

# Global Daily Report



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### Summary

- Investor sentiment was mixed on US markets, in Europe, indices finished in positive territory
- The ECB announced to close its asset-purchase program by December this year
- The EU impose 25% tariff on certain American goods as a response to Washington's protectionist measures.

Investor sentiment was mixed on US markets, the Dow edged downwards by 0.1%, while the Nasdaq100 climbed 1%. Indices rose in Europe, the DAX increased by 1.7% and the Stoxx600 by 1.2% which was supported by the ECB's announcement.

Yesterday the ECB's Governing Council held its regular meeting, after which they announced that the European Central Bank will close its asset-purchase program by the end of this year, but they expect no interest rate hikes until the summer of 2019. Until the end of September, monthly asset purchases remain 30 billion euros, then they will be reduced to 15 billion until the end of the program. After the closing asset-purchases there will be no immediate tightening as expiring securities will be reinvested. On the press conference Mario Draghi - contrary to his previous statements – did not talk about negative, but balanced risks regarding the forecasted growth trajectory for the Eurozone. He highlighted positive risks such as loose fiscal policy in the US and the overall economic outlook of the Eurozone. On the other hand the ECB modified its forecast for 2018 downwards: from 2.4% in March to 2.1%. In 2019 GDP is expected to grow by 1.9% and in 2020 by 1.7%. According to Draghi negative risks also got stronger, primarily due to rising protectionist fears.

The representatives of the governments of EU member states agreed on response measures for the import tariffs imposed on aluminium and steel by the US. The EU will impose its own 25% tariff on American imports with a value of 2.8 billion euros. Meanwhile, yesterday Trump approved tariffs on Chinese imports. The value of the goods included is 50 billion dollars, and the proposed tariff is 25%, although it is not yet clear what products will be affected exactly and when will these measures go into effect.

Tensions between Angela Merkel German chancellor and leader of the Christian Democratic Union (CDU) and Horst Seehofer of the Bavarian Christian Socialist Union (CSU) started to escalate again. According to the leader of the CSU certain groups of refugees must be denied entry at the border of the country and the decision should not wait for an EU agreement on the matter. Horst Seehofer, as Minister of Internal Affairs can – in theory – order the federal police to enact his plan even without the approval of the Chancellor. In case no agreement is reached between the CDU and the CSU, the situation can escalate into a political crisis in Germany.

Positive macrodata was published about the US. In May, retail sales increased by 0.8% compared to the previous month, which is the largest increase since the November 2017. The volume expanded by 5.9% YoY.

The US industrial production statistics and the consumer confidence index of the Michigan University is published today. It is also worth paying attention to news regarding protectionist measures; the key question: what will be Beijing's response for the last round of US import tariffs.

	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	2782,5	0,2	4,1	VIX	12,1	-6,3	10	WTI	66,9	0,4	10,7
	DOW	25175,3	-0,1	1,8	US 2Y	2,57	-0,8	68	Brent	75,94	-1,0	13,6
	Nasdaq100	7279,6	1,0	13,8	US 10Y	2,95	-3,3	54	Gold	1301,8	0,2	0,0
	DAX	13107,1	1,7	1,5	GER 2Y	-0,64	-1,5	-1	Silver	17,13	0,8	1,1
	CAC40	5528,5	1,4	4,1	GER 10Y	0,43	-4,3	1	EUR/USD	1,16	-1,9	-3,6
	FTSE 100	7765,8	0,8	1,0	PT10Y	1,95	-4,2	2	EUR/GBP	0,87	-1,0	-1,8
	FTSE MIB	22486,3	1,2	2,9	IT 10Y	2,76	-6,0	76	EUR/NOK	9,41	-0,3	-4,4
	Stoxx600	393,0	1,2	1,0	SP 10	1,37	-5,4	-21	USD/CAD	1,31	0,9	4,2
	- Banks	145,4	-0,5	-11,9	iTRAXX	65,8	-4,7	46	AUD/USD	0,75	-1,3	-4,1
	Nikkei 225	22846,8	0,5	0,4	JPY 2Y	-0,13	0	0	USD/JPY	110,62	0,3	-1,8
	SSEC	3022,4	-0,7	-8,6	JPY 10Y	0,04	0	-1	GBP/USD	1,33	-0,8	-1,9
Regional	RTS	1141,0	-0,6	-1,2	RUS10	7,6	-0,4	-1	USD/RUB	62,540	0,1	8,5
	WIG20	2238,39	0,0	-9,1	POL 10	3,2	-1,2	-3	EUR/PLN	4,28	0,2	2,6
	PX50	1075,4	-0,6	-0,3	CZ10	2,1	0,0	40	EUR/RON	4,662	0,0	-0,3
Hungary	BUX	36655	2,2	-6,9	3M DKJ	0,26	4	22	EUR/HUF	322,91	0,8	4,0
	OTP	10200	4,1	-4,9	1Y	0,43	4	38	USD/HUF	278,91	2,7	7,8
	MOL	2704	2,7	-10,0	3Y	1,69	26	114	CHF/HUF	279,56	1,5	5,5
	MTelekom	420	-0,2	-8,3	5Y	2,13	6	96	PLN/HUF	75,24	0,4	1,3
	Richter	5480	-0,5	-19,2	10Y	3,50	2	145	GBP/HUF	369,69	1,8	5,8

\* 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.
2018 6. 11. 10 : 30	UK	Industrial production (mom, %)	Apr.	-0,8	0,2	0,1
12. 11 : 00	DE	ZEW Economic Sentiment (points)	June	-16,1	-13,0	-8,2
14 : 30	US	CPI (yoy, %)	May	2,8	2,7	2,5
14 : 30	US	CPI (mom, %)	May	0,2	0,2	0,2
14 : 30	US	core-CPI (yoy, %)	May	2,2	2,2	2,1
14 : 30	US	core-CPI (mom, %)	May	0,2	0,2	0,1
20 : 00	US	Federal budget balance (USDbn)	May	-147,0	-	214
13. 9 : 00	HU	Industrial production (second estimate, yoy, %)	Apr.	7,8	-	7,8*
10 : 30	UK	Inflation (yoy, %)	May	2,4	2,5	2,4
10 : 30	UK	Core inflation (yoy, %)	May	2,1	2,1	2,1
11 : 00	EZ	Industrial production (mom, %)	Apr.	-0,9	-0,3	0,5
20 : 00	US	Interest rate decision (%)	June	1,75-2,0	1,75-2,0	1,5-1,75
14. 4 : 00	CN	Infrastructural spending (yoy, %)	May	6,1	7,0	7,0
4 : 00	CN	Industrial production (yoy, %)	May	6,8	6,9	7,0
4 : 00	CN	Retail sales (yoy, %)	May	8,5	9,5	9,4
8 : 00	DE	CPI (final, yoy, %)	May	2,2	2,2	2,2*
10 : 30	UK	Retail sales (mom, %)	May	1,3	0,5	1,8
13 : 45	EZ	Interest rate decision (lending rate, %)	June	0,0	0,0	0,0
13 : 45	EZ	Interest rate decision (deposit rate, %)	June	-0,4	0	0
14 : 30	US	Retail sales (mom, %)	May	0,8	0,4	0,3
16 : 00	US	Business inventories (mom, %)	Apr.	0,3	0,3	0,0
15. 5 : 00	JP	Interest rate decision (%)	June	-0,1	-0,1	-0,1
9 : 00	HU	Construction output (yoy, %)	Apr.	-	-	1
11 : 00	EZ	CPI (final, yoy, %)	May		1,9	1,9*
14 : 30	US	New York Fed Manufacturing index (points)	June		19,0	20,1
15 : 15	US	Industrial production (mom, %)	May		0,3	0,7
16 : 00	US	Michigan Consumer confidence (preliminary, points)	June		98,5	98,0

\* preliminary data

Sources: Reuters, OTP Research

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