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Summary

- President Trump's immigration ban has shaken equity markets. Safe haven assets have come to the fore.
- Stock indices closed down on both sides of the Atlantic. Airline and tech companies were hit the hardest.
- The IMF finds Greece's debt path unsustainable; even the new tranche of the bailout package could be at risk.
- Apple and Pfizer are to publish their earnings figures today

President Trump's presidential order to ban immigration has sobered up investors; the re-consideration of the political and economic risks surrounding the Trump administration ultimately ended the rally that began after the US presidential election, and triggered a selloff on the world's stock markets. In Europe, the Stoxx600 index shrank 1.1%. The sectors that had been the strongest ones in the last quarter of 2016 (commodity producers, the energy sector, and financial service providers) have become the biggest losers. The FTSE shed 0.9%, and the DAX closed 1.1% down. The Greek ASE index's 3.5% tumble was the worst performance in Western Europe, as Greece admitted that many of the economic adjustments required for drawing the next tranche of the 2013 rescue package had not been done. Meanwhile the IMF warned that Greece's debt path was unsustainable. Other stock markets of the EZ periphery countries also suffered on Monday: Italy's MIB index eased 3.0%, the Portuguese benchmark slumped 2.8%, and Spain's IBEX35 slid 1.5%. Investors sold the bonds of vulnerable economies: Greece's 10Y yield grew by 48 basis points yesterday; Italy's and Portugal's bond yields also jumped higher.

In the USA the Dow and the S&P also dipped 0.6% each, the NASDAQ100 and the Composite indices both lost 0.8%. President Trump's immigration ban hit airline companies the hardest: American Airlines descended 4.4%, Delta Airlines sank 4.0%, and United Airlines' share price came down 3.6%. FedEx contracted by 1.4% and UPS shrank 0.9%. Within the S&P, energy, manufacturing, technology and financial shares saw the heftiest losses, whereas defensive sectors outperformed compared to the benchmark. Only the real property sector's index closed in positive territory. Much of the energy sector's ailing can be put down to the lower crude prices. WTI futures for March dropped 1% and the Brent became 0.5% cheaper. According to the data published by Baker Hughes on Friday, the number of active oilrigs in the USA grew by 15 last week, to 566; producers have been boosting output for the eight month in a row. America's crude inventories are expected to have surged by three million barrels last week, the statistics will be released tomorrow. JPMorgan Chase's sector analyst opines that the rise in oil price will not last long, given the likely collapse of the OPEC output limitation and the subsequent stronger production in OPEC countries at the end of 2017 and 2018. The US immigration ban will particularly hit technology companies, where the ratio of immigrant labour is above the average. The restriction of immigration may bring about a radical change in the current employment routine for technology companies, resulting in higher wage costs.

The Q4 earnings season may hold surprises for this week. Of the S&P500 companies, 219 have issued their reports, with 73% giving account of better-than-expected results. In the United States, Apple, Exxon Mobil, Pfizer and the sports apparel maker Under Armour are to publish their earnings report today. In Japan Canon, Kyocera and Nintendo will release their quarterly figures.

The negative sentiment did not evaporate from the world's markets during Asian trading; the Nikkei closed 1.7% in the red. Nintendo's Q4 report has surpassed expectations. The Shanghai stock exchange is closed to observe lunar new year.

On currency markets, the dollar weakened versus the EUR, GBP and JPY on Monday. The CHF benefited from the increased demand for safe haven assets.

In the commodity world, risk-averse players sought gold, driving its price 0.7% higher in yesterday's session. Rubber futures expanded by more than 6%, owing to higher risks surrounding production in Thailand.

The eurozone's economic sentiment and consumer confidence indices printed better-than-expected figures. The former improved to 108.2 in January, up from 107.8 a month earlier, to a level unseen since 2011. This may bode well for this year's GDP growth in the eurozone.

The January inflation accelerated to 1.9% year/year in Germany according to preliminary data, chiefly because of the rise in energy prices.

This morning the Bank of Japan left its base rate at -0.1%, as expected.

Today GDP statistics will see the light of day in France and in the eurozone.

The USA will release home price statistics for November; the Chicago PMI, and the January reading of the consumer sentiment 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	2280,9	-0,6	1,9	VIX	11,9	12,3	-15	WTI	52,63	-1,0	-2
	DOW	19971,1	-0,6	1,1	US 2Y	1,21	0,0	1	Brent	55,23	-0,5	-3
	Nasdaq100	5129,3	-0,7	5,5	US 10Y	2,48	0,2	5	Gold	1195,0	0,3	4
	DAX	11681,9	-1,1	1,7	GER 2Y	-0,67	-1,3	12	Silver	17,11	-0,1	7
	CAC40	4784,6	-1,1	-1,6	GER 10Y	0,45	-1,5	24	EUR/USD	1,0692	0,0	1,7
	FTSE 100	7118,5	-0,9	-0,3	PT10Y	4,22	9,6	46	EUR/GBP	0,8562	0,3	1
	FTSE MIB	18759,4	-2,9	-2,5	IT 10Y	2,32	8,2	50	EUR/NOK	8,8900	-0,4	-2,2
	Stoxx600	362,6	-1,0	0,3	SP 10	1,63	4,1	24	USD/CAD	1,3116	-0,3	-2,3
	- Banks	139,8	-1,8	4,3	ITRAXX	72,1	2,7	0	AUD/USD	0,7552	0,1	4,7
	Nikkei 225	19041,3	-1,7	0,4	JPY 2Y	-0,20	1,4	-2	USD/JPY	113,76	-1,1	-3
SSEC	3159,2	0,0	1,8	JPY 10Y	0,09	0,5	4	GBP/USD	1,2482	-0,5	1	
Regional	RTS	1175,6	-1,7	2,0	RUS10	8,23	1,0	-2	USD/RUB	59,858	0,1	-2
	WIG20	2051,49	-1,6	5,3	POL 10	3,97	3,7	9	EUR/PLN	4,3322	0,0	-1,6
	PX50	930,8	-0,6	1,0	CZ10	0,44	-4,8	-6	EUR/RON	4,4966	-0,6	-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. 30.	9 : 00 ES	GDP (preliminary, mom, %)	Q4	0,7	-	0,7
	2 : 45 HU	Unemployment rate (%)	Dec.	4,4	50,7	50,9
	14 : 00 DE	CPI (preliminary, yoy, %)	Jan.	1,9	2,0	1,7
	14 : 30 US	Personal income (mom, %)	Dec.	0,3	0,4	0,0
	14 : 30 US	Personal income (adjusted, mom, %)	Dec.	0,3	0,4	0,2
	16 : 00 US	Pending home sales (mom, %)	Dec.	1,6	0,6	-2,5
31.	5 : 00 JP	Interest rate decision (%)	Jan.	-0,1	-0,1	-0,1
	7 : 30 FR	GDP (preliminary, mom, %)	Q4	0,4	-	0,2
	8 : 00 DE	Retail sales (mom, %)	Dec.	-0,9	1,0	-1,8
	9 : 00 HU	Industrial producer prices (yoy, %)	Dec.	0,5	-	-0,5
	9 : 00 EZ	Conference of the EC and ECB (Sppech by Mario Draghi)	Jan.		-	-
	10 : 00 PL	GDP (annualized, preliminary, yoy)	2017		2,7	3,9
	11 : 00 EZ	CPI (preliminary, yoy, %)	Jan.		1,4	1,1
	11 : 00 EZ	Consumer confidence (points)	Jan.	4,5	2,1	0,9
	11 : 00 EZ	Unemployment rate (%)	Dec.		9,8	9,8
	11 : 00 EZ	GDP (preliminary, yoy, %)	Q4		1,7	1,7
	11 : 00 EZ	GDP (preliminary, mom, %)	Q4		0,5	0,3
	15 : 00 US	Case-Shiller Home Price Index (yoy, %)	Nov.		5,0	5,1
	15 : 45 US	Chicago PMI (points)	Jan.		54,8	54,6
	16 : 00 US	Consumer confidence index (points)	Jan.		112,5	113,7

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2. 1.	1 : 30	JP Nikkei Manufacturing PMI (points)	Jan.		-	52,8
	2 : 00	CN NBS Manufacturing PMI (points)	Jan.		51,2	51,4
	2 : 00	CN NBS non-Manufacturing PMI (points)	Jan.		-	54,5
	9 : 00	HU Manufacturing PMI (points)	Jan.		-	52,2
	11 : 00	EU EC's Economic forecast	-		-	-
	14 : 15	US ADP non-farm employment (mom, '000s)	Jan.		168,0	153,0
	16 : 00	US ISM Manufacturing PMI (points)	Jan.		54,5	54,7
	16 : 00	US Construction expenditure (mom, %)	Dec.		0,3	0,9
	20 : 00	US Interest rate decision (%)	Dec.		0,5-0,75	0,5-0,75
	21 : 30	US Vehicle sales (annualized monthly, million)	Jan.		17,7	18,4
2.	9 : 00	HU Trade balance (detailed, monthly, EURmn)	Nov.		-	908,0
	13 : 00	UK Interest rate decision (%)	Dec.		0,3	0,25
	13 : 00	CZ Interest rate decision (%)	Dec.		-	0,05
3.	2 : 45	CN Caixin Manufacturing PMI (points)	Dec.		51,8	51,9
	9 : 00	HU Retail sales (first estimate, yoy, %)	Dec.		-	4,7
	9 : 00	HU MNB's Home price index (aggregate real, 2001Q1 = 100%)	Q3		-	105,3
	11 : 00	EZ Retail sales (mom, %)	Dec.		0,4	-0,4
	14 : 30	US Unemployment rate (%)	Jan.		4,7	4,7
	14 : 30	US Average earnings (yoy, %)	Jan.		2,2	2,9
	14 : 30	US Average earning (mom, %)	Jan.		0,2	0,4
	14 : 30	US Non-farm payroll (mom, '000s)	Jan.		165,0	156,0
	16 : 00	US ISM non-Manufacturing PMI (points)	Jan.		57,0	57,2
	16 : 00	US Factory orders (mom, %)	Dec.		1,7	-2,4
	16 : 00	US Wholesale inventories (revision, mom, %)	Dec.			-4,5

Source: Reuters, OTP Research

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