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Global Daily Report

Summary

- US markets saw unenthusiastic investors on Thursday
- Europe's stock market posted slight gains
- The risk of US government shutdown is still present

In Thursday's unenthusiastic trading in America, the leading stock indices moved sideways before closing 0.1-0.4% in the red. One reason for the sour sentiment was the US Congress's failure to reach agreement on raising the debt ceiling, which casts shadows on the funding of federal agencies. Based on a previous arrangement, legislators shall come to an agreement by 19 January to secure the funding of government functions until the autumn (the end of the fiscal year), and thus preventing a government shutdown. That said, the US 10Y benchmark yield exceeded 2.6%, its highest in several months. To avert government shutdown, on Thursday night the House of Representatives approved a stopgap budget bill, which may secure funding until mid-February. But it remains to be seen whether the Senate would pass the bill, as a number of Democrat and Republican senators are against it, thus the risk of a government shutdown has not been averted.

Boeing's 3.1% nose-dive weighed heavily on the Dow. Of the companies releasing their earnings reports yesterday, Alcoa slid 8.6% as the profit figures of the aluminium maker's report were short of analysts' forecasts. Moving sideways, Morgan Stanley closed 0.1% down even though its profit figures beat expectations. IBM's share price plunged 4.2% after releasing its earnings report, despite increasing its revenue for the first time in five years and slightly surpassing profit expectations.

In individual corporate reports, Wyndham Worldwide's plan to purchase the La Quinta Holdings hotel franchise company for USD 1.95 billion triggered 3.6% rally in La Quinta. Amazon's share price upped 0.4% on Thursday morning, when the company announced the short list of 20 sites where it may set up its second headquarters.

The US Department of Justice said it had obligated HSBC to pay a total of USD 101 million (HUF 63 million in fines and USD 38 million in compensation) as the supervisory authority had accused the bank of abusing clients' confidential information.

Europe's indices posted slight gains on Thursday, as the European Union's second largest trading partner China published favourable macroeconomic data.

On currency markets, the euro continued its winning streak against the US dollar in the morning.

Reversing the weekend's sharp fall from the 10,600-dollar line, bitcoin's price increased drastically before it ran out of breath at the USD 12,000 mark, and it traded around USD 11,000 last night. Meanwhile gold price fell 0.9%, in its biggest intraday drop since early December. This can be a natural correction of the previous rally but it may be also because Bitcoin's new surge made market players re-allocate their investment into cryptocurrencies. US government bond yields rose because of the political uncertainty around lifting the debt ceiling. European bond yields edged lower.

Conflicting data sets were released about the US construction industry. While housing starts undershot expectations in December, contracting by 8.2% year/year in the largest fall since November 2016, building permits have beaten expectations.

An important consumer sentiment index on the American economy is due out today.

	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	2798,0	-0,2	4,7	VIX	12,2	3	11	WTI	63,89	-0,1	5,7
	DOW	26017,8	-0,4	5,3	US 2Y	2,0	0	15	Brent	69,31	-0,1	3,6
	Nasdaq100	6811,4	0,0	6,5	US 10Y	2,6	3	20	Arany	1327,10	0,0	1,9
	DAX	13281,4	0,7	2,8	GER 2Y	-0,6	-1	5	Ezüst	16,93	-0,5	-0,1
	CAC40	5494,8	0,0	3,4	GER 10Y	0,6	1	15	EUR/USD	1,22	0,4	2,0
	FTSE 100	7701,0	-0,3	0,2	PT10Y	1,8	-1	-16	EUR/GBP	0,88	0,0	-0,8
	FTSE MIB	23630,8	0,5	8,1	IT 10Y	2,0	-1	-2	EUR/NOK	9,60	0,0	-2,5
	Stoxx600	398,7	0,2	2,5	SP 10	1,5	-1	-8	USD/CAD	1,24	-0,1	-1,3
	- Banks	177,1	0,3	7,3	iTRAXX	45,0	2	0	AUD/USD	0,80	0,4	2,5
	Nikkei 225	23808,1	0,2	4,6	JPY 2Y	-0,1	0	1	USD/JPY	111,09	-0,2	-1,4
SSEC	3368,8	-3,0	1,9	JPY 10Y	0,1	0	3	GBP/USD	1,39	0,5	2,8	
Regional	RTS	1279,3	1,2	10,8	RUS10	7,4	0	-2	USD/RUB	56,487	-0,6	-2,0
	WIG20	2591,2	-0,4	5,3	POL 10	3,3	1	1	EUR/PLN	4,16	-0,1	-0,4
	PX50	1119,1	0,3	3,8	CZ10	1,8	0	16	EUR/RON	4,651	0,1	-0,6
Hungary	BUX	39664	0,3	0,7	3M T-Bill	0,03	1	-1	EUR/HUF	308,05	-0,1	-0,8
	OTP	10910	-0,3	1,8	1Y	0,07	0	2	USD/HUF	251,71	-0,5	-2,8
	MOL	3034	0,6	1,0	3Y	0,55	0	0	CHF/HUF	262,42	0,2	-1,0
	MTelekom	471	0,1	2,7	5Y	1,11	4	-6	PLN/HUF	74,01	0,0	-0,4
	Richter	6690	0,2	-1,3	10Y	2,08	8	3	GBP/HUF	349,57	0,0	0,1

* 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.
2018 01. 15.	9 : 00	HU Construction output (yoy, %)	Nov.	30,7	-	38,1
16.	8 : 00	DE Budget balance (% of GDP)	Dec.	1,6	1,7	1,7*
	10 : 30	UK Inflation (yoy, %)	Dec.	3,0	3,0	3,1
	10 : 30	UK Core inflation (yoy, %)	Dec.	2,5	2,6	2,7
	14 : 30	US New York Fed Manufacturing index (points)	Jan.	18	18	20
17.	11 : 00	EZ CPI (final, yoy, %)	Dec.	1,4	1,4	1,4*
	15 : 15	US Industrial production (mom, %)	Dec.	0,9	0,4	0,2
	20 : 00	US Beige Book	-	-	-	-
18.	3 : 00	CN Infrastructural spending (yoy, %)	Dec.	7,2	7,10	7,2
	3 : 00	CN Industrial production (yoy, %)	Dec.	6,2	6,0	6,1
	3 : 00	CN Retail sales (yoy, %)	Dec.	9,4	10,1	10,2
	3 : 00	CN GDP (preliminary, yoy, %)	Q4	6,8	6,7	6,8
	3 : 00	CN GDP (qoq, SA, preliminary, %)	Q4	1,6	1,6	1,7
	14 : 30	US Housing starts (annualized monthly, '000s)	Dec.	1192	1275	1297
	14 : 30	US Building permits (annualized monthly, '000s)	Dec.	1302	1290	1303
19.	9 : 00	HU Gross wages (yoy, %)	Nov.		-	12,8
	10 : 30	UK Retail sales (mom, %)	Dec.		-0,6	1,1
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Jan.		97,0	95,9

*preliminary data

Sources: Reuters, OTP Research

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