

Summary

- America's stock indices closed with slight losses but European trading ended with gains
- France, Germany and Britain have agreed to uphold the nuclear deal with Iran
- Britain wishes to remain in the customs union after the interim Brexit period
- The USD and the GBP firmed; oil prices are shaped by geopolitical developments

America's stock markets opened with sharp losses but the sentiment eased later and the key indices could eke out modest gains by the end of the day. The loser of the day was the tech sector, whose sub-index in the S&P500 sank 1%, and the 0.8% morning gain of energy companies could only partly offset it. But in the afternoon the dropping oil prices dragged down energy companies too. Exxon Mobil dipped 0.2% and Chevron edged 0.1% lower.

The optimism in Europe helped the key stock indices close at four-month high. The DAX advanced 0.9%, the Stoxx600 and the FTSE100 gained 0.7% each. Energy companies fuelled the growth, supported by higher oil prices. The Stoxx600 Oil & Gas Index upped 1.5%. One reason for the benign sentiment was the easing of Italy fears as the coalition draft agreement submitted by the League and the Five Stars Movement to Italy's President Sergio Mattarella does not make mention of leaving the eurozone. Moreover, the risks surrounding Brexit seem to be easing on the back of news that Britain wants to remain in the EU customs union after 2020 so as to avoid reinstating a hard border on the Irish frontier. Corporate developments also moved markets: the Ocado group's stocks sky-rocketed 44% as the online grocery company entered in technology partnership with Kroger, a US-based food retail chain.

Italy's 10Y government bond yield rose in the morning, before the reassuring reports on forming a government sent it down, ending the day only 1.9 basis points higher. The US 10Y treasury note yield hit 3.1%, its highest since July 2011. The USD and the GBP firmed 0.2% versus the EUR. The pound's appreciation was bolstered by favourable developments in Brexit.

Gold price sank below USD 1,300, its lowest this year; partly owing to the strengthening US dollar. The Brent's price surpassed the 80-dollar line for the first time since 2014, but it ricocheted from there soon. Its decline was triggered by reports that the political leaders of Britain, Germany and France agreed to uphold the nuclear pact with Iran. The Brent traded at 79.3 USD/barrel last night.

The US Leading index rose by 0.4% in April from the previous month, matching forecasts, and exceeding the previous month's reading by 0.1%. Japan's inflation decelerated – the consumer core price index was up 0.7% YoY in April – short of both forecasts and the previous month's reading.

Political developments are worth watching today, including the US reaction to the decision of the leading European countries to maintain the nuclear pact with Iran. The latest episode in Brexit talks is also worth checking, to see how the EU27 and the European Commission would react to the UK's plan to remain in the customs union.

	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	2720,1	-0,1	1,7	VIX	13,4	0,1	22	WTI	71,5	0,1	18,3
	DOW	24714,0	-0,2	0,0	US 2Y	2,57	-1,6	68	Brent	79,30	0,0	18,6
	Nasdaq100	6901,6	-0,4	7,9	US 10Y	3,11	1,4	70	Gold	1290,0	0,0	-1,0
	DAX	13114,6	0,9	1,5	GER 2Y	-0,56	-0,2	8	Silver	16,43	0,5	-3,1
	CAC40	5621,9	1,0	5,8	GER 10Y	0,64	1,9	21	EUR/USD	1,18	-0,1	-1,7
	FTSE 100	7788,0	0,7	1,3	PT10Y	1,82	0,0	-11	EUR/GBP	0,87	-0,3	-1,8
	FTSE MIB	23802,0	0,3	8,9	IT 10Y	2,11	1,9	12	EUR/NOK	9,58	0,4	-2,7
	Stoxx600	395,8	0,7	1,7	SP 10	1,41	0,2	-16	USD/CAD	1,28	0,2	1,8
	- Banks	155,9	0,1	-5,5	iTRAXX	56,5	0,0	25	AUD/USD	0,75	-0,1	-3,7
	Nikkei 225	22903,5	0,3	0,6	JPY 2Y	-0,13	0	1	USD/JPY	110,76	0,3	-1,7
SSEC	3162,9	0,3	-4,4	JPY 10Y	0,06	0	1	GBP/USD	1,35	0,2	0,0	
Regional	RTS	1181,6	-0,7	2,4	RUS10	7,3	-0,3	-3	USD/RUB	62,135	0,7	7,8
	WIG20	2255,78	-0,9	-8,3	POL 10	3,3	1,5	0	EUR/PLN	4,29	0,6	2,8
	PX50	1107,4	0,1	2,7	CZ10	1,9	1,0	23	EUR/RON	4,633	0,0	-0,9
Hungary	BUX	37538	-0,1	-4,7	3M DKJ	0,19	3	16	EUR/HUF	317,18	0,4	2,1
	OTP	10650	-0,5	-0,7	1Y	0,33	9	28	USD/HUF	268,71	0,5	3,8
	MOL	2756	-1,9	-8,3	3Y	1,15	7	60	CHF/HUF	268,43	0,3	1,3
	MTelekom	420	-0,9	-8,3	5Y	1,78	4	61	PLN/HUF	73,82	-0,1	-0,6
	Richter	5825	4,1	-14,1	10Y	3,16	8	111	GBP/HUF	363,30	0,8	4,0

* 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 5. 14.	9 : 00	HU Industrial production (second estimate, yoy, %)	March	-2,4	-	-2,4*
15.	4 : 00	CN Infrastructural spending (yoy, %)	Apr.	7,0	7,4	7,5
	4 : 00	CN Industrial production (yoy, %)	Apr.	7,0	6,3	6,0
	4 : 00	CN Retail sales (yoy, %)	Apr.	9,4	10,0	10,1
	8 : 00	DE GDP (first estimate, yoy, SA,%)	Q1	2,3	2,4	2,9
	8 : 00	DE GDP (first estimate, qoq, SA%)	Q1	0,3	0,4	0,6
	8 : 00	RO GDP (first estimate, yoy, %)	Q1	4,0	5,7	6,7
	9 : 00	CZ GDP (first estimate, yoy, %)	Q1	4,5	4,8	5,1
	9 : 00	HU GDP (first estimate, yoy, %)	Q1	4,4	4,1	4,4
	9 : 00	HU GDP (first estimate, qoq, %)	Q1	1,2	-	1,3
	10 : 00	PL GDP (first estimate, yoy, %)	Q1	5,1	4,8	4,9
	11 : 00	EZ Industrial production (mom, %)	March	0,5	0,7	-0,8
	11 : 00	DE ZEW Economic Sentiment (points)	May	-8,2	-8,2	-8,2
	11 : 00	EZ GDP (second estimate, yoy, %)	Q1	0,4	0,4	0,4*
	11 : 00	EZ GDP (second estimate, qoq, %)	Q1	2,5	2,5	2,5*
	14 : 30	US Retail sales (mom, %)	Apr.	0,3	0,3	0,6
	14 : 30	US New York Fed Manufacturing index (points)	May	20,1	15,0	16
	16 : 00	US Business inventories (mom, %)	March	0,0	0,1	0,6
16.	1 : 50	JP GDP (preliminary, qoq, %)	Q1	-0,2	0,0	0,4
	8 : 00	DE CPI (final, yoy, %)	Apr.	1,6	1,6	1,6*
	11 : 00	EZ CPI (final, yoy, %)	Apr.	1,2	1,2	1,2*
	14 : 00	PL Interest rate decision (%)	May		-	1,5
	14 : 30	US Housing starts (annualized monthly, '000s)	Apr.	1287,0	1310	1319
	14 : 30	US Building permits (annualized monthly, '000s)	Apr.	1352,0	1349	1379
	15 : 15	US Industrial production (mom, %)	Apr.	0,7	0,5	0,5
17.	16 : 00	US Leading index (mom, %)	Apr.	0,4	0,4	0,3
18.	1 : 30	JP CPI (yoy, %)	Apr.	0,6	-	1,1
	1 : 30	JP core-CPI (yoy, %)	Apr.	0,7	0,8	0,9

*preliminary data

Sources: Reuters, OTP Research

Chief Economist
Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Analyst
Balázs Lukács
balazs.lukacs@otpbank.hu
+36 1 354 7490

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