

Global Daily Report



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Summary

- Trading on global stock markets ended mixed on Thursday
- Simultaneously with the growing risk aversion on emerging markets, the euro weakened against the USD
- The proposed Americab sanctions caused RUB weakening; the TRY's plunge continued
- OTP has published its Q2 earnings figures

There was mixed sentiment on global stock markets on Thursday. America's stock indices barely moved. In Europe, the DAX climbed 0.3% higher, the CAC40 closed nearly flat, and the FTSE 100 slipped 0.4%. In the CEE region, Warsaw's WIG20 grew by 0.8%, while Budapest's BUX dropped 0.3%.

Amid this morning's gloom in Asia, the major indices closed in the red.

On the currency market, the dollar's firming sent the EUR/USD 0.7% down yesterday while the USD/JPY did not change meaningfully. In the wake of the recent US sanctions against Russia, the RUB lost 1.4% to the US dollar. The Turkish lira extended its losing streak, losing 5% of its value versus the greenback on Thursday, and it was seen depreciating this morning too. According to the Financial Times's sources, the ECB is worried about European banks' exposure to Turkey. Today President Erdogan will make a speech. Investors will be anxious to hear any guidance as to Turkey's economic, or monetary, policy.

Oil prices climbed higher, while precious metals lost about 0.5% of their shine.

OTP Group's six-month accounting profit hit HUF 154.6 billion (+16% year/year), and its first-half-year adjusted after-tax profit amounted to HUF 170.1 billion (+17% year/year), including the record-high Q2 profit of HUF 90.9 billion. This Q2 profit figure owes a lot to the quarter/quarter improvement in the operating profit, to the moderate total risk costs, and to the impact of swapping treasury shares. In the first half-year, net interest margin (4.31%) has come down six basis points since Q4 2017, and the adjusted ROE rose to 21.0% (+0.9 percentage point year/year). The consolidated DPD90+ ratio sank to 8.1% (or by 0.7% pp, in quarter/quarter terms). The credit risk cost ratio was near zero (down from 0.50% in H1 2017). The 5% expansion in consolidated performing loan volumes in Q2 brought the six-month figure to HUF 556 billion (+8% YTD). It was loans to SMEs and large corporations that grew most dynamically (each by 7%) in the second quarter; consumer loan volumes surged 3%, and mortgage loans were up 2%.

Surpassing expectations, Japan's economy expanded by 1.9% year/year and 0.5% quarter/quarter in the second quarter, largely driven by consumption and corporate spending. Analysts expect this advance to continue in this quarter but the trade war may cast a shadow on growth prospects.

| | 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 | 2853,6 | -0,1 | 6,7 | VIX | 11,3 | 3,9 | 2 | WTI | 66,8 | -0,1 | 10,6 |
| | DOW | 25509,2 | -0,3 | 3,2 | US 2Y | 2,65 | -2 | 76 | Brent | 72,07 | -0,3 | 7,8 |
| | Nasdaq100 | 7467,0 | 0,0 | 16,7 | US 10Y | 2,94 | -4 | 52 | Gold | 1212,0 | -0,1 | -6,9 |
| | DAX | 12676,1 | 0,3 | -1,9 | GER 2Y | -0,61 | -1 | 2 | Silver | 15,41 | 0,2 | -9,1 |
| | CAC40 | 5502,3 | 0,0 | 3,6 | GER 10Y | 0,38 | -2 | -5 | EUR/USD | 1,15 | -0,7 | -3,9 |
| | FTSE 100 | 7741,8 | -0,4 | 0,7 | PT10Y | 1,79 | 2 | -14 | EUR/GBP | 0,90 | -0,3 | 1,2 |
| | FTSE MIB | 21634,3 | -0,7 | -1,0 | IT 10Y | 2,90 | 2 | 90 | EUR/NOK | 9,59 | 0,5 | -2,6 |
| | Stoxx600 | 390,1 | 0,1 | 0,2 | SP 10 | 1,43 | 0 | -14 | USD/CAD | 1,30 | 0,2 | 3,7 |
| | - Banks | 142,2 | -0,4 | -13,8 | iTRAXX | 64,0 | 0,0 | 42 | AUD/USD | 0,74 | -0,8 | -5,5 |
| | Nikkei 225 | 22298,1 | -1,5 | -2,1 | JPY 2Y | -0,11 | -1 | 3 | USD/JPY | 111,07 | 0,1 | -1,4 |
| | SSEC | 2794,4 | 0,0 | -15,5 | JPY 10Y | 0,10 | -1 | 5 | GBP/USD | 1,28 | -0,4 | -5,1 |
| Regional | RTS | 1097,3 | -1,5 | -4,9 | RUS10 | 8,3 | 2,1 | 9 | USD/RUB | 66,640 | 1,6 | 15,6 |
| | WIG20 | 2324,73 | 0,8 | -5,5 | POL 10 | 3,1 | -0,6 | -6 | EUR/PLN | 4,27 | 0,3 | 2,4 |
| | PX50 | 1079,3 | -0,5 | 0,1 | CZ10 | 2,2 | -0,4 | 45 | EUR/RON | 4,652 | 0,3 | -0,5 |
| Hungary | BUX | 36845 | -0,3 | -6,4 | 3M DKJ | 0,17 | 0 | 13 | EUR/HUF | 320,75 | 0,4 | 3,3 |
| | OTP | 10690 | 0,4 | -0,3 | 1Y | 0,55 | 5 | 50 | USD/HUF | 278,10 | 1,1 | 7,4 |
| | MOL | 2770 | -1,1 | -7,8 | 3Y | 1,70 | 6 | 115 | CHF/HUF | 279,77 | 1,1 | 5,6 |
| | MTelekom | 406 | -2,4 | -11,4 | 5Y | 2,97 | 3 | 180 | PLN/HUF | 74,97 | 0,1 | 0,9 |
| | Richter | 5195 | 0,6 | -23,4 | 10Y | 3,47 | 1 | 142 | GBP/HUF | 356,61 | 0,7 | 2,1 |

* 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 8. 6. | 8 : 00 | DE Industrial orders (mom, %) | Jun | -4,0 | -0,2 | 2,6 |
| | 10 : 30 | EZ Sentix Investor confidence (points) | Aug | 14,7 | 13,5 | 12,1 |
| | 14 : 00 | RO Interest rate decision (%) | Jun | 2,5 | 2,75 | 2,5 |
| 7. | 8 : 00 | DE Export (mom, %) | Jun | 0,0 | -0,4 | 1,8 |
| | 8 : 00 | DE Industrial production (mom, %) | Jun | -0,9 | -0,5 | 2,6 |
| | 9 : 00 | HU Industrial production (preliminary, yoy, %) | Jun | 4,2 | - | 0,4 |
| | 10 : 00 | HU International reserves (preliminary, EURbn) | Jul | 23,9 | - | 24,1 |
| | 11 : 00 | HU Fiscal balance (monthly, billion HUF) | Jul | -70,4 | - | -233,0 |
| 8. | 9 : 00 | HU Inflation (yoy, %) | Jul | 3,4 | 3,2 | 3,1 |
| | 9 : 00 | HU Core inflation (yoy, %) | Jul | 2,4 | - | 2,4 |
| 9. | 9 : 00 | HU Trade balance (preliminary, monthly, EUR mn) | Jun | 1 070,0 | - | 577 |
| 10. | 9 : 00 | HU Construction output (yoy, %) | Jun | 28,2 | - | 15,1 |
| | 10 : 30 | UK GDP (preliminary, yoy, %) | Q2 | | 1,3 | 1,2 |
| | 10 : 30 | UK GDP (preliminary, qoq, %) | Q2 | | 0,4 | 0,2 |
| | 10 : 30 | UK Industrial production (mom, %) | Jun | | 0,4 | -0,4 |
| | 14 : 30 | US CPI (yoy, %) | Jul | | 2,9 | 2,9 |
| | 14 : 30 | US CPI (mom, %) | Jul | | 0,2 | 0,1 |
| | 14 : 30 | US core-CPI (yoy, %) | Jul | | 2,3 | 2,3 |
| | 14 : 30 | US core-CPI (mom, %) | Jul | | 0,2 | 0,2 |
| | 20 : 00 | US Federal budget balance (USDbn) | Jul | | - | -75,0 |
| | 1 : 50 | JP GDP (annualized qoq, %) | Q2 | | 1,4 | -0,6 |

Sources: Reuters, OTP Research

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