

# Global Daily Report



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### Summary

- Dow has been weakening eight days in a row, concerns of global trade war weigh on the stock markets again.
- European car manufacturers fell after Daimler's profit warning.
- The forint weakened against the euro to 326 close to historical lows.
- The meeting of OPEC members and allies begins in Vienna today.

Stock indices in Europe and the US declined yesterday. European benchmarks closed with losses around 1% yesterday, while Dax fell 1.4 and Italian FTSE-MIB lost 2.0%. Stoxx600 declined 0.9%. Concerns about a global trade war and the Italian coalition parties have come to the fore. In Europe, the losers of the day were car makers, Daimler and Chrysler-Fiat fell more than 4%, BMW and Volkswagen fell by 3-3%. The decline came after Daimler announced a profit warning due to China's response to new US tariff threats issued on Wednesday at the end of the day. Meanwhile, Italian assets were under pressure by the appointment of two euro-sceptical Liga politicians at the head of the Senate's Finance and the House of Commons of the Budget and Finance Committee. The two-year Italian bond yield jumped by 54 basis points and the 10-year yield rose by 19 basis points, but Italian bank notes were also closed with a heavy minus.

The EUR/USD rose to 1.16 from the previous level of 1,1577 yesterday. Following Thursday's Bank of England interest rate decision, the British pound strengthened by 0.5% by the end of the day, after the decision-makers surprisingly released the most "hawkish" announcement so far after the meeting. Although the benchmark interest rate did not change this time, however, the rise in the number of voters for the rate increase makes August's rise in interest rates more likely.

US stock indices closed in the red with the Dow declining eight days in a row. S&P dropped 0.6%, the biggest losers of the day were those in the energy, the industry and the basic material sector. Technology stocks also edged lower, Nasdaq100 fell 0.9%. There were also concerns about a global trade war overseas, with the largest losers being industrial companies with significant foreign exposure: 3M declined 1.3%, Caterpillar fell 2.5%. The Supreme Court's decision on the collection of sales tax in the US hit online retailers, Amazon slid 1.3%, Etsy lost 1.4% and eBay fell more than 3%.

On the Budapest Stock Exchange blue chips went down with the exception of OTP, BUX dropped 0.9%. Richter's nearly 3% downturn came after the company announced its Romanian wholesale subsidiary had been suspended by the Romanian pharmaceutical authority because of an infraction procedure. The suspension of the operating license lasts for at least two months, but according to Richter, the negative effect of the suspension on the result is limited due to low profit margins of the Romanian subsidiary. In the domestic market of government securities, long yields increased by 4-21 basis points, especially the middle part of the yield curve rose (3Y: + 21bp, 5Y: + 14bp). On Thursday's auction of 3, 5 and 10 Y T-bonds, only 5Y T-bonds witnessed strong demand. The forint gradually weakened yesterday throughout the day from 324 to 326 against the euro, near historical lows. USDHUF rose 0.4% to close to 281.

The oil price edged upwards on Thursday, it seems, the investors expect a quota increase after OPEC's two-day meeting starting on Friday. However, this morning, oil price increased by 1.3% to USD 66/barrel, as OPEC and its allies reached a pre-agreement against the quota increase promoted by Iran. Asian stock markets showed mixed performance in today's trade, most benchmarks declined except South Korea's Kospi. S&P futures stand in slight plus.

Philadelphia's manufacturing index dropped more than expected in June to 19.9 points from 34.4 points in May. Despite the expectations the Leading Index declined to 0.2%. Meanwhile, the Mexican central bank raised its benchmark interest rate by another 25 basis points to 7.75% after May's tightening. Today, Markit's PMIs' new readings come from the Eurozone.

|          | 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       | 2749,8  | -0,6             | 2,8     | VIX          | 14,6  | 14,5          | 33      | WTI            | 65,5   | -0,3             | 8,5     |
|          | DOW          | 24461,7 | -0,8             | -1,0    | US 2Y        | 2,54  | -2            | 65      | Brent          | 73,05  | -2,3             | 9,2     |
|          | Nasdaq100    | 7217,5  | -0,9             | 12,8    | US 10Y       | 2,90  | -3            | 49      | Gold           | 1266,8 | -0,1             | -2,7    |
|          | DAX          | 12511,9 | -1,4             | -3,1    | GER 2Y       | -0,69 | -2            | -6      | Silver         | 16,31  | 0,3              | -3,8    |
|          | CAC40        | 5316,0  | -1,0             | 0,1     | GER 10Y      | 0,33  | -4            | -9      | EUR/USD        | 1,16   | 0,3              | -3,3    |
|          | FTSE 100     | 7556,4  | -0,9             | -1,7    | PT10Y        | 1,87  | 8             | -6      | EUR/GBP        | 0,88   | -0,3             | -1,4    |
|          | FTSE MIB     | 21673,1 | -2,0             | -0,8    | IT 10Y       | 2,75  | 19            | 75      | EUR/NOK        | 9,43   | -0,4             | -4,2    |
|          | Stoxx600     | 380,9   | -0,9             | -2,1    | SP 10        | 1,35  | 9             | -22     | USD/CAD        | 1,33   | 0,0              | 5,8     |
|          | - Banks      | 140,3   | -1,2             | -15,0   | iTRAXX       | 71,0  | 5,1           | 57      | AUD/USD        | 0,74   | 0,2              | -5,4    |
|          | Nikkei 225   | 22524,8 | -0,8             | -1,1    | JPY 2Y       | -0,13 | 0             | 0       | USD/JPY        | 109,98 | -0,3             | -2,4    |
| SSEC     | 2884,8       | 0,3     | -12,8            | JPY 10Y | 0,03         | 0     | -2            | GBP/USD | 1,33           | 0,6    | -1,9             |         |
| Regional | RTS          | 1110,8  | -0,8             | -3,8    | RUS10        | 7,7   | -0,8          | 1       | USD/RUB        | 63,637 | 0,1              | 10,4    |
|          | WIG20        | 2150,91 | -0,2             | -12,6   | POL 10       | 3,2   | 0,6           | -3      | EUR/PLN        | 4,33   | 0,3              | 3,7     |
|          | PX50         | 1064,4  | -0,5             | -1,3    | CZ10         | 2,2   | 0,4           | 44      | EUR/RON        | 4,667  | 0,0              | -0,2    |
| Hungary  | BUX          | 35050   | -0,9             | -11,0   | 3MDKJ        | 0,25  | 0             | 21      | EUR/HUF        | 326,12 | 0,7              | 5,0     |
|          | OTP          | 9850    | 0,0              | -8,1    | 1Y           | 0,47  | 4             | 42      | USD/HUF        | 281,13 | 0,5              | 8,6     |
|          | MOL          | 2582    | -0,9             | -14,1   | 3Y           | 1,88  | 23            | 133     | CHF/HUF        | 283,24 | 1,0              | 6,9     |
|          | MTelekom     | 409     | -1,3             | -10,8   | 5Y           | 2,30  | 14            | 113     | PLN/HUF        | 75,29  | 0,4              | 1,4     |
|          | Richter      | 5065    | -2,9             | -25,3   | 10Y          | 3,57  | 7             | 152     | GBP/HUF        | 372,11 | 1,1              | 6,5     |

\* 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. |
|-------------|---------|---|--------|-------|-------|-------|
| 2018 6. 19. | 14 : 00 | HU Interest rate decision (%)                   | June   | 0,9   | 0,9   | 0,9   |
|             | 14 : 30 | US Housing starts (annualized monthly, '000s)   | May    | 1 350 | 1 310 | 1 287 |
|             | 14 : 30 | US Building permits (annualized monthly, '000s) | May    | 1 301 | 1 350 | 1 364 |
| 20.         | 14 : 30 | PT ECB conference                               |        | -     | -     | -     |
|             | 16 : 00 | US Existing home sales (mom, %)                 | May    | 5 430 | 5 520 | 5 460 |
| 21.         | 8 : 30  | HU Balance of payments (quarterly, EURm)        | Q1     | 1 027 | -     | 430   |
|             | 9 : 00  | HU Gross wages (yoy, %)                         | Apr.   | 12,6  | -     | 11,3  |
|             | 10 : 00 | HU Inflation report                             | June   | -     | -     | -     |
|             | 13 : 00 | UK Interest rate decision (%)                   | June   | 0,5   | 0,5   | 0,5   |
|             | 16 : 00 | US Leading index (mom, %)                       | May    | 0,2   | 0,4   | 0,4   |
|             | 16 : 00 | EZ Consumer confidence index (flash, points)    | June   | -0,5  | -0,3  | 0,2   |
| 22.         | 1 : 30  | JP CPI (yoy, %)                                 | May    | 0,7   | -     | 0,6   |
|             | 1 : 30  | JP core-CPI (yoy, %)                            | May    | 0,7   | 0,7   | 0,7   |
|             | 2 : 30  | JP Nikkei Manufacturing PMI (points)            | June   | 53,1  | -     | 52,5  |
|             | 9 : 00  | FR Markit Service PMI (points)                  | June   |       | 54,0  | 54,3  |
|             | 9 : 00  | FR Markit Manufacturing PMI (points)            | June   |       | 53,5  | 54,4  |
|             | 9 : 30  | DE Markit Service PMI (points)                  | June   |       | 52,5  | 52,1  |
|             | 9 : 30  | DE Markit Manufacturing PMI (points)            | June   |       | 56,5  | 56,9  |
|             | 10 : 00 | EZ Markit Service PMI (points)                  | June   |       | 53,7  | 53,9  |
|             | 10 : 00 | EZ Markit Manufacturing PMI (points)            | June   |       | 55,1  | 55,5  |
|             | 15 : 45 | US Markit Manufacturing PMI (points)            | June   |       | -     | 56,6  |
|             | 15 : 45 | US Markit Service PMI (points)                  | June   |       | -     | 55,7  |
|             |         | AT OPEC Meeting                                 | -      |       | -     | -     |

\* preliminary data

Sources: Reuters, OTP Research

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