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Global Daily Report

Summary

- America had an upbeat trading on Wednesday, with the Dow exceeding the 26,000 line
- Europe's stock indices edged down
- ECB officials' words stopped the euro's firming

American investors' appetite returned yesterday, helping the key US indices rise by nearly 1%. The Dow closed above the 26,000 mark, only eight trading days after breaking through the 25,000-line. The growth stemmed from optimistic corporate profit expectations as well as a huge surprise in US industrial production statistics. The technology sector posted the strongest gains. In corporate news, Apple said it would invest in the USA a significant part of the profit generated abroad in recent years, as a result of the corporate tax cut in the USA. Analysts expect the IT giant to buy back shares from part of its more than USD 250 billion cash it currently holds outside the USA.

The quarterly profits of Goldman Sachs and Bank of America surprised on the upside. Yet both share prices sank in Wednesday's trading – apparently, investors find it difficult to tell the short-term effect of tax changes on profit from long-term outlook. Previously, banks were allowed to reduce their tax obligations by their losses suffered during the crisis but starting from this quarter, the new tax code would considerably curb these possibilities. Meanwhile, GE's ordeals continued: after publishing a weaker-than-expected earnings report on Tuesday, its share price fell 4.4% on Wednesday; analysts are estimating the value of its businesses after a possible split-up.

Europe's indices slipped yesterday.

The dollar benefited from the Fed's Beige Book, which found the US economy healthy. The USD's firming was also supported by the statement of Ewald Nowotny, as the head of Austria's central bank suggested that the single currency was becoming too strong for the ECB. In addition, ECB vice-president Vitor Constancio also tried to dampen expectations that loose monetary conditions may end.

The plunge on cryptocurrencies' market continued, Bitcoin's price made a brief visit below the 10,000-dollar line, last seen November, but its decline stopped later.

US government bond yields edged higher, while their top two investors, China and Japan had reduced their US bond holdings (to a four-month low in China and to more-than-four-year low in Japan). Yields in the eurozone practically flat-lined.

Commodity prices ground higher. Oil prices were lifted by a record-strong fall in America's crude oil inventories. Bloomberg reported that the plunge in crypto currencies' prices intensifies these investors' appetite for gold. Still, the precious metal's price lost some of its shine on Wednesday.

China's GDP growth rate in Q4 2017, at 6.8% year/year, surpassed expectations, while the 1.6% quarter/quarter expansion is in line with forecasts. Today's other macroeconomic highlights include US housing market indicators, and the rate decision of the Turkish central bank. In the corporate world, IBM and Morgan Stanley are to release their quarterly earnings figures.

	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	2802,6	0,9	4,8	VIX	11,9	2	8	WTI	63,97	0,1	5,9
	DOW	26115,7	1,3	5,6	US 2Y	2,0	3	15	Brent	69,38	0,3	3,8
	Nasdaq100	6810,3	1,1	6,5	US 10Y	2,6	3	17	Arany	1327,65	-0,8	1,9
	DAX	13184,0	-0,5	2,1	GER 2Y	-0,6	0	6	Ezüst	17,01	-1,1	0,4
	CAC40	5494,0	-0,4	3,4	GER 10Y	0,6	0	14	EUR/USD	1,22	-0,6	1,6
	FTSE 100	7725,4	-0,4	0,5	PT10Y	1,8	0	-15	EUR/GBP	0,88	-0,9	-0,8
	FTSE MIB	23514,7	0,1	7,6	IT 10Y	2,0	2	-1	EUR/NOK	9,60	-0,5	-2,5
	Stoxx600	398,0	-0,1	2,3	SP 10	1,5	0	-7	USD/CAD	1,24	0,0	-1,1
	- Banks	176,5	-0,2	7,0	iTRAXX	44,2	0	-2	AUD/USD	0,80	0,1	2,2
	Nikkei 225	23763,4	-0,4	4,4	JPY 2Y	-0,1	0	1	USD/JPY	111,28	0,8	-1,2
SSEC	3368,8	-2,2	1,9	JPY 10Y	0,1	-1	3	GBP/USD	1,38	0,2	2,3	
Regional	RTS	1264,7	0,3	9,6	RUS10	7,4	0	-2	USD/RUB	56,815	0,6	-1,5
	WIG20	2600,4	0,4	5,7	POL 10	3,3	0	0	EUR/PLN	4,17	-0,1	-0,2
	PX50	1115,6	0,1	3,5	CZ10	1,8	2	16	EUR/RON	4,645	-0,2	-0,7
Hungary	BUX	39543	-0,4	0,4	3M T-Bill	0,02	-1	-2	EUR/HUF	308,38	0,0	-0,7
	OTP	10940	-0,4	2,1	1Y	0,07	0	2	USD/HUF	253,04	0,6	-2,2
	MOL	3016	0,2	0,4	3Y	0,55	2	0	CHF/HUF	261,87	-0,1	-1,2
	MTelekom	470	-0,3	2,6	5Y	1,07	0	-10	PLN/HUF	74,00	0,1	-0,4
	Richter	6675	-0,4	-1,5	10Y	2,00	0	-5	GBP/HUF	349,72	0,8	0,1

* In the case of bond yields, the change is in basis points instead of percentage (VIX and ITRAXX not included).

Sources: Reuters, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2018 01. 15.	9 : 00	HU Construction output (yoy, %)	Nov.	30,7	-	38,1
16.	8 : 00	DE Budget balance (% of GDP)	Dec.	1,6	1,7	1,7*
	10 : 30	UK Inflation (yoy, %)	Dec.	3,0	3,0	3,1
	10 : 30	UK Core inflation (yoy, %)	Dec.	2,5	2,6	2,7
	14 : 30	US New York Fed Manufacturing index (points)	Jan.	18	18	20
17.	11 : 00	EZ CPI (final, yoy, %)	Dec.	1,4	1,4	1,4*
	15 : 15	US Industrial production (mom, %)	Dec.	0,9	0,4	0,2
	20 : 00	US Beige Book	-	-	-	-
18.	3 : 00	CN Infrastructural spending (yoy, %)	Dec.	7,2	7,10	7,2
	3 : 00	CN Industrial production (yoy, %)	Dec.	6,2	6,0	6,1
	3 : 00	CN Retail sales (yoy, %)	Dec.	9,4	10,1	10,2
	3 : 00	CN GDP (preliminary, yoy, %)	Q4	6,8	6,7	6,8
	3 : 00	CN GDP (qoq, SA, preliminary, %)	Q4	1,6	1,6	1,7
	14 : 30	US Housing starts (annualized monthly, '000s)	Dec.		1275	1297
	14 : 30	US Building permits (annualized monthly, '000s)	Dec.		1290	1303
19.	9 : 00	HU Gross wages (yoy, %)	Nov.		-	12,8
	10 : 30	UK Retail sales (mom, %)	Dec.		-0,6	1,1
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Jan.		97,0	95,9

*preliminary data

Sources: Reuters, OTP Research

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