

# Global Daily Report



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## Summary

- Corporate news dragged down stock indices on both sides of the Atlantic; Caterpillar's quarterly earnings disappointed, while Nvidia issued profit warning.
- Today the UK Parliament votes on amendments to the Brexit agreement.

Europe's and America's stock markets opened with losses on Monday as a mix of unresolved USA-China trade talks and disappointing corporate news soured investment sentiment. Caterpillar's disheartening quarterly figures weighed on American indices and deepened the losses of European benchmarks. The Q4 figures of construction names and mining machinery makers missed market expectations by the largest margin since the financial crisis. Nose-diving 9% made Caterpillar the worst performer in the S&P's machinery index (-4%) on Monday. Sales to the Asia-Pacific region shrank in December, and sales to China are unlikely to increase this year, the company said. The S&P and the Dow dropped 0.8% each, while the Nasdaq100 fell 1.3%. Monday's biggest losers within the S&P's sector indices included industrials (hit by machinery), technology, health care and energy names. Nvidia issued a profit warning, citing the deteriorating macroeconomic environment, particularly in China. NVidia slid 14% by the end of the day, dragging down AMD (-8%), Micron Technology (-2.3%) and Applied Materials (-1.3%).

News from the US corporate world also discouraged investors in Europe. The Stoxx600 closed 1% down, the DAX shed 0.6%, and the FTSE slipped 0.9%. NVidia's profit warning weighed on Europe's manufacturers: STM plunged 2%, while the NXP and Infineon slid more than 1%. Tesco lost almost 2% of its value; the retail chain considers 3% streamlining, with plans to cut 9,000 jobs. Defying the deteriorating sentiment, Europe's mining companies could eke out gains: iron ores prices grew on global commodity markets Monday, following Friday's disaster near Vale's iron mine. Rio Tinto climbed 1.7% higher, and BHP Group added 0.6%.

The euro's uptick helped the EUS/USD close at 1.1433. The GBP weakened 0.3% versus the US dollar, to end the day at 1.3158. The yen has appreciated. The US 10Y Treasury Note yield sank two basis points, while Germany's 10Y bond yields nudged two basis points higher.

On the commodity market, WTI futures fell 3.1%, and Brent slid 2.8%.

Asia's markets closed mixed this morning. The Nikkei was seen in positive territory, while the Shanghai Composite was slightly in the red ahead of the close. The S&P futures index points to downward moves.

In the USA companies like 3M, AMD, Apple, Harley-Davidson, Lockheed-Martin, Pfizer and Verizon will release their quarterly earnings figures today, as will do Germany's SAP.

The UK Parliament votes today on some of the 12 motions to amend Theresa May's Brexit deal. The government-proposed modification would affect the Irish border backstop – if the government wins the necessary number of votes, the Prime Minister would re-negotiate with the EU the issue of the border between the Republic of Ireland and Northern Ireland, to facilitate a later approval of the UK's withdrawal by the Parliament. Nevertheless, a number of Tory Brexiteer MPs said they would not support May's motion in today's vote. Moreover, the EU is also reluctant to restart Brexit talks.

Today's rate decision of the MNB is expected to leave interest rates on hold.

	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	2643,9	-0,8	5,5	VIX	18,9	8,3	-26	WTI	52,0	-3,1	14,5
	DOW	24528,2	-0,8	5,1	US 2Y	2,59	-0,8	9	Brent	59,93	-2,8	11,4
	Nasdaq100	6697,1	-1,3	5,8	US 10Y	2,74	-0,7	5	Gold	1303,5	0,0	1,6
	DAX	11210,3	-0,6	6,2	GER 2Y	-0,58	-0,8	1	Silver	15,75	0,0	1,7
	CAC40	4888,6	-0,8	3,3	GER 10Y	0,21	0,9	-4	EUR/USD	1,1433	0,2	-0,3
	FTSE 100	6747,1	-0,9	0,3	PT10Y	1,65	0,1	-7	EUR/GBP	0,8681	0,5	-3,4
	FTSE MIB	19608,1	-1,0	7,0	IT 10Y	2,67	1,9	-11	EUR/NOK	9,7275	0,1	-1,8
	Stoxx600	354,4	-1,0	5,0	SP 10	1,23	-1,2	-19	USD/CAD	1,3262	0,3	-2,7
	- Banks	120,4	-1,3	6,5	iTRAXX	76,0	2,0	-13,6	AUD/USD	0,7165	-0,2	1,6
	Nikkei 225	20664,6	0,1	3,2	JPY 2Y	-0,16	0,9	-2	USD/JPY	109,34	-0,2	-0,2
	SSEC	2594,3	-0,1	4,0	JPY 10Y	0,00	0,1	0	GBP/USD	1,3162	-0,3	3,2
Regional	RTS	1178,9	-1,1	10,6	RUS10	8,3	0,1	-5	USD/RUB	66,213	0,4	-5,0
	WIG20	2370,62	-1,2	4,1	POL 10	2,8	-0,3	-1	EUR/PLN	4,29	0,1	0,1
	PX50	1025,1	0,2	3,9	CZ10	1,8	-0,1	-6	EUR/RON	4,772	0,3	2,6
Hungary	BUX	41332	0,9	5,6	3M DKJ	0,15	0,2	8	EUR/HUF	317,19	-0,1	-1,2
	OTP	11750	0,9	4,1	1Y	0,46	1,6	1	USD/HUF	277,46	-0,3	-0,8
	MOL	3298	1,1	7,1	3Y	1,19	0,0	-7	CHF/HUF	279,80	-0,2	-2,0
	MTelekom	466	0,3	5,8	5Y	2,43	5,0	-10	PLN/HUF	73,95	-0,2	-0,9
	Richter	5850	1,6	7,7	10Y	2,87	3,8	-17	GBP/HUF	365,15	-0,4	2,5

\* 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. 29.	14 : 00	HU Interest rate decision (%)	Jan		0,9	0,9
	15 : 00	US Case-Shiller Home Price Index (yoy, %)	Nov			5,0
	16 : 00	US Consumer confidence (point)	Jan		126,0	128,1
	20 : 00	UK Brexit vote (UK Parliament)	-		-	-
30.	7 : 30	FR GDP (preliminary, qoq, %)	Q4		0,2	0,3
	9 : 00	HU Unemployment rate (%)	Dec		-	3,6
	10 : 00	HU Real MNB house price index	Q3		-	128,3
	11 : 00	EZ EC Economic Sentiment Index (points)	Jan		106,8	107,3
	14 : 00	DE CPI (flash, yoy, %)	Jan		1,6	1,7
	14 : 15	US ADP non-farm employment (mom, '000s)	Jan		175,0	271,0
	14 : 30	US GDP (preliminary, annualized qoq, %)	Q4		2,8	3,4
	16 : 00	US Pending home sales (mom, %)	Dec			-0,7
	20 : 00	US Interest rate decision (%)	Jan		2,25-2,5	2,25-2,5
31.	2 : 00	CN NBS non-Manufacturing PMI (points)	Jan		-	53,8
	2 : 00	CN NBS Manufacturing PMI (points)	Jan		49,3	49,4
	8 : 00	DE Retail sales (mom, %)	Dec		-0,7	1,4
	9 : 00	HU Industrial producer prices (yoy, %)	Dec		-	5,1
	9 : 00	ES GDP (preliminary, qoq, %)	Q4		0,6	0,6
	11 : 00	IT GDP (preliminary, qoq, %)	Q4		-0,1	-0,1
	11 : 00	EZ GDP (preliminary, yoy, %)	Q4		1,2	1,6
	11 : 00	EZ GDP (preliminary, qoq, %)	Q4		0,2	0,2
	11 : 00	EZ Unemployment rate (%)	Dec		7,9	7,9
	14 : 30	US Personal income (mom, %)	Dec		0,4	0,2
	14 : 30	US Personal consumption (adjusted, mom, %)	Dec		0,3	0,4
	14 : 30	US Continuing jobless claims ('000s)	weekly		-	1 713
	14 : 30	US Initial jobless claims ('000s)	weekly			199
	15 : 45	US Chicago PMI (points)	Jan		62,5	65,4

\* preliminary data

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

Data	Cd.**	Event/Data	Period	Fact	Cons.	Prev.
2. 1. 1 : 30	JP	Nikkei Manufacturing PMI (points)	Jan		-	50,0
9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	Nov		-	496,0*
9 : 00	HU	Manufacturing PMI (points)	Jan		-	54,2
11 : 00	EZ	CPI (flash, yoy, %)	Jan		1,4	1,6
11 : 00	EZ	Core CPI (flash, yoy, %)	Jan		1,0	1,0
14 : 30	US	Unemployment rate (%)	Jan		3,9	3,9
14 : 30	US	Average earnings (yoy, %)	Jan		3,2	3,2
14 : 30	US	Average earnings (mom, %)	Jan		0,3	0,4
14 : 30	US	Non-farm payroll (mom, '000s)	Jan		183,0	312,0
16 : 00	US	ISM Manufacturing PMI (points)	Jan		54,0	54,1
16 : 00	US	Construction expenditure (mom, %)	Dec		0,2	
21 : 30	US	Vehicle sales (annualized monthly, million)	Jan		17,4	17,6
2019.01.28-02.01	US	Construction expenditure (mom, %)	Nov		0,2	-0,1
2019.01.28-02.01	US	Business inventories (mom, %)	Nov		0,3	0,6
2019.01.28-02.01	US	Building permits (annualized monthly, '000s)	Dec		1290	
2019.01.28-02.01	US	Housing starts (annualized monthly, '000s)	Dec		1254	1256
2019.01.28-02.01	US	Retail sales (yoy, %)	Dec		0,2	0,2
2019.01.28-02.01	US	Durable goods orders (mom, %)	Dec		1,8	
2019.01.28-02.01	US	Factory orders (mom, %)	Nov		0,2	-2,1
2019.01.28-02.01	US	New home sales (annualized monthly, '000s)	Nov		560	544
2019.01.28-02.01	US	Federal budget balance (USDbn)	Dec		-12,0	-205,0

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Sources: Reuters, OTP Research

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