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Global Daily Report

Summary

- The sentiment on advanced equity markets turned sour again, with consumer discretionaries falling.
- US auto sales data disappointed; large manufacturers' stocks fall. In contrast, Tesla is soaring; its market value overtook that of Ford.
- S&P cut South Africa's credit rating to junk, the ZAR is plunging.

Reversing a four-day growing streak, Western Europe's stock markets lost impetus on Monday. The Stoxx600 closed 0.5% down, dragged down by consumer discretionaries from an intraday 0.4% gain. Banks, carmakers, and insurance companies saw the sharpest falls, but consumer discretionaries, technology, and real property sectors also ended in the red. Only basic material producers' shares rose, albeit modestly. In geographical comparison, the eurozone periphery' equity markets, particularly Spain and Italy suffered (MIB: -1.2%, IBEX35: -1.3%); the Greek stock exchange was the odd one out (+0.2%). The DAX shed 0.5%, the FTSE sank 0.6%, and France's CAC40 slid 0.7%. The DAX's biggest loser, Deutsche Bank dived 2.7%. The technology segment was dragged down by Britain's Imagination Technologies (-69%), after announcing that it might lose its biggest customer Apple in 15-24 months. More than half of the British graphic and video chip maker's revenue comes from Apple.

America's stock markets closed in the red too – the Dow dropped only six basis points, the S&P eased 0.2%, and the NASDAQ Composite slipped 0.3%. Russell2000, the index of small and mid-cap companies and one of the top winners of the Trump rally, subsided 1.2% yesterday. Within the S&P, consumer discretionaries and basic materials producers were the weakest sectors. The US new car sales statistics for March missed expectations, indicating that the market continues the shrinking seen in January and February. The share prices of Fiat Chrysler reversed 4.8%, General Motors retreated 3.4%, and Ford went back 1.7%. By contrast, Tesla has topped analysts' forecast by reporting the delivery of 25,000 electric cars in the first quarter, making the realization of the 50,000 target for the first half-year even more likely. The announcement sent its share price 7% higher by the close, thus its market value exceeds that of Ford. The pale auto sales data dented manufacturers and their suppliers, as well as car dealers and car parts retailers. Retail chains and a number of manufacturers in the FMCG segment suffered losses too. Even the ISM institute's subsequent better-than-expected index for March could not improve market sentiment.

Asia's markets also kicked off with losses; the yen has appreciated. The Nikkei fell 1% after Japan's big carmakers published disappointing sales figures in the United States. There was no trading in mainland China or Hong Kong. Korea's Kospi index also edged lower.

The euro gained 0.2% in Monday's trading. On the first day of April, the pound weakened 0.6% against the US dollar, after appreciating 1.7% in the first quarter. The PMI reading from the UK was short of expectations. The RUB slightly weakened against the USD after Monday afternoon's terror attack in Saint Petersburg. The South African rand (ZAR) extended its losing streak yesterday (-2.5%) after last week's political crisis prompted Standard & Poor's to cut the country's sovereign debt rating into Junk category. A string of PMI data were released in Europe yesterday. The final reading of March PMI for the eurozone and Germany were in line with the preliminary data, signifying a slight improvement in manufacturing. The final gauge of Markit's US manufacturing index for March indicated only slight deterioration from the preliminary figure, but a sharper fall from the previous month. Likewise, the ISM survey for March slightly worsened in month/month terms, but the index surpassed preliminary expectations and its employment sub-index also points to an improvement as opposed to the deterioration in new orders.

The USA published disappointing auto sales data yesterday: instead of the expected uptick, car sales contracted by 1.7%, to 4.59 million, while total auto sales shrank by 5.5%. Following the drops in January and February, the market expected increase, also because dealers offered significant discounts to spur purchases, particularly on the market of cars. But the turnover of Ford fell 7%, that of FiatChrysler slumped 5%, while the sales of Toyota (-2%) and Honda (-1%) dropped more moderately last month. Only Nissan (+3.2%) and VW-Audi (+2.3%) posted major growth in sales.

The retail sales figures from the eurozone, and the UK construction PMI survey may be in the centre of attention in Europe today. In America, factory orders data are due out.

| | 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 | 2358,8 | -0,2 | 5,4 | VIX | 12,4 | 0,1 | -12 | WTI | 50,24 | -0,7 | -6,5 |
| | DOW | 20650,2 | -0,1 | 4,5 | US 2Y | 1,24 | -1,6 | 4 | Brent | 53,12 | 0,5 | -6,5 |
| | Nasdaq100 | 5432,2 | -0,1 | 11,7 | US 10Y | 2,35 | -4,5 | -8 | Gold | 1252,9 | 0,3 | 8,8 |
| | DAX | 12257,2 | -0,5 | 6,8 | GER 2Y | -0,79 | -4,8 | 0 | Silver | 18,22 | 0,0 | 14,3 |
| | CAC40 | 5085,9 | -0,7 | 4,6 | GER 10Y | 0,28 | -5,1 | 7 | EUR/USD | 1,0668 | 0,2 | 1,5 |
| | FTSE 100 | 7282,7 | -0,5 | 2,0 | PT10Y | 3,90 | -6,5 | 14 | EUR/GBP | 0,8540 | 0,6 | 0,3 |
| | FTSE MIB | 20242,9 | -1,2 | 5,2 | IT 10Y | 2,32 | 0,9 | 49 | EUR/NOK | 9,1511 | 0,0 | 0,7 |
| | Stoxx600 | 379,3 | -0,5 | 4,9 | SP 10 | 1,63 | -2,8 | 24 | USD/CAD | 1,3378 | 0,5 | -0,4 |
| | - Banks | 140,4 | -1,8 | 4,7 | iTRAXX | 75,3 | 2,4 | 4 | AUD/USD | 0,7601 | -0,4 | 5,3 |
| | Nikkei 225 | 18909,3 | -0,8 | -2,9 | JPY 2Y | -0,18 | -1,5 | 0 | USD/JPY | 110,87 | -0,5 | -5,1 |
| SSEC | 3222,5 | 0,0 | 3,8 | JPY 10Y | 0,07 | -1,0 | 2 | GBP/USD | 1,2486 | -0,5 | 1,2 | |
| Regional | RTS | 1123,0 | 0,8 | -2,5 | RUS10 | 7,94 | 0,1 | -5 | USD/RUB | 56,068 | -0,3 | -8 |
| | WIG20 | 2219,88 | 2,0 | 14,0 | POL 10 | 3,43 | -2,2 | -5 | EUR/PLN | 4,2338 | 0,1 | -3,9 |
| | PX50 | 985,2 | 0,4 | 6,9 | CZ10 | 0,93 | 3,1 | 98 | EUR/RON | 4,5453 | -0,1 | 0,2 |
| Hungary | BUX | 31788 | 0,5 | -0,7 | 3M TB | 0,15 | 0 | -1 | EUR/HUF | 308,34 | 0,0 | -0,2 |
| | OTP | 8025 | -0,8 | -4,5 | 1Y | 0,18 | -1 | 0 | USD/HUF | 288,96 | -0,2 | -1,5 |
| | MOL | 20100 | 1,5 | -2,6 | 3Y | 1,14 | 0 | 28 | CHF/HUF | 288,40 | 0,0 | 0,2 |
| | MTelekom | 485 | 1,0 | -2,6 | 5Y | 2,21 | -4 | 44 | PLN/HUF | 72,790 | 0,0 | 3,9 |
| | Richter | 6636 | 1,0 | 6,9 | 10Y | 3,30 | 0 | 9 | GBP/HUF | 360,79 | -0,1 | 0 |

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

| Data | Cd. | Event/Data | Period | Fact | Cons. | Prev. |
|------------|------------|--|--------|-------|-------|-------|
| 2017 4. 3. | 2 : 30 JP | Nikkei Manufacturing PMI (points) | March | 52,4 | - | 52,6 |
| | 9 : 00 HU | Manufacturing PMI (points) | March | 56,0 | - | 59,5 |
| | 9 : 00 HU | Trade balance (detailed, monthly, EURmn) | Jan. | 633,0 | - | 658* |
| | 11 : 00 EZ | Consumer confidence (point) | Febr. | 9,5 | 9,5 | 9,6 |
| | 16 : 00 US | Construction expenditure (mom, %) | Febr. | 0,8 | 1,1 | -1,0 |
| | 16 : 00 US | ISM Manufacturing PMI (points) | March | 57,2 | 57,0 | 57,7 |
| | 21 : 30 US | European Commission Economic sentiment Index (point) | March | 16,6 | 17,3 | 17,6 |
| 4. | 9 : 00 HU | Retail sales (first estimate, yoy, %) | Febr. | | - | 3,7 |
| | 11 : 00 EZ | Retail sales (mom, %) | Febr. | | 0,50 | -0,10 |
| | 16 : 00 US | Factory orders (mom, %) | Febr. | | 1,0 | 1,2 |
| 5. | 9 : 00 HU | Industrial production (preliminary, yoy, %) | Febr. | | - | 6,5 |
| | 14 : 00 PL | Interest rate decision (%) | Apr. | | - | 1,5 |
| | 14 : 00 RO | Interest rate decision (%) | Apr. | | 1,8 | 1,8 |
| | 14 : 15 US | ADP non-farm employment (mom, '000s) | March | | 200,0 | 298,0 |
| | 16 : 00 US | ISM non-Manufacturing PMI (points) | March | | 57,0 | 57,6 |
| | 20 : 00 US | Industrial producer prices (yoy, %) | March | | - | - |
| 6. | 9 : 00 DE | Fiscal balance (bn HUF) | Febr. | | 4,0 | -7,4 |
| | 11 : 00 HU | Fiscal balance (monthly, billion HUF) | March | | - | 57,0 |
| | 13 : 30 EZ | ECB Minutes | March | | - | - |
| 7. | 8 : 00 DE | Export (mom, %) | Febr. | | -0,5 | 2,7 |
| | 9 : 00 HU | Trade balance (preliminary, monthly, EURmn) | Febr. | | - | 658,0 |
| | 9 : 00 DE | Industrial production (mom, %) | Febr. | | -0,2 | 2,8 |
| | 10 : 30 UK | Industrial production (mom, %) | Febr. | | 0,2 | -0,4 |
| | 11 : 00 HU | International reserves (final, EURbn) | Febr. | | - | 25,2 |
| | 14 : 30 US | Unemployment rate (%) | March | | 4,7 | 4,7 |
| | 14 : 30 US | Average earnings (yoy, %) | March | | 2,4 | 2,8 |
| | 14 : 30 US | Average earning (mom, %) | March | | 0,2 | 0,2 |
| | 14 : 30 US | Non-farm payroll (mom, '000s) | March | | 180,0 | 235,0 |

*preliminary data

Source: Reuters, OTP Research

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