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Daily Report

Summary

- Thursday's trading was fairly optimistic on the stock markets of Europe and America.
- Christine Lagarde testified before the European Parliament yesterday.
- The forint has weakened.
- Germany released disappointing economic data.

In Thursday's buoyant trading session in Europe, Britain's FTSE100 added 0.3%, the Stoxx600 rose by 0.4%, Germany's DAX advanced 0.7%, and France's CAC40 closed 0.9% higher. One reason that cheered markets was that China said it would halve export tariffs on certain goods imported from the USA. On equity markets, the financial sector fared particularly well yesterday. UniCredit and Nordea Bank shot up more than 6%, both benefiting from favourable quarterly earnings reports. Skyrocketing 12.9%, Deutsche Bank booked its strongest trading day over the past eight years, after the announcement that the Los Angeles-based Capital Group obtained a 3.1% stake in the German financial institution. In this supportive environment, Hungary's BUX firmed 0.3% as most of its blue chip closed in positive territory: Magyar Telekom grew by 0.9%, Richter surged 0.8%, and Mol advanced 1.3%, while OTP lost 0.5%.

America's stock markets also made gains on Thursday. The Dow and the S&P500 upped 0.3% each, and the Nasdaq100 closed 0.8% higher. The growth benefited from the decline in the initial jobless claims figure, which boosted investors' optimism ahead of today's release of a batch of US labour market statistics. Of the S&P500's sector indices, telecommunications services and tech companies propelled growth, while the energy sector was the weakest performer. In individual names, the share price of Becton Dickinson slid 10.7%, as the health care service provider revised down its guidance for 2020. In contrast, Twitter's stock price went sky-high (+17.7%) as the social networking company's quarterly profit hit the one-billion-dollar mark for the first time in its history.

Christine Lagarde testified before the European Parliament yesterday. The ECB's President pointed out that the low inflation rate and the low interest rates environment left monetary policy with little ammunition to boost the economy, and urged economic policy decision-makers to use fiscal stimulus in countries that can allow that. She described the eurozone's economy as stable, but external factors may pose risks, while the German economy is still ailing.

The forint's weakening sent the EUR/HUF 0.3% higher, to near 338. This morning the Hungarian currency opened on a weak note. The pound's ailing pushed the EUR/GBP 0.4% higher. In precious metals, gold and silver prices grew by 0.7% and 1.2% respectively.

Germany released disappointing industrial data, with the December production volume shrinking by 3.5% month/month, whereas analysts had expected only 0.2% drop. Germany's exports figure, edging 0.1% higher month/month in December, is also short of economists' 0.5% forecast.

Hungary's industrial production volume contracted by 1.2% in December from the same month of the previous year, and the workday-adjusted figure was 3.7%. Among its sub-sectors, vehicle manufacturing fell sharply, while food industry production, as well as beverage and tobacco production grew further.

Today's publications include important data on the US labour 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	3345.8	0.3	3.6	VIX	15.0	-1.3	9	WTI	51.0	0.2	-16.6
	DOW	29379.8	0.3	2.9	US 2Y	1.45	1	-11	Brent	54.93	-0.6	-16.8
	Nasdaq100	9445.9	0.8	8.2	US 10Y	1.64	-1	-27	Gold	1566.6	0.7	3.3
	DAX	13574.8	0.7	2.5	GER 2Y	-0.63	1	-4	Silver	17.81	1.2	-0.1
	CAC40	6038.2	0.9	1.0	GER 10Y	-0.37	1	-18	EUR/USD	1.0980	-0.2	-2.1
	FTSE 100	7504.8	0.3	-0.5	PT10Y	0.30	-1	-15	EUR/GBP	0.8492	0.4	0.4
	FTSE MIB	24490.4	1.0	4.2	IT 10Y	0.97	0	-46	EUR/NOK	10.1228	-0.1	2.9
	Stoxx600	425.5	0.4	2.3	SP 10	0.30	0	-17	USD/CAD	1.3284	0.0	2.3
	- Banks	117.9	1.7	-1.9	iTRAXX	42.6	-1.2	-4	AUD/USD	0.6730	-0.2	-4.1
	Nikkei 225	23828.0	-0.2	0.7	JPY 2Y	-0.15	-2	-2	USD/JPY	109.99	0.2	1.3
SSEC	2875.0	0.3	-5.7	JPY 10Y	-0.04	-2	-2	GBP/USD	1.2928	-0.6	-2.5	
Regional	RTS	1539.4	-1.3	-0.6	RUS10	6.2	0	0	USD/RUB	63.315	0.7	2.3
	WIG20	2111.76	-0.5	-1.8	POL 10	2.1	-3	1	EUR/PLN	4.26	0.3	0.1
	PX50	1114.6	1.0	-0.1	CZ10	1.6	4	-1	EUR/RON	4.755	-0.2	-0.7
Hungary	BUX	44128	0.2	-4.2	3M DKJ	0.15	0	8	EUR/HUF	337.86	0.3	2.1
	OTP	14650	-0.5	-5.1	1Y	0.21	5	13	USD/HUF	307.44	0.5	4.2
	MOL	2652	1.3	-9.8	3Y	0.63	-2	27	CHF/HUF	315.44	0.4	3.5
	MTelekom	454	0.9	1.8	5Y	1.39	-4	14	PLN/HUF	79.30	0.1	1.9
	Richter	6640	0.8	3.5	10Y	2.13	-5	5	GBP/HUF	397.98	0.3	2.0

* 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	-1.2	-	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	2.3	2	2.0
			14 : 30	US	Continuing jobless claims ('000s)	weekly	1751.0	1720	1703
			14 : 30	US	Initial jobless claims ('000s)	weekly	202.0	215	216
	7.		8 : 00	DE	Export (MoM, SA, %)	Dec	0.1	0.5	-2.3
			8 : 00	DE	Industrial production (MoM, %)	Dec	-3.5	-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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