

# Global Daily Report



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### Summary

- US stock market edged higher, Europe was ailing on Thursday.
- Oil prices sank deeper.
- The USD weakened while the GBP picked up.

America's equity markets closed somewhat higher on Thursday, with the Nasdaq100 picking up 0.2%, the S&P500 adding 0.4%, and the Dow closing flat. One reason for the return of risk appetite was the speech of John Williams – referring to the interest rate cuts, the president of the New York Fed said that when both interest rates and inflation are low, monetary policy makers shall act quickly 'at the first sign of economic distress'. His words confirmed investors' expectation that the Fed Open Market Committee's next meeting would lower interest rates at the end of this month. Another factor that influenced stock markets was the quarterly corporate reports. The stock price of Philip Morris shot up 8.9% as the tobacco company raised its full-year earnings guidance. Morgan Stanley upped 1.4%, benefiting from a better-than expected quarterly profit. In contrast, the shares of UnitedHealth fell 2.2% after admitting that it would miss its revenue target for this year. Microsoft's Q2 earnings figures, published after market close, gave account of an impressive year/year increase in revenue and profits. Accordingly, its shares closed 1.4% higher in after-hours trading.

Europe's key stock indices closed in the red: France's CAC40 shed 0.4%, Britain's FTSE100 slipped 0.6%, and Germany's DAX lost 0.9%. It was the disappointing corporate reports that dragged indices down. SAP slumped 5.6% as its net operating profit had plunged 21%. Wärtsilä Oyj's share price dived 12%; the Finnish energy equipment producer had downgraded its outlook due to a decline in demand. The across-the-board pessimism was somewhat alleviated by reports that the ECB is examining the possibility of modifying its 2% inflation target. This would enable Europe's central bank to pursue a looser monetary policy on a longer horizon, analysts opine. Italian banks climbed 0.4% higher yesterday, as Deputy Prime Minister Luigi Di Maio suggested that early elections might take place. Investors hope that this might pave the way for a new, market-friendly government to gain power.

The military tension between Iran and the USA is escalating. US President Donald Trump said that the US army had downed an Iranian drone, which came within 900 metres from the warship in the Strait of Hormuz.

Britain's Parliament approved a bill that makes it more difficult for the next prime minister to force a no-deal Brexit by suspending the parliament. The proposal allows the parliament, even if suspended, to meet for a few days in September and October.

The US dollar's weakening drove the EUR/USD 0.4% higher. The pound appreciated 0.5% versus the euro.

Oil prices slipped despite the escalating Iran tension. Even though US crude inventories shrank, the expansion in petrol and diesel reserves has heightened expectations about lower demand in the USA. WTI traded 2.4% lower, and Brent slid 2.7%.

Government bond yields fell across the board. US treasury yields came down 2-6 basis points, and German yields dropped by 0.3-1.9 points.

The USA released a discouraging business trend indicator: missing analysts' forecast of 0.1% rise, the Conference Board Leading Economic Index sank 0.3% in June, in the weakest gauge since January 2016.

The University of Michigan will publish its consumer confidence index for July. It is also worth keeping an eye on any development in the Iran-USA tension.

	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	2995,1	0,4	19,5	VIX	13,5	-3,1	-47	WTI	55,4	-2,4	22,0
	DOW	27223,0	0,0	16,7	US 2Y	1,78	-6,0	-72	Brent	61,93	-2,7	15,1
	Nasdaq100	7904,1	0,2	24,9	US 10Y	2,04	-2,1	-65	Gold	1446,0	1,4	12,7
	DAX	12227,9	-0,9	15,8	GER 2Y	-0,75	-0,3	-16	Silver	16,34	2,3	5,5
	CAC40	5550,6	-0,4	17,3	GER 10Y	-0,31	-1,9	-56	EUR/USD	1,1275	0,5	-1,7
	FTSE 100	7493,1	-0,6	11,4	PT10Y	0,47	-3,5	-125	EUR/GBP	0,8986	-0,4	0,0
	FTSE MIB	22090,8	0,1	20,6	IT 10Y	1,56	-4,6	-122	EUR/NOK	9,6289	-0,1	-2,8
	Stoxx600	386,8	-0,2	14,6	SP 10	0,41	-5,0	-101	USD/CAD	1,3025	-0,2	-4,5
	- Banks	113,5	-0,4	0,4	iTRAXX	49,5	-1,4	-44	AUD/USD	0,7075	0,9	0,4
	Nikkei 225	21452,0	2,1	7,2	JPY 2Y	-0,20	-0,5	-6	USD/JPY	107,29	-0,6	-2,1
	SSEC	2921,0	0,7	17,1	JPY 10Y	-0,13	0,1	-14	GBP/USD	1,2546	0,9	-1,7
Regional	RTS	1349,8	-0,9	26,3	RUS10	7,4	0,4	-15	USD/RUB	62,774	-0,1	-9,9
	WIG20	2321,41	0,6	2,0	POL 10	2,2	-1,3	-21	EUR/PLN	4,25	-0,2	-0,8
	PX50	1063,9	0,1	7,8	CZ10	1,5	1,4	-25	EUR/RON	4,728	0,0	1,7
Hungary	BUX	41282	0,7	5,5	3M DKJ	0,15	0,0	8	EUR/HUF	325,69	-0,2	1,5
	OTP	12650	0,4	12,0	1Y	0,25	0,0	-20	USD/HUF	288,71	-0,7	3,2
	MOL	3030	0,7	-1,6	3Y	0,98	-1,0	-28	CHF/HUF	294,25	0,0	3,1
	MTelekom	436	0,2	-0,9	5Y	1,51	-3,0	-102	PLN/HUF	76,49	-0,1	2,5
	Richter	5080	1,9	-6,4	10Y	2,46	-3,0	-58	GBP/HUF	362,52	0,3	1,8

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

Sources: Reuters, OTP Research

Data		Cd.	Event/Data	Period	Fact	Cons.	Prev.		
2019	7. 15.	4 : 00	CN	Industrial production (YoY, %)	Jun	6,3	5,2	5,0	
		4 : 00	CN	Retail sales (YoY, %)	Jun	9,8	8,3	8,6	
		4 : 00	CN	GDP (YoY, %)	Q2	6,2	6,2	6,4	
		4 : 00	CN	GDP (QoQ, %, SA)	Q2	1,6	1,5	1,4	
		4 : 00	CN	Infrastructural spending (YoY, %)	Jun	5,8	5,5	5,6	
		14 : 30	US	New York Fed Manufacturing index (points)	Jul	4,3	0,5	-8,6	
		16.	9 : 00	HU	Construction output (YoY, %)	May	26,3	-	40,1
		11 : 00	DE	ZEW Economic Sentiment (points)	Jul	-24,5	-22,3	-21,1	
		14 : 30	US	Retail sales (MoM, %)	Jun	0,4	0,1	0,5	
		15 : 15	US	Industrial production (MoM, %)	Jun	0,0	0,1	0,4	
		16 : 00	US	Business inventories (MoM, %)	May	0,3	0,3	0,5	
		17.	10 : 30	UK	Core inflation (YoY, %)	Jun	1,8	1,8	1,7
		10 : 30	UK	Inflation (YoY, %)	Jun	2,0	2,0	2,0	
		14 : 30	US	Building permits (annualized monthly, '000s)	Jun	1220,0	1300	1299	
		14 : 30	US	Housing starts (annualized monthly, '000s)	Jun	1253,0	1261	1269	
		20 : 00	US	Beige Book	Jul		-	-	
		18.	10 : 30	UK	Retail sales (MoM, %)	Jun	1,0	-0,3	-0,5
		14 : 30	US	Initial jobless claims ('000s)	weekly	216,0	216	209	
		14 : 30	US	Continuing jobless claims ('000s)	weekly	1686,0	1700	1723	
		16 : 00	US	Leading index (MoM, %)	Jun	-0,3	0,1	0,0	
	19.	1 : 30	JP	core-CPI (YoY, %)	Jun	0,6	0,6	0,8	
		1 : 30	JP	CPI (YoY, %)	Jun	0,7		0,7	
		16 : 00	US	Michigan Consumer confidence (preliminary, points)	Jul		98,5	98,2	

Sources: Reuters, OTP Research

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