

# Global Daily Report



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## Summary

- US indices closed mixed; the sentiment in Europe was benign on Thursday
- Presidents Trump and Juncker agreed to settle the trade war conflict
- The ECB plans to end its asset purchase programme by end-2018; rate hike before autumn 2019 is unlikely
- The EU refused Theresa May's Brexit plan

America's indices ended mixed yesterday. The Dow closed 0.4% higher but the NASDAQ100 fell 1.4%. The technology index was dragged down by Facebook's 19.4% nose-dive after admitting that it expects shrinking revenue. Facebook's CEO David Wehner said: 'Our total revenue growth rates will continue to decelerate in the second half of 2018, and we expect our revenue growth rates to decline by high single-digit percentages from prior quarters sequentially in both Q3 and Q4.'

Trading was more upbeat in Europe, partly benefiting from the better-than-expected meeting of presidents Donald Trump and Jean-Claude Juncker. The DAX surged 1.8%, as German shares shot up to their highest level in the past five weeks. The Stoxx600 was up 0.9% and the CAC40 advanced 1%. Carmakers were the winners of the day: Volkswagen shares revved up 4%, Daimler advanced 2.8% and Peugeot climbed 1.9% higher.

The dollar firmed 0.7% against the EUR.

US government bond yields rose; that on the 2Y crept four basis points higher.

On Wednesday Jean-Claude Juncker, the European Commission's President talked with US President Donald Trump in Washington. Considering President Trump's threatening with protectionist measures, the meeting ended better than expected. The two presidents agreed that their aim is trade without subsidies or tariffs on industrial products (except vehicles). Donald Trump also promised not to impose tariffs on cars imported from Europe as long as talks continue. No concrete measures were announced but the meeting's positive mood eased trade war fears. Separately, President Trump and Vice President Mike Pence warned Turkey of sanctions, unless it releases Andrew Brunson, the American pastor who was arrested in summer 2016, following the attempted coup against President Erdogan. The TRY lost 1.6% versus the US dollar.

In Thursday rate-setting meeting, the ECB left its key policy rate on hold, as expected. The European Central Bank said it was not planning to rate interests before the end of summer 2019. It also confirmed phasing out the asset purchase programme before the end of this year.

The European Union rejected PM Theresa May's Brexit plan that would include Britain's *de iure* withdrawal from the customs union, but *de facto* remaining in the bloc by accepting the common rulebook and other solutions. The EU's chief negotiator Michel Barnier, objected to the plan which would end the EU institutions' jurisdiction while Britain would continue to enjoy the benefits of the customs union. Mrs May found herself in a difficult position: on the one hand, she must make more allowances to the EU in order to reach a Brexit agreement but giving up too much would put at risk her rather fragile majority in Parliament.

US durable goods orders missed expectations in June. The month/month expansion was 1%, as opposed to analysts' forecast of 3% growth, yet it is an agreeable reading in comparison with the previous month's 0.3% dip. France' economy rose by 0.2% quarter/quarter, the Q2 preliminary GDP statistics indicate. This is the same growth rate as in the previous quarter, but is 0.1% short of analysts' consensus. The expansion was chiefly driven by investment, while retail consumption has shrunk.

Today the USA is to release GDP statistics for Q2.

	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	2837,4	-0,3	6,1	VIX	12,1	-1,2	10	WTI	69,6	0,4	15,2
	DOW	25527,1	0,4	3,3	US 2Y	2,69	3	80	Brent	74,54	0,8	11,5
	Nasdaq100	7400,8	-1,4	15,7	US 10Y	2,98	4	56	Gold	1222,3	-0,7	-6,2
	DAX	12809,2	1,8	-0,8	GER 2Y	-0,61	0	2	Silver	15,37	-1,2	-9,3
	CAC40	5480,6	1,0	3,2	GER 10Y	0,41	1	-2	EUR/USD	1,16	-0,7	-3,0
	FTSE 100	7663,2	0,1	-0,3	PT10Y	1,74	-2	-19	EUR/GBP	0,89	-0,1	0,0
	FTSE MIB	21862,9	1,4	0,0	IT 10Y	2,71	3	71	EUR/NOK	9,54	-0,1	-3,2
	Stoxx600	390,5	0,9	0,3	SP 10	1,38	0	-19	USD/CAD	1,31	0,2	3,9
	- Banks	144,1	0,6	-12,7	iTRAXX	60,0	-4,3	33	AUD/USD	0,74	-1,0	-5,4
	Nikkei 225	22689,0	0,5	-0,3	JPY 2Y	-0,11	1	3	USD/JPY	111,22	0,2	-1,3
	SSEC	2877,5	-0,2	-13,0	JPY 10Y	0,10	1	5	GBP/USD	1,31	-0,6	-3,0
Regional	RTS	1148,8	0,6	-0,5	RUS10	7,8	0,0	2	USD/RUB	62,928	0,2	9,1
	WIG20	2304,67	1,9	-6,4	POL 10	3,1	0,0	-5	EUR/PLN	4,29	-0,2	2,7
	PX50	1092,9	0,2	1,4	CZ10	2,1	1,4	41	EUR/RON	4,635	0,3	-0,9
Hungary	BUX	35625	1,9	-9,5	3M DKJ	0,18	-2	14	EUR/HUF	323,73	-0,5	4,3
	OTP	10300	3,1	-3,9	1Y	0,54	-3	49	USD/HUF	278,01	0,2	7,4
	MOL	2692	1,6	-10,4	3Y	1,61	-12	106	CHF/HUF	279,63	0,1	5,5
	MTelekom	401	-0,7	-12,4	5Y	2,71	-11	154	PLN/HUF	75,45	-0,3	1,6
	Richter	4870	0,6	-28,2	10Y	3,28	-11	124	GBP/HUF	364,47	-0,3	4,3

\* 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. 23.	16 : 00	EZ Consumer confidence index (flash, points)	Jul	-0,6	-0,7	-0,6
	16 : 00	US Existing home sales (mom, %)	Jun	5 380	5 470	5 430
24.	2 : 30	JP Nikkei Manufacturing PMI (points)	Jun	51,6	-	53,0
	9 : 00	FR Markit Manufacturing PMI (points)	Jul	53,1	52,4	52,5
	9 : 00	FR Markit Service PMI (points)	Jul	55,3	55,7	55,9
	9 : 30	DE Markit Manufacturing PMI (points)	Jul	57,3	55,5	55,9
	9 : 30	DE Markit Service PMI (points)	Jul	54,4	54,3	54,5
	10 : 00	EZ Markit Manufacturing PMI (points)	Jul	55,1	54,6	54,9
	10 : 00	EZ Markit Service PMI (points)	Jul	54,4	55,0	55,2
	14 : 00	HU Interest rate decision (%)	Jul	0,9	0,9	0,9
	15 : 45	US Markit Manufacturing PMI (points)	Jul	55,5	55,4	55,4
	15 : 45	US Markit Service PMI (points)	Jul	56,2	56,5	56,5
25.	10 : 00	DE IFO Economic sentiment index (points)	Jul	102	101,5	101,8
	16 : 00	US New home sales (annualized monthly, '000s)	Jun	631,0	670	689
26.	13 : 45	EZ Interest rate decision (deposit rate, %)	Jul	0	-0,4	-0,4
	13 : 45	EZ Interest rate decision (lending rate, %)	Jul	0,0	0,0	0,0
	14 : 30	US Durable goods orders (mom, %)	Jun	1	3,0	-0,3
27.	7 : 30	FR GDP (preliminary, qoq, %)	Q2	0,2	0,3	0,2
	9 : 00	HU Unemployment rate (%)	Jun		-	3,7
	14 : 30	US GDP (preliminary, annualized qoq, %)	Q2		4,1	2,0

\* preliminary data

Sources: Reuters, OTP Research

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