

Summary

- Trading sentiment soured on the world's stock markets; in response to US measure, China also lifted tariffs.
- The Dow fell 600 points; sectors with exposure to China slumped on both sides of the Atlantic.
- Commodity prices sank, and investors sought safe haven assets: gold prices increased, long-term yields dropped, and the yen appreciated.

US stock indices collapsed on Monday because of trade war fears. The Dow and the S&P slid 2.4% each, following reports that China also increased its import tariffs on US goods. Accordingly, companies with exposure to China saw their share prices fall, with Apple shrinking 5.8%, Boeing nose-diving 4.9%, and Caterpillar plunging 4.6%. Among the S&P's sector indices, technology and telecommunications were the biggest losers. The Nasdaq Composite and the Nasdaq100 lost 3.4% and 3.5% of their values, respectively. Indices pared some of the losses by the close, following US President Donald Trump's message that he would meet China's Prime Minister at the G20 summit in June, and that he had not decided about the new tariff on the remaining USD 300 bn Chinese imports. Investors favoured less risky assets on Monday – the US 10Y yields fell seven basis points, the yen appreciated 0.8% versus the US dollar, and gold price grew by 1.0%. Utilities was the S&P's only sub-index to see noticeable gains; the real property sector also edged higher. In the basic materials sector, Newmont Mining, the gold miner was the only company to eke out gains.

Trade war fears shook Europe's stock market as well, particularly after the EU's announcement to finalize the list of American products that will be subject to retaliatory tariffs if the Trump administration introduces the planned levies on European car imports on 18 May. BMW reversed more than 2%, Daimler gave back nearly 4%, and Continental slid 6%. The auto sub-index of the Stoxx600 went back almost 3% yesterday, and reversed nearly 12% since the peak it had hit in April. Many of Europe's cyclical industries are exposed to China, including the car and the chemical industries, as well as semiconductors manufacturing. In the corporate world, 40% of Infineon's revenue comes from China, and BASF expects half of its revenue to come from China by 2030. The biggest loser of the basic material sector, ThyssenKrupp contracted by 9% on the day before publishing its earnings report. Ahead of today's earnings report, Vodafone fell 5%; the telecommunications sector was among the losers across Europe. In Europe, Allianz and Merck will release their earnings reports today

This morning the sentiment was mostly negative in Asia, only South-Korea's stock indices were seen in positive territory. The Nikkei stood 0.5% in the red. Having reopened after a holiday, Hong Kong's Hang Seng index slipped 1.6%. This morning the yen slightly weakened versus the US dollar.

Brent and WTI crude oil prices slipped 0.7% and 0.8% respectively yesterday. The trade war sent copper and palladium prices 2% lower. In the market of agricultural commodities, live cattle and lean hog futures fell sharply.

Today Germany will publish the ZEW economic sentiment index, and data on the eurozone's industrial production in March will see the light of day.

	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	2811,9	-2,4	12,2	VIX	20,6	28,1	-19	WTI	61,0	-1,0	34,4
	DOW	25325,0	-2,4	8,6	US 2Y	2,19	-5,9	-31	Brent	70,23	-0,6	30,5
	Nasdaq100	7324,1	-3,5	15,7	US 10Y	2,41	-5,0	-29	Gold	1299,7	1,1	1,3
	DAX	11876,7	-1,5	12,5	GER 2Y	-0,64	-1,0	-5	Silver	14,77	0,1	-4,6
	CAC40	5262,6	-1,2	11,2	GER 10Y	-0,07	-2,6	-32	EUR/USD	1,1223	-0,1	-2,1
	FTSE 100	7163,7	-0,5	6,5	PT10Y	1,17	3,9	-56	EUR/GBP	0,8659	0,3	-3,6
	FTSE MIB	20593,7	-1,3	12,4	IT 10Y	2,69	0,9	-8	EUR/NOK	9,8375	0,5	-0,7
	Stoxx600	372,6	-1,2	10,3	SP 10	1,00	1,8	-43	USD/CAD	1,3475	0,5	-1,2
	- Banks	115,9	-1,6	2,6	iTRAXX	65,7	0,0	-25	AUD/USD	0,6943	-0,8	-1,5
	Nikkei 225	21067,2	-0,5	5,3	JPY 2Y	-0,16	0,0	-2	USD/JPY	109,30	-0,6	-0,2
	SSEC	2896,7	-0,2	16,2	JPY 10Y	-0,05	-0,2	-5	GBP/USD	1,2955	-0,3	1,6
Regional	RTS	1207,6	-0,5	13,3	RUS10	8,2	0,2	-6	USD/RUB	65,375	0,4	-6,2
	WIG20	2172,97	-0,9	-4,6	POL 10	2,8	-2,0	0	EUR/PLN	4,31	0,3	0,4
	PX50	1043,9	-0,5	5,8	CZ10	1,9	1,1	-3	EUR/RON	4,759	0,0	2,3
Hungary	BUX	40538	-1,3	3,6	3M DKJ	0,10	-0,1	3	EUR/HUF	323,92	0,3	0,9
	OTP	12450	-1,4	10,3	1Y	0,30	0,0	-15	USD/HUF	288,56	0,4	3,2
	MOL	3128	0,4	1,6	3Y	1,43	-8,5	18	CHF/HUF	286,08	0,5	0,2
	MTelekom	454	-0,2	3,2	5Y	2,26	-3,0	-27	PLN/HUF	75,19	-0,1	0,8
	Richter	5220	-4,0	-3,9	10Y	3,31	-3,0	27	GBP/HUF	373,56	-0,4	4,9

* 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. 14.	9 : 00	HU	Industrial production (second estimate, yoy, %)	Mar	-	8,0*
	9 : 00	HU	Construction output (yoy, %)	Mar	-	48,0
	11 : 00	DE	ZEW Economic Sentiment (points)	May	5,0	3,1
	11 : 00	EZ	Industrial production (mom, %)	Mar	-0,3	-0,2
15.	4 : 00	CN	Infrastructural spending (yoy, %)	Apr	6,3	6,3
	4 : 00	CN	Industrial production (yoy, %)	Apr	6,5	8,5
	4 : 00	CN	Retail sales (yoy, %)	Apr	8,6	8,7
	8 : 00	DE	GDP (preliminary, yoy, %)	Q1	0,7	0,9
	8 : 00	DE	GDP (preliminary, qoq, %, SA)	Q1	0	0,0
	8 : 00	RO	GDP (preliminary, yoy, %)	Q1	3,9	4,1
	9 : 00	HU	GDP (preliminary, yoy, %)	Q1	5,1	5
	9 : 00	HU	GDP (preliminary, qoq, %, SA)	Q1		1,0
	9 : 00	SK	Core-inflation (yoy, %, SA)	Q1		3,6
	10 : 00	PL	GDP (preliminary, yoy, %)	Q1	4,5	4,9
	11 : 00	EZ	GDP (second estimate, yoy, %)	Q1	1	1,2*
	11 : 00	EZ	GDP (second estimate, qoq, %)	Q1	0	0,4*
	14 : 00	RO	Interest rate decision (%)	May	2,5	2,5
	14 : 30	US	New York Fed Manufacturing index (points)	May	8,3	10,1
	14 : 30	US	Retail sales (mom, %)	Apr	0,2	1,6
15 : 15	US	Industrial production (mom, %)	Apr	0,2	-0,1	
16 : 00	US	Business inventories (mom, %)	Mar	0,2	0,3	
16.	14 : 30	US	Housing starts (annualized monthly, '000s)	Apr	1200,0	1139,0
	14 : 30	US	Building permits (annualized monthly, '000s)	Apr	1293,0	1288,0
	14 : 30	US	Continuing jobless claims ('000s)	weekly		1684,0
	14 : 30	US	Initial jobless claims ('000s)	weekly	225,0	228,0
17.	11 : 00	EZ	CPI (final, yoy, %)	Apr	1,7	1,7*
	16 : 00	US	Leading index (mom, %)	Apr	0,2	0,4
	16 : 00	US	Michigan Consumer confidence (preliminary, points)	May	97,8	97,2

*preliminary data

Sources: Reuters, OTP Research

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