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## Daily Report

### Summary

- The Fed is optimistic about the USA's growth; the resulting rate hike expectations caused a drop on America's stock markets, US yields have risen and the dollar has strengthened.
- The BUX fared well yesterday. Richter jumped, and Mtelekom's Q4 report came with cheering figures.
- The HUF hit its weakest in a week.

The minutes of the latest Fed meeting appeared to be the strongest market-moving force on the world's major stock exchanges yesterday. The document revealed that the FOMC's decision-makers were optimistic about the US economy's growth prospects, which the market interpreted as green light for further interest rate hikes. Following the publications, America's stock indices sank into the red, wiping out the near-1% gains made earlier in the day. Interest-rate-sensitive dividend shares – real estate, utilities and telecom companies – were hit the hardest. The dollar saw its fourth consecutive day of strengthening, and the 10Y US yield upped four points. European stock markets ended mixed: German, Spanish and Italian markets declined while those in France and Britain could climb higher. The BUX did well; its gain owed a lot to Richter's soaring and OTP's growth. Richter's up move benefited from the European Medicines Agency's favourable opinion on Esmya's risk profile. Previously, the office advised against starting new treatments with this medicine, because of the liver damages among patients testing the product.

After market close on Wednesday, Magyar Telekom published its Q4 2017 figures, which beat analysts' expectations on all important lines. On Wednesday morning the management announced 25 HUF/share dividend, which translates into a good dividend yield (of 5.3%) in European comparison.

In another after-hours Q4 report, Rába gave account of a modest rise in revenues for full year 2017; its profit has also grown. Although domestic revenues fell sharply in the fourth quarter, exports could counterbalance it. Despite a significant increase in steel prices last year, Rába could maintain its previous above-20% coverage level, and its operating profit slightly improved. However, its profit fell considerably on all profit lines. Its HUF 2.1 billion annual operating profit in 2017 jumped by 7% from the previous year, while its after-tax profit increased by 14% owing to the cut in corporate profit tax. Rába's earnings per share upped to HUF 113, from HUF 103 a year earlier.

Oil prices slipped on Wednesday. The market feared that the upswing in US shale oil production continues to offset the effect of OPEC production freeze. But surprisingly, the American Petroleum Institute's statistics, released on Wednesday night, indicated a dip in US crude oil reserves. The data release triggered a rise in oil prices.

The forint fell to one-week low against the euro and the US dollar. The benchmark yields on Hungarian government securities came down, drawing closer to the bond yields of the eurozone.

The risk management of Agrokor, which gives 15% of Croatia's GDP and employs a total of 60,000 people, reached a tipping point. The crisis manager appointed to control the company suddenly resigned, and trading with the company's shares was suspended at the Zagreb Stock Exchange. The crisis manager was accused of hiring his former employer, at a stellar price, to act as crisis management consultant. There are plans to manage Agrokor's bad loans with a combination of a massive debt write-offs and bond-to-share swaps.

The purchasing managers' indices in Europe's two largest economies have dropped but remained at high levels, pointing at dynamic GDP growth at the beginning of 2018. The rise in America's PMI readings has beaten expectations. Today's highlights include Germany's Ifo sentiment index, Britain's GDP and the minutes of the most recent ECB meeting. The latter may come with a hint at how much the ECB's decision-makers worry about the euro's strengthening.

	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	2701,3	-0,5	1,0	VIX	20,0	-3	81	WTI	61,68	0,0	2,1
	DOW	24797,8	-0,7	0,3	US 2Y	2,3	4	38	Brent	65,42	0,3	-2,2
	Nasdaq100	6759,3	-0,3	5,7	US 10Y	2,9	5	53	Arany	1323,86	-0,4	1,6
	DAX	12470,5	-0,1	-3,5	GER 2Y	-0,5	-1	13	Ezüst	16,49	0,2	-2,7
	CAC40	5302,2	0,2	-0,2	GER 10Y	0,7	-2	30	EUR/USD	1,23	-0,4	2,4
	FTSE 100	7281,6	0,5	-5,3	PT10Y	2,0	-7	6	EUR/GBP	0,88	0,1	-0,6
	FTSE MIB	22653,0	-0,1	3,7	IT 10Y	2,1	7	15	EUR/NOK	9,66	-0,1	-1,9
	Stoxx600	381,1	0,2	-2,1	SP 10	1,5	-2	-5	USD/CAD	1,27	0,5	1,0
	- Banks	172,5	0,4	4,5	iTRAXX	51,4	-2	14	AUD/USD	0,78	-1,0	0,0
	Nikkei 225	21736,4	-1,1	-4,5	JPY 2Y	-0,2	0	-1	USD/JPY	107,76	0,4	-4,4
SSEC	3268,6	2,2	-1,2	JPY 10Y	0,1	0	0	GBP/USD	1,39	-0,6	3,0	
Regional	RTS	1291,2	2,1	11,8	RUS10	7,0	-1	-7	USD/RUB	56,730	0,4	-1,6
	WIG20	2405,5	-0,3	-2,3	POL 10	3,5	-1	5	EUR/PLN	4,17	0,6	-0,1
	PX50	1111,2	0,5	3,1	CZ10	1,8	-2	21	EUR/RON	4,657	0,0	-0,4
Hungary	BUX	38972	0,8	-1,0	3M T-Bill	0,08	5	4	EUR/HUF	312,31	0,2	0,6
	OTP	11590	1,6	8,1	1Y	0,07	0	2	USD/HUF	254,21	0,7	-1,8
	MOL	2844	-1,2	-5,4	3Y	0,90	23	35	CHF/HUF	270,57	0,3	2,1
	MTelekom	464	-1,0	1,2	5Y	1,51	-5	34	PLN/HUF	74,80	-0,4	0,7
	Richter	6080	3,1	-10,3	10Y	2,57	-3	52	GBP/HUF	353,54	0,1	1,2

\* 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. 20.	9 : 00 HU	Gross wages (yoy, %)	Dec.	13,5	-	13,0
	11 : 00 DE	ZEW Economic Sentiment (points)	Febr.	17,8	16,0	20,4
	16 : 00 EZ	Consumer confidence index (flash, points)	Febr.	0,1	1,0	1,4
21.	1 : 30 JP	Nikkei Manufacturing PMI (points)	Febr.	54,0	-	54,8
	9 : 00 FR	Markit Service PMI (points)	Febr.	57,9	59,0	59,3
	9 : 00 FR	Markit Manufacturing PMI (points)	Febr.	56,1	58,0	58,1
	9 : 30 DE	Markit Service PMI (points)	Febr.	55,3	57,0	57,0
	9 : 30 DE	Markit Manufacturing PMI (points)	Febr.	60,3	60,6	61,2
	10 : 00 EZ	Markit Service PMI (points)	Febr.	56,7	57,6	57,6
	10 : 00 EZ	Markit Manufacturing PMI (points)	Febr.	58,5	59,3	59,6
	15 : 45 US	Markit Service PMI (points)	Febr.	55,9	54,0	53,3
	15 : 45 US	Markit Manufacturing PMI (points)	Febr.	55,9	55,4	55,5
	16 : 00 US	Existing home sales (mom, %)	Jan.	5380	5540	5570
	20 : 00 US	FOMC Minutes	Jan.	-	-	-
22.	10 : 00 DE	IFO Economic sentiment index (points)	Febr.		117,0	117,6
	10 : 30 UK	GDP (yoy, detailed, %)	Q4		1,5	1,5*
	10 : 30 UK	GDP (qoq, detailed, %)	Q4		0,5	0,5*
	13 : 30 EZ	ECB Minutes	Jan.		-	-
	16 : 00 US	Leading index (mom, %)	Jan.		0,5	0,6
23.	0 : 30 JP	CPI (yoy, %)	Jan.		-	1,0
	0 : 30 JP	core-CPI (yoy, %)	Jan.		0,8	0,9
	8 : 00 DE	GDP (yoy, detailed, %)	Q4		2,9	2,9*
	8 : 00 DE	GDP (qoq, detailed, %)	Q4		0,6	0,6*
	11 : 00 EZ	CPI (final, yoy, %)	Jan.		1,3	1,3*

\* preliminary data

Sources: Reuters, OTP Research

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