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Summary

- The week started on a negative note; 'hard Brexit' concerns ruled markets
- Today Theresa May is expected to announce Britain's exit from the single market of the EU
- The GBP lost 1.6% versus the USD.
- America's markets were closed; the negative sentiment reached Asia too.

Theresa May's speech, scheduled for today, kept money and equity markets anxious; worries surrounding 'hard Brexit' have intensified. Markets anticipate that the UK Prime Minister's speech will reveal more specifics about Britain's position on leaving the EU than before ('Brexit means Brexit'). It is expected that Brexit would come with the United Kingdom's giving up its membership in the single market in return for keeping its control over immigration and legislation. The Stoxx600 slipped 0.8% on Monday, while the FTSE100 shed 0.2%. The FTSE's weakening was slowed by the firming of exporters as the GBP weakened 1.6% vs the USD during European trading; the GBP/USD sank to 1.1986. Within the Stoxx600, only mining companies could climb higher, and the biggest losers were banks, insurance companies, and carmakers. Goldman worsened its investment recommendation for the Royal Bank of Scotland, citing the bank's sizeable exposure to political risks. In corporate headlines, the French-based Essilor, an ophthalmic lens producer announced to buy Italy's Luxottica Group (the manufacturer of Ray-Ban sunglasses) for EUR 22.8 billion, triggering 12% and 8% jumps in their share prices.

The sour sentiment in the Western part of Europe had little impact on the CEE region: the WIG20 (0.5%) and the BUX (0.1%) made small gains, while the PX50 closed 0.4% down.

America's markets were closed yesterday.

The EUR dropped against the USD, while the yen's appreciation continued. The Turkish lira was under selling pressure again: after Friday's recovery of the lira, the USD/TRY grew by 2.3% by the end of European trading on Monday. The Polish zloty could slightly firm against the EUR.

Most of Asia's stock exchanges opened in the red and they failed to creep higher as 'hard Brexit' fears made investors risk-averse. The Nikkei dropped 1.5%; market experts opine that the expectations about Donald Trump's economic stimulus policy and the Bank of Japan's ETF purchases help stock prices' increase in the short term, but the upward trend may end by mid-2017. The Shanghai Composite advanced 0.2%, and the Shenzhen corrected after Monday's 3% plunge.

In the United Kingdom, the 10Y bond yield dropped by five basis points. Germany's 2Y and 10Y Bund yield declined by two and one basis points respectively.

The increased demand for safer assets left its mark on the market of precious metals: gold and silver prices nudged higher; industrial metals also had a good day. Copper and zinc futures rose by 1.2% and 2.3% respectively. Crude upped 0.5%.

Household-consumption-driven growth may exhaust, the Bank of England's governor warned yesterday. Mark Carney said that the BoE's decision-makers are monitoring the weaker pound's pass-through into prices. At this point, the consumption is growing solidly in the UK, and global growth outlook is stronger, but the expansion in consumption will be slower and less sustainable. Households' answer to higher inflation will be crucial as the United Kingdom is leaving the EU, but the governor re-iterated the BoE's neutral stance on interest rates.

Japan's industrial production shrank by 1.4% in November, better than the expected 4.6% contraction, the final data show.

Today the United Kingdom is to publish the December inflation data, and the ZEW research institute is to release its economic sentiment index for the eurozone and Germany. Markets expect both gauges to improve.

In the USA the New York Empire State manufacturing index is due 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	2274,6	0,0	1,6	VIX	11,2	0,0	-20	WTI	52,27	-0,2	-3
	DOW	19885,7	0,0	0,6	US 2Y	1,19	0,0	0	Brent	55,86	0,7	-2
	Nasdaq100	5059,5	0,0	4,0	US 10Y	2,38	0,0	-5	Arany	1202,8	0,5	4
	DAX	11554,7	-0,6	0,6	GER 2Y	-0,73	-2,3	6	Ezüst	16,76	-0,2	5
	CAC40	4882,2	-0,8	0,4	GER 10Y	0,33	-1,0	12	EUR/USD	1,0600	-0,4	0,8
	FTSE 100	7327,1	-0,1	2,6	PT10Y	3,84	-7,5	8	EUR/GBP	0,8793	0,6	3
	FTSE MIB	19247,3	-1,4	0,1	IT 10Y	1,91	0,5	9	EUR/NOK	9,0425	-0,1	-0,5
	Stoxx600	363,0	-0,8	0,4	SP 10	1,43	0,1	3	USD/CAD	1,3173	0,5	-1,9
	- Banks	137,0	-1,6	2,1	iTRAXX	69,2	0,7	-4	AUD/USD	0,7475	-0,3	3,6
	Nikkei 225	18813,5	-1,5	1,6	JPY 2Y	-0,22	-0,8	-5	USD/JPY	114,18	-0,3	-2
	SSEC	3108,8	0,2	0,2	JPY 10Y	0,05	-0,4	0	GBP/USD	1,2043	-1,1	-2
Regional	RTS	1151,1	-0,6	-0,1	RUS10	8,06	0,8	-4	USD/RUB	59,857	0,4	-2
	WIG20	2025,25	0,5	4,0	POL 10	3,63	-1,0	0	EUR/PLN	4,3690	-0,2	-0,8
	PX50	927,1	-0,4	0,6	CZ10	0,36	9,2	-24	EUR/RON	4,5000	0,2	-0,8

* 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. 16. 9 : 00	HU	Construction output (yoy, %)	Nov.	-14,4	-	-12,8
17. 2 : 45	UK	CPI (yoy, %)	Dec.		50,7	50,9
11 : 00	DE	ZEW Economic Sentiment (points)	Jan.		16,5	13,8
14 : 30	US	New York Fed Manufacturing index (points)	Jan.		10,0	9,0
21 : 30	US	Janet Yellen speech	Jan.		-	-
18. 8 : 00	DE	CPI (final, yoy, %)	Dec.		1,7	1,7*
11 : 00	EZ	CPI (final, yoy, %)	Dec.		1,1	1,1*
14 : 30	US	CPI (yoy, %)	Dec.		2,1	1,7
14 : 30	US	CPI (mom, %)	Dec.		0,3	0,2
14 : 30	US	core-CPI (yoy, %)	Dec.		2,2	2,1
14 : 30	US	core-CPI (yoy, %)	Dec.		0,2	0,2
15 : 15	US	Industrial production (mom, %)	Dec.		0,4	-0,4
20 : 00	US	Beige Book	Jan.		-	-
19. 13 : 45	EZ	Interest rate decision (lending rate, %)	Jan.		0,0	0,0
13 : 45	EZ	Interest rate decision (deposit rate, %)	Jan.		-0,4	-0,4
14 : 00	PL	Retail sales (yoy, %)	Dec.		6,1	6,6
14 : 30	US	Building permits (annualized monthly, '000s)	Dec.		1220	1212
14 : 30	US	New home sales (annualized monthly, '000s)	Dec.		1195	1090
20. 3 : 00	CN	Industrial production (yoy, %)	Dec.		6,1	6,2
3 : 00	CN	Retail sales (yoy, %)	Dec.		10,7	10,8
3 : 00	CN	Infrastructural spending (yoy, %)	Dec.		8,3	8,3
3 : 00	CN	GDP (preliminary, qoq, %)	Q4		1,7	1,8
3 : 00	CN	GDP (preliminary, yoy, %)	Q4		6,7	6,7
9 : 00	HU	Gross wages (yoy, %)	Nov.		-	5,4
10 : 30	UK	Retail sales (mom, %)	Dec.		0,2	0,2

*preliminary data

Source: Reuters, OTP Research

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