

Global Daily Report



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Summary

- The USA and Canada reached a new trade agreement, to replace NAFTA.
- Most stock markets in advanced economies climbed higher as trade war tensions eased.
- Crude oil prices ground higher; Ryanair issued profit warning.

Reports on a new free trade agreement of the USA, Canada, and Mexico reduced trade war tensions yesterday, but that did not provide enough impetus for all stock markets of the world. Europe closed mixed: the DAX grew by 0.8%, the Stoxx600 added 0.2% while the FTSE lost that much. News on a successful trade deal benefited Europe's carmakers most of all: Fiat revved up 2.3%, Volkswagen and Daimler moved forward nearly 1% each, and BMW rallied 0.7%. Saab jumped 2.7% on Monday. Soaring oil prices and strikes prompted Ryanair issue profit warning, lowering its 2018 profit forecast by 12% – accordingly, its share price nose-dived 13%. This dragged down Europe's airlines: easyJet descended 7%, Air France-KLM sank 4%, and Lufthansa declined 2%. By contrast, Europe's commodity producers benefited from the rising oil prices. Surging 6.6% made Linde a winner of the day within the DAX as China's antitrust authority signed off the industrial gas giant's merger with America's Praxair, thus the completion of the deal hinges on approvals of America's and South Korea's regulators only. The DAX's weakest name was ThyssenKrupp (-4.2%), which is being reorganized.

Stock markets also ground higher in America, where the Dow closed almost 200 points (or 0.7%) higher, the S&P added 0.4%, and the Nasdaq100 rose 0.2%. The Nasdaq Composite edged 0.1% lower. The Brent and the WTI crudes surged 2.7% and 2.8% respectively yesterday, making the energy sector the winner of the day. The commodity and the industrial sectors fared well on Monday. The share price of GE, which is undergoing massive shake-up, jumped 7% yesterday, as a new CEO was appointed to govern the company, which has seen better days. General Electric has lost USD 500 billion of its market value since the peak in its market capitalization in year 2000. Its market capitalization is below USD 100 billion these days. Its stock price dived 45% in 2017, and plunged 35% this year. Elsewhere, markets appreciated Elon Musk's move to step down as Tesla's chair but remaining its CEO: the electric car company's share rallied 17% yesterday. The winner among blue chips, Boeing soared 3% on reports that it had won a 2.5-billion-dollar order from United Airlines. Russell2000, the index of small-cap to mid-cap companies, closed 1.4% in the red on Monday. The September reading of the ISM manufacturing index undershot expectations, and has dropped since the previous month. The August growth of construction expenditures also missed forecasts, and its month/month indicator signifies deceleration.

The new trade agreement of Canada, Mexico and the USA is reported to involve minor changes to the previous NAFTA deal. Following the announcement, the Canadian dollar (0.8%) and the Mexican peso (0.7%) appreciated against the USD. By contrast, the euro weakened 0.3% versus the US dollar. On Monday, the ECB lowered its monthly bond purchases by EUR 15 billion, to half of the previous volume. The angst surrounding Italy's budget plans sent the country's 10Y government bond yields 15 basis points higher. The US 10Y yield rose by three basis points yesterday.

This morning the Nikkei was seen stagnating while the Hang Seng fell 2%. China's markets are closed this week. In today's session, the Indonesian rupiah (IDR) fell to its weakest since the 1998 Asian financial crisis; it has lost 10% against the USD year to date, while the country's central bank struggles to prevent its currency's depreciation by intervening and via five interest rate hikes this year.

Today's important events include Fed chairman Jerome Powell's speech and the release of vehicle sales statistics in the USA.

	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	2924,6	0,4	9,4	VIX	12,0	-1,0	9	WTI	75,3	2,9	24,6
	DOW	26651,2	0,7	7,8	US 2Y	2,82	0	93	Brent	84,98	2,7	27,1
	Nasdaq100	7645,5	0,2	19,5	US 10Y	3,08	2	67	Gold	1187,7	-0,3	-8,8
	DAX	12339,0	0,8	-4,5	GER 2Y	-0,57	-2	7	Silver	14,46	-1,0	-14,7
	CAC40	5506,8	0,2	3,7	GER 10Y	0,47	-1	5	EUR/USD	1,16	-0,3	-3,5
	FTSE 100	7495,7	-0,2	-2,5	PT10Y	1,93	3	0	EUR/GBP	0,89	-0,3	0,0
	FTSE MIB	20610,0	-0,5	-5,7	IT 10Y	3,29	15	129	EUR/NOK	9,44	-0,2	-4,2
	Stoxx600	383,9	0,2	-1,3	SP 10	1,53	3	-4	USD/CAD	1,28	-0,7	1,9
	- Banks	134,6	-1,0	-18,4	iTRAXX	67,3	-1,5	49	AUD/USD	0,72	-0,1	-7,4
	Nikkei 225	24242,9	0,0	6,5	JPY 2Y	-0,11	0	3	USD/JPY	113,91	0,2	1,1
	SSEC	2821,4	0,0	-14,7	JPY 10Y	0,13	0	8	GBP/USD	1,30	0,1	-3,5
Regional	RTS	1191,3	-0,1	3,2	RUS10	8,5	-1,4	11	USD/RUB	65,000	-0,9	12,7
	WIG20	2284,01	0,0	-7,2	POL 10	3,2	-0,9	-3	EUR/PLN	4,28	0,1	2,6
	PX50	1098,2	-0,3	1,9	CZ10	2,2	0,0	43	EUR/RON	4,662	0,3	-0,3
Hungary	BUX	36883	-0,8	-6,3	3M DKJ	0,18	-1	14	EUR/HUF	322,95	-0,1	4,0
	OTP	10250	-0,7	-4,4	1Y	0,46	0	41	USD/HUF	278,89	0,1	7,7
	MOL	2970	-1,0	-1,2	3Y	1,77	-2	122	CHF/HUF	283,48	-0,6	7,0
	MTelekom	395	-1,3	-13,8	5Y	3,05	1	188	PLN/HUF	75,35	-0,3	1,4
	Richter	5235	0,5	-22,8	10Y	3,60	2	156	GBP/HUF	363,59	0,1	4,1

* 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 10.	1.	2 : 30	JP	Nikkei Manufacturing PMI (points)	Sept	52,5	-	52,9
		8 : 00	DE	Retail sales (mom, %)	Aug	-0,1	0,4	-0,4
		11 : 00	EZ	Unemployment rate (%)	Aug	8,1	8,2	8,2
		16 : 00	US	ISM Manufacturing PMI (points)	Sept	59,8	60,5	61,30
		16 : 00	US	Construction expenditure (mom, %)	Aug	0,1	0,4	0,1
	2.	9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	Jul		-	373*
		9 : 00	HU	Balance of general government sector (GDP %)	Q2		-	-1,1
		16 : 00	US	Fed Vice Chair Randal Quarles testifies (Senate Banking Committee)	-		-	-
		18 : 00	US	Fed Chairman Jerome Powell speech	-		-	-
		21 : 30	US	Vehicle sales (annualized monthly, million)	Sept		16,8	16,7
	3.	9 : 00	HU	Retail sales (first estimate, yoy, %)	Aug		-	5,4
		11 : 00	EZ	Retail sales (mom, %)	Aug		0,2	-0,2
		14 : 00	PL	Interest rate decision (%)	Oct			1,5
		14 : 00	RO	Interest rate decision (%)	Oct		2,5	2,5
		14 : 15	US	ADP non-farm employment (mom, '000s)	Sept		185	163
		16 : 00	US	ISM non-Manufacturing PMI (points)	Sept		58,3	58,5
	4.	16 : 00	US	Factory orders (mom, %)	Aug		0,9	-0,8
	5.	8 : 00	DE	Industrial orders (mom, %)	Aug		0,0	-0,9
		9 : 00	HU	Industrial production (preliminary, yoy, %)	Aug		-	6,2
		10 : 00	HU	International reserves (preliminary, EURbn)	Sept		-	24,3
		14 : 30	US	Unemployment rate (%)	Sept		3,8	3,9
		14 : 30	US	Average earnings (yoy, %)	Sept		3,0	2,9
		14 : 30	US	Average earnings (mom, %)	Sept		0,3	0,4
		14 : 30	US	Non-farm payroll (mom, '000s)	Sept		188	201

* preliminary data

Sources: Reuters, OTP Research

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