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# Daily Report

## Summary

- British MPs rejected the Brexit withdrawal deal; the Labour Party tabled no-confidence motion.
- China is planning tax cuts to boost its economy.
- The EUR/HUF exceeded 323 yesterday.

The House of Commons of the British parliament was in the centre of attention last night, when after market close MPs voted on the UK's Brexit withdrawal plan, which the EU had adopted. As expected, the plan was turned down, and only the whopping number of Nay votes caused surprise (432 vs 202). Investors welcomed the outcome, as it fuels hopes that the United Kingdom might remain in the EU. Following the vote, the Labour Party tabled a no-confidence motion, to be voted today. If Theresa May's government is defeated, early elections will follow, further hindering the UK's exit from the bloc. After the vote, European leaders urged the UK to clarify the situation. Prior to the vote, the FTSE100 closed 0.6% higher. After the vote, the GBP notably firmed against the key currencies, but ran out of steam by the end of the day. The UK 10Y bond yield sank four basis points (to 1.26%). Europe's most important indices posted slight gains.

In addition to the Brexit vote result, China's planned economic stimulus also cheered investors in the USA, helping the key indices achieve gains. Fuelled by the technology sector's March higher, the Nasdaq100 excelled with 2% growth. Banks' earnings reports disappointed yesterday: JP Morgan published disheartening figures on the revenue and earnings per share lines. Meanwhile, Wells Fargo published a mixed bag of Q4 data; its revenue missed estimations, while the EPS surprised on the upside.

Underperforming its peers in the CEE region, the BUX slipped 0.2%. Its blue chips closed mixed, and the winners of the day came from the small-cap market.

In Tuesday's auction, the ÁKK sold the initial amount on offer in 3M zero-coupon treasury bills, even though the bid-to-cover ratio exceeded 2.0; the average yield was 0.01%. On the secondary market, yields on the longest maturities fell 5-10 basis points. The list of 12M benchmark securities will change today.

Hungary inflation slowed to 2.7% in December, from 3.1% in the previous month, KSH said on Tuesday, slightly missing analysts' consensus. Filtered inflation (excluding volatile items and government measures) upped from 2.4% to 2.5%. Trend inflation (goods and services without one-offs and government measures) stagnated at 2.9%. Consumer prices grew by an average of 2.8% in 2018. The announcement did not affect the forint's exchange rate, but in the afternoon the EUR/HUF began to rise sharply, to close above 323.

The euro lost 0.6% against the US dollar, after Mario Draghi mentioned a weaker-than-expected growth in the eurozone, speaking at a ceremony in Strasbourg, to mark the 20th anniversary of introducing the euro. However, the ECB Governing Council's president also pointed out that this was just a deceleration, which would not lead to recession, but may be longer than expected.

WTI price rose by 2.8%, wiping out the previous two days' losses, closing the day near USD 52. Brent printed a similar pattern, climbing 2.5%, to USD 60.6.

Asia's key indices ended mixed this morning. Japan's Nikkei225 ended in the red, while China's Shanghai Composite closed nearly flat.

Today's key events include the no-confidence note in Britain, and Brexit-related news. In the USA, the Fed Beige Book, as well as the December retail sales data is due out – but the US government shutdown may delay the publication of data. Banks' earnings report season will continue with the figures of Bank of America and Goldman Sachs.

	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	2610,3	1,1	4,1	VIX	18,6	-2,5	-27	WTI	51,9	2,8	14,3
	DOW	24065,6	0,7	3,2	US 2Y	2,53	-0,6	3	Brent	60,64	2,8	12,7
	Nasdaq100	6669,6	2,0	5,4	US 10Y	2,71	-0,2	2	Gold	1289,2	-0,2	0,5
	DAX	10891,8	0,3	3,2	GER 2Y	-0,61	-2,1	-2	Silver	15,58	-0,5	0,6
	CAC40	4786,2	0,5	1,2	GER 10Y	0,21	-2,6	-4	EUR/USD	1,1414	-0,5	-0,5
	FTSE 100	6895,0	0,6	2,5	PT10Y	1,67	-4,7	-5	EUR/GBP	0,8873	-0,4	-1,2
	FTSE MIB	19165,5	0,0	4,6	IT 10Y	2,87	2,0	10	EUR/NOK	9,7483	-0,6	-1,6
	Stoxx600	348,7	0,3	3,3	SP 10	1,40	-2,5	-2	USD/CAD	1,3263	-0,2	-2,7
	- Banks	117,7	-0,5	4,2	iTRAXX	80,7	-2,3	-8,3	AUD/USD	0,7200	0,1	2,1
	Nikkei 225	20424,5	-0,6	2,0	JPY 2Y	-0,16	-1,0	-2	USD/JPY	108,66	0,5	-0,8
SSEC	2570,4	0,0	3,1	JPY 10Y	0,01	-0,6	0	GBP/USD	1,2858	0,0	0,8	
Regional	RTS	1148,0	0,1	7,7	RUS10	8,3	-0,8	-5	USD/RUB	66,999	0,0	-3,8
	WIG20	2344,56	0,7	3,0	POL 10	2,8	0,9	-3	EUR/PLN	4,29	0,0	0,0
	PX50	1004,0	0,3	1,8	CZ10	1,8	-4,6	-9	EUR/RON	4,679	0,0	0,6
Hungary	BUX	40600	-0,2	3,7	3M DKJ	0,07	0,0	0	EUR/HUF	322,86	0,4	0,6
	OTP	11600	-0,3	2,7	1Y	0,35	-0,1	-10	USD/HUF	282,88	0,9	1,1
	MOL	3178	-0,7	3,2	3Y	1,04	-5,2	-22	CHF/HUF	286,80	0,4	0,5
	MTelekom	458	0,9	4,1	5Y	2,22	-7,0	-31	PLN/HUF	75,25	0,4	0,9
	Richter	5810	0,7	7,0	10Y	2,75	-2,3	-29	GBP/HUF	362,02	0,2	1,6

\* 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
		UK	Jerome Powell testimony (Economic Committee)	-	-	-	-
15.	9 : 00	HU	Inflation (yoy, %)	Dec	2,7	3,0	3,1
	9 : 00	HU	Core inflation (yoy, %)	Dec	2,8	-	2,6
	9 : 00	DE	GDP (yoy, %)	2018	1,5	1,5	2,2
	14 : 30	US	New York Fed Manufacturing index (points)	Jan	3,9	10,8	10,9
	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		1290	1328
	14 : 30	US	Housing starts (annualized monthly, '000s)	Dec		1250	1256
	14 : 30	US	Continuing jobless claims ('000s)	weekly		1735	1722
	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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