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Daily Report

Summary

- The coronavirus continues to make headlines in the business world.
- Western Europe's and America's stock markets climbed higher on Tuesday.
- The MNB's Monetary Council has left interest rates unchanged.
- The Fed's rate decision will see the light of day today.

Investors' attention is still focussed on coronavirus-related developments. China has quarantined several cities and imposed tough travel restrictions. Meanwhile the virus reached Europe, with confirmed cases in France and Germany. Yet Tuesday's trading suggests that investors trust in the success of the measures taken.

Reversing Monday's direction of trading, Western Europe's major stock markets rose by around 1% on Tuesday. The Stoxx Europe 600 Index marched 0.8% higher, largely driven by the banking and car manufacturing sectors.

Investor sentiment eased in the USA as well, partly benefiting from reassuring reports on the coronavirus, and in part owing to the better-than-expected consumer confidence index. This optimism helped Wall Street's benchmark indices work off some of the losses made on Monday. The technology sector was the engine of the S&P's growth yesterday. Apple's fourth-quarter earnings report, published after market hours, has beaten analysts' expectations; moreover, it projected cheering figures for this quarter – accordingly, the tech giant's share price grew in after-hours trading.

The EUR/USD did not budge yesterday; the US 10Y bond yield upped three points, and that of Germany rose by four.

Brent and WTI crudes advanced by more than 1%, reversing the previous week's decline. The most important precious metal prices sank.

In the CEE region, Hungary's BUX dropped 0.6%, the Czech index fell more than 2% by the close. Hungarian blue chips closed mixed.

In its usual Tuesday auction of 3M zero-coupon Treasury bills, Hungary's ÁKK sold the amount on offer. The HUF 30 bn government debt was sold at an average yield of 0.05%. On the secondary market, bond yields grew by 3-9 basis points, in line with the changes in the global yield environment.

In Hungary, the MNB's Monetary Council left interest rates unchanged and neither did it change the key message of its communication. As a new item, the end of the press release pointed out that further measures would be determined by a **persistent** change in the outlook for inflation. In our view, this subtle change reflects that January inflation is expected to rise above 4% if repricing is stronger than expected but the MNB continues to expect that the rate of inflation may slow to the neighbourhood 3% again in the second quarter. We expect the 3M BUBOR to remain at current levels until the end of this year, but if inflationary risks materialize, the MNB may begin to tighten its policy. The forint's weakening continued after the decision; the EUR/HUF closed near 338.

Asia's key indices closed mixed this morning; Japan's Nikkei225 was the only one to end with gains.

The Fed Open Market Committee's will conclude its meeting today; central bankers are expected to leave fed funds rates on hold.

| | 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 | 3276.2 | 1.0 | 1.4 | VIX | 16.3 | -10.7 | 18 | WTI | 53.7 | 1.6 | -12.0 |
| | DOW | 28722.9 | 0.7 | 0.6 | US 2Y | 1.46 | 1 | -10 | Brent | 59.51 | 0.3 | -9.8 |
| | Nasdaq100 | 9090.9 | 1.5 | 4.1 | US 10Y | 1.64 | 4 | -27 | Gold | 1565.9 | -1.0 | 3.2 |
| | DAX | 13323.7 | 0.9 | 0.6 | GER 2Y | -0.63 | 0 | -3 | Silver | 17.43 | -3.6 | -2.2 |
| | CAC40 | 5925.8 | 1.1 | -0.9 | GER 10Y | -0.38 | 1 | -19 | EUR/USD | 1.1020 | 0.0 | -1.7 |
| | FTSE 100 | 7480.7 | 0.9 | -0.8 | PT10Y | 0.27 | 0 | -18 | EUR/GBP | 0.8459 | 0.2 | 0.1 |
| | FTSE MIB | 24027.6 | 2.6 | 2.2 | IT 10Y | 1.03 | -1 | -40 | EUR/NOK | 10.0450 | -0.3 | 2.1 |
| | Stoxx600 | 417.6 | 0.8 | 0.4 | SP 10 | 0.32 | 3 | -15 | USD/CAD | 1.3155 | -0.3 | 1.3 |
| | - Banks | 113.5 | 1.3 | -5.5 | iTRAXX | 45.0 | -3.0 | 2 | AUD/USD | 0.6762 | 0.0 | -3.7 |
| | Nikkei 225 | 23379.4 | 0.7 | -1.2 | JPY 2Y | -0.13 | 0 | 0 | USD/JPY | 109.13 | 0.2 | 0.5 |
| | SSEC | 2976.5 | 0.0 | -2.4 | JPY 10Y | -0.04 | 0 | -1 | GBP/USD | 1.3027 | -0.2 | -1.7 |
| Regional | RTS | 1572.2 | 2.0 | 1.5 | RUS10 | 6.3 | 0 | 1 | USD/RUB | 62.205 | -1.2 | 0.5 |
| | WIG20 | 2098.04 | 0.7 | -2.4 | POL 10 | 2.3 | 2 | 6 | EUR/PLN | 4.27 | -0.1 | 0.3 |
| | PX50 | 1107.5 | -2.1 | -0.7 | CZ10 | 1.5 | -2 | -5 | EUR/RON | 4.777 | 0.0 | -0.2 |
| Hungary | BUX | 43676 | -0.6 | -5.2 | 3M DKJ | 0.11 | 1 | 4 | EUR/HUF | 337.93 | 0.2 | 2.1 |
| | OTP | 14300 | -1.2 | -7.3 | 1Y | 0.14 | 0 | 6 | USD/HUF | 306.62 | 0.2 | 3.9 |
| | MOL | 2668 | 0.2 | -9.3 | 3Y | 0.54 | 4 | 18 | CHF/HUF | 315.51 | -0.2 | 3.6 |
| | MTelekom | 458 | 0.2 | 2.6 | 5Y | 1.36 | 6 | 11 | PLN/HUF | 79.15 | 0.3 | 1.7 |
| | Richter | 6530 | -0.5 | 1.8 | 10Y | 2.17 | 9 | 9 | GBP/HUF | 399.14 | -0.3 | 2.3 |

* 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. |
|-------------|---------|---|--------|--------|----------|----------|
| 2020 1. 27. | 10 : 00 | DE IFO Economic sentiment index (points) | Jan | 95.9 | 97.0 | 96.3 |
| | 15 : 00 | HU FX-swap tender (stock bn HUF) | - | 2185.0 | - | 2235.0 |
| | 16 : 00 | US New home sales (annualized monthly, '000s) | Dec | 694.0 | 728 | 719 |
| 28. | 14 : 00 | HU Interest rate decision (%) | Jan | 0.9 | 0.9 | 0.9 |
| | 14 : 30 | US Durable goods orders (MoM, %) | Dec | 2.4 | 0.4 | -2.1 |
| | 15 : 00 | US Case-Shiller Home Price Index (YoY, %) | Nov | 2.6 | 2.4 | 2.2 |
| | 16 : 00 | US Consumer confidence (point) | Jan | 131.6 | 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 | | 101.8 | 101.5 |
| | 11 : 00 | EZ Unemployment rate (%) | Dec | | 7.5 | 7.5 |
| | 13 : 00 | UK Interest rate decision (%) | Jan | | 0.8 | 0.8 |
| | 14 : 00 | DE CPI (preliminary, YoY, %) | Jan | | 1.7 | 1.5 |
| | 14 : 30 | US GDP (preliminary, annualized QoQ, %) | Q4 | | 2.1 | 2.1 |
| | 14 : 30 | US Continuing jobless claims ('000s) | weekly | | 1733 | 1731 |
| | 14 : 30 | US Initial jobless claims ('000s) | weekly | | 215 | 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

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