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Daily Report

Summary

- Bright sentiment ruled stock markets on Wednesday
- Coronavirus cases grew by 15,000 in China; Asia's indices fell
- The US dollar firmed, the forint weakened; US and German bond yields increased
- US government debt worries the Fed's chairman
- Hungary inflation accelerated to 4.7% in January.

In Wednesday's positive sentiment on global stock markets, the S&P500 advanced 0.6%, and the Nasdaq100 surged 0.9%. In Europe, Germany's DAX gained 0.9%, France's CAC40 closed 0.8% higher, and Britain's FTSE100 grew by 0.5%. The indices of Central and Eastern Europe closed mixed: Poland's WIG20 marched 0.9% higher, while Hungary's BUX dropped 0.2% as three of its blue chips closed in the red: OTP lost 1.1%, MOL slipped 1.5%, and MTelekom shed 0.2%, while Richter shot up 2.5%.

Asia's stock markets did not fare well today. Mainland China's SSEC slipped 0.7%, and Japan's Nikkei edged 0.1% lower. As China adopted a new clinical method to confirm infections, the number of cases grew by almost 15,000 and the death toll rose by 242 in a single day. This may be one reason for this morning's negative sentiment on Asia's stock markets.

The dollar firmed 0.4% against the euro and 0.3% versus the yen in Wednesday's trading. The forint's continued weakening drove the EUR/HUF 0.3% higher; the pair closed just below 340, returning from an intraday all-time high. The USD/HUF was up 0.8%.

In sync with the increase in global stock indices, the government bond yields of the USA and Germany climbed higher. In contrast, Italy's 10Y government bond yields sank by five basis points. Gold price eased 0.1% and silver sank 1%, while Brent surged 3.3%.

Speaking before Senate Banking Committee, the Fed's chairman revealed that the Fed would relaunch its bond-buying programme in case of an economic crisis, and would use forward guidance to communicate in advance how long the ultra-easy monetary conditions would be maintained. Given the historically very low interest rate levels (1.5-1.75%), using conventional tools would allow the Federal Reserve little firepower to fight recession. The Fed chair urged decision-makers to conduct tighter fiscal policy and, in answer to a question, he expressed worry about the current federal debt levels.

In Hungary, inflation accelerated to 4.7% year/year in January, from 4.3% in December, while core inflation rose to 4%. Analysts expected 4.4% headline inflation rate. Hungary's construction output expanded by 2.7% year/year in December. Later in the day, inflation and labour market data are due out in the USA.

	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	3379.5	0.6	4.6	VIX	13.7	-9.5	0	WTI	51.2	2.5	-16.2
	DOW	29551.4	0.9	3.5	US 2Y	1.44	2	-12	Brent	55.79	3.3	-15.5
	Nasdaq100	9613.2	1.0	10.1	US 10Y	1.63	4	-28	Gold	1565.3	-0.1	3.2
	DAX	13749.8	0.9	3.8	GER 2Y	-0.64	0	-4	Silver	17.46	-1.0	-2.1
	CAC40	6104.7	0.8	2.1	GER 10Y	-0.38	2	-19	EUR/USD	1.0871	-0.4	-3.0
	FTSE 100	7534.4	0.5	-0.1	PT10Y	0.26	-1	-19	EUR/GBP	0.8388	-0.4	-0.8
	FTSE MIB	24861.3	0.7	5.8	IT 10Y	0.92	-5	-51	EUR/NOK	10.0304	-0.7	2.0
	Stoxx600	431.2	0.6	3.7	SP 10	0.31	4	-16	USD/CAD	1.3249	-0.3	2.0
	- Banks	121.0	1.2	0.7	iTRAXX	41.8	-1.2	-6	AUD/USD	0.6737	0.4	-4.0
	Nikkei 225	23827.7	-0.1	0.7	JPY 2Y	-0.15	0	-2	USD/JPY	110.08	0.3	1.4
SSEC	2906.1	-0.7	-4.7	JPY 10Y	-0.03	1	-1	GBP/USD	1.2960	0.1	-2.3	
Regional	RTS	1557.4	1.2	0.6	RUS10	6.1	-1	-2	USD/RUB	63.198	-0.3	2.1
	WIG20	2126.31	0.9	-1.1	POL 10	2.2	2	2	EUR/PLN	4.25	-0.1	-0.1
	PX50	1102.9	-0.4	-1.1	CZ10	1.6	2	-5	EUR/RON	4.764	-0.1	-0.4
Hungary	BUX	44482	-0.2	-3.5	3M DKJ	0.15	0	8	EUR/HUF	339.67	0.3	2.6
	OTP	14660	-1.1	-5.0	1Y	0.23	0	15	USD/HUF	312.45	0.8	5.9
	MOL	2560	-1.5	-12.9	3Y	0.65	1	29	CHF/HUF	319.41	0.6	4.9
	MTelekom	452	-0.2	1.3	5Y	1.40	4	15	PLN/HUF	79.92	0.4	2.7
	Richter	7040	2.5	9.7	10Y	2.10	3	2	GBP/HUF	404.92	0.8	3.7

* 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. 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		-1,2*
	11 : 00	EZ Industrial production (MoM, %)	Dec	-2.1	-1.6	0.2
	20 : 00	US Federal budget balance (USDbn)	Jan	-33.0	-11.5	-13.3
	13. 9 : 00	HU Construction output (YoY, %)	Dec	2.7	-	6.8
	9 : 00	HU Inflation (YoY, %)	Jan	4.7	4.3	4.0
	9 : 00	HU Core inflation (YoY, SA, %)	Jan	4.0	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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