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Daily Report

Summary

- The US ADP employment data surpassed expectations
- The bright sentiment on stock markets continued on Wednesday
- Government bond yields and commodity prices have both picked up
- The US dollar strengthened against the major currencies

Optimism ruled Wednesday's trading on global stock markets. The growth was driven partly by the better-than-expected US ADP payroll figure, and in part by the growing hope that the effects of the Chinese coronavirus will be only temporary. That said, it remains to be seen how long the existing quarantines will be prolonged, and at what time economic activity could resume in the affected Chinese provinces. In recent days, the People's Bank of China injected liquidity into the financial system in a bid to prevent panic on money markets. Moreover, China suspended its tariffs on a number of US and European products, in order to ease the purchase of the equipment to combat the virus.

In America, the S&P500 marched 1.1% higher, and the Nasdaq100 rose by 0.4%. In Europe, Germany's DAX surged 1.5%, France's CAC40 upped 0.8%, and Britain's FTSE100 gained 0.6%. In the CEE region, Poland's WIG20 advanced 0.8%, and Hungary's BUX rose by 0.4% as OTP gained 1%, MOL closed nearly flat, while MTelekom dropped 0.4%, and Richter inched 0.1% lower.

In sync with the improving sentiment on equity markets, advanced economies' government bond yields edged higher yesterday. The US 10Y government bond yield upped five basis points, that of German 10Y Bund increased by 3.5 bps, and Japan's 10Y yield climbed two points higher.

The price of gold and silver upped 0.3% and 0.1%, respectively. Reversing several days of fall, Brent price bounced back 2.4%. Oil prices fell over the past week because the coronavirus quarantines halted transport in these areas, causing China's oil demand to slump 20%. The USD firmed 0.4% against the euro, 0.3% versus the yen, and 0.2% compared to the pound. Hungary's forint weakened 0.3% versus the euro.

The US Senate voted 53:47 to clear President Trump in the impeachment trial. During the procedure, his approval ratings did not change meaningfully. A recent survey by Ipsos/Reuters found that 42% of respondents were pleased with his work, while 54% were dissatisfied.

Germany's factory orders contracted by 2.1% month/month in December. It is important to note that this unfavourable reading is for December, before the coronavirus outbreak began. Later today, the ECB President testifies before the European Parliament, and the European Commission publishes its economic forecast.

	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	3334.7	1.1	3.2	VIX	15.2	-5.6	10	WTI	50.9	2.6	-16.7
	DOW	29290.9	1.7	2.6	US 2Y	1.44	3	-12	Brent	55.28	2.4	-16.2
	Nasdaq100	9367.5	0.4	7.3	US 10Y	1.65	5	-26	Gold	1556.4	0.3	2.6
	DAX	13478.3	1.5	1.7	GER 2Y	-0.64	1	-5	Silver	17.59	0.1	-1.3
	CAC40	5985.4	0.8	0.1	GER 10Y	-0.37	4	-18	EUR/USD	1.0997	-0.4	-1.9
	FTSE 100	7482.5	0.6	-0.8	PT10Y	0.31	4	-14	EUR/GBP	0.8457	-0.2	0.0
	FTSE MIB	24236.6	1.6	3.1	IT 10Y	0.97	2	-46	EUR/NOK	10.1290	-0.4	3.0
	Stoxx600	423.6	1.2	1.9	SP 10	0.30	2	-17	USD/CAD	1.3278	0.0	2.2
	- Banks	115.9	1.4	-3.5	iTRAXX	43.1	-1.4	-2	AUD/USD	0.6745	0.1	-3.9
	Nikkei 225	23873.6	2.4	0.9	JPY 2Y	-0.13	1	0	USD/JPY	109.80	0.3	1.1
SSEC	2866.5	1.7	-6.0	JPY 10Y	-0.02	2	1	GBP/USD	1.3000	-0.2	-2.0	
Regional	RTS	1560.5	0.9	0.7	RUS10	6.2	-1	0	USD/RUB	62.870	-0.2	1.5
	WIG20	2122.91	0.8	-1.3	POL 10	2.2	1	3	EUR/PLN	4.24	-0.7	-0.3
	PX50	1103.4	1.2	-1.1	CZ10	1.6	3	-5	EUR/RON	4.763	-0.3	-0.5
Hungary	BUX	44020	0.4	-4.5	3M DKJ	0.15	2	8	EUR/HUF	336.72	0.3	1.7
	OTP	14720	1.0	-4.6	1Y	0.16	-1	8	USD/HUF	306.06	0.7	3.7
	MOL	2618	0.0	-11.0	3Y	0.65	1	29	CHF/HUF	314.09	0.0	3.1
	MTelekom	450	-0.4	0.9	5Y	1.43	-1	18	PLN/HUF	79.23	0.8	1.8
	Richter	6585	-0.1	2.7	10Y	2.18	-1	10	GBP/HUF	396.90	0.1	1.7

* 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	2.	3.	9 : 00	HU	Manufacturing PMI (points)	Jan	52.5	-	53.9
			9 : 00	HU	Industrial producer prices (YoY, %)	Dec	2.4	-	2.1
			15 : 00	HU	FX-swap tender (stock bn HUF)	-	2055	-	2185
			15 : 00	US	ISM Manufacturing PMI (points)	Jan	50.9	48.5	47.2
			16 : 00	US	Construction expenditure (MoM, %)	Dec	-0.2	0.5	0.6
	4.		16 : 00	US	Factory orders (MoM, %)	Dec	1.8	1.2	-0.7
	5.		9 : 00	HU	Retail sales (YoY, SA, %)	Dec	6.7	-	6.8
			11 : 00	EZ	Retail sales (MoM, %)	Dec	-1.6	-0.9	1.0
			14 : 00	PL	Interest rate decision (%)	Feb	1.5	1.5	1.5
			14 : 15	US	ADP non-farm employment (MoM, '000s)	Jan	291.0	156	202
			16 : 00	US	ISM non-Manufacturing PMI (points)	Jan	55.5	55.0	55.0
	6.		8 : 00	DE	Industrial orders (MoM, %)	Dec	-2.1	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	2.0
			14 : 30	US	Continuing jobless claims ('000s)	weekly		1720	1703
			14 : 30	US	Initial jobless claims ('000s)	weekly		215	216
	7.		8 : 00	DE	Export (MoM, SA, %)	Dec		0.5	-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		160	145

Sources: Reuters, OTP Research

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