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Daily Report

Summary

- The US Senate's passing the tax reform bill brought optimism to advanced stock markets yesterday.
- The Dow hit new high but despite the upbeat mood, tech shares were dumped, the S&P and the NASDAQ fell.
- Richter nose-dived nearly 6% on Monday as potential health risks of a key product triggered a review.

Western Europe opened on a bright note on Monday, when the Stoxx600 marched 0.8% higher, the DAX advanced 1.3%, and the FTSE rose by 0.5%. One cause for optimism may have been the US Senate's Saturday decision to pass Republicans' tax overhaul bill, thus President Trump may sign the final version of the tax reform before the end of this year. The resulting optimism lifted European banking shares too: Barclay's jumped 2.5% higher, RBS soared 1.8%, Deutsche Bank rose by 1.0% and Commerzbank gained 2.3%. Britain's stronger-than-expected construction PMI bolstered local building shares: Persimmon added 0.8% and Taylor Wimpey climbed 1.1% higher. The optimism sent the construction material producer HeidelbergCement's stock price higher too (+1.5%).

In the CEE region, the Czech and Polish indices moved higher, while the BUX missed out on the European rally. The Hungarian index sank 1%, largely dragged down by Richter – the pharmaceutical company's 6% nosedive could not be offset by the gains of Mol, MTelekom and OTP (each upped 0.4%). Richter's losses stemmed from news on the European Medicines Agency's review of Richter's successful gynaecological product Esmya, owing to potentially drug-induced acute liver injuries. This affects one of Richter's key products, which currently generates about 10% of its total revenue, moreover, the revenue and profit growth of the coming years is based on it too. The announcement Richter made after market close reveals that nearly 670,000 Europeans were treated with Esmya, and more than 7,000 patients were exposed to this medicament in completed clinical trials, none of whom showed any sign of liver injury.

Benefiting from news that the Senate passed the tax reform bill, America opened with gains on Monday but the trend reversed later, and the technology sector's losses pushed the S&P into the red (-0.1%). The NASDAQ100 sank 1.2%, and the considerable losses in the big-cap technology names (the FAANG stocks: Facebook, Amazon, Apple, Netflix, and Google) could not be counterbalanced by the financial and services sectors' gains. Meanwhile the Dow hit its highest on record and the Russell2000 went to new intraday high.

Asia's stock markets slipped this morning. In Japan the Nikkei dropped 0.4%, while Topix inched up. Most of China's stock indices closed in the red, including Hong Kong.

The USD opened on a strong note, pushing the EUR/USD 0.3% down (to 1.1858) and the GBP/USD-0.1% lower (to 1.3465). The JPY extended its losses versus the greenback. Ending a day of ups and down, the EUR/HUF closed at 313.8 (-0.1%). The USD/HUF nudged somewhat higher, closing above the 264 line. In Monday's FX swap tender, the bids submitted to the MNB were short of the amount put up for sale on the 1M tenor, and banks did not bid for the 3M maturity. The MNB's transactions with the 12M tenor totalled HUF 100 billion. This brings the MNB's liquidity-providing FX swap stock to HUF 1,456 billion, taking into account the instruments expiring on Wednesday.

The ÁKK will auction 3M discount treasury bills today. In Monday's auction, the agency lifted the allotted amount by HUF 10 billion (to HUF 40 billion) with the bid/cover ratio at 2.5, and the average yield at 0.00%, selling discount T-Bills that mature on 24 January 2018. On the secondary market, yields on the 5Y-15Y maturities rose by 1-3 basis points. The Sentix investor confidence index for the eurozone, released yesterday, indicated worse-than-expected sentiment. US factory goods orders inched down 0.1%, dropping less sharply than had been estimated.

Some US federal government programmes may be partially suspended starting from 8 December, unless Congress passes the respective legislation by then.

In today's important statistical releases, Germany will publish retail sales data and the services ISM is due out in the USA. Elsewhere, the Brexit negotiations may be in the focus of attention. Hungary is to publish retail sales data and the breakdown of the most recent GDP statistics.

	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	2639,4	-0,1	17,9	VIX	11,7	2,2	-17	WTI	57,47	-1,5	7,0
	DOW	24290,1	0,2	22,9	US 2Y	1,78	0,0	58	Brent	62,45	-2,0	9,9
	Nasdaq100	6263,7	-1,2	28,8	US 10Y	2,36	0,0	-7	Gold	1276,1	-0,3	10,8
	DAX	13058,6	1,5	13,7	GER 2Y	-0,70	1,5	10	Silver	16,32	-0,7	2,4
	CAC40	5389,3	1,4	10,8	GER 10Y	0,34	-2,7	13	EUR/USD	1,1864	-0,2	12,9
	FTSE 100	7339,0	0,5	2,7	PT10Y	1,89	2,8	-187	EUR/GBP	0,8802	-0,2	3,3
	FTSE MIB	22362,1	1,2	16,3	IT 10Y	1,73	2,4	-10	EUR/NOK	9,8775	0,3	8,7
	Stoxx600	387,5	0,9	7,2	SP 10	1,41	1,0	2	USD/CAD	1,2668	-0,1	-5,7
	- Banks	161,5	1,1	20,4	iTRAXX	48,5	0,0	-33	AUD/USD	0,7598	-0,1	5,3
	Nikkei 225	22622,4	-0,4	18,4	JPY 2Y	-0,13	1,2	4	USD/JPY	112,40	0,3	-3,8
SSEC	3368,8	1,8	8,5	JPY 10Y	0,04	0,4	-1	GBP/USD	1,3478	0,1	9,3	
Regional	RTS	1133,9	0,0	-1,6	RUS10	7,64	0,4	-9	USD/RUB	58,798	-0,1	-4
	WIG20	2404,15	0,6	23,4	POL 10	3,33	-0,4	-8	EUR/PLN	4,2059	-0,2	-4,5
	PX50	1067,4	0,3	15,8	CZ10	1,49	-3,4	220	EUR/RON	4,6291	0,0	2,1
Hungary	BUX	37805	-1,0	18,1	3M TB	0,03	-2	-13	EUR/HUF	313,63	0,0	1,6
	OTP	9969	0,4	18,7	1Y	0,07	0	-11	USD/HUF	264,25	0,1	-10,0
	MOL	2994	0,4	16,1	3Y	0,63	3	-23	CHF/HUF	268,25	-0,3	-6,8
	MTelekom	471	0,4	-5,4	5Y	1,14	1	-63	PLN/HUF	74,530	0,0	6,4
	Richter	6400	-5,8	3,1	10Y	2,12	4	-109	GBP/HUF	356,11	0,2	-1

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

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 12. 4.	10 : 30	EZ Sentix Investor confidence (points)	Dec.	31,1	33,6	4,1
	16 : 00	US Factory orders (mom, %)	Oct.	-0,1	-0,4	1,4
5.	8 : 00	RO GDP (detailed, yoy, %)	Q3	8,8	-	8,8*
	9 : 00	HU Retail sales (first estimate, yoy, %)	Oct.		-	5,6
	9 : 00	HU GDP (detailed, yoy, %)	Q3		-	3,6*
	9 : 00	HU GDP (detailed, qoq, %)	Q3		-	0,8*
	9 : 00	SK GDP (detailed, yoy, %)	Q3		-	3,3*
	11 : 00	EZ Retail sales (mom, %)	Oct.		-0,7	0,7
	16 : 00	US ISM non-Manufacturing PMI (points)	Nov.		59,0	60,1
6.	8 : 00	DE Industrial orders (mom, %)	Oct.		-0,1	1,0
	9 : 00	HU Industrial production (preliminary, yoy, %)	Oct.		-	5,4
	14 : 15	US ADP non-farm employment (mom, '000s)	Nov.		191	235
7.	8 : 00	DE Industrial production (mom, %)	Oct.		1,1	-1,6
	11 : 00	HU Fiscal balance (monthly, billion HUF)	Nov.		-	-181,9
	11 : 00	EZ GDP (third estimate, yoy, %)	Q3		2,5	2,5*
	16 : 00	EZ Mario Draghi press conference on Basel reforms				
	0 : 0	HU International reserves (preliminary, EURbn)	Nov.		-	22,6
8.	0 : 50	JP GDP (revision, qoq, %)	Q3		-	0,3*
	4 : 00	CN Export (yoy, %)	Nov.		-	6,9
	4 : 00	CN Import (yoy, %)	Nov.		-	17,2
	8 : 00	DE Export (mom, %)	Oct.		1,0	-0,4
	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Oct.		-	928,0
	9 : 00	HU Inflation (yoy, %)	Nov.		-	2,2
	9 : 00	HU Core inflation (yoy, %)	Nov.		-	2,7
	10 : 30	UK Industrial production (mom, %)	Oct.		0,1	0,7
	14 : 30	US Unemployment rate (%)	Oct.		4,1	4,1
	14 : 30	US Average earnings (yoy, %)	Nov.		-	2,4
	14 : 30	US Average earning (mom, %)	Nov.		0,3	0,0
	14 : 30	US Non-farm payroll (mom, '000s)	Nov.		188	261
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Dec.		99,5	97,8

*preliminary data

Source: Reuters, OTP Research

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