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Daily Report

Summary

- America's stock indices closed mixed, Europe ended in the red on Thursday.
- The trade war conflict is intensifying.
- Government bond yields fell deeper on Thursday.
- The USA released a mixed bag of economic data yesterday.

America's stock indices closed mixed, with the S&P500 picking up 0.2%, the Dow closing 0.4% higher, and the Nasdaq100 dipping 0.1%. The better-than-expected US retail data and Walmart's cheering quarterly earnings figure somewhat benefited investment sentiment but the concerns about worsening global growth outlook and the escalating USA-China trade tension dragged stock markets down. In the corporate world, one of the winners of the day was NVidia. The microchip-maker's stocks jumped by 6.5% in after-hours trading as its profit surpassed analysts' expectations. In contrast, General Electric's stocks fell 15% in Thursday's trading, as it is reported to be struggling with severe financial problems; its debt to equity ratio is said to be at 17:1, rather than 3:1.

The downward moves on Europe's stock markets continued on Thursday. France's CAC40 and the pan-European Stoxx600 shed 0.3% each, Germany's DAX dropped 0.7%, and the UK's FTSE100 fell 1.1%. Being the most vulnerable to trade war tensions because of its strong dependence on exports, the auto industry was hit hard. The commodity sector's shares were also among losers yesterday. In the adverse global sentiment, the BUX weakened 0.3%. OTP slipped 1.1%, Mol declined by 0.3%, Magyar Telekom stagnated; Richter, the only Hungarian blue chip to increase yesterday, advanced 1.3%.

The trade war between the USA and China is escalating. Beijing is planning counter-measures to retaliate America's plan to launch tariffs on USD 300 bn worth of Chinese imports, and it wants the USA to meet halfway on trade issues. In response, President Donald Trump said he wanted the trade deal to be made under the USA's terms. Previously, the US president said he was prepared to ink a deal with China only if Beijing finds a peaceful solution to the protests in Hong Kong. Meanwhile China's leaders warned protesters and Hong Kong's leaders that Beijing can put an end to protests at any time.

Amid concerns about global growth outlook, government bond yields continued to drop on Thursday. Yields on 2Y and 10Y US instruments sank eight and five basis points, respectively, and the 30Y bond yield fell to a record low of less than 2%. German 2Y and 10Y bond yields came down 4-5 points.

In commodities, WTI crude slipped 1.4% and Brent slid 2.1%. Among precious metals, gold price grew by 0.5%, and silver rose by 0.3%.

The euro's depreciation sent the EUR/USD 0.3% lower and reduced the EUR/GBP by 0.5%.

The USA published rather mixed macroeconomic data yesterday. Retail sales expanded by 0.7% month/month in July, whereas analysts had forecast only 0.3% increase. The New York Fed manufacturing index, at 4.8, exceeded the market expectation of 3.0. On the other hand, industrial production contracted by 0.2%, missing economists' prediction of 0.1% uptick. Continued jobless claims, at 1,726,000, also disappointed as the gauge stood at only 1,684,000 last week. Likewise, the initial jobless claims figure of 220,000 exceeded analysts' forecast of 214,000.

The USA will release important housing market data today. Elsewhere, Fitch and Standard & Poor's are to review Hungary's sovereign debt rating.

	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	2847,6	0,2	13,6	VIX	21,2	-4,2	-17	WTI	54,5	-1,4	20,0
	DOW	25579,4	0,4	9,7	US 2Y	1,50	-8	-100	Brent	58,23	-2,1	8,2
	Nasdaq100	7484,9	-0,1	18,2	US 10Y	1,53	-5	-116	Gold	1523,0	0,5	18,7
	DAX	11412,7	-0,7	8,1	GER 2Y	-0,91	-4	-32	Silver	17,27	0,3	11,5
	CAC40	5236,9	-0,3	10,7	GER 10Y	-0,70	-5	-95	EUR/USD	1,1106	-0,3	-3,2
	FTSE 100	7067,0	-1,1	5,0	PT10Y	0,09	-10	-164	EUR/GBP	0,9189	-0,5	2,3
	FTSE MIB	20020,3	0,0	9,3	IT 10Y	1,34	-17	-143	EUR/NOK	10,0193	0,1	1,1
	Stoxx600	365,1	-0,3	8,1	SP 10	0,04	-11	-138	USD/CAD	1,3308	-0,1	-2,4
	- Banks	97,1	-0,7	-14,1	iTRAXX	56,1	-3,4	-36	AUD/USD	0,6775	0,4	-3,9
	Nikkei 225	20418,8	0,1	2,0	JPY 2Y	-0,28	0	-14	USD/JPY	106,11	0,2	-3,1
	SSEC	2837,8	0,8	13,8	JPY 10Y	-0,23	0	-24	GBP/USD	1,2084	0,2	-5,3
Regional	RTS	1250,1	-0,8	17,0	RUS10	7,4	0	-16	USD/RUB	66,024	-0,1	-5,2
	WIG20	2078,39	0,0	-8,7	POL 10	1,8	0	-38	EUR/PLN	4,37	-0,1	1,9
	PX50	1031,0	0,1	4,5	CZ10	0,9	0	-53	EUR/RON	4,723	0,1	1,5
Hungary	BUX	40019	-0,3	2,2	3M DKJ	0,08	0	1	EUR/HUF	325,54	0,1	1,4
	OTP	12260	-1,1	8,6	1Y	0,11	-1	-34	USD/HUF	292,87	0,3	4,7
	MOL	2960	-0,3	-3,8	3Y	0,46	1	-80	CHF/HUF	300,11	0,0	5,2
	MTelekom	420	0,0	-4,5	5Y	0,83	7	-170	PLN/HUF	74,32	-0,2	-0,4
	Richter	4900	1,3	-9,8	10Y	1,63	8	-141	GBP/HUF	355,08	0,8	-0,3

* 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 8. 12.	9 : 00	HU	Construction output (YoY, %)	Jun	20,3	-	26,3
	20 : 00	US	Federal budget balance (USDbn)	Jul	-120,0	-120,0	-8,0
13.	9 : 00	HU	Industrial production (second estimate, YoY, %)	Jun	-1,4	-	-1,4*
	11 : 00	DE	ZEW Economic Sentiment (points)	Aug	-44,1	-28,5	-24,5
	14 : 30	US	CPI (YoY, %)	Jul	1,8	1,7	1,6
	14 : 30	US	CPI (MoM, SA, %)	Jul	0,3	0,3	0,1
	14 : 30	US	core-CPI (YoY, %)	Jul	2,2	2,1	2,1
	14 : 30	US	core-CPI (MoM, SA, %)	Jul	0,3	0,2	0,3
14.	4 : 00	CN	Infrastructural spending (YoY, %)	Jul	5,7	5,8	5,8
	4 : 00	CN	Industrial production (YoY, %)	Jul	4,8	5,8	6,3
	4 : 00	CN	Retail sales (YoY, %)	Jul	7,6	8,6	9,8
	8 : 00	DE	GDP (flash, YoY, NSA, %)	Q2	0,0	-0,3	0,6
	8 : 00	DE	GDP (preliminary, QoQ, SA, %)	Q2	-0,1	-0,1	0,4
	8 : 00	RO	GDP (preliminary, YoY, %)	Q2	4,4	4,5	5,0
	9 : 00	CZ	GDP (preliminary, YoY, %)	Q2	2,7	2,6	2,8
	9 : 00	HU	GDP (preliminary, YoY, %)	Q2	4,9	4,6	5,3
	9 : 00	HU	GDP (preliminary, QoQ, %)	Q2	1,9	-	1,5
	9 : 00	SK	GDP (preliminary, YoY, %)	Q2	1,9	3,3	3,7
	10 : 00	PL	GDP (preliminary, YoY, %)	Q2	4,4	4,5	4,7
	10 : 00	PT	GDP (preliminary, QoQ, %)	Q2	0,5	-	0,5
	10 : 30	UK	Inflation (YoY, %)	Jul	2,1	1,9	2,0
	10 : 30	UK	Core inflation (YoY, %)	Jul	1,9	1,8	1,8
	11 : 00	EZ	GDP (preliminary, YoY, %)	Q2	1,1	1,1	1,1*
	11 : 00	EZ	GDP (preliminary, QoQ, %)	Q2	0,2	0,2	0,2*
	11 : 00	EZ	Industrial production (MoM, %)	Jun	-2,6	-1,4	0,9
15.	10 : 30	UK	Retail sales (MoM, %)	Jul	0,2	-0,2	1,0
	14 : 30	US	Retail sales (MoM, %)	Jul	0,7	0,3	0,4
	14 : 30	US	New York Fed Manufacturing index (points)	Aug	4,8	3,0	4,3
	14 : 30	US	Continuing jobless claims ('000s)	weekly	1726,0	-	1684
	14 : 30	US	Initial jobless claims ('000s)	weekly	220,0	214	209
	15 : 15	US	Industrial production (MoM, %)	Jul	-0,2	0,1	0,0
	16 : 00	US	Business inventories (MoM, %)	Jun	0,0	0,1	0,3
16.	14 : 30	US	Housing starts (annualized monthly, '000s)	Jul	-	1257	1253
	14 : 30	US	Building permits (annualized monthly, '000s)	Jul	-	1270	1232
	16 : 00	US	Michigan Consumer confidence (preliminary, points)	Aug	-	97,2	98,4
		HU	Fitch Ratings rating decision	-	-	-	BBB
		HU	Standar & Poor's rating decision	-	-	-	BBB

* preliminary data

Sources: Reuters, OTP Research

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This document was prepared on 16 August 2019.

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