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Daily Report

Summary

- Market sentiment has improved on the world's stock markets, as coronavirus developments were fairly reassuring.
- The S&P500 and the Stoxx600 Europe are at all-time highs.
- US authorities approved the merger of the Deutsche Telekom and Sprint; the latter's stock price skyrocketed.

Coronavirus fears on Europe's stock markets have eased on reports that the growth of new cases had slowed in China. In the benign sentiment, the Stoxx600 marched 0.9% higher to hit all-time high in Tuesday's trading. Britain's FTSE advanced 0.7%, and Germany's DAX upped 1.0%. One engine of the DAX's growth was Deutsche Telekom, whose merger with the US-based Sprint mobile service provider was given green light in the USA. Word on the 26-billion-dollar deal benefited Europe's telecom equipment makers; Nokia jumped almost 6%, and Ericsson surged 6.5%. The winner of the day, the TUI tourism group skyrocketed 13%, after raising the threshold of its profit guidance 2020, citing the strong demand for travel. European companies that are exposed to China ground higher, with ASML gaining 2.7% and HSBC growing by 2.3%. Commodity producers climbed higher in sync with the increase in ore prices: AngloAmerican closed almost 2% higher, Antofagasta and BHP upped nearly 1% each.

US markets continued to hit new highs on Tuesday; the S&P500 (+0.2%) broke record, and inching up 0.1% was enough for the Nasdaq Composite to close at all-time high. The Dow and the Nasdaq100 closed practically flat. The real property, energy, and cyclical consumption sectors fuelled the S&P's growth, while consumer staples, technology, and telecommunications companies declined. The loser of the day, Under Armour lost 19%, as it unexpectedly forecasted shrinking profit in 2020. Deutsche Telekom closed 4.3% higher at the New York Stock Exchange, and Sprint shot up 77.5% on reports of a forthcoming merger. Verizon fell more than 2%.

The CEE region ended Tuesday's trading rather mixed – Poland's WIG20 went up 0.7%, Hungary's BUX stagnated, and Prague's PX dropped 0.4%. In Hungary, the gains of OTP and MTelekom were offset by the losses of Mol and Richter.

On the forex market, the US dollar ended a ten-day-long winning streak yesterday; the EUR/USD closed at 1.0919, marking 0.1% euro appreciation. The pound firmed 0.2% against the US dollar. On global bond markets, the US 10Y yield upped three basis points, the 10Y benchmark yields on German, French, and Italian government bonds added two basis points each, while Britain's 10Y yield inched up one basis points.

In commodities, WTI and Brent crude oil prices grew by 1.8% and 1.4%, respectively. As risk appetite returned, gold and silver sank prices, while copper and aluminium rose 1-2%.

On the secondary market of Hungarian government bonds, the 3Y and 5Y yields nudged one basis point higher, and that on the 10Y inched down one point. In Tuesday's auction of 3M discount Treasury bills, the ÁKK sold HUF 22 billion, at an average yield of 0.07%, and with the bid/cover ratio at 2.5

At one point on Tuesday, the EUR/HUF was within a whisker of its all-time high, near 339, but ended the day at 338.8 as the forint depreciated 0.2%. For the same reason, the USD/HUF closed above 310.

In today's bright sentiment in Asia, Japan's Nikkei advanced 0.7%, mainland China's Shanghai Composite grew by 0.9%, and Hong Kong's Hang Seng was seen 1.0% higher. The latter two may have benefited from reports that China's Hubei province registered the smallest number of new cases in February. Before today's opening, Europe's and America's index futures were in positive territory. The NZD firmed 1% after New Zealand's central bank said it did not plan interest rates cuts in 2020 as it expects only short-term effects from coronavirus outbreak.

Testifying before Congress yesterday, the Fed's chair Jerome Powell said that central bankers were closely watching the risks posed by the new coronavirus. Nevertheless, he did not say the epidemic changed the Fed's baseline scenario for economic outlook, or its expectation of flat interest rate levels.

Today the eurozone will release industrial production figure, while the USA will publish the January reading of federal budget. In Hungary, the second estimate on December industrial production data is due out today.

	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	3357,8	0,2	3,9	VIX	15,2	0,9	10	WTI	49,9	0,8	-18,2
	DOW	29276,3	0,0	2,6	US 2Y	1,42	4	-14	Brent	54,01	1,4	-18,2
	Nasdaq100	9517,9	0,0	9,0	US 10Y	1,59	4	-32	Gold	1567,4	-0,3	3,3
	DAX	13627,8	1,0	2,9	GER 2Y	-0,64	0	-5	Silver	17,63	-0,7	-1,1
	CAC40	6054,8	0,6	1,3	GER 10Y	-0,39	2	-20	EUR/USD	1,0914	0,0	-2,6
	FTSE 100	7499,4	0,7	-0,6	PT10Y	0,28	2	-17	EUR/GBP	0,8425	-0,3	-0,3
	FTSE MIB	24688,9	0,7	5,0	IT 10Y	0,97	2	-46	EUR/NOK	10,0964	-0,4	2,6
	Stoxx600	428,5	0,9	3,0	SP 10	0,27	1	-20	USD/CAD	1,3286	-0,2	2,3
	- Banks	119,6	1,2	-0,4	iTRAXX	42,3	-1,4	-4	AUD/USD	0,6713	0,4	-4,4
	Nikkei 225	23861,2	0,7	0,9	JPY 2Y	-0,15	1	-2	USD/JPY	109,77	0,0	1,1
SSEC	2926,9	0,9	-4,0	JPY 10Y	-0,04	2	-2	GBP/USD	1,2951	0,3	-2,3	
Regional	RTS	1539,6	2,4	-0,6	RUS10	6,2	0	-1	USD/RUB	63,356	-1,1	2,3
	WIG20	2107,4	0,7	-2,0	POL 10	2,1	2	-1	EUR/PLN	4,25	-0,2	0,0
	PX50	1107,2	-0,4	-0,8	CZ10	1,5	-4	-6	EUR/RON	4,768	0,1	-0,4
Hungary	BUX	44560	0,0	-3,3	3M DKJ	0,15	0	8	EUR/HUF	338,65	0,2	2,3
	OTP	14820	1,2	-4,0	1Y	0,23	0	15	USD/HUF	310,12	0,2	5,1
	MOL	2600	-1,3	-11,6	3Y	0,64	0	28	CHF/HUF	317,58	0,3	4,3
	MTelekom	453	0,2	1,6	5Y	1,36	1	11	PLN/HUF	79,57	0,5	2,2
	Richter	6870	-0,2	7,1	10Y	2,07	0	-1	GBP/HUF	401,66	0,5	2,9

* 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	0,3	-1,2
	10 : 30	UK GDP (preliminary, YoY, %)	Q4	1,1	0,8	1,1
	10 : 30	UK GDP (preliminary, QoQ, %)	Q4	0,0	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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