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### Summary

- The key stock indices fell and gold price rose in Tuesday's unenthusiastic trading
- Donald Trump's Tuesday morning words on the USD weakened the greenback
- The UK is to leave the single market, but the Brexit agreement hinges on parliamentary vote; the GBP soared on the news

In Tuesday's pessimistic trading session, indices fell on both sides of the Atlantic. Donald Trump's words made their effect on markets: the recently bashed car manufacturers headed the downward ride in Europe, while America's biotech and pharmaceutical companies made losses as the president promised on Tuesday to review medicine pricing and a new health care system to replace Obamacare. Banks were also underperformers: Trump's calling the dollar too strong sent the greenback 1% lower against the key currencies, and the 10Y US yield dropped five points; all these may project that banks' interest margins may narrow. The weakening dollar made Asia's stock indices close higher.

Deutsche Bank agreed with the US Department of Justice to pay USD 7.2 billion in fine and compensation, because of its role in the financial 2008 crisis. Its share price fell 3.3% in New York. Amid the sour sentiment on stock markets, gold price increased more than 1%. After a long bargaining procedure, the UK-based British American Tobacco has reached an agreement to buy Reynolds American. The 49.4-billion-dollar deal will create the world's largest stock-exchange-listed tobacco company, bigger than Philip Morris. The deal may trigger a new wave of mergers in the tobacco industry, the sector's experts opine. The report sent BAT's share price almost 2% lower in London, while Reynolds surged almost 4% in New York, in pre-market trading.

In the commodity world, Gold shines more than 1% brighter, probably because of the weakening USD and the lower US interest rates. Crude price barely moved yesterday.

In her Tuesday speech, Britain's Prime Minister Theresa May revealed further details about her vision of the country's leaving the European Union. The UK will leave the single market (thus opening the way for limiting immigration), but is planning a trade agreement with the EU. Britain is prepared to make a temporary agreement to regulate financial services, and would put an end to the considerable payments into EU budget. The exit talks may be completed at the beginning of 2019, requiring the approval of the UK parliament. The Prime Minister aims to maintain basically good relationship with the European Union after the exit. The pound markedly surged after her speech.

The war of words between Donald Trump and the rest of the world continued. In his speech in Davos, China's President Xi Jinping argued for globalization and warned of the threats of protectionism, reacting to Trump's expected foreign trade policy. BMW stood up for building the factory in Mexico, which invited Trump's criticism earlier, and the head of Germany's car industry alliance hinted that the import duty proposed by Trump may face strong opposition in US legislation.

Of the few macro data released on Tuesday, the UK inflation surpassed expectations, helping the GBP to gain on Tuesday. Today inflation data will see the light of day in Europe and America. The final reading of Germany's CPI, released this morning, matched both the previous gauge and market expectations.

	Stocks				Bonds				Commodity & FX			
	Product name	Close	Daily change (%)	YTD (%)	Product name	Yield	Daily change*	YTD*	Product name	Close	Daily change (%)	YTD (%)
<b>Global</b>	S&P500	2267,9	-0,3	1,3	VIX	11,9	5,7	-15	WTI	53,26	1,9	-1
	DOW	19826,8	-0,3	0,3	US 2Y	1,16	-3,7	-4	Brent	55,47	-0,7	-2
	Nasdaq100	5029,6	-0,6	3,4	US 10Y	2,33	-5,3	-11	Arany	1216,5	1,1	6
	DAX	11540,0	-0,1	0,5	GER 2Y	-0,73	0,2	6	Ezüst	17,16	2,4	8
	CAC40	4859,7	-0,5	-0,1	GER 10Y	0,31	-1,7	10	EUR/USD	1,0712	1,1	1,9
	FTSE 100	7220,4	-1,5	1,1	PT10Y	3,83	-1,0	7	EUR/GBP	0,8628	-1,9	1
	FTSE MIB	19296,2	0,3	0,3	IT 10Y	1,91	0,1	9	EUR/NOK	9,0491	0,1	-0,4
	Stoxx600	362,4	-0,2	0,3	SP 10	1,41	-1,8	2	USD/CAD	1,3041	-1,0	-2,9
	- Banks	138,2	0,9	3,0	ITRAXX	69,7	0,8	-4	AUD/USD	0,7566	1,2	4,9
	Nikkei 225	18813,5	-1,5	1,6	JPY 2Y	-0,23	-0,4	-5	USD/JPY	112,62	-1,4	-4
SSEC	3113,0	0,1	0,3	JPY 10Y	0,06	0,6	1	GBP/USD	1,2413	3,1	1	
<b>Regional</b>	RTS	1156,5	0,5	0,4	RUS10	8,03	-0,4	-4	USD/RUB	59,333	-0,9	-3
	WIG20	2015,28	-0,5	3,5	POL 10	3,63	-0,1	0	EUR/PLN	4,3609	-0,2	-1,0
	PX50	923,3	-0,4	0,2	CZ10	0,35	-1,7	-25	EUR/RON	4,5010	0,0	-0,7

\* In the case of bond yields, the change is in basispoint instead of percentage (VIX and ITRAXX not included).

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 1. 16. 9 : 00	HU	Construction output (yoy, %)	Nov.	-14,4	-	-12,8
17. 2 : 45	UK	CPI (yoy, %)	Dec.	1,6	50,7	50,9
11 : 00	DE	ZEW Economic Sentiment (points)	Jan.	16,6	18,3	13,8
14 : 30	US	New York Fed Manufacturing index (points)	Jan.	6,5	8,5	9,0
21 : 30	US	Janet Yellen speech	Jan.		-	-
18. 8 : 00	DE	CPI (final, yoy, %)	Dec.	1,7	1,7	1,7*
11 : 00	EZ	CPI (final, yoy, %)	Dec.		1,1	1,1*
14 : 30	US	CPI (yoy, %)	Dec.		2,1	1,7
14 : 30	US	CPI (mom, %)	Dec.		0,3	0,2
14 : 30	US	core-CPI (yoy, %)	Dec.		2,2	2,1
14 : 30	US	core-CPI (yoy, %)	Dec.		0,2	0,2
15 : 15	US	Industrial production (mom, %)	Dec.		0,4	-0,4
20 : 00	US	Beige Book	Jan.		-	-
19. 13 : 45	EZ	Interest rate decision (lending rate, %)	Jan.		0,0	0,0
13 : 45	EZ	Interest rate decision (deposit rate, %)	Jan.		-0,4	-0,4
14 : 00	PL	Retail sales (yoy, %)	Dec.		6,1	6,6
14 : 30	US	Building permits (annualized monthly, '000s)	Dec.		1220	1212
14 : 30	US	New home sales (annualized monthly, '000s)	Dec.		1195	1090
20. 3 : 00	CN	Industrial production (yoy, %)	Dec.		6,1	6,2
3 : 00	CN	Retail sales (yoy, %)	Dec.		10,7	10,8
3 : 00	CN	Infrastructural spending (yoy, %)	Dec.		8,3	8,3
3 : 00	CN	GDP (preliminary, qoq, %)	Q4		1,7	1,8
3 : 00	CN	GDP (preliminary, yoy, %)	Q4		6,7	6,7
9 : 00	HU	Gross wages (yoy, %)	Nov.		-	5,4
10 : 30	UK	Retail sales (mom, %)	Dec.		0,2	0,2

\*preliminary data

Source: Reuters, OTP Research

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