

Global Daily Report



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Summary

- Following the US Presidents' messages over the weekend, trade war fears resurfaced.
- Sectors with exposure to China fell on Monday.
- Long-term yields dropped, the EUR/USD stagnated, the GBP weakened.

US President Donald Trump's plan to raise import tariffs on Chinese goods caused sharp falls on the stock markets of China and Hong Kong on Monday. The Shanghai Composite index slumped 5.6% and the Hang Seng plunged almost 3% yesterday. Concerns that US-Chinese trade talks could stall again caused losses to Europe's and America's benchmarks later in the day. The Stoxx600 index closed 0.9% lower, the DAX and the CAC40 dropped 1.0% and 1.2% respectively. Being susceptible to the trade war, Europe's car manufacturers moved backwards, and by the same token, chip makers were among the biggest losers in Europe. The share prices of STMicroelectronics contracted by nearly 5%, and AMS shrank 3%. It was Telenor that saved Europe's telecommunications sector from sharp losses; the Norwegian mobile service provider jumped 4.7% higher, on the back of news on negotiations to set up a joint Asian service provider with Malaysia's Axiata Group. The London Stock Exchange was closed for a holiday yesterday.

America's stock indices dipped into the red; the S&P closed 0.5% down, erasing a sharper loss of 1.6% earlier in the day. The Dow slipped 0.3% and the Nasdaq100 shed 0.7%. Stock indices recovered after CNBC's report that the Chinese delegation would negotiate in the USA this week, in accordance with previous plans. Among the S&P's sector indices, basic materials and industry (particularly machinery) were hit the hardest, followed by the technology sector, which is greatly exposed to China. The Philadelphia Semiconductor Index dropped 1.7%, and Apple's share price contracted by 1.5%. Boeing, America's largest exporter to China descended 1.3%. Investors shunned cyclical and trade-sensitive sectors, and opted for healthcare instead, helping in particular health insurance companies to decent gains.

Bond yields fell as risk appetite subsided and investors sought safer assets. The US 10Y bond yield fell six basis points; German and French bond yields slipped two basis points each yesterday. Hovering near 1.12, the EUR/USD barely changed on Monday. The pound's weakening sent the GBP/USD 0.6% lower, below 1.31. The Turkish lira's 0.3% depreciation sent the USD/TRY to a nearly seven-month high of more than 6, after reports that mayoral election in Istanbul will be re-run.

Crude prices nudged higher on Monday. WTI added 0.4%, to exceed 62 USD/barrel. Brent climbed 0.1% higher.

In the unsupportive sentiment, Budapest's BUX gave back 0.6%, while Prague's PX slipped 1.4%, and Warsaw's WIG20 lost 1.3%.

Monday's negative sentiment echoed this morning in Asia's equity markets. Re-opening after days of holiday, Japan's Nikkei declined 1.7%, even though the Nikkei manufacturing purchasing managers' index (PMI) picked up to exceed the 50-point mark, indicating a return to growth. The Reserve Bank of Australia held interest rates on hold, the AUD is firming.

The European Commission is to publish its spring economic forecast today. German industrial orders statistics, released this morning, signify 0.6% month/month increase, slightly missing expectations. However, following the revision of the February data, the contraction (-4.2%) is smaller than previously (-4.0%).

Germany's BMW, Infineon and Henkel, as well as Italy's Campari and Ferrari will publish their quarterly earnings reports 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	2932,5	-0,4	17,0	VIX	15,4	20,0	-39	WTI	62,3	0,4	37,1
	DOW	26438,5	-0,3	13,3	US 2Y	2,31	-3,0	-19	Brent	71,24	0,6	32,4
	Nasdaq100	7794,1	-0,7	23,1	US 10Y	2,50	-3,0	-19	Gold	1280,1	0,1	-0,2
	DAX	12286,9	-1,0	16,4	GER 2Y	-0,60	0,1	-1	Silver	14,90	-0,2	-3,7
	CAC40	5483,5	-1,2	15,9	GER 10Y	0,01	-1,1	-24	EUR/USD	1,1197	0,0	-2,4
	FTSE 100	7380,6	0,0	9,7	PT10Y	1,13	-1,2	-59	EUR/GBP	0,8548	0,5	-4,9
	FTSE MIB	21409,3	-1,6	16,8	IT 10Y	2,57	2,2	-20	EUR/NOK	9,7636	0,2	-1,4
	Stoxx600	387,0	-0,9	14,6	SP 10	0,98	-0,4	-44	USD/CAD	1,3446	0,2	-1,4
	- Banks	123,0	-1,2	8,9	iTRAXX	59,1	1,5	-33	AUD/USD	0,6989	-0,5	-0,9
	Nikkei 225	21917,6	-1,5	9,5	JPY 2Y	-0,15	-0,5	-2	USD/JPY	110,76	-0,3	1,1
	SSEC	2901,0	-0,2	16,3	JPY 10Y	-0,05	-0,6	-5	GBP/USD	1,3095	-0,6	2,6
Regional	RTS	1245,6	-0,2	16,8	RUS10	8,2	0,5	-6	USD/RUB	65,228	0,2	-6,4
	WIG20	2290,13	-1,2	0,6	POL 10	3,0	-0,6	6	EUR/PLN	4,28	0,1	-0,2
	PX50	1064,7	-1,4	7,9	CZ10	1,9	0,2	-3	EUR/RON	4,754	0,1	2,2
Hungary	BUX	41547	-0,5	6,2	3M DKJ	0,09	0,0	2	EUR/HUF	323,72	0,2	0,9
	OTP	12550	-0,2	11,2	1Y	0,27	0,0	-18	USD/HUF	288,92	0,2	3,3
	MOL	3150	-1,4	2,3	3Y	1,51	-1,0	26	CHF/HUF	283,77	0,1	-0,6
	MTelekom	457	-1,2	3,9	5Y	2,33	-2,0	-20	PLN/HUF	75,57	0,2	1,3
	Richter	5695	0,2	4,9	10Y	3,38	0,0	34	GBP/HUF	378,31	-0,3	6,2

* 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.
2019 5. 6.	9 : 00	HU Retail sales (first estimate, yoy, %)	Mar	5,9	-	8,4
	10 : 30	EZ Sentix Investor confidence (points)	May	5,3	-	-0,3
	11 : 00	EZ Retail sales (mom, %)	Mar	0,0	0,4	0,5
7.	2 : 30	JP Nikkei Manufacturing PMI (points)	Apr	50,2	-	49,5
	8 : 00	DE Industrial orders (mom, %)	Mar	0,6	0,8	-4,0
	11 : 00	EZ EC's Economic Forecast	-		-	-
8.	8 : 00	DE Industrial production (mom, %)	Mar		-0,9	0,7
	9 : 00	HU Industrial production (preliminary, yoy, %)	Mar		-	5,9
	10 : 00	HU International reserves (preliminary, EURbn)	Apr		-	27,5
	13 : 30	EZ ECB Minutes	Apr		-	-
9.	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Mar		-	816
	9 : 00	HU Inflation (yoy, %)	Apr		3,5	3,7
	9 : 00	HU Core-inflation (yoy, %, SA)	Apr		3,6	3,8
	11 : 00	HU Fiscal balance (monthly, billion HUF)	Apr		-	-209,3
	14 : 30	US Continuing jobless claims ('000s)	weekly		1670	1671
	14 : 30	US Initial jobless claims ('000s)	weekly		220	230
	14 : 30	US Jerome Powell speech	-		-	-
10.	8 : 00	DE Export (mom, %)	Mar		-0,5	-1,3
	10 : 30	UK Industrial production (mom, %)	Mar		0,1	0,6
	10 : 30	UK GDP (preliminary, qoq, %)	Q1		0,2	0,2
	10 : 30	UK GDP (preliminary, yoy, %)	Q1		1,4	1,4
	14 : 30	US CPI (yoy, %)	Apr		2,1	1,9
	14 : 30	US CPI (mom, SA, %)	Apr		0,4	0,4
	14 : 30	US core-CPI (yoy, %)	Apr		2,1	2,0
	14 : 30	US core-CPI (mom, SA, %)	Apr		0,2	0,1
	20 : 00	US Federal budget balance (USDbn)	Apr		-154	-147

Sources: Reuters, OTP Research

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