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Daily Report

Summary

- Wednesday's trading sentiment was slightly negative on the world's stock markets
- The EUR/USD did not budge but the HUF regained some lost ground
- China's monthly economic data missed expectations
- The Fed is unlikely to cut interest rates in the near future, Jerome Powell said
- Hungary's Q3 GDP surged 5% YoY; Slovakia's growth rate slowed to 1.3%.

In Wednesday's slightly negative trading sentiment, America's S&P500 inched up 0.1%, and the Nasdaq100 closed flat. In Europe, Germany's DAX slipped 0.4%, France's CAC40 and Britain's FTSE100 eased 0.2% each. The sour investment sentiment in Europe left its mark on the CEE region, where Poland's WIG20 and Hungary's BUX dropped 0.6% each. In Hungary, MOL fell 2%, OTP lost 0.6% and MTelekom edged 0.1% lower. Richter, the only blue chip to gain, rose by 0.6%.

This morning mainland China's SSEC was seen slightly in positive territory, while Japan's Nikkei contracted by 0.8%.

The dollar barely changed against the euro but weakened 0.2% versus the yen. The HUF firmed 0.2% against the EUR and the USD but weakened 0.6% vs the Swiss franc.

On government bond markets, Germany's 10Y Bund yields dropped 5.7 basis points, and the US 10Y yield came down 4 bps.

In commodities, Brent crude rose by 0.5%. Gold and silver added 0.4% and 1.1%, respectively.

In his congressional testimony, the Fed's chair indicated that there was no need for further rate cuts, after this year's three such moves, in the baseline scenario. However, the Fed is in data-driven mode, as risks surrounding growth are high because of the trade war and the decelerating growth of the global economy. Therefore, if the incoming data are worse than expected, there might be another fed funds rate cut in 2020. Speaking of negative interest rates, the Fed chair said they would not be appropriate for the US economy, and if the economy slows further, it is fiscal policy that should do the stimulation. That said, Mr Powell admitted that the US debt trajectory was unsustainable, therefore in case of downturn, fiscal easing is not an option.

The monthly retail sales, industrial production, and fixed asset investment data on China's economy, released in the small hours of Thursday, have all missed expectations. This confirms the view that China's growth rate is slowing and the trade war takes its toll on it. These poor data may bring down China's Q4 GDP growth to 5.8%, Nomura's analysts said.

A string of European GDP figures was published this morning. In quarter-over quarter comparison, Germany's economy rose by 0.1% in the third quarter, just avoiding technical recession. Romania's GDP expanded by 3% in year/year terms, missing analysts' consensus of 3.8%. Hungary's Q3 GDP surged by 5% year/year, and that of Slovakia slowed to 1.3%.

	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	3094,0	0,1	23,4	VIX	13,0	2,5	-49	WTI	57,1	0,7	25,7
	DOW	27783,6	0,3	19,1	US 2Y	1,63	-2	-87	Brent	62,37	0,5	15,9
	Nasdaq100	8259,8	0,0	30,5	US 10Y	1,87	-4	-82	Gold	1462,9	0,4	14,0
	DAX	13230,1	-0,4	25,3	GER 2Y	-0,63	0	-4	Silver	16,95	1,1	9,5
	CAC40	5907,1	-0,2	24,9	GER 10Y	-0,30	-6	-55	EUR/USD	1,1006	0,0	-4,0
	FTSE 100	7351,2	-0,2	9,3	PT10Y	0,37	1	-135	EUR/GBP	0,8563	-0,1	-4,7
	FTSE MIB	23578,4	-0,9	28,7	IT 10Y	1,33	3	-144	EUR/NOK	10,1089	0,2	2,0
	Stoxx600	405,9	-0,3	20,2	SP 10	0,47	1	-96	USD/CAD	1,3249	0,1	-2,8
	- Banks	113,3	-2,0	0,2	iTRAXX	49,5	2,9	-44	AUD/USD	0,6837	0,0	-3,0
	Nikkei 225	23141,6	-0,8	15,6	JPY 2Y	-0,20	-1	-6	USD/JPY	108,81	-0,2	-0,7
	SSEC	2909,9	0,2	16,7	JPY 10Y	-0,07	-3	-7	GBP/USD	1,2849	0,0	0,7
Regional	RTS	1437,9	-0,8	34,5	RUS10	6,5	1	-25	USD/RUB	64,360	0,2	-7,6
	WIG20	2235,52	-0,6	-1,8	POL 10	2,1	-3	-27	EUR/PLN	4,29	0,2	0,0
	PX50	1085,0	0,1	10,0	CZ10	1,5	-3	-20	EUR/RON	4,761	0,0	2,4
Hungary	BUX	43216	-0,6	10,4	3M DKJ	-0,03	2	-10	EUR/HUF	333,92	-0,2	4,1
	OTP	13750	-0,6	21,8	1Y	0,02	-1	-43	USD/HUF	303,26	-0,2	8,4
	MOL	3016	-2,0	-2,0	3Y	0,38	-5	-88	CHF/HUF	307,17	0,6	7,6
	MTelekom	440	-0,1	0,0	5Y	0,98	-6	-155	PLN/HUF	77,95	-0,3	4,5
	Richter	5720	0,6	5,3	10Y	2,06	-12	-98	GBP/HUF	390,31	0,2	9,6

* 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		11,1*
10 : 30	UK	Inflation (YoY, %)	Oct	1,5	1,7	1,7
10 : 30	UK	Core inflation (YoY, %)	Oct	1,7	1,7	1,7
11 : 00	EZ	Industrial production (MoM, %)	Sept	0,1	-0,3	0,4
14 : 30	US	CPI (YoY, %)	Oct	1,8	1,7	1,7
14 : 30	US	CPI (MoM, SA, %)	Oct	0,4	0,3	0,0
14 : 30	US	core-CPI (YoY, %)	Oct	2,3	2,4	2,4
14 : 30	US	core-CPI (MoM, SA, %)	Oct	0,2	0,2	0,1
20 : 00	US	Federal budget balance (USDbn)	Oct	-134,0	-133,0	83,0
14. 3 : 00	CN	Industrial production (YoY, %)	Oct	4,7	5,4	5,8
3 : 00	CN	Retail sales (YoY, %)	Oct	7,2	7,9	7,8
3 : 00	CN	Infrastructural spending (YoY, %)	Oct	5,2	5,4	5,4
8 : 00	DE	GDP (preliminary, QoQ, %)	Q3	0,1	-0,1	-0,1
8 : 00	RO	GDP (preliminary, YoY, %)	Q3	3,0	3,8	4,4
9 : 00	CZ	GDP (preliminary, QoQ, %)	Q3	0,3	0,4	0,7
9 : 00	HU	GDP (preliminary, YoY, %)	Q3	5,0	4,7	4,9
9 : 00	HU	GDP (preliminary, QoQ, %)	Q3	1,1		1,1
9 : 00	SK	GDP (preliminary, YoY, %)	Q3	1,3	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		1687,0	1689,0
14 : 30	US	Initial jobless claims ('000s)	weekly		215,0	211,0
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

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