

Global Daily Report



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Summary

- Investors were cautious on Thursday on the international stock markets.
- Initial jobless claims in the US hit 49 year low.
- BUX and OTP closed at new historic high. Mol pays dividend of HUF 142.5/share.
- The US earnings season kicks up today with Wells Fargo's and JPMorgan's quarterly earnings reports.

In a modest mood, stock markets closed with mixed performance on Thursday. Most of the European indices were mostly closed with a slight increase, while overseas indicators posted a slight loss. Stoxx600 gained 0.1%, FTSE lost less than 0.1%, and DAX increased 0.3%. After Wednesday's decline, banks recovered: Commerzbank rose 3.1% yesterday with its supervisory board chairman stood up for the merger with Deutsche Bank. Deutsche Bank shares added 2.9%. However, according to the evening news, the ECB still has doubts about the merger. Airline stocks zoomed yesterday with EasyJet and Ryanair jumping 8% and 5%, respectively. Lufthansa rose more than 3%. Besides falling oil prices, the six-month delay of the Brexit deadline lifted some uncertainty hanging over the airlines and tour operators, who are expected to bear the brunt of fewer British holiday-makers traveling to Europe if a hard Brexit comes to pass. Basic resources stocks in Europe declined, British miners dropped as copper prices decreased: Antofagasta fell 2%, Fresnillo lost more than 7%, Anglo American and BHP weakened by 1.5 and 1.0%, respectively. The decline in the price of crude oil set back oil producers.

In the final phase of overseas trading, US benchmarks succeeded to climb close to zero: the Dow fell by less than 0.1%, the S&P 500 closed very near zero, Nasdaq100 and Nasdaq Composite lost 0.2%. Among the S&P sector indices, the health sector has become the biggest loser as a result of expected regulatory changes, while the financial sector and the industry could hardly offset the decline in the healthcare segment. The biggest health insurers declined 4% in yesterday's trading. The 10-year bond yield rose by 3 bps to 2.5% while the dollar strengthened. Wells Fargo and JPMorgan open the Q1 earnings season today, and analysts forecast a 4% drop in earnings for the entire range of S&P500 universe. Despite the deterioration in growth expectations, the latest statistics continue to reflect a very strong labour market, with initial jobless claims falling to the lowest in almost half a century.

EU-leaders agreed on Wednesday's summit to allow a flexible Brexit-delay until October 31. British PM Theresa May said at the Lower House yesterday that she wanted Brexit to conclude by the end of May. May said, if the Members were able to vote for the Brexit agreement – which had been rejected three times by the House of Commons – until May 22, the United Kingdom could leave the European Union on 31 May. May referred yesterday to a possible compromise with the Labour Party on the customs union with the EU. The pound depreciated by 0.2% yesterday against the dollar, while the 10-year British yield rose by 5 basis points. The euro weakened slightly against the dollar, with the German 10-year bond yield remaining just 1 basis point under zero yield after a rise of 2 bps.

The BUX closed yesterday at new historic highs with a rise of 1.1%. OTP gained 2.1%, and the HUF 13,090 HUF closing price is also a new historic peak. Richter increased 1.5%. Mol slid down by less than 0.1%, while MTelekom stagnated. At yesterday's AGM, shareholders of Mol accepted the dividend payment proposal submitted by the Management. According to the decision, the dividend will increase by 12% to HUF 95 per share, compared to HUF 85 a year earlier. The AGM also approved the extraordinary dividend payment, so that the shareholders will receive a total dividend of HUF 142.5 per share upon the year 2018. Rába Automotive also held AGM yesterday, where the shareholders also accepted the HUF 17.8/share dividend payment proposal and the planned acquisition as submitted.

The forint weakened further yesterday, EURHUF rose to over 322 in the afternoon trading, corresponding to a 0.2% depreciation of forint. HUF depreciated by 0.4% against the dollar, and the USDHUF cross rose above 286 in the second half of the day. The yields on the secondary government securities market hardly moved, with long yields except the 15-year benchmark falling by 1 basis point. There was strong demand at yesterday's auctions of 3, 5 and 15Y government bonds, average yield stood at 1.37%, 2.09%, and 3.75%.

The higher-than-expected US oil stocks data reduced prices on Thursday: Brent dropped by 1.3% per barrel and 1.6% for WTI.

Initial jobless claims in the US fell to 196,000 the latest weekly statistics show, the new data fell short of expectations and is the lowest in 49 years.

The Asian markets show a mixed picture this morning, with Nikkei and Kospi gaining, while Topix, as well as benchmarks in China and Hong Kong sank. Futures show a slight increase in US stock indices, while Eurostoxx 50 and DAX have a slightly decreased and FTSE futures added.

OTP holds AGM today. HCSO publishes today detailed statistics on February's industrial production.

| | 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 | 2888,3 | 0,0 | 15,2 | VIX | 13,0 | -2,1 | -49 | WTI | 63,6 | -1,6 | 40,0 |
| | DOW | 26143,1 | -0,1 | 12,1 | US 2Y | 2,36 | 2,9 | -14 | Brent | 70,83 | -1,3 | 31,7 |
| | Nasdaq100 | 7594,9 | -0,2 | 20,0 | US 10Y | 2,50 | 2,7 | -19 | Gold | 1292,3 | -1,2 | 0,7 |
| | DAX | 11935,2 | 0,2 | 13,0 | GER 2Y | -0,58 | 0,7 | 1 | Silver | 14,96 | -1,6 | -3,4 |
| | CAC40 | 5485,7 | 0,7 | 16,0 | GER 10Y | -0,01 | 2,7 | -25 | EUR/USD | 1,1250 | -0,2 | -1,9 |
| | FTSE 100 | 7418,0 | -0,1 | 10,3 | PT10Y | 1,14 | -3,3 | -58 | EUR/GBP | 0,8621 | 0,1 | -4,0 |
| | FTSE MIB | 21684,8 | 0,1 | 18,3 | IT 10Y | 2,51 | -4,3 | -26 | EUR/NOK | 9,6051 | 0,3 | -3,0 |
| | Stoxx600 | 386,9 | 0,1 | 14,6 | SP 10 | 1,00 | -4,1 | -42 | USD/CAD | 1,3384 | 0,5 | -1,9 |
| | - Banks | 122,8 | 1,4 | 8,6 | iTRAXX | 58,4 | -2,6 | -33,6 | AUD/USD | 0,7123 | -0,7 | 1,0 |
| | Nikkei 225 | 21860,8 | 0,7 | 9,2 | JPY 2Y | -0,16 | 0,1 | -3 | USD/JPY | 111,65 | 0,6 | 1,9 |
| | SSEC | 3175,7 | -0,4 | 27,3 | JPY 10Y | -0,05 | 0,5 | -6 | GBP/USD | 1,3054 | -0,3 | 2,3 |
| Regional | RTS | 1245,2 | -1,4 | 16,8 | RUS10 | 8,2 | -0,2 | -6 | USD/RUB | 64,574 | 0,6 | -7,3 |
| | WIG20 | 2374,97 | -0,7 | 4,3 | POL 10 | 2,9 | 0,2 | 2 | EUR/PLN | 4,28 | 0,1 | -0,2 |
| | PX50 | 1091,0 | 0,4 | 10,6 | CZ10 | 1,8 | 0,2 | -6 | EUR/RON | 4,752 | 0,0 | 2,2 |
| Hungary | BUX | 42694 | 1,1 | 9,1 | 3M DKJ | 0,02 | -0,3 | -5 | EUR/HUF | 321,98 | 0,2 | 0,3 |
| | OTP | 13090 | 2,1 | 15,9 | 1Y | 0,26 | -0,4 | -19 | USD/HUF | 286,07 | 0,4 | 2,3 |
| | MOL | 3278 | -0,1 | 6,5 | 3Y | 1,40 | 0,3 | 15 | CHF/HUF | 284,71 | -0,1 | -0,2 |
| | MTelekom | 470 | 0,0 | 6,8 | 5Y | 2,17 | -1,0 | -36 | PLN/HUF | 75,16 | 0,1 | 0,8 |
| | Richter | 5600 | 1,5 | 3,1 | 10Y | 3,18 | -1,0 | 14 | GBP/HUF | 373,49 | 0,0 | 4,8 |

* 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 4. 8. | 8 : 00 | DE | Export (mom, %) | Feb | -1,3 | -0,5 | 0,0 |
| | 9 : 00 | HU | Trade balance (preliminary, monthly, EUR mn) | Feb | 891,0 | 600 | 392 |
| | 10 : 30 | EZ | Sentix Investor confidence (points) | Apr | -0,3 | -2,1 | -2,2 |
| | 11 : 00 | HU | Fiscal balance (monthly, billion HUF) | Mar | -209,3 | - | -177,2 |
| | 16 : 00 | US | Factory orders (mom, %) | Feb | -0,5 | -0,6 | 0,1 |
| 9. | 9 : 00 | HU | Inflation (yoy, %) | Mar | 3,7 | 3,4 | 3,1 |
| | 9 : 00 | HU | Core inflation (yoy, %) | Mar | 3,8 | 3,6 | 3,5 |
| 10. | 10 : 30 | UK | Industrial production (mom, %) | Feb | 1 | 0,1 | 0,6 |
| | 13 : 45 | EZ | Interest rate decision (deposit rate, %) | Apr | 0,0 | 0,0 | 0,0 |
| | 13 : 45 | EZ | Interest rate decision (lending rate, %) | Apr | -0,4 | -0,4 | -0,4 |
| | 14 : 30 | US | CPI (yoy, %) | Mar | 1,9 | 1,8 | 1,5 |
| | 14 : 30 | US | CPI (mom, SA, %) | Mar | 0,4 | 0,3 | 0,2 |
| | 14 : 30 | US | core-CPI (yoy, %) | Mar | 2,0 | 2,1 | 2,1 |
| | 14 : 30 | US | core-CPI (mom, SA, %) | Mar | 0 | 0,2 | 0,1 |
| | 20 : 00 | US | Federal budget balance (USDbn) | Mar | -147 | -180 | -234 |
| | 20 : 00 | US | FOMC Minutes | Mar | - | - | - |
| 11. | 14 : 30 | US | Continuing jobless claims ('000s) | weekly | 1713 | 1738 | 1726 |
| | 14 : 30 | US | Initial jobless claims ('000s) | weekly | 196 | 211 | 202 |
| | | | OPEC Meeting | - | - | - | - |
| 12. | 9 : 00 | HU | Industrial production (second estimate, yoy, %) | Feb | 5,9 | - | 5,9* |
| | 11 : 00 | EZ | Industrial production (mom, %) | Feb | | -0,6 | 1,4 |
| | 16 : 00 | US | Michigan Consumer confidence (preliminary, points) | Apr | | 98,0 | 98,4 |
| | | | IMF - World Bank Semiannual Spring Summit (2 days) | - | - | - | - |

Sources: Reuters, OTP Research

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