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Daily Report

Summary

- European stock markets dropped yesterday but America's tech sector ended its losing streak
- Oil prices fell sharply owing to stronger-than-expected US inventory data
- News on stumbling Brexit talks weakened the GBP yesterday
- The EC unveiled its blueprint for the eurozone's institutional reform: to set up the European Monetary Fund, new financial transfers to support stabilization, and the role of a European Minister of Economy and Finance.

Most of Europe's stock indices fell on Wednesday as investors took profit from technology stocks. The tech sector's pale performance chiefly stems from the correction of earlier outstanding price growths, and also from the fact that the tax overhaul bill debated by US Congress would curb R&D tax reliefs (in return for lower corporate tax rate). America also opened in the red but the key indices recovered; the technology sector ended in positive territory. On Wednesday evening President Trump de facto acknowledged Jerusalem as Israel's capital, by not obstructing the relocation of the US Embassy to Jerusalem. North Korea issued a new threat: its foreign ministry said that a war with America has become a matter of 'when', rather than 'if'. By the end of the day, the Dow and the S&P wiped out their gains, only the NASDAQ could eke out gains.

Defying the geopolitical risks, Asia's markets climbed higher, with the Nikkei adding 1.5% and the Shanghai stock exchange surging 2.3%.

The BUX achieved gains, fuelled by MOL's and Richter's growth.

Crude prices fell sharply as US oil inventories appeared to have risen last week; both the Brent and the WTI hit two-week low. Gold price barely moved but silver slipped.

Brexit talks ran into new complications – this time Northern Ireland's status divided British politicians. The Northern Ireland Unionist Party, which supports Britain's Conservative government, is against the idea of Northern Ireland's remaining in the European customs union (which would be necessary to avoid customs control on the border between Ireland and Northern Ireland). Besides, the UK Brexit Secretary admitted that no impact assessments had been carried out to estimate the consequences of leaving the EU. News on stumbling Brexit talks weakened the pound sterling yesterday.

Developed economies' government bond yields slipped; the US dollar appreciated against the key currencies. In Hungary, the 10Y yield upped 2 basis points. The EUR/HUF hugged the 314 mark, while the USD/HUF upped 0.5%.

The European Commission presented its blueprint for the eurozone's institutional reforms in the next 18 months. The centrepiece of the proposals is an agreement to set up the European Monetary Fund by end-2019, which would work as a lender of last resort in consolidating troubled European banks. Plans include boosting new financial transfers to support stabilization, and creating the position of a European Minister of Economy and Finance.

Few economic figures came out on Wednesday. In America, the ADP institute's November employment data practically matched forecasts. The growth of Hungary's industrial output accelerated in October, the statistical office KSH said yesterday. Industrial production grew by 7.6% year over year and by 1.2% in month/month comparison.

This morning's release of German industrial production surprised on the downside: output has been shrinking for the second month in a row.

Today the eurozone's revised GDP figures will see the light of day. Hungary's economy ministry is to publish budget balance data for November, and the MNB will release an update on the size of Hungary's FX reserves.

	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	2629,3	0,0	17,4	VIX	11,0	-2,7	-22	WTI	55,96	-2,6	4,2
	DOW	24140,9	-0,2	22,2	US 2Y	1,81	-2,0	61	Brent	61,22	-2,6	7,7
	Nasdaq100	6293,1	0,4	29,4	US 10Y	2,33	-2,6	-10	Gold	1263,9	-0,2	9,8
	DAX	12998,9	-0,4	13,2	GER 2Y	-0,75	-1,3	5	Silver	15,97	-0,8	0,2
	CAC40	5374,4	0,0	10,5	GER 10Y	0,30	-2,2	10	EUR/USD	1,1795	-0,2	12,2
	FTSE 100	7348,0	0,3	2,9	PT10Y	1,86	-1,6	-190	EUR/GBP	0,8805	0,1	3,4
	FTSE MIB	22307,3	-0,5	16,0	IT 10Y	1,72	1,2	-11	EUR/NOK	9,7545	-0,2	7,4
	Stoxx600	386,3	-0,1	6,9	SP 10	1,44	2,1	4	USD/CAD	1,2788	0,8	-4,8
	- Banks	158,3	-1,3	18,0	ITRAXX	48,6	2,7	-33	AUD/USD	0,7563	-0,5	4,8
	Nikkei 225	22498,0	1,4	17,7	JPY 2Y	-0,14	-0,3	4	USD/JPY	112,28	-0,3	-3,9
Regional	SSEC	3368,8	2,3	8,5	JPY 10Y	0,05	-0,2	1	GBP/USD	1,3392	-0,4	8,6
	RTS	1131,4	-0,3	-1,8	RUS10	7,61	0,1	-9	USD/RUB	59,170	0,8	-3
	WIG20	2394,67	-0,5	22,9	POL 10	3,25	-1,1	-11	EUR/PLN	4,2114	0,1	-4,4
Hungary	PX50	1053,2	-0,7	14,3	CZ10	1,42	-8,0	204	EUR/RON	4,6278	0,0	2,0
	BUX	37592	0,1	17,5	3M TB	0,03	0	-13	EUR/HUF	314,10	0,0	1,7
	OTP	9930	-0,3	18,2	1Y	0,07	1	-11	USD/HUF	266,26	0,3	-9,3
	MOL	2930	0,0	13,6	3Y	0,64	1	-23	CHF/HUF	268,94	0,1	-6,6
	MTelekom	468	-0,4	-6,0	5Y	1,16	1	-61	PLN/HUF	74,560	0,0	6,4
	Richter	6490	0,4	4,5	10Y	2,14	2	-106	GBP/HUF	356,57	0,0	-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.	6,3	-	5,6
	9 : 00	HU GDP (detailed, yoy, %)	Q3	3,9	-	3,6*
	9 : 00	HU GDP (detailed, qoq, %)	Q3	0,9	-	0,8*
	9 : 00	SK GDP (detailed, yoy, %)	Q3	3,4	-	3,3*
	11 : 00	EZ Retail sales (mom, %)	Oct.	-1,1	-0,7	0,7
	16 : 00	US ISM non-Manufacturing PMI (points)	Nov.	57,4	59,0	60,1
6.	8 : 00	DE Industrial orders (mom, %)	Oct.	-0,3	-0,1	1,0
	9 : 00	HU Industrial production (preliminary, yoy, %)	Oct.	7,6	-	5,4
	14 : 15	US ADP non-farm employment (mom, '000s)	Nov.	190	191	235
7.	8 : 00	DE Industrial production (mom, %)	Oct.	-1,4	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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