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Summary

- Friday's trading was fairly optimistic
- The USD regained some strength
- Trump's fiscal programme may overheat the US economy, some think tanks opine
- Germany's trade data have topped expectations
- Angela Merkel will speak about the European Union's future today

There was buoyant if low-volatility trading on global markets on Friday, when US stock markets outperformed those of Europe. Of the latter's benchmarks, the DAX upped 0.1%, the CAC40 and the FTSE 100 rose by 0.2%. In the USA, the S&P500 closed 0.4% higher, and the NASDAQ100 advanced 0.88%. Bond yields nudged higher in Friday's trading: US 2Y and 10Y yields climbed 4 and 5 basis points respectively, thus the yield on US 10Y Treasury note is above 2.4%. In the morning hours, Japan's Nikkei advanced almost 1%, and China's SSEC grew by 0.5%, signifying that Asia opened on a bright note.

In Friday's trading, oil price increased by 0.4%, while precious metal prices inched down. The USD appreciated 0.7% vs. the EUR, 1.1% against the GBP and 1.4% versus the JPY.

The US legislation certified Electoral College votes, and thus Donald Trump's presidential victory. Analysts at CEBR opine that given the scarcity of available labour in the USA, if Trump delivers on his campaign promises, his economic stimulus programme may easily overheat America's economy, and drive inflation above 2%. Capital Economics, a research consultancy, estimates that Trump's programme may drive core inflation above 3%, and accordingly, the Fed may be forced to raise interest rates four times both in 2017 and 2018, instead of the expected three hikes per year. As a result, in analysts' estimate, the EUR/USD may sink to 0.95 by the end of 2017. A research by Bank of America Merrill Lynch delves into the consequences of Trump calling China a manipulator. Of the three criteria to be a currency manipulator, China meets only one (its trade surplus against the USA exceeds USD 20 billion – it was USD 366 billion in 2015). Under US legislation, naming China a currency manipulator triggers a one-year period of intensive talks, and if they fail, the US president may forbid access to US development funds, may exclude Chinese companies from US public procurement, request the IMF to step up its supervision, and he may instigate a revision of the bilateral trading agreements. But researchers remark that it is a long way to go, and it may not be completed during Trump's first presidency, adding that in contrast with Japan's voluntary export restraints in the 1980s, China will not surrender.

Britain's Prime Minister Theresa May said in an interview on Sunday that the top priority of Brexit talks is to regain control over immigration and legislation, even if it necessitates quitting the single market. Researchers at the Civitas institute say that Britain is developing a programme costing GBP 10 billion a year, to compensate British companies for the higher customs duties stemming from Brexit, in a bid to preserve their competitiveness. Of the 161 top managers responding to the FTI pollster, 51% expect that Brexit will benefit their businesses.

Of the string of data Germany released this morning, industrial output slightly undershot forecasts, while favourable exports and imports figures meaningfully surpassed expectations. Later in the day, the Sentix investor sentiment index and unemployment statistics are due out from the eurozone. But the most important event of the day will be Chancellor Merkel's speech on the future of the European Union.

	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	2277,0	0,4	1,7	VIX	11,3	-3,0	-19	WTI	53,99	0,4	1
	DOW	19963,8	0,3	1	US 2Y	1,22	4,0	2	Brent	57,10	0,4	0
	Nasdaq100	5007,1	0,8	2,9	US 10Y	2,42	5,0	-1	Gold	1172,7	-0,6	2
	DAX	11599,0	0,1	1,0	GER 2Y	-0,73	-0,6	6	Silver	16,48	-0,5	3
	CAC40	4909,8	0,2	1,0	GER 10Y	0,31	5,0	10	EUR/USD	1,0530	-0,7	0,2
	FTSE 100	7210,1	0,2	1	PT10Y	4,05	2,1	29	EUR/GBP	0,8570	0,4	1
	FTSE MIB	19687,7	0,2	2	IT 10Y	1,97	2,4	14	EUR/NOK	8,9952	0,0	-1,0
	Stoxx600	365,5	-0,1	1	SP 10	1,55	5,6	15	USD/CAD	1,3235	0,1	-1,5
	- Banks	139,6	0,2	4	iTRAXX	68,3	0,2	-6	AUD/USD	0,7291	-0,6	1,1
	Nikkei 225	19609,7	0,8	3	JPY 2Y	-0,21	0,0	-3	USD/JPY	116,91	1,4	0
SSEC	3169,9	0,5	2	JPY 10Y	0,06	0,0	1	GBP/USD	1,2280	-1,1	0	
Regional	RTS	1172,6	-0,7	2	RUS10	8,38	0,0	0	USD/RUB	59,558	0,4	-3
	WIG20	1998,8	0,0	2,6	POL 10	3,67	0,0	1	EUR/PLN	4,3519	-0,2	-1,2
	PX50	937,5	0,4	1,7	CZ10	0,49	1,0	5	EUR/RON	4,5035	0,0	-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. 9.	8 : 00 DE	Industrial production (mom, %)	Nov.	53,2	-	0,3
	2 : 45 DE	Export (mom, %)	Dec.	51,9	50,7	50,9
	8 : 00 DE	Import (mom, %)	Nov.	3,5	0,2	1,3
	9 : 00 HU	Trade balance (preliminary, million euro)	Nov.	908,0	883,0	891,0
	9 : 15 CH	Retail sales (yoy, %)	Nov.		-	-0,5
	9 : 30 UK	Halifax house prices (mom, %)	Dec.		0,2	0,2
	10 : 30 EZ	Sentix Investor confidence (points)	Jan.		12,5	10,0
	11 : 00 EZ	Unemployment rate (%)	Nov.		9,8	9,8
10.	2 : 30 CN	Producer prices (yoy, %)	Dec.		4,5	3,3
	2 : 30 CN	CPI (yoy, %)	Dec.		2,3	2,3
	2 : 30 CN	CPI (mom, %)	Dec.		0,3	0,1
	6 : 00 JP	Consumer sentiment index	Dec.		-	40,9
	7 : 45 CH	Unemployment rate (%)	Dec.		-	3,3
	12 : 00 US	NFIB Business optimism index	Dec.		-	98,4
	16 : 00 US	Wholesale inventories (mom, %)	Nov.		0,9	0,9
	11 : 30 UK	Industrial production (mom, %)	Jan.		-	1,5
12.	8 : 00 PL	Interest rate decision (%)	Nov.		-	-0,7
11.	10 : 30 RO	Industrial production (mom, %)	Nov.		0,7	-1,3
	8 : 00 DE	Wholesale price index (mom, %)	Dec.		-	0,1
	9 : 00 HU	Industrial production (final, yoy, %)	Nov.		-	0,6*
	11 : 00 EZ	Industrial production (mom, %)	Nov.		0,5	-0,1
	20 : 00 US	Federal budget balance (USDbn)	Dec.		-	-137,0
13.	3 : 00 CN	Export (yoy, %)	Dec.		-3,5	0,1
	3 : 00 CN	Import (yoy, %)	Dec.		2,7	6,7
	3 : 00 CN	Trade balance (monthly, billion USD)	Dec.		46,5	44,2
	9 : 00 HU	Core inflation (yoy, %)	Dec.		-	1,6
	9 : 00 HU	Inflation (yoy, %)	Dec.		1,6	1,1
	14 : 30 US	Retail sales (mom, %)	Dec.		0,7	0,1

Source: Reuters, OTP Research

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