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Global Daily Report

Summary

- Stock markets closed mixed on Wednesday.
- Oil price fell sharply owing to strong US inventories and a surge in shale oil production.
- A bumper US employment report adds to the likelihood of next week's Fed interest rate hike.
- The USD firmed; government securities' yields increased on both sides of the Atlantic.

Europe's stock markets inched higher in Wednesday's trading. Adidas expanded more than 9%, as investors appreciated the strategic plans presented by the new CEO. In America, the fall in oil prices and the intensifying rate hike expectations sent oil, utility, and real property share prices lower. This dragged down the Dow and the S&P, but the NASDAQ stayed afloat. In Asia, the weakening yen supported Japan's stock markets but the lower-than-expected Chinese inflation reading weighed on China's indices.

Crude prices slumped; the Brent plunged 5%, to 53 USD/barrel. A Wednesday report indicated higher-than-expected oil inventories in America. In addition, there is some uncertainty surrounding OPEC, which faces the question whether extending the six-month-long freeze on output is worth the effort, given that the surge in US shale oil production quickly offsets OPEC's production cut. At the current oil market conference in Houston, a number of shale oil producers said they stepped up investment this year. On the other hand, oil millionaire Harold Hamm warned that the sector might not endure the price-decreasing effect of yet another shale oil investment boom.

The February reading of the ADP survey indicates an outstanding growth in America's job market. This has further strengthened expectations that the Fed would raise interest rates next week. The USD appreciated, and US government bond yields went up – that on the 10Y Treasury note upped five basis points.

Britain's Chancellor of Exchequer submitted the new Budget Bill, which foresees higher-than-expected growth and shrinking deficit. The draft makes no allowances for the United Kingdom paying any compensation to the EU budget because of Brexit. Despite the optimistic picture, the GBP weakened and UK bond yields climbed higher of Wednesday.

The most important global macroeconomic figure released yesterday was the February reading of ADP, which indicated significant growth in US employment. The statistics on China's economy paint a mixed picture. Somewhat worryingly, China's trade balance in January swayed into deficit, on the back of strong domestic demand and the contracting exports as the lunar new year began in January this year. On the other hand, the inflation figure was well short of forecasts, posing questions about the strength of consumption demand in China. Elsewhere, Germany's industry worked off in January the fall seen in December, but the pale factory orders data released on Tuesday do not bode well for the months to come.

Thursday's most important event, the ECB's rate-setting meeting, will shed light on the ECB's fresh macroeconomic forecast, and the future of its asset purchase programme.

	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	2368,4	-0,3	5,8	VIX	11,5	1,9	-18	WTI	53,14	-0,1	-1,1
	DOW	20924,8	-0,1	5,9	US 2Y	1,33	2,1	13	Brent	55,92	-0,2	-1,6
	Nasdaq100	5351,3	-0,2	10,0	US 10Y	2,51	1,8	8	Gold	1215,6	-0,8	5,6
	DAX	11966,1	0,1	4,2	GER 2Y	-0,87	-4,5	-8	Silver	17,49	-1,7	9,7
	CAC40	4955,0	-0,3	1,9	GER 10Y	0,32	-2,5	11	EUR/USD	1,0565	-0,1	0,5
	FTSE 100	7339,0	-0,2	2,7	PT10Y	3,95	0,0	19	EUR/GBP	0,8658	0,2	1,6
	FTSE MIB	19455,1	0,0	1,1	IT 10Y	2,19	3,6	36	EUR/NOK	8,9309	-0,6	-1,7
	Stoxx600	372,3	-0,3	3,0	SP 10	1,75	0,8	36	USD/CAD	1,3413	0,0	-0,1
	- Banks	137,6	-0,4	2,5	iTRAXX	71,3	0,9	-2	AUD/USD	0,7584	0,1	5,1
	Nikkei 225	19283,5	-0,2	1,2	JPY 2Y	-0,28	0,6	-11	USD/JPY	113,96	0,1	-2,5
SSEC	3240,7	-0,1	4,4	JPY 10Y	0,08	0,6	3	GBP/USD	1,2199	-0,3	-1,1	
Regional	RTS	1097,4	-1,2	-4,8	RUS10	8,15	-0,7	-3	USD/RUB	58,160	-0,1	-5
	WIG20	2200,98	-0,7	13,0	POL 10	3,71	0,5	2	EUR/PLN	4,3027	0,0	-2,3
	PX50	971,7	-0,4	5,4	CZ10	0,65	-0,8	39	EUR/RON	4,5393	0,2	0,1
Hungary	BUX	32442	-2,2	1,4	3M TB	0,18	0	2	EUR/HUF	309,91	0,0	0,4
	OTP	8655	-2,9	3,0	1Y	0,24	0	6	USD/HUF	293,35	0,2	-0,1
	MOL	20090	-3,4	-2,6	3Y	1,56	-1	70	CHF/HUF	289,47	0,1	0,5
	MTelekom	500	-0,2	0,4	5Y	2,34	0	57	PLN/HUF	72,010	0,2	2,8
	Richter	6385	-1,4	2,8	10Y	3,47	0	27	GBP/HUF	357,77	-0,1	-1

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

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 3. 6.	10 : 30 EZ	Sentix Investor confidence (points)	March	20,7	18,5	17,4
	16 : 00 US	Factory orders (mom, %)	Jan.	1,2	1,0	1,3
7.	8 : 00 DE	Industrial orders (mom, %)	Jan.	-7,4	-2,5	5,2
	9 : 00 HU	Industrial production (preliminary, yoy, %)	Jan.	6,5	2,5	-0,5
	9 : 00 HU	GDP (detailed, yoy, %)	Q4	1,6	-	1,6*
	9 : 00 HU	GDP (detailed, qoq, %)	Q4	0,4	-	0,4*
	11 : 00 HU	International reserves (final, EURbn)	Jan.	24,7	-	24,7
	11 : 00 HU	Fiscal balance (monthly, billion HUF)	Febr.	57,0	-	123,4
	11 : 00 EZ	GDP (revision, qoq, %)	Q4	0,4	0,4	0,4*
	11 : 00 EZ	GDP (revision, yoy, %)	Q4	1,7	1,7	1,7*
8.	0 : 50 JP	GDP (revision, annualized qoq, %)	Q4	1,2	1,6	1,0*
	3 : 00 CN	Import (yoy, %)	Febr.	38,1	20,0	16,7
	3 : 00 CN	Export (yoy, %)	Febr.	-1,3	12,3	7,9
	8 : 00 DE	Industrial production (mom, %)	Jan.	2,8	2,5	-3,0
	9 : 00 HU	Core inflation (yoy, %)	Febr.		-	1,6
	9 : 00 HU	Inflation (yoy, %)	Febr.		2,3	2,3
	13 : 00 PL	Interest rate decision (%)	March		1,5	1,5
	14 : 15 US	ADP non-farm employment (mom, '000s)	Febr.		190	246
9.	2 : 30 CN	CPI (yoy, %)	Febr.		1,7	2,5
	2 : 30 CN	CPI (mom, %)	Febr.		0,6	1,0
	13 : 45 EZ	Interest rate decision (lending rate, %)	March		0,0	0,0
	13 : 45 EZ	Interest rate decision (deposit rate, %)	March		-0,4	-0,4
10.	8 : 00 DE	Export (mom, %)	Jan.		1,9	-3,3
	9 : 00 HU	Trade balance (preliminary, monthly, EURmn)	Jan.		-	579
	10 : 30 UK	Industrial production (mom, %)	Jan.		-0,4	1,1
	14 : 30 US	Unemployment rate (%)	Febr.		4,7	4,8
	14 : 30 US	Average earnings (yoy, %)	Febr.		2,7	2,5
	14 : 30 US	Average earning (mom, %)	Febr.		0,3	0,1
	14 : 30 US	Non-farm payroll (mom, '000s)	Febr.		190	227
	20 : 00 US	Federal budget balance (USDbn)	Febr.		-	51,0

*preliminary data

Source: Reuters, OTP Research

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