,1
	Richter	6440	0,2	3,7	10Y	3,15	-1	-5	GBP/HUF	337,74	0,5	-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 8. 7.	8 : 00 DE	Industrial production (mom, %)	June	-1,1	0,2	1,2
	8 : 30 HU	International reserves (final, EURbn)	June	23,5	-	23,72*
	10 : 30 EZ	Sentix Investor confidence (points)	Aug.	27,7	27,8	28,3
	11 : 00 HU	Fiscal balance (monthly, billion HUF)	July	94,4	-	-697,9
8.	4 : 00 CN	Import (yoy, %)	July	11	16,60	17,2
	4 : 00 CN	Export (yoy, %)	July	7,2	10,9	11,3
	8 : 00 DE	Export (mom, %)	June	-2,8	-0,3	1,4
	9 : 00 HU	Trade balance (preliminary, monthly, EUR mn)	June	1060	1082	959
	9 : 00 HU	Inflation (yoy, %)	July	2,1	2,1	1,9
	9 : 00 HU	Core inflation (yoy, %)	July	2,6	-	2,4
10.	9 : 00 HU	Construction output (yoy, %)	June	27,2	-	35,4
	10 : 30 UK	Industrial production (mom, %)	June		0,1	-0,1
	20 : 00 US	Federal budget balance (USDbn)	July		-73,0	-90,0
11.	8 : 00 DE	CPI (final, yoy, %)	July		1,7	1,7*
	9 : 00 HU	Industrial production (second estimate, yoy, %)	June		-	4,0*
	14 : 30 US	CPI (yoy, %)	July		1,7	1,6
	14 : 30 US	CPI (mom, %)	July		0,1	0,0
	14 : 30 US	core-CPI (yoy, %)	July		1,7	1,7
	14 : 30 US	core-CPI (mom, %)	July		0,2	0,1

\*preliminary data

Source: Reuters, OTP Research

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

**Analyst**  
Gábor Pellényi  
pellenyig@otpbank.hu  
+36 1 374 7276

## 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 losses caused by the result of using this report in a form altered or delayed by the willful 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.