

# Global Daily Report



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### Summary

- Stock markets ended last week on a bright note, as the Sino-American trade conflict may ease.
- Theresa May gives up cross-party consensus in Parliament, there is no Plan B for Brexit.
- Statistics from China signify deceleration but this did not surprise the market.

Stock markets were sanguine across the world on Friday. Reportedly, the USA might lower the tariffs to be imposed on Chinese imports. No details or concrete decisions have come to light but the news was enough to help the benchmark indices of Europe and America close at least 1% higher. In Europe, the Stoxx600 gained 1.8%, the DAX jumped 2.6%, and the CAC40 advanced 1.7% on Friday. In London, the FTSE surged 2.0%, while the pound weakened. Prime Minister Theresa May is likely to give up seeking a cross-party consensus on Brexit in Parliament, in the lack of agreement on a cross-party alternative, Bloomberg reported on Sunday night. Information leaked out that Mrs May would prefer negotiations with the EU on the border between Ireland and Northern Ireland ('Irish backstop'), even as the bloc had reiterated that exit talks could not be restarted. The FTSE MIB, Western Europe's best-performing index, extended its year-to-date 7.6% gain by climbing 1.2% higher on Friday. Rio Tinto's higher export forecast helped European commodity producers climb higher. Ryanair's profit warning dragged down European airline companies, but it finally closed 0.3% higher. Telecom Italia nose-dived 7% after issuing profit warning on Friday.

The USA's stock indices shifted up one gear on the last business day of the week: the Dow rose by 1.4%, the S&P upped 1.3%, and the NASDAQ added 1.0%. All of the S&P's sector indices advanced, particularly energy names and financial services providers, as well as industrials and tech names, which benefited from news on appeasement between the USA and China. Industrial giants such as 3M, Boeing and Caterpillar closed higher thanks to cheering manufacturing statistics on Friday. Amid the all-embracing growth, utilities, real property and telecommunications companies lagged behind. The US dollar has firmed, the Bloomberg Dollar Spot Index rose by 0.4%. The EUR/USD sank to 1.1366. The US 10Y bond yield upped three basis points, and the German 10Y yield added two basis points. No advance has been made in the nearly one-month-long government shutdown. President Trump requested Democrats to approve a USD 5.7 bn budget for the wall on the Mexican border in exchange for easing the immigration law but Democrats rejected the deal before its official publication.

The CEE region's stock markets ended the week on a bright note, with Poland's WIG and Hungary's BUX gaining 0.8% each, and the Czech PX climbing 0.5% on Friday.

On the commodity market, WTI crude oil jumped 3.3% and Brent increased by 2.5% on Friday. Precious metal prices sank less than 1%, while industrial metals grew dynamically on Friday, in sync with the globally benign market sentiment.

Asia's markets closed mixed this morning: the Nikkei nudged somewhat higher, even though the Tankan indicator dipped. The benchmarks of China and South Korea were in the red. As expected, China's Q4 GDP figure signifies a slight deceleration. The full-year figure points to 6.6% growth, the lowest rate in the past 28 year. China's investment grew by 5.9% year over year in Q4 last year, slightly missing expectations.

Later this week, the Bank of Japan and the ECB will hold their first monetary policy meetings this year.

	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	2670,7	1,3	6,5	VIX	17,8	-1,4	-30	WTI	54,0	3,9	19,0
	DOW	24706,4	1,4	5,9	US 2Y	2,61	4,8	11	Brent	62,70	2,5	16,5
	Nasdaq100	6784,6	1,0	7,2	US 10Y	2,78	3,5	9	Gold	1281,1	-0,8	-0,1
	DAX	11205,5	2,6	6,1	GER 2Y	-0,59	0,7	1	Silver	15,32	-1,3	-1,0
	CAC40	4875,9	1,7	3,1	GER 10Y	0,26	2,0	2	EUR/USD	1,1361	-0,3	-0,9
	FTSE 100	6968,3	2,0	3,6	PT10Y	1,61	-4,1	-11	EUR/GBP	0,8823	0,6	-1,8
	FTSE MIB	19708,1	1,2	7,6	IT 10Y	2,73	-2,6	-4	EUR/NOK	9,7277	-0,1	-1,8
	Stoxx600	357,1	1,8	5,7	SP 10	1,36	-1,7	-7	USD/CAD	1,3257	-0,1	-2,8
	- Banks	121,1	2,1	7,2	iTRAXX	76,3	-2,9	-13,3	AUD/USD	0,7167	-0,3	1,7
	Nikkei 225	20719,3	0,3	3,5	JPY 2Y	-0,17	0,1	-3	USD/JPY	109,76	0,5	0,2
	SSEC	2610,5	0,6	4,7	JPY 10Y	0,01	-0,4	0	GBP/USD	1,2873	-0,9	0,9
Regional	RTS	1176,4	1,7	10,3	RUS10	8,3	-0,5	-5	USD/RUB	66,169	-0,2	-5,0
	WIG20	2377,87	0,8	4,4	POL 10	2,8	1,0	0	EUR/PLN	4,29	0,0	-0,1
	PX50	1020,4	0,5	3,4	CZ10	1,9	0,4	-4	EUR/RON	4,702	0,2	1,1
Hungary	BUX	41504	0,8	6,0	3M DKJ	0,15	-2,0	8	EUR/HUF	317,73	-0,5	-1,0
	OTP	11850	-0,4	5,0	1Y	0,46	-3,1	1	USD/HUF	279,67	-0,2	0,0
	MOL	3242	1,3	5,3	3Y	1,26	-0,2	0	CHF/HUF	281,06	-0,5	-1,5
	MTelekom	457	-0,2	3,9	5Y	2,46	3,0	-7	PLN/HUF	74,09	-0,6	-0,7
	Richter	6020	2,6	10,9	10Y	2,88	0,0	-16	GBP/HUF	361,11	-0,6	1,4

\* 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. 21.	3 : 00	CN	Infrastructural spending (yoy, %)	Dec	5,9	6,0	5,9
	3 : 00	CN	Industrial production (yoy, %)	Dec	5,7	5,3	5,4
		CN	Retail sales (yoy, %)	Dec	8,2	8,2	8,1
	3 : 00	CN	GDP (yoy, %)	Q4	6,4	6,4	6,5
	3 : 00	CN	GDP (qoq, SA, %)	Q4	1,5	1,5	1,6
22.	9 : 00	HU	Gross wages (yoy, %)	Nov		-	10,8
	11 : 00	DE	ZEW Economic Sentiment (points)	Jan		-17,4	-17,5
		US	Existing home sales (mom, %)	Dec		5280	5320
	23 : 45	CH	Davos World Economic Forum 2019 (22-29, January, 2019)	-		-	-
23.	5 : 00	JP	Interest rate decision (%)	Jan		-0,1	-0,1
	16 : 00	EZ	Consumer confidence (point)	Jan		-6,5	-6,2
24.	1 : 30	JP	Nikkei Manufacturing PMI (points)	Jan		-	52,6
	9 : 15	FR	Markit Manufacturing PMI (points)	Jan		49,8	49,7
	9 : 15	FR	Markit Service PMI (points)	Jan		51,0	49,0
	9 : 30	DE	Markit Manufacturing PMI (points)	Jan		51	52
	9 : 30	DE	Markit Service PMI (points)	Jan		52	52
	10 : 00	EZ	Markit Manufacturing PMI (points)	Jan		51,4	51,4
	10 : 00	EZ	Markit Service PMI (points)	Jan		51,6	51,2
	13 : 45	EZ	Interest rate decision (deposit rate, %)	Jan		0,0	0,0
	13 : 45	EZ	Interest rate decision (lending rate, %)	Jan		-0,4	-0,4
	14 : 30	US	Continuing jobless claims ('000s)	weekly		-	1 737
	14 : 30	US	Initial jobless claims ('000s)	weekly			213
	15 : 45	US	Markit Manufacturing PMI (points)	Jan		53,4	53,8
	15 : 45	US	Markit Service PMI (points)	Jan		54,2	54,4
	16 : 00	US	Leading index (mom, %)	Dec		0,0	0,2
25.	10 : 00	DE	IFO Economic sentiment index (points)	Jan		100,7	101,0
	14 : 30	US	Durable goods orders (mom, %)	Dec		2,3	
2019.01.14-24.		US	New home sales (annualized monthly, '000s)	Nov		567,0	544
2019.01.14-25.		US	Federal budget balance (USDbn)	Dec		-12,0	-205
2019.01.14-25.		US	Construction expenditure (mom, %)	Nov		0,2	-0,1
2019.01.14-25.		US	Factory orders (mom, %)	Nov		0,2	-2,1
2019.01.17-31.		US	Business inventories (mom, %)	Nov		0,3	0,6
2019.01.17-31.		US	Building permits (annualized monthly, '000s)	Dec		1 290	1 230
2019.01.17-31.		US	Housing starts (annualized monthly, '000s)	Dec		1 254	1 256
2019.01.17-31.		US	Retail sales (yoy, %)	Dec		0,2	0,2

\* preliminary data

\*\*Because of the US government shutdown, the release of some US data can be delayed.

Sources: Reuters, OTP Research

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