

Treasury Sales Team

Ottó Demjén

+36 1 288 7558

Otto.Demjen@otpbank.hu

János Mladoniczki

+36 1 288 7551

MladoniczkiJ@otpbank.hu

Szilvia Lovas

+36 1 288 7545

LovasSz@otpbank.hu

Ákos Fekete

+36 1 288 7553

FeketeAko@otpbank.hu

Frigyes Soós

+36 1 288 7571

SoosF@otpbank.hu

Gábor Pozsgai

+36 1 288 7554

PozsgaiG@otpbank.hu

Csinszka Kis-Böndi

+36 1 288 7544

Kisbondics@otpbank.hu

Attila Keresztyén

+36 1 288 7552

KeresztyenA@otpbank.hu

Edit Kovács Gyimóti

+36 1 288 7542

KovacsGyE@otpbank.hu

Fábián Lóránt

+36-1-288-7572

Lorant.Fabian@otpbank.hu

Roxána Kosztelnik

+36 1 288 7541

Roxana.kosztelnik@otpbank.hu

Zsigmond Csillag

+36 1 288 7556

Zsigmond.csillag@otpbank.hu



Daily Report

Summary

- Global stock markets started the week with sharp falls.
- The Dow suffered its largest-ever intraday loss yesterday.
- Cryptocurrencies ended Monday's trading with huge losses
- Hungarian long-term bond yields have risen noticeably.

Monday's trading brought huge losses on both sides of the Atlantic, continuing the downward moves that started last week. Investors are still concerned about speculation about higher yields, but the German 10Y bund and US 10Y Treasury Note both fell. The VIX index, an indicator of market volatility, has doubled since Friday's close, to the level it last visited in August 2015. The Dow saw its sharpest intraday dive on record (-1,175 points), closing 4.6% down, with all of its components sinking into the red. At one point on Monday, the index stood 6% in the red. Likewise, none of the S&P's sector indices could climb into positive territory; the financial sector was the weakest one (-5%).

The euro's weakening sent the EUR/USD 0.8% down. However, the JPY gained 0.9% ground from the greenback.

The BUX also headed down, to close 0.5% lower, as all of its blue chips fell. Following Friday's 20% surge, Csepel fared well on Monday (+19.8%), advancing to HUF 1,510. After market close on Monday, Zwack, the spirits maker published its earnings report, marking the beginning of the earnings season.

In an interview to the Világgazdaság daily, Deputy Governor Márton Nagy confirmed the message of the MNB's 30 January press release, that Hungary's central bank was committed to keeping the risk premium of Hungarian long-term yields low. On Hungary's secondary market, the long end of the yield curve surged steeply, with the 10Y one posting the sharpest growth (+21 basis points). Today the ÁKK offers HUF 40 billion in 3M discount Treasury Bills (its current yield is -0.04% on the secondary market). Ending a day of sideways moves, the EUR/HUF inched up yesterday.

In Monday's forint liquidity FX swap tender, the MNB allocated HUF 25 billion in 12M swaps. Taking into account the amounts expiring on Wednesday, the excess liquidity provided by the MNB to Hungary's banking system has reduced to HUF 1,511 billion.

Owing to the increasing supply and the uncertainty on global stock markets, crude oil futures slipped yesterday, dragging down energy-related companies. The most important industrial metal prices edged higher.

Cryptocurrencies opened the week on a sour note too. Citing credit risks, four big banks (JP Morgan, Bank of America, Citigroup, and Lloyds) started declining credit card transactions with cryptocurrencies but that does not apply to debit cards. In further negative news for the crypto market, China is planning new regulation to block internet access to foreign crypto exchanges.

In this morning's gloomy sentiment in Asia, mainland China's, Hong Kong's and Japan's indices plunged more than 3%. Japan's Nikkei225 took the hardest hit (-4.7%).

	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	2648,9	-4,1	-0,9	VIX	37,3	116	238	WTI	64,15	-2,0	6,2
	DOW	24345,8	-4,6	-1,5	US 2Y	2,1	-7	19	Brent	67,62	-1,4	1,1
	Nasdaq100	6495,9	-3,9	1,6	US 10Y	2,8	-6	38	Arany	1339,21	0,5	2,8
	DAX	12687,5	-0,8	-1,8	GER 2Y	-0,6	-1	8	Ezüst	16,74	0,9	-1,2
	CAC40	5285,8	-1,5	-0,5	GER 10Y	0,7	-2	32	EUR/USD	1,24	-0,7	3,1
	FTSE 100	7335,0	-1,5	-4,6	PT10Y	2,0	5	12	EUR/GBP	0,89	0,4	-0,3
	FTSE MIB	22821,6	-1,6	4,4	IT 10Y	2,0	0	3	EUR/NOK	9,69	0,6	-1,6
	Stoxx600	382,0	-1,6	-1,8	SP 10	1,5	-1	-11	USD/CAD	1,25	0,9	-0,3
	- Banks	174,7	-1,4	5,9	ITRAXX	46,5	3	3	AUD/USD	0,79	-0,5	1,0
	Nikkei 225	21610,2	-4,7	-5,1	JPY 2Y	-0,1	-1	0	USD/JPY	109,09	-0,9	-3,2
SSEC	3365,4	-3,5	1,8	JPY 10Y	0,1	-1	3	GBP/USD	1,40	-1,2	3,3	
Regional	RTS	1263,8	-0,7	9,5	RUS10	7,2	0	-5	USD/RUB	57,282	1,3	-0,7
	WIG20	2506,0	-0,1	1,8	POL 10	3,5	-3	7	EUR/PLN	4,16	-0,2	-0,4
	PX50	1122,3	-0,6	4,1	CZ10	1,8	-2	17	EUR/RON	4,636	-0,2	-0,9
Hungary	BUX	39769	-0,5	1,0	3M T-Bill	0,02	-1	-2	EUR/HUF	310,44	0,2	0,0
	OTP	11380	-0,7	6,2	1Y	0,07	0	2	USD/HUF	250,71	0,9	-3,1
	MOL	3030	-0,3	0,8	3Y	0,73	9	18	CHF/HUF	266,68	-0,1	0,6
	MTelekom	464	-0,4	1,3	5Y	1,57	13	40	PLN/HUF	74,63	0,3	0,5
	Richter	6400	-0,1	-5,6	10Y	2,74	13	70	GBP/HUF	350,27	-0,4	0,3

* 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 01. 5.	9 : 00	HU Retail sales (first estimate, yoy, %)	Dec.	4,7	-	6,7
	10 : 30	EZ Sentix Investor confidence (points)	Febr.	31,9	33,0	32,9
	11 : 00	EZ Retail sales (mom, %)	Dec.	-1,1	-1,0	1,5
	16 : 00	US ISM non-Manufacturing PMI (points)	Jan.	59,9	56,5	55,9
6.	8 : 00	DE Industrial orders (mom, %)	Dec.	3,8	0,7	-0,4
7.	8 : 00	DE Industrial production (mom, %)	Dec.		-0,5	3,4
	9 : 00	HU Industrial production (preliminary, yoy, %)	Dec.		-	3,4
	13 : 00	RO Interest rate decision (%)	Febr.		-	2,0
	13 : 00	PL Interest rate decision (%)	Febr.		1,5	1,5
		HU International reserves (preliminary, EURbn)	Jan.		-	23,4
8.	4 : 00	CN Export (yoy, %)	Jan.		9,6	10,9
	4 : 00	CN Import (yoy, %)	Jan.		9,8	4,5
	8 : 00	DE Export (mom, %)	Dec.		-0,8	4,1
	11 : 00	HU Fiscal balance (monthly, billion HUF)	Jan.		-	-334,9
	13 : 00	UK Interest rate decision (%)	Febr.		0,5	0,5
9.	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Dec.		-	718,0
	10 : 30	UK Industrial production (mom, %)	Dec.		-0,9	0,4

*preliminary data

Sources: Reuters, OTP Research

Chief Economist

Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Analyst

Beáta Váradi
varadibe@otpbank.hu
+36 1 374 7271

Disclaimer

OTP Bank Plc. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This material is only for information purposes and it is not intended as an investment advice, an offer or solicitation for the purchase or sale of any financial instrument, and it does not constitute legal, tax or accounting advice.

Information herein reflects the market situation at the time of writing. It provides only momentary information and may change as market conditions and circumstances develop. Additional information may be available on request. Although the information in this document has been prepared in good faith from sources which OTP Bank believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. Opinions and estimates constitute our judgment and are subject to change without notice. OTP Bank may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments is made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. Any concrete individual decision or investment made based on this publication is the sole risk of the Client and OTP Bank shall not be held responsible for the success of the investment decisions or for attaining the Client's target.

Figures described herein refer to the past and past performance is not a reliable indicator of future results.

OTP Bank Plc. (registered seat: Nádor utca 16., Budapest H-1051, Hungary. Supervisory authority: Magyar Nemzeti Bank (National Bank of Hungary – H-1013 Budapest, Krisztina krt. 39.sz.) PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008. For more information, please refer to: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>). All rights reserved. This publication is exclusively owned by OTP Bank Plc., no part of this material can be reproduced, re-used or disseminated without the prior written consent of OTP Bank Plc.

If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to research@otpbank.hu or writing a letter addressed to "Research Center" Hungary 1051, Budapest Nádor utca. 21. Please refer to your name and e-mail address in both cases.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to csaba.balint@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.