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# Global Daily Report

### Summary

- Most stock markets in Western Europe inched down on Thursday.
- This can be partly attributed to the unexpectedly high US producer price index, which may prompt the Fed to raise interest rates sharper.
- The BoE's Inflation Report caused pound weakening against all major currencies.
- Bulls ruled commodity markets, causing broad rise in key commodities' prices.

Advanced economies' stock markets changed little in Thursday's session when Germany's DAX, France's CAC, Italy's FTSE MIB, and the S&P500 in America also closed 0.2-0.3% lower. Somewhat surprisingly, the FTSE100 outperformed, chiefly because the Bank of England left its interest rates on hold. But probably more importantly, the BoE's guidance suggested that the benchmark rate may remain at this level for as long as two years. Trading in America opened on a weak note, partly because the unexpectedly high US producer price index suggests that inflationary pressure may be mounting, which could prompt the Fed to extend its interest rates hikes. By the end of the day, the tech and financial sectors sank, as did most stock markets in the developed world, even though the SAP, Europe's biggest IT company, raised its dividend payment.

In Asia, the Nikkei lost 0.4% this morning, but trading on China's stock markets was more optimistic: both the Shanghai Composite and the Hang Seng were seen 0.6% higher.

On currency markets, the GBP weakened against all key currencies, owing to the BoE's statement. The USD/JPY was heading down when the publication of the US producer price index reversed its direction. The 10Y US yield came down two basis points, but its intraday move also reacted to the publication of the higher-than-expected producer price data. On the other hand, German yields climbed one basis point higher; the European Commission's Spring 2017 Economic Forecast may have played a part. It came with stronger growth predictions and lower unemployment predictions; all these suggest that economic activity in Europe is gradually picking up, which may soon prompt the ECB to reconsider its current ultra-loose monetary policy.

On commodities' markets gold, silver, copper, and black gold prices all went up yesterday.

An important macroeconomic development on Thursday was the European Commission's updated macroeconomic forecast, which projects 1.7% and 1.8% GDP growth rates in the eurozone for 2017 and 2018 respectively, 0.1 percentage points higher than in the previous outlook. The unemployment rate may come down to 9.4% and 8.9% this year and next. Other important macroeconomic events on Thursday were the release of the BoE's Inflation Report (along with the rate decision), and the US producer price index.

The preliminary Q1 GDP growth data published in Germany this morning, at 0.6% QoQ and 1.7% YoY, signifies acceleration from the last quarter of 2016.

The most recent reading on US inflation and the Michigan consumer confidence index are due out 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	2394,4	-0,2	7,0	VIX	10,6	3,8	-25	WTI	47,83	1,1	-11,0
	DOW	20919,4	-0,1	5,9	US 2Y	1,35	-0,8	15	Brent	50,77	1,1	-10,6
	Nasdaq100	5674,2	-0,1	16,7	US 10Y	2,40	-1,4	-3	Gold	1224,4	0,5	6,3
	DAX	12711,1	-0,4	10,7	GER 2Y	-0,66	-0,6	13	Silver	16,29	0,9	2,2
	CAC40	5383,4	-0,3	10,7	GER 10Y	0,43	1,3	22	EUR/USD	1,0861	0,0	3,3
	FTSE 100	7386,6	0,0	3,4	PT10Y	3,41	-0,1	-35	EUR/GBP	0,8426	0,3	-1,1
	FTSE MIB	21482,5	-0,3	11,7	IT 10Y	2,29	3,7	47	EUR/NOK	9,3370	-0,3	2,8
	Stoxx600	394,4	-0,5	9,1	SP 10	1,64	4,2	25	USD/CAD	1,3695	0,3	2,0
	- Banks	152,9	-0,5	14,0	iTRAXX	62,4	0,4	-14	AUD/USD	0,7376	0,2	2,2
	Nikkei 225	19883,9	-0,4	4,0	JPY 2Y	-0,17	0,2	0	USD/JPY	113,84	-0,4	-2,6
SSEC	3130,4	2,3	0,9	JPY 10Y	0,04	-0,8	-1	GBP/USD	1,2881	-0,4	4,4	
Regional	RTS	1105,8	-0,5	-4,0	RUS10	7,61	-0,5	-9	USD/RUB	57,054	-0,6	-7
	WIG20	2364,93	-0,6	21,4	POL 10	3,36	-2,0	-7	EUR/PLN	4,2236	0,3	-4,1
	PX50	1012,8	0,3	9,9	CZ10	0,82	-1,9	75	EUR/RON	4,5448	-0,1	0,2
Hungary	BUX	33859	0,6	5,8	3M TB	0,15	0	-1	EUR/HUF	310,01	-0,1	0,4
	OTP	8250	-0,4	-1,8	1Y	0,22	1	3	USD/HUF	285,45	0,0	-2,7
	MOL	22310	1,6	8,1	3Y	0,91	-5	5	CHF/HUF	283,30	0,1	-1,6
	MTelekom	468	-4,5	-6,0	5Y	2,00	-6	23	PLN/HUF	73,390	-0,5	4,8
	Richter	6950	0,5	11,9	10Y	3,08	-3	-12	GBP/HUF	367,96	-0,4	2

\* 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 5. 8.	4 : 00	CN Import (yoy, %)	Apr.	11,9	18	20,3
	4 : 00	CN Export (yoy, %)	Apr.	8,0	10,4	16,4
	8 : 00	DE Industrial orders (mom, %)	March	1,0	0,8	3,4
	10 : 00	EZ Sentix Investor confidence (points)	May	27,4	25,0	23,9
	11 : 00	HU Fiscal balance (monthly, billion HUF)	Apr.	76,6	-	-378,5
9.	8 : 00	DE Export (mom, %)	March	0,4	0,2	0,8
	8 : 00	DE Industrial production (mom, %)	March	-0,4	-0,6	2,2
	9 : 00	HU Trade balance (preliminary, monthly, EURmn)	March	956	880	881
10.	9 : 00	HU Inflation (yoy, %)	Apr.	2,2	2,3	2,7
	9 : 00	HU Core inflation (yoy, %)	Apr.	1,9	-	1,8
	10 : 30	EZ Mario Draghi's speech in the Dutch Parliament	-	-	-	-
	20 : 00	US Federal budget balance (USDbn)	Apr.	182	-	-176
11.	9 : 00	HU Construction output (yoy, %)	March	33,3	-	15,2
	10 : 30	UK Industrial production (mom, %)	March	-0,5	-0,3	-0,7
	11 : 00	EU EC's Economic Forecast	-	-	-	-
	13 : 00	UK Interest rate decision (%)	May	0,25	0,25	0,25
12.	8 : 00	DE CPI (final, yoy, %)	Apr.	2,0	2,0	2,0*
	8 : 00	DE GDP (preliminary, qoq, SA %)	Q1	0,6	0,6	0,4
	8 : 00	DE GDP (preliminary, qoq, NSA %)	Q1	1,7	1,7	1,2
	9 : 00	HU Industrial production (second estimate, yoy, %)	March		-	12,8*
	11 : 00	EZ Industrial production (mom, %)	March		0,3	-0,3
	14 : 30	US Retail sales (mom, %)	Apr.		0,6	-0,2
	14 : 30	US CPI (yoy, %)	Apr.		2,3	2,4
	14 : 30	US CPI (mom, %)	Apr.		0,2	-0,3
	14 : 30	US core-CPI (yoy, %)	Apr.		2,0	2,0
	14 : 30	US core-CPI (yoy, %)	Apr.		0,2	-0,1
	16 : 00	US Michigan Consumer confidence (preliminary, points)	May		97,0	97,0
	16 : 00	US Business inventories (mom, %)	March		0,1	0,3
		HU Fitch revision	-		-	BBB-

\*preliminary data

Source: Reuters, OTP Research

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