

# Global Daily Report



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## Summary

- US markets achieved gains, while Europe moved mixed on Thursday.
- Amid a string of monetary policy decisions, Turkey's central bank lifted the benchmark rate by 6.25%
- Trade war fears strengthened yesterday
- The USD weakened against the EUR as America's inflation data missed expectations.

In Friday's benign trading sentiment in America, the Dow advanced 0.6% and the S&P500 grew by 0.5%. Technology shares were the winners of the day: Apple rallied 2.4%, Alphabet gained 0.9%, and Microsoft upped 1.1%. Europe's stock markets ended mixed. The DAX added 0.2%, while the Stoxx600 shed 0.2%.

As expected, the ECB left its key policy rate on hold. No rate hikes are expected before next summer, as Europe's central bank is to wind down its asset purchases before the end of this year, but no decision was made about the re-investment of maturing debt. President Mario Draghi said that risks were broadly balanced, and economic growth was on stable grounds – even if the central bank slightly lowered its eurozone GDP growth forecast for years 2018 and 2019.

On Thursday the central bank of Turkey lifted its benchmark rate from 17.75% to 24%. Its post-meeting statement pointed out the importance of restoring price stability. Turkey's annualized consumer price index hit 17.9% in August. There was no stable market consensus regarding the Turkish central bank's monetary policy before its decision. What added to the uncertainty was President Erdogan's previous statements condemning 'high interest rates', countering the central bank's independence. The move triggered 5.3% TRY appreciation against the US dollar. Before the monetary tightening, Turkey banned domestic foreign-currency sales and rental transactions.

Britain's central bankers also met yesterday. The Bank of England's policy-makers left the benchmark rate at 0.75%, as expected. The central bank's communication said that the British economy's performance largely met expectations, but the protectionist measures launched by the USA and China hindered global growth stronger than had been thought, and Brexit continues to present downside risk to Britain's economic growth. The pound lost 0.5% vs. the euro after the press conference.

America's energy minister negotiated in Moscow with his Russian counterpart Alexandr Novak. At the news conference Rick Perry said the USA was against the North Stream 2 pipeline between Germany and Russia, which under construction, and cannot rule out sanctions, but he did not go into details. Meanwhile US Secretary of Treasury Steve Mnuchin talked with China to settle trade disputes. But the expectations of the Shino-American negotiations were dampened as President Trump tweeted that inking a trade deal was not urgent for the USA.

Petroleum prices dropped yesterday. The WTI sank by 2.3% as global oil reserves hit a record high. In addition, the Florence hurricane, which is approaching the Eastern coast of the USA, has weakened compared to the previous forecasts.

The US consumer price index grew by 2.7% year/year in August, and the core price index was up 2.2% – both readings were short of analysts' forecasts. This made the dollar weaker against the euro: the EUR/USD rose by 0.6%. China released important macroeconomic data this morning. In August, industrial production surged 6.1%, and retail sales jumped 9.0% higher, beating analysts' predictions. Infrastructural investment expanded by 5.3%, missing economists' projections.

A string of important economic indicators is due out in the USA 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	2904,2	0,5	8,6	VIX	12,4	-5,9	12	WTI	68,6	-2,5	13,5
	DOW	26146,0	0,6	5,8	US 2Y	2,76	1	87	Brent	78,18	-2,0	16,9
	Nasdaq100	7561,7	1,0	18,2	US 10Y	2,96	0	55	Gold	1200,7	-0,4	-7,8
	DAX	12055,6	0,2	-6,7	GER 2Y	-0,55	1	9	Silver	14,16	-0,3	-16,4
	CAC40	5328,1	-0,1	0,3	GER 10Y	0,42	1	0	EUR/USD	1,17	0,6	-2,6
	FTSE 100	7281,6	-0,4	-5,3	PT10Y	1,88	-1	-5	EUR/GBP	0,89	0,1	0,4
	FTSE MIB	20846,2	-0,6	-4,6	IT 10Y	2,78	-1	78	EUR/NOK	9,61	0,1	-2,4
	Stoxx600	376,5	-0,1	-3,3	SP 10	1,50	1	-8	USD/CAD	1,30	0,0	3,3
	- Banks	135,2	1,2	-18,1	iTRAXX	60,2	-1,9	33	AUD/USD	0,72	0,3	-7,8
	Nikkei 225	23098,8	1,2	1,5	JPY 2Y	-0,11	0	3	USD/JPY	111,92	0,6	-0,7
	SSEC	2684,1	-0,1	-18,8	JPY 10Y	0,11	0	6	GBP/USD	1,31	0,5	-3,0
Regional	RTS	1084,5	1,2	-6,1	RUS10	8,9	-0,1	17	USD/RUB	68,192	-1,1	18,3
	WIG20	2233,46	1,1	-9,3	POL 10	3,2	-0,3	-2	EUR/PLN	4,30	-0,1	3,0
	PX50	1092,7	0,3	1,4	CZ10	2,2	0,0	42	EUR/RON	4,638	0,1	-0,8
Hungary	BUX	36156	0,1	-8,2	3M DKJ	0,20	0	16	EUR/HUF	323,89	-0,3	4,3
	OTP	10070	1,0	-6,1	1Y	0,59	0	54	USD/HUF	276,96	-0,8	7,0
	MOL	2860	0,7	-4,8	3Y	1,77	2	122	CHF/HUF	286,72	-0,3	8,2
	MTelekom	405	-0,7	-11,6	5Y	3,06	3	189	PLN/HUF	75,20	-0,3	1,2
	Richter	5095	-2,0	-24,9	10Y	3,59	1	155	GBP/HUF	362,93	-0,4	3,9

\* 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 9. 10.	9 : 00	TR GDP (yoy, %)	Q2	5,2	-	7,4
	9 : 00	TR GDP (qoq, %)	Q2	0,9	-	2,0
	10 : 30	UK Industrial production (mom, %)	Jul	0,1	0,2	0,4
11.	9 : 00	HU Inflation (yoy, %)	Aug	3,4	3,3	3,4
	9 : 00	HU Core inflation (yoy, %)	Aug	2,2	-	2,4
	11 : 00	DE ZEW Economic Sentiment (points)	Sept	-10,6	-14,0	-13,7
12.	9 : 00	FR Jean-Claude Juncker's State of the Union Speech	-	-	-	-
	9 : 00	HU Industrial production (second estimate, yoy, %)	Jul	6,2	-	6,2*
	11 : 00	EZ Industrial production (mom, %)	Jul	-0,8	0,1	-0,7
	20 : 00	US Fed Beige Book	-	-	-	-
13.	8 : 00	DE CPI (final, yoy, %)	Aug	2,0	2,0	2,0*
	13 : 00	UK Interest rate decision (%)	Sept	0,8	0,8	0,8
	13 : 45	EZ Interest rate decision (deposit rate, %)	Sept	-0,4	-0,4	-0,4
	13 : 45	EZ Interest rate decision (lending rate, %)	Sept	0,0	0,0	0,0
	14 : 30	US CPI (yoy, %)	Aug	2,7	2,8	2,9
	14 : 30	US CPI (mom, %)	Aug	0,2	0,3	0,2
	14 : 30	US core-CPI (yoy, %)	Aug	2,2	2,4	2,4
	14 : 30	US core-CPI (mom, %)	Aug	0,2	0,3	0
	20 : 00	US Federal budget balance (USDbn)	Aug	-214,0	-156,5	-77,0
14.	4 : 00	CN Industrial production (yoy, %)	Aug	6,1	6,0	6,0
	4 : 00	CN Retail sales (yoy, %)	Aug	9,0	8,8	8,8
	4 : 00	CN Infrastructural spending (yoy, %)	Aug	5,3	5,5	5,5
	9 : 00	HU Construction output (yoy, %)	Jul	-	-	28,2
	14 : 30	US Retail sales (mom, %)	Aug	-	0,4	0,5
	15 : 15	US Industrial production (mom, %)	Aug	-	0,3	0,1
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Sept	-	96,5	96,2
	16 : 00	US Business inventories (mom, %)	Jul	-	0,3	0,1

\* preliminary data

Sources: Reuters, OTP Research

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