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# Daily Report

### Summary

- President Erdogan asked his compatriots to boycott electronic goods from the USA.
- Turkey is to lift import tariffs on a number of American products.
- The Turkish lira regained more than 7% against the key currencies on Tuesday.
- Western Europe ran out of steam by the end of the day but optimism prevailed in the USA.
- The BUX upped 0.9% as Hungarian blue chips ended in positive territory.

Turkey's President Recep Tayyip Erdogan added to the tension yesterday by asking Turks to boycott electronic goods imported from the USA, in response to earlier US sanctions, which he called an economic attack. Later, finance minister Berat Albayrak tried to ease the anxiety by promising to do everything to reduce the depreciation pressure on the Turkish lira. Next, Vice President Fuat Oktay announced on Twitter to raise duties on a number of American products, including cars (by 120%), alcoholic drinks (140%), and tobacco (60%). Apparently, it may be worth keeping an eye on Turkish developments today.

On the currency markets, the Turkish lira soared yesterday. Its more than 7% surge against the USD and the EUR erased only a fraction of the recent weeks' painful losses. Elsewhere in emerging market currencies, the South African Rand (ZAR) was the strongest performer against the EUR and the only one to gain versus the US dollar yesterday. The EUR/HUF practically flat-lined but the HUF lost 0.5% against the USD yesterday.

The easing of Turkey fears brought relief to the world's stock markets. This was enough for US markets to end in positive territory but in Western Europe, only the DAX preserved its thin gain until the end of the trading session. In the corporate world, Tesla reversed more than 2% by the close after the announcement that Goldman Sachs was not officially appointed to consult about delisting the company from the stock market. The German and American 10Y government bond yields picked up 2 basis points each.

Gaining 0.9% made the BUX the brightest star of the CEE region yesterday, when all Hungarian blue chips climbed higher.

In Tuesday's auction of 3M zero-coupon bills, the ÁKK raised the allotted amount by HUF 10 billion, to HUF 50 billion, with the bid/cover ratio nearing 2.0 and the average yield set at 0.1%. On the secondary market, yields sank by 9-15 basis points, practically wiping out Monday's rise.

The WTI crude type slipped by 0.8%, below 67 USD/barrel. Industrial metal prices dropped, while precious metal prices headed higher.

Eurostat revised its first estimate (+2.1%) on the eurozone's Q2 GDP slightly higher, to 2.2% year/year, but the area's expansion has slowed since last year's excellent performance. The investor sentiment index of Germany's ZEW institute reflected stronger-than-expected improvement in August, but it remained in negative territory.

News on the latest Turkish tariffs was not welcomed in Asian trading where indices fell this morning. The escalating tension between Turkey and the USA is likely to leave its mark on today's trading session.

Today's highlights include industrial production and retail sales statistics from the USA.

	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	2840,0	0,6	6,2	VIX	13,3	-9,9	21	WTI	66,7	-0,8	10,4
	DOW	25299,9	0,4	2,3	US 2Y	2,63	2	74	Brent	72,46	-0,2	8,4
	Nasdaq100	7447,2	0,6	16,4	US 10Y	2,90	2	48	Gold	1193,6	0,0	-8,4
	DAX	12358,9	0,0	-4,3	GER 2Y	-0,64	1	0	Silver	14,96	0,1	-11,7
	CAC40	5403,4	-0,2	1,7	GER 10Y	0,33	1	-9	EUR/USD	1,13	-0,6	-5,5
	FTSE 100	7611,6	-0,4	-1,0	PT10Y	1,84	-2	-9	EUR/GBP	0,89	-0,2	0,4
	FTSE MIB	20906,4	-0,3	-4,3	IT 10Y	3,05	-5	105	EUR/NOK	9,55	0,1	-3,1
	Stoxx600	384,9	0,0	-1,1	SP 10	1,43	-3	-14	USD/CAD	1,31	-0,6	3,8
	- Banks	135,0	-0,7	-18,2	iTRAXX	68,7	-1,0	52	AUD/USD	0,72	-0,3	-7,1
	Nikkei 225	22208,5	-0,7	-2,4	JPY 2Y	-0,11	0	2	USD/JPY	111,14	0,4	-1,4
SSEC	2738,5	-1,5	-17,2	JPY 10Y	0,10	-1	5	GBP/USD	1,27	-0,3	-5,8	
Regional	RTS	1081,5	2,1	-6,3	RUS10	8,4	-0,8	11	USD/RUB	66,272	-2,2	14,9
	WIG20	2272,73	0,5	-7,7	POL 10	3,2	0,3	-4	EUR/PLN	4,30	-0,1	2,9
	PX50	1067,3	-0,5	-1,0	CZ10	2,2	-1,4	43	EUR/RON	4,653	-0,1	-0,5
Hungary	BUX	36006	0,9	-8,6	3M DKJ	0,17	0	13	EUR/HUF	322,72	-0,1	3,9
	OTP	10050	0,3	-6,3	1Y	0,59	2	54	USD/HUF	284,47	0,5	9,9
	MOL	2828	1,9	-5,9	3Y	1,77	-6	122	CHF/HUF	286,08	0,4	8,0
	MTelekom	404	0,2	-11,8	5Y	2,98	-14	181	PLN/HUF	75,03	0,2	1,0
	Richter	5060	1,0	-25,4	10Y	3,48	-9	144	GBP/HUF	361,78	0,0	3,6

\* 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. 13.	9 : 00	HU Industrial production (second estimate, yoy, %)	Jun	4,2	-	4,2*
	14. 4 : 00	CN Infrastructural spending (yoy, %)	Jul	5,5	13,5	6,0
	4 : 00	CN Industrial production (yoy, %)	Jun	6,0	6,30	6,0
	4 : 00	CN Retail sales (yoy, %)	Jul	8,8	9,0	9,0
	8 : 00	DE GDP (preliminary, yoy, %)	Q2	2,0	2,1	2,3
	8 : 00	DE CPI (final, yoy, %)	Jul	2,1	2,0	2,0*
	8 : 00	RO GDP (preliminary, yoy, %)	Q2	4,1	3,8	4,0
	9 : 00	CZ GDP (preliminary, yoy, %)	Q2	2,3	2,6	4,2
	9 : 00	HU GDP (preliminary, yoy, %)	Q2	4,6	4,2	4,4
	9 : 00	HU GDP (preliminary, qoq, %)	Q2	0,9	-	1,2
	9 : 00	SK GDP (preliminary, yoy, %)	Q2	4,1	3,7	3,6
	10 : 00	PL GDP (preliminary, yoy, %)	Q2	5,1	5,1	5,1
	11 : 00	DE ZEW Economic Sentiment (points)	Aug	-13,7	-20,7	-24,7
	11 : 00	EZ GDP (preliminary, yoy, %)	Q2	2,2	2,1	2,1*
	11 : 00	EZ GDP (preliminary, qoq, %)	Q2	0,4	0,3	0,3*
	11 : 00	EZ Industrial production (mom, %)	Jun	-0,7	-0,4	1,3
	15. 10 : 30	UK Inflation (yoy, %)	Jul		2,5	2,4
	10 : 30	UK Core inflation (yoy, %)	Jul		1,9	1,9
	14 : 30	US Retail sales (mom, %)	Jul		0,1	0,5
	14 : 30	US New York Fed Manufacturing index (points)	Aug		20,0	22,6
	15 : 15	US Industrial production (mom, %)	Jul		0,3	0,6
	16 : 00	US Business inventories (mom, %)	Jun		0,1	0,4
	16. 9 : 00	TR Industrial production (yoy, %)	Jun			6,4
	10 : 30	UK Retail sales (mom, %)	Jul		0,2	-0,5
	14 : 30	US Housing starts (annualized monthly, '000s)	Jul		1 250	1 173
	14 : 30	US Building permits (annualized monthly, '000s)	Jul		1 301	1 292
	17. 9 : 00	TR Consumer confidence (point)	Aug			73,1
	9 : 00	TR Retail sales (mom, %)	Jun			-1,3
	11 : 00	EZ CPI (final, yoy, %)	Jul		2,1	2,1*
	16 : 00	US Leading index (mom, %)	Jul		0,3	0,5
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Aug		98,0	97,9
		HU S&P Credit Rating decision				BBB- (pozitiv)

\* preliminary data

Sources: Reuters, OTP Research

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