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Daily Report

Summary

- The benign sentiment persisted on global stock markets.
- US manufacturing ISM data cheered investors in America.
- The UK House of Commons rejected four alternative Brexit options on Monday.
- Long-term bond yields picked up.

Keeping up the sanguine sentiment characterizing Monday's trading in Asia, the stock markets of Europe and America started the week on a bright note. Europe's Stoxx600 gained 1.2%, Germany's DAX advanced 1.4%, and Britain's FTSE added 0.5%. At industry level, car manufacturers and their suppliers were the strongest performers, following a report by Bloomberg that Fiat Chrysler and Peugeot are seeking European partnership. The former moved forward 2.4% and the latter shot up 4%. In Germany, Continental's share price sky-rocketed 5.2%, Daimler revved up 4.4%, BMW rallied 1.7%, and Volkswagen advanced 3%. The cycle-sensitive chemical sector made gains, as did basic material names. London's FTSE was largely driven by mining companies: Antofagasta and BHP closed 3% higher, Anglo American grew by 2.3%, and Rio Tinto gained 2.4%; and banking shares fared well too. But the Brexit uncertainty put airlines under pressure: EasyJet nose-dived 10%, and Ryanair descended 3%.

Amid the bright sentiment in US trading, the benchmark stock indices closed least 1% higher. Apparently, the better-than-expected ISM manufacturing index for March boosted investor confidence, and dwarfed concerns about the weaker-than-expected retail sales statistics. Having risen more than 300 points, the Dow closed 1.3% higher, and the S&P upped 1.2%. Among the S&P's sector indices, the financial sector and industry were the strongest ones, while utilities and the cyclical consumption sectors were the weakest links. In financial names, the Bank of America, Citigroup and JPMorgan all surged 3.4%. America's carmakers were driven by China's announcement to extend the suspension of tariffs on US cars after 1 April. The Nasdaq100 increased by 1.4%, and chipmakers also benefited from the supportive sentiment.

The Bloomberg Dollar Spot Index edged lower; the EUR/USD barely moved. Long-term (10Y) bond yields grew noticeably, with the 10Y US Treasury note jumping nine basis points higher, the German one rising 4 bps, and the UK yield growing 5 bps. The GBP firmed 0.6% following news that the UK manufacturing PMI surpassed expectations by exceeding the 55 mark, owing to stock-building in preparation for Brexit. In other Brexit-related news, the House of Commons rejected four alternative proposals on Monday, making no headway in Britain's departure from the EU. In a tight vote, 276 MPs voted for the customs union, and 273 were against it. MPs are likely to debate withdrawal option on Wednesday, Politico reported.

Hungary's stock market opened higher, the BUX gained 0.9% on Monday. OTP advanced 1.4%, Mol grew by 1.3%, MTelekom inched up 0.1%, while Richter shed 0.4%. Hungarian bond yields rose by 1–6 basis points; the HUF's 0.1% weakening sent the EUR/HUF above 321.5. The USD/HUF ended the day at 287. In Monday's 1M, 3M, 6M and 12M FX swap tenders, the MNB's excess liquidity provided to Hungary's banking system, shrank by HUF 10 bn, to HUF 1,979 billion, in accordance with the MNB Monetary Council's decision of 26 March.

WTI upped 2.4%, and Brent added 0.9% yesterday. The prices of gold and silver practically stagnated, and industrial metal prices made but slight moves. Monday's optimism evaporated from the equity markets of Asia, causing a slight correction. The Shanghai Composite was seen somewhat higher, while the Nikkei and the Hang Seng barely moved from the previous day. Sino-American trade talks continue on Wednesday, headed by Liu He, China's deputy premiere in charge of the economy.

Today's important releases include US durable goods orders, and the latest statistics on vehicle sales.

	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	2867,2	1,2	14,4	VIX	13,4	-2,3	-47	WTI	61,6	2,4	35,6
	DOW	26258,4	1,3	12,6	US 2Y	2,33	5,3	-17	Brent	69,01	0,9	28,3
	Nasdaq100	7478,4	1,4	18,1	US 10Y	2,50	8,3	-19	Gold	1287,4	-0,3	0,4
	DAX	11682,0	1,4	10,6	GER 2Y	-0,60	0,5	-1	Silver	15,11	-0,2	-2,4
	CAC40	5405,5	1,0	14,3	GER 10Y	-0,03	4,5	-27	EUR/USD	1,1212	0,0	-2,2
	FTSE 100	7317,4	0,5	8,8	PT10Y	1,28	2,8	-44	EUR/GBP	0,8558	-0,6	-4,7
	FTSE MIB	21520,3	1,1	17,4	IT 10Y	2,52	3,3	-26	EUR/NOK	9,6253	-0,6	-2,8
	Stoxx600	383,7	1,2	13,6	SP 10	1,14	3,8	-28	USD/CAD	1,3306	-0,3	-2,4
	- Banks	119,0	2,6	5,3	iTRAXX	62,3	-4,2	-29,3	AUD/USD	0,7111	0,2	0,9
	Nikkei 225	21504,3	0,0	7,4	JPY 2Y	-0,15	2,0	-1	USD/JPY	111,34	0,5	1,6
	SSEC	3173,5	0,1	27,3	JPY 10Y	-0,06	1,4	-7	GBP/USD	1,3099	0,5	2,7
Regional	RTS	1214,3	1,4	13,9	RUS10	8,4	0,0	-4	USD/RUB	65,212	-0,7	-6,4
	WIG20	2340,74	1,2	2,8	POL 10	2,9	1,3	1	EUR/PLN	4,29	-0,2	0,1
	PX50	1084,8	1,0	10,0	CZ10	1,8	0,2	-5	EUR/RON	4,761	-0,1	2,4
Hungary	BUX	42057	0,9	7,5	3M DKJ	0,08	4,3	1	EUR/HUF	321,47	0,1	0,2
	OTP	12770	1,3	13,1	1Y	0,28	-0,4	-17	USD/HUF	286,71	0,2	2,5
	MOL	3320	1,3	7,9	3Y	1,32	0,8	7	CHF/HUF	287,10	-0,2	0,6
	MTelekom	463	0,1	5,1	5Y	2,00	4,0	-53	PLN/HUF	74,82	0,2	0,3
	Richter	5380	-0,4	-0,9	10Y	2,99	9,0	-5	GBP/HUF	376,21	0,9	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 4. 1. 2 : 30	JP	Nikkei Manufacturing PMI (points)	Mar	49,2	-	48,9
9 : 00	HU	Manufacturing PMI (points)	Mar	52,4	-	55,5
9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	Jan	392	-	382*
9 : 00	HU	Balance of general government sector (GDP %)	Q4	-5,8	-	-0,4
11 : 00	EZ	CPI (flash, yoy, %)	Mar	1,4	1,5	1,5
11 : 00	EZ	Core CPI (flash, yoy, %)	Mar	0,8	1,0	1,0
14 : 30	US	Retail sales (mom, %)	Feb	-0,2	0,3	0,7
16 : 00	US	ISM Manufacturing PMI (points)	Mar	55	55	54,2
16 : 00	US	Construction expenditure (mom, %)	Feb	1,0	0,4	2,5
16 : 00	US	Business inventories (mom, %)	Jan	0,8	0,3	0,8
2. 11 : 00	EZ	Unemployment rate (%)	Feb		7,8	7,8
14 : 00	RO	Interest rate decision (%)	Apr		2,5	2,5
14 : 30	US	Durable goods orders (mom, %)	Feb		-1,2	0,3
21 : 30	US	Vehicle sales (annualized monthly, million)	Mar		17	16,6
3. 9 : 00	TR	Inflation (yoy, %)	Mar			19,7
9 : 00	HU	Retail sales (first estimate, yoy, %)	Feb		-	5,4
11 : 00	EZ	Retail sales (mom, %)	Feb		0,0	1,3
14 : 00	PL	Interest rate decision (%)	Apr		1,5	1,5
14 : 15	US	ADP non-farm employment (mom, '000s)	Mar		165	183
16 : 00	US	ISM non-Manufacturing PMI (points)	Mar		59	59,7
4. 8 : 00	DE	Industrial orders (mom, %)	Feb		0,0	-2,6
12 : 30	EZ	ECB Minutes	Mar		-	-
14 : 30	US	Continuing jobless claims ('000s)	weekly			1756
14 : 30	US	Initial jobless claims ('000s)	weekly			211
5. 8 : 00	DE	Industrial production (mom, %)	Feb		0,2	-0,8
9 : 00	HU	Industrial production (preliminary, yoy, %)	Feb		-	4,4
10 : 00	HU	International reserves (preliminary, EURbn)	Mar		-	26,3
14 : 30	US	Unemployment rate (%)	Mar		3,8	3,8
14 : 30	US	Average earnings (yoy, %)	Mar		3,4	3,4
14 : 30	US	Average earnings (mom, %)	Mar		0,3	0,4
14 : 30	US	Non-farm payroll (mom, '000s)	Mar		175	20

*preliminary data

Sources: Reuters, OTP Research

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