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Global Daily Report

Summary

- The world's major stock markets made subtle moves on Tuesday; Western Europe's benchmarks inched up, and those in the USA mostly headed down.
- The CEE region's stock exchanges saw heavier losses; the BUX fell 2.5%.
- Donald Trump's speech to Congress did not disappoint: he announced the expected large-scale investment programme and promised major tax cuts to middle income earners.

Most stock indices in Western Europe closed with modest gains: the Stoxx600 edged up 0.2%, the FTSE and the DAX both nudged 0.1% higher on Tuesday. The market lacked a single direction; commodity producers' losses were offset by construction and tourism firms' gains. Building companies got impetus after president Trump's Monday speech on sizeable infrastructural investments. The German building material producer HeidelbergCement climbed 0.8%, LafargeHolcim upped 1.3%, Bouygues rose by 1.2%, and Hochtief went up 0.8% owing to a cheering earnings report; and all of these companies have North American operation too. The commodity producer sector dipped more than 1%, with Fresnillo diving 2.6%, Billiton going down 2.1%, and the commodity-related Glencore losing 1.7% of its value, while AngloAmerican, Antofagasta and BP booked profits. Investors were looking forward to Trump's speech to Congress, which may move markets on Wednesday.

America's stock indices also closed down, with the S&P500 sinking 0.2%, and the Dow dropping 0.1%, ending a 12-day winning streak. Looking at the S&P's sectors, most of the drop can be put down to the consumption sector; consumer discretionaries were the weakest links within the S&P. Technology and industry also underperformed, while utilities and consumer staples ended in positive territory. The consumer sector was dented by Target's worse-than-expected earnings report; the retail chain's share price plunged 12%, dragging down other players of the sector (Wal-Mart:-1.1%; BestBuy: -4.4%). Dollar Tree and BestBuy will release their numbers in pre-market hours on Wednesday. Some biggest industrial names closed in the red yesterday: GE 0.4, 3M, and Honeywell shed 0.3, and Ingersoll-Rand lost 2%. Even the significant improvement in the consumer confidence index or the jump in the Chicago PMI could not cheer up investors.

Asia's markets opened mixed this morning; Japan, China and Korea mostly ended in the green, while the Hong Kong index stood in the red at the beginning of trading. The optimism persisted until the end of session: the Nikkei closed 1.4% higher; China's and Hong Kong's benchmarks also made gains.

The USD appreciated yesterday, thanks to a fresh boost from yet another Fed decision-maker, who suggested that a rate hike in March should be given a thought. With the US economy very close to the Fed's inflation and unemployment targets, tightness would be justified, to avoid overheatedness. American forward-rated agreements imply that the possibility of a March rate hike is above 50%. The USD made gains against the EUR, and the GBP; the JPY weakened 0.6% in Wednesday's trading in Asia.

Trump's speech to Congress did not bring much excitement, which the market received with relief; US index futures also climbed higher. Commentaries assessed Trump's speech as thematic rather than detailed, but he struck a more conciliatory tone concerning immigration. The president announced a large-scale USD 1,000 billion investment programme, but no mention was made about its source or budgetary effect. Trump promised massive tax reliefs for middle income earners, but reiterated that Obamacare would be replaced, and promised tax reliefs in health care financing. He also announced raising defence spending by USD 54 billion, at the cost of scaling back other programmes to the same degree, but he did not go into details.

On the commodities market, Brent's price sank 0.6%, the WTI slipped only 0.15% in Tuesday's session. Precious metal prices fell; industrial metal prices underwent correction on Tuesday. On agricultural markets, cocoa price fell 4%, to a four-year low.

In February the US Conference Board consumer confidence index hit its highest since July 2001, rising to a higher-than-expected 114.8, up from a revised 111.6 gauged a month earlier, with both the present situation and the expectations indices rising significantly.

In contrast, the second reading of the Q4 GDP figure was short of analysts' forecasts. It confirmed the annualized growth rate at 1.9% in the USA. However, households spending grew by a faster-than-thought 3%. The Chicago PMI jumped to 57.4 in February, up from 50.3% in January, beating the market consensus. The Case-Shiller home price index also grew stronger than expected in December, when the rate of price hikes accelerated to 5.6%.

In Japan, the Nikkei manufacturing PMI improved by less than has been forecast, while in China the Caixin has beaten expectations (but these statistics are somewhat distorted by the lunar new year holidays).

Today the Markit manufacturing purchasing manager indices are due out in most of the eurozone member states, and for the whole of the currency union. Germany will publish unemployment and inflation statistics.

A raft of data is scheduled for release in the USA today: ISM and Markit will release manufacturing PMIs, in addition to the January inflation figures, personal income and expenditure data, as well as construction expenditure statistics for January. The Beige Book, with the Fed's assessment of current economic conditions, is due out at 20:00 (CET). The February vehicle sales numbers help understand how consumption developed.

Today's meeting of the National Bank of Canada is expected to leave monetary conditions in place.

| | 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 | 2363,6 | -0,3 | 5,6 | VIX | 12,9 | 6,9 | -8 | WTI | 54,01 | -0,1 | 0,5 |
| | DOW | 20812,2 | -0,1 | 5,3 | US 2Y | 1,22 | 1,2 | 2 | Brent | 55,59 | -0,6 | -2,2 |
| | Nasdaq100 | 5330,3 | -0,3 | 9,6 | US 10Y | 2,36 | -0,9 | -7 | Gold | 1248,5 | -0,3 | 8,4 |
| | DAX | 11834,4 | 0,1 | 3,1 | GER 2Y | -0,90 | 2,5 | -11 | Silver | 18,31 | 0,3 | 14,9 |
| | CAC40 | 4858,6 | 0,3 | -0,1 | GER 10Y | 0,21 | 0,5 | 0 | EUR/USD | 1,0575 | -0,1 | 0,6 |
| | FTSE 100 | 7263,4 | 0,1 | 1,7 | PT10Y | 3,88 | -0,1 | 12 | EUR/GBP | 0,8540 | 0,4 | 0,3 |
| | FTSE MIB | 18913,3 | 0,0 | -1,7 | IT 10Y | 2,09 | -5,4 | 26 | EUR/NOK | 8,8742 | 0,1 | -2,3 |
| | Stoxx600 | 370,2 | 0,2 | 2,4 | SP 10 | 1,66 | 0,4 | 27 | USD/CAD | 1,3299 | 0,9 | -1,0 |
| | - Banks | 134,9 | 0,5 | 0,6 | iTRAXX | 72,8 | -1,9 | 1 | AUD/USD | 0,7657 | -0,2 | 6,1 |
| | Nikkei 225 | 19283,5 | 1,4 | 1,5 | JPY 2Y | -0,25 | 2,4 | -7 | USD/JPY | 112,75 | 0,1 | -3,5 |
| SSEC | 3245,5 | 0,1 | 4,6 | JPY 10Y | 0,06 | 0,9 | 1 | GBP/USD | 1,2380 | -0,5 | 0,4 | |
| Regional | RTS | 1099,5 | -1,6 | -4,6 | RUS10 | 8,27 | 0,7 | -1 | USD/RUB | 58,299 | 0,3 | -5 |
| | WIG20 | 2191,25 | -0,9 | 12,5 | POL 10 | 3,82 | 0,0 | 5 | EUR/PLN | 4,3053 | -0,1 | -2,2 |
| | PX50 | 953,9 | -0,5 | 3,5 | CZ10 | 0,62 | 7,5 | 32 | EUR/RON | 4,5198 | 0,2 | -0,3 |
| Hungary | BUX | 32061 | -2,5 | 0,2 | 3M TB | 0,18 | 0 | 2 | EUR/HUF | 308,10 | 0,2 | -0,2 |
| | OTP | 8450 | -3,3 | 0,6 | 1Y | 0,30 | -1 | 12 | USD/HUF | 291,20 | 0,3 | -0,8 |
| | MOL | 19950 | -4,3 | -3,3 | 3Y | 1,58 | 1 | 72 | CHF/HUF | 289,45 | 0,6 | 0,5 |
| | MTelekom | 490 | -1,0 | -1,6 | 5Y | 2,27 | 0 | 50 | PLN/HUF | 71,480 | 0,3 | 2,0 |
| | Richter | 6452 | -0,3 | 3,9 | 10Y | 3,46 | 2 | 26 | GBP/HUF | 360,51 | -0,2 | 0 |

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

| Data | Cd. | Event/Data | Period | Fact | Cons. | Prev. |
|-------------|------------|---|--------|-------|-------|-------|
| 2017 2. 27. | 9 : 00 HU | Unemployment rate (%) | Jan. | 4,3 | - | 4,4 |
| | 11 : 00 EZ | EC Economic Sentiment Index (points) | Febr. | 108,0 | 108,0 | 107,9 |
| | 14 : 30 US | Durable goods orders (mom, %) | Jan. | 1,8 | 1,8 | -0,5 |
| | 16 : 00 US | Pending home sales (mom, %) | Jan. | -2,8 | 0,9 | 1,6 |
| 28. | 9 : 00 HU | Investment (yoy, %) | Q4 | -24,0 | - | -9,3 |
| | 9 : 00 HU | Industrial producer prices (yoy, %) | Jan. | 2,2 | - | 0,5 |
| | 14 : 00 HU | Interest rate decision (%) | Febr. | 0,9 | 0,9 | 0,9 |
| | 14 : 30 US | GDP (second estimate, annualized, yoy, %) | Q4 | 1,9 | 2,1 | 1,9* |
| | 15 : 00 US | Case-Shiller Home Price Index (yoy, %) | Dec. | 5,6 | 5,3 | 5,3 |
| | 15 : 45 US | Chicago PMI (points) | Febr. | 57,4 | 52,3 | 50,3 |
| | 16 : 00 US | Consumer confidence index (points) | Febr. | 114,8 | 111,0 | 111,8 |
| 3. 1. | 1 : 30 JP | Nikkei Manufacturing PMI (points) | Febr. | 53,3 | - | 53,5 |
| | 2 : 00 CN | NBS Manufacturing PMI (points) | Febr. | 51,6 | 51,1 | 51,3 |
| | 2 : 00 CN | NBS non-Manufacturing PMI (points) | Febr. | 54,2 | - | 54,6 |
| | 2 : 45 CN | Caixin Manufacturing PMI (points) | Febr. | 51,7 | 50,8 | 51,0 |
| | 9 : 00 HU | Manufacturing PMI (points) | Febr. | | - | 56,5 |
| | 14 : 00 DE | CPI (preliminary, yoy, %) | Febr. | | 2,1 | 1,9 |
| | 14 : 30 US | Personal income (mom, %) | Jan. | | 0,3 | 0,3 |
| | 14 : 30 US | Personal consumption (adjusted, mom, %) | Jan. | | 0,3 | 0,5 |
| | 16 : 00 US | Construction expenditure (mom, %) | Jan. | | 0,6 | -0,2 |
| | 16 : 00 US | ISM Manufacturing PMI (points) | Febr. | | 55,7 | 56,0 |
| | 20 : 00 US | Beige Book | Febr. | | - | - |
| | 21 : 30 US | Vehicle sales (annualized monthly, million) | Febr. | | 17,5 | 17,6 |
| 2. | 11 : 00 EZ | CPI (preliminary, yoy, %) | Febr. | | 2,0 | 1,8 |
| | 11 : 00 EZ | Core CPI (flash, yoy, %) | Febr. | | 0,9 | 0,9 |
| | 11 : 00 EZ | Unemployment rate (%) | Jan. | | 9,6 | 9,6 |
| 3. | 0 : 30 JP | CPI (yoy, %) | Jan. | | | 0,3 |
| | 0 : 30 JP | core-CPI (yoy, %) | Jan. | | 0,0 | -0,2 |
| | 9 : 00 HU | Retail sales (first estimate, yoy, %) | Jan. | | - | 2,8 |
| | 9 : 00 HU | Trade balance (detailed, monthly, EURmn) | Dec. | | - | 556,0 |
| | 11 : 00 EZ | Retail sales (mom, %) | Jan. | | 0,3 | 0 |
| | 16 : 00 US | ISM non-Manufacturing PMI (points) | Febr. | | 56,4 | 56,5 |
| | 19 : 00 US | Janet Yellen speaks (Executives Club of Chicago) | March | | - | - |
| | 19 : 00 US | Stanley Fischer speaks (US Monetary Policy Forum) | March | | - | - |
| | | HU Moody's Credit Rating decision | March | | | Baa3 |

Source: Reuters, OTP Research

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