

European stock markets started the week with some losses, cyclical sectors weakened

Europe's major stock markets started Monday's trade with some gain, but the sentiment steadily deteriorated during the day. Stoxx600 Europe and FTSE closed in the red (-0.8% each) and DAX plunged 1.7% with YTD performance turning negative. Worse than expected IFO survey data partly contributed to the deterioration of market sentiment as German enterprises' view on the current conditions and their expectations got gloomier recently, particularly in the servicing sectors and the trade. Pandemic woes, vaccine delivery delays and the current or expected restrictions gave little to fuel optimism, as lockdown is expected to get installed in France, and the UK is expected to introduce stricter travel ban. The cyclical sector became the biggest laggards in Europe, in the Stoxx600 universe financials, the automotive sector, travel and leisure companies and the energy sector weakened the most. Among airlines, IAG plunged 7.7%, KLM lost 3.3% and Lufthansa fell 4.2%. Telecommunication and health care companies showed the best daily performance. Philips gained more than 2% after reporting better than expected quarterly sales and profit figures.

In our region, stock markets closed a mixed trade on Monday: PX added 1.1%, while WIG20 weakened 0.4% and BUX lost 1.0%. Hungarian blue chips also showed mixed performance with OTP dropping 2.6% and Mol losing 0.7%, while Richter and MTelekom added 1.0 and 0.1% respectively.

S&P and Nasdaq100 set new records, technology shares led gains

The Dow slightly weakened on Monday, but the S&P and the Nasdaq100 indices rose to new highs. Dow was moving in the negative range during the whole day, while S&P and Nasdaq emerged from daily lows after having shaken off bad news. Merck announced the company would shut down its covid vaccine program due to lacklustre early trial data. Despite the negative news Merck's stock price added 0.2% and the S&P's health care sector index overperformed the headline index. Utilities, consumer staples, real estate and the technology sectors were yesterday the biggest gainers among the S&P sectors. Megacap companies also performed well with Microsoft gaining 1.6%, Apple adding 3 and Tesla climbing 4%. All of them are expected to release quarterly earnings report today (Microsoft) or in the coming days. Chip manufacturers closed yesterday's trading with over 1% gain after producers in several industries complained about the chip shortage. However, the stock market's gains were limited after the top Senate Democrat said an aid package was unlikely before mid-March and a U.S. health official expressed concern about vaccination delays. After market close arrive the news, Janet Yellen won Senate approval as treasury secretary.

International and Hungarian long-term yields fell on Monday, the dollar strengthened while the EURHUF remained at the level of last Friday

The fall in yields at the long end went on yesterday on global and local bonds markets as well, so the long-term HUF benchmark yields fell by 2-6 basis points yesterday. This week the MNB held its FX swap tender, where bids totalled to EUR 0.7 bn, from which EUR 40 million was accepted, marginally lower than the maturing volume (EUR 44 million), so the stock of FX swaps will stagnate above EUR 4.5 bn. Based on the data published yesterday last week the central bank bought HUF 10 bn of government bonds bilaterally, mortgage bond purchases reached HUF 1 bn, but there was no purchases of quasi-fiscal bonds (just like last week).

The Hungarian forint remained steady on Monday; the EURHUF-rate returned to the level of last Friday after slight movements in yesterday's trade. EURHUF stood at 357.46 at the end of the day. USDHUF slightly gained and reached 294.4. The Bloomberg Dollar Spot Index added 0.2%, EURUSD sank 0.3% to 1.2141. The British pound weakened only 0.1%.

The crude oils prices this time moved to upwards with WTI climbing 1.0% and Brent adding 0.8%. Precious metals gave mixed performance with gold adding slightly 0.1% and silver dropping 0.4%. In the group of industrial metals, copper and zinc prices both dropped 0.4%, while aluminium gained 0.9% and tin jumped 2.2% on Monday.

Today's highlights

Asian stock indices were in the red in the early morning hours with the Nikkei shedding 1.0%, the Shanghai Composite dropping 1.4% and the Hang Seng falling 2.4%. Tencent Holdings slumped more than 5% this morning in Hong Kong after 11% surge in Monday that pushed its market value over 1 trillion dollars for the first time. Stock index futures in Europe and the US forecast rising prices for today's trade.

The National Bank of Hungary (MNB) holds rate setting meeting today, the key rates are expected to remain unchanged. Today, the MNB will hold its government bond purchasing auction, while the AKK will sell 3-month T-bills, the announced volume is HUF 15 bn.

For today, the UK unemployment rate, the Case-Shiller home price index and the consumer confidence indicator in the US are the macro data expected to get in the limelight. All the mentioned data are expected to increase compared to the previous month's reading.

The quarterly earnings season is far from over: in Europe, Novartis and UBS are expected to release report today, while in the US, 3M, AMD, GE, J&J, Raytheon and Verizon are expected to publish their earnings data before market opening and Microsoft will report after market close.

	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	3855	0,4	2,6	VIX	23,2	5,8	2	WTI	52,8	1,0	8,8
	DOW	30960	-0,1	1,9	US 2Y	0,12	-0,4	0	Brent	55,88	0,8	7,9
	Nasdaq100	13843	3,6	7,4	US 10Y	1,04	-5,1	13	Gold	1855,0	0,1	-2,2
	DAX	13644	-1,7	-0,5	GER 2Y	-0,73	-2,1	-2	Silver	25,30	-0,4	-4,0
	CAC40	5472	-1,6	-1,4	GER 10Y	-0,55	-3,7	2	EUR/USD	1,2137	-0,2	-0,6
	FTSE 100	6639	-0,8	2,8	PT10Y	0,03	-4,4	0	EUR/GBP	0,8875	-0,2	-0,7
	FTSE MIB	21736	-1,6	-2,2	IT 10Y	0,65	-6,7	13	EUR/NOK	10,345	0,0	-1,2
	Stoxx600	405	-0,8	1,5	SP 10	0,08	-4,7	2	USD/CAD	1,2738	0,0	0,1
	- Banks	97	-3,3	-1,7	iTRAXX	51,0	4,4	7	AUD/USD	0,7708	-0,1	0,2
	Nikkei 225	28573	-0,9	4,1	JPY 2Y	-0,13	-0,1	-1	USD/JPY	103,73	0,0	0,5
SSEC	3580	-1,2	3,1	JPY 10Y	0,03	-0,2	1	GBP/USD	1,3674	-0,1	0,0	
Regional	RTS	1412	-0,4	1,8	RUS10	6,3	0,2	6	USD/RUB	75,338	0,2	2,1
	WIG20	1946	-0,4	-1,9	POL 10	1,2	-3,3	-5	EUR/PLN	4,54	0,0	-0,4
	PX50	1061	1,1	3,3	CZ10	1,3	1,0	-1	EUR/RON	4,872	0,0	0,2
Hungary	BUX	43189	-1,0	2,6	3M DKJ	0,34	0,0	6	EUR/HUF	357,5	0,0	-1,4
	OTP	13250	-2,6	-0,8	1Y	0,42	0,0	3	USD/HUF	294,4	0,3	-0,8
	MOL	2222	-0,7	1,5	3Y	1,04	0,0	34	CHF/HUF	331,8	0,1	-1,0
	MTelekom	400	0,1	5,3	5Y	1,43	-2,0	7	PLN/HUF	78,7	0,0	-0,7
	Richter	8245	1,0	10,8	10Y	2,22	-6,0	14	GBP/HUF	402,8	0,4	-0,5

* 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.	
2021	1. 25.	10 : 00	DE	IFO Economic sentiment index (points)	Jan	90	92,0	92,2
		15 : 00	HU	FX swap tender (HUF liquidity, maturing/stock bn HUF)*	-	14,3/1606	-	14,8/1606,3
	26.	8 : 00	UK	Unemployment rate (%)	Nov	5,0	-	4,9
		13 : 00	HU	MNB gov't bond purchase auction	-		-	40,0
		14 : 00	HU	Interest rate decision (%)	Jan		-	0,6
		15 : 00	US	Case-Shiller Home Price Index (YoY, %)	Nov		8,6	7,9
		16 : 00	US	Consumer confidence (point)	Jan		-	88,6
		14 : 30	US	Durable goods orders (MoM, %)	Dec		1,0	1,0
		15 : 00	HU	5Y collateralized loan w fixed interest rate, tender (HUFbn)	-		-	30,0
		20 : 00	US	Interest rate decision (%)	Jan		0-0,25	0-0,25
28.		9 : 00	HU	Unemployment rate (%)	Dec		-	4,4
		10 : 00	IT	Consumer confidence (point)	Jan		100,5	102,4
		11 : 00	EZ	EC Economic Sentiment Index (points)	Jan		-	90,4
		14 : 00	DE	CPI (preliminary, YoY, %)	Jan		0,7	-0,3
		14 : 30	US	GDP (preliminary, annualized QoQ, %)	Q4		-	33,4
		14 : 30	US	Initial jobless claims ('000s)	weekly		-	900
		14 : 30	US	Continuing jobless claims ('000s)	weekly		-	5054
		15 : 00	HU	1W deposit w fixed interest rate tender (IR %, HUFbn)	-		-	3891,8
		16 : 00	US	Leading index (MoM, %)	Dec		-	0,6
		16 : 00	US	New home sales (annualized monthly, '000s)	Dec		855,0	841,0
29.		7 : 30	FR	GDP (preliminary, QoQ, %)	Q4		-	18,7
		9 : 00	ES	GDP (preliminary, QoQ, %)	Q4		-1,5	16,4
		9 : 00	ES	Retail sales (YoY, %)	Dec		-	-4,3
		9 : 00	AT	GDP (preliminary, QoQ, %)	Q4		-	12,0
		9 : 00	HU	Gross wages (YoY, %)	Nov		-	8,8
		10 : 00	DE	GDP (QoQ, SA, preliminary, %)	Q4		0,0	8,5
		10 : 00	DE	GDP (preliminary, YoY, %)	Q4		-	-3,9
		14 : 30	US	Personal income (MoM, %)	Dec		0,1	-1,1
		14 : 30	US	Personal consumption (adjusted, MoM, %)	Dec		-	-0,4
		15 : 45	US	Chicago PMI (points)	Jan		58,0	59,5
31.		16 : 00	US	Pending home sales (MoM, %)	Dec		-	-2,6
		2 : 00	CN	NBS Non-manufacturing PMI (points)	Jan		-	55,7
		2 : 00	CN	NBS Manufacturing PMI (points)	Jan		-	51,9

*The first values in 'Fact' refers to the accepted volume, while 'Prev.' refers to the maturing amount on the current week.

Sources: Reuters, OTP Research

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

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

Global Markets Team

Individual Investment Sales Desk

Zsigmond Csillag
Head of Department
+36 1 288 7556
zsigmond.csillag@otpbank.hu

Frigyes Soós
+36 1 288 7571
SoosF@otpbank.hu

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

Botond Varga
+36 1 288 7552
Botond.Varga@otpbank.hu

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

Szemán Csaba
+36-1-288-7554
Csaba.Szeman@otpbank.hu

Institutional Sales Desk

Attila Preisz
Head of Department
+36 1 288 7526
Attila.Preisz@otpbank.hu

János Mladoniczki
+36 1 288 7551
MladoniczkiJ@otpbank.hu

Zoltán Ballai
+36 1 288 7545
Zoltan.Ballai@otpbank.hu

Kitti Palásthy
+36 1 288 7574
Kitti.Palasthy@otpbank.hu

Markets Corporate Sales Desk

János Imrei
Head of Department
+36 1 288 7544
Janos.Imrei@otpbank.hu

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

Edit Kovács Gyimóti
+36 1 288 7542
KovacsGyE@otpbank.hu

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

Fodor István
+36 1 288 7555
Istvan.Fodor.1@otpbank.hu

Andorka Rudolf Flórián
OTP Trader
+36 1 288 7558
Rudolf.Florian.Andorka.1@otpbank.hu

Péter Huck
OTP Trader
+36 1 288 7543
Peter.Huck.2@otpbank.hu

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