

OTP Morning Brief



- *Corporate earnings reports drove Western Europe's stock exchanges yesterday*
- *US markets ground higher; the S&P500 is at new peak*
- *A possible outbreak of a new wave of coronavirus intensifies uncertainty worldwide*
- *The forint extended its gains vs the euro*
- *The ADP Institute publishes US employment data for July today*

Corporate earnings reports drove Western Europe's stock exchanges

Western Europe's leading stock markets closed with gains, mostly driven by corporate earnings reports – except for the DAX, which was dragged down by car manufacturers. The Stoxx600's (+0.2%) best performing sector, energy apparently benefited from BP's earnings report. The oil company's cheering earnings figures, the 4% increase in dividend payment, and plans for a USD 1.4 billion share buyback in the third quarter sent the share price 5.6% higher. Travel & Leisure-related stocks did poorly in the shadow of concerns about the spread of the Delta variant. BMW slumped 5.0% yesterday; its favourable quarterly report and higher 2021 profit forecast was accompanied by remarks that global shortage of semiconductors and rising commodity prices will affect its second-quarter performance. Societe Generale beat profit expectations by a large margin, its domestic retail lending activity grew massively, its share price skyrocketed 6.4%.

The CEE region's stock indices closed mixed, ranging from the Prague stock exchange's 0.2% drop to Budapest's 0.6% gain. Of Hungarian blue chips, Richter was the brightest star: its share price shot up 2.8% after publishing its earnings figures in the small hours of Tuesday.

US markets rose; the possibility of another wave of coronavirus causes uncertainty

Reversing Monday's weakening, Wall Street's indices climbed higher, and the S&P500 (+0.8%) even closed at record high. The energy, industry and healthcare sectors were fuelled the growth, while fears of another wave of the coronavirus already cast a shadow over the performance of the sectors hardest hit by possible new closures. In individual names, Clorox's disappointing earnings reports was followed by a sharp fall in its share price. More than 80% of the S&P500's companies that have reported so far, have gave account of better-than-expected earnings.

The EUR/HUF fell below 356; global bond market barely moved

In its regular Tuesday morning government bond purchase auction, the MNB accepted HUF 26 bn of the submitted HUF 44 billion bids; yield levels were below Tuesday's benchmarks. At yesterday's auction of 3M T-bills, the ÁKK sold only HUF 9 billion of the HUF 15 billion amount on offer, owing to the anaemic demand (HUF 9.6 billion bids submitted). The average yield at the auction, 0.59% was substantially lower than the secondary market yield for the same maturity.

At the long end of Hungary's yield curve, the average yield on the secondary market for domestic government bonds eased one basis point. Western Europe's and America's bond yields barely moved in Tuesday's trading.

A trivial forint strengthening sent the EUR/HUF to 355.7 by the close. The EUR/USD edged somewhat lower.

In Tuesday's trading, oil prices slipped nearly 1.0%, as news moved prices in both directions. On the one hand, energy companies released reassuring earnings reports, and data signified declining U.S. inventories; on the other hand, the Delta variant's spreading has re-ignited fears of possible lockdowns.

The key industrial metals fell on the London Commodity Exchange. In precious metals, gold sank 0.4%.

Today's highlights

The revenue line in Alibaba's first-quarter report fell short of expectations, but its profit surprised to the upside.

Asia's stock markets turned green this morning, except Japan's Nikkei225. Hong Kong's index, which upped more than 1%, did particularly well. China's Caixin services sector PMI (purchasing managers' index), released this morning, rose to 54.9, from 50.3.

Index futures bode well for today's trading in Europe, while US trading may open slightly in the red.

Italy's and the eurozone's retail sales statistics for June will be released in Europe today.

In the USA, the ADP Institute's employment statistics for July, and the July reading of ISM Institute's Non-Manufacturing Purchasing Managers' Index are worth checking.

	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	4423	0,8	17,8	VIX	18,0	-7,3	-21	WTI	70,6	-1,0	45,4
	DOW	35116	0,8	14,7	US 2Y	0,17	-0,2	5	Brent	72,41	-0,7	39,8
	Nasdaq C.	14761	0,5	14,5	US 10Y	1,17	-0,5	26	Gold	1810,1	-0,4	-4,5
	DAX	15555	-0,1	13,4	GER 2Y	-0,78	0,4	-6	Silver	25,58	0,0	-3,1
	CAC40	6724	0,7	21,1	GER 10Y	-0,48	0,5	9	EUR/USD	1,1864	-0,1	-2,9
	FTSE 100	7106	0,3	10,0	PT10Y	0,13	-0,2	11	EUR/GBP	0,8526	-0,3	-4,6
	FTSE MIB	25356	0,0	14,0	IT 10Y	0,57	-0,6	2	EUR/NOK	10,4553	-0,3	-0,2
	Stoxx600	465	0,2	16,6	SP 10	0,23	-0,1	19	USD/CAD	1,2539	0,2	-1,5
	- Banks	134	0,9	23,8	ITRAXX	46,7	0,2	-3	AUD/USD	0,7403	0,1	-3,8
	Nikkei 225	27561	-0,3	0,4	JPY 2Y	-0,13	-0,3	0	USD/JPY	109,04	-0,2	5,6
	SSEC	3467	0,6	-0,2	JPY 10Y	0,00	-0,4	-2	GBP/USD	1,3916	0,2	1,8
Regional	RTS	1638	0,1	18,0	RUS10	6,9	2,5	97	USD/RUB	72,962	-0,1	-2,0
	WIG20	2258	0,2	13,8	POL 10	1,7	1,6	44	EUR/PLN	4,55	-0,1	-0,1
	PX50	1221	-0,2	18,8	CZ10	1,7	-1,5	40	EUR/RON	4,919	0,0	1,2
Hungary	BUX	49316	0,6	17,3	3M DKJ	0,67	2,0	39	EUR/HUF	355,69	-0,2	-1,9
	OTP	16555	-0,6	23,9	1Y	0,87	0,0	48	USD/HUF	299,82	-0,1	1,0
	MOL	2422	0,7	10,6	3Y	1,85	1,0	115	CHF/HUF	331,60	0,0	-1,1
	MTelekom	425	-0,2	11,7	5Y	2,04	0,0	68,0	PLN/HUF	78,11	-0,1	-1,7
	Richter	8580	2,8	15,3	10Y	2,81	-1,0	73,0	GBP/HUF	417,19	0,1	2,7

* In the case of bond yields, the change is in basis points instead of percentage (VIX and ITRAXX not included).

Sources: Bloomberg, OTP Research

Data				Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021	8.	2.	3 : 45	CN	Caixin Manufacturing PMI (points)	Jul	50,3	51,0	51,3
			8 : 00	DE	Retail sales (MoM, %)	Jun	4,2	2,0	4,6
			9 : 00	HU	Manufacturing PMI (points)	Jul	55,6	-	55
			9 : 00	HU	Industrial prices (yoy, %)	Jun	11,6	-	11,3
			9 : 45	IT	Markit/IHS Manufacturing PMI (prelim.)	Jul	60,3	61,5	62,2
			15 : 00	HU	FX swap tender (HUF liquidity, maturing/stock bn HUF)*	-	0/1265,3	-	26,2/1291,5
			16 : 00	US	Construction expenditure (MoM, %)	Jun	0,1	0,3	-0,2
			16 : 00	US	ISM Manufacturing PMI (points)	Jul	59,5	60,8	60,4
	3.		13 : 00	HU	MNB gov't bond purchase auction	-	26,0	-	29,0
			16 : 00	US	Factory orders (MoM, %)	Jun	1,5	1,0	2,3
	4.		3 : 45	CN	Caixin Services PMI	Jul	54,9	-	50,3
			9 : 00	HU	Retail sales (YoY, SA, %)	Jun		-	5,8
			9 : 45	IT	Markit/IHS Services PMI (prelim.)	Jul		58,3	56,7
			10 : 00	IT	Retail sales (MoM, SA, %)	Jun			0,2
			10 : 00	HU	Aggregated real house price index (Nat. Bank of Hungary)	Q1		-	176
			11 : 00	EZ	Retail sales (MoM, %)	Jun		1,7	4,6
			14 : 15	US	ADP non-farm employment (MoM, '000s)	Jul		695	692
			16 : 00	US	ISM non-Manufacturing PMI (points)	Jul		60,5	60,1
	5.		8 : 00	DE	Industrial orders (MoM, %)	Jun		1,5	-3,7
			8 : 45	FR	Industrial production (MoM, %)	Jun		0,6	-0,3
			13 : 00	UK	Interest rate decision (%)	Aug		0,1	0,1
			14 : 30	US	Initial jobless claims ('000s)	weekly		384	400
			14 : 30	US	Continuing jobless claims ('000s)	weekly		3260	3269
			14 : 30	CZ	Interest rate decision (%)	Aug			0,5
			15 : 00	HU	1W deposit w fixed interest rate tender (IR %, HUFbn)	-		-	1,2/5628,2
	6.		8 : 00	DE	Industrial production (MoM, %)	Jun		0,5	-0,3
			9 : 00	HU	Industrial production (preliminary, YoY, %)	Jun		-	39,1
			9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	Jun		-	68,0
			10 : 00	IT	Industrial production (MoM, SA, %)	Jun		1,0	-1,5
			10 : 00	HU	International reserves (preliminary, EURbn)	Jul		-	30,8
			14 : 30	US	Non-farm payroll (MoM, '000s)	Jul		880	850
			14 : 30	US	Unemployment rate (%)	Jul		5,7	5,9
			14 : 30	US	Average earnings (MoM, %)	Jul		0,3	0,3
			14 : 30	US	Average earnings (YoY, %)	Jul		3,9	3,6
	7.		5 : 00	CN	Export (YoY, %)	Jul		20,2	32,2

* The first values in 'Fact' refers to the accepted volume, while 'Prev.' refers to the maturing amount on the current week

Sources: Reuters, OTP Research

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