

Global Daily Report



Treasury Sales Team

+40372 31 85 88

sales.treasury@otpbank.ro

Summary

- Jerome Powell painted a rosy picture of the US economy.
- Developed countries' stock markets closed higher.
- The tech sector's march higher continued.

In his Senate testimony, Jerome Powell painted an optimistic picture of the prospects of the US economy. In his speech before the banking committee, the Fed chair said that the growth pace may have been much stronger in Q2 than the moderate rise in the first quarter; households' spending and businesses' investment has expanded, and other countries' good economic performance supported America's exports and manufacturing industry. Speaking of the mounting inflationary pressure, he said that it is partly a result of the higher fuel prices, and annual inflation would stay near 2%. He pointed out that the financial system has become much stronger than it was before the crisis, and it can now cope with household and corporate loan demand. Jerome Powell's words suggest that further rate hikes may follow before the end of this year. Accordingly, the US dollar strengthened on the currency market, but government bond yields barely moved.

Buyers ruled Tuesday's trading on advanced stock markets, driven by the speech of Jerome Powell as well as corporate earnings figures. The NASDAQ Composite closed at its highest on record, driven by the robust gains of the technology sector. Having beaten analysts' expectations on the key profit lines, Johnson&Johnson benefited the most from the reporting season yesterday. Missing revenue forecasts, Goldman Sachs dropped modestly, while Netflix slid more than 5% owing to the disappointment it had caused.

Jerome Powell's words positively affected Asia's stock markets at the beginning of the trading day, but they ran out of steam by the close: China suffered slight losses but Japan's Nikkei225 climbed 0.6% higher.

In the CEE region, sellers took the upper hand in Prague and Budapest.

Among emerging currencies, the Turkish lira was in the spotlight yesterday, when it regained more than 1% lost ground from the euro and the US dollar.

Iran has filed a law suit with the International Court of Justice over the sanctions the USA had imposed on it in May, claiming that violate the bilateral agreement signed in 1955.

The housing data from the USA and the Fed's latest Beige Book are worth keeping an eye on 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	2809,6	0,4	5,1	VIX	12,1	-6,0	9	WTI	66,9	-1,7	10,8
	DOW	25119,9	0,2	1,6	US 2Y	2,62	1	72	Brent	72,16	0,4	7,9
	Nasdaq100	7403,9	0,6	15,8	US 10Y	2,86	1	45	Gold	1227,1	-1,0	-5,8
	DAX	12661,5	0,8	-2,0	GER 2Y	-0,64	1	-1	Silver	15,55	-1,2	-8,2
	CAC40	5422,5	0,2	2,1	GER 10Y	0,35	4	-8	EUR/USD	1,17	-0,4	-2,8
	FTSE 100	7626,3	0,3	-0,8	PT10Y	1,79	-1	-14	EUR/GBP	0,89	0,5	0,1
	FTSE MIB	21977,8	0,7	0,6	IT 10Y	2,48	-11	48	EUR/NOK	9,51	0,2	-3,5
	Stoxx600	385,0	0,2	-1,1	SP 10	1,26	-3	-31	USD/CAD	1,32	0,4	4,9
	- Banks	140,4	-0,4	-14,9	iTRAXX	63,8	-0,4	41	AUD/USD	0,74	-0,4	-5,3
	Nikkei 225	22814,5	0,5	0,2	JPY 2Y	-0,12	0	1	USD/JPY	112,85	0,5	0,2
SSEC	2803,1	0,2	-15,2	JPY 10Y	0,04	0	-1	GBP/USD	1,31	-0,9	-3,0	
Regional	RTS	1165,1	-1,3	0,9	RUS10	7,6	0,9	0	USD/RUB	62,612	0,5	8,6
	WIG20	2153,21	0,9	-12,5	POL 10	3,1	-2,9	-7	EUR/PLN	4,30	-0,1	2,9
	PX50	1081,4	-0,6	0,3	CZ10	2,1	-0,8	40	EUR/RON	4,648	-0,1	-0,6
Hungary	BUX	34751	-1,5	-11,7	3M DKJ	0,20	0	17	EUR/HUF	323,56	0,2	4,2
	OTP	9970	-1,7	-7,0	1Y	0,60	-1	55	USD/HUF	277,34	0,6	7,1
	MOL	2626	-1,3	-12,6	3Y	1,83	-3	128	CHF/HUF	277,32	0,3	4,7
	MTelekom	406	-0,7	-11,4	5Y	2,83	0	166	PLN/HUF	75,27	0,3	1,3
	Richter	4680	-2,3	-31,0	10Y	3,35	-3	130	GBP/HUF	363,74	-0,3	4,1

* 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 7. 16.	4 : 00	CN GDP (yoy, %)	Q2	6,7	6,7	6,8
	4 : 00	CN GDP (qoq, SA, %)	Q2	1,8	1,6	1,4
	4 : 00	CN Infrastructural spending (yoy, %)	Jun	6,0	6,0	6,1
	4 : 00	CN Industrial production (yoy, %)	Jun	6,0	6,5	6,8
	4 : 00	CN Retail sales (yoy, %)	Jun	9,0	9,0	8,5
	9 : 00	HU Construction output (yoy, %)	May	15	-	14,2
	14 : 30	US Retail sales (mom, %)	Jun	0,5	0,6	0,8
	14 : 30	US New York Fed Manufacturing index (points)	Jul	22,6	22,8	25,0
	16 : 00	US IMF World Economic Outlook	-	-	-	-
	16 : 00	US Business inventories (mom, %)	May	0,4	0,4	0,3
17.	15 : 15	US Industrial production (mom, %)	Jun	0,6	0,6	-0,1
	16 : 00	US Jerome Powell testimony to the Senate Banking Committee	-	-	-	-
18.	10 : 30	UK Inflation (yoy, %)	Jun		2,6	2,4
	10 : 30	UK Core inflation (yoy, %)	Jun		2,2	2,1
	11 : 00	EZ CPI (final, yoy, %)	Jun		2,0	2,0*
	14 : 30	US Housing starts (annualized monthly, '000s)	Jun		1323	1350
	14 : 30	US Building permits (annualized monthly, '000s)	Jun		1328	1301
	20 : 00	US Fed Beige Book	-		-	-
19.	10 : 30	UK Retail sales (mom, %)	Jun		0,5	1,3
	16 : 00	US Leading index (mom, %)	Jun		0,3	0,2
20.	1 : 30	JP CPI (yoy, %)	Jun		-	0,7
	1 : 30	JP core-CPI (yoy, %)	Jun		0,8	0,7
	9 : 00	HU Gross wages (yoy, %)	May		-	12,6
		OPEC and non-OPEC Ministerial Meeting	-		-	-

* preliminary data

Sources: Reuters, OTP Research

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

Analyst
Beáta Váradi
varadibe@otpbank.hu
+36 1 374 7271

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