

OTP Morning Brief



- *Western Europe's indices closed higher*
- *Italy's PM Giuseppe Conte resigned*
- *Wall Street's indices edged lower*
- *Most earnings reports published on Tuesday beat expectations*
- *The IMF updated its World Economic Outlook*
- *The MNB bought fewer bonds in Tuesday's auction*
- *The dollar weakened against the euro*
- *The FOMC meeting concludes today*

Western Europe's stock indices closed higher; Italy's PM Giuseppe Conte resigned

Ending a day of steady growth, Western Europe's equity indices closed with gains on Tuesday. The pan-European Stoxx600 rose by 0.6%, largely fuelled by the chemical (+2.0%) and financial (+1.8%) sectors. Meanwhile, the dispute between AstraZeneca and the EU escalated as the company said it could not deliver the expected amount of its covid-19 vaccine, even though the European Medicines Agency authorizes it in few days' time. After surviving the vote of confidence in both the lower and upper houses of Italy's parliament, Prime Minister Giuseppe Conte resigned yesterday. However, based on the current balance of power in parliament, the most likely scenario is that he will form a new government.

UBS's share price surged 2.4%, benefiting from the pleasing figures in its fourth-quarter earnings report.

Tuesday's 0.7% increase ranked the BUX in the middle of the CEE region league table. MTelekom was the only Hungarian blue chip to miss out on gains.

Wall Street's indices closed slightly down; the IMF updated its global growth forecast

US stock exchanges hit new intraday highs but closed with slight losses. Corporate earnings reports were in the limelight: the better-than-expected figures sent General Electric's and Johnson & Johnson's share prices 2.7% higher, the positive surprise in 3M's report drove its stock price 3.3% higher; AMD posted a smaller gain of 0.6%. Microsoft released its cheering earnings figures after market hours.

The appointment of US Secretary of State Antony Blinken was approved by a large majority in the Senate yesterday. The IMF's updated growth outlook is more optimistic than its previous one, made last autumn. The IMF expects a strong recovery in the second half of 2021, due to the widespread use of vaccines and supportive fiscal policies.

The MNB bought fewer government securities at yesterday's auction

The stronger risk appetite drove long-term USD, EUR, and HUF yields higher in Tuesday's trading, when the 15Y and 20Y benchmark yields rose by 2-4 basis points. At yesterday's government bond purchase auction of the MNB, bids amounted to HUF 85 bn, but the MNB accepted only HUF 35 bn (as opposed to the usual amount, HUF 40 bn), probably because the central bank has nearly reached the 50% limit set on the purchased amount of bond series with over 10Y maturity in the QE programme. The Monetary Council's post-meeting press release emphasised the MC's readiness to extend the government securities purchases to include government securities with maturities of less than ten years. Demand was weak again in yesterday's 3M T-bill auction; the offer of HUF 15 bn attracted bids of HUF 23 bn only; the debt management agency sold the amount on offer.

In today's swap auctions, the ÁKK offers HUF 20 bn in 2027/B and 2029/B bonds each; to be swapped for 2023/B securities. The result of the MNB's collateralized loan tender will be published at 17:00 (CET) today.

Oil prices did not budge; the USD weakened against the EUR

Opposing forces shaped crude oil prices on Tuesday: the explosion in the Saudi capital and declining U.S. oil inventories pushed them higher, while rising coronavirus cases worldwide, and their negative effect on demand dragged oil prices down. Brent and WTI closed nearly flat.

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Gold has fallen due to rising coronavirus case numbers and uncertainty surrounding the new US stimulus package. Of the most important industrial metals, only tin rose further on Tuesday.

The dollar weakened against the euro; the U.S. 10Y Treasury Note yield has barely changed.

Today's highlights

Asia's stock markets were mixed this morning: those of Japan, Shanghai and Hong Kong inched up, the indices of South Korea and Australia stood in the red. The US dollar opened on a strong note against the yen. Brent and WTI futures both rose this morning.

Today's much-awaited event, the FOMC meeting is expected to leave Fed funds rate unchanged, but it is worth checking if there is a change in the Fed's communication.

The earnings' season is running at full speed; the financial figures of Apple, Tesla, Facebook and many others will be 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	3850	-0,1	2,5	VIX	23,0	-0,7	1	WTI	52,6	-0,3	8,4
	DOW	30937	-0,1	1,9	US 2Y	0,13	0,4	0	Brent	55,91	0,1	7,9
	Nasdaq100	13490	-2,6	4,7	US 10Y	1,04	0,0	13	Gold	1850,3	-0,3	-2,4
	DAX	13871	1,7	1,1	GER 2Y	-0,72	0,5	-1	Silver	25,44	0,6	-3,5
	CAC40	5524	0,9	-0,5	GER 10Y	-0,53	1,9	4	EUR/USD	1,2160	0,2	-0,4
	FTSE 100	6654	0,2	3,0	PT10Y	0,04	0,7	1	EUR/GBP	0,8851	-0,3	-1,0
	FTSE MIB	21987	1,2	-1,1	IT 10Y	0,62	-3,0	10	EUR/NOK	10,386	0,4	-0,8
	Stoxx600	408	0,6	2,2	SP 10	0,08	-0,2	2	USD/CAD	1,2689	-0,4	-0,3
	- Banks	99	1,8	0,1	ITRAXX	49,9	-2,2	5	AUD/USD	0,7743	0,5	0,6
	Nikkei 225	28697	0,5	4,6	JPY 2Y	-0,13	0,2	-1	USD/JPY	103,60	-0,1	0,3
SSEC	3570	0,0	2,8	JPY 10Y	0,04	0,6	2	GBP/USD	1,3733	0,4	0,4	
Regional	RTS	1423	0,8	2,6	RUS10	6,3	-0,3	6	USD/RUB	75,005	-0,4	1,6
	WIG20	1982	1,9	-0,1	POL 10	1,2	-2,0	-7	EUR/PLN	4,54	0,1	-0,3
	PX50	1056	-0,5	2,8	CZ10	1,3	-0,2	-1	EUR/RON	4,873	0,0	0,2
Hungary	BUX	43507	0,7	3,3	3M DKJ	0,34	0,0	6	EUR/HUF	359,1	0,5	-1,0
	OTP	13400	1,1	0,3	1Y	0,42	0,0	3	USD/HUF	295,3	0,3	-0,5
	MOL	2240	0,8	2,3	3Y	1,03	-1,0	34	CHF/HUF	332,8	0,3	-0,7
	MTelekom	400	0,0	5,3	5Y	1,43	0,0	7	PLN/HUF	79,0	0,3	-0,4
	Richter	8280	0,4	11,3	10Y	2,22	0,0	14	GBP/HUF	405,8	0,7	0,2

* 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	91,8	92,1
		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	-	35,0	-	40,0
		14 : 00	HU	Interest rate decision (%)	Jan	0,6	-	0,6
		15 : 00	US	Case-Shiller Home Price Index (YoY, %)	Nov	9,1	8,6	7,9
		16 : 00	US	Consumer confidence (point)	Jan	89,3	-	88,6
	27.	14 : 30	US	Durable goods orders (MoM, %)	Dec		0,9	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		875,0	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		865,0	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		-2,5	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		58,5	59,5
		16 : 00	US	Pending home sales (MoM, %)	Dec		-	-2,6
	31.	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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