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Daily Report

Summary

- Optimist investor sentiment dominated trading on the European and US stock markets.
- Positive news were published about the US-China trade negotiations.
- ECB decision makers were divided over the latest round of monetary stimulus.
- Inflation slowed down in the US.

Optimist investor sentiment dominated the European stock markets: the FTSE100 gained 0.3%, the DAX 0.6%, the Stoxx600 0.7% and the CAC40 1.3%. The positive attitude was aided by promising news about the US-China trade negotiations. Stock market gains were led by export-oriented commodity stock and car makers: the related sector indices climbed more than 2%. Despite the optimistic international investor sentiment the BUX edged downwards by 0.2%. Among Hungarian blue chips: the OTP lost 0.7%, the Richter 0.3% and the Mol 0.1%, only the Hungarian Telecom was able to finish in the green at +0.2%. Yesterday, Péter Szijjártó, Hungarian Minister of Foreign Affairs and Trade, announced that the Samsung SDI plans to expand its battery production plant at the town of Göd. The expected value of the investment project is 390 billion HUF.

US stock indices finished in the positive territory The Dow, the S&P500, and the Ndaq100 all gained 0.6%. One of the biggest winners of the day was the Apple: the IT giant gained 1.2%.

Promising news were published about the US-China trade negotiations. After Donald Trump wrote in a Twitter message, that he will meet the Chinese vice premier to move trade talks forward, expectations among market participants about a partial agreement were becoming stronger. On the other hand, standpoints of the two sides are still far away from each other. China asked the US to abandon its "unreasonable" targeting of Chinese companies, and if no progress is made, the next round of US tariffs impacting 250 billion dollar Chinese imports will come to effect on October 15.

Yesterday the Fed unveiled a new financial regulatory packaged, according to which the capital requirements and liquidity rules introduced during the 2007-2009 crisis will be loosened. Aside from this the regulator will also soften rules regarding the trade of derivatives, and the requirements related to the annual supervision of banks.

Minutes of the September meeting of the ECB's Governing Council was published. According to the document, monetary policy decision makers were divided with regards to the latest monetary stimulus of the central bank, part of which was cutting to base rate to -0.5% and restarting the asset-purchase program with a monthly value of 20 billion euros. The latter was opposed by at least seven members of the Governing Council and an internal committee created to evaluate monetary policy. Decision makers also disagreed on the merits of a mechanism designed to protect banks from the adverse consequences of negative interest rates.

Yields buoyed on international government bond markets: US 2 and 10 year government bond yields gained 5.6 and 6.9 basis points, while German instruments' rose by 2.8 and 6.5 basis points respectively. The dollar weakened against the euro: the EURUSD rose by 0.3%. The Hungarian forint posted significant gains against the euro: the EURHUF went down 0.6% with the exchange rate nearing the 322 level. Oil prices moved upwards: the WTI rose 1.8%, the Brent 1.3%

The US inflation statistics for September was published. Consumer prices rose 1.7% on a yearly basis and stagnated on a monthly basis, which is 0.1 percentage points lower than the economic consensus. Core CPI grew 0.1% compared to the previous month which is also lower the expectations of analysts.

Today the consumer confidence indicator of the University of Michigan is published. It will also be worthwhile to keep an eye on Brexit-related news, and political reactions about Turkish military operations in Northern Syria.

	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	2938,1	0,6	17,2	VIX	17,6	-5,7	-31	WTI	53,6	1,8	17,9
	DOW	26496,7	0,6	13,6	US 2Y	1,53	6	-97	Brent	59,10	1,3	9,9
	Nasdaq100	7740,4	0,6	22,3	US 10Y	1,66	7	-104	Gold	1494,0	-0,8	16,5
	DAX	12164,2	0,6	15,2	GER 2Y	-0,71	3	-12	Silver	17,48	-1,2	12,9
	CAC40	5569,1	1,3	17,7	GER 10Y	-0,49	7	-74	EUR/USD	1,1004	0,3	-4,1
	FTSE 100	7186,4	0,3	6,8	PT10Y	0,19	6	-153	EUR/GBP	0,8845	-1,6	-1,5
	FTSE MIB	21756,4	1,0	18,7	IT 10Y	1,06	9	-171	EUR/NOK	10,0430	-0,2	1,4
	Stoxx600	382,8	0,6	13,4	SP 10	0,23	7	-119	USD/CAD	1,3290	-0,3	-2,5
	- Banks	104,6	2,4	-7,5	iTRAXX	56,3	-3,0	-36	AUD/USD	0,6761	0,6	-4,1
	Nikkei 225	21792,4	1,1	8,9	JPY 2Y	-0,29	2	-15	USD/JPY	107,96	0,5	-1,5
SSEC	2972,4	0,8	19,2	JPY 10Y	-0,18	3	-18	GBP/USD	1,2440	1,9	-2,5	
Regional	RTS	1330,9	1,0	24,5	RUS10	6,7	-1	-23	USD/RUB	64,440	-0,7	-7,5
	WIG20	2122,99	-0,5	-6,7	POL 10	1,9	2	-32	EUR/PLN	4,31	-0,3	0,5
	PX50	997,3	0,1	1,1	CZ10	1,2	4	-36	EUR/RON	4,760	0,3	2,3
Hungary	BUX	39466	-0,2	0,8	3M DKJ	0,09	0	2	EUR/HUF	332,20	-0,6	3,5
	OTP	12530	-0,7	11,0	1Y	0,10	0	-35	USD/HUF	301,74	-0,9	7,9
	MOL	2828	-0,1	-8,1	3Y	0,48	0	-78	CHF/HUF	303,30	-0,9	6,3
	MTelekom	445	0,2	1,1	5Y	1,07	4	-146	PLN/HUF	77,13	-0,2	3,4
	Richter	4740	-0,3	-12,7	10Y	2,02	10	-102	GBP/HUF	371,34	-0,2	4,2

* 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.
2019	10. 7.	8 : 00	DE	Industrial orders (MoM, %)	Aug	-0,6	-0,3	-2,7
		9 : 00	HU	Industrial production (preliminary, YoY, %)	Aug	0,3	-	12,0
		10 : 00	HU	International reserves (preliminary, EURbn)	Sept	28,4	-	28,8
		10 : 30	EZ	Sentix Investor confidence (points)	Oct	-16,8	-13,0	-11,1
	8.	8 : 00	DE	Industrial production (MoM, %)	Aug	0,3	-0,1	-0,6
		9 : 00	HU	Inflation (YoY, %)	Sept	2,8	3,0	3,1
		9 : 00	HU	Core inflation (YoY, SA, %)	Sept	3,9	-	3,7
		11 : 00	HU	Fiscal balance (monthly, billion HUF)	Sept	207,2	-	-158,0
		17 : 50	US	Jerome Powell speech	Oct	-	-	-
	9.	9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	Aug	37,0	-50,0	204,0
		15 : 00	US	Jerome Powell panel discussion	Oct	-	-	-
		20 : 00	US	FOMC Minutes	Sept	-	-	-
	10.	8 : 00	DE	Export (MoM, SA, %)	Aug	-1,8	-1,0	0,7
		10 : 30	UK	Industrial production (MoM, %)	Aug	-0,6	-0,1	0,1
		13 : 30	EZ	ECB Minutes	Sept	-	-	-
		14 : 30	US	Continuing jobless claims ('000s)	weekly	1684	1653	1651
		14 : 30	US	Initial jobless claims ('000s)	weekly	210,0	219	219
		14 : 30	US	CPI (YoY, %)	Sept	1,7	1,8	1,7
		14 : 30	US	CPI (MoM, SA, %)	Sept	0,0	0,1	0,1
		14 : 30	US	core-CPI (YoY, %)	Sept	2,4	2,4	2,4
		14 : 30	US	core-CPI (MoM, SA, %)	Sept	0,1	0,2	0,3
	11.	16 : 00	US	Michigan Consumer confidence (preliminary, points)	Oct	-	92,0	93,2

*preliminary data

Sources: Reuters, OTP Research

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