

Summary

- The Turkish lira's strengthening continued
- Trading sentiment was optimistic on both side of the Atlantic
- In a bid to avoid trade war, negotiations resumed between the USA and China
- Turkey is to release important macroeconomic data today

The Turkish lira continued its winning streak on Thursday, regaining 2.1% lost ground from the USD and firming 1.9% against the euro. The TRY benefited from the Turkish finance minister's conference call with investors, when he pointed out that Turkey was not planning to impose capital restrictions but its fiscal policy would tighten. At one point on Thursday, the lira gained almost 4%, but it gave back some of it at the end of the session as the USA threatened the country with new sanctions.

Most equity markets in Europe fared well yesterday. Germany's DAX advanced 0.6%, while France's CAC40 went up 0.8%. In London, the FTSE 100 index closed 0.8% higher. Milan's FTSE MIB (-1.8%) was the only one to close in the red. It was dragged down by the Atlantia motorway company's 23% nose-dive after a bridge collapsed in Genova.

America's stock markets did extremely well on Thursday, when all the key indices climbed higher. The Dow grew 1.6%, and the S&P500 rose by 0.8%. The tech-heavy NASDAQ100 rallied 0.3%. Some of the good performance can be put to the continued strengthening of the Turkish lira, but more important was the report that the USA would restart negotiations to end trade war with China. Walmart's share price sky-rocketed almost 10%, driven by the surprise figures in its earnings report.

Surging 1.8% made the BUX by far the strongest performer in the CEE region where Prague's PX fell 0.7%, and the WIG20 shed 0.5%. Two Hungarian blue chips, OTP (+3.5%) and Richter (+3.3%) excelled. MOL (0.6%) and MTelekom (0.4%) lost.

On Thursday the ÁKK put up for sale HUF 20 bn, 20 bn and 15 bn debt in government bonds with three tenors and raised HUF 25 bn, 14 bn and 22.5 bn respectively.

This morning all, nearly all major indices of Asia closed with gain. Japan's Nikkei225 climbed 0.4% higher, while Hong Kong's Hang Seng advanced 0.4% ahead of the close. Only the Shanghai Composite stood 0.5% in the red before today's close.

The HUF strengthened against the euro and the US dollar yesterday. The EUR/HUF closed 0.3% lower and the USD/HUF dropped 0.6%. The euro regained 0.3% lost ground from the greenback. With global tension easing, the JPY weakened 0.2%.

In commodities, the WTI crude climbed 0.7% higher and Brent grew by 1.0%. In industrial metals, copper price surged 2.2%. Precious metal prices moved mixed: gold edged 0.1% lower while silver rallied 1.8%.

The industrial production statistics released in Turkey were disappointing, as output expanded by 3.2% only, missing the forecast 5.0%. On the other side of the Atlantic, US initial jobless claims sank to 212,000, nearing a record low, and wrong-footing economists who had forecast 215,000. This suggests that the trade war with China has left the labour market unaffected for now. US housing starts undershot expectations by a large margin.

Today Turkey will release consumer confidence index and retail sales statistics, any negative surprise may unsettle markets. The final reading of the eurozone's inflation for July is worth checking. S&P is to publish its update on Hungary's credit rating today.

	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	2840,7	0,8	6,2	VIX	13,5	-8,1	22	WTI	65,4	0,6	8,3
	DOW	25558,7	1,6	3,4	US 2Y	2,62	2	73	Brent	71,43	0,9	6,8
	Nasdaq100	7374,3	0,3	15,3	US 10Y	2,87	2	46	Gold	1173,6	-0,1	-9,9
	DAX	12237,2	0,6	-5,3	GER 2Y	-0,62	3	1	Silver	14,61	1,3	-13,8
	CAC40	5349,0	0,8	0,7	GER 10Y	0,32	1	-11	EUR/USD	1,14	0,3	-5,2
	FTSE 100	7556,4	0,8	-1,7	PT10Y	1,87	-2	-6	EUR/GBP	0,89	0,1	0,7
	FTSE MIB	20524,1	-1,8	-6,1	IT 10Y	3,11	7	112	EUR/NOK	9,64	0,5	-2,1
	Stoxx600	381,4	0,5	-2,0	SP 10	1,45	-1	-12	USD/CAD	1,32	0,1	4,6
	- Banks	134,0	0,9	-18,8	iTRAXX	70,5	-1,5	56	AUD/USD	0,73	0,3	-6,9
	Nikkei 225	22270,4	0,4	-2,2	JPY 2Y	-0,13	-1	1	USD/JPY	110,88	0,1	-1,6
	SSEC	2693,0	-0,4	-18,6	JPY 10Y	0,10	-1	5	GBP/USD	1,27	0,2	-5,9
Regional	RTS	1066,5	1,1	-7,6	RUS10	8,5	0,5	12	USD/RUB	66,821	-0,7	15,9
	WIG20	2262,1	-0,5	-8,1	POL 10	3,2	-0,1	-4	EUR/PLN	4,30	-0,4	3,0
	PX50	1061,4	-0,7	-1,6	CZ10	2,2	0,1	43	EUR/RON	4,654	-0,2	-0,5
Hungary	BUX	36473	1,8	-7,4	3M DKJ	0,17	0	13	EUR/HUF	323,48	-0,2	4,2
	OTP	10200	3,5	-4,9	1Y	0,58	0	53	USD/HUF	284,16	-0,6	9,8
	MOL	2800	-0,6	-6,8	3Y	1,77	-3	122	CHF/HUF	285,04	-0,8	7,6
	MTelekom	402	-0,4	-12,3	5Y	3,01	2	184	PLN/HUF	75,16	0,2	1,2
	Richter	5350	3,3	-21,1	10Y	3,51	-3	146	GBP/HUF	361,17	-0,4	3,4

* 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	2,5	2,4
	10 : 30	UK Core inflation (yoy, %)	Jul	1,9	1,9	1,9
	14 : 30	US Retail sales (mom, %)	Jul	0,5	0,1	0,5
	14 : 30	US New York Fed Manufacturing index (points)	Aug	25,6	20,0	22,6
	15 : 15	US Industrial production (mom, %)	Jul	0,1	0,3	0,6
	16 : 00	US Business inventories (mom, %)	Jun	0,1	0,1	0,4
	16. 9 : 00	TR Industrial production (yoy, %)	Jun	3,2	5,0	6,4
	10 : 30	UK Retail sales (mom, %)	Jul	0,7	0,2	-0,5
	14 : 30	US Housing starts (annualized monthly, '000s)	Jul	1 168,0	1 260	1 173
	14 : 30	US Building permits (annualized monthly, '000s)	Jul	1 311,0	1 310	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- (pozitív)

* preliminary data

Sources: Reuters, OTP Research

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