

OTP Morning Brief



- *Western Europe's stock markets inched up*
- *The BUX lagged behind its regional peers*
- *Wall Street's indices closed mixed*
- *US price pressure grew stronger in March than had been thought*
- *The USA paused Johnson&Johnson's covid vaccine*
- *The USD weakened against the euro; the most important precious metal prices have risen*
- *The EZ releases February IP data today*

Western Europe's stock markets inched up; the BUX underperformed its regional peers

Ending an uneventful trading session, the stock exchanges of Western Europe edged higher on Tuesday. The pan-European Stoxx600 nudged 0.1% higher; investors sought retail-related stocks but shunned banking shares.

The German ZEW institute's April economic sentiment index disappointed by sinking to 70.7, from 76.6 in the previous month, and missing the forecast of 79. One important reason for less optimism is lengthy covid restrictions, which delay economic recovery. Moreover, German Chancellor Angela Merkel's press briefing after yesterday's extraordinary cabinet meeting suggested that tighter measures may be implemented.

Hungary's BUX has been underperforming its regional peers for the third day in a row; the BUX slid 0.9% yesterday. MTelekom was its only blue chip to rise.

US inflation accelerated trivially faster in March than had been thought

In the USA, the Centers for Disease Control and Prevention (CDC) and the Food and Drug Administration (FDA) recommended pausing Johnson&Johnson's single-dose vaccine, citing the blood clots developed in six cases, among woman aged 18–48, of the 6.8 million vaccines administered in the USA.

Trivially exceeding expectations, US inflation rose by 0.6% month/month in March, while core inflation accelerated by 0.3%. The mounting price pressure is driven by the base effect of fuel prices, the one-off USD 1,400 benefit as part of the Biden administration's coronavirus relief package, and the price increase relating to the service sector's re-opening. On the heels of the rising inflation, the US dollar weakened (EUR/USD: 1.1948) and the most important precious metal prices rose; gold upped nearly 1%, and silver surged more than 2%.

Investors on Wall Street basically welcomed the March inflation data. Concerns about Johnson&Johnson's vaccine dented only the Dow (-0.2%). Rising 0.3% by the close sent the S&P500 to a new high. The Nasdaq100 (+1%) benefited from the technology sector's rally. J&J's share price fell just over 1%, while another major vaccine maker, Moderna shot up 7.4%.

The HUF's weakening brought back the EUR/HUF to near-360 levels

With the exception of the Czech koruna, the CEE region's currencies depreciated yesterday. The zloty weakened by 0.7% and the forint gave back 0.6% to the euro; the EUR/HUF drew closer to 360. Despite the higher-than-expected U.S. headline and core inflation data, long-term dollar yields fell; the German bond did not change much. Hungary's bond market also made subtle moves: among the benchmarks recorded in the early afternoon (before US yields started to fall), 10Y-20Y yields rose by 1-3 basis points. The bids submitted yesterday at the MNB's auction of four government bonds totalled HUF 72 billion, of which the MNB accepted HUF 25 billion; yields were at near-market levels. At yesterday's auction of 3M T-bills, the ÁKK sold the amount on offer, HUF 15 billion, with the bid/cover ratio exceeding 4.0. In today's switch auctions, the ÁKK will offer HUF 30 billion worth of long-term bonds (2029/A, 2034/A, 2038/A) in exchange for securities maturing in 2022 and 2023. The result of the MNBs collateralized loan tender will be announced at 17:00 (CET) today.

Crude oil prices rose for several reasons yesterday. First, OPEC revised higher its forecast for this year's oil demand in its monthly report; second, geopolitical tensions in the Middle East have intensified; and third, China's foreign trade data were reassured expectations that the global economy would soon recover. Brent and WTI both grew by around 1% even though pausing Johnson&Johnson's vaccine could slow the immunization programme, and make the road to economic recovery longer.

Today's highlights

China's tech shares were the winners of the day on the Hong Kong stock market, as 12 technology titans had agreed to rectify any violation of antitrust laws. The announcement came a day after Beijing called on companies to review their antitrust practices, which move triggered a sharp fall in tech stock prices. The Hang Seng gained more than 1%, the Shanghai Composite rose slightly, while Japan's Nikkei turned red by the close.

Index futures suggest that today's trading may start with rise in Europe.

Today's release of the euro area's industrial production data for February will be worth checking, particularly because the figures published earlier in Germany and France for this period have fallen short of expectations.

In the United States, the Fed publishes its latest Beige Book today.

	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	4142	0,3	10,3	VIX	16,7	-1,5	-27	WTI	60,2	0,8	24,0
	DOW	33677	-0,2	10,0	US 2Y	0,16	-0,8	4	Brent	63,67	0,6	22,9
	Nasdaq C.	13996	1,1	8,6	US 10Y	1,61	-5,1	70	Gold	1746,2	0,9	-7,9
	DAX	15234	0,1	11,0	GER 2Y	-0,71	0,4	1	Silver	25,43	2,2	-3,7
	CAC40	6184	0,4	11,4	GER 10Y	-0,29	0,2	28	EUR/USD	1,1948	0,3	-2,2
	FTSE 100	6890	0,0	6,7	PT10Y	0,28	0,0	26	EUR/GBP	0,8689	0,2	-2,8
	FTSE MIB	24600	0,6	10,6	IT 10Y	0,75	1,4	21	EUR/NOK	10,1208	0,1	-3,4
	Stoxx600	436	0,1	9,2	SP 10	0,39	-0,1	34	USD/CAD	1,2535	-0,2	-1,5
	- Banks	128	-0,6	18,7	iTRAXX	51,2	-0,1	7	AUD/USD	0,7667	0,3	-0,4
	Nikkei 225	29672	-0,3	8,1	JPY 2Y	-0,13	0,0	0	USD/JPY	109,06	-0,3	5,6
SSEC	3402	0,2	-2,1	JPY 10Y	0,09	-1,4	7	GBP/USD	1,3750	0,1	0,6	
Regional	RTS	1459	1,8	5,1	RUS10	7,2	-1,5	133	USD/RUB	75,942	-1,8	2,1
	WIG20	1975	-0,4	-0,5	POL 10	1,5	-4,3	27	EUR/PLN	4,56	0,7	0,1
	PX50	1102	0,5	7,2	CZ10	1,9	-0,2	69	EUR/RON	4,922	0,0	1,3
Hungary	BUX	42866	-0,9	1,9	3M DKJ	0,61	0,0	33	EUR/HUF	359,25	0,6	-0,9
	OTP	12960	-1,1	-3,0	1Y	0,69	0,0	30	USD/HUF	300,64	0,2	1,2
	MOL	2080	-2,1	-5,0	3Y	1,37	-1,0	67	CHF/HUF	326,56	0,4	-2,6
	MTelekom	412	0,7	8,4	5Y	1,88	0,0	52,0	PLN/HUF	78,72	-0,1	-1,0
	Richter	8775	0,0	17,9	10Y	2,72	1,0	64,0	GBP/HUF	413,36	0,3	1,8

* In the case of bond yields, the change is in basis points instead of percentage (VIX and iTRAXX not included).

Sources: Bloomberg, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.	
2021 4. 12.	11 : 00	EZ	Retail sales (MoM, %)	Feb	3,0	1,5	-5,9
	15 : 00	HU	FX swap tender (HUF liquidity, maturing/stock bn HUF)*	-	43,6/1459,1	-	87,2/1502,7
	20 : 00	US	Federal budget balance (USDbn)	Mar	-660	-658	-311
	13. 3 : 00	CN	Export (YoY, %)	Mar	30,6	35,5	60,6
	11 : 00	DE	Industrial production (MoM, SA, %)	Feb	70,7	79,0	76,6
	11 : 00	DE	ZEW Economic Sentiment (points)	Apr	70,7	79,0	76,6
	13 : 00	HU	MNB gov't bond purchase auction	-	25,0	-	25,5
	14 : 30	US	core-CPI (MoM, SA, %)	Mar	0,3	0,2	0,1
	14 : 30	US	core-CPI (YoY, %)	Mar	1,6	1,5	1,3
	14 : 30	US	CPI (MoM, SA, %)	Mar	0,6	0,5	0,4
	14 : 30	US	CPI (YoY, %)	Mar	2,6	2,5	1,7
	14. 10 : 00	HU	Industrial production (second estimate, YoY, %)	Feb		-	1,9**
	11 : 00	EZ	Industrial production (MoM, %)	Feb		0,5	0,8
	13 : 00	IL	CPI (YoY, %)	Mar			0,0
	15 : 00	HU	5Y collateralized loan w fixed interest rate, tender (HUFbn)	-		-	10
	20 : 00	US	Beige Book	-		-	-
	15. 9 : 00	HU	Construction output (YoY, %)	Feb		-	11
	13 : 00	TR	Interest rate decision (%)	Apr		19	19
	14 : 30	US	New York Fed Manufacturing index (points)	Apr		20	17
	14 : 30	US	Initial jobless claims ('000s)	weekly		700	744
	14 : 30	US	Continuing jobless claims ('000s)	weekly		3700	3734
	14 : 30	US	Retail sales (MoM, %)	Mar		5,9	-3,0
	15 : 00	HU	1W deposit w fixed interest rate tender (IR %, HUFbn)	-		-	0,75/4808,7
	15 : 15	US	Industrial production (MoM, %)	Mar		2,8	-2,2
	16 : 00	US	Business inventories (MoM, %)	Feb		0,5	0,3
		EZ	Eurogroup meeting	-		-	-
	16. 4 : 00	CN	Infrastructural spending (YoY, %)	Mar		25,3	35,0
	4 : 00	CN	Industrial production (YoY, %)	Mar		17,2	35,1
	4 : 00	CN	Retail sales (YoY, %)	Mar		28,0	33,8
	14 : 30	US	Building permits (annualized monthly, '000s)	Mar		1750	1720
	14 : 30	US	Housing starts (annualized monthly, '000s)	Mar		1613	1421
	15 : 00	EU	ECOFIN Meeting	-		-	-
	16 : 00	US	Michigan Consumer confidence (preliminary, points)	Apr		89,6	84,9

*'Fact' refers to the accepted volume, 'Prev.' refers to the deals due on the current week

Sources: Reuters, OTP Research

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