

Summary

- There was a negative sentiment on global stock markets in Tuesday's trading
- The euro's continued weakening against the US dollar.
- The MNB left the monetary policy conditions unchanged, but the press release changed significantly.

Tuesday's trading brought losses on both sides of the Atlantic, continuing the downward moves after Monday's losses. Investors are concerned about the trade war again after Trump warned of additional tariffs on another \$200 billion of Chinese goods and China promised retaliation. The winner of the day was Netflix (+3.7%) after three analysts raised the target price. The worst performance was Tesla as Elon Musk announced Tesla had fallen victim of sabotage from an employee.

Sentiment in Central and Eastern Europe was not any better; the BUX closed 1.5% down. All Hungarian blue chips fell; the winners of the day came from small-cap papers.

In Tuesday's auction of 3M discount treasury shares, the ÁKK sold HUF 52 billion government debt; the bid/cover ratio was nearly 2.0. The average yield stood at 0.15%. On the secondary market, bond yields rose by 1-4 bps. The list of the 6M benchmark securities will change today.

In line with the expectations, in yesterday's Monetary Policy meeting, the MNB left the monetary policy conditions (in terms of interest rates) unchanged, but the press release changed significantly. The central bank still states that loose monetary policy needed to reach the inflation target. But it also acknowledged that the current monetary conditions are not sustainable in a 5 to 8 quarter horizon. This is mainly due to the changing international environment as the period of ample liquidity and low-interest rates nearing to its end. The MNB highlighted, that besides the higher oil prices, the MNB does not see a significant risks concerning the evolution of inflation. After the decision the EUR/HUF started to fall. The MNB's latest Inflation Report raised its CPI forecast to 2.8% and 3.1% for 2018 and 2019, respectively and it raised the economic growth projection to 4.4% in 2018, and to 3.5% in 2019.

The euro's continued weakening against the US dollar pushed the EUR/USD 0.3% lower, to close at 1.16. German and the US 10Y government bond yields fell yesterday. Crude oil prices declined before the OPEC's meeting as investors suppose the OPEC will debate on increasing output. The most important industrial and precious metal prices edged lower.

Today, ECB President Mario Draghi, Fed Chair Jerome Powell, BOJ Governor Haruhiko Kuroda and RBA Governor Philip Lowe speak at an ECB conference on Central Banking in Portugal. Today's release of the EIA's oil inventory data may move crude oil prices again, before the OPEC meeting on Friday.

	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	2762,6	-0,4	3,3	VIX	13,4	8,4	21	WTI	65,1	-0,9	7,8
	DOW	24700,2	-1,1	-0,1	US 2Y	2,55	-1,3	65	Brent	75,08	-0,3	12,3
	Nasdaq100	7228,0	-0,3	13,0	US 10Y	2,89	-3,3	48	Gold	1274,4	-0,3	-2,2
	DAX	12678,0	-1,2	-1,9	GER 2Y	-0,66	-0,5	-2	Silver	16,27	-0,8	-4,0
	CAC40	5390,6	-1,1	1,5	GER 10Y	0,37	-2,7	-5	EUR/USD	1,16	-0,3	-3,4
	FTSE 100	7603,9	-0,4	-1,1	PT10Y	1,78	0,9	-15	EUR/GBP	0,88	0,2	-1,0
	FTSE MIB	22084,3	-0,1	1,1	IT 10Y	2,56	0,1	56	EUR/NOK	9,49	0,4	-3,7
	Stoxx600	383,2	-0,7	-1,5	SP 10	1,25	-2,0	-33	USD/CAD	1,33	0,6	5,6
	- Banks	140,9	-0,4	-14,6	iTRAXX	68,6	0,9	52	AUD/USD	0,74	-0,5	-5,4
	Nikkei 225	22566,0	1,3	-0,9	JPY 2Y	-0,14	0	0	USD/JPY	110,04	-0,5	-2,3
SSEC	2924,6	0,6	-11,6	JPY 10Y	0,03	0	-2	GBP/USD	1,32	-0,5	-2,5	
Regional	RTS	1096,9	-0,3	-5,0	RUS10	7,9	-0,1	4	USD/RUB	63,823	0,7	10,7
	WIG20	2120,75	-1,4	-13,8	POL 10	3,2	-0,6	-3	EUR/PLN	4,31	0,2	3,3
	PX50	1068,2	-0,1	-0,9	CZ10	2,2	1,0	42	EUR/RON	4,667	0,0	-0,2
Hungary	BUX	34972	-1,5	-11,2	3M DKJ	0,25	1	21	EUR/HUF	322,30	-0,4	3,8
	OTP	9600	-1,4	-10,4	1Y	0,42	0	37	USD/HUF	278,06	-0,1	7,4
	MOL	2594	-2,2	-13,7	3Y	1,64	4	109	CHF/HUF	279,56	0,0	5,5
	MTelekom	411	-0,6	-10,3	5Y	2,17	3	100	PLN/HUF	74,69	-0,6	0,6
	Richter	5205	-1,4	-23,2	10Y	3,51	4	146	GBP/HUF	366,27	-0,6	4,8

* 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. 19. 14 : 00	HU	Interest rate decision (%)	June	0,9	0,9	0,9
14 : 30	US	Housing starts (annualized monthly, '000s)	May	1350	1310	1287
14 : 30	US	Building permits (annualized monthly, '000s)	May	1301	1350	1364
20. 14 : 30	PT	ECB conference	-	-	-	-
16 : 00	US	Existing home sales (mom, %)	May		5520	5460
21. 8 : 30	HU	Balance of payments (quarterly, EURbn)	Q1		-	0,2
9 : 00	HU	Gross wages (yoy, %)	Apr.		-	11,3
10 : 00	HU	Inflation report	June		-	-
13 : 00	UK	Interest rate decision (%)	June		0,5	0,5
16 : 00	US	Leading index (mom, %)	May		0,4	0,4
16 : 00	EZ	Consumer confidence index (flash, points)	June		-0,3	0,2
22. 1 : 30	JP	CPI (yoy, %)	May		-	0,6
1 : 30	JP	core-CPI (yoy, %)	May		0,7	0,7
2 : 30	JP	Nikkei Manufacturing PMI (points)	June		-	52,5
9 : 00	FR	Markit Service PMI (points)	June		54,0	54,3
9 : 00	FR	Markit Manufacturing PMI (points)	June		53,5	54,4
9 : 30	DE	Markit Service PMI (points)	June		52,5	52,1
9 : 30	DE	Markit Manufacturing PMI (points)	June		56,5	56,9
10 : 00	EZ	Markit Service PMI (points)	June		53,7	53,9
10 : 00	EZ	Markit Manufacturing PMI (points)	June		55,1	55,5
15 : 45	US	Markit Manufacturing PMI (points)	June		-	56,6
15 : 45	US	Markit Service PMI (points)	June		-	55,7
	AT	OPEC Meeting	-		-	-

* preliminary data

Sources: Reuters, OTP Research

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