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Daily Report

Summary

- Coronavirus is spreading in Europe too.
- Stock markets edged lower in Europe but rose in America.
- Hungary's MNB accepted no bids in Monday's FX swap tender.

The death toll from the coronavirus exceeded 1,000 in China, and the number of cases registered elsewhere is growing too. The virus has killed more people than the SARS did in 2003, but mortality rates are still lower, owing to the large number of infections. Factory closures in China pose a risk to global supply chains, but one giant, General Motors already announced to relaunch manufacturing on 15 February and a number of big businesses consider resuming production.

The benchmark stock indices of Europe closed with slight gains. In America, investors started the week more optimistically. The S&P500 hit all-time high; only the materials and energy sectors could not contribute to its growth.

The relentlessly falling oil prices dragged down the energy sector. Oil exporters still could not find a solution for the slump in oil prices, stemming from the lower demand in China. WTI traded at less than USD 50 at the end of the day, and Brent came down to USD 53. A new output freeze could be a solution, but OPEC members and non-OPEC exporters do not see eye to eye in this issue.

Donald Trump proposes to cut expenses in the financial year starting on 1 October 2020, in a plan unveiled by the White House. The streamlining would affect social security and defence spending, but it would benefit infrastructure development and artificial intelligence research. House Speaker Nancy Pelosi said the Democratic party disagreed with the President's plans.

Yields on American and German 10Y government bond yields fell by three basis points, and the EUR/USD sank 0.3% to 1.09. The euro started to weaken against the key currencies when Annegret Kramp-Karrenbauer, the prospective successor to Angela Merkel, announced stepping down as CDU party leader; neither will she run for chancellor in the 2021 general election.

Hungary's BUX index ended the first day of the week 0.1% higher, with Richter's stock price surging 1.9%.

On the secondary market of Hungarian government bonds, the long end of the yield curve sank by one to seven points. Today the ÁKK will put up for sale HUF 30 billion government debt in 3M discount Treasury bills.

In its usual Monday FX swap tender, Hungary's MNB did not accept any bids. Thus, taking into account the instruments expiring on Wednesday, the excess liquidity provided by the MNB fell to less than HUF 2,000 billion. The forint opened on a strong note against the euro but ran out of steam in the afternoon; the EUR/HUF closed at 338.1 on Monday.

China's Shanghai Composite (+0.38%) and Hong Kong's HangSeng were seen in positive territory this morning; Japan's stock exchange was closed today.

Today the United Kingdom will release fourth-quarter GDP data, which is expected to miss the previous quarter's growth rate. The ECB's President Christine Lagarde will speak in the European Parliament today, while on the other side of the Atlantic, Jerome Powell will testify before Congress.

	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	3352.1	0.7	3.8	VIX	15.0	-2.8	9	WTI	49.8	-1.1	-18.5
	DOW	29276.8	0.6	2.6	US 2Y	1.38	-2	-18	Brent	53.27	-2.2	-19.3
	Nasdaq100	9516.8	1.2	9.0	US 10Y	1.55	-3	-36	Gold	1571.9	0.1	3.6
	DAX	13494.0	-0.1	1.8	GER 2Y	-0.64	-1	-5	Silver	17.75	0.4	-0.4
	CAC40	6015.7	-0.2	0.6	GER 10Y	-0.41	-3	-22	EUR/USD	1.0909	-0.3	-2.7
	FTSE 100	7446.9	-0.3	-1.3	PT10Y	0.26	-2	-19	EUR/GBP	0.8447	-0.5	-0.1
	FTSE MIB	24507.7	0.1	4.3	IT 10Y	0.95	0	-48	EUR/NOK	10.1348	-0.4	3.0
	Stoxx600	424.6	0.1	2.1	SP 10	0.26	-3	-21	USD/CAD	1.3315	0.0	2.5
	- Banks	118.2	-0.6	-1.6	iTRAXX	43.4	0.0	-2	AUD/USD	0.6686	0.2	-4.8
	Nikkei 225	23686.0	0.0	0.1	JPY 2Y	-0.16	0	-3	USD/JPY	109.74	0.0	1.0
	SSEC	2900.8	0.4	-4.9	JPY 10Y	-0.06	0	-4	GBP/USD	1.2913	0.2	-2.6
Regional	RTS	1504.0	-0.9	-2.9	RUS10	6.2	0	-1	USD/RUB	64.091	-0.1	3.5
	WIG20	2092.89	-0.8	-2.7	POL 10	2.1	-1	-3	EUR/PLN	4.26	-0.2	0.2
	PX50	1111.1	0.0	-0.4	CZ10	1.6	4	-3	EUR/RON	4.764	0.1	-0.5
Hungary	BUX	44539	0.1	-3.4	3M DKJ	0.15	0	8	EUR/HUF	338.00	0.0	2.1
	OTP	14650	-1.1	-5.1	1Y	0.23	1	15	USD/HUF	309.59	0.3	4.9
	MOL	2634	-0.4	-10.4	3Y	0.64	0	28	CHF/HUF	316.53	0.2	3.9
	MTelekom	452	0.2	1.3	5Y	1.35	-5	10	PLN/HUF	79.14	0.0	1.7
	Richter	6885	1.8	7.3	10Y	2.07	-7	-1	GBP/HUF	399.76	0.1	2.4

* 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	5.2	4.1	7.6
	15 : 00	HU FX-swap tender (maturing / stock bn HUF)	-	0/1991	-	64,23 / 2055
	11. 10 : 30	UK Industrial production (MoM, %)	Dec		0.3	-1.2
	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		-1.6	0.2
	20 : 00	US Federal budget balance (USDbn)	Jan		-11.5	-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		0.2	0.2
	14 : 30	US core-CPI (YoY, %)	Jan		2.2	2.3
	14 : 30	US core-CPI (MoM, SA, %)	Jan		0.2	0.1
	14 : 30	US Continuing jobless claims ('000s)	weekly		1745	1751
	14 : 30	US Initial jobless claims ('000s)	weekly		210	202
	14. 8 : 00	DE GDP (preliminary, YoY, %)	Q4		0.2	1.0
	8 : 00	DE GDP (preliminary, QoQ, %)	Q4		0.1	0.1
	8 : 00	RO GDP (preliminary, YoY, %)	Q4		3.3	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		99.5	99.8
		HU Fitch Credit Rating decision	-		-	BBB
		HU S&P Credit Rating decision	-		-	BBB

*preliminary data

Sources: Reuters, OTP Research

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