

## Treasury Sales Team

**Ottó Demjén**  
+36 1 288 7558  
Otto.Demjen@otpbank.hu

**János Mladoniczki**  
+36 1 288 7551  
MladoniczkiJ@otpbank.hu

**Szilvia Lovas**  
+36 1 288 7545  
LovasSz@otpbank.hu

**Ákos Fekete**  
+36 1 288 7553  
FeketeAko@otpbank.hu

**Frigyes Soós**  
+36 1 288 7571  
SoosF@otpbank.hu

**Attila Keresztyén**  
+36 1 288 7552  
KeresztyenA@otpbank.hu

**János Imrei**  
+36 1 288 7555  
janos.imrei@otpbank.hu

**Csinszka Kis-Böndi**  
+36 1 288 7544  
Kisbondics@otpbank.hu

**Edit Kovács Gyimóti**  
+36 1 288 7542  
KovacsGyE@otpbank.hu

**Fábián Lóránt**  
+36-1-288-7572  
Lorant.Fabian@otpbank.hu

**Roxána Kosztelnik**  
+36 1 288 7541  
Roxana.kosztelnik@otpbank.hu

**Zsigmond Csillag**  
+36 1 288 7556  
Zsigmond.csillag@otpbank.hu

**István Milán Nagy**  
+36 1 288 7554  
milan.nagy@otpbank.hu



## Daily Report

### Summary

- The developed world's stock markets opened the week on a strong note but the BUX missed out on the rally
- Emerging market currencies are under pressure, the HUF is at two-year low.
- The tone of the Singapore meeting of Donald Trump and Kim Jong Un was positive.

Europe's stock markets closed Monday's trading dynamically – the Stoxx600 and FTSE advanced 0.7% and the DAX rose by 0.6%. Italy's benchmark was the strongest one: the FTSE MIB index jumped 3.4% higher, owing a lot to the new economy minister's speech, which emphasized Italy's commitment to debt reduction and keeping the euro. This triggered a noticeably drop in Italian government bond yields; that on the 2Y bond fell 53 basis points, and the 10Y yield dived 28 basis points on Monday. In Italy, banks were the winners of the day, with Unicredit sky-rocketing 6.2%, and Intesa SanPaolo surging 6.6%. The biggest winner of the Stoxx600 universe was Inmarsat, Britain's satellite telecommunications company, which topped Friday's rally by a stellar 13% surge on Monday, on the announcement to have rejected a takeover bid from Echostar. Another nice surprise was Ocado – the online grocery's share price leapt 11%, largely because Goldman Sachs had upgraded its recommendation to Buy. After market close on 15 June, Ocado will become part of FTSE 100. Following Friday's profit warning and the subsequent 4% fall, Deutsche Post continued its losing streak, shrinking more than 3%, as analysts reduced its target price.

The USA's key indices ended slightly lower on Monday. The S&P was dragged down by the utilities, financial, and real property sectors, while the consumption sector was the strongest performer. But the index wiped out most of the morning's gains, ending only three points higher. Lifted by airlines, the Dow Jones Transportation Average went 1.1% higher, closing only 3% shy of its all-time high. United Continental's shares shot up 3.1%, American Airlines soared 2.4%, and Delta took off 1.5%.

The CEE region's stock indices edged down on Monday, with Hungary's BUX sinking 0.4%, Warsaw's WIG20 dipping 0.7%, and Prague's PX inching less than 0.1% lower. In Hungary, Richter was the only blue chip to advance (0.6%). Konzum, an investment and asset management, added an extra item to the agenda of its 14 June general meeting: a proposal for the 1:10 splitting of the shares, which would transform shares with face value of HUF 25 into HUF 2.5.

Turkey's stronger-than-expected Q1 GDP growth of 7.4% year/year in the first quarter helped its benchmark rise nearly 1%; but economic output is expected to slow in Q2.

The weaker-than-expected industrial production statistics from the UK weighed on the GBP on Monday, while Theresa May is facing an important vote on Brexit today. The developments on Italy's markets helped the EUR regain some ground from the US dollar. Emerging market currencies remained under pressure. Although Argentine abandoned the intervention and secured an agreement with the IMF, the peso weakened for the second day in a row, losing 3% of its value on Monday.

The EUR/HUF closed above 321, after making a brief visit to beyond 321.5. On the secondary market of Hungarian government bonds, yields climbed 4–7 basis points higher. In today's auction of 3M discount treasury bills the ÁKK will put up for sale HUF 50 billion government debt.

Crude oil prices nudged higher. The new leaks on the Nigerian pipeline that was temporarily closed last week, Iraq's teaming up with Iran and Venezuela, and Saudi Arabia's plan to raise output quotas sent prices slightly higher. Meanwhile, the available data suggest that Russia's and Saudi Arabia's oil production exceeded the approved quota in the first week of June.

Asia's stock markets were seen in positive territory this morning, except for South Korea's benchmark. In the 40-minute meeting of Donald Trump and Kim Jong Un, both parties were optimistic, before a wider convention, involving advisors began.

Germany's ZEW economic sentiment index is due out today. Elsewhere, the US consumer price index statistics and the federal budget balance for May will see the light of day.

	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	2782,0	0,1	4,1	VIX	12,4	1,4	12	WTI	66,1	0,5	9,4
	DOW	25322,3	0,0	2,4	US 2Y	2,53	3,2	64	Brent	76,46	0,0	14,3
	Nasdaq100	7168,5	0,2	12,1	US 10Y	2,96	2,2	55	Gold	1299,7	0,1	-0,2
	DAX	12842,9	0,6	-0,6	GER 2Y	-0,62	6,1	2	Silver	16,89	0,9	-0,3
	CAC40	5473,9	0,4	3,0	GER 10Y	0,49	4,5	7	EUR/USD	1,18	0,1	-1,8
	FTSE 100	7737,4	0,7	0,6	PT10Y	2,01	-7,9	8	EUR/GBP	0,88	0,4	-0,8
	FTSE MIB	22086,2	3,4	1,1	IT 10Y	2,86	-27,1	86	EUR/NOK	9,48	-0,1	-3,8
	Stoxx600	387,9	0,7	-0,3	SP 10	1,45	-2,0	-12	USD/CAD	1,30	0,4	3,2
	- Banks	147,1	2,2	-10,8	iTRAXX	71,2	-4,8	58	AUD/USD	0,76	0,1	-2,5
	Nikkei 225	22878,4	0,3	0,5	JPY 2Y	-0,13	0	1	USD/JPY	110,02	0,4	-2,4
	SSEC	3077,8	0,8	-6,9	JPY 10Y	0,05	0	0	GBP/USD	1,34	-0,3	-1,0
Regional	RTS	1142,0	-0,1	-1,1	RUS10	7,5	0,0	-1	USD/RUB	62,773	0,8	8,9
	WIG20	2234,52	-0,7	-9,2	POL 10	3,3	-1,4	0	EUR/PLN	4,27	-0,3	2,1
	PX50	1077,3	0,0	-0,1	CZ10	2,1	3,5	40	EUR/RON	4,662	0,1	-0,3
Hungary	BUX	36606	-0,4	-7,0	3M DKJ	0,21	-2	17	EUR/HUF	320,92	0,5	3,3
	OTP	10100	-0,8	-5,8	1Y	0,34	1	29	USD/HUF	272,25	0,3	5,2
	MOL	2708	-0,3	-9,9	3Y	1,28	6	73	CHF/HUF	276,24	0,0	4,2
	MTelekom	419	-0,7	-8,6	5Y	1,85	6	68	PLN/HUF	75,18	0,4	1,2
	Richter	5545	0,6	-18,2	10Y	3,29	4	124	GBP/HUF	364,31	-0,2	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 6. 11. 10 : 30	UK	Industrial production (mom, %)	Apr.	-0,8	0,2	0,1
12. 11 : 00	DE	ZEW Economic Sentiment (points)	June		-13,0	-8,2
14 : 30	US	CPI (yoy, %)	May		2,7	2,5
14 : 30	US	CPI (mom, %)	May		0,2	0,2
14 : 30	US	core-CPI (yoy, %)	May		2,2	2,1
14 : 30	US	core-CPI (mom, %)	May		0,2	0,1
20 : 00	US	Federal budget balance (USDbn)	May		-	214
13. 9 : 00	HU	Industrial production (second estimate, yoy, %)	Apr.		-	7,8*
10 : 30	UK	Inflation (yoy, %)	May		2,5	2,4
10 : 30	UK	Core inflation (yoy, %)	May		2,1	2,1
11 : 00	EZ	Industrial production (mom, %)	Apr.		-0,3	0,5
20 : 00	US	Interest rate decision (%)	June		1,75-2,0	1,5-1,75
14. 4 : 00	CN	Infrastructural spending (yoy, %)	May		7,0	7,0
4 : 00	CN	Industrial production (yoy, %)	May		6,9	7,0
4 : 00	CN	Retail sales (yoy, %)	May		9,5	9,4
8 : 00	DE	CPI (final, yoy, %)	May		2,2	2,2*
10 : 30	UK	Retail sales (mom, %)	May		0,5	1,6
13 : 45	EZ	Interest rate decision (lending rate, %)	June		0,0	0,0
13 : 45	EZ	Interest rate decision (deposit rate, %)	June		0	0
14 : 30	US	Retail sales (mom, %)	May		0,4	0,3
16 : 00	US	Business inventories (mom, %)	Apr.		0,3	0,0
15. 5 : 00	JP	Interest rate decision (%)	June		-0,1	-0,1
9 : 00	HU	Construction output (yoy, %)	Apr.		-	1
11 : 00	EZ	CPI (final, yoy, %)	May		1,9	1,9*
14 : 30	US	New York Fed Manufacturing index (points)	June		19,0	20,1
15 : 15	US	Industrial production (mom, %)	May		0,3	0,7
16 : 00	US	Michigan Consumer confidence (preliminary, points)	June		98,5	98,0

\* preliminary data

Sources: Reuters, OTP Research

**Chief Economist**  
Gergely Tardos  
tardosg@otpbank.hu  
+36 1 374 7273

**Analyst**  
Orsolya Rátkai  
ratkaio@otpbank.hu  
+36 1 374 7270

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