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Global Daily Report

Summary

- Emmanuel Macron comfortably won the runoff of French presidential election, with 65-35%. The euro is slightly firming.
- In Friday's optimistic sentiment on Europe's stock markets, the rising oil price fuelled the energy sector.
- America's benchmarks also crept higher; the S&P and the NASDAQ hit new highs.
- Seeing the mixed bag of employment data, markets still expect the Fed to raise interest rates in June.

Emmanuel Macron comfortably won the presidential election, with better results than preliminary surveys had suggested, but voter turnout was the lowest since the second round of the presidential election in 1969. One of the last polls before Sunday's presidential election saw Macron's lead growing by three points, suggesting that he may receive 62% of the votes against and Le Pen's 38%. (Macron's lead has grown to 65%.) The news caused a minor euro appreciation, and Europe's stock markets are likely to open higher today.

The sentiment in Europe was fairly upbeat ahead of Sunday's French presidential election – the Stoxx600 closed 0.7% higher, wiping out a 0.4% loss made earlier in the day. A rebound in oil prices supported the energy sector, and the rising industrial metal prices helped mining companies and basic material producers. The FTSE ended 0.7% higher, and the CAC40 grew by 1.1% in Friday's session. The Stoxx600 gained 1.9% over the past week.

Trading in America lacked a single direction on Friday, yet the S&P and the NASDAQ could climb to new highs. The S&P, the NASDAQ100 and the NASDAQ Composite advanced 0.4% each, and the Dow edged 0.3% higher. During last week the S&P grew by 0.6%, mostly because of the technology and financial sectors, but on Friday it was chiefly the energy, basic material, and the real estate sectors that advanced. Consumer staples, utilities and industrial companies all outperformed. Despite Friday's correction in the energy sector, producers' stock prices fell sharply during last week as oil price slid more than 6%. Within the S&P, the loser of the week was Advanced Micro Devices (AMD); the chipmaker nose-dived 23% as its disappointing Q1 figures were exacerbated by its Q2 revenue guidance.

This morning in Asia Japan's indices closed higher, but China ended in the red owing to worse-than-expected exports statistics. Hong Kong painted a mixed picture.

On currency markets, the USD weakened on Friday; the dollar spot index dropped 0.2%. The euro firmed 0.1% against the USD, and the GBP/USD rose by 0.4%.

US and German 10Y bond yields ended the week trivially higher.

Crude future prices grew in Friday; the WTI and the Brent both upped 1.5%. Last week WTI June futures plunged 6.3%, to 46.2 USD/barrel, and the Brent tumbled 5.1% to 49.1 USD/barrel. According to Bloomberg's data, USD 7 million worth of oil options changed hands last Friday; these bets will be rewarding if the WTI falls below USD 39 by mid-July. This translates into 14,000 puts, almost twenty times the number of previous contracts. Experts say that if the expectations about the efficiency of OPEC's production cut are really that negative, then the continued slump in prices must take place in the forthcoming weeks, because demand for oil usually increases during summer.

In the USA non-farm payrolls grew by 211,000 in April, topping the forecast 185,000, as the March statistics were revised down to 79,000. However, employment in manufacturing grew by a less-than-expected 6,000, and the unemployment rate unexpectedly sank to 4.4%. Despite the job market statistics, the market continues to assume that the Fed will raise interest in its June meeting. Some voices say that the recent employment data may imperil Donald Trump's tax cut plans too.

China published April trade statistics this morning; the increase in exports (+8% year/year) and imports (+12% year/year) surprised on the downside.

	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	2399,3	0,4	7,2	VIX	10,6	1,1	-25	WTI	46,22	1,5	-14,0
	DOW	21006,9	0,3	6,3	US 2Y	1,32	0,8	12	Brent	49,10	1,5	-13,6
	Nasdaq100	5646,1	0,4	16,1	US 10Y	2,35	-0,4	-8	Gold	1227,6	0,0	6,6
	DAX	12716,9	0,5	10,8	GER 2Y	-0,68	2,9	12	Silver	16,30	0,1	2,3
	CAC40	5432,4	1,1	11,7	GER 10Y	0,41	2,3	21	EUR/USD	1,0995	0,1	4,6
	FTSE 100	7297,4	0,7	2,2	PT10Y	3,39	-5,2	-38	EUR/GBP	0,8471	-0,3	-0,6
	FTSE MIB	21483,9	1,5	11,7	IT 10Y	2,17	-7,7	35	EUR/NOK	9,4496	-0,8	4,0
	Stoxx600	394,5	0,7	9,2	SP 10	1,55	-3,8	16	USD/CAD	1,3650	-0,7	1,6
	- Banks	156,3	1,2	16,5	iTRAXX	63,6	-0,8	-12	AUD/USD	0,7418	0,1	2,8
	Nikkei 225	19921,5	2,4	4,2	JPY 2Y	-0,19	0,5	-2	USD/JPY	112,71	0,2	-3,6
SSEC	3130,4	0,9	0,9	JPY 10Y	0,03	0,9	-2	GBP/USD	1,2979	0,5	5,2	
Regional	RTS	1085,7	0,4	-5,8	RUS10	7,73	0,5	-8	USD/RUB	57,910	-0,8	-5
	WIG20	2382,17	0,0	22,3	POL 10	3,48	0,0	-4	EUR/PLN	4,2083	-0,5	-4,4
	PX50	1005,9	0,4	9,2	CZ10	0,82	0,0	76	EUR/RON	4,5487	0,1	0,3
Hungary	BUX	32864	1,8	2,7	3M TB	0,15	0	-1	EUR/HUF	311,52	-0,2	0,9
	OTP	7935	1,5	-5,5	1Y	0,22	0	4	USD/HUF	283,21	-0,4	-3,5
	MOL	21900	2,6	6,1	3Y	1,00	-3	14	CHF/HUF	286,79	-0,4	-0,4
	MTelekom	489	0,6	-1,8	5Y	2,14	-1	37	PLN/HUF	73,920	0,1	5,5
	Richter	6922	1,9	11,5	10Y	3,20	-3	0	GBP/HUF	366,97	-0,1	2

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

Data				Cd.	Event/Data	Period	Fact	Cons.	Prev.	
2017	5.	8.	4	: 00	CN	Import (yoy, %)	Apr.	11,9	18	20,3
			4	: 00	CN	Export (yoy, %)	Apr.	8,0	10,4	16,4
			8	: 00	DE	Industrial orders (mom, %)	March	1,0	0,8	3,4
			10	: 00	EZ	Sentix Investor confidence (points)	May		25	23,9
			11	: 00	HU	Fiscal balance (monthly, billion HUF)	Apr.		-	-378,5
		9.	8	: 00	DE	Export (mom, %)	March		0,1	0,8
			8	: 00	DE	Industrial production (mom, %)	March		-0,5	2,2
			9	: 00	HU	Trade balance (preliminary, monthly, EURmn)	March		880	881
		10.	9	: 00	HU	Inflation (yoy, %)	Apr.		2,3	2,7
			9	: 00	HU	Core inflation (yoy, %)	Apr.		-	1,8
			10	: 30	EZ	Mario Draghi's speech in the Dutch Parliament	-		-	-
			20	: 00	US	Federal budget balance (USDbn)	Apr.		-	-176
		11.	9	: 00	HU	Construction output (yoy, %)	March		-	15,2
			10	: 30	UK	Industrial production (mom, %)	March		-0,2	-0,7
			11	: 00	EU	EC's Economic Forecast	-		-	-
			13	: 00	UK	Interest rate decision (%)	May		0,25	0,25
		12.	8	: 00	DE	CPI (final, yoy, %)	Apr.		2	2,0*
			8	: 00	DE	GDP (preliminary, qoq, SA %)	Q1		0,7	0,4
			8	: 00	DE	GDP (preliminary, qoq, NSA %)	Q1		1,7	1,2
			9	: 00	HU	Industrial production (second estimate, yoy, %)	March		-	12,8*
			11	: 00	EZ	Industrial production (mom, %)	March		0,3	-0,3
			14	: 30	US	Retail sales (mom, %)	Apr.		0,6	-0,2
			14	: 30	US	CPI (yoy, %)	Apr.		2,2	2,4
			14	: 30	US	CPI (mom, %)	Apr.		0,2	-0,3
			14	: 30	US	core-CPI (yoy, %)	Apr.		1,8	2
			14	: 30	US	core-CPI (yoy, %)	Apr.		0,2	-0,1
			16	: 00	US	Michigan Consumer confidence (preliminary, points)	May		97	97
			16	: 00	US	Business inventories (mom, %)	March		0,2	0,3
			23	: 55	HU	Fitch revision	-		-	-

*preliminary data

Source: Reuters, OTP Research

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