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Daily Report

Summary

- Europe's equity markets were rather pessimistic on Thursday, US markets were closed on Thanksgiving Day
- The EU and the UK have agreed on post-Brexit relations
- The GBP has strengthened versus the EUR.
- The November reading of EZ consumer confidence was disappointing.

In Thursday's sour trading sentiment in Europe, the Stoxx600 dropped 0.7%, the DAX fell 0.9% and the FTSE100 lost 1.3%. The losers of the day came from the pharmaceutical and banking sectors. Britain's AstraZeneca shrank 1.8%, and in the financial world, HSBC slumped 1.5% and BNP Paribas slipped 1.3%. A drop in crude prices weighed on oil companies: Royal Dutch Shell and British Petrol both slid 1%. US markets observed Thanksgiving Day, and those in Japan are closed today.

In the face of the unsupportive external sentiment, the BUX inched up 0.1% as Mol advanced 0.7%, Magyar Telekom rallied 2.5%, Richter edged 0.1% higher and OTP sank 0.6%.

On Thursday the European Council's President Donald Tusk announced the Council's agreement with the United Kingdom on post-Brexit relations. The draft deal, agreed at negotiators' level, hinges on endorsement of leaders. This is likely to take place on Sunday's extraordinary EU summit. The deal aims to secure the liberalization of goods and services well beyond the commitments to the World Trade Organization. The transition period is to begin on 29 March 2019, with the UK's withdrawal from the European Union, and last until end-2020, which can be extended once, by one or two years.

Italy's defiance against the European Commission may be fading. Italy needs to reach an agreement with the European Commission soon, because the country 'will not hold up for long', EU minister Paolo Savona said to media on Thursday. The Commission proposed excessive deficit procedure against Italy after its government had raised the deficit target in its 2019 budget. Savona did not rule out amendments to fiscal plans – economy minister Giovanni Tria supports the idea, while the interior minister Salvini is opposed to it. The news triggered a 4.7-basis-point fall in Italy's 10Y government bond yield.

The EUR lost 0.6% against the British pound but gained 0.2% from the US dollar. The forint's 0.2% appreciation sent the EUR/HUF to 321.2 last night.

The WTI crude slumped 2.7%, drawing closer to the more-than-one-year low hit on 20 November.

The November reading of the eurozone's consumer confidence has undershot expectations. The -3.9 gauge is the lowest one since March 2017. It is short of the previous month's -2.7 reading and misses analysts' forecast of -3.0 as well.

Hungary's KSH has published wage statistics for September. Gross wages jumped 10.4% from the same period of last year, largely owing to a raise in minimum wages and salary adjustments in some areas of the public sphere.

Despite the intensifying downside risks to growth, the ECB's decision-makers continue to agree on phasing out the asset purchase programme at the end of this year, the minutes of the latest policy meeting revealed.

A number of important economies will publish PMIs (purchasing managers' indices) today. It may be worth keeping an eye on the 25 November EU summit, where leaders will vote on finalizing the Brexit deal. Moody's is to publish its update on Hungary's debt rating later today.

	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	0,0	-0,9	VIX	20,8	0,0	88	WTI	53,2	-2,7	-12,0
	DOW	24464,7	0,0	-1,0	US 2Y	2,81	0	92	Brent	62,60	-1,4	-6,4
	Nasdaq100	6575,7	0,0	2,8	US 10Y	3,06	0	65	Gold	1226,7	0,1	-5,8
	DAX	11138,5	-0,9	-13,8	GER 2Y	-0,64	0	-1	Silver	14,48	-0,1	-14,6
	CAC40	4938,1	-0,8	-7,0	GER 10Y	0,37	0	-6	EUR/USD	1,14	0,2	-4,9
	FTSE 100	6960,3	-1,3	-9,5	PT10Y	1,96	-1	3	EUR/GBP	0,89	-0,6	-0,3
	FTSE MIB	18603,0	-0,7	-14,9	IT 10Y	3,44	-5	144	EUR/NOK	9,73	0,3	-1,2
	Stoxx600	352,6	-0,7	-9,4	SP 10	1,65	1	8	USD/CAD	1,32	-0,3	4,9
	- Banks	120,4	-0,6	-27,0	iTRAXX	79,9	2,7	77	AUD/USD	0,73	-0,1	-7,0
	Nikkei 225	21646,6	0,0	-4,9	JPY 2Y	-0,14	0	0	USD/JPY	112,93	-0,1	0,2
	SSEC	2591,7	-2,0	-21,6	JPY 10Y	0,10	0	5	GBP/USD	1,29	0,8	-4,7
Regional	RTS	1138,4	1,0	-1,4	RUS10	8,7	0,2	15	USD/RUB	65,590	-0,2	13,8
	WIG20	2236,35	0,8	-9,1	POL 10	3,2	0,9	-2	EUR/PLN	4,29	-0,2	2,8
	PX50	1065,6	-0,2	-1,2	CZ10	2,1	-1,3	36	EUR/RON	4,657	-0,1	-0,4
Hungary	BUX	39489	0,1	0,3	3M DKJ	0,00	1	-4	EUR/HUF	321,06	-0,2	3,4
	OTP	11420	-0,6	6,5	1Y	0,38	-7	33	USD/HUF	281,34	-0,4	8,7
	MOL	3160	0,7	5,2	3Y	1,51	-2	96	CHF/HUF	283,06	-0,2	6,8
	MTelekom	446	2,5	-2,6	5Y	2,93	-7	176	PLN/HUF	74,76	0,1	0,6
	Richter	5315	0,1	-21,6	10Y	3,41	0	136	GBP/HUF	362,37	0,5	3,7

* 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	10,4	-	10,1
	13 : 30	EZ ECB Minutes	Oct		-	-
	16 : 00	EZ Consumer confidence (point)	Nov	-3,9	-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	1,1*
	8 : 00	DE GDP (detailed, qoq, %)	Q3	-0,2	-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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