

Treasury Sales Team



Retail

Zsigmond Csillag

Team Leader
+36 1 288 7556
zsigmond.csillag@otpbank.hu

István Milán Nagy

+36 1 288 7554
milan.nagy@otpbank.hu

Frigyes Soós

+36 1 288 7571
SoosF@otpbank.hu

Pál András Saághy

+36 1 288 7553
Pal.Andras.Saaghy@otpbank.hu

Tamás Szabó

+36 1 288 7512
Tamas.Szabo.1@otpbank.hu

Institutional

Lóránt Fábán

+36 1 288 7572
Lorant.Fabian@otpbank.hu

János Mladoniczki

+36 1 288 7551
MladoniczkiJ@otpbank.hu

Corporate

Csinszka Kis-Böndi

Team Leader
+36 1 288 7544
Kis-bondics@otpbank.hu

Nóra Ilona Gordos

+36 1 288 7549
Nora.Ilona.Gordos@otpbank.hu

János Imrei

+36 1 288 7555
janos.imrei@otpbank.hu

Roxána Kosztelnik

+36 1 288 7541
roxana.kosztelnik@otpbank.hu

Edit Kovács Gyimóti

+36 1 288 7542
KovacsGyE@otpbank.hu

Anna Almási

OTP Trader
+36 1 298 3169
AlmasiA@otpbank.hu



Daily Report

Summary

- Reports on the spreading coronavirus caused sharp falls on the stock markets of Europe and America.
- Government bond yields dropped across the board.
- Oil prices sank further.
- The USA and Germany released disappointing macrodata.

Stock markets opened the week with losses on Monday, when the Stoxx600 and the FTSE100 both slid 2.3%, and the CAC40 and the DAX dived 2.7% each. The pessimism stemmed from reports on the spread of the coronavirus. In China, there were 81 fatal cases, and the number of infections jumped by 30% in a day, prompting authorities to impose new travel restrictions, and to extend the Chinese Lunar New Year holiday. The fall was headed by luxury retailers, the respective sector index plunged 2.2%, as Christian Dior, Hermes, and Gucci all did poorly. Travel restrictions weighed on airline stocks, with Air France nose-diving 6% and Lufthansa descending 4.3%. The slump in oil prices hurt oil companies: Royal Dutch Shell and British Petrol both slipped 1.9% yesterday.

In the unsupportive external sentiment, Hungary's BUX closed 1.3% lower as Richter shed 0.3%, Mol and OTP lost 1.8% each, while Magyar Telekom upped 0.3%.

The sentiment was not any better in the USA, where stock markets ended their worst trading day since October. The Dow and the S&P500 declined 1.6% each, and the Nasdaq100 plunged 2.1%, while the VIX index, which signifies volatility, hit three-month high on Monday.

With growth prospects deteriorating further owing to the coronavirus, government bond yields fell noticeably yesterday. Yields on the US 2Y and 10Y secondary-market benchmarks sank by 4.3 and 7.5 basis points respectively, and those on German instruments came down 1.9 and 5.4 points, respectively. The fall in yields was particularly spectacular in Italy where the 10Y government bond yield dropped 18.7 bps, partly because Matteo Salvini's eurosceptic Liga party lost local elections in the Emilia-Romagna region. In Hungary, the long end of the yield curve sank as the 5Y bond yield shed six basis points, and that of the 10Y one came down eight points.

The forint's continued weakening sent the EUR/HUF above 338, to a new record high at one point, but the pair returned to 337.2 by the close, mirroring a 0.2% HUF weakening. The USD firmed 0.1% versus the European single currency.

Continuing their losing streak, WTI and Brent slipped 1.9% and 2.3% respectively on Monday.

The macrodata released in Germany and the USA were disappointing. In the former, the January gauge of the IFO economic sentiment index, at 95.9, missed analysts' forecast of 97. On the other side of the Atlantic, US new home sales contracted for the third month in a row: there were 694,000 transactions in December (annualized), missing both analysts' projection of 728,000 and the previous month's reading of 719,000.

The USA will publish important economic indicators today, and the Monetary Council of Hungary's MNB meets to make a rate decision. Any developments about the coronavirus may also influence today's trading on stock markets.

	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	3243.6	-1.6	0.4	VIX	18.2	25.2	32	WTI	53.1	-1.9	-13.0
	DOW	28535.8	-1.6	0.0	US 2Y	1.44	-4	-12	Brent	59.32	-2.3	-10.1
	Nasdaq100	8952.2	-2.1	2.5	US 10Y	1.61	-8	-31	Gold	1581.7	0.7	4.3
	DAX	13204.8	-2.7	-0.3	GER 2Y	-0.63	-2	-4	Silver	18.08	0.0	1.4
	CAC40	5863.0	-2.7	-1.9	GER 10Y	-0.38	-5	-20	EUR/USD	1.1016	-0.1	-1.7
	FTSE 100	7412.1	-2.3	-1.7	PT10Y	0.27	-7	-18	EUR/GBP	0.8438	0.1	-0.2
	FTSE MIB	23416.1	-2.3	-0.4	IT 10Y	1.04	-19	-38	EUR/NOK	10.0739	1.1	2.4
	Stoxx600	414.1	-2.3	-0.4	SP 10	0.29	-6	-18	USD/CAD	1.3192	0.4	1.6
	- Banks	112.1	-2.5	-6.7	iTRAXX	46.4	3.9	5	AUD/USD	0.6760	-1.0	-3.7
	Nikkei 225	23215.7	-0.5	-1.9	JPY 2Y	-0.13	1	0	USD/JPY	108.89	-0.3	0.3
SSEC	2976.5	0.0	-2.4	JPY 10Y	-0.04	1	-2	GBP/USD	1.3053	-0.2	-1.6	
Regional	RTS	1541.9	-3.6	-0.5	RUS10	6.3	1	1	USD/RUB	62.936	1.4	1.6
	WIG20	2083.79	-3.3	-3.1	POL 10	2.2	-2	4	EUR/PLN	4.28	0.4	0.5
	PX50	1131.6	-1.0	1.4	CZ10	1.6	-6	-3	EUR/RON	4.777	0.0	-0.2
Hungary	BUX	43929	-1.3	-4.7	3M DKJ	0.10	0	3	EUR/HUF	337.20	0.3	1.9
	OTP	14470	-1.8	-6.2	1Y	0.14	0	6	USD/HUF	305.90	0.4	3.7
	MOL	2662	-1.8	-9.5	3Y	0.50	-1	14	CHF/HUF	316.14	0.7	3.8
	MTelekom	457	0.3	2.4	5Y	1.30	-6	5	PLN/HUF	78.92	0.0	1.4
	Richter	6560	-0.3	2.3	10Y	2.08	-8	0	GBP/HUF	400.36	0.5	2.6

* 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.	
2020	1. 27.	10 : 00	DE	IFO Economic sentiment index (points)	Jan	95.9	97.0	96.3
		15 : 00	HU	FX swap tender	-	-	-	-
		16 : 00	US	New home sales (annualized monthly, '000s)	Dec	694.0	728	719
	28.	14 : 00	HU	Interest rate decision (%)	Jan		1	1
		14 : 30	US	Durable goods orders (MoM, %)	Dec		0.80	-2.10
		15 : 00	US	Case-Shiller Home Price Index (YoY, %)	Nov		2.4	2.2
		16 : 00	US	Consumer confidence (point)	Jan		128.0	126.5
	29.	9 : 00	HU	Unemployment rate (%)	Dec		-	4
		10 : 00	HU	Aggregated real house price index (Nat. Bank of Hungary)	Q3		-	161
		16 : 00	US	Pending home sales (MoM, %)	Dec		0.5	1.2
		20 : 00	US	Interest rate decision (%)	Jan		1,5-1,75	1,5-1,75
	30.	11 : 00	EZ	EC Economic Sentiment Index (points)	Jan		101.9	101.5
		11 : 00	EZ	Unemployment rate (%)	Dec		7.5	7.5
		13 : 00	UK	Interest rate decision (%)	Jan		1	1
		14 : 00	DE	CPI (preliminary, YoY, %)	Jan		2	2
		14 : 30	US	GDP (preliminary, annualized QoQ, %)	Q4		2.1	2.1
		14 : 30	US	Continuing jobless claims ('000s)	weekly			1731
		14 : 30	US	Initial jobless claims ('000s)	weekly		211	211
	31.	2 : 00	CN	NBS Manufacturing PMI (points)	Jan		50.0	50.2
		2 : 00	CN	NBS Non-manufacturing PMI (points)	Jan			53.5
		7 : 30	FR	GDP (preliminary, QoQ, %)	Q4		0.2	0.3
		9 : 00	ES	GDP (preliminary, QoQ, %)	Q4		0.4	0.4
		9 : 00	HU	Gross wages (YoY, %)	Nov		-	11.6
		9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	Nov		-	500*
		11 : 00	EZ	CPI (flash, YoY, %)	Jan		1.4	1.3
		11 : 00	EZ	Core CPI (flash, YoY, %)	Jan		1.2	1.3
		11 : 00	EZ	GDP (preliminary, YoY, %)	Q4		1.1	1.2
		11 : 00	EZ	GDP (preliminary, QoQ, %)	Q4		0.2	0.2
		11 : 00	IT	GDP (preliminary, QoQ, %)	Q4		0.1	0.1
		14 : 30	US	Personal income (MoM, %)	Dec		0.3	0.5
		14 : 30	US	Personal consumption (adjusted, MoM, %)	Dec		0.3	0.4
		15 : 45	US	Chicago PMI (points)	Jan		48.8	48.9

* preliminary data

Sources: Reuters, OTP Research

Chief Economist
Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Analyst
Balázs Lukács
balazs.lukacs@otpbank.hu
+36 1 354 7490

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