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Daily Report

Summary

- The sentiment on the world's stock markets remained pessimistic on Friday.
- The EZ's Q4 GDP growth rate undershot expectations.
- Crude oil prices continued their losing streak.
- The Shanghai stock exchange re-opened after a week-long holiday. China's commodity prices have collapsed.

Stock markets fell noticeably across the board on Friday. The disturbing reports on the spreading coronavirus further soured market sentiment in Europe and America alike. The Dow lost more than 2%, the S&P fell 1.8%, and the Nasdaq100 closed 1.6% lower. The Dow and the S&P have wiped off their year-to-date gains. All of the S&P's sector indices but cyclical consumer goods booked massive losses on Friday. Energy, technology, and manufacturing names were among the biggest losers. Reasons for the energy sector's ailing included the underwhelming quarterly reports of Exxon Mobil and Chevron; both plunged nearly 4%. Apple shrank by more than 4% on Friday after the announcement to suspend all businesses in China. In contrast, Amazon jumped more than 7%, benefiting from a cheering quarterly earnings report.

In Europe, the Stoxx600 slipped 1.1%; Germany's DAX and Britain's FTSE slid 1.3% each. Italy's benchmark nose-dived 2.3%; Italy declared state of emergency after confirming two coronavirus cases. Among the different sectors, mining companies, tour operators and hotel chains saw particularly painful losses on Friday. The share price of the Spanish-based Banco Sabadell company slumped 14% as its Q4 earnings report printed losses. Novacyt, a French health care company sky-rocketed 81% on the announcement to launch a new molecular test that can identify coronavirus.

The eurozone's economy rose by a disappointing 0.1% in quarter/quarter terms in the fourth quarter of 2019. Moreover, Germany's retail sales turnover contracted noticeably in month/month comparison in December.

The deteriorating sentiment on equity markets made less risky assets more attractive for investors: the price of gold went up 1%, and long-term bond yields fell sharply. The US 10Y yield sank eight basis points on Friday, yields on German and French 10Y bonds declined three points each; that of Britain came down two basis points.

The dollar's weakening pushed the EUR/USD 0.6% higher, to 1.1083; the Bloomberg Dollar Spot Index shed 0.3%. The yen firmed 0.6% against the dollar on Friday.

The global pessimism left its mark on the CEE region's stock markets; Hungary's BUX lost 1%, Poland's WIG20 contracted by 0.7%, and the Czech PX shed 0.2%. All Hungarian blue chips ended in negative territory: OTP lost 1.6%, Mol slipped 1.1%, MTelekom reversed 0.9%, and Richter shed 0.2%.

In Hungary, the long end of the yield curve edged lower: the benchmark yield on the 5Y–15Y bonds came down 1-3 basis points, while the 3Y yield inched up one basis point. The EUR/HUF closed nearly flat, at 337 on Friday, returning from near-336 levels. The forint's firming drove the USD/HUF 0.5% lower, to 304.

Continuing the downward moves, WTI and Brent crude prices fell 1.1% and 1.2% respectively. The market expects that a pandemic may significantly cut demand for fuel. In China, demand has already slumped 20%, the country's energy experts said. Brent was seen sliding 3% this morning.

Most of Asia's stock markets were in the red this morning. The Shanghai stock exchange re-opened after one week, its Shanghai Composite index fell nearly 8% this morning. Japan's Nikkei fell 1%, while the Hang Seng rose by 0.3%.

Reopening after a week-long holiday, China's commodity prices collapsed this morning: metal, energy, and agricultural prices all fell 8%, the maximum rate allowed. Commodity producers' stock prices also nose-dived in today's trading; the biggest mining companies and metal producers all slumped 8–10%. Many regions, which produce copper, steel and refined oil, will not restart production before 10 February. Gold price surged nearly 3% in Shanghai.

Today's highlights include the USA's construction statistics and ISM indices. Hungary's MNB is to hold its usual weekly FX swap tender.

	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	3225.5	-1.8	-0.2	VIX	18.8	21.6	37	WTI	52.1	0.0	-14.6
	DOW	28256.0	-2.1	-1.0	US 2Y	1.33	-6	-23	Brent	58.16	-0.2	-11.9
	Nasdaq100	9136.1	0.0	4.6	US 10Y	1.52	-4	-39	Gold	1589.8	1.0	4.8
	DAX	12982.0	-1.3	-2.0	GER 2Y	-0.67	-2	-8	Silver	18.03	1.2	1.1
	CAC40	5806.3	-1.1	-2.9	GER 10Y	-0.44	-4	-26	EUR/USD	1.1093	0.6	-1.0
	FTSE 100	7286.0	-1.3	-3.4	PT10Y	0.22	-3	-23	EUR/GBP	0.8400	-0.3	-0.6
	FTSE MIB	23237.0	-2.3	-1.1	IT 10Y	0.92	-1	-50	EUR/NOK	10.2180	0.9	3.9
	Stoxx600	410.7	-1.1	-1.2	SP 10	0.23	-4	-24	USD/CAD	1.3235	0.2	1.9
	- Banks	112.6	-1.1	-6.3	iTRAXX	46.5	1.4	5	AUD/USD	0.6691	-0.4	-4.7
	Nikkei 225	23205.2	0.0	-1.9	JPY 2Y	-0.16	-1	-3	USD/JPY	108.38	-0.5	-0.2
SSEC	2746.6	-7.7	-10.0	JPY 10Y	-0.06	0	-4	GBP/USD	1.3199	0.8	-0.5	
Regional	RTS	1517.1	-1.8	-2.1	RUS10	6.3	0	1	USD/RUB	63.951	1.3	3.3
	WIG20	2065.9	-0.7	-3.9	POL 10	2.1	-2	0	EUR/PLN	4.30	0.1	0.9
	PX50	1072.5	-0.2	-3.9	CZ10	1.5	-3	-6	EUR/RON	4.779	0.1	-0.1
Hungary	BUX	43072	-1.0	-6.5	3M DKJ	0.11	0	4	EUR/HUF	337.20	0.0	1.9
	OTP	14120	-1.6	-8.5	1Y	0.15	-1	7	USD/HUF	303.84	-0.5	3.0
	MOL	2580	-1.1	-12.2	3Y	0.58	1	22	CHF/HUF	315.75	0.0	3.7
	MTelekom	454	-0.9	1.8	5Y	1.40	0	15	PLN/HUF	78.47	-0.2	0.8
	Richter	6540	-0.2	1.9	10Y	2.14	-3	6	GBP/HUF	401.29	0.1	2.8

* 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	2.	3.	9 : 00	HU	Manufacturing PMI (points)	Jan	-	53.9
			9 : 00	HU	Industrial producer prices (YoY, %)	Dec	-	2.1
			15 : 00	HU	FX-swap tender (stock bn HUF)	-	-	2185
			15 : 00	US	ISM Manufacturing PMI (points)	Jan	48.5	47.2
			16 : 00	US	Construction expenditure (MoM, %)	Dec	0.4	0.6
	4.		16 : 00	US	Factory orders (MoM, %)	Dec	1.1	-0.7
	5.		9 : 00	HU	Retail sales (YoY, SA, %)	Dec	-	6.8
			11 : 00	EZ	Retail sales (MoM, %)	Dec	0	1
			14 : 00	PL	Interest rate decision (%)	Feb	2	2
			14 : 00	RO	Interest rate decision (%)	Feb	2.5	2.5
			14 : 15	US	ADP non-farm employment (MoM, '000s)	Jan	158	202
			16 : 00	US	ISM non-Manufacturing PMI (points)	Jan	55.2	55.0
	6.		8 : 00	DE	Industrial orders (MoM, %)	Dec	0.6	-1.3
			9 : 00	HU	Industrial production (preliminary, YoY, %)	Dec	-	3.6
			9 : 20	EZ	Christine Lagarde's hearing (European Parliament)	-	-	-
			11 : 00	EU	EC's Economic Forecast	-	-	-
			13 : 00	CZ	Interest rate decision (%)	Feb		2
			14 : 30	US	Continuing jobless claims ('000s)	weekly		1703
			14 : 30	US	Initial jobless claims ('000s)	weekly	215	216
	7.		8 : 00	DE	Export (MoM, SA, %)	Dec		-2.3
			8 : 00	DE	Industrial production (MoM, %)	Dec	-0.2	1.1
			9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	Dec	-	484
			10 : 00	HU	International reserves (preliminary, EURbn)	Jan	-	28.0
			11 : 00	HU	Fiscal balance (monthly, billion HUF)	Jan	-	-452.7
			14 : 30	US	Average earnings (YoY, %)	Jan	3.0	2.9
			14 : 30	US	Average earnings (MoM, %)	Jan	0.3	0.1
			14 : 30	US	Unemployment rate (%)	Jan	3.5	3.5
			14 : 30	US	Non-farm payroll (MoM, '000s)	Jan	165	145

Sources: Reuters, OTP Research

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