OTP Morning Brief

- *Europe's stock indices fell; investors worried about mounting recession risks*
- *US stock markets rose*
- *The MNB left the 1W deposit rate at 7.25%; the HUF weakened*
- *Long-term bond yields continued to fall*
- *Italy's consumer confidence index, and Germany's IFO economic sentiment index are worth checking today*
- *Hungary publishes wage data for April*

Europe’s stock indices fell as investors worried about mounting recession risks

The sentiment on Europe's major stock markets deteriorated shortly after the opening: investors worried about rising recession risks as purchasing managers' indices in Europe were short of expectations. The Stoxx600 closed 0.8% lower. In the euro area, the PMIs for manufacturing (52) and services (52.8) drew closer the 50 line, which separates contraction from expansion.

The DAX (-1.8%), the FTSE 100 (-1%), the FTSE MIB (-0.8%), and the CAC 40 (-0.6) all fell. The cyclical sectors’ shares were hit hard. In Germany, banks (-11.5%) and the automotive industry (-4.8%) were the worst performers. The UK’s FTSE index was dragged down by mining (-3.4) and industry (-3%) names.

The sentiment was not better in the CEE region’s stock exchanges: Czechia’s PX slid 2.2%, Poland’s WIG 20 fell 1.6%, and Hungary’s BUX lost 1%. Of Hungary’s blue chips, Richter (-2.4%) and OTP (-2.1%) decreased, while MOL (+0.6%) closed higher.

The number of unemployed people in Hungary (169,000) is consistent with 3.5% unemployment rate in May 2022.

US stock markets increased

Having spent most of the day in negative territory, US stock markets ended Thursday’s trading with gains. The tech-heavy Nasdaq Composite advanced 1.6% as U.S. long-term yields fell nearly half a percentage point in recent days. But investors were cautious again, and preferred defensive stocks such as health care (3.9%) and utilities (2.6%). The S&P500 upped nearly 1% and the Dow Jones Industrial Average closed 0.6% higher.

Initial jobless claims (229,000) dropped slightly last week, and the incoming data somewhat exceeded market expectations (227,000). Continuing jobless claims (1,315,000) inched up, in line with analysts' forecasts. The current level of indicators still points to extremely tight U.S. labour market. Similarly to Europe, US Purchasing Managers’ Indices missed expectations in June.

The MNB left the 1W deposit rate at 7.25%; the HUF weakened; long-term bond yields fell again

The MNB left its key interest rate at 7.25%. The forint weakened almost 1% against the euro, sending the EUR/HUF closer to 400. The PLN and the CZK dropped trivially. In developed markets, the marked decline in yields continued: Germany’s 10Y yield level fell 20 bps, closer to 1.4%, which is 0.5 ppts below the previous peak. U.S. yields fell comparably, approaching 3%, but picked up 10 bps after Europe closed, to end at 3.1%. Likewise, Hungary’s bond yields dropped 20-30 bps, so yields slid nearly 50 bps in two days; thus 15Y-20Y bond yields sank below 8%. At Thursday's auction, the ÁKK sold only HUF 17 billion of the HUF 20bn offered in 12M T-bills, due to weak demand. The HUF 10 bn offered in 7Y floaters was sold. As to the 30Y green bond, the ÁKK sold HUF 11 billion, instead of the planned HUF 5 bn. The average yield at the auction was 7.94%.

Today's highlights

In today's benign sentiment in Asia, South Korea's Kospi (2.2%), the Hang Seng (1.7%), the Nikkei 225 (1.3%) and the Shanghai index (+0.7%) all rose. Index futures suggest that Europe's major stock exchanges could open almost 1% higher today.

Today investors will watch Italy's consumer confidence index and Germany's IFO economic sentiment index. In the afternoon, US new home sales figures will be released. Hungary publishes wage data for April.

	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	3796	1.0	-20.4	VIX	29.1	0.3	69	WTI	104.3	-1.8	38.6
	DOW	30677	0.6	-15.6	US 2Y	3.01	-4.1	228	Brent	110.05	-1.5	41.5
	Nasdaq C.	11232	1.6	-28.2	US 10Y	3.09	-6.9	158	Gold	1825.7	-0.5	-0.2
	DAX	12913	-1.8	-18.7	GER 2Y	0.80	-24.6	143	Silver	21.04	-1.8	-9.9
	CAC40	5883	-0.6	-17.8	GER 10Y	1.43	-20.8	161	EUR/USD	1.0523	-0.4	-7.4
	FTSE 100	7020	-1.0	-4.9	PT10Y	2.48	-18.4	202	EUR/GBP	0.8583	-0.4	2.0
	FTSE MIB	21615	-0.8	-21.0	IT 10Y	3.38	-15.9	221	EUR/NOK	10.5068	0.3	4.8
	Stoxx600	402.4	-0.8	-17.5	SP 10	2.51	-19.3	195	USD/CAD	1.2996	0.4	2.8
	- Banks	127	-3.4	-12.8	iTRAXX	113.3	1.6	137	AUD/USD	0.6913	0.2	-4.8
	Nikkei 225	26444	1.0	-8.2	JPY 2Y	-0.08	0.8	1	USD/JPY	134.95	-1.0	17.3
	SSEC	3335	0.4	-8.4	JPY 10Y	0.22	-0.6	16	GBP/USD	1.2260	0.0	-9.4
Regional	RTS	1416	0.9	-11.2	RUS10	16.0	0.0	754	EURCZK	24.749	0.0	-0.6
	WIG20	1654	-1.6	-27.0	POL 10	6.9	-25.9	326	EUR/PLN	4.71	0.1	2.6
	PX50	1279	-2.2	-10.3	CZ10	4.9	-33.8	213	EUR/RON	4.947	0.0	0.0
Hungary	BUX	39614	-1.1	-21.9	3M DKJ	6.39	0.0	423	EUR/HUF	399.57	0.9	8.2
	OTP	8354	-2.1	-49.7	1Y	7.20	-8.0	363	USD/HUF	379.65	1.3	17.0
	MOL	2930	0.5	16.3	3Y	8.14	-22.0	395	CHF/HUF	395.05	1.3	11.0
	MTelekom	336	0.1	-18.5	5Y	8.27	-25.0	392	PLN/HUF	84.90	0.7	5.5
	Richter	7005	-2.4	-19.7	10Y	8.00	-32.0	349	GBP/HUF	465.75	1.4	6.1

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

Sources: Bloomberg, OTP Research

Date		Cd.	Event/Data	Period	Fact	Cons.	Prev.
2022 6. 20	15 : 00	EZ	C. Lagarde hearing (ECON of the European Parliament)		-	-	-
21.	16 : 00	US	Existing home sales (annualized monthly, '000s)	May	5410.0	5400	5610
		HU	MNB short-term discount bill auction (HUF bn)		487.0	-	-
		HU	Two week FX-swap tender (FX liquidity, HUF bn)		353.95	-	-
22.	8 : 00	UK	Inflation (YoY, %)	May	9.1	9.1	9.0
	8 : 30	HU	Balance of payments (quarterly, EURbn)	Q1	-2.3	-2.3	-2.4
	14 : 30	CZ	Interest rate decision (%)	Jun	7.0	6.75	5.75
	16 : 00	EZ	Consumer confidence (point)	Jun	-23.6	-20.5	-21.1
	16 : 00	US	J. Powell testimony (Senate banking commitee)		-	-	-
23.	9 : 00	HU	Unemployment rate (%)	May	3.5		3.5
	9 : 15	FR	S&P Global Manufacturing PMI (points)	Jun	51.0	54.0	54.6
	9 : 15	FR	S&P Global Service PMI (points)	Jun	54.4	57.6	58.3
	9 : 30	DE	S&P Global Manufacturing PMI (points)	Jun	52.0	54.0	54.8
	9 : 30	DE	S&P Global Service PMI (points)	Jun	52.4	54.5	55.0
	10 : 00	EZ	S&P Global Manufacturing PMI (points)	Jun	52.0	53.90	54.60
	10 : 00	EZ	S&P Global Service PMI (points)	Jun	52.8	55.5	56.1
	10 : 30	UK	Manufacturing PMI (points)	Jun	53.4	53.7	54.6
	10 : 30	UK	Service PMI (points)	Jun	53.4	53.0	53.4
	13 : 00	TR	Interest rate decision (%)	Jun	14.0	14.0	14.0
	14 : 30	US	Continuing jobless claims ('000s)	weekly	1315.0	1315	1310
	14 : 30	US	Initial jobless claims ('000s)	weekly	229.0	227	231
	15 : 00	HU	1W deposit w fixed interest rate tender (IR %, HUFbn)	weekly	7,25/7848	-	7,25/7711,58
	15 : 45	US	S&P Global Manufacturing PMI (points)	Jun	52.4	56.0	57.0
	15 : 45	US	S&P Global Service PMI (points)	Jun	51.6	53.5	53.4
	16 : 00	US	J. Powell testimony (House Financial Services Committee)			-	-
24.	1 : 30	JP	CPI (YoY, %)	May	2.5		2.5
	1 : 30	JP	core-CPI (YoY, %)	May	2.1	2.1	2.1
	8 : 00	UK	Retail sales (MoM, %)	May		-0.7	1.4
	9 : 00	HU	Gross wages (YoY, %)	Apr			17.0
	10 : 00	IT	Consumer confidence (point)	Jun		102.5	102.7
	10 : 00	DE	IFO Economic sentiment index (points)	Jun		92.9	93.0
	16 : 00	US	New home sales (annualized monthly, '000s)	May		588	591

Sources: Refinitiv, OTP Research

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This document was prepared on 24 June 2022.

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