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# Global Daily Report

### Summary

- Monday's trading was rather gloomy in the USA, where the technology sector underperformed.
- Railway and other workers began a major strike in France.
- An analysis by Oxford Economics concluded that the USA-China import tariffs have minimum effect on real economy but an escalation may noticeably dampen economic growth.
- Investors' risk aversion sent gold and silver prices 1.3% and 1.8% higher respectively.

Stock markets in Europe and Hungary were closed on Easter Monday. The sentiment on America's equity markets was clearly negative, with technology shares taking the hardest hit. The S&P500 dropped 2.2%, and the NASDAQ100 lost 2.9%. The VIX, the 'fear index', hit 25 points. The slump on stock markets can be put down to a number of factors. China announced to impose a 25% tariff on pork imported from the USA, which may indicate an escalation in the trade war between the USA and China. Moreover, some key players of the technology sector were hit by negative media reports. On top of the Facebook scandal, Apple said it would stop using Intel's chip starting from 2020. Orders from Apple make up 5% of the chipmakers' sales. Moreover, President Trump tweeted that Amazon causes a lot of damage because its expansion makes retail shops close and it is also a strong rival of US Post Office. Finally, a number of financial analysts opine that Tesla may be struggling with liquidity problems, forcing it to return to the market for funding – in an environment when the manufacturing of Model 3 is behind schedule. In Monday's trading Facebook contracted by 2.7%, Intel shrank 5.7%, while Amazon and Tesla slid 5% each. Having analysed historical data, Bloomberg found that Monday's trading marked the weakest start to a second quarter on US markets since 1929, the beginning of the Great Depression.

On the currency market, the USD firmed 0.2% against the EUR but lost 0.3% versus the JPY. Risk aversion sent gold and silver prices 1.3% and 1.8% higher.

Major strikes began in France, where railway workers and Air France staff protest the government's reforms and demand higher wages. Previous railway strikes were unsuccessful. France's state-owned SNCF railway company piled up nearly EUR 50 bn loss, thus its reforming and making its operation sustainable are among President Macron's priorities. But a number of reform plans failed over the past 25 years. As part of the current reform, the retirement age for future employees would increase to 62, up from 50 and 55. The government argues that reforms are inevitable as operating the French railways costs 30% more than other railways in Western Europe. But SNCF workers opine that the government is preparing the company's future privatization.

A research by Oxford Economics concluded that the effect of the import tariffs imposed by the USA and China is muted. The tariffs levied by America affect 2.2% of China's exports and 0.4% of its GDP. Analysts estimate that the new duties subtract less than 0.1 percentage points from China's GDP growth in the coming years. Moreover, America's political parties agree that China's working capital investments need to be scaled back. However, China's working capital investments make up only 2.5% of the total. That said, Chinese investments in the technology sector amount to 40%. The effect of mutual 'sanctions' is limited, but it is estimated that a global trade war may reduce America's annual economic growth pace by as much as 25% in the coming years, Oxford Economics' research concludes. Moreover, China is a significant buyer of US government securities. Given that the USA's budget deficit is rising because of the fiscal easing measures, and that the Fed started to reduce its balance sheet, the possibility of a yield shock may be higher if China suddenly cuts back its bond purchases.

	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	2581,9	-2,2	-3,4	VIX	23,6	18,3	114	WTI	63,20	0,0	4,6
	DOW	23644,2	-1,9	-4,3	US 2Y	2,25	-2,8	36	Brent	67,64	-3,7	1,2
	Nasdaq100	6390,8	-2,9	-0,1	US 10Y	2,73	-1,2	32	Gold	1341,0	1,3	3,0
	DAX	12096,7	0,0	-6,4	GER 2Y	-0,60	0,0	4	Silver	16,61	1,8	-2,0
	CAC40	5167,3	0,0	-2,7	GER 10Y	0,49	0,0	7	EUR/USD	1,23	0,0	2,5
	FTSE 100	7056,6	0,0	-8,2	PT10Y	1,61	0,0	-32	EUR/GBP	0,88	-0,1	-1,4
	FTSE MIB	22411,2	0,0	2,6	IT 10Y	1,79	0,0	-21	EUR/NOK	9,7	0,6	-1,5
	Stoxx600	370,9	0,0	-4,7	SP 10	1,16	0,0	-42	USD/CAD	1,29	0,2	2,6
	- Banks	159,0	0,0	-3,6	iTRAXX	59,7	0,0	32	AUD/USD	0,77	-0,2	-1,8
	Nikkei 225	21292,3	-0,4	-6,5	JPY 2Y	-0,14	-0,5	0	USD/JPY	105,88	-0,5	-6,0
SSEC	3137,2	-0,8	-5,1	JPY 10Y	0,03	-1,5	-2	GBP/USD	1,4043	0,2	3,9	
Regional	RTS	1234,1	-1,0	6,9	RUS10	7,05	0,0	-7	USD/RUB	57,480	0,4	-0,3
	WIG20	2210,4	0,0	-10,2	POL 10	3,17	0,0	-4	EUR/PLN	4,2105	0,1	0,8
	PX50	1123,9	0,0	4,2	CZ10	1,89	0,0	24	EUR/RON	4,6582	0,0	-0,4
Hungary	BUX	37258,9	0,0	-5,4	3M BUBOR	0,06	0,0	2	EUR/HUF	312,39	0,0	0,6
	OTP	11420,0	0,0	6,5	3M D T-Bill	0,08	0,0	3	USD/HUF	253,88	0,1	-1,9
	MOL	2772,0	0,0	-7,8	3Y	0,84	0,0	29	CHF/HUF	265,14	0,0	0,1
	MTelekom	453,5	0,0	-1,0	5Y	1,32	0,0	15	PLN/HUF	74,090	0,0	-0,3
	Richter	5305,0	0,0	-21,8	10Y	2,41	0,0	37	GBP/HUF	355,39	-0,2	1,7

\* 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 4. 2.	9 : 00	HU Manufacturing PMI (points)	March	57	-	57,4
	16 : 00	US Construction expenditure (mom, %)	Febr.	0,1	0,3	0,0
	16 : 00	US ISM Manufacturing PMI (points)	March	59,3	60,0	60,8
3.	8 : 00	DE Retail sales (mom, %)	Febr.	-0,7	-	-0,3
	21 : 30	US Vehicle sales (annualized monthly, million)	March		17,1	17,1
4.	9 : 00	HU Budget balance (% of GDP)	Q4		-	-3
	11 : 00	EZ CPI (flash, yoy, %)	March		1,4	1,1
	11 : 00	EZ Core CPI (flash, yoy, %)	March		-	1,0
	11 : 00	EZ Unemployment rate (%)	Febr.		-	8,6
	14 : 00	RO Interest rate decision (%)	Apr.		-	2,3
	14 : 15	US ADP non-farm employment (mom, '000s)	March		205,0	235,0
	16 : 00	US Factory orders (mom, %)	Febr.		1,2	-1,4
	16 : 00	US ISM non-Manufacturing PMI (points)	March		59,0	59,5
5.	8 : 00	DE Industrial orders (mom, %)	Febr.		-	-3,9
	9 : 00	HU Retail sales (first estimate, yoy, %)	Febr.		-	7,5
	11 : 00	EZ Retail sales (mom, %)	Febr.		-	-0,1
6.	8 : 00	DE Industrial production (mom, %)	Febr.		-	-0,1
	9 : 00	HU Industrial production (preliminary, yoy, %)	Febr.		-	6,9
	10 : 00	HU International reserves (preliminary, EURbn)	March		-	22,6
	14 : 30	US Unemployment rate (%)	March		4,0	4,1
	14 : 30	US Average earnings (yoy, %)	March		2,7	2,6
	14 : 30	US Average earnings (mom, %)	March		0,2	0,1
	14 : 30	US Non-farm payroll (mom, '000s)	March		203,0	313,0
8.		HU Országgyűlési választás			-	-

Sources: Reuters, OTP Research

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