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Daily Report

Summary

- Trading sentiment turned sour on the stock markets of America and Europe.
- The FOMC's meeting ended yesterday.
- Theresa May requested the European Union an extension to the Brexit process.
- The USD and the GBP weakened against the EUR.

Pessimism ruled America's equity markets on Wednesday. The press conference following the Fed's interest rate decision added to fears that the economy was slowing. The S&P500 shed 0.3%, the Dow dropped 0.5%, while the Nasdaq100 inched up 0.4%. Europe's stock markets closed lower as the intensifying Brexit uncertainty strongly weighed on investors' behaviour. London's FTSE100 fell 0.5%, Paris' CAC40 lost 0.8%, Frankfurt's DAX fell 1.6%, and the Stoxx600 slid 0.9%.

In this unsupportive external environment, the BUX inched down 0.1%. OTP upped 0.3%, Mol gained 0.5%, and Magyar Telekom advanced 1.7%, while Richter, the only blue chip to sink, descended 1.8%.

The Fed Open Market Committee left interest rates on hold, as expected. The tone of the accompanying statement and the post-meeting press briefing was clearly dovish. In a significant change from December's projection of two rate hikes, such moves are no longer likely this year. The Fed also announced to end the gradual run-down of its balance sheet in September. It reduced the GDP growth forecast for 2019 to 2.1%, down from 2.3% in December, and lowered its underlying inflation projection from 1.9% to 1.8%. The fed funds rate may be at 2.4% at the end of this year, against previous expectations of 2.9%.

On Wednesday British Prime Minister Theresa May formally requested the European Union to delay Britain's departure from the bloc until 30 June. In response, the President of the European Council Donald Tusk, said at a press briefing in Brussels that a 'short' delay to Brexit would be possible but it would be conditional on the House of Commons' backing the withdrawal agreement with the EU, which is not re-negotiable. Last night PM Theresa May made a short speech about extending the Brexit process, pointing out that she does not support putting off Brexit for a longer period, and stood out for her withdrawal agreement that the Parliament had twice rejected. EU member states' leaders will decide about Britain's request at today's EU summit.

In the currency market, the Fed's post-meeting statement weakened the US dollar by 0.6% against the euro. The Brexit uncertainty notably depreciated the GBP, which fell 1.2% versus the single European currency. The forint's slight weakening raised the EUR/HUF by 0.2%.

An unexpected decline in US oil inventory raised oil prices: WTI added 2.0% and Brent increased by 1.3%.

US government bond yields sank, with that on the 2Y instrument dropping 6.9 bps, and the 10Y one sliding 7.5 bps.

Today's important events include the Bank of England's rate decision. The euro area's consumer confidence index, and the US leading index for February are due out. In today's EU summit, member states are likely to agree on their answer to Theresa May's request to delay Brexit.

	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	2824,2	-0,3	12,7	VIX	13,9	2,6	-45	WTI	60,2	2,0	32,6
	DOW	25745,7	-0,5	10,4	US 2Y	2,40	-6,9	-10	Brent	68,50	1,3	27,3
	Nasdaq100	7380,8	0,4	16,6	US 10Y	2,54	-7,5	-15	Gold	1312,2	0,5	2,3
	DAX	11603,9	-1,6	9,9	GER 2Y	-0,53	-1,1	6	Silver	15,45	0,6	-0,2
	CAC40	5382,7	-0,8	13,8	GER 10Y	0,08	-2,2	-17	EUR/USD	1,1411	0,5	-0,5
	FTSE 100	7291,0	-0,5	8,4	PT10Y	1,32	0,4	-40	EUR/GBP	0,8649	1,1	-3,7
	FTSE MIB	21330,2	-0,5	16,4	IT 10Y	2,51	2,4	-26	EUR/NOK	9,7015	0,2	-2,1
	Stoxx600	380,8	-0,9	12,8	SP 10	1,18	-0,6	-25	USD/CAD	1,3304	-0,1	-2,4
	- Banks	122,4	-1,3	8,2	iTRAXX	60,8	7,2	-31,0	AUD/USD	0,7115	0,4	0,9
	Nikkei 225	21608,9	0,0	8,0	JPY 2Y	-0,16	0,0	-2	USD/JPY	110,68	-0,6	1,0
	SSEC	3107,9	0,6	24,6	JPY 10Y	-0,04	0,0	-4	GBP/USD	1,3196	-0,5	3,4
Regional	RTS	1226,3	0,5	15,0	RUS10	8,3	0,0	-5	USD/RUB	63,814	-0,9	-8,4
	WIG20	2351,83	0,0	3,3	POL 10	2,9	-0,4	2	EUR/PLN	4,28	-0,2	-0,3
	PX50	1073,4	-0,2	8,8	CZ10	1,9	-0,6	0	EUR/RON	4,753	-0,2	2,2
Hungary	BUX	41964	-0,1	7,2	3M DKJ	0,07	-0,5	0	EUR/HUF	313,52	0,2	-2,3
	OTP	12840	0,3	13,7	1Y	0,37	0,0	-8	USD/HUF	274,69	-0,3	-1,8
	MOL	3366	0,5	9,4	3Y	1,62	66,6	36	CHF/HUF	276,97	0,4	-3,0
	MTelekom	473	1,7	7,4	5Y	2,23	-4,0	-30	PLN/HUF	73,21	0,3	-1,9
	Richter	5210	-1,8	-4,1	10Y	3,15	-1,0	11	GBP/HUF	364,44	-0,4	2,3

* 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 3. 19. 11 : 00	DE	ZEW Economic Sentiment (points)	Mar	-3,6	-11,6	-13,4
15 : 00	US	Factory orders (mom, %)	Jan	0,1	-0,5	0,1
20. 10 : 30	UK	Inflation (yoy, %)	Feb	1,9	1,8	1,8
10 : 30	UK	Core inflation (yoy, %)	Feb	2	2	1,9
19 : 00	US	Interest rate decision (%)	Mar	2,25-2,5	2,25-2,5	2,25-2,5
19 : 00	US	FOMC economic forecast	Mar		-	-
21. 10 : 30	UK	Retail sales (mom, %)	Feb			1,0
13 : 00	UK	Interest rate decision (%)	Mar		0,8	0,8
13 : 30	US	Continuing jobless claims ('000s)	weekly			1773
13 : 30	US	Initial jobless claims ('000s)	weekly			239
15 : 00	US	Leading index (mom, %)	Feb		0,1	-0,1
16 : 00	EZ	Consumer confidence (point)	Mar		-7,4	-7,4
22. 0 : 30	JP	CPI (yoy, %)	Feb			0,2
0 : 30	JP	core-CPI (yoy, %)	Feb			0,8
1 : 30	JP	Nikkei Manufacturing PMI (points)	Mar		-	48,9
8 : 15	FR	Markit Manufacturing PMI (points)	Mar			51,5
8 : 15	FR	Markit Service PMI (points)	Mar			50,2
9 : 30	DE	Markit Manufacturing PMI (points)	Mar		48,2	47,6
9 : 30	DE	Markit Service PMI (points)	Mar		54,9	55,3
10 : 00	EZ	Markit Manufacturing PMI (points)	Mar		49,5	49,3
10 : 00	EZ	Markit Service PMI (points)	Mar		52,5	52,8
14 : 45	US	Markit Service PMI (points)	Mar			56,0
15 : 00	US	Existing home sales (mom, %)	Feb		5100	4940
15 : 45	US	Markit Manufacturing PMI (points)	Mar			53,0
19 : 00	US	Federal budget balance (USDbn)	Feb			9,0

*preliminary data

Sources: Reuters, OTP Research

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