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Daily Report

Summary

- The major stock markets of the world closed mixed on Monday.
- MOL fell 4%, the BUX dropped. OTP Bank bought a bank in Serbia.
- A crack on the FPS pipeline in the North Sea lifted Brent's price to highs last seen in 2015.

Europe's stock markets lacked a single direction on Monday. The Stoxx600 shed 0.1%, the DAX was down 0.3%, while the FTSE grew by 0.8%. In London, commodity-related stocks were particularly sought after, while the weakening pound supported the stock market's growth. Europe's banking sector also did well, while tech share declined owing to concerns about the US tax reform's consequences on Europe's technology sector.

The BUX ended Monday's trading 1.7% down, on a healthy trading volume of more than HUF 9.6 billion. The Hungarian index was below Friday's closing price practically all day, making a sharper loss in the afternoon. Mol's 4% dive was the sharpest one; Richter shrank 1.4%, OTP sank 0.4%, and MTelekom edged 0.2% down. Elsewhere in the CEE region, the Polish index closed 0.9% down, and Prague dropped 0.4%. Russia's RTS lost 1.9%.

On Monday OTP Bank announced to have bought Serbia's Vojvodjanska Banka and NBG Leasing for EUR 125 million. This transaction lifts OTP's market share in Serbia above 6%, and makes it the seventh largest bank there, the portfolio.hu portal informed. Vojvodjanska Banka runs the fourth largest network in Serbia, servicing over one million customers in 105 branches and with 137 ATMs. Vojvodjanska has been profitable in recent years, generating nearly RSD 553 million (or about HUF 1.5 billion) profit in the first three quarters of this year, more than in the past three years.

US benchmark indices increased modestly yesterday. The S&P and the Dow hit new highs, while a technology rally led the NASDAQ100 0.8% higher. Telecom companies and chip makers were the winners within the technology segment, with AMD closing 2.2% higher. In addition to technology, the energy sector and utilities also posted notable gains. On the CBOE (Chicago Board Option Exchange), where trading with Bitcoin futures was launched on Sunday, the futures expiring in January dropped 4.5%, to USD 17,250 yesterday, after making a brief visit to near-19,000-dollar highs, from the USD 15,000 debut price a day earlier.

This morning most of Asia's major indices closed in the red. Japan's Nikkei sank 0.3%, whereas the Topix inched up 0.1%. The yen made small gains, trading in a narrow range.

Currency markets lacked wild moves yesterday; the Bloomberg Dollar Spot Index inched slightly higher. The EUR/USD practically flat-lined on Monday. The GBP lost 0.4% versus the greenback, the GBP/USD sank to 1.3338, its lowest in two weeks. The forint's retreat pushed the EUR/HUF 0.2% higher, to 314.6. On the other hand, the GBP/HUF dropped below 356.5 and the USD/HUF closed down too.

Oil markets had an eventful day yesterday. A hairline crack was discovered on the 400-kilometre-long FPS oil pipeline, which connects 85 oil and gas platforms and facilities in the North Sea with the mainland, and supplies 40% of the UK's output in the North Sea. The pipeline was closed, and its operator Ineos said that repairs may take up to two weeks. The news sent Brent's price 2% higher, to 64.69 USD/barrel, and the WTI upped 1%. Another factor that lifted oil prices was the United Arab Emirates' energy minister's speech suggesting that OPEC may outline a new strategy next June, which may involve abandoning output freeze in the second half of 2018, if the glut on the oil market eases by then. This chimes with an earlier statement of Kuwait's oil minister.

In its usual Monday FX swap tender, the MNB offered HUF 25 billion swap, with 1M and 3M maturities. Banks' bids for the 1M maturity exceeded the amount on offer four times, while their bids for the 3M ones equalled HUF 25 billion. The MNB's transactions with the 1M maturity amounted to HUF 50 billion, and those with the 3M one to HUF 25 billion. Taking into account previous tenders and those expiring on Wednesday, the total excess liquidity provided to Hungary's banking system will rise to HUF 1,506 bn.

Yields on the secondary market of Hungarian government securities barely changed. Today the ÁKK will auction 3M discount treasury bills.

The Fed Open Market Committee's two-day meeting, starting today, is expected to conclude with the announcement of an interest rate hike (the third, and the last one this year). Elsewhere, the UK inflation data will see the light of day and Germany's ZEW institute will publish its latest sentiment index.

	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	2660,0	0,3	18,8	VIX	9,3	-2,5	-33	WTI	57,99	1,1	7,9
	DOW	24386,0	0,2	23,4	US 2Y	1,82	2,4	63	Brent	64,69	2,0	13,9
	Nasdaq100	6393,9	0,8	31,5	US 10Y	2,39	0,2	-5	Gold	1241,9	-0,5	7,9
	DAX	13123,7	-0,2	14,3	GER 2Y	-0,74	1,0	6	Silver	15,71	-0,8	-1,4
	CAC40	5386,8	-0,2	10,8	GER 10Y	0,29	-2,0	8	EUR/USD	1,1768	0,0	11,9
	FTSE 100	7453,5	0,8	4,3	PT10Y	1,78	-0,6	-198	EUR/GBP	0,8824	0,4	3,6
	FTSE MIB	22691,0	-0,4	18,0	IT 10Y	1,65	1,0	-17	EUR/NOK	9,8636	1,0	8,6
	Stoxx600	389,1	-0,1	7,6	SP 10	1,41	1,0	2	USD/CAD	1,2854	0,1	-4,3
	- Banks	163,8	0,7	22,1	iTRAXX	47,3	-0,3	-35	AUD/USD	0,7524	0,3	4,3
	Nikkei 225	22866,2	-0,3	19,6	JPY 2Y	-0,15	-0,3	3	USD/JPY	113,55	0,1	-2,8
SSEC	3368,8	1,4	8,5	JPY 10Y	0,05	-0,7	0	GBP/USD	1,3337	-0,4	8,1	
Regional	RTS	1144,4	2,2	-0,7	RUS10	7,60	0,0	-9	USD/RUB	58,915	-0,3	-4
	WIG20	2386,93	-0,9	22,5	POL 10	3,22	-1,1	-11	EUR/PLN	4,1982	0,0	-4,7
	PX50	1058,1	-0,4	14,8	CZ10	1,42	0,0	205	EUR/RON	4,6298	0,0	2,1
Hungary	BUX	37576	-1,7	17,4	3M TB	0,03	0	-13	EUR/HUF	314,58	0,2	1,9
	OTP	10035	-0,4	19,5	1Y	0,06	0	-12	USD/HUF	267,19	0,2	-9,0
	MOL	2925	-4,1	13,4	3Y	0,65	0	-21	CHF/HUF	269,42	0,4	-6,4
	MTelekom	469	-0,2	-5,8	5Y	1,19	1	-58	PLN/HUF	74,870	0,3	6,9
	Richter	6400	-1,4	3,1	10Y	2,16	2	-105	GBP/HUF	356,50	-0,1	-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. 12.	10 : 30	UK Inflation (yoy, %)	Nov.		3,0	4,1
	10 : 30	UK Core inflation (yoy, %)	Nov.		2,7	2,7
	11 : 00	DE ZEW Economic Sentiment (points)	Dec.		17	19
	20 : 00	US Federal budget balance (USDbn)	Nov.		-	-63,0
13.	8 : 00	DE CPI (final, yoy, %)	Nov.		1,8	1,8*
	9 : 00	HU Industrial production (second estimate, yoy, %)	Oct.		-	7,6*
	11 : 00	EZ Industrial production (mom, %)	Oct.		-0,4	-0,6
	14 : 30	US CPI (yoy, %)	Nov.		2,0	2,0
	14 : 30	US CPI (mom, %)	Nov.		0,3	0,1
	14 : 30	US core-CPI (yoy, %)	Nov.		1,7	1,8
	14 : 30	US core-CPI (mom, %)	Nov.		0,2	0,2
	20 : 00	US Interest rate decision (%)	Dec.		1,25-1,5	1-1,25
14.	1 : 30	JP Nikkei Manufacturing PMI (points)	Dec.		-	53,8
	3 : 00	CN Infrastructural spending (yoy, %)	Nov.		7,2	7,3
	3 : 00	CN Industrial production (yoy, %)	Nov.		6,0	6,2
	3 : 00	CN Retail sales (yoy, %)			10,2	10,0
	9 : 00	FR Markit Service PMI (points)	Dec.		59,9	60,4
	9 : 00	FR Markit Manufacturing PMI (points)	Dec.		57,2	57,7
	9 : 30	DE Markit Service PMI (points)	Dec.		54,6	54,3
	9 : 30	DE Markit Manufacturing PMI (points)	Dec.		62,1	62,5
	10 : 00	EZ Markit Service PMI (points)	Dec.		55,8	56,2
	10 : 00	EZ Markit Manufacturing PMI (points)	Dec.		59,7	60,1
	10 : 30	UK Retail sales (mom, %)	Nov.		0,4	0,3
	13 : 00	UK Interest rate decision (%)	Dec.		0,5	0,5
	13 : 45	EZ Interest rate decision (lending rate, %)	Dec.		0,0	0,0
	13 : 45	EZ Interest rate decision (deposit rate, %)	Dec.		-0,4	-0,4
	14 : 30	US Retail sales (mom, %)	Nov.		0,3	0,2
	15 : 45	US Markit Service PMI (points)	Dec.		55,0	54,5
	15 : 45	US Markit Manufacturing PMI (points)	Dec.		54	54
	16 : 00	US Business inventories (mom, %)	Oct.		-0,1	0,0
15.	9 : 00	HU Construction output (yoy, %)	Oct.		-	24
	14 : 30	US New York Fed Manufacturing index (points)	Dec.		19,3	19,4
	15 : 15	US Industrial production (mom, %)	Nov.		0,4	0,9

*preliminary data

Source: Reuters, OTP Research

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