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Daily Report

Summary

- Thursday's trading was rather pessimistic on Europe's stock markets.
- America's key indices climbed somewhat higher.
- Oil prices sank again.
- The USA published GDP statistics for Q4.

Europe's stock markets continued their losing streak on Thursday, when the Stoxx600 slipped 1%, while Germany's DAX, France's CAC40, and Britain's FTSE100 all closed 1.4% lower. Reports on the spreading coronavirus negatively influenced market sentiment; the WHO declared it a global health emergency.

Against this pessimistic backdrop, Hungary's BUX gained 0.2% yesterday as three of its blue chips closed in positive territory: Magyar Telekom rose by 0.4%, Richter advanced 0.8%, and OTP surged 1%; while Mol (-1.6%) was dragged down by oil prices.

America's stock markets edged higher: the S&P500 added 0.3%, the Dow and the Nasdaq100 upped 0.4% each. One of the winners of the day in the corporate world, Tesla shot up 10.3% in Thursday's trading, as the electric car maker's USD 105 million profit has beaten expectations.

The Bank of England left its interest rates on hold, as expected. Seven members of its Monetary Policy Council voted to keep the benchmark rate at 0.75%, and two would have preferred trimming it by 25 basis points. The BoE lowered its forecast for Britain's economic growth to 0.8% for 2020, down from 1.2%, and it expects 1.4% growth rate for 2021, down from the previous projection of 1.8%. In the Bank of England's view, Britain's GDP may expand at an average rate of 1.1% over the next three years.

The continued slump in oil prices led WTI and Brent 2.3% and 2.5% lower, respectively.

On the fixed income market, yields on Germany's and America's 10Y government bonds fell by 3.5 and 3.9 basis points, respectively. Hungary followed suit, with the 3Y and 5Y government bond yields sinking one or two basis points, and the 10Y yield dropping seven points.

The pound's strengthening brought the EUR/GBP 0.4% down. Reversing the morning's weakening, the HUF appreciated 0.1% against the EUR, the pair ended near 337.

In the fourth quarter of 2019, the US economy grew by 2.1%, as expected. Of the GDP components, consumption expanded by a still robust 1.8%, yet it points to slowing compared to the 3.2-4.6% growth rates seen last spring and summer. Net external trade also boosted economic growth: exports rose by 1.4% while imports contracted by 8.7%. In contrast, business investment shrank by 3%, while inventory accumulation slowed to USD 6.5 bn, from USD 69.4 bn in the previous year.

The European Commission's Economic Sentiment Indicator rose to 102.8 in January, exceeding both the forecast of 101.8 and the previous month's reading. Of its components, industry and construction excelled, the services sector stagnated, while consumer confidence declined in the retail segment.

Today's important publications include the euro area's Q4 GDP, as well as America's personal income and consumption figures. Hungary is to release wage statistics for November, as well as trade balance data. Reports on the coronavirus may be worth checking too.

	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	3283.7	0.3	1.6	VIX	15.5	-5.5	12	WTI	52.1	-2.3	-14.6
	DOW	28859.4	0.4	1.1	US 2Y	1.39	-3	-17	Brent	58.29	-2.5	-11.7
	Nasdaq100	9136.1	0.4	4.6	US 10Y	1.56	-4	-36	Gold	1573.9	-0.2	3.8
	DAX	13157.1	-1.4	-0.7	GER 2Y	-0.66	-2	-6	Silver	17.82	1.6	0.0
	CAC40	5871.8	-1.4	-1.8	GER 10Y	-0.41	-4	-22	EUR/USD	1.1030	0.2	-1.6
	FTSE 100	7382.0	-1.4	-2.1	PT10Y	0.25	-2	-19	EUR/GBP	0.8424	-0.4	-0.4
	FTSE MIB	23781.1	-1.6	1.2	IT 10Y	0.94	-2	-49	EUR/NOK	10.1273	0.4	2.9
	Stoxx600	415.2	-1.0	-0.2	SP 10	0.27	-3	-20	USD/CAD	1.3208	0.1	1.7
	- Banks	113.8	-0.4	-5.2	iTRAXX	45.9	2.8	4	AUD/USD	0.6719	-0.5	-4.3
	Nikkei 225	23205.2	1.0	-1.9	JPY 2Y	-0.15	-1	-3	USD/JPY	108.95	0.0	0.3
	SSEC	2976.5	0.0	-2.4	JPY 10Y	-0.06	-1	-4	GBP/USD	1.3094	0.6	-1.2
Regional	RTS	1544.6	-1.7	-0.3	RUS10	6.3	0	0	USD/RUB	63.134	1.0	2.0
	WIG20	2079.98	-0.9	-3.3	POL 10	2.2	-2	2	EUR/PLN	4.29	0.2	0.9
	PX50	1074.4	-2.1	-3.7	CZ10	1.6	1	-4	EUR/RON	4.774	-0.1	-0.3
Hungary	BUX	43502	0.2	-5.6	3M DKJ	0.11	0	4	EUR/HUF	337.04	-0.1	1.8
	OTP	14350	1.0	-7.0	1Y	0.16	2	8	USD/HUF	305.42	-0.3	3.5
	MOL	2608	-1.6	-11.3	3Y	0.57	-1	21	CHF/HUF	315.60	0.3	3.6
	MTelekom	458	0.4	2.7	5Y	1.40	-2	15	PLN/HUF	78.61	-0.2	1.0
	Richter	6550	0.8	2.1	10Y	2.17	-7	9	GBP/HUF	400.75	0.4	2.7

* 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	3.3	-	4
10 : 00	HU	Aggregated real house price index (Nat. Bank of Hungary)	Q3	163.9	-	162
16 : 00	US	Pending home sales (MoM, %)	Dec	-4.9	0.5	1.2
20 : 00	US	Interest rate decision (%)	Jan	1,5-1,75	1,5-1,75	1,5-1,75
30. 11 : 00	EZ	EC Economic Sentiment Index (points)	Jan	102.8	101.8	101.5
11 : 00	EZ	Unemployment rate (%)	Dec	7.4	7.5	7.5
13 : 00	UK	Interest rate decision (%)	Jan	0.8	0.8	0.8
14 : 00	DE	CPI (preliminary, YoY, %)	Jan	1.7	1.7	1.5
14 : 30	US	GDP (preliminary, annualized QoQ, %)	Q4	2.1	2.1	2.1
14 : 30	US	Continuing jobless claims ('000s)	weekly	1703.0	1733	1731
14 : 30	US	Initial jobless claims ('000s)	weekly	216.0	215	211
31. 2 : 00	CN	NBS Manufacturing PMI (points)	Jan	50.0	50.0	50.2
2 : 00	CN	NBS Non-manufacturing PMI (points)	Jan			53.5
7 : 30	FR	GDP (preliminary, QoQ, %)	Q4	-0.1	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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