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Global Daily Report

Summary

- In Davos, US officials talked about trade war and pointed out the benefits of the weak US dollar
- Europe's stock markets dropped, America closed mixed, Asia fell
- The USD's slide to a three-year low helped commodity prices rise

Europe's stock markets closed in the red on Wednesday, while America closed mixed. After opening on a strong note, US indices subsided, partly because of the announcements made at the World Economic Forum in Davos. US Secretary of Commerce Wilbur Ross said that trade war was nothing new, and America would act more firmly from now on. Given the new tariffs the USA imposed on Chinese solar panels and washing machines on Monday, this statement re-intensified concerns about the direction the US commerce is taking. Later, a number of speakers (including India's Prime Minister and China's Foreign Minister) criticized America's standpoint.

The sour mood spilled over to Asia, where the Nikkei lost more than 1%, in part because of the yen's firming against the US dollar.

In the corporate world, GE slid 2.7% after releasing its earnings report as the US Securities and Exchange Commission launched an investigation into the asset revaluation by GE's insurance arm, which incurred USD 10 billion loss in the fourth quarter. GE's energy business, which is also active in Hungary, also showed pale performance, while its health care and aircraft engine manufacturing segments fared well.

The European Commission fined Qualcomm USD 1.2 billion (more than 4% of its revenue) for abusing its market power: the company used its dominant position in LTE chips to sign a long-term exclusive supplier agreement with Apple, back in 2011. The timing of this verdict is particularly inconvenient for the management, which is in legal disputes with Apple, and is struggling to fend off Broadcom's 105-billion-dollar hostile takeover attempt.

In Davos, US Treasury Secretary Steve Mnuchin said that the weaker US dollar was conducive to US foreign trade. His speech triggered 1% dollar depreciation against the key currencies, to a three-year low. Britain's reassuring labour market data helped the GBP march higher, pushing the GBP/USD 1.7% higher and the EUR/GBP 0.8% down. US and German yields increased slightly.

Commodity prices climbed higher yesterday, partly owing to the greenback's weakening. The WTI exceeded the 65 USD/barrel line for the first time in more than three years. Copper price grew by 3.3%, in its biggest intraday jump since October 2017. Cereals also ground higher; at the Chicago Mercantile Exchange, March-dated corn futures were up 1.5%, and wheat rallied 2.7%. One reason for the higher prices was the US Department of Agriculture's announcement that global stock of maize would drop before US harvest season, for the first time since 2011.

The purchasing managers' indices published on Wednesday signify optimistic outlook in Europe and America. South Korea's economy surprised on the downside: its ailing exports and investment reduced its GDP by 0.2% in Q4 2017 from the previous quarter. The question about today's ECB meeting is whether the subsequent press conference reacts to yesterday's EUR/USD jump. In Germany, the Ifo institute will publish its latest economic sentiment indicator. Today Donald Trump is due to arrive at the World Economic Forum in Davos; he will be the first US president to participate since Bill Clinton. His plans include meeting European politicians and businesspeople before his speech on Friday.

	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	2837,5	-0,1	6,1	VIX	11,5	3	4	WTI	65,61	1,8	8,6
	DOW	26252,1	0,2	6,2	US 2Y	2,1	4	19	Brent	70,53	0,8	5,5
	Nasdaq100	6919,4	-0,6	8,2	US 10Y	2,7	3	24	Arany	1358,09	1,3	4,3
	DAX	13414,7	-1,1	3,8	GER 2Y	-0,6	1	4	Ezüst	17,57	3,1	3,7
	CAC40	5495,2	-0,7	3,4	GER 10Y	0,6	3	17	EUR/USD	1,24	0,9	3,4
	FTSE 100	7643,4	-1,1	-0,6	PT10Y	1,7	1	-25	EUR/GBP	0,87	-0,8	-1,9
	FTSE MIB	23622,6	-0,9	8,1	IT 10Y	1,9	2	-9	EUR/NOK	9,61	-0,1	-2,4
	Stoxx600	400,8	-0,5	3,0	SP 10	1,4	0	-21	USD/CAD	1,23	-0,5	-1,8
	- Banks	181,1	0,3	9,8	iTRAXX	43,9	1	-3	AUD/USD	0,81	0,8	3,3
	Nikkei 225	23669,5	-1,1	4,0	JPY 2Y	-0,1	1	1	USD/JPY	109,21	-1,0	-3,1
	SSEC	3548,3	-0,3	7,3	JPY 10Y	0,1	1	3	GBP/USD	1,42	1,7	5,4
Regional	RTS	1292,3	0,7	11,9	RUS10	7,4	-1	-3	USD/RUB	56,153	-0,3	-2,6
	WIG20	2621,6	-0,3	6,5	POL 10	3,3	1	1	EUR/PLN	4,15	-0,3	-0,6
	PX50	1138,6	0,1	5,6	CZ10	1,8	0	18	EUR/RON	4,662	-0,1	-0,3
Hungary	BUX	40980	-1,3	4,1	3M T-Bill	0,05	1	1	EUR/HUF	309,12	0,0	-0,5
	OTP	11530	-1,7	7,6	1Y	0,10	0	5	USD/HUF	249,08	-0,9	-3,8
	MOL	3170	-0,9	5,5	3Y	0,60	0	4	CHF/HUF	263,50	0,4	-0,6
	MTelekom	479	-0,5	4,6	5Y	1,20	3	3	PLN/HUF	74,46	0,4	0,2
	Richter	6670	-1,5	-1,6	10Y	2,20	4	15	GBP/HUF	354,81	0,9	1,6

* 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. 23.	5 : 00	JP	Interest rate decision (%)	Jan.	-0,1	-0,1	-0,1
	11 : 00	DE	Budget balance (% of GDP)	Jan.	20,4	18,0	17,4
	16 : 00	EZ	Consumer confidence index (flash, points)	Jan.	1,3	0,6	0,5
24.	1 : 30	JP	Nikkei Manufacturing PMI (points)	Jan.	54,4	-	54,0
	9 : 00	FR	Markit Service PMI (points)	Jan.	58,1	58,8	59,1
	9 : 00	FR	Markit Manufacturing PMI (points)	Jan.	59,3	59,0	58,8
	9 : 30	DE	Markit Service PMI (points)	Jan.	57,0	55,8	55,8
	9 : 30	DE	Markit Manufacturing PMI (points)	-	61,2	63,0	63,3
	10 : 00	EZ	Markit Service PMI (points)	Jan.	57,6	56,5	56,6
	10 : 00	EZ	Markit Manufacturing PMI (points)	Jan.	59,6	60,4	60,6
	15 : 45	US	Markit Service PMI (points)	Jan.	53,3	54,0	53,7
	15 : 45	US	Markit Manufacturing PMI (points)	Jan.	55,5	55,0	55,1
	16 : 00	US	Existing home sales (mom, %)	Dec.	5 570	5 690	5 810
25.	10 : 00	DE	IFO Economic sentiment index (points)	Jan.		117,2	117,2
	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
	16 : 00	US	Leading index (mom, %)	Dec.		0,5	0,4
	16 : 00	US	New home sales (annualized monthly, '000s)	Dec.		707	733
26.	0 : 30	JP	CPI (yoy, %)	Dec.		-	0,6
	0 : 30	JP	core-CPI (yoy, %)	Dec.		0,9	0,9
	10 : 30	UK	GDP (preliminary, yoy, %)	Q4		1,4	1,7
	14 : 30	US	Durable goods orders (mom, %)	Dec.		0,8	1,3
	14 : 30	US	GDP (annualized qoq, %)	Q4		3,0	3,2

*preliminary data

Sources: Reuters, OTP Research

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