

# OTP Morning Brief



- *Bright sentiment in Europe's stock exchanges*
- *America's indices closed higher*
- *Global bond yields rose; the EUR firmed*
- *Gold and silver prices fell*
- *The ECB's monetary policy meeting is today*

## Benign trading sentiment in Europe

Europe's stock markets continued their winning streak on Wednesday, when Germany's DAX surged 3.9%, France's CAC40 grew by 3.5%, and Britain's FTSE100 advanced 2.6%. In Europe, banking shares gained 4.5%.

Germany has announced a whopping EUR 130 billion package to boost consumption and investment. The latter will help develop critical infrastructure (5G network and rail development, as well as discounts for electric vehicles).

Britain's car sales plunged 90% year-on-year in May, while sales in France fell 50%. The discrepancy stems from the different timing of the economies' restarting.

In the bright sentiment, Hungary's BUX grew by 3.8% and Poland's WIG20 rose 1.8%. In Hungary, OTP shot up 5.5%, MOL advanced 5%, Richter gained 1.8%, while MTelekom dipped 0.4%.

## US markets closed higher

In the USA, the S&P500 closed 1.4% higher, while the Nasdaq100 increased by 0.5%. In the S&P500, industry and finance outperformed, while the healthcare and telecommunications sectors underperformed yesterday.

The benign sentiment owed a lot to the slightly-better-than-expected statistics released on Wednesday. The ADP employment figure dropped by 'only' 2.7 million people, as opposed to the expected nine million. The contraction in US durable goods orders was also smaller than had been thought.

The USA is considering trade sanctions on countries that plan to levy digital tax on US tech companies, CNBC reported. The USA wants to achieve common regulation for each country, and a voluntary, rather than mandatory imposition of this tax, experts opine.

The USA is planning new sanctions against Chinese companies: this time, the Chinese state media's activities in American territory would be curbed.

## Bond yields have risen

While total bids reached HUF 217 bn, Hungary's MNB allocated HUF 70 bn (just like last week) in yesterday's collateralised loan tender, accepting bids only on the 5Y maturity. With next week's transactions, the outstanding stock of collateralised loans will be nearing HUF 1,110 bn.

The euro strengthened 0.6% against the dollar. A trivial HUF strengthening took the EUR/HUF to 344.51. In yesterday's trading, the yield on the 10Y Hungarian bond upped 10 basis points. Elsewhere, yields on German, American, Spanish, and Italian 10Y bond yields all climbed higher.

Brent and WTI edged higher. Reportedly, Russia is ready to prolong the current 9.7 million barrels/day production cut to July. Saudi Arabia insists that the cartel's members disclose their exact output data so that no one could cheat. According to Saudi Arabia, if some countries do not comply with the quotas, there is no point in continuing the production freeze.

The price of gold and silver fell by 1.7% and 2.3% respectively.

## Asia's stock exchanges were mixed

Japan's Nikkei was seen 0.6% higher, while China's SSE was slightly in the red this morning. The yen weakened 0.2% against the dollar today. European and American index futures suggest that stock markets may open with modest loss today.

Smartphone sales are expected to fall 12% this year, to 1.2 billion phones in 2020.

## Today's highlights

The euro area and Hungary will publish retail trade statistics today. The ECB's monetary policy meeting may increase the amount of the asset purchase programme again; the market expects more monetary easing. In the subsequent press conference, a question is likely to be asked about the decision of Germany's Constitutional Court, as well as about the long-term interest rate level that the ECB considers optimal for the EZ periphery countries (Italy, Spain). The US initial jobless claims figure is also worth checking; it is expected that after nearly two months of stellar figures, the gauge will sink below two million.

	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	3122,9	1,4	-3,3	VIX	25,7	-4,4	86	WTI	37,3	0,2	-38,9
	DOW	26269,9	2,0	-7,9	US 2Y	0,20	3	-136	Brent	39,79	0,6	-39,7
	Nasdaq100	9704,7	0,5	11,1	US 10Y	0,76	8	-115	Gold	1697,5	-1,7	11,9
	DAX	12487,4	3,9	-5,7	GER 2Y	-0,64	1	-4	Silver	17,67	-2,3	-0,9
	CAC40	5022,4	3,4	-16,0	GER 10Y	-0,35	7	-16	EUR/USD	1,1232	0,6	0,2
	FTSE 100	6382,4	2,6	-15,4	PT10Y	0,58	5	14	EUR/GBP	0,8931	0,4	5,6
	FTSE MIB	19641,8	3,5	-16,4	IT 10Y	1,55	4	13	EUR/NOK	10,624	-0,4	8,0
	Stoxx600	368,9	2,5	-11,3	SP 10	0,62	6	15	USD/CAD	1,3493	-0,2	3,9
	- Banks	82,3	4,5	-31,5	iTRAXX	67,3	0	52	AUD/USD	0,6919	0,4	-1,5
	Nikkei 225	22670,2	0,6	-4,2	JPY 2Y	-0,16	0	-4	USD/JPY	108,89	0,2	0,3
SSEC	2917,2	-0,2	-4,4	JPY 10Y	0,03	2	5	GBP/USD	1,2572	0,2	-5,2	
Regional	RTS	1301,9	1,9	-15,9	RUS10	5,6	0	-11	USD/RUB	68,487	-0,2	10,6
	WIG20	1766,85	1,8	-17,8	POL 10	1,4	4	-36	EUR/PLN	4,41	0,5	3,5
	PX50	927,5	0,6	-16,9	CZ10	0,8	3	-54	EUR/RON	4,821	-0,2	0,7
Hungary	BUX	37317	3,8	-19,0	3M DKJ	0,80	0	73	EUR/HUF	344,51	-0,1	4,1
	OTP	11390	5,5	-26,2	1Y	0,88	0	80	USD/HUF	306,92	-0,7	4,0
	MOL	2012	5,0	-31,6	3Y	1,27	-1	91	CHF/HUF	318,79	-0,8	4,6
	MTelekom	395	-0,4	-11,5	5Y	1,61	1	36	PLN/HUF	78,00	-0,8	0,2
	Richter	6770	1,8	5,5	10Y	2,12	10	4	GBP/HUF	386,29	-0,2	-1,0

\* 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.	
2020	6.	1.	3 : 45	CN	Caixin Manufacturing PMI (points)	May	50,7	49,6	49,4
		9 : 00	HU	Manufacturing PMI (points)	máj.	40,3	-	33,6	
			9 : 45	IT	Markit/IHS Manufacturing PMI (prelim.)	May	45,4	37,0	31,1
			16 : 00	US	Construction expenditure (MoM, %)	Apr	-2,9	-6,5	0,0
			16 : 00	US	ISM Manufacturing PMI (points)	May	43,1	43,6	41,5
	2.		9 : 00	HU	Industrial producer prices (YoY, %)	Apr	3,7	-	4,3
			9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	Mar	301	-	436*
			13 : 00	HU	MNB gov't bond purchase auction (HUF bn)	-	-	-	10,0
			15 : 00	HU	FX-swap tender (maturing / stock bn HUF)	-	77,22/1922	-	76,89/1921
	3.		3 : 45	CN	Caixin Services PMI	May	55,0		44,4
			9 : 45	IT	Markit/IHS Services PMI (prelim.)	May	28,9	26,5	10,8
			10 : 00	IT	Unemployment rate (%)	Apr	6,3	9	8,4
			11 : 00	EZ	Unemployment rate (%)	Apr	7,3	8,2	7,4
			14 : 15	US	ADP non-farm employment (MoM, '000s)	May	-2760	-9 000	-20 236
			15 : 00	HU	5Y collateralized loan w fixed interest rate, tender (HUFbn)	-	70	-	70,0
			15 : 00	CA	Interest rate decision (%)	Jun	0,25	0,3	0,3
			16 : 00	US	Factory orders (MoM, %)	Apr	-13	-14,0	-10,3
			16 : 00	US	ISM non-Manufacturing PMI (points)	May	41	44,0	41,8
			9 : 00	HU	Retail sales (YoY, SA, %)	Apr		-	3,5
	0		9 : 00	EZ	Retail sales (MoM, %)	Apr		-15,0	-11,2
			11 : 00	EZ	Interest rate decision (deposit rate, %)	Jun		-0,5	-0,5
			13 : 45	EZ	Interest rate decision (lending rate, %)	Jun		0,0	0,0
			13 : 45	US	Continuing jobless claims ('000s)	weekly		20100,0	21 052
			14 : 30	US	Initial jobless claims ('000s)	weekly		1800,0	2 123
			14 : 30	HU	1W deposit w fixed interest rate, tender (HUFbn)	-		-	1066,3
			8 : 00	DE	Industrial orders (MoM, %)	Apr		-19,7	-15,6
			9 : 00	HU	Industrial production (preliminary, YoY, %)	Apr		-	-5,6
			9 : 00	HU	Guest nights in tourist acc. (y/y, %)	Apr			-64,6
			9 : 00	IT	Retail sales (m/m, SA, %)	Apr			-20,5
			10 : 00	US	Average earnings (YoY, %)	May		8,6	7,9
			14 : 30	US	Average earnings (MoM, %)	May		1,0	4,7
			14 : 30	US	Unemployment rate (%)	May		19,7	14,7
			14 : 30	US	Non-farm payroll (MoM, '000s)	May		-8 000	-20 500

\* preliminary data

Sources: Reuters, OTP Research

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