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Daily Report

Summary

- The dollar declined to 7-month low versus the euro.
- The US political turmoil was not fading on Friday as new information emerged.

After 3-day drop most of the European stock markets rebounded on Friday. Carmakers, among the worst performers in the past three sessions, were among the best performers. Utilities also overperformed the market.

The BUX, the Hungarian stock index added 0.9% and closed at new highs with outstanding market volumes. MTelekom added the most (2.2%) among Hungarian blue chips, while OTP increased 1.8%. Richter gained 1.5% and climbed near HUF 7100. Richter announced on Friday that the European Medicines Agency (EMA) declared a positive sign on Richter's antipsychotic agent "cariprazine". As soon as the European Commission approves, Richter can start selling this new drug in the EU market. Mol lost 0.7% on Friday.

According to the latest news, Hungarian transportation company Waberer's will step in the Hungarian Stock Exchange. The IPO can be finalised by July.

Market worries as a consequence of US political turmoil started fading on Friday, US stock indices added about 1% during the day when the Washington Post and the New York Times published new details before the closing bell. News emerged that investigators are focusing on a current White House official as a person of interest in their probe of Russian influence on the election. Stock indices cut gains and S&P and Dow added 0.7%, the Nasdaq100 gained 0.5%. Industrials and the energy sector performed the best, while materials and financial also overperformed the S&P. Deere, the biggest agricultural machinery producer gained 7% after the company published better than expected profit data and forecast. Autodesk rallied 15% after better than expected earnings report.

Asian stock markets except China closed in the positive territory this morning. Japan's Nikkei added 0.5%.

Dollar weakened on Friday in the international FX market, the EURUSD-rates increased to 1.12 (+0.9) recording 7-month high. The British pound gained 0.7% versus the dollar. The Japanese yen strengthened 0.2% against the dollar on Friday, while during the week it gained 2%. The HUF gained 1.3% and reached 6-month high versus the USD and USDHUF declined below 276. Forint also rose against the euro, the EURHUF rate sank to near 308. Hungarian secondary bond yields except 3 and 6M discount bills increased 1-4bps on Friday. American 10Y bond yield hardly moved on Friday, while it fell 9bps during the week.

Oil and copper performed the best in the commodity market on Friday, the WTI and the Brent gained 2.0 and 2.1% respectively. Expectations concerning the May 25 OPEC meeting are more and more optimistic, market participants expect that the oil producer countries will be able to agree on the prolongation of output cut. Copper futures gained 2% as political tensions in Brazil did not ease.

There are no important macro data in the schedule for Monday. Two Fed presidents are expected to speak today, their comments may alter short term rate expectations.

	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	2381,7	0,7	6,4	VIX	12,0	-17,9	-14	WTI	50,67	2,7	-5,7
	DOW	20804,8	0,7	5,3	US 2Y	1,28	1,3	8	Brent	53,61	2,1	-5,6
	Nasdaq100	5651,6	0,4	16,2	US 10Y	2,25	1,2	-19	Gold	1255,1	0,7	9,0
	DAX	12638,7	0,4	10,1	GER 2Y	-0,68	1,5	11	Silver	16,82	1,7	5,6
	CAC40	5324,4	0,7	9,5	GER 10Y	0,37	2,2	17	EUR/USD	1,1204	0,9	6,6
	FTSE 100	7470,7	0,5	4,6	PT10Y	3,18	-3,0	-58	EUR/GBP	0,8596	0,2	0,9
	FTSE MIB	21567,5	1,3	12,1	IT 10Y	2,13	-2,3	30	EUR/NOK	9,3824	-0,3	3,3
	Stoxx600	391,5	0,6	8,3	SP 10	1,57	1,2	18	USD/CAD	1,3512	-0,7	0,6
	- Banks	155,0	1,6	15,5	iTRAXX	63,0	-2,5	-13	AUD/USD	0,7459	0,6	3,4
	Nikkei 225	19678,3	0,4	3,0	JPY 2Y	-0,16	-0,3	2	USD/JPY	111,26	-0,2	-4,8
SSEC	3130,4	1,3	0,9	JPY 10Y	0,05	0,9	0	GBP/USD	1,3034	0,8	5,7	
Regional	RTS	1087,8	1,0	-5,6	RUS10	7,50	-1,2	-11	USD/RUB	56,958	-1,0	-7
	WIG20	2328,7	1,5	19,5	POL 10	3,35	0,1	-8	EUR/PLN	4,1908	-0,5	-4,8
	PX50	1020,1	0,8	10,7	CZ10	0,85	0,0	81	EUR/RON	4,5620	-0,1	0,6
Hungary	BUX	34836	0,9	8,9	3M TB	0,15	-2	-1	EUR/HUF	308,41	-0,3	-0,1
	OTP	8905	1,8	6,0	1Y	0,22	2	4	USD/HUF	275,10	-1,3	-6,3
	MOL	22330	-0,6	8,2	3Y	0,94	0	8	CHF/HUF	283,00	-0,5	-1,7
	MTelekom	464	2,2	-6,8	5Y	1,98	2	21	PLN/HUF	73,490	0,1	4,9
	Richter	7083	1,5	14,1	10Y	3,15	-2	-6	GBP/HUF	359,70	-0,3	0

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

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 5. 22.	15 : 00	EZ Eurogroup meeting	May		-	-
	23. 8 : 00	DE GDP (detailed, qoq, %)	Q1		0,6	0,6*
	8 : 00	DE Infrastructural investments (yoy, %)	Q1		1,7	1,7*
	9 : 00	HU Retail sales (second estimate, yoy, %)	March		-	3,6*
	9 : 00	FR Markit Service PMI (points)	May		56,7	56,7
	9 : 00	FR Markit Manufacturing PMI (points)	May		55,4	55,1
	9 : 30	DE Markit Service PMI (points)	May		55,5	55,4
	9 : 30	DE Markit Manufacturing PMI (points)	May		58	58,2
	10 : 00	EZ Markit Service PMI (points)	May		56,4	56,4
	10 : 00	EZ Markit Manufacturing PMI (points)	May		56,6	56,7
	10 : 00	DE Mario Draghi's speech in the Dutch Parliament	-		113	112,9
	14 : 00	HU Interest rate decision (%)	May		0,9	0,9
	15 : 45	US Markit Service PMI (points)	May		53	53,1
	15 : 45	US Markit Manufacturing PMI (points)	May		53	52,8
	16 : 00	US New home sales (annualized monthly, '000s)	-		611	621
24.	2 : 30	JP Building permits (annualized monthly, '000s)	May			52,7
	16 : 00	US Existing home sales (mom, %)	Apr.		5680	5710
	20 : 00	US FOMC minutes	Apr.		-	-
25.	10 : 30	UK GDP (second estimate, yoy, %)	Q1		2,1	2,1*
	10 : 30	UK GDP (second estimate, qoq, %)	Q1		0,3	0,3*
	0 : 0	AT OPEC meeting	May		-	-
26.	1 : 30	JP CPI (yoy, %)	Apr.		-	0,2
	1 : 30	JP core-CPI (yoy, %)	Apr.		0,4	0,2
	9 : 00	HU Unemployment rate (%)	Apr.		-	4,5
	14 : 30	US GDP (second estimate, qoq, %)	Q1		0,8	0,7

*preliminary data

Source: Reuters, OTP Research

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