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### Summary

- At the end of an uneventful day, Europe's stock markets inched up and US benchmark edged down
- The dollar's weakening continued, the yen rose; gold price increased yesterday
- The December job market data are due out in the USA today

Europe's leading stock indices traded in a narrow range yesterday, nudging less than 0.1% higher. The FTSE was up six points (or 0.03%), the DAX added one basis point, and the CAC40 crept 3 bps higher on Thursday. The Stoxx600's 0.1% climb brought its year-to-date gain to 1.2%. After the publication of the Fed minutes on Wednesday the USD lost 0.8% against the EUR, and the single European currency's appreciation continued on Thursday. This did not benefit exporters in Europe, where car manufacturers were hit particularly hard at the beginning of the day, but wiped off these losses later in the day: Volkswagen advanced 0.6%, Daimler went up 0.3%, Peugeot rallied 1.3%, and Renault climbed 0.5% higher. In corporate headlines, the US Department of Justice is to impose USD 95 million fine on Deutsche Bank, half of the amount the USA had demanded from the financial institution in the lawsuit launched in 2014. At first, investors cheered and pushed the banking share price 0.9% higher in the morning, but it fell more than 2% by the end of the day. In the United Kingdom, the Persimmon building company went through the roof (+7.2%) after reporting an increase in its 2016 revenue owing to the strong demand. A stock strategist at Citigroup warns to be cautious with European shares as political uncertainty may worsen the positive effect of cheap pricing and improving economic outlook.

US stock indices closed mixed: the Dow slipped 0.2%, the S&P500 shed 0.1%, and the small-cap Russell 2000 fell 1.2% while the NASDAQ100 soared 0.6%. The worse-than-expected employment figure discouraged investors, and despite wiping off some of the initial losses, most indices closed in the red. Within the S&P, the financial sector (the biggest winner of the Trump rally) fell sharpest, but the industry and basic materials sectors also underperformed. The brightest performers were the defensive stocks, health care, consumer staples, and real property names. The consumption sector did not fare well: Macy's slashed its profit forecast, and announced cutting 6,200 jobs; its share price plunged 14%. Another retail chain, Kohl's nose-dived 19%, after cutting its profit forecast for the 2016 financial year. The tech sector was primarily bolstered by the internet segment; Yahoo! surged 3.2%, Facebook grew by 1.7%, and Google ground 0.7% higher. Software companies fared well too: the share price of Symantec increased by 1.8% and that of Adobe gained 1.7%.

Japan's stock markets opened on a weak note, the USD's weakening versus the yen did not help companies exposed to exports. The sour sentiment persisted until the end of the day; the Nikkei closed 0.3% down. The benchmark indices of China and Hong Kong closed in the red.

In Thursday's trading the USD's continued weakening pushed the EUR/USD 1.1% higher and the USD/JPY 1.6% lower. The pound sterling firmed 0.7% versus the greenback.

Oil prices have increased: the Brent upped 0.6% and the WTI advanced 0.9%. The price of gold added 1.4% and that of silver grew by 0.5%. In industrial metals, copper fell considerably, by 1.1%.

The November reading of month/month German factory orders fell sharper than expected, and so did the year/year retail sales figure. This morning a string of sentiment indices is due out in a number of eurozone countries.

Today's most awaited publication is the US non-farm payroll data. Because of the snowstorms in the Washington area, the way of release may be unusual, and there might be a delay too. In some forecasts the number of US non-farm jobs may have risen by 178,000 in December, and the manufacturing employment may have contracted. Analysts expect a slight decrease in the unemployment rate. The November gauge on factory orders will see the light of day too.

|                 | Stocks       |         |                  |         | Bonds        |       |               |      | Commodity & FX |        |                  |         |
|-----------------|--------------|---------|------------------|---------|--------------|-------|---------------|------|----------------|--------|------------------|---------|
|                 | Product name | Close   | Daily change (%) | YTD (%) | Product name | Yield | Daily change* | YTD* | Product name   | Close  | Daily change (%) | YTD (%) |
| <b>Global</b>   | S&P500       | 2269,0  | -0,1             | 1,3     | VIX          | 11,7  | -1,5          | -17  | WTI            | 53,76  | 0,9              | 0       |
|                 | DOW          | 19899,3 | -0,2             | 1       | US 2Y        | 1,18  | -5,6          | -2   | Brent          | 56,89  | 0,8              | 0       |
|                 | Nasdaq100    | 4965,0  | 0,6              | 2,1     | US 10Y       | 2,37  | -8,4          | -6   | Gold           | 1180,4 | 1,5              | 3       |
|                 | DAX          | 11584,9 | 0,0              | 0,9     | GER 2Y       | -0,72 | 5,1           | 7    | Silver         | 16,57  | 0,9              | 4       |
|                 | CAC40        | 4900,6  | 0,0              | 0,8     | GER 10Y      | 0,26  | -2,0          | 5    | EUR/USD        | 1,0603 | 1,1              | 0,9     |
|                 | FTSE 100     | 7195,3  | 0,1              | 1       | PT10Y        | 4,03  | 13,7          | 27   | EUR/GBP        | 0,8536 | 0,3              | 0       |
|                 | FTSE MIB     | 19642,8 | 0,1              | 2       | IT 10Y       | 1,95  | 6,5           | 12   | EUR/NOK        | 8,9931 | -0,2             | -1,0    |
|                 | Stoxx600     | 365,6   | 0,1              | 1       | SP 10        | 1,49  | 5,4           | 10   | USD/CAD        | 1,3223 | -0,6             | -1,5    |
|                 | - Banks      | 139,4   | 0,6              | 4       | iTRAXX       | 68,2  | 0,5           | -6   | AUD/USD        | 0,7336 | 0,7              | 1,7     |
|                 | Nikkei 225   | 19454,3 | -0,3             | 2       | JPY 2Y       | -0,20 | 0,0           | -2   | USD/JPY        | 115,34 | -1,6             | -1      |
|                 | SSEC         | 3154,3  | -0,4             | 2       | JPY 10Y      | 0,06  | 0,0           | 1    | GBP/USD        | 1,2413 | 0,8              | 1       |
| <b>Regional</b> | RTS          | 1180,3  | 0,3              | 2       | RUS10        | 8,38  | 0,0           | 0    | USD/RUB        | 59,341 | -1,5             | -3      |
|                 | WIG20        | 1998,8  | -0,1             | 2,6     | POL 10       | 3,67  | -0,9          | 1    | EUR/PLN        | 4,3598 | -0,1             | -1,0    |
|                 | PX50         | 934,1   | 0,0              | 1,4     | CZ10         | 0,49  | -3,2          | 4    | EUR/RON        | 4,5039 | -0,1             | -0,7    |

\* 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.   | 153,0 | 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.   | 4,5   | -     | 4,7   |
|            | 9 : 15 CH    | CPI (yoy, %)                                | Dec.   | 0,0   | 0,0   | -0,3  |
|            | 16 : 00 US   | ISM non-Manufacturing PMI (points)          | Dec.   | 57,2  | 56,7  | 57,2  |
| 6.         | 8 : 00 DE    | Industrial orders (mom, %)                  | Nov.   | -2,5  | -2,3  | 5,0   |
|            | 9 : 00 HU    | Retail sales (first estimate, yoy, %)       | Nov.   | 4,7   | -     | 2,6   |
|            | 9 : 00 HU    | Industrial output (yoy, %), preliminary     | Nov.   | 0,6   | 1,0   | -2,1  |
|            | 9 : 00 HU    | Fiscal balance (monthly, billion HUF)       | Dec.   |       |       | 2,0   |
|            | 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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