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Daily Report

Summary

- Trade war fears have returned to markets.
- The developed world's stock markets closed in the red yesterday.
- EM currencies did not do well on Tuesday.
- Detailed GDP data for Q2 are due out across Europe today.

Donald Trump's plan to impose tariffs on another USD 200 billion worth of Chinese goods rekindled trade war fears. The measure may take effect before the end of this week, and on past form, China is unlikely to wait long before taking action. Meanwhile, emerging economies kept investors active: while Turkey's economy is teetering on the edge, South Africa raised a few eyebrows by publishing disappointing quarter-over-quarter GDP data, which indicated recession.

Western Europe's stock markets continued their losing streak yesterday. US markets picked up at the end of the day, but could not wipe out all losses. In addition to the latest chapter in the trade war, corporate news reports also made their impact. Nike's share price (-3.2%) was torn by the scandal about its controversial new ad. Following the tech giant Apple, Amazon (+1.3%) became the second American company to exceed the 1,000-billion-dollar market capitalization. Goldman Sachs issued Sell recommendation for Tesla (-4.2%). Facebook's (-2.6%) recent scandals continue to fret investors.

The US 10Y Treasury note rose by three basis points, to 2.9%, while the Germany 10Y Bund yields upped two basis points, to 0.36%.

The pessimism did not leave Asia unaffected. Hong Kong's Hang Seng was the weakest index, standing more than 2% in the red ahead of the close. The USD/JPY barely moved this morning.

The BUX inched down. The strongest blue chip, MOL gained 1.5%.

In Tuesday's auction, the ÁKK sold the amount on offer (HUF 40 billion) in 3M zero-coupon treasury shares, with the average yield at 0.09% and the bid/cover ratio exceeding 2x. On the secondary market, the long end of the yield curve increased by one to four basis points.

Emerging currencies were going through a rough patch yesterday. The Turkish lira's several-month-long ailing continued. South Africa published unusually weak GDP figure, thus its currency the rand nose-dived, sending the EUR/ZAR 3.0% higher. The HUF also stumbled: the EUR/HUF surpassed the 328 line, and closed near it. The dollar's strengthening sent the EUR/USD 0.4% lower on Tuesday.

Crude oil prices rose steeply on the back of news that two oil rigs were evacuated in the Gulf of Mexico, which gives almost one-fifth of the USA's oil production, in preparation for hurricane Gordon. But the direction of trading reversed later in the day, and crude oil price fell below the morning's level. The most important industrial metals and silver stood 2% in the red, while gold price fell almost 1%.

The August reading of the ISM manufacturing purchasing managers' index rose to a 14-year high of 61.3, surpassing forecasts of 57.7.

Today a number of EU countries, including Hungary will release the breakdown of Q2 GDP data.

	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	2896,7	-0,2	8,3	VIX	13,2	2,3	19	WTI	69,4	-1,0	14,9
	DOW	25952,5	0,0	5,0	US 2Y	2,66	3	77	Brent	78,17	0,0	16,9
	Nasdaq100	7622,3	-0,4	19,2	US 10Y	2,90	5	49	Gold	1191,0	-0,8	-8,6
	DAX	12210,2	-1,1	-5,5	GER 2Y	-0,60	2	4	Silver	14,08	-2,6	-16,9
	CAC40	5342,7	-1,3	0,6	GER 10Y	0,36	2	-7	EUR/USD	1,16	-0,4	-3,5
	FTSE 100	7457,9	-0,6	-3,0	PT10Y	1,88	-6	-5	EUR/GBP	0,90	-0,2	1,4
	FTSE MIB	20601,0	1,0	-5,7	IT 10Y	3,04	-15	104	EUR/NOK	9,72	0,1	-1,3
	Stoxx600	379,8	-0,7	-2,4	SP 10	1,47	-2	-11	USD/CAD	1,32	0,7	4,8
	- Banks	134,5	0,1	-18,5	iTRAXX	68,0	-0,5	51	AUD/USD	0,72	-0,5	-8,0
	Nikkei 225	22599,0	-0,4	-0,7	JPY 2Y	-0,11	0	2	USD/JPY	111,44	0,3	-1,1
	SSEC	2726,1	-0,9	-17,6	JPY 10Y	0,12	0	7	GBP/USD	1,29	-0,1	-4,9
Regional	RTS	1082,2	-0,3	-6,3	RUS10	8,8	1,3	16	USD/RUB	68,070	0,2	18,1
	WIG20	2321,24	-1,5	-5,7	POL 10	3,2	0,2	-3	EUR/PLN	4,31	0,4	3,2
	PX50	1073,9	0,1	-0,4	CZ10	2,1	-0,3	37	EUR/RON	4,628	0,0	-1,1
Hungary	BUX	36968	0,0	-6,1	3M DKJ	0,20	0	16	EUR/HUF	327,63	0,3	5,5
	OTP	10210	-0,3	-4,8	1Y	0,60	4	55	USD/HUF	282,89	0,6	9,3
	MOL	2906	1,5	-3,3	3Y	1,68	1	113	CHF/HUF	290,25	0,1	9,5
	MTelekom	415	0,4	-9,4	5Y	2,96	4	179	PLN/HUF	75,98	-0,1	2,3
	Richter	5350	-1,9	-21,1	10Y	3,53	4	149	GBP/HUF	363,47	0,5	4,0

* 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	61,3	57,7	58,1
	16 : 00	US Construction expenditure (mom, %)	Jul	0,1	0,5	-1,1
	21 : 30	US Vehicle sales (annualized monthly, million)	Aug	16,7	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	219
	16 : 00	US Factory orders (mom, %)	Jul		-0,5	0,7
	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
	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			

* preliminary data

Sources: Reuters, OTP Research

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