

# Global Daily Report



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### Summary

- Optimism ruled Thursday's trading on global equity markets.
- Jerome Powell, the Fed's chair spoke at Washington Economic Club.
- Sino-American trade talks ended on a positive note, but without a breakthrough.
- China lowered its 2019 economic growth target.

Thursday's benign sentiment on US stock markets helped America's indices achieve gains on the fifth consecutive day. The Dow and S&P500 rose by 0.5% each, and the Nasdaq upped 0.4%. Reasons for this optimism included the encouraging developments in the Sino-American trade talks, the Fed chair's message that the interest rate hikes may slow, as well as the favourable labour market data.

The sentiment was also supportive in Europe, where the Stoxx600 and the DAX added 0.3% each, and the FTSE100 advanced 0.5%.

Speaking at a Washington Economic Club event, the Fed's chair Jerome Powell said that the Fed may be 'patient' about further interest rate hikes as inflation was low. He suggested that there could be two rate hikes in 2019 only if economic outlook will be very strong during the year.

The government shutdown entered its 20<sup>th</sup> day. Donald Trump said that this prevents him from participating on the World Economic Forum in Davos on 21 January. Meanwhile the president warned that he would order state of emergency to secure financing for the wall on the Mexican border, bypassing Congress. That would likely add to the existing tension in American politics.

Following the USA-China trade talks on 7-9 January, a communiqué by China's Trade Ministry spoke highly of the outcome. The foundation for a subsequent agreement was successfully laid, China said. The US statement emphasizes the existing achievements but points out that China pledged to buy a substantial amount of American goods.

China set a lower economic growth target for 2019 than last year (6.5%), now expecting 6-6.5% expansion. Since December, the statements of Chinese leaders increasingly refer to the importance of economic stimulus, and probably a fiscal loosening is also in the pipeline.

The USD firmed 0.4% against the euro, reversing from a three-month low.

Oil prices extended their winning streak, Brent and WTI both climbed 0.4% higher.

US initial jobless claims fell to a one-month low of 216,000.

The December inflation statistics are due out in the USA. Britain is to publish industrial production data for November.

	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	2596,6	0,5	3,6	VIX	19,5	-2,4	-23	WTI	52,6	0,4	15,8
	DOW	24001,9	0,5	2,9	US 2Y	2,57	0,2	7	Brent	61,68	0,4	14,6
	Nasdaq100	6620,9	0,3	4,6	US 10Y	2,73	0,3	4	Gold	1286,3	-0,5	0,3
	DAX	10921,6	0,3	3,4	GER 2Y	-0,59	-1,5	0	Silver	15,56	-1,1	0,5
	CAC40	4805,7	-0,2	1,6	GER 10Y	0,20	-1,8	-5	EUR/USD	1,1498	-0,4	0,3
	FTSE 100	6942,9	0,5	3,2	PT10Y	1,72	-6,0	0	EUR/GBP	0,9015	-0,1	0,3
	FTSE MIB	19300,7	0,6	5,3	IT 10Y	2,89	-0,5	12	EUR/NOK	9,7497	-0,3	-1,6
	Stoxx600	348,9	0,3	3,3	SP 10	1,46	-4,0	4	USD/CAD	1,3234	0,2	-3,0
	- Banks	118,6	1,0	4,9	iTRAXX	82,5	-0,3	-6,3	AUD/USD	0,7185	0,2	1,9
	Nikkei 225	20359,7	1,0	1,7	JPY 2Y	-0,15	-0,1	-1	USD/JPY	108,42	0,2	-1,0
	SSEC	2550,1	0,6	2,3	JPY 10Y	0,02	-1,0	1	GBP/USD	1,2747	-0,3	-0,1
Regional	RTS	1142,3	0,6	7,1	RUS10	8,4	-0,5	-4	USD/RUB	66,846	0,4	-4,1
	WIG20	2335,31	-0,3	2,6	POL 10	2,8	-0,1	0	EUR/PLN	4,29	-0,1	0,1
	PX50	1015,7	-0,2	3,0	CZ10	1,8	-0,3	-5	EUR/RON	4,676	0,1	0,5
Hungary	BUX	40796	0,0	4,2	3M DKJ	0,07	0,0	0	EUR/HUF	321,18	0,0	0,1
	OTP	11620	-0,7	2,9	1Y	0,43	0,0	-2	USD/HUF	279,23	0,3	-0,2
	MOL	3220	0,2	4,6	3Y	1,22	-2,0	-4	CHF/HUF	284,02	-0,4	-0,5
	MTelekom	456	1,4	3,5	5Y	2,36	-2,0	-17	PLN/HUF	74,79	0,0	0,3
	Richter	5820	0,7	7,2	10Y	2,94	2,1	-10	GBP/HUF	356,17	0,2	0,0

\* 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 1. 7.	8 : 00	DE Industrial orders (mom, %)	Nov	-1,0	-0,5	0,3
	8 : 00	DE Retail sales (mom, %)	Nov	1,4	0,3	-0,3
	9 : 00	HU Retail sales (first estimate, yoy, %)	Nov	5,2	-	6,4
	10 : 30	EZ Sentix Investor confidence (points)	Jan	-1,5	-	-0,3
	11 : 00	EZ Retail sales (mom, %)	Nov	0,6	0,1	0,3
	16 : 00	US ISM non-Manufacturing PMI (points)	Dec	57,6	59,7	60,7
	8.	8 : 00	DE Industrial production (mom, %)	Nov	-1,9	0,3
9 : 00		HU Industrial production (preliminary, yoy, %)	Nov	4,0	5,3	5,9
10 : 00		HU International reserves (preliminary, EURbn)	Dec	27,4	-	24,7
11 : 00		EZ EC Economic Sentiment Index (points)	Dec	107,3	108,2	109,5
9.	8 : 00	DE Export (mom, %)	Nov	-0,4	-0,3	0,7
	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Nov	496,0	522,0	304,0
	11 : 00	EZ Unemployment rate (%)	Nov	7,9	8,1	8,1
	14 : 00	PL Interest rate decision (%)	Jan	1,5	1,5	1,5
	16 : 00	CA Interest rate decision (%)	Jan	1,75	1,75	1,75
	20 : 00	US FOMC Minutes	Dec	-	-	-
10.	13 : 30	EZ ECB Minutes	Dec	-	-	-
	14 : 30	US Continuing jobless claims ('000s)	weekly	1722,0	1714	1740
	14 : 30	US Initial jobless claims ('000s)	weekly	216,0	225	231
11.	10 : 30	UK Industrial production (mom, %)	Nov		0	-1
	14 : 30	US core-CPI (mom, %)	Dec		0,2	0,2
	14 : 30	US CPI (yoy, %)	Dec		1,9	2,2
	14 : 30	US CPI (mom, %)	Dec		-0,1	0,0
	14 : 30	US core-CPI (yoy, %)	Dec		2,2	2,2
20 : 00	US Federal budget balance (USDbn)	Dec		-12,0	-205,0	

Sources: Reuters, OTP Research

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