

Global Daily Report



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Summary

- Europe's stock markets experienced correction but the sentiment in the USA went sour by the close.
- Trade talks remained in the focus; China's Vice Premier Liu He begins two days of talks in Washington today.
- The US President imposed new sanctions on Iran.

The stock markets of the developed world reversed Tuesday's slump on Wednesday. In Europe the Stoxx600 and FTSE upped 0.2% each, the DAX advanced 0.7%, and the CAC40 closed 0.4% higher. Apparently, investors' concerns about the USA-China trade dispute have somewhat eased ahead of the two-day trip of Chinese Prime Minister Liu He to Washington. A string of cheering earnings reports further improved the sentiment in Europe: the Q1 profit in Siemens' earnings report surpassed expectations, and the giant confirmed plans to spin off its ailing Gas & Power division. Wirecard raised its profit guidance for this year, after boosting its profit by more than 40% in its core business in the first quarter. The share prices of Siemens and Wirecard jumped near 5% on Wednesday. The quarterly reports of European giants like ArcelorMittal, Continental, Deutsche Telekom, Metro and Unicredit will be out today.

Giving back the small gains eked out during the day, America's benchmarks sank into the red by the close, following China's threat to take counter-measures if the US increases import tariffs on Friday, as planned. The Dow closed practically flat, the S&P shed 0.2%, and the Nasdaq100 slipped 0.3%. In the S&P's sector indices, the utilities, financial and communications sectors were the weakest performers yesterday; the thin gains in other sectors could not fully offset their losses. Being susceptible to the trade war, the tech sector closed Wednesday's trading with considerable loss: Intel slid 2.5% due to a disappointing outlook. Other chip manufacturers also suffered considerable losses yesterday. Amid the earnings season in America, Lyft, a recent debutant to the stock exchange and Uber's rival, revealed painful loss for Q1. Accordingly, its stock price plunged 10%. Disney's report, published after market close, surprised on the upside on both the revenue and the profit lines. In the USA, the Duke Energy electric power company and GoPro will release their earnings figures, among others.

The EUR/USD did not budge from the 1.119 mark. The GBP weakened 0.5% against the USD yesterday. Tory MPs gave Prime Minister Theresa May extra to continue cross-party Brexit talks with Labour, but markets do not expect the two parties to reach an agreement. The 10Y UK government bond yield dropped two basis points yesterday. The 10Y German reference yield inched down one basis point, and the 10Y US yield picked up three basis points on Wednesday. The yields on the 10Y benchmarks of Portugal, Spain and Ireland all dropped; the Portuguese paper fell to its all-time low, and the Spanish one hit a two-year low. The Turkish lira weakened 0.6% against the USD after the local election council upheld the complaints of the Erdogan-led AKP party and annulled the results of the Istanbul mayoral election, which will be rerun on 23 June.

By issuing an executive order on Wednesday, Donald Trump imposed new US sanctions on Iran, mostly targeting its metal industry and its export products. The President hinted that further sanctions may follow this week, to target the energy sector.

WTI crude added 1.2%, and Brent climbed 0.7% on Wednesday, as the weekly US inventory data unexpectedly signified contraction.

Asia's markets closed with losses this morning. Nikkei was seen 0.9% in the red, the Hang Seng dropped 1.5%, and the Shanghai Composite fell 0.6% owing to the trade dispute. China's yuan is trading near 110 versus the US dollar, at its weakest since January. The EuroStoxx50 and the S&P futures were heading down this morning.

Today's important publications are the weekly US unemployment data, and any reports about trade talks.

	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	2879,4	-0,2	14,9	VIX	19,4	0,4	-24	WTI	62,1	1,2	36,8
	DOW	25967,3	0,0	11,3	US 2Y	2,30	1,3	-20	Brent	70,37	0,7	30,8
	Nasdaq100	7617,6	-0,3	20,3	US 10Y	2,48	3,4	-21	Gold	1280,5	-0,3	-0,2
	DAX	12179,9	0,7	15,4	GER 2Y	-0,62	-0,7	-3	Silver	14,84	-0,5	-4,2
	CAC40	5417,6	0,4	14,5	GER 10Y	-0,04	-0,6	-29	EUR/USD	1,1191	0,0	-2,4
	FTSE 100	7271,0	0,1	8,1	PT10Y	1,13	1,4	-60	EUR/GBP	0,8603	0,5	-4,2
	FTSE MIB	21203,9	-0,1	15,7	IT 10Y	2,61	2,4	-16	EUR/NOK	9,8146	0,3	-0,9
	Stoxx600	382,2	0,2	13,2	SP 10	0,96	-1,3	-46	USD/CAD	1,3477	0,0	-1,2
	- Banks	119,8	-0,1	6,0	iTRAXX	62,5	1,6	-29	AUD/USD	0,6988	-0,3	-0,9
	Nikkei 225	21405,4	-0,9	6,9	JPY 2Y	-0,15	0,0	-2	USD/JPY	110,10	-0,1	0,5
	SSEC	2873,7	-0,7	15,2	JPY 10Y	-0,05	0,3	-5	GBP/USD	1,3006	-0,5	2,0
Regional	RTS	1233,1	-0,4	15,7	RUS10	8,1	-0,1	-7	USD/RUB	64,976	-0,6	-6,8
	WIG20	2221,82	-0,5	-2,4	POL 10	3,0	-1,1	4	EUR/PLN	4,29	0,1	0,1
	PX50	1063,5	0,0	7,8	CZ10	1,9	0,0	-4	EUR/RON	4,755	0,0	2,2
Hungary	BUX	41350	0,6	5,7	3M DKJ	0,08	-0,1	1	EUR/HUF	324,20	0,0	1,0
	OTP	12480	0,2	10,5	1Y	0,30	3,0	-15	USD/HUF	289,57	0,0	3,5
	MOL	3094	-0,1	0,5	3Y	1,56	3,6	30	CHF/HUF	283,86	0,2	-0,5
	MTelekom	460	0,9	4,5	5Y	2,35	1,0	-18	PLN/HUF	75,44	-0,1	1,1
	Richter	5755	2,5	6,0	10Y	3,39	1,0	35	GBP/HUF	376,23	-0,5	5,6

* 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	1,4	-0,3
7.	11 : 00	EZ Retail sales (mom, %)	Mar	0,0	-0,1	0,4
	2 : 30	JP Nikkei Manufacturing PMI (points)	Apr	50,2	-	49,5
	8 : 00	DE Industrial orders (mom, %)	Mar	0,6	1,5	-4,2
8.	11 : 00	EZ EC's Economic Forecast	-	-	-	-
	8 : 00	DE Industrial production (mom, %)	Mar	0,5	-0,5	0,7
	9 : 00	HU Industrial production (preliminary, yoy, %)	Mar	8,0	6,1	5,9
	10 : 00	HU International reserves (preliminary, EURbn)	Apr	26,9	-	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	-	4,0	3,7
	9 : 00	HU Core-inflation (yoy, %, SA)	Apr	-	3,8	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	-	-0,3	-1,3
	10 : 30	UK Industrial production (mom, %)	Mar	-	0,1	0,6
	10 : 30	UK GDP (preliminary, qoq, %)	Q1	-	0,5	0,2
	10 : 30	UK GDP (preliminary, yoy, %)	Q1	-	1,8	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	-	165	-147	

Sources: Reuters, OTP Research

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