



## Summary

- The sour sentiment on equity markets persisted on both sides of the Atlantic.
- The European Commission cut its growth forecast for the eurozone.
- The Bank of England expects significant deceleration in the UK's economy.

The disappointing German industrial production figure, released on Thursday morning, dented investor sentiment in Europe. The Stoxx600 dropped 1.5% and the DAX fell 2.7%. In the auto industry Daimler and Volkswagen each reversed 4%, in addition to the hefty losses of other industrial names. Covestro (a polymer manufacturer, which arose from the Bayer Group's plastics & chemicals division) shrank 4.5%, as did Continental; ThyssenKrupp dived 4.3%, and Heidelberg Cement contracted by 4.1%. BASF and BMW gave back 3% each, and Siemens closed 2.6% lower. Projecting a considerable deceleration in the eurozone's growth this year, the European Commission's latest forecast did not ease concerns. The Bank of England was likewise pessimistic, lowering its 2019 growth forecast for the UK to 1.2%, down from the previous 1.7%. The FTSE dipped 1.1%, dragged down by the loser of the day, the TUI travel group, which slumped 16% in the wake of a profit warning. Banks did not fare well: Deutsche Bank lost 6%, Barclays sank 3%, as did SocGen, following the release of deteriorating profit guidance for 2020. Commodity-related companies also ended the day with losses.

The lack of appetite to buy spread onto America's stock markets too. The dismal news from Europe was coupled with reports that the US government shutdown may drag on. What added to concerns was that it seems that the leaders of the USA and China will not meet before the US import tariffs on Chinese goods take effect on 1 March. The Dow and the S&P both slid 0.9% by the close, while the Nasdaq100 slipped 1.3%. In the S&P's sector indices, the biggest losers came from the energy, basic materials, and technology sectors. Chipotle's share price jumped 11% higher as its earnings report surprised on the upside. Twitter's quarterly profit has beaten expectations, but projects weaker revenue forecast for the current quarter, thus its stock price plunged 10%. BB&T is planning to buy up SunTrust Banks, to become the sixth largest bank in the USA. The price of SunTrust shares jumped 10% higher, and that of BB&T rallied 4%.

The gloom was also felt on the CEE region's stock markets, where Hungary's BUX lost 1.0% of its value, Poland's WIG20 fell 1.8%, and the Czech PX shed 0.2%.

In Thursday's monetary policy meeting, the Bank of England left interest rates on hold, and projected that there might be fewer hikes in 2019, when the UK's economy may see the weakest growth in the past ten years, owing to Brexit uncertainty, and the expected global slowing. After the meeting, the pound's weakening reversed and it even gained 0.2% from the US dollar. The euro shed 0.2% versus the US dollar, the Bloomberg Dollar Spot Index signified 0.2% rise. The USA's and Germany' 10Y bond yields sank four and five basis points, respectively. Italy's 10Y government bond yields grew by nine basis points. This morning the AUD weakened, as the Reserve Bank Australia cut its growth and inflation forecasts. Australia's 10Y government bond yield fell six basis points.

On the commodity market, the Brent crude sank 1.7%, to less than 62 USD/barrel, while WTI shed 2.5%, trading below USD 53. Gold price picked up. In industrial metals, copper and aluminium prices fell noticeably.

Asia's stock indices were seen in the red this morning, with Japan's Nikkei falling 2%, and the Hang Seng dropping 0.5%. Hong Kong re-opened today while mainland China's markets are still closed to observe Lunar New Year. S&P futures were 0.4% down this morning.

In Thursday's talks in Brussels, Prime Minister Theresa May failed to make headway in the UK's departure but after her meeting with Jean-Claude Juncker, parties agreed that talks should resume before the end of February. Once again, the President of the Commission ruled out re-opening talks on the balanced Brexit agreement.

In the UK, the earnings report of Jaguar Land Rover is due out today.

This morning's release of German foreign trade statistics signified 1.5% month/month growth in December, whereas a contraction was expected.

	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	2706,1	-0,9	7,9	VIX	16,4	6,4	-36	WTI	52,6	-2,5	15,9
	DOW	25169,5	-0,9	7,9	US 2Y	2,48	-4,5	-2	Brent	61,63	-1,7	14,6
	Nasdaq100	6905,0	-1,3	9,1	US 10Y	2,65	-4,6	-4	Gold	1310,0	0,3	2,1
	DAX	11022,0	-2,7	4,4	GER 2Y	-0,58	-2,5	1	Silver	15,71	0,3	1,5
	CAC40	4985,6	-1,8	5,4	GER 10Y	0,17	0,2	-8	EUR/USD	1,1340	-0,2	-1,1
	FTSE 100	7093,6	-1,1	5,4	PT10Y	1,66	-0,6	-6	EUR/GBP	0,8757	-0,3	-2,5
	FTSE MIB	19478,3	-2,6	6,3	IT 10Y	2,95	11,1	18	EUR/NOK	9,7471	0,4	-1,6
	Stoxx600	360,1	-1,5	6,6	SP 10	1,25	-1,7	-18	USD/CAD	1,3306	0,7	-2,4
	- Banks	116,7	-2,4	3,3	iTRAXX	73,1	4,5	-17,0	AUD/USD	0,7099	-0,1	0,7
	Nikkei 225	20333,2	-2,0	1,6	JPY 2Y	-0,16	-1,1	-3	USD/JPY	109,80	-0,1	0,2
	SSEC	2618,2	0,0	5,0	JPY 10Y	-0,03	-2,0	-3	GBP/USD	1,2953	0,2	1,5
Regional	RTS	1200,1	-1,3	12,6	RUS10	8,1	0,2	-7	USD/RUB	65,939	0,1	-5,4
	WIG20	2371,33	-1,8	4,2	POL 10	2,7	-0,1	-4	EUR/PLN	4,31	0,3	0,4
	PX50	1060,9	-0,2	7,5	CZ10	1,7	-1,4	-12	EUR/RON	4,742	0,1	1,9
Hungary	BUX	40174	-1,0	2,6	3MDKJ	0,15	-0,2	8	EUR/HUF	318,81	0,1	-0,7
	OTP	11400	-0,6	1,0	1Y	0,44	0,0	-1	USD/HUF	281,00	0,2	0,5
	MOL	3246	0,0	5,5	3Y	1,00	-2,9	-25	CHF/HUF	280,63	0,3	-1,7
	MTelekom	469	-0,7	6,6	5Y	2,20	-3,0	-33	PLN/HUF	74,09	-0,1	-0,7
	Richter	5540	-3,4	2,0	10Y	2,66	0,0	-38	GBP/HUF	364,14	0,4	2,2

\* 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 2. 4.	8 : 00	TR	Inflation (yoy, %)	Jan	20,3	20,3	20,3
	10 : 30	EZ	Sentix Investor confidence (points)	Feb	-3,7	-1,1	-1,5
	16 : 00	US	Factory orders (mom, %)	Nov	-0,6	0,2	-2,1
5.	9 : 00	HU	Retail sales (SA, first estimate, yoy, %)	Dec	4,1	-	4,9
	11 : 00	EZ	Retail sales (mom, %)	Dec	-1,6	-1,6	0,6
	16 : 00	US	ISM non-Manufacturing PMI (points)	Jan	56,7	57,2	57,6
6.	8 : 00	DE	Industrial orders (mom, %)	Dec	-1,6	0,3	-1,0
	14 : 00	PL	Interest rate decision (%)	Feb	1,5		1,5
	20 : 00	US	Jerome Powell speech	-		-	-
7.	0 : 00	RO	Interest rate decision (%)	Feb	2,5	2,5	2,5
	8 : 00	DE	Industrial production (mom, %)	Dec	-0,4	0,7	-1,9
	9 : 00	HU	Industrial production (preliminary, yoy, %)	Dec	5,4	-	4,0
	10 : 00	HU	International reserves (preliminary, EURbn)	Jan		-	27,4
	11 : 00	EU	European Commission's Economic Forecast	-	-	-	-
	13 : 00	UK	Interest rate decision (%)	Feb	0,75	0,75	0,75
	14 : 00	CZ	Interest rate decision (%)	Feb	1,75	1,75	1,75
	14 : 30	US	Continuing jobless claims ('000s)	weekly	1 736	1 720	1 778
	14 : 30	US	Initial jobless claims ('000s)	weekly	234	227	253
8.	8 : 00	DE	Export (mom, %)	Dec	1,5	0,6	-0,4
	9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	Dec		-	496,0
	11 : 00	HU	Fiscal balance (monthly, billion HUF)	Jan		-	397,3
2019.02.01-02.15		US	Construction expenditure (mom, %)	Nov		0,2	-0,1
2019.02.01-02.15		US	Building permits (annualized monthly, '000s)	Dec		1 290	1 322
2019.02.01-02.15		US	Housing starts (annualized monthly, '000s)	Dec		1 254	1 256
2019.02.01-02.15		US	Retail sales (yoy, %)	Dec		0,2	0,2
2019.02.01-02.15		US	Durable goods orders (mom, %)	Dec		1,8	
2019.02.01-02.15		US	Factory orders (mom, %)	Nov		0,2	-2,1
2019.02.01-02.15		US	New home sales (annualized monthly, '000s)	Nov		560	544
2019.02.01-02.15		US	Federal budget balance (USDbn)	Dec		-12,0	-205
2019.02.01-02.15		US	Personal income (mom, %)	Dec		0,5	0,2
2019.02.01-02.15		US	Personal consumption (adjusted, mom, %)	Dec		0,3	0,4
2019.02.01-02.15		US	GDP (preliminary, annualized qoq, %)	Q4		2,6	3,4



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