

Treasury Sales Team

Headquarter Treasury Sales

Alexandru Tibuleac
0372 31 85 85
alexandru.tibuleac@otpbank.ro

Cristian Ilie
0372 31 85 86
ilie.cristian@otpbank.ro

Corina Bejan
0372 31 85 84
corina.bejan@otpbank.ro

Andreea Nica
0755 000 106
andreea.nica@otpbank.ro

Regional Treasury Sales

Szilamer Kozma - Cluj
0755 000 400
szilamer.kozma@otpbank.ro

Tudor Zaman - Bucuresti
0755 000 199
tudor.zaman@otpbank.ro

Alexandru Sabin - Arad
0730 577 959
alexandru.sabin@otpbank.ro



Summary

- Europe and America opened the week lower.
- If elected, Marine Le Pen would lead France out of the EZ.
- The ECB will not abandon its stimulus measures, Mario Draghi said at his hearing at European Parliament.

Europe's stock market opened encouragingly on Monday, but indices headed down later. The Stoxx600 closed 0.7% in the red, chiefly dragged down by banks and car manufacturers, following an Underweight recommendation for European car manufacturers from BofA Merrill Lynch. Milan's MIB index subsided 2.2%, the DAX shed 1.2%, and the CAC40 dropped 1%. Marine Le Pen, the head of France's National Front, recently laid out her election programme, a cornerstone of which is to lead France out of the eurozone. The equity market was fairly quick to digest the potential president's campaign programme, but the plan had a more lasting effect on bond markets. Although it is at low levels in historical comparison, this year's sharp rise in France's 10Y bond yield is conspicuous, and the differential between German and French 10Y bond yields has grown to 72 basis points, the biggest value since 2012. Mario Draghi took a stand for the unity of the eurozone; the EU legislation does not allow departure from it. During his hearing at a European Parliament committee, the ECB's President also said that the region's economic performance was improving, but the time for the ECB to withdraw its stimulus measures has not come.

US markets saw slighter losses: the Dow inched down less than 0.1%, and the S&P500 nudged 0.2% lower. Seven of the S&P's ten sector indices closed in the red, with the energy, real property, and consumer staples sectors hit the hardest. Oil price sank yesterday as Iran said it would curb its oil production by less than it had agreed to. The WTI crude and the Brent slipped 1.4% and 1.9% respectively yesterday. The winners of the day in the S&P universe were industrial, health care and technology companies; the NASDAQ100 edged 0.1% higher. After Monday's close 21st Century Fox published its earnings figures; its after-tax profit surprised on the upside. Other important players of the US entertainment industry (Universal, Walt Disney, and Warner Music Group) will report today. General Motors is to reveal its quarterly figures in pre-market hours today.

Owing to the political uncertainty surrounding France and the eurozone, trading in Asia started on a negative note and concerns did not ease until the end of session. In Japan, the preliminary data of December's Leading Indicators Index rose to 105.2, exceeding expectations – yet it could not prevent the Nikkei from falling 0.3%. On the other hand, the JPY firmed, which usually incites a negative reaction from exporting companies' shares. Toyota Motor Corp dropped by 2.3%, after its operating profit fell 39% in the fiscal third quarter. The Shanghai Composite shrank 0.1%, the Hang Seng dipped less than 0.1% but its financial sector index rose by 0.4%.

Safe haven instruments came to the fore in Monday's trading: the 10Y US Treasury note yield sank five basis points, gold has been rising for the third day in a row, the yen gained 0.8% ground from the greenback in Monday's session. The USD firmed 0.3% vs. the EUR, and made slight gain against the GBP. On commodity markets, nickel futures ground higher due to the Philippines' plan to close down mines. Copper futures swung 1.2% higher on news that there may strikes in Chile.

Germany's December industrial production unexpectedly plunged 3% month/month, wrong-footing forecasts of growth.

The January reading of the Halifax home price index is due out in the United Kingdom, and the December trade data will see the light of day in the USA 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	2292,6	-0,2	2,4	VIX	11,4	3,6	-19	WTI	53,01	-1,5	-1
	DOW	20052,4	-0,1	1,5	US 2Y	1,16	-5,2	-4	Brent	55,72	-1,9	-2
	Nasdaq100	5168,0	0,1	6,3	US 10Y	2,41	-7,8	-2	Gold	1235,5	1,3	7
	DAX	11509,8	-1,2	0,3	GER 2Y	-0,77	-3,0	2	Silver	17,73	1,5	11
	CAC40	4778,1	-1,0	-1,7	GER 10Y	0,37	-4,5	16	EUR/USD	1,0749	-0,3	2,2
	FTSE 100	7172,2	-0,2	0,4	PT10Y	4,24	9,2	48	EUR/GBP	0,8618	-0,2	1
	FTSE MIB	18693,7	-2,2	-2,8	IT 10Y	2,38	12,4	56	EUR/NOK	8,8690	0,2	-2,4
	Stoxx600	361,6	-0,7	0,0	SP 10	1,79	9,9	39	USD/CAD	1,3080	0,4	-2,6
	- Banks	140,0	-1,7	4,4	iTRAXX	74,9	4,9	4	AUD/USD	0,7657	-0,3	6,1
	Nikkei 225	18910,8	-0,3	1,1	JPY 2Y	-0,22	-1,0	-4	USD/JPY	111,71	-0,9	-4
SSEC	3153,1	-0,1	1,6	JPY 10Y	0,10	-0,2	5	GBP/USD	1,2469	-0,1	1	
Regional	RTS	1178,5	-1,0	2,3	RUS10	8,09	0,1	-3	USD/RUB	58,908	-0,2	-4
	WIG20	2089,61	0,6	7,3	POL 10	3,79	0,4	4	EUR/PLN	4,2940	-0,2	-2,5
	PX50	942,1	-0,2	2,2	CZ10	0,44	-1,3	-5	EUR/RON	4,5003	-0,5	-0,8
Hungary	BUX	32389	-1,6	1,2	3M TB	0,16	0	0	EUR/HUF	309,59	0,0	0,2
	OTP	8770	-1,0	4,4	1Y	0,33	0	15	USD/HUF	288,02	0,4	-1,9
	MOL	20300	-0,5	-1,6	3Y	1,49	1	63	CHF/HUF	290,54	0,5	0,9
	MTelekom	511	-0,6	2,6	5Y	2,24	2	47	PLN/HUF	72,070	0,1	2,9
	Richter	6161	-4,2	-0,8	10Y	3,57	1	37	GBP/HUF	358,96	0,1	-1

* 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 2. 6.	8 : 00 DE	Industrial orders (mom, %)	Dec.	5,2	-	-2,5
	2 : 45 CZ	Retail sales (yoy, %)	Dec.	3,0	50,7	50,9
	10 : 30 EZ	Sentix Investor confidence (points)	Febr.	17,4	17,4	18,2
7.	8 : 00 DE	Industrial production (mom, %)	Dec.	-3,0	0,4	0,4
	9 : 00 HU	Industrial production (preliminary, yoy, %)	Dec.	-0,5	-	0,6
	11 : 00 HU	Fiscal balance (monthly, billion HUF)	Jan.		-	-907,6
	11 : 00 HU	International reserves (preliminary, EURbn)	Jan.		-	24,4
	13 : 00 RO	Interest rate decision (%)	Febr.		1,8	1,8
8.	11 : 00 EU	EC Winter Forecast	-		-	-
	13 : 00 PL	Interest rate decision (%)	Febr.			1,5
9.	8 : 00 DE	Conference of the EC and ECB (Speech by Mario Draghi)	Dec.		-1,1	3,9
	9 : 00 HU	GDP (annualized, preliminary, yoy)	2017		-	878,0
	16 : 00 US	Wholesale inventories (revision, mom, %)	Dec.		1,0	0,7*
10.	3 : 00 CN	Import (yoy, %)	Jan.	4,5	-	3,1
	3 : 00 CN	Export (yoy, %)	Jan.		-	-6,1
	10 : 30 UK	Industrial production (mom, %)	Dec.		0,2	2,1
	16 : 00 US	Michigan Consumer confidence (preliminary, points)	Febr.		98,0	98,5
	20 : 00 US	Federal budget balance (USDbn)	Jan.		-	-28,0

*preliminary data

Chief Economist
Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Analyst
Orsolya Rátkai
ratkaio@otpbank.hu
+36 1 374 7270

Disclaimer

OTP Bank Plc. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This material is only for information purposes and it is not intended as an investment advice, an offer or solicitation for the purchase or sale of any financial instrument, and it does not constitute legal, tax or accounting advice.

Information herein reflects the market situation at the time of writing. It provides only momentary information and may change as market conditions and circumstances develop. Additional information may be available on request. Although the information in this document has been prepared in good faith from sources which OTP Bank believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. Opinions and estimates constitute our judgment and are subject to change without notice. OTP Bank may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments is made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. Any concrete individual decision or investment made based on this publication is the sole risk of the Client and OTP Bank shall not be held responsible for the success of the investment decisions or for attaining the Client's target.

Figures described herein refer to the past and past performance is not a reliable indicator of future results.

OTP Bank Plc. (registered seat: Nádor utca 16., Budapest H-1051, Hungary. Supervisory authority: Magyar Nemzeti Bank (National Bank of Hungary – H-1013 Budapest, Krisztina krt. 39.sz.) PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008. For more information, please refer to: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>). All rights reserved. This publication is exclusively owned by OTP Bank Plc., no part of this material can be reproduced, re-used or disseminated without the prior written consent of OTP Bank Plc.

If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to research@otpbank.hu or writing a letter addressed to "Research Center" Hungary 1051, Budapest Nádor utca. 21. Please refer to your name and e-mail address in both cases.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to csaba.balint@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.