

Treasury Sales Team



Retail

Zsigmond Csillag

Team Leader
+36 1 288 7556
zsigmond.csillag@otpbank.hu

István Milán Nagy

+36 1 288 7554
milan.nagy@otpbank.hu

Frigyes Soós

+36 1 288 7571
SoosF@otpbank.hu

Pál András Saághy

+36 1 288 7553
Pal.Andras.Saaghy@otpbank.hu

Tamás Szabó

+36 1 288 7512
Tamas.Szabo.1@otpbank.hu

Institutional

Lóránt Fábán

+36 1 288 7572
Lorant.Fabian@otpbank.hu

János Mladoniczki

+36 1 288 7551
MladoniczkiJ@otpbank.hu

Corporate

Csinszka Kis-Böndi

Team Leader
+36 1 288 7544
Kis-bondics@otpbank.hu

Nóra Ilona Gordos

+36 1 288 7549
Nora.Ilona.Gordos@otpbank.hu

János Imrei

+36 1 288 7555
janos.imrei@otpbank.hu

Roxána Kosztelnik

+36 1 288 7541
roxana.kosztelnik@otpbank.hu

Edit Kovács Gyimóti

+36 1 288 7542
KovacsGyE@otpbank.hu

Anna Almási

OTP Trader
+36 1 298 3169
AlmasiA@otpbank.hu



Daily Report

Summary

- The equity markets of Western Europe closed higher; their US peers ended mixed.
- Spain is forming new government.
- Hungary's BUX index advanced but the HUF weakened on Tuesday.

Tuesday's optimism on Western Europe's and America's stock markets stemmed from trade-war related expectations. Investors in Europe cheered at the prospect that the USA may postpone tariffs on vehicles imported from Europe, while in the USA they hoped that Donald Trump would reveal new information about the future of a trade deal with China. But President Trump's speech at the Economic Club in New York contained no specifics, thus dampened expectations.

In Europe, Germany's ZEW institute's economic sentiment index added to the impetus, as its November reading of -2.1 is consistent with a huge improvement from the previous month's -22.8 gauge.

The weekend's election left Spain's political parties in a difficult position: Socialists, who won 28% of the vote, need coalition partners to form a government. So far, they have reached agreement with Podemos only, but the two parties together do not have majority. The Madrid stock exchange closed 0.9% in the red, and Spanish 10Y government bond yield rose by two basis points.

The dollar appreciated against the euro, and the US 10Y yield dropped 2 bps.

Gaining 1.1% on Tuesday, Hungary's BUX outperformed its regional and European peers. All Hungarian blue chips but OTP closed in positive territory.

In Hungary, there was healthy demand in Tuesday's auction of 3M discount treasury bills, where the ÁKK sold the amount on offer, HUF 15 billion. The average yield of -0.07% is 5 bps higher than the current yield on the secondary market. On the secondary market, the long yield of the yield curve rose, while bond yields sank; the most noticeable change was the 14 bps decline in the 3M yield.

Hungary's currency continued its losing streak in the key currency pairs. Accordingly, the EUR/HUF was nearing 335.

Encouragingly, Hungary's construction industry recovered in September: its 5.2% month/month surge reversed August's sharp fall of -10.3% month/month. The incoming figure may slightly raise growth forecasts for a robust third quarter.

Hungary's Finance Ministry submitted new bills to boost the economy and competitiveness. The proposal suggests merging certain contribution types, reducing the number of different tax types, and extending anti-shadow-economy measures, the announcement on the ministry's website reveals.

Today the USA and the United Kingdom will release inflation figures. In America, the Fed's chair Jerome Powell will testify before congressional Joint Economic Committee in Washington.

	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	3091,8	0,2	23,3	VIX	12,7	-0,1	-50	WTI	56,7	-0,3	24,8
	DOW	27691,5	0,0	18,7	US 2Y	1,65	-2	-85	Brent	62,06	-0,2	15,4
	Nasdaq100	8263,8	0,3	30,6	US 10Y	1,91	-2	-78	Gold	1456,9	0,1	13,6
	DAX	13283,5	0,6	25,8	GER 2Y	-0,62	-1	-3	Silver	16,77	-0,5	8,4
	CAC40	5919,8	0,4	25,1	GER 10Y	-0,25	0	-49	EUR/USD	1,1007	-0,2	-4,0
	FTSE 100	7365,4	0,5	9,5	PT10Y	0,36	1	-136	EUR/GBP	0,8568	-0,2	-4,6
	FTSE MIB	23782,2	1,2	29,8	IT 10Y	1,30	-4	-147	EUR/NOK	10,0885	0,1	1,8
	Stoxx600	406,9	0,4	20,5	SP 10	0,46	2	-96	USD/CAD	1,3231	0,0	-3,0
	- Banks	115,6	0,3	2,3	iTRAXX	48,1	-1,3	-45	AUD/USD	0,6840	-0,1	-3,0
	Nikkei 225	23319,9	-0,9	16,5	JPY 2Y	-0,19	-2	-5	USD/JPY	109,00	0,0	-0,5
SSEC	2904,3	-0,4	16,5	JPY 10Y	-0,04	-1	-5	GBP/USD	1,2844	-0,1	0,7	
Regional	RTS	1449,4	-0,8	35,6	RUS10	6,5	1	-26	USD/RUB	64,229	0,6	-7,8
	WIG20	2248,81	-0,3	-1,2	POL 10	2,2	-2	-24	EUR/PLN	4,28	0,2	-0,2
	PX50	1084,1	-0,1	9,9	CZ10	1,6	1	-18	EUR/RON	4,761	0,0	2,4
Hungary	BUX	43492	1,1	11,1	3M DKJ	-0,05	-14	-12	EUR/HUF	334,64	0,2	4,3
	OTP	13830	-0,1	22,5	1Y	0,03	-1	-42	USD/HUF	303,86	0,4	8,6
	MOL	3078	1,9	0,0	3Y	0,43	-1	-83	CHF/HUF	305,38	0,4	7,0
	MTelekom	441	0,1	0,1	5Y	1,04	2	-149	PLN/HUF	78,15	0,0	4,8
	Richter	5685	1,9	4,7	10Y	2,18	3	-86	GBP/HUF	389,61	0,1	9,4

* 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.
2019 11. 11. 9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	Sept	566,0	210	60
10 : 30	UK	GDP (preliminary, YoY, %)	Q3	1,0	1,1	1,3
12. 11 : 00	DE	ZEW Economic Sentiment (points)	Nov	-2,1	-13,0	-22,8
13. 9 : 00	HU	Industrial production (second estimate, YoY, %)	Sept			11,1*
10 : 30	UK	Inflation (YoY, %)	Oct		1,7	1,7
10 : 30	UK	Core inflation (YoY, %)	Oct		1,7	1,7
11 : 00	EZ	Industrial production (MoM, %)	Sept		-0,3	0,4
14 : 30	US	CPI (YoY, %)	Oct		1,7	1,7
14 : 30	US	CPI (MoM, SA, %)	Oct		0,3	0,0
14 : 30	US	core-CPI (YoY, %)	Oct		2,4	2,4
14 : 30	US	core-CPI (MoM, SA, %)	Oct		0,2	0,1
20 : 00	US	Federal budget balance (USDbn)	Oct		-133,0	83,0
14. 0 : 50	CZ	GDP (preliminary, QoQ, %)	Q3		0,2	0,3
3 : 00	CN	Industrial production (YoY, %)	Oct		5,4	5,8
3 : 00	CN	Retail sales (YoY, %)	Oct		7,9	7,8
3 : 00	CN	Infrastructural spending (YoY, %)	Oct		5,4	5,4
8 : 00	DE	GDP (preliminary, QoQ, %)	Q3		-0,1	-0,1
8 : 00	RO	GDP (preliminary, YoY, %)	Q3		3,8	4,4
9 : 00	CZ	GDP (preliminary, QoQ, %)	Q3		0,4	0,7
9 : 00	HU	GDP (preliminary, YoY, %)	Q3		4,7	4,9
9 : 00	HU	GDP (preliminary, QoQ, %)	Q3			1,1
9 : 00	SK	GDP (preliminary, YoY, %)	Q3		2,3	2,0
10 : 00	PL	GDP (preliminary, YoY, %)	Q3		4,1	4,5
10 : 30	UK	Retail sales (MoM, %)	Oct		0,3	0,0
10 : 30	PT	GDP (preliminary, YoY, %)	Q3			1,8
11 : 00	EZ	GDP (second estimate, YoY, %)	Q3		1,1	1,1*
11 : 00	EZ	GDP (second estimate, QoQ, %)	Q3		0,2	0,2*
14 : 30	US	Continuing jobless claims ('000s)	weekly		1687	1689
14 : 30	US	Initial jobless claims ('000s)	weekly		215	211
15. 11 : 00	EZ	CPI (final, YoY, %)	Oct		0,7	0,7*
14 : 30	US	New York Fed Manufacturing index (points)	Nov		5,0	4,0
14 : 30	US	Retail sales (MoM, %)	Oct		0,2	-0,3
15 : 15	US	Industrial production (MoM, %)	Oct		-0,4	-0,4
16 : 00	US	Business inventories (MoM, %)	Sept		0,1	0,0

* preliminary data

Sources: Reuters, OTP Research

Chief Economist
Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Analyst
Beáta Váradi
varadibe@otpbank.hu
+36 1 374 7271

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