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Daily Report

Summary

- US stock indices bounced back but S&P futures are still in the red.
- Europe extended its losses.
- Hungary's secondary-market long-term yields dropped; the HUF made modest gain on Tuesday.

Rebounding from Monday's painful losses, America's stock indices headed higher on Tuesday. Commentaries describe Tuesday as the strongest rally of the past 15 months, but opinions differ whether the huge selloff that started at the end of last week or yesterday's ricochet was temporary. Goldman's analysts underlined the favourable entry points for buying US stocks, offered by Monday's steep fall. An analysis by Shroders points out that trading data suggest that US stock markets expended by an average of 25% in the 12 months that follow the biggest single-day falls. The S&P upped 1.7%, the Dow advanced 2.3%, and the Nasdaq100 jumped 2.6% higher yesterday. Raw material producers, technology companies and consumer discretionaries were the winners yesterday. But the rise was uneven: the Dow opened 500 points down, before its ebbs and flows led to an end-of-the-day rally, which sent it 567 points above Monday's closing value.

Trading in Europe was less successful on Tuesday. The Stoxx600 closed 2.4% down, paring some of the morning's losses. The DAX sank 2.3%, while the FTSE slid 2.6%. A report on 85% lower profit and the subsequent 5% plunge in its share price made Munich Re a loser of the day. Credit Suisse's stock price nose-dived 6%, on the announcement to end the VelocityShares Daily Inverse VIX Short Term ETN (which is supposed to give the opposite return of the volatility indices), because of the huge loss it had suffered on Monday. But this morning a string of cheering corporate reports came to light: the better-than-expected profits of Norway's Statoil prompted the company to raise its quarterly dividend by 4.5%. Raiffeisen reported to have doubled its annual net profit.

The BUX fell 2.4% on Tuesday. All Hungarian blue chips closed in the red, including OTP's 3.3% fall, and Mol's 2.6% slide.

A slight forint firming led the EUR/HUF to 309.44 by the close on Tuesday, while the USDHUF sank near the 250 mark. The EUR/USD closed practically flat on Tuesday.

Asia's markets also seemed to be on the mend. However, as the initial optimism faded, the Nikkei preserved only 0.2% of its gain, while Hong Kong and mainland China inched down. The S&P future index stood in the red during Asian trading hours.

Crude oil prices sank deeper yesterday, with the WTI and the Brent both slipping about 1%. Industrial metal prices dipped again.

Germany's December industrial production data, contracting by 0.6%, undershot expectations (-0.5%).

Today's highlights include the rate decisions of the central banks of Romania and Poland. Hungary is to release industrial output statistics today; the December preliminary index suggests 0.5% year/year contraction, versus the Reuters poll of 4.3% expansion.

	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	2695,1	1,7	0,8	VIX	30,0	-20	172	WTI	63,39	-1,2	4,9
	DOW	24912,8	2,3	0,8	US 2Y	2,1	1	20	Brent	66,86	-1,1	0,0
	Nasdaq100	6666,0	2,6	4,2	US 10Y	2,8	-3	36	Arany	1324,93	-1,1	1,7
	DAX	12392,7	-2,3	-4,1	GER 2Y	-0,6	-1	7	Ezüst	16,64	-0,6	-1,8
	CAC40	5161,8	-2,3	-2,8	GER 10Y	0,7	-5	27	EUR/USD	1,24	0,1	3,2
	FTSE 100	7141,4	-2,6	-7,1	PT10Y	2,1	2	13	EUR/GBP	0,89	0,1	-0,1
	FTSE MIB	22347,0	-2,1	2,3	IT 10Y	2,0	-4	-1	EUR/NOK	9,67	-0,2	-1,8
	Stoxx600	372,8	-2,4	-4,2	SP 10	1,4	-3	-14	USD/CAD	1,25	-0,4	-0,7
	- Banks	168,7	-3,5	2,2	iTRAXX	49,5	7	10	AUD/USD	0,79	0,4	1,3
	Nikkei 225	21645,4	0,2	-4,9	JPY 2Y	-0,1	0	0	USD/JPY	109,55	0,4	-2,8
SSEC	3310,7	-1,8	0,1	JPY 10Y	0,1	0	3	GBP/USD	1,39	-0,1	3,2	
Regional	RTS	1232,7	-2,5	6,8	RUS10	7,2	0	-5	USD/RUB	56,803	-0,8	-1,5
	WIG20	2412,0	-3,7	-2,0	POL 10	3,5	-1	7	EUR/PLN	4,15	-0,1	-0,5
	PX50	1098,6	-2,1	1,9	CZ10	1,8	0	17	EUR/RON	4,649	0,3	-0,6
Hungary	BUX	38806	-2,4	-1,5	3M T-Bill	0,05	3	1	EUR/HUF	309,74	-0,2	-0,3
	OTP	11000	-3,3	2,6	1Y	0,07	0	2	USD/HUF	250,25	-0,2	-3,3
	MOL	2950	-2,6	-1,8	3Y	0,79	6	24	CHF/HUF	267,26	0,2	0,9
	MTelekom	461	-0,6	0,7	5Y	1,56	-1	39	PLN/HUF	74,54	-0,1	0,4
	Richter	6320	-1,3	-6,8	10Y	2,78	4	73	GBP/HUF	349,01	-0,4	-0,1

* 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 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.	-0,6	-0,5	3,4
	9 : 00	HU	Industrial production (preliminary, yoy, %)	Dec.	-0,5	4,3	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

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