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Daily Report

Summary

- Unenthusiasm ruled the world's stock markets on Monday, as the US action against Huawei prompted a sell-off in the tech sector on both sides of the Atlantic.
- Deutsche Bank's share price hit an all-time low; the New York Times reported suspicious transactions on the DB accounts of the US president and his family member.
- The USD slightly weakened against the euro; the forint stagnated.

Global stock markets started off in a downbeat mood after Google had cut ties with Huawei, giving rise to investors' fears surrounding trade conflicts. As Google's move rippled through the value chain, tech companies suffered painful losses. Meanwhile some semiconductor companies –including Intel, Qualcomm, Xilinx, and Broadcom– stopped supplying Huawei. Intel plunged 3% on Monday, while Broadcom and Qualcomm nose-dived 6% each. Lumentum, which supplies to both Apple and Huawei, and makes nearly one-fifth of the revenue from Huawei, also stopped trading with the Chinese company. Lumentum lost 4%, and Apple shrank 3% on Monday. The tech and the communications sectors were the losers of the day in the S&P. There was hardly any chipmaker or software developer in the S&P500 to avoid massive losses on Monday. The Philadelphia Semiconductor Index fell 4%. In Europe, all major chip manufacturers closed lower, with Infineon dropping 4.8%, ASML sliding 6.3%, STMicroelectronics nose-diving 9.1% and AMS collapsing 13.4%.

The tech sector's ordeals left their mark on stock markets' Monday performance. In Europe, the Stoxx600 index sank 1.1%, the DAX slipped 1.6%, the CAC shed 1.4%, and the FTSE ended 0.5% lower. Being susceptible to trade conflicts, car manufacturers and their suppliers all slid, as did banks. Deutsche Bank lost 2.3%, hitting to an all-time low following a report in the Sunday edition of the New York Times on suspected money laundering deals by President Trump and his son-in-law, at the bank. Of the Stoxx600 sector indices, only the telecommunications sector could eke out gains yesterday; Vodafone rose by 1.7%, bouncing back from the nearly ten-year low it had hit on Friday.

In America, the Dow shed 0.3%, and the S&P closed 0.7% lower on Monday. Of the S&P's sector indices, the basic material segment and real property names saw considerable losses, which could not be counterbalanced by the gains of the utilities, financial services or the energy sectors. Crude oil prices increased after Saudi Arabia and other OPEC members pledged to abide by the agreement to reduce output in the rest of the year, but Russia said it might loosen its commitment. The price of WTI grew by 0.7% on Monday, while Brent sank 0.3%.

The US dollar weakened slightly against the EUR and the GBP; the EUR/USD climbed to 1.1168 on Monday. Gold price did not budge. In industrial metals, copper dropped slightly. Bond yields nudged higher, with the 10Y government bond yields of the USA, Germany and Britain all inching up two basis points.

In Monday's unsupportive sentiment, the BUX subsided 0.6%, underperforming the Czech and Polish benchmarks. OTP lost 1.4%, MOL slipped 0.4%, Richter gave back 0.3%, and MTelekom closed nearly flat. CIG Pannónia's earnings report, published this morning, printed HUF 577 mn after-tax profit, contracting by 17% from the previous year. The insurance group's total revenue stagnated in year/year comparison, its sales figures reflect dynamic growth, but the cost level has increased.

On the secondary market of government bonds, the benchmark yields rose by 1–2 bps on the short end of the curve, and bond yields increased by two to three basis points. The forint practically flat-lined; the EUR/HUF remained at 326.5, while the USD/HUF hugged the 292.2 mark. The forint firmed less than 0.1% versus the greenback.

This morning Asia's stock markets had mixed fortunes. Japan's benchmarks weakened, while mainland China's index achieved gain. Hong Kong's Hang Seng was seen slightly in the red. Korea's index was driven by Samsung, who may benefit from Huawei's troubles.

S&P500 and Euro Stoxx 50 futures were seen heading higher this morning.

Today's highlights include the publication of the eurozone's consumer confidence index, and the April reading of US existing home sales data. The speech of the Fed's chair Jerome Powell is worth checking. In Britain, the Bank of England's governor Mark Carney will speak before Parliament.

	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	2840,2	-0,7	13,3	VIX	16,3	2,2	-36	WTI	63,2	0,7	39,2
	DOW	25679,9	-0,3	10,1	US 2Y	2,22	2,1	-28	Brent	71,97	-0,3	33,8
	Nasdaq100	7376,7	-1,7	16,5	US 10Y	2,41	2,1	-28	Gold	1277,5	0,0	-0,4
	DAX	12041,3	-1,6	14,0	GER 2Y	-0,64	0,9	-5	Silver	14,47	0,5	-6,6
	CAC40	5358,6	-1,5	13,3	GER 10Y	-0,09	1,7	-33	EUR/USD	1,1170	0,1	-2,6
	FTSE 100	7310,9	-0,5	8,7	PT10Y	1,09	1,1	-63	EUR/GBP	0,8774	0,0	-2,3
	FTSE MIB	20539,9	-2,7	12,1	IT 10Y	2,71	3,2	-7	EUR/NOK	9,8141	0,0	-0,9
	Stoxx600	377,5	-1,1	11,8	SP 10	0,89	0,6	-53	USD/CAD	1,3426	-0,2	-1,5
	- Banks	114,2	-1,5	1,0	iTRAXX	64,9	0,0	-26	AUD/USD	0,6906	0,6	-2,0
	Nikkei 225	21272,5	-0,2	6,3	JPY 2Y	-0,15	0,0	-2	USD/JPY	110,05	0,0	0,4
SSEC	2911,4	1,4	16,7	JPY 10Y	-0,05	-0,4	-5	GBP/USD	1,2726	0,1	-0,2	
Regional	RTS	1256,2	0,1	17,8	RUS10	8,0	-0,4	-8	USD/RUB	64,500	-0,4	-7,4
	WIG20	2175,51	-0,4	-4,4	POL 10	2,9	0,2	2	EUR/PLN	4,30	-0,2	0,2
	PX50	1049,3	-0,1	6,4	CZ10	1,8	1,0	-6	EUR/RON	4,758	0,0	2,3
Hungary	BUX	39631	-0,6	1,3	3M DKJ	0,12	3,1	5	EUR/HUF	326,43	0,1	1,7
	OTP	12010	-1,4	6,4	1Y	0,30	2,0	-15	USD/HUF	292,22	0,0	4,5
	MOL	3136	-0,4	1,9	3Y	1,33	-1,2	8	CHF/HUF	289,58	0,2	1,5
	MTelekom	424	0,0	-3,6	5Y	2,18	1,0	-35	PLN/HUF	75,91	0,2	1,8
	Richter	5015	-0,3	-7,6	10Y	3,24	3,0	20	GBP/HUF	371,89	-0,1	4,4

* 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	0	OECD Economic Forecast	-		-	-
		16 : 00	EZ	Consumer confidence (point)	May		-7,7	-7,9
		16 : 00	US	Existing home sales (mom, %)	Apr		5300,0	5210,0
	22.	9 : 00	EZ	Mario Draghi speech	-		-	-
		10 : 30	UK	Inflation (yoy, %)	Apr		2,2	1,9
		10 : 30	UK	Core inflation (yoy, %)	Apr		1,9	1,8
		20 : 00	US	GDP (preliminary, qoq, %, SA)	May		-	-
		2 : 30	JP	Nikkei Manufacturing PMI (points)	May		-	50,2
		9 : 15	FR	Markit Manufacturing PMI (points)	May		50,0	50
		9 : 15	FR	GDP (preliminary, qoq, %, SA)	May		50,8	50,5
		9 : 15	DE	GDP (detailed, qoq, %)	Q1		0,4	0,4*
		9 : 30	DE	Markit Manufacturing PMI (points)	May		45,0	44,4
		9 : 30	DE	Markit Service PMI (points)	May		56	56
		10 : 00	DE	IFO Economic sentiment index (points)	May		99	99
		10 : 00	EZ	Markit Manufacturing PMI (points)	May		48,2	47,9
		10 : 00	EZ	Markit Service PMI (points)	May		53,0	52,8
		13 : 30	EZ	ECB Minutes	Apr		-	-
		14 : 30	US	Continuing jobless claims ('000s)	weekly			1660,0
		14 : 30	US	Initial jobless claims ('000s)	weekly			212,0
		15 : 45	US	Markit Manufacturing PMI (points)	May		52,7	52,6
		15 : 45	US	Markit Service PMI (points)	May		53,2	53,0
		16 : 00	US	New home sales (annualized monthly, '000s)	Apr		679,0	692,0
	24.	1 : 30	JP	CPI (yoy, %)	Apr			0,5
		1 : 30	JP	core-CPI (yoy, %)	Apr		0,9	0,8
		10 : 30	UK	Retail sales (mom, %)	Apr		-0,4	1,1
		14 : 30	US	Durable goods orders (mom, %)	Apr		-2,0	2,6
2019.05.23-26.			EU	European Parliamentary Elections	-		-	-

Sources: Reuters, OTP Research

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