

Treasury Sales Team

Headquarter Treasury Sales

Ionut Constandache
0372 31 85 86
ionut.constandache@otpbank.ro

Corina Bejan
0372 31 85 87
corina.bejan@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj
0755 000 400
szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti
0755 000 199
tudor.zaman@otpbank.ro

Alexandru Sabin - Arad
0755 000 255
alexandru.sabin@otpbank.ro



Global Daily Report

Summary

- Geopolitical tensions and the threat posed by the Irma hurricane weighed on stock markets on Wednesday
- There was strong demand for safe haven assets

Stock markets fell sharply on Tuesday as the North Korea tension and the Irma hurricane that may cause damage to Puerto Rico and Florida soured the sentiment. North Korea came up with new threats, and is said to be preparing for new missile test in the near future. The Irma hurricane may be more devastating than Harvey that wrought havoc in Texas two weeks ago. As a number of US oil refineries stopped, preparing for the tropical storm, oil prices increased substantially: the Brent and the WTI grew 2% and 3% respectively.

After Monday's bank holiday, America reopened yesterday, only to see its leading indices fall 1%. Investors did not appreciate United Technologies' agreement to buy Rockwell Collins; the former's stock price dived 5.7%.

The 21-point spike in the VIX index was a telling example of how risk-averse the sentiment was yesterday. Investors flocked to buy safe haven assets. Gold price increased, and the US 10Y yield fell nine points, the German 10Y bund eased three points. The JPY and the CHF strengthened versus the USD and the EUR. The dollar's loss and the lower yields in the USA may have been related to a Fed decision-maker's words; Lael Brainard said inflation in America lags far behind the Fed's 2% target, thus it would be prudent to raise the fed funds rate more gradually.

In the eurozone, the July drop in retail sales caused a slight surprise. In America, factory orders fell 3.3% in July, but mostly because of the nose-diving civil aircraft order numbers. Orders for non-defence capital goods excluding aircraft rose by 1%, boding well for business spending plans.

Inflation in Russia missed analysts' forecasts by a large margin: The August reading fell to 3.3%, down from 3.9% in July. It appears to be increasingly falling below the central bank's 4% target, which may urge the Central Bank of Russia to accelerate its interest rate cuts.

The central bank of Uzbekistan decided to float its currency, the Uzbek som. On Tuesday, the first day of floating, the mid-rate of the USD/UZS was 8,100, up from 4,210 previously. Besides, the Uzbek som became convertible, in a bid to reduce the country's isolation.

Today's most important macroeconomic publications include retail sales data from Italy, and the American ISM indicators. Additionally, the central banks of Poland, Canada and Brazil are to hold rate decisions. Markets expect the former two to keep their rates flat, while the Central Bank of Brazil is likely to reduce its base rate by 100 basis points, from the current 9.25%. Inflation in Brazil was at 2.7% in July, by far below the BCB's 4.5% target; the August reading of inflation will also be out today.

	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	2457,9	-0,8	9,8	VIX	12,2	20,7	-13	WTI	48,66	2,9	-9,4
	DOW	21753,3	-1,1	10,1	US 2Y	1,29	-5,6	9	Brent	53,38	2,0	-6,1
	Nasdaq100	5932,7	-0,9	22,0	US 10Y	2,07	-8,7	-36	Gold	1338,4	0,3	16,2
	DAX	12123,7	0,2	5,6	GER 2Y	-0,76	-2,4	4	Silver	17,89	0,0	12,3
	CAC40	5086,6	-0,3	4,6	GER 10Y	0,33	-3,5	13	EUR/USD	1,1912	0,1	13,3
	FTSE 100	7372,9	-0,5	3,2	PT10Y	2,83	-1,6	-94	EUR/GBP	0,9140	-0,6	7,3
	FTSE MIB	21737,7	-0,2	13,0	IT 10Y	2,00	-4,8	17	EUR/NOK	9,2680	-0,3	2,0
	Stoxx600	373,7	-0,1	3,4	SP 10	1,41	-2,3	2	USD/CAD	1,2370	-0,4	-7,9
	- Banks	158,1	-1,2	17,9	ITRAXX	54,4	-0,6	-25	AUD/USD	0,7995	0,7	10,8
	Nikkei 225	19358,0	-0,1	1,3	JPY 2Y	-0,15	0,5	3	USD/JPY	108,80	-0,8	-6,9
SSEC	3368,8	-0,5	8,5	JPY 10Y	0,01	1,4	-4	GBP/USD	1,3031	0,8	5,6	
Regional	RTS	1100,8	0,8	-4,5	RUS10	7,58	-1,4	-10	USD/RUB	57,511	-0,5	-6
	WIG20	2517,45	-0,1	29,2	POL 10	3,23	-1,3	-11	EUR/PLN	4,2308	-0,2	-3,9
	PX50	1025,4	-0,1	11,3	CZ10	0,90	1,4	92	EUR/RON	4,5905	-0,1	1,2
Hungary	BUX	37736	0,7	17,9	3M TB	0,10	0	-6	EUR/HUF	305,96	0,1	-0,9
	OTP	10375	1,2	23,5	1Y	0,14	-1	-4	USD/HUF	256,83	-0,1	-12,5
	MOL	23575	0,8	14,2	3Y	0,70	-4	-16	CHF/HUF	268,30	0,1	-6,8
	MTelekom	484	0,2	-2,8	5Y	1,75	-1	-2	PLN/HUF	72,290	0,3	3,2
	Richter	6590	0,4	6,1	10Y	2,95	-4	-25	GBP/HUF	334,68	0,7	-7

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

Source: Reuters, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 9. 4. 10 : 30	EZ	Sentix Investor confidence (points)	Sept.	28,2	27,4	27,7
5. 8 : 00	RO	GDP (detailed, yoy, %)	Q2	5,9	-	5,9*
9 : 00	HU	Retail sales (first estimate, yoy, %)	July	4,1	-	5,2
9 : 00	HU	GDP (detailed, yoy, %, NSA)	Q2	3,2		3,2*
9 : 00	HU	GDP (detailed, qoq, %, SA)	Q2	0,9		0,9*
9 : 00	SK	GDP (detailed, yoy, %)	Q2	3,3		3,3*
11 : 00	EZ	Retail sales (mom, %)	July	-0,3	-0,2	0,5
11 : 00	EZ	GDP (third estimate, yoy, %)	Q2		2,2	2,2*
11 : 00	EZ	GDP (3rd estimate, qoq, %)	Q2		0,6	0,6*
16 : 00	US	Factory orders (mom, %)	July	-3,3	-1,5	3,0
6. 8 : 00	DE	Industrial orders (mom, %)	July	-0,7	0,1	1,0
9 : 00	HU	Industrial production (preliminary, yoy, %)	July		-	4,0
16 : 00	US	ISM non-Manufacturing PMI (points)	Aug.		54,8	53,9
20 : 00	US	Beige Book	Sept.		-	-
7. 8 : 00	DE	Industrial production (mom, %)	July		0,5	-1,1
8 : 30	HU	International reserves (final, EURbn)	July		-	22,3
11 : 00	HU	Fiscal balance (monthly, billion HUF)	Aug.		-	94,4
13 : 45	EZ	Interest rate decision (lending rate, %)	Sept.		0	0,0
13 : 45	EZ	Interest rate decision (deposit rate, %)	Sept.		-0,4	-0,4
8. 1 : 50	JP	GDP (detailed, qoq, %)	Q2			1,0
4 : 00	CN	Export (yoy, %)	Aug.			7,2
4 : 00	CN	Import (yoy, %)	Aug.			11,0
8 : 00	DE	Export (mom, %)	July		1,3	-3
9 : 00	HU	Inflation (yoy, %)	Aug.			2,1
9 : 00	HU	Core inflation (yoy, %)	Aug.		-	2,6
9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	July		-	1060,0
10 : 30	UK	Industrial production (mom, %)	July		0,1	0,5

* preliminary data

Source: Reuters, OTP Research

Chief Economist

Analyst

Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Gábor Pellényi
pellenyig@otpbank.hu
+36 1 374 7276

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