

Global Daily Report



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Summary

- Thursday's stock market trading ended with losses on both sides of the Atlantic.
- The USA-China trade conflict is intensifying.
- Pressure on PM Theresa May to step down is mounting.
- The macroeconomic data on Europe's and America's economy are unfavourable.

In Thursday's rather downbeat trading in America, the Dow dipped 1.1%, the S&P500 slipped 1.2%, and the Nasdaq100 lost 1.5%. The sentiment was adversely affected by the repercussions of the US sanctions on Huawei, as an increasing number of Western tech companies and mobile operators said they would end cooperation with the Chinese telephone maker. Previously, Google's announcement to deny Huawei's access to the Android operating system caused turmoil. ARM, Panasonic, and Intel are just a few names to end partnership with the Chinese giant. Market players are concerned that China may retaliate; one logical target could be Apple. The US technology company's share price dropped more than 2% in yesterday's trading.

Europe's stock indices also ended in the red. The FTSE100 and the Stoxx600 dropped 1.4% each, the DAX and the CAC40 both closed 1.8% lower. On top of the intensifying USA-China trade conflict, the disappointing macroeconomic data from China was another important reason for risk aversion. One of the losers of the day, Renault saw its share price reverse 1.9%, as its strategic partner Nissan had issued profit warning. Investors fear that the planned merger of the two companies will not take place after all.

Pressure on Prime Minister Theresa May to step down is mounting. On the week beginning 3 June, Mrs May is planning to table to Parliament the latest version of her withdrawal agreement, earlier forms of which had been rejected three times. With these amendments, Mrs May is to make concessions to Labour party, which supports soft Brexit, hoping that she can obtain enough votes to pass her Brexit agreement. In one of the most important concessions, Mrs May would have MPs vote on whether to hold a referendum on her withdrawal agreement. But that move led to a riot within the Tory party. Six cabinet members, including Andrea Leadsom, Leader of the House of Commons, have resigned. Meanwhile the powerful 1922 Committee held a secret vote on whether to amend the party rules so as to allow a ballot of confidence in less than a year after the PM won a no-confidence vote. The results will be published only if Mrs May does not set the date of her departure by 10 June. The Times daily cannot rule out that she steps down as early as today.

The USD's weakening pushed the EUR/USD 0.3% higher. The pound lost 0.3% against the single European currency.

The 10Y government bond yields of the USA (-9.7 bps) and Germany (-4.1bps) dropped yesterday.

Amid the gloom on stock markets, the price of WTI fell 5.7%, and Brent subsided 4.5%.

In the midst of the trade standoff, disappointing sentiment indices came to light on the economies of Europe and America. The May reading of Markit's purchasing managers' indices for the manufacturing and the services sectors undershot estimation in France, Germany, and the USA. Germany's IFO economic sentiment index, at 97.9, missed analysts' forecast by 1.3 points.

The US durable goods orders figure is due out today. In Europe, the UK will publish retails sales statistics. In addition to trade war-related announcements, any reports on Brexit or Theresa May's political future are worth keeping an eye on. The European parliamentary elections will end on Sunday.

	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	2822,2	-1,2	12,6	VIX	16,9	14,7	-33	WTI	57,9	-5,7	27,5
	DOW	25490,5	-1,1	9,3	US 2Y	2,13	-10,2	-37	Brent	67,76	-4,5	25,9
	Nasdaq100	7307,9	-1,5	15,4	US 10Y	2,30	-9,7	-40	Gold	1283,1	0,8	0,0
	DAX	11952,4	-1,8	13,2	GER 2Y	-0,63	-0,8	-4	Silver	14,59	1,0	-5,8
	CAC40	5281,4	-1,8	11,6	GER 10Y	-0,12	-4,1	-37	EUR/USD	1,1180	0,3	-2,5
	FTSE 100	7231,0	-1,4	7,5	PT10Y	1,02	-1,9	-70	EUR/GBP	0,8833	0,3	-1,7
	FTSE MIB	20136,4	-2,1	9,9	IT 10Y	2,64	0,5	-13	EUR/NOK	9,7908	0,3	-1,2
	Stoxx600	373,8	-1,4	10,7	SP 10	0,86	-1,3	-57	USD/CAD	1,3472	0,3	-1,2
	- Banks	112,0	-1,2	-0,9	iTRAXX	69,1	4,2	-21	AUD/USD	0,6899	0,3	-2,1
	Nikkei 225	21099,8	-0,1	5,4	JPY 2Y	-0,16	-0,5	-2	USD/JPY	109,59	-0,7	0,0
	SSEC	2857,7	0,2	14,6	JPY 10Y	-0,07	-1,0	-7	GBP/USD	1,2654	-0,1	-0,8
Regional	RTS	1275,4	-1,3	19,6	RUS10	7,9	0,6	-9	USD/RUB	64,843	0,9	-6,9
	WIG20	2173,09	-1,9	-4,5	POL 10	2,8	-1,5	-1	EUR/PLN	4,30	0,0	0,4
	PX50	1038,1	-0,4	5,2	CZ10	1,8	-0,8	-8	EUR/RON	4,758	0,0	2,3
Hungary	BUX	40011	-0,4	2,2	3M DKJ	0,12	0,0	5	EUR/HUF	326,22	0,0	1,7
	OTP	12160	-0,3	7,7	1Y	0,29	1,0	-16	USD/HUF	291,54	-0,3	4,2
	MOL	3182	-0,8	3,4	3Y	1,28	-4,6	2	CHF/HUF	291,21	0,5	2,0
	MTelekom	414	-1,4	-5,9	5Y	2,09	-8,0	-44	PLN/HUF	75,96	0,2	1,8
	Richter	5070	0,2	-6,6	10Y	3,19	-5,0	15	GBP/HUF	370,85	0,1	4,1

* 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. 20.	1 : 50	JP	GDP (preliminary, qoq, %)	Q1	0,5	0,0	0,5
		21. 1 : 00	US	Jerome Powell speech	-	-	-	-
		11 : 00		OECD Economic Forecast	-	-	-	-
		16 : 00	EZ	Consumer confidence (point)	May	-6,5	-7,7	-7,9
		16 : 00	US	Existing home sales (mom, %)	Apr	5190	5350	5210
	22.	9 : 00	EZ	Mario Draghi speech	-	-	-	-
		10 : 30	UK	Inflation (yoy, %)	Apr	2,1	2,2	1,9
		10 : 30	UK	Core inflation (yoy, %)	Apr	1,8	1,9	1,8
		20 : 00	US	FOMC Minutes	May	-	-	-
		2 : 30	JP	Nikkei Manufacturing PMI (points)	May	49,6	-	50,2
		9 : 15	FR	Markit Manufacturing PMI (points)	May	50,6	50,0	50
		9 : 15	FR	Markit Service PMI (points)	May	51,7	50,8	50,5
		8 : 00	DE	GDP (detailed, qoq, %)	Q1	0,4	0,4	0,4*
		9 : 30	DE	Markit Manufacturing PMI (points)	May	44,3	44,8	44,4
		9 : 30	DE	Markit Service PMI (points)	May	55,0	55,5	55,7
		10 : 00	DE	IFO Economic sentiment index (points)	May	97,9	99,2	99,2
		10 : 00	EZ	Markit Manufacturing PMI (points)	May	47,7	48,1	47,9
		10 : 00	EZ	Markit Service PMI (points)	May	52,5	53,0	52,8
		13 : 30	EZ	ECB Minutes	Apr	-	-	-
		14 : 30	US	Continuing jobless claims ('000s)	weekly	1676,0	1670	1660
		14 : 30	US	Initial jobless claims ('000s)	weekly	211,0	215	212
		15 : 45	US	Markit Manufacturing PMI (points)	May	50,6	52,7	52,6
		15 : 45	US	Markit Service PMI (points)	May	50,9	53,2	53,0
		16 : 00	US	New home sales (annualized monthly, '000s)	Apr	673,0	675	692
	24.	1 : 30	JP	CPI (yoy, %)	Apr	0,9	-	0,5
		1 : 30	JP	core-CPI (yoy, %)	Apr	0,9	0,9	0,8
		10 : 30	UK	Retail sales (mom, %)	Apr	-	-0,3	1,1
		14 : 30	US	Durable goods orders (mom, %)	Apr	-	-2,0	2,6
2019.05.23-26.			EU	European Parliamentary Elections	-	-	-	-

* preliminary data

Sources: Reuters, OTP Research

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