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Daily Report

Summary

- The direction of trading reversed in Western Europe, where the key benchmarks recovered. America's stock indices also returned to positive territories.
- Commodity markets benefit from the US dollar's weakening.
- Despite a previous profit warning, Richter's earnings undershot estimations; its share price fell 6.4%.
- Hungary is to publish January CPI figures.

The tension eased on Monday, when Western Europe's stock markets picked up after last week's losses. The Stoxx600 upped 1.2%, as did the FTSE and the CAC40. The DAX marched 1.5% higher. One reason for the growth may have been Friday's uptick in American trading, which Asia followed on Monday morning. That said, the Pan-European benchmark is still 5.7% in the red February. Bridgewater hedge fund, the largest in the world, revealed short positions worth USD 14 billion against Western European shares, including USD 1 billion bets against Germany's Siemens and France's Total. In the corporate world, the SES satellite telecommunications service provider nose-dived 11%, as its CEO and CFO quit. Airbus descended 1.2% following Friday's announcement on new problems about the A320neo aircraft engine, which means postponed delivery dates. AirFrance-KLM sank 3.6% on the back of news on a trade union action on 22 February. Today's important corporate events will be the earnings reports of the German wholesaler Metro and the TUI travel and tourism company.

America opened the week with a dynamic upswing: the Dow surged 410 points (or 1.7%) higher, the S&P upped 1.4%, and the NASDAQ100 grew by 1.7%. The S&P was driven by raw materials and technology names, while the defensive sector underperformed, but all closed in positive territory. President Trump proposed a new infrastructure development plan, which clearly added to an already optimistic sentiment. All of the Dow's components but GE (-0.8%) closed higher. In the technology sector, NVidia (-1.8%) was a loser and an exception; in the consumption sector the Dollar Generation discount chain (3.2%) and Gap (-2.7%) were the losers of the day. In the middle of the earnings season, among others Metlife and PepsiCo will release their reports today.

In the last hour of Monday's trading, the sentiment soured in Budapest, where the BUX edged 0.1% down. Richter, which accounts for two-thirds of the trading volume, nose-dived 6.4% (recovering from -7% loss at one point on Monday) as the profit figures in its report undershot even pessimistic expectations. OTP advanced 1.8%, Mol added 1.6%, and MTelekom closed 0.4% higher. On the small-cap market, Masterplast surged 3.6%, while Konzum, DunaHouse and Rába slipped 1.7–2.1%.

On the secondary market of Hungarian government securities, yields on the 3M and the 15Y maturities slipped one basis point, while those on the 3Y and 10Y tenors nudged one basis point higher. In today's regular auction of 3M discount treasury bills, the ÁKK put up for sale HUF 40 billion debt. In Monday's 1M and 12M FX swap tender the MNB accepted HUF 25 billion of the latter, which were nearly ten times oversubscribed. Taking into account the result of the tenders as well as Wednesday's tenors, the excess liquidity provided by the MNB to Hungary's banking system has reduced to HUF 1,486 billion. The EUR/HUF closed nearly flat, while the USD/HUF ended near 253.6, 0.5% lower than on Friday.

A slight dollar weakening sent the EUR/USD and the GBP/USD somewhat higher. The greenback's depreciation benefited commodity products, helping the Bloomberg Commodity Index rise 0.8%. The WTI crude hit 59.33 USD/barrel (+0.2%), while the Brent shed 13 cents (-0.2%). Gold and copper gained 0.7% and 1% respectively.

In Asia, Japan closed down this morning: the Nikkei eased 0.7% and the Topix100 dipped 0.9%.

The US federal budget ran slightly less than USD 49 billion surplus in January, short of the forecast USD 51 billion. The plans President Trump presented on Monday would double deficit (to nearly USD 1,000 billion) in the next fiscal year compared to last year's expectations.

UK inflation data and the second reading of Hungary's December industrial production are due out today. Hungary's January CPI was up 2.1% in year/year comparison.

	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	2656,0	1,4	-0,7	VIX	25,6	-12	132	WTI	59,29	0,2	-1,9
	DOW	24601,3	1,7	-0,5	US 2Y	2,1	2	19	Brent	62,59	-0,3	-6,4
	Nasdaq100	6523,9	1,7	2,0	US 10Y	2,9	2	44	Arany	1322,83	0,5	1,6
	DAX	12282,8	1,4	-4,9	GER 2Y	-0,6	-1	6	Ezüst	16,55	1,2	-2,4
	CAC40	5140,1	1,2	-3,2	GER 10Y	0,8	1	33	EUR/USD	1,23	0,5	2,5
	FTSE 100	7177,1	1,2	-6,6	PT10Y	2,1	0	14	EUR/GBP	0,89	0,2	0,0
	FTSE MIB	22336,8	0,8	2,2	IT 10Y	2,0	-1	3	EUR/NOK	9,73	-0,3	-1,2
	Stoxx600	372,9	1,2	-4,2	SP 10	1,5	0	-9	USD/CAD	1,26	0,0	0,0
	- Banks	168,2	1,0	1,9	iTRAXX	54,0	-3	20	AUD/USD	0,79	0,6	0,7
	Nikkei 225	21244,7	-0,6	-6,7	JPY 2Y	-0,1	0	-1	USD/JPY	108,64	-0,1	-3,6
	SSEC	3183,4	0,9	-3,7	JPY 10Y	0,1	0	2	GBP/USD	1,38	0,0	2,4
Regional	RTS	1206,2	1,7	4,5	RUS10	7,1	0	-6	USD/RUB	57,743	-1,0	0,1
	WIG20	2414,4	1,3	-1,9	POL 10	3,5	-1	7	EUR/PLN	4,17	-0,4	-0,2
	PX50	1110,5	0,4	3,0	CZ10	1,8	0	21	EUR/RON	4,652	-0,1	-0,5
Hungary	BUX	38287	-0,1	-2,8	3M T-Bill	0,03	-2	-1	EUR/HUF	311,77	0,0	0,4
	OTP	11400	1,8	6,3	1Y	0,07	0	2	USD/HUF	253,52	-0,5	-2,1
	MOL	2904	1,6	-3,4	3Y	0,74	1	19	CHF/HUF	270,05	-0,5	1,9
	MTelekom	460	0,4	0,4	5Y	1,51	1	34	PLN/HUF	74,77	0,4	0,7
	Richter	5600	-6,4	-17,4	10Y	2,57	3	53	GBP/HUF	350,79	-0,4	0,4

* 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.	35,0	-	30,7
	20 : 00	US Federal budget balance (USDbn)	Jan.	49,0	51,0	-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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