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Global Daily Report

Summary

- Most stock markets closed in the red on Wednesday
- As expected, the Fed raised its interest rate but its updated forecast and Jerome Powell's words made bond yields drop, and the US dollar weakened
- Oil prices hit six-week high, with the Brent nearing 70 USD/barrel
- President Trump is set to announce new tariffs on Chinese exports today

Europe's stock markets closed in the red on Wednesday. Reports that China is pondering counter-measures to retaliate the steel and aluminium tariffs President Trump had imposed apparently weighed on Wednesday's trading. The CEE region's stock markets averted losses: Warsaw's WIG20 surged 2.1%, and the BUX closed 0.7% higher. America's stock markets closed slightly down after the Fed's decision. In individual names in Europe, Deutsche Bank (-5%) fell sharply as its CFO warned that the strong US dollar and higher funding costs might negatively affect the bank's revenue. Elsewhere, Facebook's share price stabilized: it climbed 0.7% higher yesterday, reversing a two-day steep fall. Mark Zuckerberg announced to review the practice of Facebook apps' access to user data, and make it easier for users to manage their access settings.

Wednesday's most important event was the Federal Reserve's interest rate decision. As expected, fed funds rate rose by 25 basis points. In accordance with the market consensus, the Fed signalled two more hikes this year, but the Federal Open Markets Committee now projects three rate hikes in 2019, rather than two as expected. The economic growth forecasts for 2018 and 2019 were revised up (to 2.7% for this year, which is expected to slowly decelerate to 2% in 2019), while the inflation trajectory was left unchanged (practically at the 2% target). In his first press briefing as Fed chairman, Jerome Powell also pointed out that there was still no sign of acceleration in inflation. His statement suggested that monetary policy may become more data-driven than before – leaving less to forecasting models, and shifting the emphasis on a posterior reaction to the incoming data.

On balance, the milder-than-before tightening of the interest rate trajectory and Jerome Powell's messages suggest that the Fed's tightening cycle will not become as aggressive as markers had feared it to be. As these risks are no longer factored in prices, US yields dropped (particularly at the short end of the curve), and the US dollar weakened. The Bloomberg dollar index lost 0.9%, and the EUR/USD climbed higher to 1.234.

Crude prices soared to six-week high, owing to a surprise dip in US oil inventory data, which may reflect the strength of demand for oil. The Brent surged more than 3%, drawing near 70 USD/barrel. The Fed's rate decision also caused a noticeable increase in precious metal prices, with gold rising 1.5%, and silver growing by 2.3%.

Today Donald Trump is likely to announce the measures he is planning to introduce owing to China's alleged violation of intellectual property rights. China opines that this move may lead to the escalation of the trade war. A string of manufacturing purchasing managers' indices and the Bank of England's rate decision are also worth checking today. Trade war fears may negatively affect Industrial indices – this morning's release of Japanese manufacturing PMI undershot expectations.

	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	2711,9	-0,2	1,4	VIX	17,9	-1,9	62	WTI	65,17	2,2	7,9
	DOW	24682,3	-0,2	-0,1	US 2Y	2,32	-2,1	43	Brent	69,47	3,0	3,9
	Nasdaq100	6853,5	-0,5	7,1	US 10Y	2,91	2,6	50	Gold	1331,8	1,6	2,3
	DAX	12309,2	0,0	-4,7	GER 2Y	-0,57	0,6	6	Silver	16,52	2,1	-2,5
	CAC40	5239,7	-0,2	-1,4	GER 10Y	0,59	1,4	17	EUR/USD	1,23	0,8	2,8
	FTSE 100	7039,0	-0,3	-8,4	PT10Y	1,76	2,8	-18	EUR/GBP	0,87	-0,2	-1,8
	FTSE MIB	22820,1	0,1	4,4	IT 10Y	1,93	3,6	-7	EUR/NOK	9,5	0,2	-3,5
	Stoxx600	375,0	-0,2	-3,7	SP 10	1,33	3,1	-24	USD/CAD	1,29	-1,3	2,6
	- Banks	163,9	-0,9	-0,6	ITRAXX	58,3	-0,7	29	AUD/USD	0,78	1,1	-0,5
	Nikkei 225	21592,0	1,0	-5,2	JPY 2Y	-0,15	-0,1	-2	USD/JPY	106,04	-0,5	-5,9
SSEC	3263,5	-0,5	-1,3	JPY 10Y	0,04	-0,2	-1	GBP/USD	1,4139	1,0	4,6	
Regional	RTS	1270,1	1,1	10,0	RUS10	7,03	-0,3	-7	USD/RUB	56,862	-1,2	-1,4
	WIG20	2320,8	2,1	-5,7	POL 10	3,37	1,5	2	EUR/PLN	4,2286	0,0	1,3
	PX50	1126,5	0,5	4,5	CZ10	1,96	0,4	29	EUR/RON	4,6656	0,1	-0,2
Hungary	BUX	38236,9	0,7	-2,9	3M BUBOR	0,02	0,0	-2	EUR/HUF	311,27	0,0	0,2
	OTP	11590,0	1,2	8,1	3M D T-Bill	0,05	-1,0	0	USD/HUF	252,13	-0,8	-2,6
	MOL	2948,0	1,9	-1,9	3Y	0,90	0,2	35	CHF/HUF	265,61	-0,1	0,2
	MTelekom	449,0	0,8	-2,0	5Y	1,48	2,0	31	PLN/HUF	73,550	0,0	-1,0
	Richter	5425,0	-1,5	-20,0	10Y	2,62	2,1	58	GBP/HUF	356,32	0,1	2,0

* 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 3. 20.	9 : 00	HU Gross wages (yoy, %)	Jan.	14	-	13,5
	10 : 30	UK Inflation (yoy, %)	Febr.	2,7	2,8	3,0
	10 : 30	UK Core inflation (yoy, %)	Febr.	2,4	2,5	2,7
	11 : 00	DE ZEW Economic Sentiment (points)	March	5,1	13,0	17,8
	16 : 00	EZ Consumer confidence index (flash, points)	March	0,1	-	0,1
21.	15 : 00	US Existing home sales (mom, %)	Febr.	5540,0	5470	5380
	19 : 00	US Interest rate decision (%)	March	1,5-1,75	1,5-1,75	1,25-1,5
	19 : 00	US FOMC economic projections	-	-	-	-
22.	1 : 30	JP Nikkei Manufacturing PMI (points)	March	53,2	-	54,1
	9 : 00	FR Markit Service PMI (points)	March		57,0	57,4
	9 : 00	FR Markit Manufacturing PMI (points)	March		55,5	55,9
	9 : 30	DE Markit Service PMI (points)	March		55,0	55,3
	9 : 30	DE Markit Manufacturing PMI (points)	March		59,8	60,6
	10 : 00	EZ Markit Service PMI (points)	March		56,0	56,2
	10 : 00	EZ Markit Manufacturing PMI (points)	March		58,1	58,6
	10 : 00	DE IFO Economic sentiment index (points)	March		114,7	115,4
	10 : 30	UK Retail sales (mom, %)	Febr.		0,4	0,1
	13 : 00	UK Interest rate decision (%)	March		0,5	0,5
	14 : 45	US Markit Manufacturing PMI (points)	March		55,5	55,3
	15 : 00	US Leading index (mom, %)	Febr.		0,4	1,0
	15 : 45	US Markit Service PMI (points)	March		55,8	55,9
23.	0 : 30	JP CPI (yoy, %)	Febr.		-	1,4
	0 : 30	JP core-CPI (yoy, %)	Febr.		1,0	0,9
	8 : 30	HU Balance of payments (quarterly, EURbn)	Q4		0,7	0,8
	13 : 30	US Durable goods orders (mom, %)	Febr.		1,6	-3,7
	15 : 00	US New home sales (annualized monthly, '000s)	Febr.		611	593

Sources: Reuters, OTP Research

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