

Treasury Sales Team

Head of Sales

Ottó Demjén

+36 1 288 7558

Otto.Demjen@otpbank.hu

Retail

Zsigmond Csillag

+36 1 288 7556

zsigmond.csillag@otpbank.hu

Attila Keresztyén

+36 1 288 7552

KeresztyenA@otpbank.hu

István Milán Nagy

+36 1 288 7554

milan.nagy@otpbank.hu

Frigyes Soós

+36 1 288 7571

SoosF@otpbank.hu

Institutional

Lóránt Fábán

+36 1 288 7572

Lorant.Fabian@otpbank.hu

Szilvia Lovas

+36 1 288 7545

LovasSz@otpbank.hu

János Mladoniczki

+36 1 288 7551

MladoniczkiJ@otpbank.hu

Corporate

Nóra Ilona Gordos

+36 1 288 7549

Nora.Ilona.Gordos@otpbank.hu

János Imrei

+36 1 288 7555

janos.imrei@otpbank.hu

Csinszka Kis-Böndi

+36 1 288 7544

Kis-bondics@otpbank.hu

Roxána Kosztelnik

+36 1 288 7541

roxana.kosztelnik@otpbank.hu

Edit Kovács Gyimóti

+36 1 288 7542

KovacsGyE@otpbank.hu



Daily Report

Summary

- European stock markets stuttered, America was closed on Labor Day.
- EM currencies slid deeper on Monday.
- The USA is to release important statistics today.

US markets were closed on Labor Day, and Europe's benchmark indices made subtle moves on low turnover yesterday. The Stoxx600 upped 0.1%. Asian stock markets slipped following the release of China's Caixin manufacturing purchasing managers' index for August, which fell to a 14-month low. In the final reading for August, most European PMIs also subsided. New export orders rose at their slowest in two years, reflecting the intensified global trade tensions. The losses of Europe's carmakers and real property names were offset by insurance companies' gains on Monday. The DAX edged 0.1% down but the FTSE jumped 1% higher.

The sentiment in the CEE region was mixed again. The WIG20 rallied 0.8%, the BUX dropped 0.7%, and the PX50 stagnated. MTelekom was the only Hungarian blue chip to inch higher (+0.2%), while OTP subsided 1.2% and MOL closed 0.3% lower. Richter shrank 1.4%, nearly erasing Friday's 1.5% gain. After market close on Monday, the geothermal heat service provider Pannergy published its half-year report. The milder weather dented heat sales, which reduced both consolidated revenue and gross profit in year/year terms, but its EBITDA has risen.

Recovering from Friday's fall, the euro firmed 0.2% against the US dollar and appreciated 0.8% versus the GBP. Once again, Brexit reports were in the centre of attention: most recently EU chief negotiator for Brexit, Michel Barnier's comment, and its misunderstanding influenced the pound's exchange rate, and Boris Johnson's message also weakened the sterling on Monday. Emerging market currencies remained under pressure. In a bid to boost its budget revenues, Argentina announced to tax exports, but this could not stop its currency from continuing its losing streak: the peso's 4.4% depreciation lifted the USD/ARD near 38.5. Turkey's lira extended its losses by 2% after releasing statistics on rising inflation. Brazil's real lost more than 1% against the US dollar, while the Indonesian rupee subsided to 20-year low, and Iran's rial hit an all-time low. The forint followed the same direction: the EUR/HUF exceeded 327 at one point on Monday, and the pair closed at 326.88, up from 326.4 in the morning.

Government bond yields sank on global markets: that on the German 10Y Bund shed one basis point, British bond yields came down two basis points, and Italy's benchmark yield slid five basis points as the finance minister's speech about budget plans lacked the populist rhetoric this time.

In Hungary the benchmark yield on the 3M tenor sank by four basis points; on other maturities, yields upped by one or two basis points. Today the ÁKK will auction 3M zero-coupon treasury bills. In Monday's forint liquidity FX swap tender, the MNB's transactions amounted to HUF 75 billion. Taking into account Wednesday's maturities, the excess liquidity provided to Hungary's banking system remained at HUF 1,989 billion.

Brent price climbed 0.7%, above 78 USD/barrel. The WTI upped 0.3% to more than 70 USD/barrel. Iran's petroleum supplies in August marked the lowest since 2016.

Asia's stock markets ended a rather listless session this morning. The Nikkei edged lower, while mainland China's and Hong Kong's benchmark nudged higher. The yen oscillated as the Bank of Japan boosted its monthly short-term bond buys, to counterbalance the decline in the number of days available for purchases.

Today the USA will release a raft of important data, including the ISM manufacturing PMI for August, the July gauge of construction spending, and statistics for August vehicle sales. Reportedly, President Trump is planning to impose additional USD 200 billion tariffs on goods imported from China.

	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	2901,5	0,0	8,5	VIX	12,9	0,0	16	WTI	70,1	0,3	16,0
	DOW	25964,8	0,0	5,0	US 2Y	2,63	0	74	Brent	78,15	0,9	16,9
	Nasdaq100	7654,6	0,0	19,7	US 10Y	2,85	0	44	Gold	1200,4	0,0	-7,8
	DAX	12346,4	-0,1	-4,4	GER 2Y	-0,62	0	1	Silver	14,46	-0,3	-14,7
	CAC40	5413,8	0,1	1,9	GER 10Y	0,34	0	-9	EUR/USD	1,16	0,2	-3,1
	FTSE 100	7504,6	1,0	-2,4	PT10Y	1,93	0	0	EUR/GBP	0,90	0,8	1,6
	FTSE MIB	20395,8	0,6	-6,7	IT 10Y	3,19	-5	119	EUR/NOK	9,71	-0,2	-1,4
	Stoxx600	382,5	0,1	-1,7	SP 10	1,49	0	-8	USD/CAD	1,31	0,4	4,1
	- Banks	134,4	0,1	-18,5	iTRAXX	68,4	-0,1	51	AUD/USD	0,72	0,3	-7,6
	Nikkei 225	22696,9	0,0	-0,3	JPY 2Y	-0,11	-1	3	USD/JPY	111,07	0,0	-1,4
	SSEC	2754,7	1,2	-16,7	JPY 10Y	0,12	0	7	GBP/USD	1,29	-0,7	-4,8
Regional	RTS	1085,2	-0,7	-6,0	RUS10	8,7	-0,6	14	USD/RUB	67,925	0,7	17,8
	WIG20	2355,67	0,8	-4,3	POL 10	3,2	0,8	-3	EUR/PLN	4,29	-0,2	2,8
	PX50	1073,1	0,0	-0,5	CZ10	2,1	-0,3	38	EUR/RON	4,630	-0,2	-1,0
Hungary	BUX	36972	-0,7	-6,1	3M DKJ	0,20	0	16	EUR/HUF	326,66	0,1	5,2
	OTP	10240	-1,2	-4,5	1Y	0,55	-5	50	USD/HUF	281,08	-0,1	8,6
	MOL	2862	-0,3	-4,8	3Y	1,67	-1	112	CHF/HUF	290,05	0,3	9,5
	MTelekom	414	0,2	-9,7	5Y	2,92	0	175	PLN/HUF	76,07	0,0	2,4
	Richter	5455	-1,4	-19,5	10Y	3,49	1	145	GBP/HUF	361,61	-0,7	3,5

* 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 9. 3.	2 : 30	JP Nikkei Manufacturing PMI (points)	Aug	51,9	-	52,5
	9 : 00	HU Manufacturing PMI (points)	Aug	56,2	-	53,1
	9 : 00	TR Inflation (mom, %)	Jun	2,3	2,2	0,6
	9 : 00	TR Inflation (yoy, %)	Aug	17,9	17,8	15,9
4.	16 : 00	US ISM Manufacturing PMI (points)	Aug		57,7	58,1
	16 : 00	US Construction expenditure (mom, %)	Jul		0,6	-1,1
	21 : 30	US Vehicle sales (annualized monthly, million)	Aug		16,8	16,8
5.	9 : 00	HU Retail sales (first estimate, yoy, %)	Jul		-	6,8
	9 : 00	HU GDP (detailed, yoy, %)	Q2		4,6	4,6*
	9 : 00	HU GDP (detailed, qoq, %)	Q2		0,9	0,9*
	11 : 00	EZ Retail sales (mom, %)	Jul		-0,2	0,3
	14 : 00	PL Interest rate decision (%)	Sept		-	1,5
6.	8 : 00	DE Industrial orders (mom, %)	Jul		2,1	-4,0
	9 : 00	HU Industrial production (preliminary, yoy, %)	Jul		-	4,2
	14 : 15	US ADP non-farm employment (mom, '000s)	Aug		187,0	219,0
	16 : 00	US Factory orders (mom, %)	Jul		-1	1
	16 : 00	US ISM non-Manufacturing PMI (points)	Aug		56,0	55,7
7.	8 : 00	DE Export (mom, %)	Jul		0,5	0,0
	8 : 00	DE Industrial production (mom, %)	Jul		0,2	-0,9
	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Jul		-	1070,0
	10 : 00	HU International reserves (preliminary, EURbn)	Aug		-	23,9
	11 : 00	EZ GDP (detailed, qoq, %)	Q2		0,4	0,4*
	11 : 00	EZ GDP (detailed, yoy, %)	Q2		2,2	2,2*
	11 : 00	HU Fiscal balance (monthly, billion HUF)	Aug		-	-70,4
	14 : 30	US Unemployment rate (%)	Aug		3,9	3,9
	14 : 30	US Average earnings (yoy, %)	Aug		2,8	2,7
	14 : 30	US Average earnings (mom, %)	Aug		0,3	0,3
	14 : 30	US Non-farm payroll (mom, '000s)	Aug		187,0	157,0
9.	0 : 0	SE Swedish parliamentary elections	Sept			

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

Disclaimer

1. **The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject to any prohibition on dealing ahead of the dissemination or publication of investment research.**
2. This communication does not contain a comprehensive analysis of the described issues. No part, chapter, or the entirety of this information shall be considered as investment recommendation, an offer or solicitation for the purchase or sale of any financial instrument, inducement to invest, financial or investment analysis, investment research or marketing communication, not even if any part of this document contains a description of a certain financial instrument in terms of its possible price or yield development, and the related investment options; the data herein are for informational purposes only. This document shall not be considered as investment recommendation falling under Directive 596/2014/EU of the European Parliament and of the Council. This document does not take into account investors' individual interests, circumstances, or objectives; therefore, in the absence of personal recommendation, it shall not be considered as investment advice. OTP Bank intends to make this document available to its clients or to the public, or to make it accessible to other persons in such a way that allows this document to be disseminated to the public.
3. Information herein reflects the market situation at the time of writing. However, it provides only momentary information and may change as market conditions and circumstances develop. You may request more information from OTP Bank. Although the information in this document has been prepared in good faith from sources that OTP Bank believes to be reliable, we do not represent or warrant its accuracy or completeness. This document was prepared using data, facts and information from the following essential sources: Bloomberg, Reuters, KSH (Hungarian Central Statistical Office), Eurostat, Magyar Nemzeti Bank (Hungary's central bank) ÁKK (Hungary's Government Debt Management Agency), and European Central Bank (ECB). The opinions and estimates in this document are based on the opinion of OTP Research's analyst(s) at the time when the document was prepared, and they may be subject to change at any time in the future without further notice. You may receive different recommendation from the staff of OTP Bank, in particular if you are provided investment advice based on an investment advice agreement.
4. This publication contains generic presentation of information and knowledge, thus it does not take into account the individual clients' unique and special interests, financial condition, or their ability and willingness to take risks. Therefore please contact our staff or contact your banking consultant for advice before you make an investment decision. The assessment and the consideration of the individual circumstances is provided by the suitability and appropriateness tests that assess clients' financial knowledge, experience, risk-taking abilities, as well as the examination of the target market.
5. Before making an informed decision to invest and to use the services, please carefully read through all documents, including the documentation, prospectus, regulations, terms and conditions, announcements and key information documents for that product/service, and carefully consider the subject, the risk, the fees and costs of your investment, the possibility of any loss, and seek information about the tax regulations regarding the product and the investment. The prices of financial instruments and securities are changing, outright sales are realized at then current market prices, which may involve losses. The information and opinions in this document do not substitute or take the place of the issuance documentation for the given financial assets (e.g. prospectus, fund management rules), or their brochures or announcements.
6. You assume total responsibility and risk for any specific decision or investment; OTP Bank shall not be held responsible for the effectiveness of investment decisions or for reaching your purpose, nor for the individual investment decision made based on this document or any part thereof, or for their consequences. Investments in financial instruments carry a certain degree of risk, which may affect the effectiveness of the investment decision, and investors may not receive the whole amount they expected the investment to yield in their investment targets; they may not preserve even the invested amount, therefore the invested capital might even decrease, be wholly lost, or even lead to additional payment obligation.
7. Trading with leveraged products (such as foreign exchange contracts) or with shares and indices that have underlying products carries a considerable amount of risk, and these products are not suitable for all investors. Trading with leveraged products carries the risk of losing all capital, and it may incur losses that exceed the amount invested.
8. **The figures and information described herein refer to yields or changes in the past. Past performance is not a reliable indicator of future yields, changes, or performance.** The changes on money and capital markets, the fluctuation of prices, the development of investments and their yields are influenced by the combined effect of multiple factors; one important factor of them is the change in investors' expectations. **The development of prices, the future yield of financial assets, indices or indicators, the examination of their changes, trends, and future performance is based on estimations and forecasts, which forecasts do not allow reliable conclusions to be drawn about the future moves of prices, real future yields, changes, or performance.** For each product and service, please assess their tax accounting implications, and other tax consequences, taking into account that they cannot be precisely assessed without knowing the effective tax regulations or the client's individual circumstances; and these legislative provisions as well as the circumstances may change over time.
9. This document shall not be a basis for any further analysis in relation to the financial instruments contained therein. Any reference in this document to the future distribution of a financial instrument shall be construed as indicative, preliminary and informative, and any analysis of such financial instrument is exclusively based on publicly available information listed in the respective prospectus or announcement. The content of this document shall not imply that OTP Bank acts as an agent, a fiduciary, or an advisor to, or on behalf of, any prospective purchaser of the financial instruments discussed herein.
10. For certain persons, access to the products and/or services discussed in this document may not be granted, or it may be limited. The act of preparing this document by OTP Bank, its uploading to the website, its publication may under no circumstances be considered as OTP Bank's intention to make available the product and/or service information in the prospectus to persons whom any country or state prohibits from having or obtaining the given product and/or service, including the promotion and the advertisement thereof.

11. OTP Bank maintains a conflict of interest policy and it keeps such records, and it also has requirements that regulate the transmission of bank secrets and securities secrets, which requirements shall be considered as the effective internal organizational and management solutions as well as information barriers to prevent or manage conflicts of interest.
OTP Bank has developed appropriate internal procedures for (i) the personal transactions and trading of financial analysts and other relevant persons, (ii) the physical separation of the financial analysts involved in the production of investment research and other relevant persons; moreover, information barriers have been implemented, (iii) for accepting and managing incentives and remuneration.
Please be informed that OTP Bank is entitled to deal or trade as market maker, acting in good faith and in accordance with the usual way of market-making, with the financial instruments distributed by the issuer(s) specified in this document, as well as to provide other investment activities or ancillary (investment) services, and/or other financial or ancillary financial services to the issuer and other persons.
12. Previous documents on investing in this asset or product are available on the website of OTP Research: www.otpresearch.com
13. OTP Bank (company registration number: 01-10-041-585; registered seat: Nádor utca 16., Budapest H-1051, Hungary. Supervisory authority: Magyar Nemzeti Bank (National Bank of Hungary – H-1054 Budapest, Szabadság tér 9); financial customer services: H-1013 Budapest, Krisztina krt. 39. PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008; further information: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>).
All rights reserved. This document is solely owned by OTP Bank. No part of this material can be reproduced, re-used, disseminated, made available, re-published, referenced to, or inserted in other websites or services without the prior written consent of OTP Bank.
14. If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to research@otpbank.hu or by writing a letter to 'Research Center', Hungary H-1051, Budapest, Nádor utca 21. Please refer to your name and e-mail address in both cases.
Data management registration number: NAIH-89457/2015
15. The personal data in this investment research are processed by OTP Bank. The legal basis for processing the data is the legitimate interest of OTP Bank. The detailed information about the processing of personal data and the related rights of data subjects is available [here](#).

This document was prepared on 04 September 2018.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses,

detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to newsletters@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.