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## Daily Report

### Summary

- Equity markets turned around as a pick-up in fuel prices sent indices higher
- WTI and Brent added more than 2% and 1.5% respectively.
- The EC recommends opening EDP against Italy.
- Apple's major supplier in Asia announced sizeable cost cuts.

Reports on a possible production limit made oil prices rebound on Wednesday, helping oil producers recover from Tuesday's shock. Europe's key indices closed higher: the Stoxx600 climbed 1.3%, the FTSE advanced 1.5%, and the DAX gained 1.6%. France's CAC40 rose by 1.0%, and Italy's benchmark grew by 1.4%. On Wednesday the European Council proposed the Commission to open excessive deficit procedure against Italy, in lack of agreement on the 2019 budget. Prime Minister Salvini said he was open to dialogue but insists on the budget, which comes with costly welfare reforms, and tax cuts. Yet investors remained optimistic: the euro firmed, and Italy's bond yields dropped. Europe's banking shares and telecom businesses excelled yesterday.

Ending a two-day selloff, US indices picked up on Wednesday: the S&P and the Nasdaq nudged higher, only the Dow closed nearly flat. The winners of the day included the energy sector, telecommunications manufacturers, and consumer discretionary companies. The tech sector was also on the mend, helping the Nasdaq Composite gain 0.9% and the Nasdaq100 go up 0.8%. Nevertheless, chip manufacturers are in hardship: NVidia extended its losses by 3%, and Applied Materials fell 2%. Apple seemed to achieve gains but ended in the red, bringing this week's loss to 9%. Its top supplier in Asia, Foxconn announced USD 2.9 bn cost reduction in 2019. One winner in the consumer goods sector was Foot Locker, surging 15% benefiting from a strong Q3 earnings report, while Gap jumped 5% higher, despite the weaker-than-expected quarterly report.

The BUX advanced 1.0% yesterday, on large trading volume. Growing by 1.8% made OTP the strongest blue chip in Budapest. Rába's share price rose by 0.8% on news of long-term agreement with the Ministry of Defence. Ending previous rallies, Opus and Konzum lost 6.3% and 5.1%, respectively. The BUX's good performance was outshined by Warsaw's WIG20 (+2.7%).

The USD weakened against the EUR and the GBP yesterday. The US 10Y yield barely changed, while that of the Germany 10Y Bund crawled three basis points higher.

In Hungary, the long end of the yield curve edged one to two points lower. The 12M yield upped three basis points. Today the ÁKK will auction 3Y, 5Y and 10Y bonds. The EUR/HUF upped 0.1% and the USD/HUF inched down that much.

Brent added 1.5% and WTI futures soared 2% yesterday. In OPEC members' Vienna meeting in December, Saudi Arabia will propose cutting output by one million barrels per day. The EIA's weekly statistics pointed to rising crude inventories but petrol and diesel volumes shrank at a healthy rate.

This morning Asia's stock indices closed mixed: mainland China's benchmarks ended in the red but the Hang Seng inched up. Japan's indices nudged higher, possibly benefiting from news that the government may be ready to make concessions about the planned sales tax increase.

Today the eurozone is to release consumer confidence index and the ECB will publish the minutes of its latest monetary policy meeting. US markets are closed on Thanksgiving day. Statistics on gross wages are due out in Hungary.

	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	2649,9	0,3	-0,9	VIX	20,8	-7,5	88	WTI	54,6	2,1	-9,6
	DOW	24464,7	0,0	-1,0	US 2Y	2,81	2	92	Brent	63,48	1,5	-5,1
	Nasdaq100	6575,7	0,7	2,8	US 10Y	3,06	1	65	Gold	1225,9	0,4	-5,9
	DAX	11244,2	1,6	-13,0	GER 2Y	-0,64	1	-1	Silver	14,49	1,2	-14,5
	CAC40	4975,5	1,0	-6,3	GER 10Y	0,37	2	-5	EUR/USD	1,14	0,1	-5,1
	FTSE 100	7050,2	1,5	-8,3	PT10Y	1,97	-3	4	EUR/GBP	0,89	0,2	0,3
	FTSE MIB	18731,6	1,4	-14,3	IT 10Y	3,48	-14	149	EUR/NOK	9,71	-0,5	-1,4
	Stoxx600	355,1	1,1	-8,8	SP 10	1,64	-2	7	USD/CAD	1,32	-0,6	5,2
	- Banks	121,1	1,7	-26,6	iTRAXX	77,8	-3,6	72	AUD/USD	0,73	0,7	-6,9
	Nikkei 225	21646,6	0,5	-4,9	JPY 2Y	-0,14	0	0	USD/JPY	113,05	0,3	0,3
	SSEC	2645,4	-0,2	-20,0	JPY 10Y	0,10	0	5	GBP/USD	1,28	-0,1	-5,5
Regional	RTS	1127,4	0,9	-2,3	RUS10	8,7	-0,5	14	USD/RUB	65,714	-0,6	14,0
	WIG20	2219,62	2,7	-9,8	POL 10	3,2	0,0	-3	EUR/PLN	4,30	-0,2	3,0
	PX50	1067,8	0,7	-1,0	CZ10	2,1	0,8	38	EUR/RON	4,660	0,0	-0,4
Hungary	BUX	39431	1,0	0,1	3M DKJ	-0,01	0	-4	EUR/HUF	321,59	0,1	3,6
	OTP	11490	1,8	7,2	1Y	0,45	10	40	USD/HUF	282,37	-0,1	9,1
	MOL	3138	0,9	4,4	3Y	1,54	-5	99	CHF/HUF	283,61	-0,1	7,0
	MTelekom	435	1,2	-5,0	5Y	3,00	-1	183	PLN/HUF	74,68	0,2	0,5
	Richter	5310	0,8	-21,7	10Y	3,41	-8	136	GBP/HUF	360,44	-0,2	3,2

\* 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	0,9
	14 : 30	US Housing starts (annualized monthly, '000s)	Oct	1 228	1 225	1 201
	14 : 30	US Building permits (annualized monthly, '000s)	Oct	1 263	1 267	1 270
21.	14 : 30	US Durable goods orders (mom, %)	Oct	-4,4	-2,5	0,7
	16 : 00	US Leading index (mom, %)	Oct	0,1	0,1	0,50
	16 : 00	US Pending home sales (mom, %)	Oct	1,4	1,0	-3,4
22.	0 : 30	JP CPI (yoy, %)	Oct	1,4	-	1,2
	0 : 30	JP core-CPI (yoy, %)	Oct	1,0	1,0	1,0
	9 : 00	HU Gross wages (yoy, %)	Sept		-	10,1
	13 : 30	EZ ECB Minutes	Oct		-	-
	16 : 00	EZ Consumer confidence (point)	Nov		-3,0	-2,7
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	51,2
	9 : 15	FR Markit Service PMI (points)	Nov		55,0	55,3
	9 : 30	DE Markit Manufacturing PMI (points)	Nov		52,2	52,2
	9 : 30	DE Markit Service PMI (points)	Nov		54,5	54,7
	10 : 00	EZ Markit Manufacturing PMI (points)	Nov		52,0	52,0
	10 : 00	EZ Markit Service PMI (points)	Nov		53,5	53,7
	15 : 45	US Markit Manufacturing PMI (points)	Nov		55,7	55,7
	15 : 45	US Markit Service PMI (points)	Nov		54,9	54,8
	23 : 50	HU Moody's Credit Rating decision	-			Baa3

\* preliminary data

Sources: Reuters, OTP Research

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