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Summary

- Sentiment on the international markets was slightly positive, the BUX outperformed its peers
- The USD depreciated and the HUF appreciated against the leading FX-es
- Some FOMC member worry about that it will be necessary to increase rate faster than expected
- According to the Morgan Stanley's analyst, stock market rally will be over after Trump's inauguration

Sentiment was slightly positive on the international markets. In Europe, the DAX and the CAC40 did not change, but the FTSE100 increased by 0.2%. In the US, the S&P500 increased by 0.6% and the Nasdaq100 by 0.5%. Today morning the mood on the Asian market was subdued. While the Nikkei decreased by 0.2%, the SSEC increased by 0.4%.

According to the Fed Minutes, the reason for the December rate hike was that the markets reacted well to the results of the US presidential elections, and the market started to price a more aggressive fiscal policy. Some FOMC member expects, that due to the fiscal expansion, unemployment rate could reduce so fast, that it will warrant a more aggressive rate hike cycle than currently expected. Moreover the FOMC members believe that there are risks in connection of the US fiscal and trade policy.

According to the Morgan Stanley analysts, the stock market rally could end after Trumps inauguration, due to the fact that some company are overbought and its share price are not supported by the fundamentals.

The USD depreciated against the EUR by 0.8%, 0.7% against the GBP and 0.3% against the JPY. The HUF was strong yesterday, as it appreciated against the EUR by 0.5%, against the USD by 1.3%, and by 0.6% against CHF.

According to the preliminary data, inflation in the Eurozone increased from 0.6% to 1.1% in December. After a long time, energy was a positive contributor and the food, beverages, alcohol, and market services increased with an above average pace. It is a positive sign that inflation is increasing but it is still significantly less than the ECB's 2% target. Today's Hungarian employment data showed that unemployment rate declined to 4.5%. The budget balance was HUF 287 bn surplus in the Q3 and the 4 quarter rolling budget balance is in a 0.2% surplus. Today's most important data will be the US ADP employment index.

	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	2270,8	0,6	1,4	VIX	11,9	-7,8	-16	WTI	53,26	1,8	-1
	DOW	19942,2	0,3	1	US 2Y	1,23	0,8	4	Brent	56,46	1,8	-1
	Nasdaq100	4937,2	0,5	1,5	US 10Y	2,45	-0,2	2	Gold	1163,4	0,4	1
	DAX	11584,3	0,0	0,9	GER 2Y	-0,78	-0,2	2	Silver	16,42	0,9	3
	CAC40	4899,4	0,0	0,8	GER 10Y	0,28	0,7	7	EUR/USD	1,0486	0,8	-0,3
	FTSE 100	7189,7	0,2	1	PT10Y	3,89	-2,5	13	EUR/GBP	0,8508	0,1	0
	FTSE MIB	19626,6	0,3	2	IT 10Y	1,88	0,9	5	EUR/NOK	9,0094	0,0	-0,8
	Stoxx600	365,3	-0,1	1	SP 10	1,44	1,3	4	USD/CAD	1,3300	-0,9	-1,0
	- Banks	138,5	1,4	3	iTRAXX	67,9	-1,8	-6	AUD/USD	0,7283	0,8	0,9
	Nikkei 225	19520,7	-0,4	2	JPY 2Y	-0,19	0,0	-1	USD/JPY	117,24	-0,4	0
	SSEC	3165,4	0,2	2	JPY 10Y	0,07	0,0	2	GBP/USD	1,2317	0,7	0
Regional	RTS	1176,7	-1,1	2	RUS10	8,38	0,0	0	USD/RUB	60,275	-1,1	-2
	WIG20	1999,9	0,5	2,7	POL 10	3,71	-1,4	2	EUR/PLN	4,3653	-0,5	-0,9
	PX50	934,2	0,1	1,4	CZ10	0,50	-4,2	7	EUR/RON	4,5076	-0,3	-0,6

* In the case of bond yields, the change is in basispoint instead of percentage (VIX and ITRAXX not included).

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 1. 2.	9 : 45 IT	PMI (points)	Dec.	53,2	-	52,2
	3. 2 : 45 CN	Caixin Manufacturing PMI (points)	Dec.	51,9	50,7	50,9
	9 : 55 DE	Unemployment rate (%)	Dec.	6,0	6,0	6,0
	14 : 00 DE	CPI (preliminary, yoy, %)	Jan.	1,7	1,5	0,8
	16 : 00 US	Construction expenditure (mom, %)	Nov.	0,9	0,5	0,5
	16 : 00 US	ISM Manufacturing PMI (points)	Dec.	54,7	53,5	53,2
4.	9 : 00 HU	Producer prices (yoy, %)	Nov.	-0,5		-1,2
	11 : 00 EZ	CPI (preliminary, yoy, %)	Jan.	1,1	1,0	0,6
	14 : 15 US	ADP non-farm employment (mom, '000s)	Dec.		173,0	216,0
	19 : 30 US	Vehicle sales (annualized monthly, million)	Dec.	18,4	17,7	17,9
	20 : 00 US	FOMC Minutes	Dec.			
5.	9 : 00 HU	Unemployment rate (3-month average, %)	Nov.			4,7
	9 : 00 HU	Fiscal balance (monthly, billion HUF)	Dec.			2,0
	9 : 15 CH	CPI (yoy, %)	Dec.			-0,3
	16 : 00 US	ISM non-Manufacturing PMI (points)	Dec.		56,7	57,2
6.	8 : 00 DE	Industrial orders (mom, %)	Nov.		-2,5	4,9
	9 : 00 HU	Retail sales (first estimate, yoy, %)	Nov.			2,6
	9 : 00 CZ	Industrial production (yoy, %)	Nov.			-1,7
	10 : 00 RO	Interest rate decision (%)	Jan.			1,8
	11 : 00 EZ	Retail sales (mom, %)	Nov.		-0,4	1,1
	11 : 00 EZ	EC Economic Sentiment Index (points)	Dec.		106,8	106,5
	14 : 30 US	Unemployment rate (%)	Dec.		4,7	4,6
	14 : 30 US	Non-farm payroll (mom, '000s)	Dec.		175,0	178,0
	14 : 30 US	Average earning (mom, %)	Dec.		0,3	-0,1

*Preliminary data

Source: Reuters, OTP Research

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