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Global Daily Report

Summary

- The ECB left its policy rates unchanged and raised its EZ growth forecast to 2.2%.
- The euro soared after the meeting; the EUR/USD broke above 1.20 again.
- Optimism ruled Europe's stock markets, but US markets were less enthusiastic.
- The USD weakened; gold price hit 12M high.

Thursday's meeting of the ECB's governing council left interest rates on hold, as expected, but it did not fulfil market players' expectations in other matters. President Draghi did not give out information about when the asset purchase programme may be phased out, and neither did he comment on the euro exchange rate, even though the press release following the previous rate decision had expressed decision-makers worries about the euro appreciation, and it was during the press conference that the EUR/USD pierced through the 1.20 line. In the past three months, the euro advanced 6% against the GBP and 7% versus the USD. To a certain extent, the single currency's appreciation reflects the stronger performance of the eurozone's economy; this is confirmed by Q2 GDP data too. This context makes it understandable why the ECB does not overreact the euro's appreciation, particularly as it revised up its forecast on the eurozone's economy to 2.2% this year, and left its projections for 2018 and 2019 unchanged (at 1.8% and 1.7% respectively). The ECB slightly lowered its inflation projection – it still expects 1.5% for this year, but reduced its forecasts by 0.1 pp, to 1.2% in 2018, and to 1.5% in 2019.

Investors did not wait until Mario Draghi's speech; the rise in Western Europe's stock index started in the morning. The Stoxx600 finally closed 0.4% higher, while the FTSE added 0.6%, and the DAX surged 0.7%. The strong euro did not worry investors, even though JP Morgan estimates that nearly half of the Stoxx600 companies' revenue comes from outside the eurozone. Yet analysts continue to expect the Stoxx600 companies to reach double-digit revenue growth this year, a Bloomberg survey found.

The optimism in Western Europe did not reach the CEE region, where the BUX, the PX and the WIG all closed down.

US indices barely changed yesterday: the Dow and the S&P both moved in a narrow range and edged 0.1% higher by the close. The drop in consumer discretionary and the financial sector was counterbalanced by the rise in health care, utilities, and the real estate sector. Technology was an outperformer: the NASDAQ Composite picked up 0.1%, the NASDAQ100 climbed 0.2% higher. Market sentiment did not benefit from the rise in the initial jobless claims, which jumped to a level last seen in November 2012 after hurricane Harvey's devastation. Across the USA, initial jobless claims jumped to 298,000, up from 62,000 a week earlier, with figure in Texas alone leaping 52,000.

On top of that, the possibility that North Korea may launch a yew missile came into the fore again, posing a risk of escalating geopolitical tension. Gold price rose by more than 1%, to more than 12M high, the yield on US 10Y treasury note slipped 6 bps, that on the German bund dropped 4 bps, and Britain's one shed 3 basis points. The USD weakened 0.9% versus the EUR and 0.4% against the GBP; the USD/JPY sank 0.7%, below 108, its lowest level since November 2016.

Asia's major indices closed mixed this morning, only Hong Kong's Hang Seng could achieve gain (+0.4%). The Nikkei closed 0.6% down, while the JPY appreciated 0.6% this morning against the US dollar.

Japan's GDP grew by 0.6% in Q2 from the previous quarter, and expanded by 2.5% in year/year terms; the detailed data signify slower growth than the preliminary data did.

	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	2465,1	0,0	10,1	VIX	11,6	-0,7	-18	WTI	49,09	-0,1	-8,6
	DOW	21784,8	-0,1	10,2	US 2Y	1,27	-3,2	8	Brent	54,49	0,5	-4,1
	Nasdaq100	5964,3	0,2	22,6	US 10Y	2,06	-4,5	-37	Gold	1348,8	1,1	17,1
	DAX	12296,6	0,7	7,1	GER 2Y	-0,77	-2,7	3	Silver	18,07	1,4	13,4
	CAC40	5114,6	0,3	5,2	GER 10Y	0,30	-4,0	9	EUR/USD	1,2021	0,9	14,3
	FTSE 100	7397,0	0,6	3,6	PT10Y	2,73	-13,6	-104	EUR/GBP	0,9177	0,5	7,7
	FTSE MIB	21722,5	-0,4	12,9	IT 10Y	1,91	-11,8	8	EUR/NOK	9,2976	0,0	2,3
	Stoxx600	375,0	0,3	3,7	SP 10	1,49	-7,5	10	USD/CAD	1,2111	-0,9	-9,8
	- Banks	157,6	-0,2	17,5	ITRAXX	53,2	-1,6	-26	AUD/USD	0,8046	0,6	11,5
	Nikkei 225	19274,8	-0,6	0,8	JPY 2Y	-0,16	-0,6	2	USD/JPY	108,44	-0,7	-7,2
SSEC	3368,8	0,1	8,5	JPY 10Y	-0,01	-2,0	-5	GBP/USD	1,3099	0,4	6,2	
Regional	RTS	1110,7	0,4	-3,6	RUS10	7,52	-0,3	-10	USD/RUB	56,875	-0,9	-7
	WIG20	2491,79	-0,8	27,9	POL 10	3,15	-1,3	-13	EUR/PLN	4,2492	0,1	-3,5
	PX50	1019,2	-0,6	10,6	CZ10	0,90	0,6	92	EUR/RON	4,5958	0,0	1,3
Hungary	BUX	37784	-0,3	18,1	3M TB	0,10	0	-6	EUR/HUF	305,73	-0,2	-1,0
	OTP	10310	-1,3	22,7	1Y	0,08	-5	-10	USD/HUF	254,04	-1,1	-13,4
	MOL	23800	0,7	15,3	3Y	0,67	-2	-19	CHF/HUF	267,50	-0,4	-7,1
	MTelekom	486	0,0	-2,4	5Y	1,71	-2	-6	PLN/HUF	71,940	-0,1	2,7
	Richter	6601	0,1	6,3	10Y	2,90	-6	-30	GBP/HUF	333,17	-0,5	-8

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

Source: Reuters, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 9. 4. 10 : 30	EZ	Sentix Investor confidence (points)	Sept.	28,2	27,4	27,7
5. 8 : 00	RO	GDP (detailed, yoy, %)	Q2	5,9	-	5,9*
9 : 00	HU	Retail sales (first estimate, yoy, %)	July	4,1	-	5,2
9 : 00	HU	GDP (detailed, yoy, %, NSA)	Q2	3,2	-	3,2*
9 : 00	HU	GDP (detailed, qoq, %, SA)	Q2	0,9	-	0,9*
9 : 00	SK	GDP (detailed, yoy, %)	Q2	3,3	-	3,3*
11 : 00	EZ	Retail sales (mom, %)	July	-0,3	-0,2	0,5
16 : 00	US	Factory orders (mom, %)	July	-3,3	-1,5	3,0
6. 8 : 00	DE	Industrial orders (mom, %)	July	-0,7	0,1	1,0
9 : 00	HU	Industrial production (preliminary, yoy, %)	July	0,2	7,5	4,0
16 : 00	US	ISM non-Manufacturing PMI (points)	Aug.	55,3	55,4	53,9
20 : 00	US	Beige Book	Sept.	-	-	-
7. 8 : 00	DE	Industrial production (mom, %)	July	0,0	0,6	-1,1
8 : 30	HU	International reserves (final, EURbn)	July	22,3	-	23
11 : 00	HU	Fiscal balance (monthly, billion HUF)	Aug.	-163,1	-	94,4
11 : 00	EZ	GDP (third estimate, yoy, %)	Q2	2,3	2,2	2,2*
11 : 00	EZ	GDP (3rd estimate, qoq, %)	Q2	0,6	0,6	0,6*
13 : 45	EZ	Interest rate decision (lending rate, %)	Sept.	0	0,0	0,0
13 : 45	EZ	Interest rate decision (deposit rate, %)	Sept.	-0,4	-0,4	-0,4
8. 1 : 50	JP	GDP (detailed, qoq, %)	Q2	0,6	0,7	1,0
4 : 00	CN	Export (yoy, %)	Aug.	5,5	6	7,2
4 : 00	CN	Import (yoy, %)	Aug.	13,3	10	11,0
8 : 00	DE	Export (mom, %)	July	0,2	1,3	-2,8
9 : 00	HU	Inflation (yoy, %)	Aug.		2,5	2,1
9 : 00	HU	Core inflation (yoy, %)	Aug.		-	2,6
9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	July		-	1060
10 : 30	UK	Industrial production (mom, %)	July		0,1	0,5

* preliminary data

Source: Reuters, OTP Research

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