

Global Daily Report



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Summary

- The key stock markets of Europe and America closed in the red on Thursday
- The ECB cut is projection on the eurozone's 2019 GDP growth rate to 1.1%
- The euro weakened against the USD.

America's key stock indices closed with losses on Thursday, for the fourth day in a row. The Dow and the S&P500 dropped 0.8% each, and the Nasdaq100 fell 1.2%. The pessimistic tone of the press conference after the ECB's monetary policy meeting left its mark on global stock markets' mood.

Trading sentiment was likewise sour in Europe, where the Stoxx600 and the CAC40 dipped 0.4%, the FTSE100 slipped 0.5% and the DAX lost 0.6%. Banking shares were hit particularly hard, as the ECB's communication suggested that the low interest rate environment would persist for an extended longer period, which means lower margins for the banking sector. Banco Santander and UBS slid 3.5% and 3% respectively yesterday.

Thursday's meeting of the European Central Bank left interest rates unchanged, as expected, but the post-meeting press conference painted a gloomy picture of the eurozone's economy. President Mario Draghi mentioned the intensified downside risks, which were underscored by the cut in the ECB's projection on the eurozone's economic growth in 2019 to 1.1%, down from 1.6% in December. By the same token, the bank cut its inflation forecast – its latest projection for 2019 puts the inflation rate at 1.2%, whereas it had expected 1.6% in December 2018. The ECB does not expect inflation to reach its 2% target by 2021. Such drastic cut in growth and inflation expectations amounts to acknowledging concerns that the eurozone's economy was slowing. That said, the ECB's baseline scenario continues to expect an improvement in economic outlook, and the probability of recession remains low. The official statement puts the possible date of the first rate increase at the end of 2019, but a number of monetary policy decision-makers suggested postponing it until March 2020. A new TLTRO (targeted long-term refinancing operations) programme was also announced, to stimulate lending. It is to start in September and may end no sooner than in March 2021.

Following the ECB's press conference, the euro weakened against the US dollar; the EUR/USD closed 1.1% lower.

The yield on the 10Y German Bund came down 6.3 basis points, and that on Italy's 10Y government bond fell 12.7 basis points. The US 10Y yield dropped 5.6 bps.

In the USA, initial jobless claims unexpectedly fell last week – the 223,000 figure marks a 3,000 drop from the previous week. The German industrial orders data, released this morning, pointed to a disappointing 2.6% contraction in January, undershooting forecasts of a 0.5% increase. The previous month's figure was revised from -1.6% to +0.9%.

Today's highlights include important data on the US labour market. The Fed chairman Jerome Powell's speech at the SIEPR event is also worth checking.

	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	2748,9	-0,8	9,7	VIX	16,6	5,4	-35	WTI	56,7	0,9	24,8
	DOW	25473,2	-0,8	9,2	US 2Y	2,47	-5,1	-3	Brent	66,30	0,5	23,2
	Nasdaq100	7026,9	-1,2	11,0	US 10Y	2,64	-5,6	-5	Gold	1285,5	-0,1	0,2
	DAX	11517,8	-0,6	9,1	GER 2Y	-0,55	-3,3	4	Silver	15,02	-0,4	-3,0
	CAC40	5267,9	-0,4	11,4	GER 10Y	0,07	-6,3	-18	EUR/USD	1,1192	-1,0	-2,4
	FTSE 100	7157,6	-0,5	6,4	PT10Y	1,35	-8,1	-38	EUR/GBP	0,8553	-0,3	-4,8
	FTSE MIB	20697,6	-0,7	13,0	IT 10Y	2,49	-12,7	-29	EUR/NOK	9,8238	0,3	-0,8
	Stoxx600	373,9	-0,4	10,7	SP 10	1,05	-7,3	-37	USD/CAD	1,3453	0,1	-1,3
	- Banks	118,4	-2,6	4,7	iTRAXX	62,8	2,2	-28,7	AUD/USD	0,7013	-0,3	-0,5
	Nikkei 225	21025,6	-2,0	5,1	JPY 2Y	-0,14	0,2	-1	USD/JPY	111,58	-0,2	1,8
	SSEC	2983,3	-4,0	19,6	JPY 10Y	-0,03	-2,5	-3	GBP/USD	1,3084	-0,6	2,6
Regional	RTS	1179,6	-1,0	10,6	RUS10	8,5	-0,5	-3	USD/RUB	66,262	0,5	-4,9
	WIG20	2308,48	-0,8	1,4	POL 10	2,9	-1,4	1	EUR/PLN	4,31	0,4	0,6
	PX50	1067,7	-1,2	8,2	CZ10	1,9	0,3	-1	EUR/RON	4,740	0,0	1,9
Hungary	BUX	40625	-1,1	3,8	3M DKJ	0,12	-5,9	5	EUR/HUF	316,06	0,2	-1,5
	OTP	11900	-1,2	5,4	1Y	0,38	-1,0	-8	USD/HUF	282,30	1,3	0,9
	MOL	3290	-1,3	6,9	3Y	0,99	-3,5	-26	CHF/HUF	278,93	0,6	-2,3
	MTelekom	469	-0,3	6,5	5Y	2,31	-1,0	-22	PLN/HUF	73,32	0,0	-1,7
	Richter	5250	-1,3	-3,3	10Y	3,27	-2,0	23	GBP/HUF	368,61	0,7	3,5

* 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.
2019 3. 4. 8 : 00	TR	Inflation (yoy, %)	Feb	19,7	19,9	20,4
9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	Dec	393	-	398*
10 : 30	EZ	Sentix Investor confidence (points)	Mar	-2,2	-3,2	-3,7
16 : 00	US	Construction expenditure (mom, %)	Dec	-0,6	0,2	0,8
5. 9 : 00	HU	Retail sales (first estimate, yoy, %)	Jan	5,4	-	3,7
11 : 00	EZ	Jerome Powell's Senate hearing	Jan	1,3	1,2	-1,6
16 : 00	US	ISM non-Manufacturing PMI (points)	Feb	59,7	57,3	56,7
16 : 00	US	New home sales (annualized monthly, '000s)	Dec	621,0	600,0	657,0
20 : 00	US	Federal budget balance (USDbn)	Jan	9,0	25,0	-14,0
6. 12 : 00	TR	Interest rate decision (%)	Mar	24,0	24,0	24,0
14 : 00	PL	Jerome Powell's Senate hearing	Mar	1,5	1,5	1,5
14 : 15	US	Donald Trump Kim Jong Un meet in Vietnam (2 days)	Feb	183,0	189,0	213,0
20 : 00	US	Fed Beige Book	Mar	-	-	-
7. 9 : 00	HU	Industrial production (preliminary, yoy, %)	Jan	4	-	5,4
10 : 00	HU	International reserves (preliminary, EURbn)	Feb	26	-	26,6
10 : 00	EZ	Interest rate decision (deposit rate, %)	Mar	0	0,0	0,0
10 : 00	EZ	Interest rate decision (lending rate, %)	Mar	0	-0,4	-0,4
11 : 00	EZ	GDP (detailed, yoy, %)	Q4	1	1,2	1,2*
11 : 00	EZ	GDP (detailed, qoq, %)	Q4	0	0	0,2*
14 : 30	US	Continuing jobless claims ('000s)	weekly	1755	1775	1805
14 : 30	US	Initial jobless claims ('000s)	weekly	223	225	226
8. 0 : 50	JP	GDP (detailed, qoq, %)	Q4	0,5	-0,5	0,3
8 : 00	DE	Industrial orders (mom, %)	Jan	-2,6	0,5	0,9
9 : 00	HU	Inflation (yoy, %)	Feb		2,9	2,7
9 : 00	HU	Core inflation (yoy, %)	Feb			3,2
11 : 00	HU	Fiscal balance (monthly, billion HUF)	Feb			244,5
14 : 30	US	Unemployment rate (%)	Feb		3,9	4,0
14 : 30	US	Average earnings (yoy, %)	Feb		3,3	3,2
14 : 30	US	Average earnings (mom, %)	Feb		0,3	0,1
14 : 30	US	Non-farm payroll (mom, '000s)	Feb		180,0	304,0
20 : 00	US	Speech of Fed Jerome Powell (SIEPR Economic Meeting)	-		-	-

*preliminary data

Sources: Reuters, OTP Research

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