

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

Pál András Saághy

+36 1 288 7553

Pal.Andras.Saaghy@otpbank.hu

Institutional

Lóránt Fábián

+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

- Despite a weak opening, Europe's stock markets closed with gains on Monday.
- Investigations may start at US tech giants; technology indices and the S&P fell in America.
- The HUF is firming dynamically, Hungarian bond yields fell.

Despite the lacklustre opening on Monday, Europe's key stock indices climbed into positive territory by the close. Investors' concerns over the trade war tension have not evaporated; a rally in defensive sectors helped the Stoxx600 reach positive territory and post 0.4% gain. The health care sector closed higher, partly benefiting from Merck's announcement on a clinical test of a research. Despite the European banking sector's ailing, the electronic payment services company Wirecard jumped 3.6% on the guidance that its first-half-year performance would be excellent. The DAX advanced 0.6%, shrugging off Infineon's 8% plunge. Investors started to sell off the chip maker's shares on news of an agreement to buy Cypress Semiconductor for USD 10 billion. Its rival ASM contracted by 0.7%. Among the ailing financial services providers, the Spanish stock market operator Bolsas y Mercados Españoles (-8%) was hit the hardest, after reporting a 22% plunge in May turnover. The FTSE dropped 0.3% yesterday. The basic materials sector, which is susceptible to trade disputes and economic growth outlook, corrected Friday's slip. The long-term bond yields of Germany stagnated, while those of the UK and France inched lower. Italy's 10Y benchmark yield sank 11 basis points.

The negative sentiment did not improve on the other side of the Atlantic where the S&P500 shed 0.3% and the Nasdaq100 fell 2.1%. Among the S&P's sector indices, the communications and the technology segments fell particularly sharply, following the US Department of Justice's announcement on antitrust examinations of tech giants, including Apple, Alphabet, Amazon, and Facebook. FB dived 7.5%, Alphabet shrank 6%, Amazon slid 4.6%, and Apple lost 1%. One reason for the sour sentiment was the worse-than-expected reading of the ISM manufacturing purchasing managers' index. In month/month comparison, construction expenditure stagnated in April, but the previous data of 1% fall was revised upward. This benefited the basic materials sector, and made it an outperformer within the S&P's sectors. The 10Y US benchmark yield sank five basis points. James Bullard, the St. Louis Fed President said a rate cut may be warranted soon. The US dollar weakened, the Bloomberg Dollar Spot Index came down 0.3%. The euro appreciated 0.7% against the greenback. The pound strengthened 0.3% versus the USD.

Crude oil prices fell: WTI slipped 0.3%, and Brent slid 5.0%, according to Datastream's figures. Gold, silver and copper prices all edged higher.

In the Central and Eastern Europe, Poland's WIG20 sank 0.1%, while Hungary's BUX added 0.5%, and the Czech PX closed 0.6% higher. All Hungarian blue chips gained: Richter surged 0.9%, Mol advanced 0.8%, and MTelekom grew by 0.7%. OTP inched up 0.1%. Mol announced to pay 142.44 HUF/share dividend, which translates into 4.3% dividend yield, based on Monday's closing price.

On the secondary market of Hungarian bonds, long-term yields fell sharply, by 9–14 basis points. The forint's concurrent appreciation sent the EUR/HUF to 323.2 by the end of Monday, down from 325 on Friday. The HUF appreciated 1.2% versus the USD. On Monday Hungary's MNB said it had accepted HUF 25 bn bids on all maturities in Monday's FX swap tender. Taking into account near-term maturities, volumes remain at the previous level of HUF 1,725 bn.

In Asian trading the sentiment did not improve this morning, when the key stock indices stood in negative territory or near zero ahead of the close. Australia's stock market was seen rising after its central bank had lowered the benchmark rate to a record low level of 1.25%, in line with expectations.

Today's highlights include the eurozone's latest inflation statistics, Fed chair Jerome Powell's speech, and the US manufacturing orders 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	2744,5	-0,3	9,5	VIX	18,9	0,8	-26	WTI	53,3	-0,5	17,3
	DOW	24819,8	0,0	6,4	US 2Y	1,84	-10,4	-66	Brent	61,28	-5,0	13,9
	Nasdaq100	6978,0	-2,1	10,2	US 10Y	2,08	-6,1	-61	Gold	1324,8	1,5	3,3
	DAX	11792,8	0,6	11,7	GER 2Y	-0,64	2,0	-5	Silver	14,78	1,4	-4,6
	CAC40	5241,5	0,6	10,8	GER 10Y	-0,20	0,2	-45	EUR/USD	1,1240	0,7	-2,0
	FTSE 100	7184,8	0,3	6,8	PT10Y	0,77	-4,8	-96	EUR/GBP	0,8874	0,3	-1,2
	FTSE MIB	19874,2	0,4	8,5	IT 10Y	2,57	-8,9	-20	EUR/NOK	9,7908	0,1	-1,2
	Stoxx600	370,5	0,4	9,7	SP 10	0,70	-2,1	-73	USD/CAD	1,3433	-0,6	-1,5
	- Banks	109,5	0,1	-3,1	iTRAXX	70,5	-0,7	-20	AUD/USD	0,6976	0,5	-1,0
	Nikkei 225	20408,5	0,1	2,0	JPY 2Y	-0,19	-1,3	-5	USD/JPY	108,06	-0,2	-1,4
SSEC	2865,5	-0,9	14,9	JPY 10Y	-0,10	-1,3	-11	GBP/USD	1,2663	0,3	-0,7	
Regional	RTS	1315,2	2,2	23,4	RUS10	7,9	0,4	-9	USD/RUB	65,322	-0,4	-6,3
	WIG20	2237,71	-0,1	-1,7	POL 10	2,6	-0,7	-8	EUR/PLN	4,28	-0,1	-0,2
	PX50	1049,9	0,6	6,4	CZ10	1,6	-9,3	-18	EUR/RON	4,731	-0,3	1,7
Hungary	BUX	41114	0,5	5,0	3M DKJ	0,12	0,0	5	EUR/HUF	323,08	-0,5	0,7
	OTP	12160	0,1	7,7	1Y	0,28	0,0	-17	USD/HUF	287,30	-1,2	2,7
	MOL	3302	0,8	7,3	3Y	1,07	-9,0	-19	CHF/HUF	288,48	-0,5	1,1
	MTelekom	420	0,7	-4,5	5Y	1,78	-11,0	-75	PLN/HUF	75,46	-0,5	1,2
	Richter	5275	0,9	-2,9	10Y	2,88	-15,0	-16	GBP/HUF	363,92	-1,0	2,2

* 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.
2019 6. 3.	2 : 30	JP Nikkei Manufacturing PMI (points)	May	49,8	-	49,6
	9 : 00	HU Manufacturing PMI (points)	May	57,9	-	54,9
	9 : 00	HU Industrial producer prices (yoy, %)	Apr	4,1	-	2,7
	9 : 00	TR Inflation (yoy, %)	May	18,7	19,1	19,5
	16 : 00	US Construction expenditure (mom, %)	Apr	0,0	0,5	0,1
	16 : 00	US ISM Manufacturing PMI (points)	May	52,1	53,3	52,8
4.	11 : 00	EZ CPI (flash, yoy, %)	May		1,4	1,7
	11 : 00	EZ Core CPI (flash, yoy, %)	May		1,0	1,3
	11 : 00	EZ Unemployment rate (%)	Apr		7,7	7,7
	15 : 45	US Jerome Powell speech	-		-	-
	16 : 00	US Factory orders (mom, %)	Apr		-0,7	1,9
5.	9 : 00	HU Retail sales (first estimate, yoy, %)	Apr		-	5,9
	11 : 00	EZ Retail sales (mom, %)	Apr		-0,1	0,0
	14 : 00	PL Interest rate decision (%)	Jun		1,5	1,5
	14 : 15	US ADP non-farm employment (mom, '000s)	May		190	275
	16 : 00	US ISM non-Manufacturing PMI (points)	May		56,0	55,5
	20 : 00	US Fed Beige Book	Jun		-	-
6.	8 : 00	DE GDP (detailed, qoq, SA, %)	Apr		0,3	0,6
	9 : 00	HU Industrial production (preliminary, yoy, %)	Apr		-	8,0
	11 : 00	EZ GDP (preliminary, yoy, %)	Q1		1,2	1,2
	11 : 00	EZ GDP (preliminary, qoq, %)	Q1		0,4	0,4
	13 : 45	EZ Interest rate decision (deposit rate, %)	Jun		0,0	0,0
	13 : 45	EZ Interest rate decision (lending rate, %)	Jun		-0,4	-0,4
	14 : 30	US Continuing jobless claims ('000s)	weekly			1657
	14 : 30	US Initial jobless claims ('000s)	weekly			215
7.	8 : 00	DE Export (mom, %)	Apr		-1,0	1,5
	8 : 00	DE Industrial production (mom, %)	Apr		-0,2	0,5
	9 : 00	HU Inflation (yoy, %)	May			3,9
	9 : 00	HU Core-inflation (yoy, SA, %)	May			3,8
	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Apr		-	644
	10 : 00	HU International reserves (preliminary, EURbn)	May		-	26,9
	11 : 00	HU Fiscal balance (monthly, billion HUF)	May		-	102,9
	14 : 30	US Average earnings (yoy, %)	May		3,2	3,2
	14 : 30	US Average earnings (mom, %)	May		0,3	0,2
	14 : 30	US Unemployment rate (%)	Apr		3,7	3,6
	14 : 30	US Non-farm payroll (mom, '000s)	Apr		190	263

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

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