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Summary

- Western Europe's indices closed mixed on Wednesday.
- Goldman and Citigroup have published their Q4 earnings figures.
- China's growth data have been artificially adjusted higher for years, a high-ranking official admitted in a work report.
- Janet Yellen talked about the continuation of the rate tightening cycle; the dollar made a strong rally on currency markets.
- The ECB Governing Council's first rate decision this year is expected to leave monetary conditions in place today.

Western Europe's key indices closed mixed yesterday, when Germany's DAX (+0.5%) was the brightest performer. At the outset, the engine of the German stock market growth was E.On (+1.5%), gaining from Barclays' new trade recommendation to Overweigh (up from equal weight) and raising the target price to EUR 8.5 (more than one euro above Wednesday's closing price). The whole utilities sector benefited from news on this upgrade. Yet a 3% rally by the close made Adidas the winner of the day in Frankfurt.

Credit Suisse signed an agreement with US authorities to pay USD 5.3 billion fine for misleading investors of mortgage-backed securities before 2008, similarly to Deutsche Bank.

America's markets ended with modest gains, only the Dow (-0.1%) sank into the red by the close. Two big banks published their Q4 figures on Wednesday. In terms of earnings per share, both Goldman Sachs and Citigroup have beaten analysts' expectations, but regarding revenue line, only Goldman surprised on the upside; Citi's figures somewhat undershot expectations. Nevertheless, Goldman (-0.6%) and Citi (-1.7%) both closed in the red.

China's economic growth data have been fabricated in the years between 2011 and 2014, the governor of Liaoning province admitted in an annual work report. The country's fourth-quarter GDP data are due out on Friday; the forecast on it is the same as the figures of the previous quarters. Mainland China's Shanghai Composite and Hong Kong's Hang Seng stood 4% in the red ahead of the close, while Japan's Nikkei225 marched 1% higher, owing to the weakening yen.

The US 10Y yield rose by six basis points, to 2.39%, while the German 10Y yield barely changed.

There was a huge rally on the US dollar's market, after Janet Yellen's words about the Fed's readiness to hike rates if the US economic growth continues. Speaking in San Francisco, she said that America is nearing full employment, prices are stable, and she trusts in further improvement. Continuing the rate increase cycle with a few hikes a year, the Fed wants to raise the benchmark rate close to its 3% target. The Fed chair's words were substantiated by the inflation indices published yesterday, which signified a steady five-month increase in the cost of living. The US dollar gained 1.6% ground against the yen (USD/JPY: 114.6) and 0.8% versus the euro (EUR/USD: 1.06).

Crude futures fell more than 2%, and precious metal prices also sank around 1% on Wednesday. In industrial metals, zinc's 1.4% rise was the biggest move.

Today's most important event, the ECB Governing Council's first rate decision this year, is expected to leave monetary conditions in place.

	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	2271,9	0,2	1,5	VIX	12,5	5,1	-11	WTI	51,21	-2,6	-5
	DOW	19804,7	-0,1	0,2	US 2Y	1,19	3,7	0	Brent	53,92	-2,8	-5
	Nasdaq100	5055,9	0,5	4,0	US 10Y	2,39	6,0	-4	Arany	1203,5	-1,1	5
	DAX	11599,4	0,5	1,0	GER 2Y	-0,71	1,9	8	Ezüst	17,02	-0,8	7
	CAC40	4853,4	-0,1	-0,2	GER 10Y	0,35	3,8	14	EUR/USD	1,0630	-0,8	1,1
	FTSE 100	7247,6	0,4	1,5	PT10Y	3,82	-1,0	6	EUR/GBP	0,8666	0,4	2
	FTSE MIB	19358,1	0,3	0,6	IT 10Y	1,95	3,9	13	EUR/NOK	9,0262	-0,3	-0,7
	Stoxx600	363,1	0,2	0,5	SP 10	1,46	5,0	7	USD/CAD	1,3269	1,7	-1,2
	- Banks	137,9	-0,2	2,8	iTRAXX	69,2	-0,7	-4	AUD/USD	0,7505	-0,8	4,0
	Nikkei 225	18813,5	-1,5	1,6	JPY 2Y	-0,23	0,1	-5	USD/JPY	114,65	1,8	-2
SSEC	3101,3	-0,4	-0,1	JPY 10Y	0,08	2,0	3	GBP/USD	1,2257	-1,3	-1	
Regional	RTS	1151,7	-0,4	-0,1	RUS10	8,07	0,5	-4	USD/RUB	59,470	0,2	-3
	WIG20	2005,65	-0,5	3,0	POL 10	3,63	0,1	0	EUR/PLN	4,3617	0,0	-1,0
	PX50	925,9	0,3	0,5	CZ10	0,35	0,0	-25	EUR/RON	4,4925	-0,2	-0,9

* 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.	1,6	50,7	50,9
11 : 00	DE	ZEW Economic Sentiment (points)	Jan.	16,6	18,3	13,8
14 : 30	US	New York Fed Manufacturing index (points)	Jan.	6,5	8,5	9,0
21 : 30	US	Janet Yellen speech	Jan.	-	-	-
18. 8 : 00	DE	CPI (final, yoy, %)	Dec.	1,7	1,7	1,7*
11 : 00	EZ	CPI (final, yoy, %)	Dec.	1,1	1,1	1,1*
14 : 30	US	CPI (yoy, %)	Dec.	2,1	2,1	1,7
14 : 30	US	CPI (mom, %)	Dec.	0,3	0,3	0,2
14 : 30	US	core-CPI (yoy, %)	Dec.	2,2	2,2	2,1
14 : 30	US	core-CPI (yoy, %)	Dec.	0,2	0,2	0,2
15 : 15	US	Industrial production (mom, %)	Dec.	0,8	0,6	-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.		1125	1212
14 : 30	US	New home sales (annualized monthly, '000s)	Dec.		1200	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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