



## Summary

- S&P and Nasdaq hit new record, retailers and technology among the best performers.
- Yesterday's OPEC agreement did not surprise the market, oil prices fell almost 5%.
- The Hungarian forint extended gains and reached 6-month highs as it strengthened to 307.4.
- These news boosted U.S. stocks and treasuries
- Huge demand on yesterday's Hungarian bond auctions.

European stock markets held steady on Thursday, the Stoxx600, the Footsie and the CAC40 changed less than 0.1%. Household good companies and financials were among the best performers, while energy and basic resources companies fell the most. Some European stock exchanges were closed due to holiday. The DAX lost 0.2%, Lufthansa gained 2.4% helped by falling oil prices and ThyssenKrupp benefited from declining iron ore, but it was not enough to offset falling stock prices.

In the CEE region the WIG gained 1.4% out performing most stock markets, the Czech benchmark decreased 0.1%. In Hungary, the BUX advanced 0.3% with relatively strong trading volumes mainly due to Mol and OTP gaining 1.5 and 0.7%, respectively. Richter declined by 1.2% MTelekom lost 1.3% and FHB fell 3.5%.

Thursday brought new records in the US stock markets, the S&P adding 0.4% closed at 2415 points hitting new highs. The cyclical consumer segment and the technology were among the best performers. Consumer electronics retailers BestBuy rallied 22% after publishing better than expected earnings figures. The Nasdaq Composite and the Nasdaq100 hit new records. Airlines and railway companies gained 2–4%. The energy sector was the weakest among S&P sectors, as crude oil prices fell almost 5% after yesterday's OPEC agreement.

Falling oil prices put energy sector also in Asia under pressure, the Nikkei fell 0.6%, the Hang Seng lost 4bps, while the Shanghai Composite added less than 0.1%.

Both the WTI and the Brent declined after yesterday's OPEC meeting in Vienna, where producers agreed to maintain earlier production cut for further 9 months following June. Oil prices declined after publishing the good news, according to analysts the market had already priced in the prolongation thanks to OPEC's very transparent comments, so it came as no surprise. Precious metals gained yesterday, gold adding 0.3% and silver adding 0.4%, while metal prices which started falling after China's downgrade recorded declines again yesterday in the LME.

Currency markets remained calm. Euro/dollar exchange rate hardly moved and the British pound weakened by 0.2% against the dollar. The Japanese yen depreciated 0.3% vs the USD. After 3 bp decrease on Wednesday, 10Y US bond yield remained unchanged, while the German 10Y bond yield decreased 4bps yesterday. Hungarian long yields sank 2–4bps in the secondary market. Hungarian primary bonds auctioned yesterday met huge demand, the average auction yield of the 10Y bond decreased to 2.99% with demand doubling original supply. The demand for 3 and 5Y was more than 4 times as much as the amount to be auctioned, average auction yields reached 0.78 and 1.76%, respectively. The huge demand for the Hungarian T-bond also supported the forint, the EURHUF sank below 308 by the early afternoon, and the forint finally appreciated by 0.6% to 307.4 vis-à-vis the euro. The forint gained 0.3% against the dollar. The EURHUF exchange rate opened at 307.0 this morning.

The revised Q1 GDP data for the UK disappointed investors, GDP increased only 0.2% on a quarterly basis and 2.0% year-over-year according to the secondary estimate. Instead, investment statistics resulted in better than expected figures.

Durable goods statistics and GDP's second estimate are scheduled for today in the US.

The Hungarian Statistics Office published unemployment statistics this morning, according to the latest figures unemployment rate decreased to average 4.6% in the period of February-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	2415,1	0,4	7,9	VIX	10,0	-0,3	-29	WTI	48,90	0,0	-9,0
	DOW	21083,0	0,3	6,7	US 2Y	1,30	-0,8	10	Brent	51,46	-4,6	-9,4
	Nasdaq100	5778,4	0,0	18,8	US 10Y	2,26	-1,1	-18	Gold	1255,4	-0,2	9,0
	DAX	12621,7	-0,2	9,9	GER 2Y	-0,67	-2,0	12	Silver	17,12	-0,4	7,4
	CAC40	5337,2	-0,1	9,8	GER 10Y	0,36	-4,6	16	EUR/USD	1,1209	-0,1	6,6
	FTSE 100	7517,7	0,0	5,2	PT10Y	3,20	-0,7	-56	EUR/GBP	0,8661	0,2	1,7
	FTSE MIB	21291,7	-0,4	10,7	IT 10Y	2,12	-1,8	29	EUR/NOK	9,4118	0,7	3,6
	Stoxx600	392,1	-0,1	8,5	SP 10	1,58	-2,7	18	USD/CAD	1,3483	0,6	0,4
	- Banks	155,2	0,0	15,7	iTRAXX	62,4	0,0	-14	AUD/USD	0,7452	-0,7	3,3
	Nikkei 225	19686,8	-0,6	3,0	JPY 2Y	-0,16	-0,5	1	USD/JPY	111,82	0,3	-4,3
SSEC	3130,4	0,7	0,9	JPY 10Y	0,04	-0,9	-1	GBP/USD	1,2939	-0,3	4,9	
Regional	RTS	1083,5	-0,4	-6,0	RUS10	7,57	0,3	-10	USD/RUB	56,874	0,7	-7
	WIG20	2358,41	1,4	21,1	POL 10	3,34	-0,6	-8	EUR/PLN	4,1742	0,0	-5,2
	PX50	1010,0	-0,1	9,6	CZ10	0,85	0,1	82	EUR/RON	4,5499	0,0	0,3
Hungary	BUX	34349	0,3	7,3	3MTB	0,15	0	-1	EUR/HUF	307,03	-0,2	-0,6
	OTP	8725	0,7	3,9	1Y	0,20	0	2	USD/HUF	273,95	-0,1	-6,7
	MOL	22220	1,5	7,7	3Y	0,82	-3	-4	CHF/HUF	281,48	-0,1	-2,2
	MTelekom	462	-1,3	-7,2	5Y	1,87	-4	10	PLN/HUF	73,540	-0,1	5,0
	Richter	6915	-1,2	11,4	10Y	2,99	-9	-21	GBP/HUF	354,42	-0,4	-2

\* 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	0,6*
	8 : 00	DE Infrastructural investments (yoy, %)	Q1	1,7	1,7	1,7*
	9 : 00	HU Retail sales (second estimate, yoy, %)	March	3,3	-	3,6*
	9 : 00	FR Markit Service PMI (points)	May	58,0	56,5	56,7
	9 : 00	FR Markit Manufacturing PMI (points)	May	54,0	55,2	55,1
	9 : 30	DE Markit Service PMI (points)	May	55,2	55,5	55,4
	9 : 30	DE Markit Manufacturing PMI (points)	May	59,4	58	58,2
	10 : 00	EZ Markit Service PMI (points)	May	56,2	56,4	56,4
	10 : 00	EZ Markit Manufacturing PMI (points)	May	57,0	56,5	56,7
	10 : 00	DE IFO Economic sentiment index (points)	May	114,6	113,1	112,9
	14 : 00	HU Interest rate decision (%)	May	0,9	0,9	0,9
	15 : 45	US Markit Service PMI (points)	May	54,0	53,1	53,1
	15 : 45	US Markit Manufacturing PMI (points)	May	52,5	53	52,8
	16 : 00	US New home sales (annualized monthly, '000s)	Apr.	569	610	621
	24. 2 : 30	JP Nikkei Manufacturing PMI (points)	May	52,0	-	52,7
	16 : 00	US Existing home sales (mom, %)	Apr.	5 570	5650	5710
	20 : 00	US FOMC Minutes	Apr.	-	-	-
	25. 10 : 30	UK GDP (second estimate, yoy, %)	Q1	2,0	2,1	2,1*
	10 : 30	UK GDP (second estimate, qoq, %)	Q1	0,2	0,3	0,3*
		AT OPEC Meeting	May	-	-	-
	26. 1 : 30	JP CPI (yoy, %)	Apr.	0,4	-	0,2
	1 : 30	JP core-CPI (yoy, %)	Apr.	0,3	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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