

Treasury Sales Team

Retail

Zsigmond Csillag

Team Leader
+36 1 288 7556
zsigmond.csillag@otpbank.hu

István Milán Nagy

+36 1 288 7554
milan.nagy@otpbank.hu

Frigyes Soós

+36 1 288 7571
SoosF@otpbank.hu

Pál András Saághy

+36 1 288 7553
Pal.Andras.Saaghy@otpbank.hu

Tamás Szabó

+36 1 288 7512
Tamas.Szabo.1@otpbank.hu

Institutional

Lóránt Fábán

+36 1 288 7572
Lorant.Fabian@otpbank.hu

János Mladoniczki

+36 1 288 7551
MladoniczkiJ@otpbank.hu

Corporate

Csinszka Kis-Böndi

Team Leader
+36 1 288 7544
Kis-bondics@otpbank.hu

Nóra Ilona Gordos

+36 1 288 7549
Nora.Ilona.Gordos@otpbank.hu

János Imrei

+36 1 288 7555
janos.imrei@otpbank.hu

Roxána Kosztelnik

+36 1 288 7541
roxana.kosztelnik@otpbank.hu

Edit Kovács Gyimóti

+36 1 288 7542
KovacsGyE@otpbank.hu

Anna Almási

OTP Trader
+36 1 298 3169
AlmasiA@otpbank.hu



Daily Report

Summary

- Stock indices in Europe and America halted a four-day rally on Friday.
- January labour report showed robust growth of employment in the US, non-farm payroll increased above what was expected.
- Crude oil prices fell on Friday.
- Cases of the coronavirus outside of China continue to increase.

Stock indices suffered considerable losses on Friday. Although the latest job report in the US showed hiring stayed robust, renewed concern the coronavirus will slow global growth dragged share prices down. The Federal Reserve warned in its latest semi-annual report, the outbreak posed a new risk to the economy. The S&P halted a four-day rally, it dropped 0.5%, while Dow declined 0.9% and the Nasdaq100 lost 0.5%. Materials and technology companies suffered the biggest losses among the S&P's sectors. Apple fell 1.6%, and Qualcomm plunged 3.5% on Friday.

European benchmarks weakened on Friday, FTSE and DAX dropped 0.5%, CAC40 lost 0.1%. The pan-European STOXX 600 index fell 0.3%, snapping a four-day winning streak, but recorded its best weekly gain since November 2018. China-exposed sectors such as basic materials, luxury and auto stocks were the biggest decliners on the day. Norsk Hydro tumbled 12% after missing quarterly profit estimates. Cosmetics maker L'Oréal hit record high after reported better-than-forecast quarterly profit. Shares in Nokia and Ericsson rose 7 and 6%, respectively, after US Attorney General William Barr said the US and its allies should consider taking a "controlling stake" in the European companies to counter China-based Huawei's dominance in 5G wireless technology.

In the FX market, the dollar strengthened, the Bloomberg Dollar Spot Index edged 0.2% higher, the EURUSD dropped 0.3% to 1.0946. The British pound also fell 0.3% versus the US dollar. Australia's dollar dropped to its lowest level in a decade, USDAUD climbed to 1.4978. Treasuries jumped, the US 10Y yield dropped 7 bps, while German Bund's yield lost 2bps and British 10Y benchmark yield decreased 1bp.

In our region, only BUX gained among the regional benchmark indices. The BUX added 0.8%, while PX and WIG20 slightly dropped. The BUX's advance was supported by Richter (+1.8%) and OTP (+1.1%), but Mol lost 0.3% and MTelecom declined 0.7%.

The forint hit new historic low on Friday, EURHUF climbed to 339.26 in the morning trading. Although afternoon trading saw new local peak of 339, by the end of the day the local currency strengthened below the level of 338. Forint lost 0.5% versus the US dollar, it hit an intra-day maximum at 309.65, but Friday's last transaction was fixed below the level of 309. Hungarian benchmark yields added 1bps in the long-term segment, according to the statistics of ÁKK (Government Debt Management Agency).

In the commodity markets, price increase of gold, and falling crude oil prices were the most notable phenomena on Friday. WTI dipped 0.6% to USD 50/barrel, while Brent prices declined 0.8% to USD 54/barrel, according to Bloomberg. Natural gas prices fell near 4%, while copper prices decreased 1.7%.

Sentiment was mostly pessimistic in the Asian stock markets this morning. Nikkei lost 0.6% and Hang Seng dropped 0.7%, but Shanghai Composite added 0.5%. The S&P futures are flat this morning, and European futures slightly dipped.

Several important economic data are scheduled to this week, with Hungarian industrial production statistics to be published on Wednesday and CPI figures expected to be released on Thursday. On Friday, GDP statistics from EU member countries will arrive.

Federal Reserve Chairman Jerome Powell delivers his semi-annual testimony in Congress on Tuesday and Wednesday

Today, Eurozone's Sentix Investor Confidence Index is released.

	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	0,6	-11	Brent	54,9	-0,6	-16,8
	Nasdaq100	9445,9	0,8	8,2	US 10Y	1,64	-0,5	-27	Arany	1566,6	0,7	3,3
	DAX	13574,8	0,7	2,5	GER 2Y	-0,63	0,9	-4	Ezüst	17,8	1,2	-0,1
	CAC40	6038,2	0,9	1,0	GER 10Y	-0,37	0,5	-18	EUR/USD	1,1	-0,2	-2,1
	FTSE 100	7504,8	0,3	-0,5	PT10Y	0,30	-0,7	-15	EUR/GBP	0,8	0,4	0,4
	FTSE MIB	24490,4	1,0	4,2	IT 10Y	0,97	0,2	-46	EUR/NOK	10,1	-0,1	2,9
	Stoxx600	425,5	0,4	2,3	SP 10	0,30	0,3	-17	USD/CAD	1,3	0,0	2,3
	- Banks	117,9	1,7	-1,9	iTRAXX	42,6	-1,2	-3,6	AUD/USD	0,7	-0,2	-4,1
	Nikkei 225	23828,0	-0,2	0,7	JPY 2Y	-0,15	-1,6	-2	USD/JPY	110,0	0,2	1,3
SSEC	2875,0	0,3	-5,7	JPY 10Y	-0,04	-2,1	-2	GBP/USD	1,3	-0,6	-2,5	
Regional	RTS	1539,4	-1,3	-0,6	RUS10	6,2	0,3	0	USD/RUB	63,3	0,7	2,3
	WIG20	2111,76	-0,5	-1,8	POL 10	2,1	-2,9	1	EUR/PLN	4,3	0,3	0,1
	PX50	1114,6	1,0	-0,1	CZ10	1,6	3,5	-1	EUR/RON	4,8	-0,2	-0,7
Hungary	BUX	44128	0,2	-4,2	3 hó DKJ	0,15	0,0	8	EUR/HUF	337,9	0,3	2,1
	OTP	14650	-0,5	-5,1	1 év	0,21	5,0	13	USD/HUF	307,4	0,5	4,2
	MOL	2652	1,3	-9,8	3 év	0,63	-2,0	27	CHF/HUF	315,4	0,4	3,5
	MTelekom	454	0,9	1,8	5 év	1,39	-4,0	14	PLN/HUF	79,3	0,1	1,9
	Richter	6640	0,8	3,5	10 év	2,13	-5,0	5	GBP/HUF	398,0	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. 10.	10 : 00	EZ	Sentix Investor confidence (points)	Feb	4,0	7,6
	15 : 00	HU	FX-swap tender (maturing / stock bn HUF)	-	-	64,23 / 2055
	11. 10 : 30	UK	Industrial production (MoM, %)	Dec	0	-1
	10 : 30	UK	GDP (preliminary, YoY, %)	Q4	0,8	1,1
	10 : 30	UK	GDP (preliminary, QoQ, %)	Q4	0,0	0,4
	11 : 00	EU	EC's Economic Forecast	-	-	-
	14 : 00	US	Jerome Powell's hearing at the Congress (Feb 11-12)	-	-	-
	12. 9 : 00	HU	Industrial production (second estimate, YoY, %)	Dec		-1,2*
	11 : 00	EZ	Industrial production (MoM, %)	Dec	-0,4	0,2
	20 : 00	US	Federal budget balance (USDbn)	Jan		-13,3
	13. 9 : 00	HU	Construction output (YoY, %)	Dec	-	6,8
	9 : 00	HU	Inflation (YoY, %)	Jan	4,3	4,0
	9 : 00	HU	Core inflation (YoY, SA, %)	Jan	4,0	3,9
	14 : 30	US	CPI (YoY, %)	Jan	2,4	2,3
	14 : 30	US	CPI (MoM, SA, %)	Jan	0	0,2
	14 : 30	US	core-CPI (YoY, %)	Jan	2	2
	14 : 30	US	core-CPI (MoM, SA, %)	Jan	0	0
	14 : 30	US	Continuing jobless claims ('000s)	weekly		1751,0
	14 : 30	US	Initial jobless claims ('000s)	weekly	210,0	202,0
	14. 8 : 00	DE	GDP (preliminary, YoY, %)	Q4		1
	8 : 00	DE	GDP (preliminary, QoQ, %)	Q4	0,1	0,1
	8 : 00	RO	GDP (preliminary, YoY, %)	Q4		3,0
	9 : 00	CZ	GDP (preliminary, YoY, %)	Q4		2,5
	9 : 00	HU	GDP (preliminary, YoY, %)	Q4	4,5	5,0
	9 : 00	HU	GDP (preliminary, QoQ, %)	Q4		1,1
	9 : 00	SK	GDP (preliminary, YoY, %)	Q4		1,3
	10 : 00	PL	GDP (preliminary, YoY, %)	Q4		3,9
	11 : 00	EZ	GDP (preliminary, YoY, %)	Q4	1,0	1,0*
	11 : 00	EZ	GDP (preliminary, QoQ, %)	Q4	0,1	0,1*
	14 : 30	US	Retail sales (MoM, %)	Jan	0,3	0,3
	15 : 15	US	Industrial production (MoM, %)	Jan	-0,2	-0,3
	16 : 00	US	Business inventories (MoM, %)	Dec	0,1	-0,2
	16 : 00	US	Michigan Consumer confidence (preliminary, points)	Feb	99,0	99,8
		HU	Fitch Credit Rating decision	-	-	BBB
		HU	S&P Credit Rating decision	-	-	BBB

Sources: Reuters, OTP Research

Chief Economist

Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Analyst

Orsolya Rátkai
ratkaio@otpbank.hu
+36 1 374 7270

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