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Daily Report

Summary

- Europe continued the downward moves while US stock markets picked up, ending a day of ebbs and flows
- US administration averted a shutdown, Germany formed government
- The central bank of Russia cut interest rates, crude oil prices slipped further
- Reversing Friday's modest uptick, the US dollar was seen weakening this morning

Following Thursday's sharp losses in America, Europe's stock markets extended the losses on Friday, while the major US indices achieved small gains after a day of rises and falls. In the small hours of Friday, both houses of legislation passed the bill that secures the financing of the US administration, which the President signed into law.

The US dollar appreciated on Friday but this morning the EUR/USD headed higher, nearing 1.23 before Europe opened.

Elsewhere, the central bank of Russia cut interest rates by 25 basis points, to 7.5%; inflation is slowing faster than the market expected, and the pace of monetary easing is in line with market consensus.

Crude oil prices fell again as US inventories are reported to rise, and Iran is planning to boost its output.

Germany formed coalition government, ending nearly six months of uncertainty.

This morning in Asia, stock markets headed higher, headed by the Shanghai stock exchange.

The BUX fell on Friday. OTP's 0.7% gain could not offset the -1.1% drop in Mol, and Richter's nose-dive of 6.5%. The pharmaceutical company fell below HUF 6,000 ahead of the earnings report, which was published this morning. Its after-tax revenue undershot analysts' pessimistic forecasts. Although the total revenues, gross profit and profit from operations lines are more or less in sync with expectations, profit fell sharply, mostly because of the loss on the net financial result line, owing to the loss on the FX revaluation. Therefore, despite the expansion of sales in Russia and China (those in Hungary stagnated), the HUF 8.4 billion net financial loss cut its after-tax profit by 70.3%.

The EUR/HUF surpassed the 312 line on Friday afternoon as the forint's depreciation continued. That is where it opened on Tuesday. The benchmark yields on the secondary market of 10Y government bond edged down, but it remained above 2.6%.

This week's macroeconomic calendar is packed with Q4 GDP data from many European economies, and inflation figures are due out in a number of countries. Hungary is to release construction indices for December on Monday, CPI statistics on Tuesday, and GDP figures on Wednesday.

	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	2619,6	1,5	-2,0	VIX	29,1	-13	163	WTI	59,20	-3,2	-2,0
	DOW	24190,9	1,4	-2,1	US 2Y	2,1	-7	17	Brent	62,79	-3,1	-6,1
	Nasdaq100	6412,7	1,7	0,3	US 10Y	2,8	-2	42	Arany	1316,64	-0,2	1,1
	DAX	12107,5	-1,2	-6,3	GER 2Y	-0,6	-3	6	Ezüst	16,35	-0,4	-3,5
	CAC40	5079,2	-1,4	-4,4	GER 10Y	0,7	-1	33	EUR/USD	1,22	-0,1	2,0
	FTSE 100	7092,4	-1,1	-7,7	PT10Y	2,1	5	14	EUR/GBP	0,89	0,7	-0,3
	FTSE MIB	22166,8	-1,3	1,4	IT 10Y	2,0	4	3	EUR/NOK	9,76	0,5	-0,9
	Stoxx600	368,6	-1,4	-5,3	SP 10	1,5	3	-9	USD/CAD	1,26	-0,2	0,0
	- Banks	166,5	-1,8	0,9	iTRAXX	55,9	7	24	AUD/USD	0,78	0,4	0,1
	Nikkei 225	21382,6	-0,4	-6,1	JPY 2Y	-0,1	0	-1	USD/JPY	108,78	0,0	-3,5
SSEC	3154,1	0,8	-4,6	JPY 10Y	0,1	0	2	GBP/USD	1,38	-0,5	2,4	
Regional	RTS	1185,8	-2,1	2,7	RUS10	7,2	0	-6	USD/RUB	58,331	-0,1	1,2
	WIG20	2382,8	-1,0	-3,2	POL 10	3,6	0	8	EUR/PLN	4,18	-0,2	0,2
	PX50	1106,1	-1,0	2,6	CZ10	1,8	-2	20	EUR/RON	4,655	0,0	-0,5
Hungary	BUX	38320	-1,4	-2,7	3M T-Bill	0,05	2	1	EUR/HUF	311,73	0,1	0,4
	OTP	11200	0,7	4,5	1Y	0,07	0	2	USD/HUF	254,70	0,2	-1,6
	MOL	2858	-1,1	-4,9	3Y	0,73	-3	18	CHF/HUF	271,36	0,2	2,4
	MTelekom	458	0,0	0,0	5Y	1,50	-6	33	PLN/HUF	74,48	0,3	0,3
	Richter	5985	-6,6	-11,7	10Y	2,54	-9	50	GBP/HUF	352,36	-0,3	0,9

* 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 2. 12.	9 : 00	HU Construction output (yoy, %)	Dec.		-	30,7
	20 : 00	US Federal budget balance (USDbn)	Jan.		-	-23,0
13.	9 : 00	HU Industrial production (second estimate, yoy, %)	Dec.		-	-0,5*
	9 : 00	HU Inflation (yoy, %)	Jan.		2,1	2,1
	9 : 00	HU Core inflation (yoy, %)	Jan.		-	2,6
	10 : 30	UK Inflation (yoy, %)	Jan.		2,9	3,0
	10 : 30	UK Core inflation (yoy, %)	Jan.		2,6	2,5
14.	0 : 50	JP GDP (preliminary, qoq, %)	Q4		0,2	0,6
	8 : 00	DE CPI (final, yoy, %)	Jan.		1,6	1,7*
	8 : 00	DE GDP (preliminary, yoy, SA, %)	Q4		3,0	2,8
	8 : 00	DE GDP (preliminary, qoq, SA, %)	Q4		0,6	0,8
	8 : 00	HU GDP (preliminary, yoy, %)	Q4		4,1	3,9
	8 : 00	HU GDP (preliminary, qoq, %)	Q4		-	0,9
	8 : 00	RO GDP (preliminary, yoy, %)	Q4		7,0	8,8
	9 : 00	SK GDP (preliminary, yoy, %)	Q4		3,4	3,4
	10 : 00	IT GDP (preliminary, yoy, %)	Q4		1,6	1,8
	10 : 00	PL GDP (preliminary, yoy, %)	Q4		5,2	4,9
	11 : 00	EZ Industrial production (mom, %)	Dec.		-0,1	1,0
	11 : 00	EZ GDP (preliminary, yoy, %)	Q4		2,7	2,7*
	11 : 00	EZ GDP (preliminary, qoq, %)	Q4		0,6	0,6*
	14 : 30	US CPI (yoy, %)	Jan.		2,1	2,1
	14 : 30	US CPI (mom, %)	Jan.		0,3	0,1
	14 : 30	US core-CPI (yoy, %)	Jan.		1,8	1,8
	14 : 30	US core-CPI (mom, %)	Jan.		0,2	0,3
	14 : 30	US Retail sales (mom, %)	Jan.		0,3	0,4
	16 : 00	US Business inventories (mom, %)	Dec.		0,30	0,4
15.	14 : 30	US New York Fed Manufacturing index (points)	Febr.		17,7	17,7
	15 : 15	US Industrial production (mom, %)	Jan.		0,4	0,9
16.	9 : 00	SK GDP (preliminary, yoy, %)	Q4		2,7	2,5
	10 : 30	UK Retail sales (mom, %)	Jan.		0,30	-1,5
	14 : 30	US Housing starts (annualized monthly, '000s)	Jan.		1215	1192
	14 : 30	US Building permits (annualized monthly, '000s)	Jan.		1300	1300
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Febr.		95,5	94,4
		HU S&P's Credit Rating decision	-			BBB-

* preliminary data

Sources: Reuters, OTP Research

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