

Summary

- The USA announced to withdraw from the Iran nuclear deal
- US markets moved trivially, Europe's major stock indices edged lower.
- Emerging market currencies fell against the greenback.

The United States is to unilaterally quit the nuclear deal it signed back in 2015 with Iran, and it will impose the highest level of economic sanctions on Iran, Donald Trump announced on Tuesday. Previously, Iran's foreign minister vowed that if the USA abandoned the pact, Tehran would follow suit, but now he only called the decision unlawful and illegitimate.

America's stock markets were waiting all day to hear the USA's announcement on the nuclear deal. The most important indices were deep in the red an hour before the close, only to return to the morning's levels by the end of Tuesday's session. The best of them, the Dow could even eke out a small gain. At sector level, utilities companies booked the most painful losses. Meanwhile, the energy sector, which was dragged down by the uncertainty around Iran, finally closed 0.8% higher. Crude oil prices also pared some, but not all, of the day's losses by the end of trading. The US 10Y Treasury Note yield inched two basis points higher, just short of the psychologically important 3% level. Meanwhile the US dollar's continued appreciation led the EUR/USD to 1.19.

Europe suffered modest losses on Tuesday, with Germany's DAX being its weakest link. Tens of thousands of Audi cars (models A6 and A7) were affected by irregularities in the software that controls emission, the German luxury car manufacturer informed yesterday. The company will stop delivering such cars, and offered software update.

In a bid to stop the peso's landslide depreciation, Argentine's central bank raised its base rates three times in eight days. But lifting the benchmark rate to 40% was not enough to calm investors, thus President Mauricio Macri initiated talks with the IMF to tackle the problem.

Asia's key indices closed mixed this morning. The yen opened on a weak note against the USD.

Recovering from Tuesday's drop, crude oil prices are crawling higher today.

In the United States, the EIA will publish oil inventory data 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	2671,9	0,0	-0,1	VIX	14,7	-0,3	33	WTI	70,2	-0,7	16,2
	DOW	24360,2	0,0	-1,5	US 2Y	2,51	1,6	62	Brent	74,85	-1,7	11,9
	Nasdaq100	6815,5	-0,1	6,6	US 10Y	2,97	1,8	56	Gold	1314,1	0,0	0,9
	DAX	12912,2	-0,3	0,0	GER 2Y	-0,56	-0,4	7	Silver	16,43	0,0	-3,0
	CAC40	5521,9	-0,2	3,9	GER 10Y	0,56	3,1	14	EUR/USD	1,19	-0,5	-1,1
	FTSE 100	7565,8	0,0	-1,6	PT10Y	1,76	7,2	-17	EUR/GBP	0,88	-0,4	-1,4
	FTSE MIB	24142,5	-1,6	10,5	IT 10Y	1,86	9,9	-14	EUR/NOK	9,65	0,3	-2,0
	Stoxx600	390,0	0,1	0,2	SP 10	1,31	4,4	-26	USD/CAD	1,29	0,5	2,9
	- Banks	156,3	-0,6	-5,3	iTRAXX	56,8	1,3	26	AUD/USD	0,75	-0,9	-4,5
	Nikkei 225	22414,1	-0,3	-1,5	JPY 2Y	-0,13	0	1	USD/JPY	109,11	0,0	-3,2
SSEC	3156,3	-0,2	-4,6	JPY 10Y	0,05	0	0	GBP/USD	1,35	-0,1	0,2	
Regional	RTS	1142,1	-1,0	-1,1	RUS10	7,4	1,1	-3	USD/RUB	63,214	0,6	9,6
	WIG20	2236,4	1,0	-9,1	POL 10	3,3	3,7	-1	EUR/PLN	4,28	0,5	2,5
	PX50	1109,0	0,0	2,9	CZ10	1,7	0,0	14	EUR/RON	4,649	-0,1	-0,6
Hungary	BUX	37165	-1,0	-5,6	3M DKJ	0,11	2	7	EUR/HUF	314,88	0,1	1,4
	OTP	10670	-0,7	-0,5	1Y	0,15	1	10	USD/HUF	265,25	0,6	2,5
	MOL	2790	-1,6	-7,2	3Y	0,94	13	39	CHF/HUF	264,77	0,7	-0,1
	MTelekom	453	-0,9	-1,1	5Y	1,49	9	32	PLN/HUF	73,51	-0,4	-1,0
	Richter	5360	-0,7	-20,9	10Y	2,75	9	70	GBP/HUF	359,30	0,5	2,8

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

Sources: Reuters, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2018 5. 7. 8 : 00	DE	Industrial orders (mom, %)	March	-0,9	0,7	-0,2
10 : 00	HU	International reserves (preliminary, EURbn)	Apr.	23,2	-	23,1
10 : 30	EZ	Sentix Investor confidence (points)	May	19,2	20,5	19,6
14 : 00	RO	Interest rate decision (%)	May	2,5	2,5	2,3
8. 8 : 00	DE	Industrial production (mom, %)	March	1,0	0,8	-1,6
8 : 00	DE	Export (mom, %)	March	1,7	1,8	-3,2
9 : 00	HU	Industrial production (preliminary, yoy, %)	March	-2,4	3,1	4,1
11 : 00	HU	Fiscal balance (monthly, billion HUF)	Apr.	-209,4	-	-345,3
9. 9 : 00	HU	Inflation (yoy, %)	Apr.		2,3	2,0
9 : 00	HU	Core inflation (yoy, %)	Apr.		-	3
10. 9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	March		772,5	841
10 : 30	UK	Industrial production (mom, %)	March		0,2	0,1
13 : 00	UK	Interest rate decision (%)	May		0,5	0,5
14 : 30	US	CPI (yoy, %)	Apr.		2,5	2,4
14 : 30	US	CPI (mom, %)	Apr.		0,3	-0,1
14 : 30	US	core-CPI (yoy, %)	Apr.		2,2	2,1
14 : 30	US	core-CPI (mom, %)	Apr.		0,2	0,2
20 : 00	US	Federal budget balance (USDbn)	Apr.		193,75	-209,0
11. 9 : 00	HU	Construction output (yoy, %)	March		-	26,0
16 : 00	US	Michigan Consumer confidence (preliminary, points)	May		98,5	98,8

*preliminary data

Sources: Reuters, OTP Research

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