

# Global Daily Report



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## Summary

- Europe closed mixed on Monday, with the key benchmarks in Western Europe posting modest losses.
- The sentiment in the USA was positive again; investors' optimism drove consumption and tech stocks higher.
- Crude oil prices extended their winning streak

The week started mixed in Europe, where: the Stoxx600 picked up 0.4%, but the FTSE, the DAX and the CAC40 dropped slightly. The sour sentiment in the UK undoubtedly stems from Brexit fears – as the UK government resumed work after the Christmas holiday, the debates surrounding the country's withdrawal reignited. The relocation of banks, insurance companies, and other financial service providers may, by the EY consultancy's conservative estimate, drive at least GBP 800 billion capital out of the UK, and 7,000 jobs in London would move elsewhere. The parliamentary vote on the withdrawal will be on 15 January, as planned, the BBC said on Monday, citing government sources. Meanwhile, Prime Minister Theresa May is reported to be planning to pass an amendment that would indirectly rule out the possibility of a no-deal Brexit. Despite the depressed sentiment, Britain's retail companies did well; we will learn more about revenues for the post-Christmas statistics later this week. In mining companies, Fresnillo jumped almost 5%, and Antofagasta grew 3% on news that Sino-American trade talks reopen.

The DAX shed 0.2%, partly dragged down by the sharper-than-expected drop in November industrial orders.

America opened on a positive note on Monday. The reopening of trade talks with China set stock markets in motion again. However, it remains to be seen whether an agreement can be made within the 48-hour deadline. Nevertheless, Friday's rally continued on Monday, benefiting the tech sector, and small cap companies (Russell2000: 1.8%). The S&P gained 0.7%, largely driven by the cyclical consumption sector. Amazon surged 3.4%, to become the most valuable company in the world again, outshining Microsoft. Netflix rallied 6%, and GE soared more than 6% on news that one of its divisions may be sold. A string of unsupporting news came out in the USA, where the consumption sector's December index missed expectations and lagged behind the previous month's reading. Investors are also aware that the US government has been shut down for 17 days, which leaves an increasing number of federal employees without their monthly pay checks. The US 10Y Treasury note yield rose. The Atlanta Fed chair, Raphael Bostic said the Fed should raise rates only once this year and it should go on with the gradual shrinking of the balance sheet. The Bloomberg Dollar Spot index hit its lowest since October. The USD depreciated against the EUR and the GBP.

Amid the benign sentiment in the CEE region, Budapest's BUX extended its gains by 1.1%, Warsaw's WIG20 jumped 2%, and Prague's PX grew by 0.4%.

Crude oil prices climbed higher, with Brent going up 0.5% and WTI climbing 1.1% higher yesterday; the latter has surged 7% month-to-date. With Sino-America talks set to resume, fears of oversupply have eased. Copper price bounced more than 3% in London; zinc increased by 2.5% and aluminium upped 1.6%.

This morning's session in Japan was clearly optimistic, mainland China was seen inching higher, while Hong Kong's benchmark ebbed and flowed near Monday's close. Samsung reported smaller-than-expected operating result, but its share price could swiftly crawl back from the sharp fall. South Korea's benchmarks stood in the red.

Germany's industrial output shrank nearly 2% month over month in November, as opposed to the expected small uptick.

Today Britain will release housing price indices, and sentiment indicators will see the light of day in the eurozone.

	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	2549,7	0,7	1,7	VIX	21,4	0,1	-16	WTI	48,5	1,1	6,8
	DOW	23531,4	0,4	0,9	US 2Y	2,52	3,8	3	Brent	57,33	0,5	6,6
	Nasdaq100	6488,3	1,0	2,5	US 10Y	2,68	2,3	-1	Gold	1288,6	0,3	0,5
	DAX	10747,8	-0,2	1,8	GER 2Y	-0,59	1,4	0	Silver	15,64	-0,3	1,1
	CAC40	4719,2	-0,4	-0,2	GER 10Y	0,22	0,8	-3	EUR/USD	1,1474	0,7	0,0
	FTSE 100	6810,9	-0,4	1,2	PT10Y	1,84	1,1	12	EUR/GBP	0,8978	0,3	-0,1
	FTSE MIB	18953,3	0,6	3,4	IT 10Y	2,90	1,2	13	EUR/NOK	9,7897	-0,3	-1,2
	Stoxx600	342,9	-0,1	1,5	SP 10	1,51	2,9	9	USD/CAD	1,3296	-0,6	-2,5
	- Banks	116,7	0,3	3,3	iTRAXX	87,4	-1,4	-0,7	AUD/USD	0,7147	0,5	1,4
	Nikkei 225	20204,0	0,8	0,9	JPY 2Y	-0,15	1,9	-1	USD/JPY	108,70	0,2	-0,8
	SSEC	2526,0	-0,3	1,3	JPY 10Y	0,00	1,6	0	GBP/USD	1,2778	0,4	0,2
Regional	RTS	1118,0	0,0	4,9	RUS10	8,7	0,0	-1	USD/RUB	66,649	-1,5	-4,4
	WIG20	2331,45	2,0	2,4	POL 10	2,8	0,2	-2	EUR/PLN	4,30	0,2	0,2
	PX50	1008,6	0,4	2,2	CZ10	1,8	1,2	-8	EUR/RON	4,658	0,0	0,1
Hungary	BUX	40569	1,1	3,7	3M DKJ	0,07	-0,1	0	EUR/HUF	320,98	0,1	0,0
	OTP	11750	0,3	4,1	1Y	0,43	0,0	-2	USD/HUF	279,70	-0,6	0,0
	MOL	3180	2,8	3,3	3Y	1,25	-0,8	-1	CHF/HUF	285,51	0,1	0,0
	MTelekom	452	0,0	2,7	5Y	2,38	2,0	-15	PLN/HUF	74,70	-0,2	0,1
	Richter	5695	0,9	4,9	10Y	2,93	5,8	-11	GBP/HUF	357,40	-0,2	0,3

\* 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.
2019 1. 7.	8 : 00	DE Industrial orders (mom, %)	Nov	-1,0	-0,5	0,3
	8 : 00	DE Retail sales (mom, %)	Nov	1,4	0,3	-0,3
	9 : 00	HU Retail sales (first estimate, yoy, %)	Nov	5,2	-	6,4
	10 : 30	EZ Sentix Investor confidence (points)	Jan	-1,5	-	-0,3
	11 : 00	EZ Retail sales (mom, %)	Nov	0,6	0,1	0,3
	16 : 00	US ISM non-Manufacturing PMI (points)	Dec	57,6	59,7	60,7
8.	8 : 00	DE Industrial production (mom, %)	Nov	-1,9	0,3	-0,5
	9 : 00	HU Industrial production (preliminary, yoy, %)	Nov		-	5,9
	10 : 00	HU International reserves (preliminary, EURbn)	Dec		-	25
	11 : 00	EZ EC Economic Sentiment Index (points)	Dec		108,8	109,5
	11 : 00	HU Fiscal balance (monthly, billion HUF)	Dec		-	-164,3
9.	8 : 00	DE Export (mom, %)	Nov			0,7
	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Nov		110,0	95,0
	11 : 00	EZ Unemployment rate (%)	Nov		8,1	8,1
	14 : 00	PL Interest rate decision (%)	Jan		1,5	1,5
	16 : 00	CA Interest rate decision (%)	Jan		1,8	1,8
	20 : 00	US FOMC Minutes	Dec		-	-
	13 : 30	EZ ECB Minutes	Dec		-	-
	14 : 30	US Continuing jobless claims ('000s)	weekly		-	1 740
	14 : 30	US Initial jobless claims ('000s)	weekly			231
	10 : 30	UK Industrial production (mom, %)	Nov		0,2	-0,6
	14 : 30	US core-CPI (mom, %)	Dec		0,2	0,2
	14 : 30	US CPI (yoy, %)	Dec		2,1	2,2
	14 : 30	US CPI (mom, %)	Dec		0,0	0,0
	14 : 30	US core-CPI (yoy, %)	Dec		2,2	2,2
	20 : 00	US Federal budget balance (USDbn)	Dec		-	-205

\* preliminary data

Sources: Reuters, OTP Research

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