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Daily Report

Summary

- The sentiment soured on global stock markets, US tech shares were hit the hardest on Monday.
- Société Generale agreed to pay a huge fine.
- The USD weakened, oil prices rose; Bitcoin slumped below USD 5,000.
- Hungary's MNB is to hold monetary policy meeting today

The week started rather gloomily on the world's stock markets: the key indices on both sides of the Atlantic closed in the red. Europe's equity markets eroded all the morning's gains – the Stoxx600 slipped 0.7%, the DAX slid 0.9%, and the CAC40 fell 0.8%. In individual names, Renault reversed 8.4% as the chair of Renault-Nissan had been accused of fraud and arrested. The FTSE shed 0.2%, to close a tad above 7,000. SocGen agreed to pay a whopping USD 1.3 billion in penalties for illegal USD transactions that violated US sanctions.

Amid the mixed sentiment in the CEE region, Warsaw's WIG picked up 1.1%, and Prague' PX edged 0.1% lower. The Budapest Stock Exchange opened on a bright note but ran out of steam later: the BUX closed five points lower, on HUF 15.6 bn turnover. OPUS soared 6% owing to reports on its possible international debut in the first half of 2019. MTelekom (+0.6%) was the strongest blue chip on Monday. Second to it was Richter (+0.1%), while OTP dropped 0.2%, and Mol lost 0.5%.

Investor sentiment deteriorated during the US trading, with the Dow losing 1.6%, the S&P declining 1.7%, and the Nasdaq100 diving 3.3%. Of the S&P's sector indices, technology took the hardest hit. Other underperformers included the telecom and consumer discretionary sectors. Only the utilities and the real property sector could eke out gains. The gloom partly stemmed from the weaker-than-expected housing market index, which in a single month fell to its lowest in four years, as opposed to the expected slight drop. Home builders worry about the rising interest rates, which strongly reduces demand. This was coupled with fears surrounding trade war tensions. The technology sector turned out to be particularly susceptible; if China and the USA fail to come to an agreement, the drop in global demand and the broken supply chains imply significant risks. Apple shrank 4% on news that it had cut orders for the manufacturing of three new models introduced in September. Nvidia plunged 12%: two days after releasing a disappointing quarterly earnings report, the share lost nearly 28% of its value. Adobe contracted by 8%, and Monday's selloff also hit Microsoft (-3.4%). Social platforms were all ailing, and chip makers also booked heavy losses (Micron: -6.6%; Applied Materials: -2.8%).

A slight dollar weakening sent the EUR/USD 0.3% higher and raised the GBP/USD by 0.1%. The 10Y bond yields barely moved on Monday, the US benchmark slipped one basis point, while the UK 10Y reversed three basis point. The German 10Y Bund yield inched up one basis point. Bitcoin sank below 5,000, its lowest level since October 2017.

The HUF's firming pushed the EUR/HUF near 321.4 last night, while the USD/HUF dropped 0.4%, closing near 281. On the secondary market of government bonds, yields sank 1–3 basis points, while the short end of the yield curve stayed flat. Today the ÁKK will auction 3M zero-coupon treasury shares. In Monday's FX swap tender of the MNB, the excess liquidity provided to Hungary's banking system remained at HUF 1,987 billion.

The Brent crude climbed 0.4% higher, to USD 67.0, while the WTI added 0.5%. Natural gas prices jumped by 7%, Bloomberg reported. Gold and silver upped 0.2% each.

Today's meeting of the MNB's Monetary Council is expected to leave interest rates unchanged.

The statistics on building permits and housing starts, due out today, are expected to paint a more balanced picture on America's housing market than the sentiment indices did yesterday. In Europe, the Bank of England's governor Mark Carney will speak before the Treasury Committee of the British Parliament.

This morning Asia's stock markets closed in negative territory – apparently, Monday's US trading left its mark on the sentiment. The S&P500 and the FTSE futures were seen slightly in the red.

	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	2690,7	-1,7	0,6	VIX	20,1	10,8	82	WTI	57,2	1,3	-5,3
	DOW	25017,4	-1,6	1,2	US 2Y	2,78	-3	89	Brent	66,79	0,0	-0,1
	Nasdaq100	6665,0	-2,9	4,2	US 10Y	3,06	-1	65	Gold	1224,0	0,2	-6,0
	DAX	11244,5	-0,9	-13,0	GER 2Y	-0,64	1	-1	Silver	14,42	0,1	-14,9
	CAC40	4985,5	-0,8	-6,2	GER 10Y	0,38	0	-5	EUR/USD	1,15	0,3	-4,5
	FTSE 100	7000,9	-0,2	-8,9	PT10Y	1,99	-1	6	EUR/GBP	0,89	0,1	0,3
	FTSE MIB	18823,1	-0,3	-13,9	IT 10Y	3,58	9	158	EUR/NOK	9,71	0,7	-1,4
	Stoxx600	355,1	-0,7	-8,8	SP 10	1,66	1	9	USD/CAD	1,32	0,2	4,7
	- Banks	122,3	0,3	-25,9	iTRAXX	77,4	0,0	72	AUD/USD	0,73	-0,6	-6,5
	Nikkei 225	21821,2	0,0	-4,1	JPY 2Y	-0,14	1	0	USD/JPY	112,54	-0,2	-0,1
	SSEC	2645,9	-2,1	-20,0	JPY 10Y	0,10	1	5	GBP/USD	1,28	0,1	-4,9
Regional	RTS	1135,7	0,1	-1,6	RUS10	8,7	0,0	14	USD/RUB	65,605	-0,5	13,8
	WIG20	2189,73	1,1	-11,0	POL 10	3,2	-1,1	-2	EUR/PLN	4,33	0,3	3,7
	PX50	1079,2	-0,1	0,1	CZ10	2,1	0,1	38	EUR/RON	4,664	0,1	-0,3
Hungary	BUX	39323	0,0	-0,1	3MDKJ	0,00	2	-4	EUR/HUF	321,22	-0,1	3,4
	OTP	11450	-0,2	6,8	1Y	0,34	0	29	USD/HUF	280,34	-0,4	8,3
	MOL	3096	-0,5	3,0	3Y	1,61	-2	106	CHF/HUF	282,09	0,2	6,5
	MTelekom	428	0,6	-6,7	5Y	3,09	-1	192	PLN/HUF	74,15	-0,6	-0,2
	Richter	5325	0,1	-21,5	10Y	3,58	-1	153	GBP/HUF	360,25	-0,5	3,1

* 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.
2018 11. 19.	8 : 00	TR Retail sales (mom, %)	Oct	-4,6	-0,4	0,4
2018 11. 20.	14 : 00	HU Interest rate decision (%)	Nov		0,9	0,9
	14 : 30	US Economic forecast of the European Commission	Oct		1 235,0	1 201,0
	14 : 30	US Building permits (annualized monthly, '000s)	Oct		1 268,0	1 270,00
21.	14 : 30	US Durable goods orders (mom, %)	Oct		-1,8	0,7
	16 : 00	US Angela Merkel speaks at Süddeutsche Zeitung Economic Summit	Oct		0,2	0,50
	16 : 00	US Pending home sales (mom, %)	Oct		-0,1	-1,8
22.	0 : 30	JP CPI (yoy, %)	Oct		-	1,20
	0 : 30	JP core-CPI (yoy, %)	Oct		1,0	1,0
	9 : 00	HU Gross wages (yoy, %)	Sept		-	10,10
	13 : 30	EZ ECB Minutes	Oct		-	-
	16 : 00	EZ Consumer confidence (point)	Nov		-3,0	-2,70
23.	1 : 30	JP Nikkei Manufacturing PMI (points)	Nov		-	52,9
	8 : 00	DE GDP (detailed, yoy, %)	Q3		1,1	1,1*
	8 : 00	DE GDP (detailed, qoq, %)	Q3		-0,2	-0,2*
	9 : 15	FR Markit Manufacturing PMI (points)	Nov		51,0	51,20
	9 : 15	FR Markit Service PMI (points)	Nov		54,8	55,3
	9 : 30	DE Markit Manufacturing PMI (points)	Nov		52,4	52,20
	9 : 30	DE Markit Service PMI (points)	Nov		54,5	54,7
	10 : 00	EZ Markit Manufacturing PMI (points)	Nov		51,9	52,00
	10 : 00	EZ Markit Service PMI (points)	Nov		53,5	53,7
	15 : 45	US Markit Manufacturing PMI (points)	Nov		56,0	55,70
	15 : 45	US Markit Service PMI (points)	Nov		54,8	54,8
	23 : 50	HU Moody's Credit Rating decision	-			Baa3

* preliminary data

Sources: Reuters, OTP Research

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