

Global Daily Report



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Summary

- The Fed has raised interest rates; one more hike is likely this year, and three rises are expected in 2019
- The Federal Reserve expects stronger economic growth this year and next, but did not change its inflation forecast
- Stock markets closed mixed on both sides of the Atlantic
- The prices of oil and precious metal dropped on Wednesday

US stock markets subsided after the Fed's interest rate decision. The S&P500 ended 0.3% down but the Nasdaq100 barely changed on Wednesday. In Europe, the DAX inched up 0.1%, and the CAC40 rose by 0.6%, while the FTSE100 slipped 0.3%. The sentiment was mostly positive in Central and Eastern Europe, where the WIG20 advanced 0.6% and the BUX added 0.4%. Asia's stock indices edged down this morning, with the Nikkei declining 0.9% and the SSEC dropping 0.3%.

The US dollar gained 0.3% from the euro but lost 0.2% versus the yen.

The Brent crude dipped nearly 1%. In precious metals, gold and silver lost about 0.5% in Wednesday's session.

The Fed's 25 basis-point base rate hike matched expectations. The Federal Reserve confirmed that there may be another increase in December and three hikes were likely in 2019. Starting from 2020, the Fed expects the federal funds rate at 3.4%, in line with previous forecasts. The Fed's economic growth forecast was raised to 3.1% for this year, and to 2.5% for the following one. The projections for unemployment and for PCE inflation have not changed.

Removing the word 'accommodative' from the post-meeting statement suggests that the Fed chair believes that interest rate hikes are going as scheduled. Mr Powell said that recently inflation was much less responsive to low unemployment rate, which allows inflationary expectations to remain low. Central bankers keep a close eye on the relationship of these two gauges, he added. The Fed is not concerned about the effects of the trade war at this point, but a considerable widening in the group of products subject to import tariffs may pose risks.

Chairman Powell pointed out that a higher-than-expected inflation could trigger stronger monetary tightening. But if the US economy slows or a money market correction lasts long, the Fed would slow the pace of rate rises. The Chairman expressed his concern about America's rising debt trajectory and urged the government to improve the budget's sustainability.

Unless President Trump signs the 2019 budget act, the US administration may partially shut down on Monday, for disruption in funding. This would mean that workers in non-essential federal offices would receive furloughs. President Trump is dissatisfied with the lack of funding for the wall on the USA-Mexican border.

A forecast by HSBC bank concludes that China might become the world's largest economy by 2030, with its GDP reaching USD 26,200 billion, while that of the USA would be USD 25,200 billion.

Argentina inked a deal with the IMF, which expands the country's credit facility to USD 57.1 bn (up from USD 50 bn) by 2019, on condition of stricter fiscal policy, taming inflation, as well as creating and maintaining a floating exchange rate regime without intervention.

Today the European Commission's economic sentiment index, German inflation figures, and US durable goods orders statistics will see the light of day.

	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	2906,0	-0,3	8,7	VIX	12,9	3,8	17	WTI	71,6	-0,5	18,5
	DOW	26385,3	-0,4	6,7	US 2Y	2,83	-2	94	Brent	81,34	-0,6	21,6
	Nasdaq100	7563,1	0,0	18,2	US 10Y	3,06	-4	65	Gold	1194,1	-0,6	-8,3
	DAX	12385,9	0,1	-4,1	GER 2Y	-0,51	0	12	Silver	14,29	-0,9	-15,7
	CAC40	5512,7	0,6	3,8	GER 10Y	0,53	-1	11	EUR/USD	1,17	-0,3	-2,2
	FTSE 100	7511,5	0,1	-2,3	PT10Y	1,89	-4	-4	EUR/GBP	0,89	-0,1	0,3
	FTSE MIB	21646,3	-0,1	-0,9	IT 10Y	2,84	-5	84	EUR/NOK	9,52	-0,5	-3,3
	Stoxx600	385,0	0,3	-1,1	SP 10	1,53	-1	-4	USD/CAD	1,30	0,5	3,5
	- Banks	141,5	-0,2	-14,2	iTRAXX	67,5	-2,8	50	AUD/USD	0,73	0,1	-7,0
	Nikkei 225	23796,7	-0,9	4,5	JPY 2Y	-0,11	0	3	USD/JPY	112,72	-0,2	0,0
SSEC	2797,4	-0,3	-15,4	JPY 10Y	0,12	-1	7	GBP/USD	1,32	-0,1	-2,5	
Regional	RTS	1160,8	-0,7	0,6	RUS10	8,6	0,2	14	USD/RUB	65,865	0,1	14,2
	WIG20	2304,45	0,6	-6,4	POL 10	3,2	-0,4	-2	EUR/PLN	4,27	-0,4	2,2
	PX50	1100,8	-0,5	2,1	CZ10	2,2	-1,2	45	EUR/RON	4,657	0,0	-0,4
Hungary	BUX	35996	0,4	-8,6	3M DKJ	0,17	9	14	EUR/HUF	323,41	-0,2	4,1
	OTP	9840	-0,1	-8,2	1Y	0,52	9	47	USD/HUF	275,42	0,0	6,4
	MOL	2910	1,8	-3,2	3Y	1,82	-2	127	CHF/HUF	285,14	-0,1	7,6
	MTelekom	394	-1,1	-14,0	5Y	3,10	-2	193	PLN/HUF	75,70	0,2	1,9
	Richter	5090	-0,4	-24,9	10Y	3,63	-1	158	GBP/HUF	362,56	-0,1	3,8

* 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 9. 24. 10 : 00	DE	IFO Economic sentiment index (points)	Sept	103,7	103,2	103,9
25. 15 : 00	US	Case-Shiller Home Price Index (yoy, %)	Jul	5,9	6,2	6,3
16 : 00	US	Consumer confidence (point)	Sept	138,4	132,0	133,4
26. 13 : 00	CZ	Interest rate decision (%)	Sept	1,5	1,5	1,25
16 : 00	US	New home sales (annualized monthly, '000s)	Aug	629,0	630	627
20 : 00	US	Interest rate decision (%)	Sept	2,0-2,25	2,0-2,25	1,75-2,0
20 : 00	US	FOMC economic forecast	-	-	-	-
27. 9 : 00	HU	Unemployment rate (%)	Aug	3,7	-	3,6
11 : 00	EZ	EC Economic Sentiment Index (points)	Sept		111,2	111,6
14 : 00	DE	CPI (flash, yoy, %)	Sept		2,0	2,0
14 : 30	US	Durable goods orders (mom, %)	Aug		2,0	-1,7
16 : 00	US	Pending home sales (mom, %)	Aug		-0,1	-0,7
28. 9 : 00	HU	Industrial producer prices (yoy, %)	Aug		-	8,4
11 : 00	EZ	CPI (flash, yoy, %)	Sept		2,1	2,0
11 : 00	EZ	Core CPI (flash, yoy, %)	Sept		1,1	1,0
14 : 30	US	Personal income (mom, %)	Aug		0,4	0,3
14 : 30	US	Personal consumption (adjusted, mom, %)	Aug		0,3	0,4
15 : 45	US	Chicago PMI (points)	Sept		63,8	64
30. 3 : 00	CN	NBS Manufacturing PMI (points)	Sept		51,2	51,3
3 : 00	CN	NBS non-Manufacturing PMI (points)	Sept		-	54,2

Sources: Reuters, OTP Research

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