

# Global Daily Report



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## Summary

- The Dow and the S&P closed at their year-to-date lows.
- Europe's stock indices fell; Asos' profit warning shook the retail sector.
- Britain's Labour Party tabled a motion of no confidence in PM Theresa May.
- The WTI slipped below 50 USD/barrel.

Monday's trading opened on a sour note on the developed markets of the world. In Europe, the Stoxx600 sank 1.1%. The profit warning of Asos dragged down Europe's retail sector. Citing the pale sales in November, the online retailer reduced its full-year revenue and profit forecasts. Its shares price nose-dived 38% in the London Stock Exchange's Alternative Investment Market (AIM) sub-market, which is designed to help smaller companies and offer more flexible regulatory terms. Other retailers did not do any better: Sweden's H&M shrank nearly 9%, while Marks&Spencer and Next fell 5% each in London. UK-based mining companies closed higher, with BHP rising 2.7%, Rio Tinto advancing 2.4%, Glencore rising 1.1%, and Anglo American upping 0.8%. Germany's DAX dropped 0.8%, dragged down by Adidas (-5%), chemical stocks, and car manufacturers.

Extending Friday's losses, America's stock indices fell more than 2% each. The Dow slid in excess of 500 (-2.1%), and the Nasdaq100 closed 2.2% lower. The S&P500 slumped 2.1%, dragged down by the real property, utilities, and the consumption sectors. Insurance companies and health care providers were shaken by a court decision that strikes down Obamacare. Still, the health care sector has been the strongest performer in the S&P so far this year. The macroeconomic data released yesterday did not help ease the pressure – the December reading of the New York Empire State manufacturing index has considerably fallen from November, while the homebuilder sentiment fell to its lowest since May 2015. The deteriorating business cycle indicators weighed on the retail sector's shares: Best Buy plunged 6%, Amazon contracted by 4.5%, and Home Depot gave back 2.5%. The asbestos scandal shaved off 2.9% of Johnson&Johnson's share price.

The negative investor sentiment left its mark on the CEE region's stock markets, where Warsaw's WIG slipped 1%, the BUX closed 1.1% down, and Prague's PX stagnated.

The dollar weakened slightly; the Bloomberg Dollar Spot Index slipped 0.3%, while the euro regained 0.4%, sending the EUR/USD to 1.1346. The GBP appreciated 0.3% against the greenback. In Brexit-related news, the Labour Party's leader Jeremy Corbyn tabled a motion of no confidence in Prime Minister Theresa May. The Parliament will vote on the UK's Brexit deal in the week beginning on 14 January, Mrs May announced.

Extending a losing streak, Brent and WTI dipped 1% each. For the first time since October 2017, WTI dropped below USD 50. Gold and silver barely moved while aluminium price upped noticeably.

Continuing their downward ride, Asia's equity markets closed in the red this morning. The Shanghai Composite stood 0.8% in the red, the Hang Seng reversed 1.1%, and the Nikkei slumped 1.8%.

Counter-intuitively, the Chinese President's speech, made at the 40<sup>th</sup> anniversary of starting reforms, did not announce new measures. China's annual economic policy conference, which begins today, is expected to announce measure to stimulate the economy.

Today Germany's IFO institute is to publish its business cycle index for December, which is likely to have deteriorated. The USA will release the latest statistics on the housing market, and the Fed Open Market Committee will begin its two-day meeting 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	2545,9	-2,1	-4,8	VIX	24,5	13,4	122	WTI	50,2	-2,2	-16,9
	DOW	23593,0	-2,1	-4,6	US 2Y	2,70	-3,1	81	Brent	59,61	-1,1	-10,9
	Nasdaq100	6448,4	-2,2	0,8	US 10Y	2,86	-3,2	45	Gold	1245,8	0,6	-4,3
	DAX	10772,2	-0,9	-16,6	GER 2Y	-0,60	0,0	3	Silver	14,66	0,6	-13,5
	CAC40	4799,9	-1,1	-9,7	GER 10Y	0,26	0,2	-17	EUR/USD	1,1346	0,3	-5,4
	FTSE 100	6773,2	-1,1	-11,9	PT10Y	1,67	-1,0	-26	EUR/GBP	0,8993	0,1	1,2
	FTSE MIB	18693,5	-1,1	-14,5	IT 10Y	2,95	0,8	96	EUR/NOK	9,8149	0,8	-0,3
	Stoxx600	343,3	-1,1	-11,8	SP 10	1,41	-1,2	-16	USD/CAD	1,3403	0,2	6,6
	- Banks	114,6	-1,2	-30,5	iTRAXX	81,7	1,2	80,9	AUD/USD	0,7172	-0,1	-8,1
	Nikkei 225	21115,5	-1,8	-7,2	JPY 2Y	-0,16	-0,5	-2	USD/JPY	112,82	-0,5	0,1
	SSEC	2576,6	-0,8	-22,1	JPY 10Y	0,03	-0,5	-2	GBP/USD	1,2625	0,3	-6,6
Regional	RTS	1113,4	-0,3	-3,6	RUS10	8,7	0,2	15	USD/RUB	66,696	-0,1	15,7
	WIG20	2281,87	-0,9	-7,3	POL 10	2,9	0,1	-11	EUR/PLN	4,28	-0,2	2,6
	PX50	1027,9	-0,1	-4,7	CZ10	2,0	0,0	32	EUR/RON	4,647	-0,1	-0,6
Hungary	BUX	39676	-1,1	0,8	3MDKJ	0,07	-0,4	3	EUR/HUF	323,35	0,0	4,1
	OTP	11660	-0,9	8,8	1Y	0,42	7,9	37	USD/HUF	284,92	-0,4	10,1
	MOL	3080	-2,1	2,5	3Y	1,25	0,9	70	CHF/HUF	286,85	-0,2	8,3
	MTelekom	441	-1,6	-3,7	5Y	2,77	0,0	160	PLN/HUF	75,46	0,1	1,6
	Richter	5465	-0,1	-19,4	10Y	3,31	4,5	127	GBP/HUF	359,35	-0,2	2,9

\* 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 12. 17.	8 : 00	TR Industrial production (SA, yoy, %)	Oct	-5,7	-4,0	-2,7
	11 : 00	EZ CPI (final, yoy, %)	Nov	1,9	2,0	2,0*
	14 : 30	US New York Fed Manufacturing index (points)	Dec	10,9	20,2	23,3
18.	10 : 00	DE IFO Economic sentiment index (points)	Dec		101,7	102,0
	14 : 00	HU Interest rate decision (%)	Dec		0,9	0,9
	14 : 00	US Building permits (annualized monthly, '000s)	Nov		1 269	1 265
	14 : 30	US Housing starts (annualized monthly, '000s)	Nov		1 230	1 228
19.	10 : 30	UK Inflation (yoy, %)	Nov		2,3	2,4
	10 : 30	UK Core inflation (yoy, %)	Nov		1,8	1,9
	16 : 00	US Existing home sales (mom, %)	Nov		5 200	5 220
	20 : 00	US Interest rate decision (%)	Dec		2,25-2,5	2,0-2,25
	20 : 00	US FOMC economic forecast	-		-	-
20.	5 : 00	JP Interest rate decision (%)	Dec		-0,1	-0,1
	8 : 30	HU Balance of payments (quarterly, EURm)	Q3		-	0,8
	9 : 00	HU Gross wages (yoy, %)	Oct		-	10,4
	10 : 30	UK Retail sales (mom, %)	Nov		0,3	-0,5
	13 : 00	UK Interest rate decision (%)	Dec			0,8
	14 : 00	CZ Interest rate decision (%)	Dec			1,8
	14 : 30	US Continuing jobless claims ('000s)	weekly		-	1 661
	14 : 30	US Initial jobless claims ('000s)	weekly		222	206
	16 : 00	US Leading index (mom, %)	Nov		0,1	0,1
21.	0 : 30	JP CPI (yoy, %)	Nov			1,4
	0 : 30	JP core-CPI (yoy, %)	Nov			1,0
	9 : 00	HU Trade balance (detailed, monthly, EUR mn)	Oct		-	293,0*
	14 : 30	US Durable goods orders (mom, %)	Nov		1,8	-4,3
	16 : 00	EZ Consumer confidence (point)	Dec		-4,3	-3,9
	16 : 00	US Personal income (mom, %)	Nov		0,3	0,5
	16 : 00	US Personal consumption (adjusted, mom, %)	Nov		0,3	0,6

\* preliminary data

Sources: Reuters, OTP Research

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