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Daily Report

Summary

- Western Europe headed down while the Wall Street climbed higher on Tuesday.
- The Fed's new chair Jerome Powell was sworn in.
- The USD was ailing yesterday.
- A string of Q4 GDP figures is due out in Europe.

The week started on a weak note in Western Europe, but America soon recovered from the morning's ailing and its key indices all ended the day in positive territory. CEO Tim Cook said at shareholders' annual general meeting that Apple (+1.0%) was planning to expand towards the health care sector, and develop the related applications.

The Fed's new chair Jerome Powell was sworn in yesterday. Since the financial crisis, America's financial system has become stronger and better at managing risks, he said. He promised to carry on the tightening cycle and deleveraging, pointing out that the Fed's decisions will not be affected by political factors.

Similarly to its regional peers, the Budapest Stock Exchange achieved gain on Tuesday. The winner of the day was OTP (+1.8%), and the weakest link was Richter (-1.8%), as its earnings report on Monday had projected shrinking turnover figures because of the Esmya drug.

The 10Y US Treasury note yield dropped three basis points, to 2.83%. The government yields of Germany and the UK slipped one basis point each, to 0.74% and 1.61% respectively.

In Monday's usual auction of 3M treasury bills, the ÁKK sold the amount on offer, HUF 40 bn, at an average yield of 0%, which is four basis points above the current yield on the secondary market. The bid/cover ratio was nearing 2.0. Bond yields slipped 3-7 bps. The list of the 6M benchmark securities will change today.

On the currency market, the US dollar's ailing lifted the EUR/USD by 0.5%, to 1.24, and sent the USD/JPY 0.8% down, to 107.8.

The HUF fared well against the greenback, pushing the USD/HUF 0.4% down, to below 253. The EUR/HUF inched up 0.1%; in the best performance in the CEE region.

Crude oil prices edged down as the International Energy Agency's data indicate that this year the rise in demand will be milder than the growth in the output of non-OPEC countries. Accordingly, the Brent fell below 63 USD/barrel, down from its 70-dollar level at the end of January. The most important industrial metals stood 2% higher at the end of the day.

Asia's markets lacked a single direction of trading this morning. The indices of Hong Kong and mainland China could nudge higher but the Nikkei slipped 0.4%. Continuing its march higher, the yen gained 0.4% against the greenback today.

In line with expectations, consumer prices in Hungary grew by 2.1% in January (year/ year), and core inflation was 2.5% YoY. It was alcohol, tobacco, and food prices that grew the fastest. Among food prices, the increase in eggs prices was the most noticeable (48%, YoY).

Important figures will be out on both sides of the Atlantic today. Most countries of the European Union are to release preliminary Q4 GDP data. The US inflation statistics for January are likely to be in investors' focus, after the rise in long-term yields in recent months.

	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	2662,9	0,3	-0,4	VIX	25,0	-2	126	WTI	58,95	-0,6	-2,4
	DOW	24640,5	0,2	-0,3	US 2Y	2,1	3	22	Brent	62,72	0,2	-6,2
	Nasdaq100	6553,9	0,5	2,5	US 10Y	2,8	-2	43	Arany	1329,47	0,5	2,1
	DAX	12196,5	-0,7	-5,6	GER 2Y	-0,6	0	5	Ezüst	16,55	0,0	-2,3
	CAC40	5109,2	-0,6	-3,8	GER 10Y	0,7	-1	33	EUR/USD	1,24	0,5	3,0
	FTSE 100	7168,0	-0,1	-6,8	PT10Y	2,1	5	20	EUR/GBP	0,89	0,1	0,1
	FTSE MIB	22034,4	-1,4	0,8	IT 10Y	2,1	5	8	EUR/NOK	9,72	0,0	-1,3
	Stoxx600	370,6	-0,6	-4,8	SP 10	1,5	5	-4	USD/CAD	1,26	0,1	0,1
	- Banks	167,9	-0,1	1,8	iTRAXX	57,0	5	26	AUD/USD	0,79	0,0	0,7
	Nikkei 225	21154,2	-0,4	-7,1	JPY 2Y	-0,2	0	-1	USD/JPY	107,82	-0,8	-4,3
SSEC	3199,5	0,5	-3,3	JPY 10Y	0,1	0	2	GBP/USD	1,39	0,4	2,8	
Regional	RTS	1226,9	1,7	6,3	RUS10	7,2	0	-6	USD/RUB	57,653	-0,2	0,0
	WIG20	2431,7	0,7	-1,2	POL 10	3,5	-1	7	EUR/PLN	4,16	-0,1	-0,3
	PX50	1111,8	0,1	3,1	CZ10	1,8	0	21	EUR/RON	4,658	0,1	-0,4
Hungary	BUX	38387	0,3	-2,5	3M T-Bill	0,03	0	-1	EUR/HUF	311,79	0,0	0,4
	OTP	11600	1,8	8,2	1Y	0,07	0	2	USD/HUF	252,36	-0,5	-2,5
	MOL	2896	-0,3	-3,6	3Y	0,69	-5	14	CHF/HUF	269,90	-0,1	1,9
	MTelekom	460	-0,1	0,3	5Y	1,47	-4	30	PLN/HUF	74,82	0,1	0,7
	Richter	5500	-1,8	-18,9	10Y	2,53	-4	49	GBP/HUF	350,55	-0,1	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 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	-	-0,5*
9 : 00	HU	Inflation (yoy, %)	Jan.	2,1	2,1	2,1
9 : 00	HU	Core inflation (yoy, %)	Jan.	2,5	-	2,6
10 : 30	UK	Inflation (yoy, %)	Jan.	3,0	2,9	3,0
10 : 30	UK	Core inflation (yoy, %)	Jan.	2,7	2,6	2,5
14. 0 : 50	JP	GDP (preliminary, qoq, %)	Q4	0,1	0,2	0,6
8 : 00	DE	CPI (final, yoy, %)	Jan.	1,6	1,6	1,6*
8 : 00	DE	GDP (preliminary, yoy, SA, %)	Q4	2,9	3,0	2,8
8 : 00	DE	GDP (preliminary, qoq, SA, %)	Q4	0,6	0,6	0,8
9 : 00	HU	GDP (preliminary, yoy, %)	Q4		4,1	3,9
9 : 00	HU	GDP (preliminary, qoq, %)	Q4		-	0,9
8 : 00	RO	GDP (preliminary, yoy, %)	Q4	6,9	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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