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Daily Report

Summary

- Europe's stock indices fell 1%, and their US peers slid 3% ahead of today's national day of mourning.
- The BoE's governor warned the UK against a no-deal Brexit.
- A string of detailed GDP data will see the light of day in Europe today.

The optimism arising from the trade war truce did not last long on Western Europe's stock markets, where on Tuesday the key indices wiped off Monday's gains. The UK's leaving the EU without a deal would imply severe growth risks for the country, the Bank of England's governor Mark Carney reiterated, speaking before the Parliament's Treasury Committee. At the end of Tuesday's debate, the House forced the government to publish the legal advice on its Brexit agreement. Moreover, MPs issued a motion, unprecedented in Britain's modern-day legislation, which finds the government in contempt of Parliament for failing to publish the whole legal advice on Brexit. This bodes ill for the government before the Brexit vote on 11 December.

Monday's jump was followed by painful losses on Wall Street yesterday, where investors sold all types of assets. America's indices plunged more than 3%; in the worst performance, the Nasdaq100 slumped 3.8%. Of the S&P's sector indices, the financial, industrial and technology shares saw the sharpest losses. What made investors worry, apart from the uncertainties of the trade war, was a possible deceleration in the USA's economic growth. The flattening of the US yield curve continued: the 5Y yield came three basis points down (to 2.79%), which is one basis point less than that on the 2Y one, and is two points below the 3Y yield. The 30Y yield fell eight basis points (to 3.17%).

Geopolitical tensions escalated further, as the USA gave 60 days to Russia to observe the Intermediate-Range Nuclear Forces Treaty (INF). The USA and NATO agree that Russia is violating the INF. This poses an immediate threat to Europe, but Moscow denies the charges. The USA may withdraw from the INF agreement unless the situation is resolved.

Climbing 0.9% higher made the BUX the CEE region's outperformer on Tuesday, when Warsaw's WIG20 gained 0.7% and Prague's PX lost that much. All Hungarian blue chips advanced; OTP closed at all-time high. Trading with the lifting equipment company MEGAKRÁN's shares began on the Budapest Stock Exchange on Tuesday.

There was weak demand at ÁKK's Tuesday auction of 3M zero-coupon treasury bills, thus the agency sold only HUF 42 bn government debt, out of the HUF 50 bn on offer. The average, minimum, and maximum yields of -0.15% all marked record lows. Yields on the secondary market came down.

Crude oil prices climbed higher on Tuesday morning, owing to news that OPEC's Thursday meeting might decide to freeze production. But the gloom on equity markets brought down oil prices, which closed slightly in the red.

Among emerging market currencies, the Turkish lira was the loser of the day, sliding 3% against the EUR and the USD each. The HUF's weakening led the EUR/HUF above 323.

The pessimism in the USA left its mark on this morning's trading in Asia, where the major indices ended in the red. The greenback regained some of its losses from the yen.

A batch of detailed Q3 GDP data will be out across Europe, including Hungary, today. The eurozone will also release the October reading of retail sales. In the United States, the ADP institute's employment data and the Fed Beige Book will see the light of day. America's money markets will be closed on Wednesday, a national day of mourning in the honour of the late former US President George H.W. Bush.

	Részvény				Kötvény				Nyersanyag és deviza			
	Termék neve	Záró ár	Napi változás (%)	YTD (%)	Termék neve	Hozam	Napi változás*	YTD*	Termék neve	Záró ár	Napi változás (%)	YTD (%)
Globál	S&P500	2700,1	-3,2	1,0	VIX	20,7	26,2	88	WTI	52,8	-0,3	-12,6
	DOW	25027,1	-3,1	1,2	US 2Y	2,81	-2,2	92	Brent	62,08	0,6	-7,2
	Nasdaq100	6795,2	-3,8	6,2	US 10Y	2,92	-6,8	51	Arany	1238,2	0,6	-4,9
	DAX	11335,3	-1,1	-12,2	GER 2Y	-0,61	-0,9	2	Ezüst	14,52	1,0	-14,3
	CAC40	5012,7	-0,8	-5,6	GER 10Y	0,26	-4,3	-16	EUR/USD	1,1344	-0,1	-5,4
	FTSE 100	7022,8	-0,6	-8,7	PT10Y	1,80	-1,1	-13	EUR/GBP	0,8916	-0,1	0,4
	FTSE MIB	19353,4	-1,4	-11,4	IT 10Y	3,15	1,3	115	EUR/NOK	9,6465	-0,4	-2,1
	Stoxx600	358,4	-0,8	-7,9	SP 10	1,49	-0,5	-8	USD/CAD	1,3259	0,5	5,4
	- Banks	121,3	-1,7	-26,5	iTRAXX	81,0	0,0	79,4	AUD/USD	0,7337	-0,2	-5,9
	Nikkei 225	21907,0	-0,6	-3,8	JPY 2Y	-0,13	-0,5	0	USD/JPY	112,77	-0,8	0,1
SSEC	2649,3	-0,6	-19,9	JPY 10Y	0,07	0,0	2	GBP/USD	1,2718	0,0	-5,9	
Régió	RTS	1155,9	0,1	0,1	RUS10	8,6	0,3	14	USD/RUB	66,833	0,6	15,9
	WIG20	2344,91	0,7	-4,7	POL 10	3,0	0,4	-8	EUR/PLN	4,28	0,1	2,5
	PX50	1066,0	-0,7	-1,1	CZ10	2,1	0,0	37	EUR/RON	4,649	0,1	-0,6
Magyar	BUX	40945	0,9	4,0	3 hó DKJ	0,06	-0,5	2	EUR/HUF	323,54	0,3	4,2
	OTP	11810	0,9	10,2	1 év	0,35	1,5	30	USD/HUF	285,14	0,4	10,2
	MOL	3206	0,5	6,7	3 év	1,28	-0,5	73	CHF/HUF	285,86	0,5	7,9
	MTelekom	454	0,7	-0,9	5 év	2,68	-6,0	151	PLN/HUF	75,59	0,3	1,8
	Richter	5760	1,9	-15,0	10 év	3,14	-5,6	110	GBP/HUF	362,80	0,4	3,9

* A kötvényhozamok esetén a változás százalék helyett bázispontban van kifejezve (kivéve VIX és ITRAXX).

Sources: Reuters, OTP Research

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2018 12 3.	8 : 00	TR Inflation (yoy, %)	Nov	21,6	22,6	25,2
	9 : 00	HU Manufacturing PMI (points)	Nov	53,5	-	57,3
	16 : 00	US ISM Manufacturing PMI (points)	Nov	59,3	58,0	57,7
	16 : 00	US Construction expenditure (mom, %)	Oct	-0,1	0,4	0,0
	21 : 30	US Vehicle sales (annualized monthly, million)	Nov	17,5	17,3	17,6
5.	9 : 00	HU Retail sales (SA, first estimate, yoy, %)	Oct		-	5,40
	9 : 00	HU GDP (detailed, yoy, %)	Q3		4,8	4,8*
	11 : 00	EZ Retail sales (mom, %)	Oct		0,2	0,0
	14 : 00	PL Interest rate decision (%)	Dec		1,5	1,5
	14 : 15	US ADP non-farm employment (mom, '000s)	Nov			227
	16 : 00	US ISM non-Manufacturing PMI (points)	Nov		59,9	60,3
	16 : 15	US Jerome Powell testimony (Economic Committe)	-		-	-
	20 : 00	US Fed Beige Book	-		-	-
6.	8 : 00	DE Industrial orders (mom, %)	Oct		-0,4	0,30
	9 : 00	HU Industrial production (preliminary, yoy, %)	Oct		-	-0,6
	16 : 00	US Factory orders (mom, %)	Oct		-2,0	0,7
		OPEC Meeting	-		-	-
7.	8 : 00	DE Industrial production (mom, %)	Oct		0,3	0,2
	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Oct		-	268,0
	10 : 00	HU International reserves (preliminary, EURbn)	Nov		-	24,7
	11 : 00	EZ GDP (detailed, yoy, %)	Q3		1,7	1,7*
	11 : 00	EZ GDP (detailed, qoq, %)	Q3		0,2	0,2*
	11 : 00	HU Fiscal balance (monthly, billion HUF)	Nov		-	-181,6
	14 : 30	US Unemployment rate (%)	Nov		3,7	3,7
	14 : 30	US Average earnings (yoy, %)	Nov		3,1	3,1
	14 : 30	US Average earnings (mom, %)	Nov		0,3	0,2
	14 : 30	US Non-farm payroll (mom, '000s)	Nov		205	250
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Dec		97,0	97,5

* preliminary data

Sources: Reuters, OTP Research

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