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# Global Daily Report

### Summary

- US indices hit new highs; the Dow, the S&P, the NASDAQ Comp and the Russell are all at record levels.
- Goldman Sachs warns of a turnaround on stock markets.
- HSBC fell after a disappointing earnings report but this did not sour the optimism on Europe's equity markets.
- Bayer and Tesla are to release their quarterly reports today.

Reopening after a national holiday, US stock markets broke new records on Tuesday. Their growth was bolstered by retail chains' gains after Wal-Mart, Home Depot, and Macy's published their Q4 reports. These earnings figures overshoot economists' pessimistic forecasts, as the Christmas shopping season in the USA was stronger than had been estimated. Moreover, Wal-Mart cheered investors in two ways: its online sales fared well, and the DIY segment surprised on the upside too. Wal-Mart's share price jumped 4.2% during the day, to close 3% higher. Macy's surged 3.7% but ended the day one cent in the red. Even though its revenue has beaten expectations, its profit fell 13%; it is planning to sell 100 businesses and cut 10,000 jobs. Home Depot shares upped 1.9% after the earnings report, and it closed the day 1.4% higher. Of the S&P 500's sector indices, the real property and the utilities made the nicest gains; energy was also an outperformer. The weakest names came from the base material manufacturers on Tuesday. The Dow notched its eighth day of winning streak yesterday. Meanwhile Goldman Sachs warns that the US equity market may be arriving at a turning point as the optimism that started after Donald Trump's election in November may soon reverse; the tax reform is likely to give minor and later boost to corporate profits. The analysis concludes that the corporate profit expectations worsened 1% in 2017, while the S&P500 has increased 10% this year (it has reached a level markets had expected it to hit at year-end only), and a correction seems imminent. A number of earnings reports are due out tomorrow, including updates from Tesla.

The sentiment in Europe also improved: the Stoxx600 index closed 0.6% higher, fuelled by the energy, technology, and car manufacturing sectors. What improved the sentiment was the higher-than-expected increase in the Markit purchasing manager indices for the eurozone and Germany. Investors were not disheartened by HSBC's worse-than-expected quarterly figures, coupled with stronger cost cuts and share buyback plans. As a result, the bank's shares plunged 6.5%, dragging down the FTSE (-0.3%). The Royal Bank of Scotland and Barclays are to release their reports later this week. The DAX (+1.2%) hit an 18-month high, driven by car manufacturers. Bayer is to publish its earnings figures today.

Asia's stock markets opened higher and the buoyancy persisted throughout today's session. The Shanghai Composite rose by 0.2%, and the Hang Seng advanced 1%. In Japan, the Topix100 upped 0.1% while the Nikkei225 inched down one basis point.

The USD strengthened, gaining impetus from the words of Philadelphia Fed President Patrick Harker, who could not rule out an interest rate hike in March. The EUR lost 0.7% against the USD, while the GBP gained 0.1% versus the greenback. In Asian trading the JPY appreciated vs. the USD; the Cleveland Fed president said the FOMC decision makers do not want to surprise markets.

On commodity markets, the Brent upped almost 1%, drawing close to 57 USD/barrel and the WTI added 1.2%, going above USD 54.

The Markit purchasing managers' indices published for Europe yesterday have beaten expectations. The composite (manufacturing and services) index for the eurozone reached a level unseen for nearly six years. Germany's February PMI gauge also surpassed analysts' forecasts. But the PMI published for the USA undershot market expectations.

The release of Germany's IFO index may be of interest today, as well as the second reading of the Q4 GDP and the investment data in the United Kingdom. Eurostat is due to publish the final January inflation statistics for the eurozone. In the USA existing home sales data, and the minutes of the latest Fed meeting may be influential.

	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	2365,4	0,6	5,7	VIX	11,6	0,7	-18	WTI	54,33	0,7	1
	DOW	20743,0	0,6	5,0	US 2Y	1,21	0,9	1	Brent	56,66	0,9	0
	Nasdaq100	5350,7	0,5	10,0	US 10Y	2,43	0,4	0	Gold	1235,9	-0,2	7
	DAX	11967,5	1,2	4,2	GER 2Y	-0,86	-1,7	-7	Silver	17,94	-0,4	13
	CAC40	4888,8	0,5	0,5	GER 10Y	0,31	0,6	10	EUR/USD	1,0535	-0,7	0,2
	FTSE 100	7274,8	-0,3	1,8	PT10Y	4,00	1,3	24	EUR/GBP	0,8451	-0,7	-1
	FTSE MIB	19043,6	0,3	-1,0	IT 10Y	2,22	4,1	39	EUR/NOK	8,8091	-0,4	-3,0
	Stoxx600	373,4	0,6	3,3	SP 10	1,69	7,7	29	USD/CAD	1,3139	0,3	-2,2
	- Banks	137,1	-1,7	2,2	ITRAXX	73,6	0,0	2	AUD/USD	0,7674	-0,2	6,4
	Nikkei 225	19347,5	-0,5	-1,2	JPY 2Y	-0,26	-2,1	-9	USD/JPY	113,67	0,5	-3
	SSEC	3261,2	0,2	5,1	JPY 10Y	0,09	-1,0	4	GBP/USD	1,2472	0,1	1
Regional	RTS	1161,7	1,0	0,8	RUS10	8,21	0,2	-2	USD/RUB	57,376	-0,9	-6
	WIG20	2248,52	2,5	15,4	POL 10	3,87	0,7	6	EUR/PLN	4,2940	-0,5	-2,5
	PX50	974,5	0,1	5,7	CZ10	0,68	4,3	45	EUR/RON	4,5120	-0,2	-0,5
Hungary	BUX	34325	1,0	7,3	3M TB	0,19	3	3	EUR/HUF	307,45	-0,1	-0,4
	OTP	9396	1,1	11,9	1Y	0,31	-2	13	USD/HUF	291,74	0,6	-0,6
	MOL	21160	1,7	2,5	3Y	1,60	0	74	CHF/HUF	288,99	0,0	0,4
	MTelekom	521	-0,2	4,6	5Y	2,34	-1	57	PLN/HUF	71,580	0,5	2,2
	Richter	6679	0,7	7,6	10Y	3,56	-2	36	GBP/HUF	363,76	0,7	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. 20.	0 : 50 JP	Import (yoy, %)	jan.	8,5	4,7	-2,6
	0 : 50 JP	Export (yoy, %)	jan.	1,3	4,7	5,4
	9 : 00 HU	Gross wages (yoy, %)	dec.	5,7	-	8,2
	16 : 00 EZ	Consumer confidence (preliminary, point)	febr.	-6,2	-4,9	-4,9
		Eurogroup meeting (Greek debt talks)	febr.	-	-	-
21.	1 : 30 JP	Nikkei Manufacturing PMI (points)	febr.	53,5	-	52,7
	9 : 00 FR	Markit Service PMI (points)	febr.	56,7	53,8	54,1
	9 : 00 FR	Markit Manufacturing PMI (points)	febr.	52,3	53,5	53,6
	9 : 30 DE	Markit Service PMI (points)	febr.	54,4	53,6	53,4
	9 : 30 DE	Markit Manufacturing PMI (points)	febr.	57,0	56,0	56,4
	10 : 00 EZ	Markit Service PMI (points)	febr.	55,6	53,7	53,7
	10 : 00 EZ	Markit Manufacturing PMI (points)	febr.	55,5	55,0	55,2
	15 : 45 US	Markit Manufacturing PMI (points)	febr.	54,3	55,2	55,0
	15 : 45 US	Markit Service PMI (points)	febr.	53,9	55,7	55,6
22.	10 : 00 DE	IFO Economic sentiment index (points)	febr.		109,7	109,8
	10 : 30 UK	GDP (second estimate, qoq, %)	Q4		0,6	0,6*
	10 : 30 UK	GDP (second estimate, yoy, %)	Q4		2,2	2,2*
	11 : 00 EZ	CPI (final, yoy, %)	jan.		1,8	1,8*
	16 : 00 US	Existing home sales (mom, %)	jan.		5550	5490
	20 : 00 US	FOMC Minutes	jan.		-	-
23.	8 : 00 DE	GDP (second estimate, qoq, %)	Q4		0,4	0,4*
	8 : 00 DE	GDP (second estimate, yoy, %)	Q4		1,7	1,2*
	9 : 00 HU	Retail sales (second estimate, yoy, %)	nov.		-	2,6*
24.	16 : 00 US	New home sales (annualized monthly, '000s)	jan.		568	536
	HU	S&P Credit Rating decision	febr.	-	-	BBB-

Source: Reuters, OTP Research

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