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Daily Report

Summary

- Stock markets were ailing but the BUX bucked the trend again
- The USA repealed net neutrality rules
- The ECB became more optimistic about the eurozone's growth, but deems considerable monetary stimulus necessary.

Most stock markets of the world ended Thursday's session in the red. Markets shrugged off the cheering PMI readings released in Europe and America, as well as the European Central Bank's decision-makers optimistic statements on Europe's prospects. In contrast, the renewed uncertainty about the US tax reform had an adverse effect on US stock markets. The Russell 2000, the index of small shares, was hit the hardest, falling 1%. The S&P500 closed 0.6% down. The technology sector had to digest the repeal of an earlier regulation on net neutrality, banned American internet service providers from discriminating among the access to various online contents. This change is advantageous for telecom companies that provide internet services, but may negatively affect companies that produce online content.

In the biggest corporate news of the day, Disney and 21st Century Fox reached agreement: Disney will buy stakes worth USD 52.4 billion. The aim of the transaction is to enable Disney compete with online content providers. Walt Disney's shares marched 2.7% higher.

Gaining 1%, the BUX outperformed the rest of Europe. This owes a lot to MOL's 2.1% rally, as well as OTP's and Telekom's gains.

Starting from the beginning of 2018, Hungary will re-regulate solar power plant rules in order to bolster their growth, the government announced yesterday. Among other things, land owners may be granted support to create 0.5 MW photovoltaic parks that need 1.2 hectares. Another announcement yesterday informed that Opus was to team up with a Czech investor to buy 72.62% in Mátra Power Plant, the second largest power generator in Hungary, and has solar power with total performance of 16 MW.

As expected, the European Central Bank left its key policy rate unchanged, and neither did it change the parameters of its asset purchase programme. The ECB's latest forecast is more sanguine about the eurozone's growth prospects and expects a rise in inflation. That said, Mario Draghi's words suggest that still ample of monetary stimulus is required to sustain growth and to reach the inflation target. The euro's weakening sent the EUR/USD near 1.177. The EUR/HUF remained stable near 314, while the USD/HUF upped 0.3%, drawing close to 267. Government securities' yields barely changed. On Thursday the ÁKK auctioned 12M discount treasury bills, selling the planned amount (HUF 20 billion), at an average yield of 0%.

Most of the purchasing managers' indices (PMI) released by Markit on Thursday surpassed expectations. US retail sales did well in November.

Today's important releases include US manufacturing PMI figures. Hungary will publish construction output 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	2652,0	-0,4	18,5	VIX	10,5	3,0	-25	WTI	57,04	0,4	6,2
	DOW	24508,7	-0,3	24,0	US 2Y	1,81	2,9	61	Brent	63,31	1,4	11,4
	Nasdaq100	6389,9	-0,1	31,4	US 10Y	2,35	-0,3	-9	Gold	1252,8	-0,2	8,8
	DAX	13068,1	-0,4	13,8	GER 2Y	-0,73	0,8	6	Silver	15,87	-1,2	-0,4
	CAC40	5357,1	-0,8	10,2	GER 10Y	0,32	-0,3	11	EUR/USD	1,1777	-0,4	12,0
	FTSE 100	7448,1	-0,6	4,3	PT10Y	1,82	-4,6	-194	EUR/GBP	0,8768	-0,5	2,9
	FTSE MIB	22191,7	-0,9	15,4	IT 10Y	1,79	1,1	-3	EUR/NOK	9,7681	-0,8	7,5
	Stoxx600	388,9	-0,5	7,6	SP 10	1,45	-4,0	6	USD/CAD	1,2794	-0,1	-4,7
	- Banks	163,0	-0,7	21,5	iTRAXX	48,1	0,7	-34	AUD/USD	0,7665	0,4	6,2
	Nikkei 225	22553,2	-0,6	18,0	JPY 2Y	-0,15	0,4	3	USD/JPY	112,38	-0,1	-3,8
SSEC	3368,8	2,3	8,5	JPY 10Y	0,05	-0,5	0	GBP/USD	1,3430	0,1	8,9	
Regional	RTS	1153,3	1,0	0,1	RUS10	7,62	0,0	-9	USD/RUB	58,841	0,5	-4
	WIG20	2434,61	1,0	25,0	POL 10	3,23	-0,3	-11	EUR/PLN	4,2224	0,2	-4,1
	PX50	1065,4	0,5	15,6	CZ10	1,43	0,1	205	EUR/RON	4,6290	0,0	2,1
Hungary	BUX	38616	1,0	20,7	3M TB	0,04	1	-12	EUR/HUF	314,15	-0,1	1,7
	OTP	10385	1,0	23,6	1Y	0,06	0	-12	USD/HUF	266,71	0,4	-9,1
	MOL	3049	2,1	18,2	3Y	0,62	-3	-25	CHF/HUF	269,56	0,0	-6,4
	MTelekom	462	0,2	-7,2	5Y	1,23	0	-54	PLN/HUF	74,350	-0,2	6,1
	Richter	6410	-0,1	3,2	10Y	2,18	-1	-102	GBP/HUF	358,17	0,5	-1

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

Source: Reuters, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2017 12. 12.	10 : 30	UK Inflation (yoy, %)	Nov.	3,1	3,0	4,1
	10 : 30	UK Core inflation (yoy, %)	Nov.	2,7	2,7	2,7
	11 : 00	DE ZEW Economic Sentiment (points)	Dec.	17,4	17,3	18,7
	20 : 00	US Federal budget balance (USDbn)	Nov.	-139	-	-63,0
13.	8 : 00	DE CPI (final, yoy, %)	Nov.	1,8	1,8	1,8*
	9 : 00	HU Industrial production (second estimate, yoy, %)	Oct.	7,6	-	7,6*
	11 : 00	EZ Industrial production (mom, %)	Oct.	0,2	0,0	-0,6
	14 : 30	US CPI (yoy, %)	Nov.	2,2	2,0	2,0
	14 : 30	US CPI (mom, %)	Nov.	0,4	0,3	0,1
	14 : 30	US core-CPI (yoy, %)	Nov.	1,7	1,7	1,8
	14 : 30	US core-CPI (mom, %)	Nov.	0,1	0,2	0,2
	20 : 00	US Interest rate decision (%)	Dec.	1,25-1,5	1,25-1,5	1-1,25
14.	1 : 30	JP Nikkei Manufacturing PMI (points)	Dec.	54,2	-	53,8
	3 : 00	CN Infrastructural spending (yoy, %)	Nov.	7,2	7,2	7,3
	3 : 00	CN Industrial production (yoy, %)	Nov.	6,1	6,0	6,2
	3 : 00	CN Retail sales (yoy, %)	Nov.	10,2	10,2	10,0
	9 : 00	FR Markit Service PMI (points)	Dec.	59,4	59,9	60,4
	9 : 00	FR Markit Manufacturing PMI (points)	Dec.	59,3	57,2	57,7
	9 : 30	DE Markit Service PMI (points)	Dec.	55,8	54,6	54,3
	9 : 30	DE Markit Manufacturing PMI (points)	Dec.	63,3	62,1	62,5
	10 : 00	EZ Markit Service PMI (points)	Dec.	56,5	55,8	56,2
	10 : 00	EZ Markit Manufacturing PMI (points)	Dec.	60,6	59,7	60,1
	10 : 30	UK Retail sales (mom, %)	Nov.	1,1	0,4	0,3
	13 : 00	UK Interest rate decision (%)	Dec.	0,5	0,5	0,5
	13 : 45	EZ Interest rate decision (lending rate, %)	Dec.	0	0,0	0,0
	13 : 45	EZ Interest rate decision (deposit rate, %)	Dec.	-0,4	-0,4	-0,4
	14 : 30	US Retail sales (mom, %)	Nov.	0,8	0,3	0,2
	15 : 45	US Markit Service PMI (points)	Dec.	52,4	55,0	54,5
	15 : 45	US Markit Manufacturing PMI (points)	Dec.	55	54	54
	16 : 00	US Business inventories (mom, %)	Oct.	-0,1	-0,1	0,0
15.	9 : 00	HU Construction output (yoy, %)	Oct.	38,1	-	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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