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Daily Report

Summary

- Jerome Powell's words suggested that the US monetary tightening may end sooner than expected.
- This message weakened the USD. America's stock indices rallied 2%, driven by the tech sector's march
- A no-deal Brexit could severely hurt Britain's economic growth, the UK Treasury warned.
- Word on the rising US oil inventories pushed Brent below 60 USD/barrel.

Western Europe's key indices made but slight moves on Wednesday. Picking up after Tuesday's fall, some carmakers eked out small gains on Wednesday, but most of them were under pressure, and so were their suppliers. Previously, the information in German media that the plan to impose 25% tariff from next week on cars imported to America is already on Donald Trump's desk caught Europe's car industry off guard on Tuesday.

The Bank of England strongly warned the UK against a no-deal Brexit. Britain's disorderly withdrawal would reduce the country's GDP by 8% in the first quarter of 2019. The UK Treasury also released its research on the potential impacts of Brexit – a no-deal divorce could deliver a 9.3% hit to the UK economy on a 15-year horizon, while an orderly withdrawal would lower economic output by an estimated 3.9%. The 11 December vote in the House of Commons will be preceded by a four-day on Brexit debate.

Stock markets shot up and the US dollar weakened after Jerome Powell's speech. He said that current interest rates were just below the equilibrium level. The Fed chairman's message made investors think that, in line with expectations, the December meeting would raise rates before monetary tightening slows down, or even halts, next year. The most important indices on Wall Street advanced more than 2%; the Nasdaq100 surged 3.2%. All sectors, except utilities, closed with gains yesterday, with technology outshining others. The statistics released yesterday indicate further contraction in US new home sales.

In the CEE region's stock markets, Poland's WIG20 excelled with 1.9% gain, while the BUX inched trivially higher. Its strongest blue chip, MTelekom climbed 1.8% higher.

The 10Y US bond yield dropped one basis point and the UK one shed two bps. On the secondary market of Hungarian government bonds, yields sank by two to four basis points. Today the ÁKK will put up for sale a total of HUF 36 bn government debt, in 12M discount T-Bills and 5Y bonds.

The dollar's weakening raised the EUR/USD by 0.7%, to 1.14, and the USD/JPY by 0.1%, to 113.7. The GBP wiped out all the morning's gains, thus the EUR/GBP closed flat.

In the USA, the EIA reported stronger-than-expected growth in oil inventories, which triggered a new falling wave in crude prices. Brent and WTI slid below 59 USD/barrel and USD 50 respectively.

This morning Asia's key indices closed mixed. The yen extended yesterday's gains against the dollar.

The eurozone will publish the November reading of the European Commission's economic sentiment index; analysts expect continued fall. Elsewhere, the US pending home sales data is worth checking, particularly because the new home sales figures published on Wednesday indicated contraction, compared with the September figure. The minutes of the latest FOMC meeting are also due out today. Hungary is to publish Q3 investment 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	2743,8	2,3	2,6	VIX	18,5	-2,8	67	WTI	50,6	-1,9	-16,3
	DOW	25366,4	2,5	2,6	US 2Y	2,81	-3	91	Brent	58,76	-2,4	-12,1
	Nasdaq100	6913,3	3,2	8,1	US 10Y	3,04	-1	63	Gold	1221,0	0,6	-6,3
	DAX	11298,9	-0,1	-12,5	GER 2Y	-0,58	7	6	Silver	14,32	1,3	-15,5
	CAC40	4983,2	0,0	-6,2	GER 10Y	0,35	0	-8	EUR/USD	1,14	0,7	-5,3
	FTSE 100	7004,5	-0,2	-8,9	PT10Y	1,88	-2	-5	EUR/GBP	0,89	0,0	-0,2
	FTSE MIB	19115,2	-0,2	-12,5	IT 10Y	3,26	-3	127	EUR/NOK	9,73	0,2	-1,2
	Stoxx600	357,4	0,0	-8,2	SP 10	1,55	-1	-2	USD/CAD	1,33	-0,1	5,5
	- Banks	122,0	-0,2	-26,0	iTRAXX	79,9	0,0	77	AUD/USD	0,73	1,1	-6,4
	Nikkei 225	22251,5	0,3	-2,3	JPY 2Y	-0,14	-1	-1	USD/JPY	113,68	-0,1	0,9
SSEC	2569,9	-1,2	-22,3	JPY 10Y	0,08	-2	3	GBP/USD	1,28	0,6	-5,1	
Regional	RTS	1113,5	1,4	-3,5	RUS10	8,8	-0,2	16	USD/RUB	67,050	0,0	16,3
	WIG20	2264,51	1,9	-8,0	POL 10	3,2	0,0	-4	EUR/PLN	4,29	-0,2	2,6
	PX50	1065,3	0,1	-1,2	CZ10	2,1	-0,5	37	EUR/RON	4,636	-0,4	-0,9
Hungary	BUX	39656	0,1	0,7	3M DKJ	0,06	0	2	EUR/HUF	323,36	-0,1	4,1
	OTP	11420	0,0	6,5	1Y	0,37	0	32	USD/HUF	284,56	-0,7	9,9
	MOL	3166	-0,5	5,4	3Y	1,38	0	83	CHF/HUF	286,03	-0,3	7,9
	MTelekom	453	1,8	-1,2	5Y	2,80	-4	163	PLN/HUF	75,45	0,1	1,6
	Richter	5360	1,1	-20,9	10Y	3,33	8	129	GBP/HUF	364,88	-0,1	4,4

* 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. 26.	1 : 30	JP Nikkei Manufacturing PMI (points)	Nov	51,8	-	52,9
	10 : 00	DE IFO Economic sentiment index (points)	Nov	102,0	102,3	102,8
27.	15 : 00	US Case-Shiller Home Price Index (yoy, %)	Sept	5,1	5,3	5,5
	16 : 00	US Consumer confidence (point)	Nov	136	136	138
28.	9 : 00	HU Unemployment rate (%)	Oct	3,7	-	3,8
	14 : 30	US GDP (second estimate, annualized, yoy, %)	Q3	3,5	3,5	3,5*
	16 : 00	US New home sales (annualized monthly, '000s)	Oct	544	575	553
	18 : 00	US Jerome Powell speech (Economic Club)	-	-	-	-
29.	9 : 00	HU Investment (yoy, %)	Q3		-	15,0
	11 : 00	EZ EC Economic Sentiment Index (points)	Nov		109,0	109,8
	14 : 00	DE CPI (flash, yoy, %)	Nov		2,4	2,5
	14 : 30	US Personal income (mom, %)	Oct		0,4	0,2
	14 : 30	US Personal consumption (adjusted, mom, %)	Oct		0,4	0,4
	16 : 00	US Pending home sales (mom, %)	Oct		0,5	0,50
	20 : 00	US FOMC Minutes	Nov		-	-
30.	2 : 00	CN NBS Manufacturing PMI (points)	Nov		50,2	50,2
	2 : 00	CN NBS non-Manufacturing PMI (points)	Nov			53,9
	8 : 00	DE Retail sales (mom, %)	Oct		0,3	0,1
	9 : 00	HU Industrial producer prices (yoy, %)	Oct		-	6,7
	9 : 00	HU Trade balance (detailed, monthly, EUR mn)	Sept		-	268*
	11 : 00	EZ CPI (flash, yoy, %)	Nov		2,0	2,2
	11 : 00	EZ Core CPI (flash, yoy, %)	Nov		1,1	1,1
	11 : 00	EZ Unemployment rate (%)	Oct		8,0	8,1
	15 : 45	US Chicago PMI (points)	Nov		58,0	58,4

* preliminary data

Sources: Reuters, OTP Research

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