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Daily Report

Summary

- Risk appetite improved in Europe as Italy's and Spain's political problems eased.
- The favourable labour data helped US stock indices rise.
- Moody's left Hungary's debt rating unchanged on Friday.

Reports that Spain and Italy formed government on Friday caused optimism on Europe's stock markets, and the better-than-expected US labour market data released in the afternoon bolstered this buoyancy. The Stoxx600 closed 1% higher, and most European indices achieved near-1% gains. Italy and Spain outperformed many of them (IBEX: 1.8%, FTSE-MIB: 1.5%), Greece's stock index jumped nearly 3%, but France's CAC40 (1.2%) and DAX (1.0%) fared well too.

The biggest winners of the day were Italy's banks; Banco BPM jumped 8.5%. Having hit its lowest on record on Thursday, Deutsche Bank shed 0.1% on Friday even though it was downgraded one notch on Friday. The London stock exchange followed European events with a time lag, and the FTSE upped only 0.3% on Friday. Mining companies rose after the publication of China's Caixin index, the latest reading of which points to stable growth in China's manufacturing.

On the other side of the Atlantic, the key indices grew by around 1%. The S&P's 1.1% surge was largely driven by technology and commodity sectors. Underperformers included utilities, energy, as well as the consumption sector. Sears fell 19% on Friday; this brings the retail chain's week/week loss to 34%. Its most recent quarterly earnings report, published on Thursday, gave account of USD 424 million loss and plans to close 72 businesses. The winners of the day within the technology sector were hardware and chip manufacturers.

One reason for the upbeat mood was the reassuring employment data. Before its official publication, President Trump posted a tweet, which suggested that the figure may be cheering. Some voices say this qualifies as insider trading and the violation of a federal law that was made to preserve the neutrality of statistics.

The US non-farm payroll for May said that the US economy created 223,000 new jobs over the past month, surpassing market expectation of 220,000 growth. The unemployment rate fell from 3.9% to 3.8%.

The euro's weakening on Friday evening reversed the earlier direction of trading but the GBP firmed against the US dollar. The WTI crude slipped 2%, while the Brent sank 1%.

On the secondary market of Hungarian government bonds, yields edged lower. In line with the main European trend, the BUX gained 1.7%. Mol and OTP both surged 3%, MTelekom advanced more than 1%, while Richter fell 2%. On Friday the pharmaceutical company published the opinion of the European Medicines Agency's Committee for Medicinal Products for Human Use (CHMP) about its Esmya product; it recommends that 'several measures be put in place to minimise the risk of rare but serious liver injury with Esmya (ulipristal acetate). Certain women may start treatment with Esmya once the new measures are implemented.'

Counter-intuitively, Moody's left Hungary's sovereign debt rating unchanged.

This morning the sentiment in Asian trading was bright – apparently, the reassuring US job market data made their effect. The FTSE and S&P futures were seen in positive territory this morning.

	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	2734,6	1,1	2,3	VIX	13,5	-12,8	22	WTI	65,8	-1,8	8,9
	DOW	24635,2	0,9	-0,3	US 2Y	2,47	5,7	58	Brent	76,79	-1,0	14,8
	Nasdaq100	7083,9	1,7	10,7	US 10Y	2,90	7,3	48	Gold	1292,7	-0,4	-0,7
	DAX	12724,3	0,9	-1,5	GER 2Y	-0,65	3,0	-2	Silver	16,35	0,0	-3,5
	CAC40	5465,5	1,2	2,9	GER 10Y	0,38	3,4	-5	EUR/USD	1,17	-0,3	-2,8
	FTSE 100	7701,8	0,3	0,2	PT10Y	1,91	-9,5	-2	EUR/GBP	0,87	-0,6	-1,6
	FTSE MIB	22109,6	1,5	1,2	IT 10Y	2,74	-9,7	74	EUR/NOK	9,54	-0,2	-3,1
	Stoxx600	386,9	1,0	-0,6	SP 10	1,45	-3,6	-12	USD/CAD	1,29	-0,1	2,9
	- Banks	144,2	2,0	-12,6	iTRAXX	67,2	-4,0	49	AUD/USD	0,76	0,0	-3,0
	Nikkei 225	22475,9	1,1	-1,3	JPY 2Y	-0,13	1	0	USD/JPY	109,53	0,7	-2,8
	SSEC	3091,9	0,5	-6,5	JPY 10Y	0,05	1	0	GBP/USD	1,33	0,4	-1,2
Regional	RTS	1164,4	0,1	0,9	RUS10	7,4	-0,1	-3	USD/RUB	62,196	-0,2	7,9
	WIG20	2190,26	1,5	-11,0	POL 10	3,2	-1,3	-2	EUR/PLN	4,30	-0,3	3,0
	PX50	1081,0	0,5	0,3	CZ10	1,9	0,2	28	EUR/RON	4,662	0,1	-0,3
Hungary	BUX	35953	1,7	-8,7	3M DKJ	0,22	0	18	EUR/HUF	319,94	0,1	3,0
	OTP	10070	2,8	-6,1	1Y	0,33	2	28	USD/HUF	274,31	0,4	6,0
	MOL	2644	2,6	-12,0	3Y	1,20	-3	65	CHF/HUF	277,45	-0,2	4,7
	MTelekom	420	1,2	-8,3	5Y	1,70	-2	53	PLN/HUF	74,24	0,4	-0,1
	Richter	5245	-2,0	-22,6	10Y	3,17	-2	112	GBP/HUF	365,66	0,7	4,7

* 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. 4.	10 : 30	EZ Sentix Investor confidence (points)	June		18,7	19,2
	16 : 00	US Factory orders (mom, %)	Apr.		-0,3	1,6
5.	9 : 00	HU Retail sales (first estimate, yoy, %)	Apr.		-	8,7
	9 : 00	HU GDP (yoy, detailed, %)	Q1			4,4*
	11 : 00	EZ Retail sales (mom, %)	Apr.		0,5	0,1
	16 : 00	US ISM non-Manufacturing PMI (points)	May		57,2	56,8
	0 : 0	EU Brussels Economic Forum	-		-	-
6.	9 : 00	HU Industrial production (preliminary, yoy, %)	Apr.		-	-2,4
	14 : 00	PL Interest rate decision (%)	June			1,5
7.	8 : 00	DE Industrial orders (mom, %)	Apr.		0,8	-0,9
	10 : 00	HU International reserves (preliminary, EURbn)	May		-	23,2
	11 : 00	EZ GDP (detailed, yoy, %)	Q1		2,5	2,5
	11 : 00	EZ GDP (detailed, qoq, %)	Q1		0,4	0,4
	11 : 00	HU Fiscal balance (monthly, billion HUF)	May		-	-209,4
8.	8 : 00	DE Industrial production (mom, %)	Apr.		0,3	1,0
	8 : 00	DE Export (mom, %)	Apr.		0	2
	9 : 00	HU Inflation (yoy, %)	May		2,8	2
	9 : 00	HU Core inflation (yoy, %)	May		-	2,4
	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Apr.			567*

* preliminary data

Sources: Reuters, OTP Research

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