

Global Daily Report



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Summary

- Pessimism ruled Tuesday's trading but Europe's indices closed higher.
- Britain's Parliament voted to re-open Brexit talks, but the EU immediately rejected the idea.
- The USA steps up political pressure on Venezuela.

America's stock markets had a rather subdued trading day on Tuesday, when the Nasdaq100 dropped 1%, the S&P500 shed 0.1%, and only Dow climbed 0.2% higher. What influenced trading sentiment was the wait-and-see approach before the Fed's meeting concludes, the USA-China trade conflict, as well as corporate earnings reports. One of the biggest winners of the day, Apple surged 3.8% in after-hours trading, following the release of its latest earnings figures. The tech giant's quarterly revenue of USD 84.3 billion marks a significant fall from the 88.3-billion-dollar figure reported a year earlier. Yet its earnings per share rose from USD 3.89 to USD 4.18. eBay's share price grew by 2.6% as the online retail company's quarterly net profit and turnover figures have beaten analysts' expectations. Its Q4 profit hit USD 763 mn, in a spectacular rally from the USD 2.6 bn loss reported a year earlier.

Amid the benign sentiment on Europe's stock markets, the Stoxx600 and the CAC40 advanced 0.8% each, while the DAX closed flat. Before an important vote on Brexit, London's FTSE100 closed 1.3% higher. In part, the supportive sentiment benefited from Mario Draghi's comment made on Monday, when the president said that the ECB was willing to re-launch its asset purchase programme, if needed. In the corporate world, one of the losers of the day, SAP slid 3.6% as its quarterly figures revealed shrinking revenue.

Tuesday's meeting of the MNB's Monetary Council left interest rates on hold, as expected.

Last night the UK parliament voted on some of the motions to amend Theresa May's Brexit deal. The proposal to put off the date of Britain's exit was rejected, and so was the one that would have narrowed the government's wiggle room while postponing the departure from the bloc. Most MPs voted in favour of the motion that the UK Parliament rejects a no-deal Brexit. This is against Theresa May's earlier position that a no-deal Brexit could be ruled out only if Parliament passes the PM's proposal. That said, the motion does not clarify how a no-deal withdrawal could be avoided. MPs passed a motion that supports replacing the Irish border backstop for an 'alternative solution', without giving any specifics. All in all, yesterday's vote did not bring meaningful changes – the Brexit date remains 29 March, and the Parliament did not set specifics as to the re-negotiation of the debated issues. In an immediate reaction, the European Council's president Donald Tusk pointed out that the agreement was non-renegotiable. Ireland and France are of the same viewpoint.

The USA imposed sanctions on Venezuela's state-owned PDVSA oil company, which led to freezing its assets and wealth that fall under American law. This sent WTI and Brent crude prices 2.5% and 2.3% higher, respectively. Meanwhile the situation in Venezuela escalated in other fields as well. The USA granted access to American bank accounts of Guaido, whom it has recognized as interim president. Speaking at a press conference, US national security advisor John Bolton could not rule out a military intervention.

Sino-American relations may deteriorate further after the Trump administration unveiled its indictment against Huawei. Federal prosecutors said the Chinese technology company had violated the US sanctions on Iran, and illegally accessed an American partner's business secrets. The court case against Huawei is likely to intensify the tension between the USA and China, and affect their trade talks.

On the back of reports on yesterday's Brexit vote, the pound weakened 0.8% versus the euro yesterday.

In precious metals, gold and silver prices marched 0.6% higher, with the former hitting a seven-month high.

The US consumer confidence index fell significantly in the USA. In January, the indicator stood at 120.2, down from 126.6 in December, and wrong-footing analysts who had predicted 124.7. Most of this decline can be attributed to the US government shutdown. Beating analysts' forecast of 0.2% uptick, France's preliminary GDP statistics signify 0.3% quarter/quarter economic expansion in the last three months of 2018, despite the yellow-vest protests.

The FOMC's two-day rate-setting meeting is to end today. It is worth keeping an eye on the post-meeting press conference, where the Fed may provide guidance as to the future trajectory of interest rates and on the pace of its balance sheet normalization. The USA will release important macroeconomic data, including the preliminary estimate on Q4 GDP growth, along with labour market and housing statistics.

	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	2640,0	-0,1	5,3	VIX	19,1	1,4	-25	WTI	53,3	2,5	17,4
	DOW	24580,0	0,2	5,4	US 2Y	2,57	-2,3	7	Brent	61,32	2,3	14,0
	Nasdaq100	6632,8	-1,0	4,8	US 10Y	2,71	-3,2	2	Gold	1311,9	0,6	2,3
	DAX	11218,8	0,1	6,2	GER 2Y	-0,58	0,9	2	Silver	15,84	0,6	2,3
	CAC40	4928,2	0,8	4,2	GER 10Y	0,20	-1,0	-5	EUR/USD	1,1430	0,0	-0,3
	FTSE 100	6833,9	1,3	1,6	PT10Y	1,67	2,0	-5	EUR/GBP	0,8747	0,8	-2,6
	FTSE MIB	19701,6	0,5	7,5	IT 10Y	2,63	-3,4	-14	EUR/NOK	9,7136	-0,1	-1,9
	Stoxx600	357,2	0,8	5,8	SP 10	1,24	1,2	-18	USD/CAD	1,3265	0,0	-2,7
	- Banks	120,4	0,0	6,5	iTRAXX	75,0	-1,3	-14,8	AUD/USD	0,7153	-0,2	1,5
	Nikkei 225	20556,5	-0,5	2,7	JPY 2Y	-0,16	-0,4	-2	USD/JPY	109,38	0,0	-0,2
	SSEC	2580,3	-0,5	3,5	JPY 10Y	0,01	0,4	0	GBP/USD	1,3066	-0,7	2,4
Regional	RTS	1191,4	1,1	11,7	RUS10	8,3	0,2	-5	USD/RUB	65,994	-0,3	-5,3
	WIG20	2373,3	0,1	4,2	POL 10	2,8	0,7	-1	EUR/PLN	4,29	0,0	0,1
	PX50	1029,6	0,4	4,4	CZ10	1,8	-2,6	-8	EUR/RON	4,760	-0,3	2,3
Hungary	BUX	41146	-0,5	5,1	3M DKJ	0,15	-0,2	8	EUR/HUF	317,13	0,0	-1,2
	OTP	11650	-0,9	3,2	1Y	0,44	-1,6	-1	USD/HUF	277,20	-0,1	-0,9
	MOL	3290	-0,2	6,9	3Y	1,20	1,4	-5	CHF/HUF	278,98	-0,3	-2,2
	MTelekom	471	1,1	6,9	5Y	2,42	-1,0	-11	PLN/HUF	73,83	-0,2	-1,0
	Richter	5820	-0,5	7,2	10Y	2,87	-0,5	-18	GBP/HUF	364,78	-0,1	2,4

* 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. 29.	14 : 00	HU Interest rate decision (%)	Jan	0,9	0,9	0,9
	15 : 00	US Case-Shiller Home Price Index (yoy, %)	Nov	4,7	4,9	5,0
	16 : 00	US Consumer confidence (point)	Jan	120,2	124,7	126,6
	20 : 00	UK Brexit vote (UK Parliament)	-	-	-	-
30.	7 : 30	FR GDP (preliminary, qoq, %)	Q4	0,3	0,2	0,4
	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

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

* preliminary data

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

Sources: Reuters, OTP Research

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