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Global Daily Report

Summary

- Most equity markets closed in the red on Thursday.
- The USA is to impose import tariffs on steel and aluminium.
- The USD weakened, yields fell on government bond markets

America's stock markets fell sharply on Thursday. The morning's modest rise reversed as soon as President Trump announced plans to impose tariffs on imported aluminium (10%) and steel (25%) products. The announcement substantially boosted volatility on America's stock markets, where the key benchmarks slumped more than 1%. Investors and analysts fear that the decision on import tariffs would raise commodity prices, and thus add to inflationary pressure in the economy. Besides, other countries may introduce retaliatory measures, which would adversely affect American companies and consumers. The USA imports the largest quantities of steel from Canada, Brazil, and South Korea; trading with these countries may be hit the hardest. While all eleven primary sectors of the S&P500 closed with losses, unsurprisingly aluminium and steel companies became the winners of the day: AK Steel jumped 11.9% and US Steel surged 7.8% yesterday. Simultaneously, carmakers' shares reversed noticeably; General Motors went back 4% by the close. President Trump's announcement stole the show from Jerome Powell's hearing. In his testimony, the Fed's new chairman warned of the inflationary pressure but he also mentioned that there was slack left in America's labour market. His words triggered dollar weakening.

Europe's key stock markets also ended in the red, marking the third consecutive day of losses: the Stoxx600 slipped 1.3%. One reason for markets' uncertainty may have been the fears about Sunday's election in Italy.

The yield on the 10Y US Treasury Note came down seven basis points.

The announcement on the import tariffs and Jerome Powell's words triggered US dollar weakening against the EUR and the JPY.

Important statistics were released about America's construction industry. Construction expenditure volumes in January stagnated from the previous month, wrong-footing analysts who had projected 0.2% rise. Residential construction expenditure was up 0.6%, but commercial building investment volumes contracted by 2.7%. Separately, the February reading of America's ISM manufacturing purchasing managers' index, at 60.8, surpassed the previous month's reading and analysts' forecasts.

There will be two important political events at the weekend in Europe. There will be parliamentary election in Italy. The most recent opinion polls (made a fortnight ago, in line with Italian election laws) suggest that the eurosceptic 5 Star Movement is the most popular party. Yet the results are likely to be tight between the incumbent Social Democrats, the 5 Star Movement, and Silvio Berlusconi's Forza Italia. Elsewhere, Germany's Social Democratic Party is to announce whether or not it joins the alliance of Angela Merkel's CDU-CSU; that is, whether there will be a new grand coalition in Germany again.

President Trump's import tariff plan resonated in the world. In few days' time, the European Union will act 'firmly and commensurately', Jean-Claude Juncker said last night.

The University of Michigan's January consumer sentiment index is due out 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	2677,7	-1,3	0,2	VIX	22,5	13	104	WTI	60,99	-1,1	0,9
	DOW	24609,0	-1,7	-0,4	US 2Y	2,2	-6	32	Brent	63,83	-3,0	-4,5
	Nasdaq100	6750,5	-1,5	5,5	US 10Y	2,8	-7	39	Arany	1316,16	-0,1	1,1
	DAX	12190,9	-2,0	-5,6	GER 2Y	-0,5	-2	9	Ezüst	16,47	0,4	-2,8
	CAC40	5262,6	-1,1	-0,9	GER 10Y	0,6	-2	22	EUR/USD	1,23	0,6	2,3
	FTSE 100	7175,6	-0,8	-6,7	PT10Y	1,9	-5	1	EUR/GBP	0,89	0,5	0,2
	FTSE MIB	22448,4	-0,7	2,7	IT 10Y	2,0	-4	3	EUR/NOK	9,62	-0,1	-2,3
	Stoxx600	374,9	-1,3	-3,7	SP 10	1,5	-3	-7	USD/CAD	1,28	0,0	2,1
	- Banks	167,6	-1,0	1,6	ITRAXX	53,5	2	18	AUD/USD	0,78	-0,1	-0,6
	Nikkei 225	21181,6	-2,5	-7,0	JPY 2Y	-0,1	1	-1	USD/JPY	106,23	-0,4	-5,7
SSEC	3258,5	-0,5	-1,5	JPY 10Y	0,1	3	2	GBP/USD	1,38	0,1	1,9	
Regional	RTS	1274,2	-0,9	10,4	RUS10	7,1	0	-7	USD/RUB	56,814	0,8	-1,5
	WIG20	2335,0	-1,2	-5,1	POL 10	3,3	-2	0	EUR/PLN	4,19	0,3	0,3
	PX50	1117,7	-0,2	3,7	CZ10	1,9	-1	25	EUR/RON	4,656	0,0	-0,5
Hungary	BUX	37768	-0,9	-4,1	3M T-Bill	0,02	0	-2	EUR/HUF	313,41	-0,1	0,9
	OTP	11310	-1,7	5,5	1Y	0,05	0	0	USD/HUF	255,41	-0,7	-1,3
	MOL	2808	-0,3	-6,6	3Y	0,92	-1	37	CHF/HUF	271,08	-0,4	2,3
	MTelekom	455	-0,1	-0,8	5Y	1,53	1	36	PLN/HUF	74,75	-0,5	0,6
	Richter	5635	-0,8	-16,9	10Y	2,70	6	65	GBP/HUF	351,76	-0,6	0,7

* 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.
2018 2. 26.	16 : 00 US	New home sales (annualized monthly, '000s)	Jan.	593	624	643
	27. 9 : 00 HU	Unemployment rate (%)	Jan.	3,8	-	3,9
	11 : 00 EZ	EC Economic Sentiment Index (points)	Febr.	114,1	114,0	114,7
	14 : 00 HU	Interest rate decision (%)	Febr.	0,9	0,9	0,9
	14 : 00 DE	CPI (flash, yoy, %)	Febr.	1,4	1,5	1,6
	14 : 30 US	Durable goods orders (mom, %)	Jan.	-3,7	-2,0	2,8
	15 : 00 US	Case-Shiller Home Price Index (yoy, %)	Dec.	6,3	6,2	6,4
	16 : 00 US	Consumer confidence (point)	Febr.	130,8	126,0	125,4
	16 : 00 US	Jerome Powell testimony (House Financial Services Comm.)	-	-	-	-
	28. 2 : 00 CN	NBS Manufacturing PMI (points)	Febr.	50,3	51,2	51,3
	2 : 00 CN	NBS non-Manufacturing PMI (points)	Febr.	54,4	-	55,3
	8 : 45 FR	GDP (preliminary, qoq, %)	Q4	0,6	0,6	0,6
	9 : 00 HU	Industrial producer prices (yoy, %)	Jan.	3,3	-	3,9
	9 : 00 HU	Investment (yoy, %)	Q4	14,0	-	18,0
	10 : 00 PL	GDP (detailed, yoy, %)	Q4	5,1	-	5,1*
	11 : 00 EZ	CPI (flash, yoy, %)	Febr.	1,2	1,3	1,3
	11 : 00 EZ	Core CPI (flash, yoy, %)	Febr.	1,0	1,1	1,0
	14 : 30 US	GDP (second estimate, annualized, yoy, %)	Q4	2,5	2,5	2,6*
	15 : 45 US	Chicago PMI (points)	Febr.	61,9	64,0	65,7
	16 : 00 US	Pending home sales (mom, %)	Jan.	-4,7	0,5	0,5
	3. 1. 9 : 00 HU	Manufacturing PMI (points)	Febr.	57,4	-	60,9
	11 : 00 EZ	Unemployment rate (%)	Jan.	8,6	8,6	8,7
	14 : 30 US	Personal income (mom, %)	Jan.	0,4	0,3	0,4
	14 : 30 US	Personal consumption (adjusted, mom, %)	Jan.	0,2	0,2	0,4
	14 : 30 ES	GDP (detailed, qoq, %)	Q4	0,7	0,7	0,7
	16 : 00 US	Construction expenditure (mom, %)	Jan.	0,0	0,3	0,7
	16 : 00 US	ISM Manufacturing PMI (points)	Febr.	60,8	58,6	59,1
	21 : 30 US	Vehicle sales (annualized monthly, million)	Febr.	17,1	17,3	17,1
	2. 8 : 00 DE	Retail sales (mom, %)	Jan.		0,9	-1,9
	9 : 00 HU	Trade balance (detailed, monthly, EUR mn)	Dec.		-	502*
	9 : 00 CZ	GDP (detailed, qoq, %)	Q4			0,5
	10 : 00 IT	GDP (detailed, qoq, %)	Q4		0,3	0,4
	16 : 00 US	Michigan Consumer confidence (preliminary, points)	Jan.		95,0	94,4
	4. IT	Italian general election	-			P. Gentiloni

* preliminary data

Sources: Reuters, OTP Research

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