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Daily Report

Summary

- Pessimism ruled US stock markets, Europe's indices fell.
- Huawei's CFO was arrested in Canada
- US and German government bond yields sank
- Disappointing data were released on Germany's industry

In Thursday's sour sentiment America's stock indices closed in the red, with the Dow falling 0.3% and the S&P500 dropping 0.2%.

Europe's equity markets did not do any better: the Stoxx600 slid 3.1%, the DAX decreased by 3.5%, and the CAC40 contracted by 3.3%. Banking shares were particularly weak, with HSBC tumbling 3.6% and the Lloyds Bank Group losing 2.7%. Oil companies' shares suffered painful losses: British Petrol and Royal Dutch Shell slumped 4.5%.

The CEE region's indices were ailing too. The BUX closed 2.3% down as all Hungarian blue chips weighed on it: Mol slipped 0.9%, Magyar Telekom shed 1.6%, OTP lost 3.1%, and Richter nose-dived 3.5%.

One factor that soured the sentiment on global stock markets was the arrest of the chief executive officer of China's Huawei tech company in Canada, at the request of US authorities. Allegedly, Huawei violated US sanctions against Iran. China demanded the immediate release of Meng Wanzhou.

The Fed's communication may become more dovish in December, sources of the Wall Street Journal opine. Monetary policy decision-makers consider striking a more cautious tone about next year's interest rate path at the press briefing following the possible rate hike in December.

In France, the three left-wing opposition parties are seeking a no-confidence vote against the government. Meanwhile the yellow-jacket protests will continue on Saturday even though the government abandoned plans to raise fuel taxes. Submitting the motion requires votes by at least 10% of MPs – this is how much the three parties have altogether, but ousting the government would require 50% +1 votes.

In the Vienna meeting of OPEC member states, Saudi Arabia proposed a smaller-than expected production cut, yet no final decision has been made. Today member states will negotiate with Russia, before curbing output. Oil prices dipped, with the WTI subsiding 3.3%.

This morning's release on Germany's industrial production in October added to a string of unpleasant data. Industrial output volume contracted by 0.5% from the previous month, wrong-footing analyst who had predicted 0.3% growth. Elsewhere, US factory orders shrank by 2.1% month/month in October, in the sharpest fall since July 2017.

Amid the pale macroeconomic data, the sluggish performance of equity markets, and a flattening yield curve in the USA, government bond yields sank yesterday. That on the US 10Y instrument came down 4.7 basis points, and the German 10Y Bund yield fell 4.8 bps. The dollar's weakening lifted the EUR/USD by 0.3%.

The forint's 0.1% uptick sent the EUR/HUF below 323 last night.

Important data will be released on America's labour market, and the University of Michigan's consumer sentiment index is due out today. OPEC countries will conclude their output talks. It is worth checking the developments of the USA-China diplomatic conflict in the light of the arrest of Huawei's CFO.

	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	2696,0	-0,2	0,8	VIX	21,2	2,2	92	WTI	51,5	-3,3	-14,8
	DOW	24947,7	-0,3	0,9	US 2Y	2,76	-5,3	87	Brent	60,06	-2,4	-10,2
	Nasdaq100	6838,9	0,6	6,9	US 10Y	2,88	-4,7	47	Gold	1237,6	0,0	-5,0
	DAX	10811,0	-3,5	-16,3	GER 2Y	-0,63	-1,8	1	Silver	14,47	-0,2	-14,6
	CAC40	4780,5	-3,3	-10,0	GER 10Y	0,23	-4,8	-20	EUR/USD	1,1374	0,3	-5,2
	FTSE 100	6704,1	-3,1	-12,8	PT10Y	1,80	-2,1	-13	EUR/GBP	0,8896	-0,1	0,1
	FTSE MIB	18643,8	-3,5	-14,7	IT 10Y	3,20	13,1	120	EUR/NOK	9,6852	0,4	-1,7
	Stoxx600	343,3	-3,1	-11,8	SP 10	1,47	-0,2	-10	USD/CAD	1,3378	0,2	6,4
	- Banks	116,1	-3,6	-29,7	iTRAXX	88,0	6,9	95,0	AUD/USD	0,7235	-0,5	-7,3
	Nikkei 225	21678,7	0,8	-4,8	JPY 2Y	-0,14	0,6	-1	USD/JPY	112,66	-0,5	0,0
	SSEC	2602,8	-0,1	-21,3	JPY 10Y	0,06	0,3	1	GBP/USD	1,2782	0,4	-5,4
Regional	RTS	1134,1	-1,6	-1,8	RUS10	8,8	0,7	15	USD/RUB	66,848	0,5	15,9
	WIG20	2294,34	-2,6	-6,8	POL 10	3,0	-1,8	-9	EUR/PLN	4,28	0,0	2,5
	PX50	1038,6	-1,2	-3,7	CZ10	2,0	-0,8	34	EUR/RON	4,649	-0,1	-0,6
Hungary	BUX	39747	-2,3	0,9	3M DKJ	0,05	0,0	1	EUR/HUF	322,81	-0,1	4,0
	OTP	11480	-3,1	7,1	1Y	0,38	4,9	33	USD/HUF	283,71	-0,4	9,6
	MOL	3116	-0,9	3,7	3Y	1,30	0,2	75	CHF/HUF	285,72	0,1	7,8
	MTelekom	445	-1,7	-2,9	5Y	2,73	-1,0	156	PLN/HUF	75,39	0,0	1,5
	Richter	5540	-3,5	-18,3	10Y	3,13	-9,1	109	GBP/HUF	362,69	0,1	3,8

* 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 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	5,7	-	5,4
	9 : 00	HU GDP (detailed, yoy, %)	Q3	5	4,8	4,8*
	11 : 00	EZ Retail sales (mom, %)	Oct	0,3	0,2	0,0
	14 : 00	PL Interest rate decision (%)	Dec	1,5	1,5	1,5
	14 : 15	US ADP non-farm employment (mom, '000s)	Nov	179,0	195,0	227
	16 : 00	US ISM non-Manufacturing PMI (points)	Nov	60,7	59,2	60,3
	20 : 00	US Fed Beige Book	-	-	-	-
6.	8 : 00	DE Industrial orders (mom, %)	Oct	0,3	-0,4	0,1
	9 : 00	HU Industrial production (preliminary, yoy, %)	Oct	5,9	-	-0,60
	16 : 00	US Factory orders (mom, %)	Oct	-2,1	-2,0	0,7
		OPEC Meeting	-	-	-	-
7.	8 : 00	DE Industrial production (mom, %)	Oct	-0,5	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		200,0	250,0
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Dec		97	98

* preliminary data

Sources: Reuters, OTP Research

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