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# Global Daily Report

### Summary

- Emmanuel Macron's party confidently won the first round of French general elections.
- Europe's stock markets were on the rise on Friday; the FTSE upped 1% but the GBP lost 1.6%.
- A contraction in tech shares prevented hitting new highs in America.
- The technology sector was hit in Asia too.

The uncertainty surrounding Britain's new government evaporated on Monday, Theresa May was appointed to form government. Conservatives won 318 seats, Northern Ireland's DUP will help it to a majority with 10 seats, but no details on their cooperation have come to light. The pound weakened 1.6% against the USD but the FTSE100 advanced more than 1.0%, mostly driven by exporting companies, whereas the FTSE250 (in which businesses relying on the domestic market weigh heavier) wiped out an intraday 1% loss to close 0.1% higher. On the London Stock Exchange, construction and real property companies were Friday's losers. In Europe, the Stoxx600 index climbed 0.3% higher; travel and leisure names made the sharpest losses on Friday and last week. The DAX advanced 0.8% on Friday; the benchmarks in London, Vienna, and Lisbon all posted 1% gains. On the last business day before Sunday's election, the CAC40 was up 0.7%.

Despite breaking records earlier in the day, the S&P and the NASDAQ ended Friday's trading in the red. According to Bloomberg, it was Goldman Sachs' chief investment officer who induced a fall in technology shares, when warning that even though the stock prices of the five major shares of the NASDAQ (Apple, Alphabet, Amazon, Facebook, and Microsoft) are less volatile, this masks sector-specific risks factors such as cyclical exposure and regulatory risks, which threaten the whole tech sector. The NASDAQ Composite ended 1.8% lower, and the NASDAQ100 fell 2.4%. The biggest loser of the five, Apple shrank almost 4%, Alphabet contracted by 3.4%, and Amazon dived 3.2%. Smaller companies took a hit too: NVidia plunged 6.5%, and Netflix subsided 4.7%. Chipmakers or software developers did not do any better. The winners of the day in America were the energy sector and financial service providers.

Pessimism ruled Asia's markets this morning, when the Nikkei and the Shanghai Composite declined 0.6% each, and the Hang Seng lost 1.2% as the selling pressure weighing on the technology sector spilled over to the stock markets of the Far East.

On crude oil futures market, the WTI climbed 0.4% higher, to 45.83 USD/barrel, and the Brent increased by 0.6% on Friday. Precious metal prices eased: gold lost 0.6% of its shine and silver price was 1.1% down. Palladium spot price jumped nearly 3%; thus the light platinum group element's price has surged 30% since the end of last year. At one point on Friday, its price soared almost 8% to a 16-year high, drawing near the price of platinum. Palladium prices are mostly driven by fears that demand will exceed supply on global markets as car sales are growing and emission rules are becoming stricter, thus demand for this excellent absorbent of harmful substances is ever increasing. Industrial metals also fared well on Friday: copper grew by 1.3-1.5%, and zinc (+2.7%) also became more expensive.

On currency markets, the US dollar appreciated on Friday, gaining 0.2% ground from the euro, 1.6% from the pound sterling, and 0.3% from the yen. On global government bond markets, the US and German 10Y yields inched up, while that on the British bond slipped three basis points on Friday. With 90% of the votes counted, Emmanuel Macron's LREM (La République en marche) party and its political ally, the centrist Modem seems to have won more than 32% of the votes in the first round, on particularly low turnout. The big loser of the general elections was the ruling Socialist party, obtaining 9% of the votes, thus their faction of more than 300 seats may shrink to its tenth. The far right, getting about 12%, was not successful either.

The coming days may bring further uncertainty on the GBP's market. No specifics have been published about the Conservatives' cooperation with the DUP, while Brexit talks are set to begin in ten days, and nearly 60% of Tory supporters would see Theresa May resign. Today may be a very important day for government forming in Britain.

Today's potentially important publication will be the May balance of the US Federal budget. Later in the week, rate-setting meetings will be held in the USA, the UK, and Japan.

	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	2431,8	-0,1	8,6	VIX	10,7	5,3	-24	WTI	45,83	0,4	-14,7
	DOW	21272,0	0,4	7,6	US 2Y	1,34	1,3	14	Brent	48,15	0,6	-15,3
	Nasdaq100	5741,9	-2,4	18,1	US 10Y	2,20	0,5	-23	Gold	1265,9	-1,0	9,9
	DAX	12815,7	0,8	11,6	GER 2Y	-0,73	-0,5	6	Silver	17,16	-1,3	7,7
	CAC40	5299,7	0,7	9,0	GER 10Y	0,26	0,2	6	EUR/USD	1,1192	-0,2	6,5
	FTSE 100	7527,3	1,0	5,4	PT10Y	3,02	-1,6	-74	EUR/GBP	0,8781	1,5	3,1
	FTSE MIB	21122,4	0,4	9,8	IT 10Y	2,09	-9,7	26	EUR/NOK	9,5100	-0,2	4,7
	Stoxx600	390,4	0,3	8,0	SP 10	1,44	-3,4	4	USD/CAD	1,3468	-0,3	0,3
	- Banks	153,3	0,1	14,3	ITRAXX	58,9	-1,9	-19	AUD/USD	0,7526	-0,2	4,3
	Nikkei 225	19902,1	-0,6	4,1	JPY 2Y	-0,11	-0,2	7	USD/JPY	110,33	0,3	-5,6
SSEC	3130,4	-0,9	0,9	JPY 10Y	0,06	0,5	1	GBP/USD	1,2740	-1,6	3,3	
Regional	RTS	1041,5	0,3	-9,6	RUS10	7,59	-0,3	-9	USD/RUB	57,017	0,2	-7
	WIG20	2330,72	-0,4	19,7	POL 10	3,17	-1,6	-13	EUR/PLN	4,1846	-0,3	-5,0
	PX50	1008,2	0,2	9,4	CZ10	0,78	6,7	66	EUR/RON	4,5587	-0,1	0,5
Hungary	BUX	35411	0,4	10,6	3M TB	0,17	2	1	EUR/HUF	307,20	-0,2	-0,5
	OTP	8906	0,9	6,0	1Y	0,20	0	2	USD/HUF	274,59	0,2	-6,4
	MOL	22300	0,0	8,1	3Y	0,82	-1	-4	CHF/HUF	283,40	0,0	-1,6
	MTelekom	469	-0,4	-5,8	5Y	1,90	-2	13	PLN/HUF	73,490	0,3	4,9
	Richter	7045	0,4	13,4	10Y	3,04	-1	-17	GBP/HUF	350,18	-1,5	-3

\* 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 6. 12.	20 : 00	US	Federal budget balance (USDbn)	May	-	182
	13. 10 : 30	UK	Inflation (yoy, %)	May	2,7	2,7
	11 : 00	DE	ZEW Economic Sentiment (points)	June	20,9	20,6
14.	4 : 00	CN	Infrastructural spending (yoy, %)	May	8,8	8,9
	4 : 00	CN	Industrial production (yoy, %)	May	6,3	6,5
	4 : 00	CN	Retail sales (yoy, %)	May	10,6	10,7
	8 : 00	DE	CPI (final, yoy, %)	May	1,5	1,5*
	9 : 00	HU	Industrial production (second estimate, yoy, %)	Apr.	-	-3,0*
	11 : 00	EZ	Industrial production (mom, %)	Apr.	0,4	-0,1
	14 : 30	US	CPI (yoy, %)	May	2,1	2,2
	14 : 30	US	CPI (mom, %)	May	0	0,2
	14 : 30	US	core-CPI (yoy, %)	May	1,9	1,9
	14 : 30	US	core-CPI (yoy, %)	May	0,2	0,1
	14 : 30	US	Retail sales (mom, %)	May	0,2	0,4
	16 : 00	US	Business inventories (mom, %)	Apr.	0,2	0,2
	20 : 00	US	Interest rate decision (%)	June	1,0-1,25	0,75-1,0
15.	9 : 00	HU	Construction output (yoy, %)	Apr.	-	33,3
	10 : 30	UK	Retail sales (mom, %)	May	-0,8	2,3
	13 : 00	UK	Interest rate decision (%)	June	0,25	0,25
	14 : 30	US	New York Fed Manufacturing index (points)	June	1	-1
	15 : 15	US	Industrial production (mom, %)	May	0,2	1
16.	6 : 00	JP	Interest rate decision (%)	June	0	0
		EZ	CPI (final, yoy, %)		1,4	1,4*
	14 : 30	US	Housing starts (annualized monthly, '000s)	May	1215,0	1172
	14 : 30	US	Building permits (annualized monthly, '000s)	May	1248	1228
	16 : 00	US	Michigan Consumer confidence (preliminary, points)	June	97,1	97,1
11.		FR	Parliamentary elections (2nd round)		-	-

\*preliminary data

Source: Reuters, OTP Research

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