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Daily Report

Summary

- Recession fears have increased as the trade war escalated.
- The key stock indices, oil prices, and bond yields all dropped, while precious metal prices increased
- The USD fell against the EUR and the JPY. The HUF slightly retreated versus the EUR.

Friday's trading sentiment was rather gloomy on global stock markets, most probably because of the escalation of the trade war. President Trump imposed new tariffs on Mexico, and is planning to remove India from the Generalized System of Preferences (GSP). India is the biggest beneficiary of this programme, which is meant to support developing countries by means of preferential trade agreements. Moreover, fears are mounting that the escalating trade war will eventually push the US economy into recession, along with a number of other countries.

Out of America's major stock indices, the S&P500 fell 1.3%, and the Nasdaq100 slid 1.6%. In Europe, Germany's DAX slipped 1.5%, France's CAC40 and London's FTSE100 both declined 0.8%. In Central and Eastern Europe, Poland's WIG20 gained 0.8%, while Hungary's BUX closed 0.4% lower. Richter was the only Hungarian blue chip to rise; OTP lost 1%, and MOL inched 0.1% down, while MTelekom closed flat.

This morning Japan and China stood in negative territory. Even though China published favourable manufacturing order statistics this morning, it points to a slight deceleration in growth.

Brent fell by 3.6%, and WTI plunged 5.4%. In precious metals, gold rose by 1.3%, and silver added 0.4%. The World Bank has lowered its oil price forecast to 66 USD/barrel in 2019, and to USD 65 in 2020. This amounts to USD 8 decline for 2019, and to USD 4 drop in 2020.

The bond yields of the USA, Germany, Portugal and Spain all fell on Friday, while Japan's yields remained flat. On the whole, the falling stock prices, the drop in bond yields and the simultaneous rise in precious metal prices all signify risk-off behaviour.

Simultaneously with the falling stock exchanges, the volatility increased on currency markets. The EUR firmed 0.3% versus the USD and the GBP. The yen strengthened 1.2% against the USD. The forint shed 0.1% compared to the euro.

Later this week, the eurozone and Hungary will release inflation statistics, and the USA is to publish labour market figures. The ECB will hold rate-setting meeting on Thursday.

	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	2752,1	-1,3	9,8	VIX	18,7	8,2	-26	WTI	53,5	-5,4	17,8
	DOW	24815,0	-1,4	6,4	US 2Y	1,94	-12,9	-55	Brent	64,49	-3,6	19,9
	Nasdaq100	7128,0	-1,6	12,6	US 10Y	2,14	-8,3	-55	Gold	1305,3	1,3	1,8
	DAX	11726,8	-1,5	11,1	GER 2Y	-0,66	-2,0	-7	Silver	14,57	0,4	-5,9
	CAC40	5207,6	-0,8	10,1	GER 10Y	-0,20	-3,2	-45	EUR/USD	1,1167	0,3	-2,6
	FTSE 100	7161,7	-0,8	6,4	PT10Y	0,81	-6,4	-91	EUR/GBP	0,8849	0,3	-1,5
	FTSE MIB	19802,1	-0,7	8,1	IT 10Y	2,66	1,4	-11	EUR/NOK	9,7858	0,2	-1,2
	Stoxx600	369,1	-0,8	9,3	SP 10	0,72	-5,1	-71	USD/CAD	1,3512	0,1	-0,9
	- Banks	109,5	-1,2	-3,2	iTRAXX	71,0	2,7	-19	AUD/USD	0,6938	0,4	-1,6
	Nikkei 225	20387,0	-1,3	1,9	JPY 2Y	-0,18	-0,2	-4	USD/JPY	108,26	-1,2	-1,2
SSEC	2892,7	-0,2	16,0	JPY 10Y	-0,09	0,8	-9	GBP/USD	1,2631	0,2	-1,0	
Regional	RTS	1287,1	0,0	20,7	RUS10	7,9	0,0	-9	USD/RUB	65,566	0,6	-5,9
	WIG20	2239,31	0,8	-1,6	POL 10	2,6	-2,9	-7	EUR/PLN	4,28	-0,2	-0,2
	PX50	1044,1	0,0	5,8	CZ10	1,8	1,8	-9	EUR/RON	4,744	-0,1	2,0
Hungary	BUX	40904	-0,4	4,5	3M DKJ	0,12	0,0	5	EUR/HUF	324,86	0,1	1,2
	OTP	12150	-1,0	7,6	1Y	0,28	0,0	-17	USD/HUF	290,72	-0,3	3,9
	MOL	3276	-0,1	6,4	3Y	1,16	-5,0	-10	CHF/HUF	289,95	0,3	1,6
	MTelekom	417	0,7	-5,2	5Y	1,89	-14,0	-64	PLN/HUF	75,81	0,2	1,6
	Richter	5230	0,0	-3,7	10Y	3,03	-10,0	-1	GBP/HUF	367,78	0,1	3,2

* 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	6. 3.	2 : 30	JP	Nikkei Manufacturing PMI (points)	May	-	49,6
		9 : 00	HU	Manufacturing PMI (points)	May	-	54,9
		9 : 00	HU	Industrial producer prices (yoy, %)	Apr	-	2,7
		9 : 00	TR	Inflation (yoy, %)	May	19,1	19,5
		16 : 00	US	Construction expenditure (mom, %)	Apr	0,5	-0,9
		16 : 00	US	ISM Manufacturing PMI (points)	May	53,3	52,8
	4.	11 : 00	EZ	CPI (flash, yoy, %)	May	1,40	1,70
		11 : 00	EZ	Core CPI (flash, yoy, %)	May	1,0	1,3
		11 : 00	EZ	Unemployment rate (%)	Apr	7,7	7,7
		15 : 45	US	Jerome Powell speech	-	-	-
		16 : 00	US	Factory orders (mom, %)	Apr	-1	2
	5.	9 : 00	HU	Retail sales (first estimate, yoy, %)	Apr	-	5,9
		11 : 00	EZ	Retail sales (mom, %)	Apr	-0,1	0,0
		14 : 00	PL	Interest rate decision (%)	Jun	1,5	1,5
		14 : 15	US	ADP non-farm employment (mom, '000s)	May	190,0	275,0
		16 : 00	US	ISM non-Manufacturing PMI (points)	May	56,0	55,5
	20 : 00	US	Fed Beige Book	Jun	-	-	
6.	8 : 00	DE	GDP (detailed, qoq, SA, %)	Apr	0,3	0,6	
	9 : 00	HU	Industrial production (preliminary, yoy, %)	Apr	-	8,0	
	11 : 00	EZ	GDP (preliminary, yoy, %)	Q1	1,2	1,2	
	11 : 00	EZ	GDP (preliminary, qoq, %)	Q1	0,4	0	
	13 : 45	EZ	Interest rate decision (deposit rate, %)	Jun	0,0	0,0	
	13 : 45	EZ	Interest rate decision (lending rate, %)	Jun	-0,4	-0,4	
	14 : 30	US	Continuing jobless claims ('000s)	weekly		1657,0	
	14 : 30	US	Initial jobless claims ('000s)	weekly		215,0	
7.	8 : 00	DE	Export (mom, %)	Apr	-1,0	1,5	
	8 : 00	DE	Industrial production (mom, %)	Apr	-0,2	0,5	
	9 : 00	HU	Inflation (yoy, %)	May		3,9	
	9 : 00	HU	Core-inflation (yoy, SA, %)	May		3,8	
	9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	Apr	-	644,0	
	10 : 00	HU	International reserves (preliminary, EURbn)	May	-	26,9	
	11 : 00	HU	Fiscal balance (monthly, billion HUF)	May	-	102,9	
	14 : 30	US	Average earnings (yoy, %)	May	3,2	3,2	
	14 : 30	US	Average earnings (mom, %)	May	0,3	0,2	
	14 : 30	US	Unemployment rate (%)	Apr	3,7	3,6	
	14 : 30	US	Non-farm payroll (mom, '000s)	Apr	190,0	263,0	

Sources: Reuters, OTP Research

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