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Daily Report

Summary

- Stock markets opened the week on a weak note.
- China's disappointing foreign trade data brought global growth fears to the fore.
- Hungary is to release CPI figures for December.
- The UK Parliament votes on the Brexit agreement today.

China's disheartening foreign trade statistics left their mark on Monday's trading on the stock markets of the world – exports slid 7.6% and imports fell 4.4%, whereas analysts had projected growth in both items. Fears of economic deceleration in China, and worldwide, have resurfaced, sending the benchmark stock indices down on the first day of the business week. In Europe, the Stoxx600 lost 0.5% of its value, the FTSE shrank 0.9%, and the DAX dropped 0.3%. The sentiment was fragile in the UK ahead of today's Brexit vote in Parliament. The deteriorating global growth outlook, in the wake of the pale figures from China, dragged down commodity producers. Antofagasta closed 2.6% down, AngloAmerican slipped 1.8%, BHP reversed 1%, while Fresnillo and Glencore sank 1.5% each. AstraZeneca shrank 3.6% as yet another top official stepped down, following the reorganization of the pharmaceutical company. Financial service providers and retail chains were the winners of the day in London. Within the DAX, the chemical segment was ailing: Beiersdorf gave back 2.4%, Linde lost 1.3%, Bayer shed 1.1%, while BASF and Henkel contracted by 0.7% each.

America's stock indices also closed lower yesterday. At one point on Monday, the Dow stood more than 200 points in the red, but closed only 0.4% down. The S&P slipped 0.5%, and the Nasdaq100 lost 0.9% yesterday. Of the S&P's constituents, only financial service providers avoided losses. The publication of Citigroup's quarterly figures marked the beginning of the Q4 earnings season; the bank's cheering profit figures benefited its peers too. Citigroup's share price jumped 4% higher, Bank of America's shares gained 1.3%, and JPMorgan upped 1%. The loser of the day within S&P was the utilities sector, as the Californian-based PG&E energy service provider is likely to file for bankruptcy, which slashed its stock price by 52%. Health care, telecom businesses, commodity producers, and the cyclical consumption sector's companies all underperformed. Investors did not appreciate Newmont Mining's plans to buy the Goldcorp gold mining company; Newmont nose-dived 9%. Chipmakers fell 3–4%; Apple slipped 1.5%. Later this week, a number of earnings reports are due out: JP Morgan and Wells Fargo will release them on Tuesday; Bank of America, BlackRock, and Goldman are to report on Wednesday; while Morgan Stanley and Netflix will publish their figures on Thursday.

The sentiment was unsupportive in the CEE region, where WIG20 shed 0.3%, the BUX sank 0.5%, and the PX dropped 1%. In Budapest, Mol was the weakest blue chip (-0.8%), Richter declined 0.5%, and OTP closed 0.4% lower. MTelekom inched down 0.1%. Pannergy is to release its production report today.

Currency markets had a quiet day on Monday. The EUR/USD barely moved, while the GBP firmed 0.1% versus the US dollar. The EUR/HUF nudged 0.2% higher, and the USD/HUF showed a similar pattern. On the secondary market of Hungarian government bonds, yields sank by eight to ten basis points on Monday. Today the ÁKK will auction HUF 30 bn government debt in 3M zero-coupon treasury shares. After the MNB's Monday tender, the volume of FX swaps remained flat.

On the commodity market, the drop in crude oil prices continued, with WTI slipping 2.1% and Brent sliding 2.5%. Gold upped 0.2%.

Optimism ruled Asia's markets this morning, when most stock indices were in positive territory. China's top economic policy officials promised tax cuts, in an effort to boost the economy. The S&P and Stoxx50 futures both indicate a pick-up. The US dollar is weakening, even against the British pound.

Today Hungary is to publish inflation data for December. The portfolio.hu business portal's poll expects the CPI to have slowed to 2.7%, from 3.1% in November. In addition to the headline figure, the underlying inflation figures, to be published by the MNB later in the day, will be particularly important. Back in December, the MNB said that in the following months, the CPI statistics that capture the underlying processes would be influential for its monetary policy.

Elsewhere, Turkey's retail statistics, and Germany's whole-year 2018 GDP statistics as well as budget balance data are due out today. In the USA, the New York manufacturing PMI is scheduled for release – but the government shutdown prevents a string of US data from being published in time. The lack of information causes uncertainty, which may have negative consequences, warned the Fed.

Today is the parliamentary vote on the UK's Brexit agreement with the EU. Reportedly, the current form of the UK's withdrawal divides both the Tory and the Labour parties.

	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	2582,6	-0,5	3,0	VIX	19,1	4,8	-25	WTI	50,5	-2,2	11,2
	DOW	23909,8	-0,4	2,5	US 2Y	2,54	-1,0	4	Brent	58,99	-2,5	9,6
	Nasdaq100	6541,0	-0,9	3,3	US 10Y	2,71	1,1	2	Gold	1291,7	0,3	0,7
	DAX	10855,9	-0,3	2,8	GER 2Y	-0,59	-0,5	0	Silver	15,65	0,3	1,1
	CAC40	4762,8	-0,4	0,7	GER 10Y	0,23	5,0	-1	EUR/USD	1,1474	0,1	0,0
	FTSE 100	6855,0	-0,9	1,9	PT10Y	1,72	-0,5	0	EUR/GBP	0,8913	-0,1	-0,8
	FTSE MIB	19171,5	-0,6	4,6	IT 10Y	2,85	-1,6	8	EUR/NOK	9,8034	0,1	-1,0
	Stoxx600	347,5	-0,5	2,9	SP 10	1,43	-2,8	0	USD/CAD	1,3284	0,2	-2,6
	- Banks	118,3	-0,1	4,7	iTRAXX	82,6	2,5	-6,1	AUD/USD	0,7195	-0,3	2,1
	Nikkei 225	20555,3	1,0	2,7	JPY 2Y	-0,15	0,0	-1	USD/JPY	108,16	-0,4	-1,3
	SSEC	2570,3	1,4	3,1	JPY 10Y	0,01	-0,4	1	GBP/USD	1,2863	0,2	0,8
Regional	RTS	1147,2	-0,1	7,6	RUS10	8,3	-0,2	-4	USD/RUB	67,007	0,2	-3,8
	WIG20	2327,66	-0,3	2,2	POL 10	2,7	-0,8	-4	EUR/PLN	4,29	0,0	0,0
	PX50	1001,2	-1,0	1,5	CZ10	1,9	0,8	-5	EUR/RON	4,678	-0,1	0,6
Hungary	BUX	40668	-0,5	3,9	3M DKJ	0,07	0,0	0	EUR/HUF	321,54	0,1	0,2
	OTP	11640	-0,4	3,1	1Y	0,35	-5,7	-10	USD/HUF	280,34	0,2	0,2
	MOL	3202	-0,8	4,0	3Y	1,09	-3,8	-17	CHF/HUF	285,78	0,3	0,1
	MTelekom	454	-0,1	3,2	5Y	2,29	-7,0	-24	PLN/HUF	74,95	0,1	0,5
	Richter	5770	-0,5	6,3	10Y	2,77	-7,1	-27	GBP/HUF	361,40	0,5	1,5

* 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.
2019 1. 14. 9 : 00	HU	Industrial production (second estimate, yoy, %)	Nov	4,0	-	4,0*
11 : 00	EZ	Industrial production (mom, %)	Nov	-1,7	-1,5	0,2
	US	Jerome Powell testimony (Economic Committee)	-	-	-	-
15. 9 : 00	HU	Inflation (yoy, %)	Dec		3,0	3,1
9 : 00	HU	Core inflation (yoy, %)	Dec		-	2,6
9 : 00	DE	GDP (yoy, %)	2018		1,5	2,2
14 : 30	US	New York Fed Manufacturing index (points)	Jan		10,8	10,9
16 : 00	US	Construction expenditure (mom, %)	Nov		0,2	-0,1
16 : 00	US	Factory orders (mom, %)	Nov		0,2	-2,1
16 : 00	US	New home sales (annualized monthly, '000s)	Nov		560	544
0 : 0	UK	Bexit vote (UK Parliament)	-	-	-	-
16. 8 : 00	DE	CPI (final, yoy, %)	Dec		1,7	1,7*
9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	Nov		-	496,0*
10 : 30	UK	Inflation (yoy, %)	Dec		2,1	2,3
10 : 30	UK	Core inflation (yoy, %)	Dec		1,8	1,8
12 : 00	TR	Interest rate decision (%)	Jan		24,0	24,0
14 : 30	US	Retail sales (mom, %)	Dec		0,2	0,2
16 : 00	US	Business inventories (mom, %)	Nov		0,3	0,6
20 : 00	US	Fed Beige Book	-	-	-	-
17. 11 : 00	EZ	CPI (final, yoy, %)	Dec		1,6	1,6*
14 : 30	US	Building permits (annualized monthly, '000s)	Dec		1 290	1 328
14 : 30	US	Housing starts (annualized monthly, '000s)	Dec		1 250	1 256
14 : 30	US	Continuing jobless claims ('000s)	weekly		1 735	1 722
14 : 30	US	Initial jobless claims ('000s)	weekly		220	216
18. 0 : 30	JP	CPI (yoy, %)	Dec			0,8
0 : 30	JP	core-CPI (yoy, %)	Dec		0,8	0,9
10 : 30	UK	Retail sales (mom, %)	Dec		-0,8	1,4
15 : 15	US	Industrial production (mom, %)	Dec		0,2	0,6
16 : 00	US	Michigan Consumer confidence (preliminary, points)	Jan		97,0	98,3

* preliminary data

**Because of the US government shutdown, the release of some US data can be delayed.

Sources: Reuters, OTP Research

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