

Summary

- The equity markets of America and Europe closed higher as trade war fears subsided
- Britain published its Brexit white paper
- US inflation accelerated to 2.9% in June

In Thursday's upbeat trading on America's stock markets the Dow advanced 0.9% and the NASDAQ added 1.4%. Ten of the S&P500's eleven sector indices closed in positive territory. The rally was fuelled by technology names: growing 2.2% sent Microsoft to record high, Cisco Systems and Intel surged 2.3% each, and Apple gained 1.7%. One reason for the optimism was that both the USA and China seem to be willing to resume talks, despite the new round of import tariffs on China the Trump administration announced on Wednesday. Even Boeing and Caterpillar, which are exposed to trade war threats, ascended 1.6% and 2% respectively.

Most of Europe's indices ended in positive territory. The Stoxx600 and the FTSE100 closed 0.8% higher, and the DAX rose by 0.6%.

On Thursday Britain issued a 120-page white paper, outlying details on Prime Minister Theresa May's Brexit plans, which the cabinet approved last week. It comes with a proposal for the free movement of goods and agricultural products, and Britain would agree to the respective EU legislation, but this would not apply to the services sector, such as the City's financial services. However, this plan upset hard-line Brexiteers, and prompted the resignation of Foreign Secretary Boris Johnson and Brexit Minister David Davis, in protest. Meanwhile Donald Trump changed his tone on the possibility of a British-American trade agreement. If Britain reaches an agreement along the lines of the ones issued on Thursday, the president would prefer to negotiate with the European Union.

On fixed income markets, only Italy's 10Y bond yields fell noticeably, by five basis points.

Bitcoin fell from USD 6,350 to less than 6,200 last night but this morning it traded near USD 6,250.

America's inflation statistics were published on Thursday. The 2.9% year/year increase in consumer prices in June matched expectations and marks the strongest growth pace in the past six years. In month/month terms, prices' growth slowed to 0.1%, down from 0.2% in May, chiefly because of the lower fuel prices. Core inflation rose to 0.2%.

The June reading of University of Michigan's Consumer Sentiment Index is due out today, as is the Fed's monetary policy report. In the corporate world, three big banks – Citigroup, JP Morgan and Wells Fargo – will release their quarterly report.

| | 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 | 2798,3 | 0,9 | 4,7 | VIX | 12,6 | -7,7 | 14 | WTI | 70,3 | -0,3 | 16,4 |
| | DOW | 24924,9 | 0,9 | 0,8 | US 2Y | 2,59 | 2 | 70 | Brent | 74,45 | 1,4 | 11,3 |
| | Nasdaq100 | 7366,3 | 1,7 | 15,2 | US 10Y | 2,85 | 1 | 44 | Gold | 1246,8 | 0,4 | -4,3 |
| | DAX | 12493,0 | 0,6 | -3,3 | GER 2Y | -0,66 | -1 | -3 | Silver | 15,90 | 1,0 | -6,2 |
| | CAC40 | 5405,9 | 1,0 | 1,8 | GER 10Y | 0,29 | -1 | -13 | EUR/USD | 1,17 | 0,0 | -2,7 |
| | FTSE 100 | 7651,3 | 0,8 | -0,5 | PT10Y | 1,80 | 1 | -13 | EUR/GBP | 0,88 | 0,0 | -0,5 |
| | FTSE MIB | 21790,1 | 0,4 | -0,3 | IT 10Y | 2,64 | -5 | 64 | EUR/NOK | 9,46 | 0,0 | -3,9 |
| | Stoxx600 | 384,4 | 0,8 | -1,2 | SP 10 | 1,29 | -2 | -28 | USD/CAD | 1,32 | -0,4 | 4,6 |
| | - Banks | 140,3 | -0,1 | -15,0 | iTRAXX | 66,6 | -1,9 | 48 | AUD/USD | 0,74 | 0,6 | -5,1 |
| | Nikkei 225 | 22645,8 | 2,1 | -0,5 | JPY 2Y | -0,13 | 0 | 1 | USD/JPY | 112,55 | 0,5 | -0,1 |
| | SSEC | 2824,7 | -0,5 | -14,6 | JPY 10Y | 0,05 | 1 | -1 | GBP/USD | 1,32 | 0,0 | -2,3 |
| Regional | RTS | 1177,5 | -0,7 | 2,0 | RUS10 | 7,5 | -0,4 | -1 | USD/RUB | 62,241 | -0,2 | 7,9 |
| | WIG20 | 2161,2 | 0,3 | -12,2 | POL 10 | 3,2 | 1,0 | -3 | EUR/PLN | 4,32 | -0,4 | 3,5 |
| | PX50 | 1083,2 | -0,5 | 0,5 | CZ10 | 2,2 | -0,4 | 44 | EUR/RON | 4,656 | 0,0 | -0,5 |
| Hungary | BUX | 35486 | 1,2 | -9,9 | 3M DKJ | 0,20 | 0 | 16 | EUR/HUF | 324,50 | -0,2 | 4,5 |
| | OTP | 9960 | 0,8 | -7,1 | 1Y | 0,61 | 1 | 56 | USD/HUF | 277,98 | -0,2 | 7,4 |
| | MOL | 2738 | 2,5 | -8,9 | 3Y | 1,87 | 1 | 132 | CHF/HUF | 277,15 | -0,9 | 4,6 |
| | MTelekom | 402 | -0,1 | -12,3 | 5Y | 2,82 | -1 | 165 | PLN/HUF | 75,04 | 0,2 | 1,0 |
| | Richter | 4880 | 0,9 | -28,0 | 10Y | 3,37 | 2 | 132 | GBP/HUF | 366,99 | -0,2 | 5,0 |

* 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 7. 9. | 8 : 00 | DE Export (mom, %) | May | 1,8 | 0,8 | -0,3 |
| | 10 : 30 | EZ Sentix Investor confidence (points) | July | 12,1 | 8 | 9,3 |
| | 15 : 00 | EZ Mario Draghi speech (European Parliament ECON committee) | - | - | - | - |
| 10. | 9 : 00 | HU Inflation (yoy, %) | June | 3,1 | 3,1 | 2,8 |
| | 9 : 00 | HU Core inflation (yoy, %) | June | 2,4 | - | 2,4 |
| | 9 : 00 | HU Trade balance (preliminary, monthly, EUR mn) | May | 577 | 725 | 517 |
| | 10 : 30 | UK Industrial production (mom, %) | May | -0,4 | 0,5 | -0,8 |
| | 11 : 00 | DE ZEW Economic Sentiment (points) | July | -24,7 | -18,0 | -16,1 |
| 11. | 14 : 00 | PL Interest rate decision (%) | July | 1,5 | 1,5 | 1,5 |
| 12. | 8 : 00 | DE CPI (final, yoy, %) | June | 2,1 | 2,1 | 2,1* |
| | 9 : 00 | HU Industrial production (second estimate, yoy, %) | May | 0,4 | - | 0,4* |
| | 11 : 00 | EZ Industrial production (mom, %) | May | 1,3 | 1,2 | -0,8 |
| | 13 : 30 | EZ ECB Minutes | Apr. | | - | - |
| | 14 : 30 | US CPI (yoy, %) | June | 2,9 | 2,9 | 2,8 |
| | 14 : 30 | US CPI (mom, %) | June | 0 | 0,2 | 0,2 |
| | 14 : 30 | US core-CPI (yoy, %) | June | 2,3 | 2,3 | 2,2 |
| | 14 : 30 | US core-CPI (mom, %) | June | 0 | 0,2 | 0,2 |
| | 20 : 00 | US Federal budget balance (USDbn) | June | -75,0 | -98,2 | -147,0 |
| 13. | 16 : 00 | US Michigan Consumer confidence (preliminary, points) | July | | 98,2 | 99,3 |
| | 16 : 00 | US Fed Monetary Policy Report | June | | - | - |

* preliminary data

Sources: Reuters, OTP Research

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