

# Global Daily Report



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### Summary

- China is planning retaliatory measures for the Huawei sanctions.
- The advanced world's stock markets closed in the red.
- The drop in 10Y US and Germany bond yields continued.

The details of China's response to the USA's sanctioning Huawei are taking shape. In investment in the mining of rare earth elements, the focus will now shift to domestic demand, the spokesperson for China's National Development and Reform Committee has said. According to China's media reports, this means that China is ready to restrict the export of rare earths, which the USA uses largely for the manufacturing of electronic devices. Supposedly, the USA expects such measure; Australia's Lynas, an expert in rare earth elements mining, said a week ago that it would set up a new production plant in the USA with local partners.

These reports did not help settle the turmoil, and caused hefty losses on both sides of the Atlantic. The uncertainty surrounding stock markets sent even more investors to government bond markets, thus the US 10Y yield sank to 2.24%, for the first time since September 2017. Germany's 10Y Bund yield dropped two more basis points, to -0.17%, its lowest reading since July 2016. In traditional safe haven assets, gold inched up and silver upped 0.5%.

On Wednesday the ECB published its latest Financial Stability Review, which identifies trade war as the biggest risk to growth, and warned of the risks stemming from the low profitability of European banks. Meanwhile Bloomberg reported that the European Commission opened excess deficit procedure against Italy for failing to comply with the rule on public debt reduction. This may have soured the sentiment in Milan, where the stock exchange fell 1.3% yesterday.

The greenback's firming sent the EUR/USD lower, to 1.11 by the close.

Scotland submitted the local parliament a set of bills that paves the way for a second Scottish independence referendum. In the first public vote, there was no question of whether the United Kingdom remains within the EU. In the Brexit vote, Scotland voted by an above-average 62% rate for Remain, and the Scottish National Party had said on several occasions that an independence campaign would be relaunched in case Britain leaves the EU.

Trade war fears left their mark on this morning's trading in Asian, where the key indices closed in the red. The yen opened on a weak note versus the US dollar.

Today the USA will publish the second estimate on Q1 GDP data, which is expected to slightly undershoot the first estimate's reading.

	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	2783,0	-0,7	11,0	VIX	17,9	2,3	-30	WTI	58,8	-0,6	29,5
	DOW	25126,4	-0,9	7,7	US 2Y	2,08	-5,0	-42	Brent	69,45	-0,9	29,1
	Nasdaq100	7216,9	-0,8	14,0	US 10Y	2,24	-3,2	-46	Gold	1279,2	0,0	-0,3
	DAX	11837,8	-1,6	12,1	GER 2Y	-0,65	0,1	-6	Silver	14,42	0,5	-6,9
	CAC40	5222,1	-1,7	10,4	GER 10Y	-0,17	-2,0	-42	EUR/USD	1,1129	-0,3	-3,0
	FTSE 100	7185,3	-1,2	6,8	PT10Y	0,87	-6,4	-85	EUR/GBP	0,8812	-0,1	-1,9
	FTSE MIB	19999,9	-1,3	9,1	IT 10Y	2,65	-4,3	-13	EUR/NOK	9,7432	0,1	-1,6
	Stoxx600	370,5	-1,4	9,7	SP 10	0,73	-5,9	-69	USD/CAD	1,3519	0,2	-0,9
	- Banks	110,5	-1,4	-2,2	iTRAXX	71,2	3,2	-19	AUD/USD	0,6917	-0,1	-1,9
	Nikkei 225	20942,5	-0,3	4,6	JPY 2Y	-0,16	1,1	-3	USD/JPY	109,58	0,2	0,0
SSEC	2884,0	-1,1	15,6	JPY 10Y	-0,08	1,3	-8	GBP/USD	1,2625	-0,2	-1,0	
Regional	RTS	1275,9	0,4	19,7	RUS10	8,0	0,8	-8	USD/RUB	64,914	0,4	-6,8
	WIG20	2187,45	-0,2	-3,9	POL 10	2,7	-1,9	-4	EUR/PLN	4,29	-0,1	0,1
	PX50	1040,5	0,2	5,5	CZ10	1,7	-2,0	-10	EUR/RON	4,757	0,0	2,3
Hungary	BUX	40916	1,1	4,5	3M DKJ	0,11	1,0	4	EUR/HUF	325,78	-0,4	1,5
	OTP	12240	2,7	8,4	1Y	0,28	0,0	-17	USD/HUF	292,60	-0,1	4,6
	MOL	3244	-0,2	5,4	3Y	1,22	2,9	-3	CHF/HUF	290,32	0,2	1,7
	MTelekom	413	1,5	-6,1	5Y	2,06	-1,0	-47	PLN/HUF	75,84	-0,3	1,7
	Richter	5240	0,2	-3,5	10Y	3,16	1,0	12	GBP/HUF	369,56	-0,3	3,7

\* 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.	
2019	5. 28.	11 : 00	EZ	EC Economic Sentiment Index (points)	May	105,1	104,0	104,0
		14 : 00	HU	Interest rate decision (%)	May	0,9	0,9	0,9
		15 : 00	US	Case-Shiller Home Price Index (yoy, %)	Mar	2,7	2,6	3,0
		16 : 00	US	Consumer confidence (point)	May	134,1	130,0	129,2
	29.	8 : 45	FR	GDP (detailed, qoq, %)	Q1	0,3	0,3	0,3*
		9 : 00	HU	Unemployment rate (%)	Apr	3,5	-	3,6
		16 : 00	CA	Interest rate decision (%)	May	1,75	1,75	1,75
	30.	9 : 00	HU	Gross wages (yoy, %)	Mar		-	12,1
		9 : 00	HU	Investment (yoy, %)	Q1		-	17,0
		14 : 30	US	Continuing jobless claims ('000s)	weekly		1662	1676
		14 : 30	US	Initial jobless claims ('000s)	weekly		215	211
		14 : 30	US	GDP (second estimate, annualized, yoy, %)	Q1		3,1	3,2*
		16 : 00	US	Pending home sales (mom, %)	Apr		0,9	3,8
	31.	3 : 00	CN	NBS non-Manufacturing PMI (points)	May			54,3
		4 : 00	CN	NBS Manufacturing PMI (points)	May		49,9	50,1
		9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	Mar		-	677*
		9 : 00	CZ	GDP (detailed, qoq, %)	Q1		0,5	0,5*
		9 : 00	HU	GDP (detailed, qoq, SA, %)	Q1		1,5	1,5*
		9 : 00	HU	GDP (detailed, yoy, %)	Q1		5,3	5,3*
		9 : 00	TR	GDP (first estimate, yoy, %)	Q1		-2,5	-3,0
		10 : 00	IT	GDP (detailed, qoq, %)	Q1		0,2	0,2*
		10 : 00	PL	GDP (detailed, qoq, %)	Q1		1,4	1,4*
		14 : 00	DE	CPI (preliminary, yoy, %)	May		1,6	2,0
		14 : 30	US	Personal income (mom, %)	Apr		0,3	0,1
		14 : 30	US	Personal consumption (adjusted, mom, %)	Apr		0,2	0,9
		15 : 45	US	Chicago PMI (points)	May		53,7	52,6

\* preliminary data

Sources: Reuters, OTP Research

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