

OTP Morning Brief



- *Despite yesterday's losses, Europe's stock markets made double-digit gains in November*
- *US indices turned negative on Monday, but marched higher in November*
- *Tesla will be added to S&P on 21 December*
- *The EUR/USD is nearing 1.20, the HUF firmed on Monday*
- *Crude oil prices and precious metal prices declined*
- *China's encouraging Caixin figure helped Asia's stock markets climb higher*
- *Hungary releases a breakdown of GDP data and manufacturing PMI; the eurozone publishes CPI figures; business cycle data will be out in the USA*

Europe's leading stock indices booked record highs last month

Trading on Europe's stock markets was rather unenthusiastic on the first day of the week, when the benchmark indices closed lower: the Stoxx600 and Stoxx50 fell 1% each, France's CAC40 and Germany's DAX shed 0.3% each, and Britain's FTSE slid 1.6%. Of the Stoxx600 sector indices, only retail grew meaningfully; health care upped merely 0.1%, while other sectors declined. Oil and gas papers (-3.4%) slumped particularly sharply; some of them lost 5-6% of their value. Crude oil prices fell by around 1% yesterday, amid uncertainty about whether OPEC+ members will agree to extend the production cap at this week's meeting. The banking sector (-2.8%) also fell steeply; in Europe, ABN Amro fell 9% on the announcement to cut 3,000 jobs by 2024.

In November 2020, the Stoxx600 (+14%) booked its largest ever month/month gain; the CAC40 shot up 20%, the IBEX sky-rocketed 23%, and the FTSE/MIB surged 22%. Over the past month, the FTSE marched 12% higher, and the DAX advanced 13%.

In the CEE region, Poland's WIG20 slipped 1.2%, Hungary's BUX dropped by 0.6%, and the Czech PX inched down 0.2%. The Budapest index erased the morning's gains by the close; of its blue chips, only MTelekom (+1.3%) could rise, and Mol (-3.4%) posted the biggest loss. Richter contracted by 1.6%, and OTP closed 0.3% lower. November was a particularly rewarding month for the region's indices: the WIG20 shot up 21%, the BUX jumped 20%, while the PX surged 15%.

US Stock indices turned negative yesterday but booked double-digit growth rates in November

Most stock indices in the USA traded below Friday's closing price yesterday: the Dow closed 0.9% lower, the S&P subsided 0.5%, the Nasdaq Composite edged down 0.1%, and the Russell2000 slumped 2%. The tech-heavy Nasdaq100 nudged 0.1% higher. Technology and healthcare were the two S&P500 sectors that could eke out gain in yesterday's trading. Moderna has filed for its covid vaccine authorization in the USA as well as in the European Union. At sector level, the loser of the day was energy, by a large margin. But neither did financial services providers and utilities fare well yesterday. The larger-than-expected decline in pending home sales in October also weighed on US stock markets yesterday.

In the rally following the presidential election, the Dow rose by 12%, the S&P grew 11% and the Nasdaq100 climbed 8% higher. The Russell2000 rose by 18%.

On 21 December, Tesla will be added to the S&P500 index. The electric car maker's market capitalization of USD 538 billion is the largest any company had at the time of its debut (it breaks Berkshire Hathaway's record of USD 127 billion). Still, it will be added to the index in one fell swoop. Tesla will be the seventh biggest company in the index, ranking between Berkshire (1.5% weight) and Visa (1.2% weight). Traders polled by Bloomberg expect 10–20% drop in its share price, based on the pattern Facebook's price printed after its debut seven years ago. Tesla's share price has surged 580% year to date (on Friday), then it fell 3.1% in yesterday's regular session; in after-hours trading, following the announcement of S&P Dow Indices, the price shot up 4%. The list of companies dropping out of the index will be published on 11 December. The announcement is likely to bring about further increase in the price; the total value of the funds that track the S&P and need to find a place for Tesla's shares, is estimated at USD 11,000 billion.

The HUF firmed, the EUR/USD drew near 1.2, crude prices dropped, precious metal prices fell again

The forint firmed steadily against both the dollar and the euro in the morning: the EUR/HUF sank by almost HUF 3, to 358.94 (-0.8%), while the USD/HUF firmed 0.7%, to close at 300.5 on Monday. The euro's continued strengthening led the EUR/USD to 1.1987 yesterday; it appreciated nearly 3% in November.

01 DECEMBER 2020

At the MNB's regular FX swap tender on Monday, bids totalled EUR 0.83 bn; the central bank allocated EUR 0.176 bn (accepting only bids with 12M maturity), roughly the same (in HUF) as the maturing volume (EUR 0.187 bn), so the outstanding stock of FX swaps will decline modestly, to EUR 4.75 bn. Based on the data published yesterday, last week the MNB bought HUF 10 bn of government bonds bilaterally, HUF 2 bn was spent on quasi fiscal debt, while mortgage bond purchases amounted to HUF 1 bn only. In November, corporate bond purchases reached HUF 70 bn.

ÁKK's benchmark yields stagnated or edged down, mostly one basis point. Elsewhere in the world, US 10Y yield upped less than one basis point, and the Germany Bund yields upped one basis point.

Today the MNB will hold government bond purchase auction.

Oil prices slightly dropped. Reportedly, the OPEC+ meeting will be postponed by two days, in order that members had more time to decide.

Precious metal prices sank deeper yesterday; gold shrank by 0.6%, and silver sank 0.4%.

Today's highlights

One reason for this morning's optimism in Asia's stock markets may be the Caixin manufacturing PMI's hitting ten-year high. China's Shanghai Composite was seen 1.6% higher, the Hang Seng rose by 1.0%, and Japan's Nikkei was 1.3% in positive territory this morning before the close. South Korea's indices were heading 1–2% higher; in the revised reading, South Korea's GDP was slightly better than in the previous estimate.

Index futures suggest gains in the USA, but the picture is mixed in the Europe: the Eurostoxx50, the FTSE and the DAX are expected to rise, while other indices are likely to decline.

Today, Eurostat will publish its first estimate on the euro area's consumer price index for November. The covid restrictions imposed in the spring reduced price pressures then, as restaurant closures and the spending spree had boosted grocery sales and raised prices, but falling oil prices (due to declining demand), and other restrictions that hit the retail and the services sectors have mostly dragged the consumer price index down. The austerity measures that are being tightened again across Europe as the second wave of the pandemic started may once again leave their mark on consumer prices. The headline price index is expected to decline by 0.3% year-on-year, similarly to the previous month, while core inflation is thought to have risen by 0.2%, just like in the previous month.

Hungary releases detailed GDP data, industrial producer price index, and manufacturing purchasing manager index today.

The euro area will release the preliminary reading of the November consumer price index today. The inflation statistics for November Germany had released yesterday, show a larger-than-expected fall in prices, already reflecting the impact of the previously introduced VAT cut. Italy will publish detailed GDP data.

In the USA, the November gauge of the ISM manufacturing index, and statistics on construction expenditure in October may be worth checking today. The Fed's chair Jerome Powell will testify before the Senate on the state of the US economy today.

	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	3622	-0,5	12,1	VIX	20,6	-1,3	49	WTI	45,3	-0,4	-25,7
	DOW	29639	-0,9	3,9	US 2Y	0,15	-0,7	-141	Brent	47,59	-1,2	-27,9
	Nasdaq100	12268	0,1	40,5	US 10Y	0,84	0,0	-107	Gold	1777,0	-0,6	17,1
	DAX	13291	-0,3	0,3	GER 2Y	-0,74	1,1	-15	Silver	22,60	-0,4	26,8
	CAC40	5519	-1,4	-7,7	GER 10Y	-0,57	1,3	-39	EUR/USD	1,1928	-0,3	6,4
	FTSE 100	6266	-1,6	-16,9	PT10Y	0,04	1,6	-41	EUR/GBP	0,8952	-0,3	5,9
	FTSE MIB	22061	-1,3	-6,1	IT 10Y	0,59	2,5	-84	EUR/NOK	10,600	0,4	7,7
	Stoxx600	389	-1,0	-6,4	SP 10	0,08	2,3	-39	USD/CAD	1,3000	0,1	0,1
	- Banks	97	-2,7	-19,4	iTRAXX	48,9	0,2	11	AUD/USD	0,7345	-0,6	4,6
	Nikkei 225	26775	1,3	13,2	JPY 2Y	-0,13	-0,3	0	USD/JPY	104,27	0,2	-4,0
SSEC	3432	1,2	12,5	JPY 10Y	0,02	-1,1	4	GBP/USD	1,3321	0,1	0,5	
Regional	RTS	1282	-1,6	-17,2	RUS10	5,9	0,2	-6	USD/RUB	76,328	0,7	23,3
	WIG20	1830	-1,2	-14,9	POL 10	1,2	-0,3	-42	EUR/PLN	4,47	-0,1	5,2
	PX50	966	-0,2	-13,4	CZ10	1,3	-0,6	-23	EUR/RON	4,873	0,0	1,8
Hungary	BUX	38782	-1,3	-15,8	3M DKJ	0,29	0,0	30	EUR/HUF	358,4	-1,0	8,2
	OTP	11930	-0,3	-22,7	1Y	0,48	0,0	46	USD/HUF	300,5	-0,5	1,8
	MOL	2014	-3,4	-31,5	3Y	0,98	-1,0	70	CHF/HUF	330,7	-1,0	8,5
	MTelekom	388	1,3	-13,0	5Y	1,49	-1,0	32	PLN/HUF	79,9	-0,7	2,7
	Richter	7125	-1,6	11,1	10Y	2,19	0,0	18	GBP/HUF	400,9	-0,5	2,7

* 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.
2020 11.30.	2 : 00 CN	NBS Manufacturing PMI (points)	Nov	52,1	51,5	51,4
	2 : 00 CN	NBS Non-manufacturing PMI (points)	Nov	56,4		56,2
	8 : 00 TR	GDP (first estimate, YoY, %)	Q3	6,7	4,8	-9,9
	9 : 00 HU	Gross wages (YoY, %)	Sept	8,8	-	9,1
	9 : 00 AT	GDP (detailed, QoQ, %)	Q3	12,0		11,6*
	12 : 00 PT	GDP (detailed, QoQ, %)	Q3	13,3		13,3*
	14 : 00 DE	CPI (preliminary, YoY, %)	Nov	-0,3	-0,2	-0,2
	15 : 00 HU	FX-swap tender (HUF liquidity, maturing/stock bn HUF)**	-	63,4/1668,7	-	63,4/1668,7
	15 : 45 US	Chicago PMI (points)	Nov	58,2	59,2	61,1
	16 : 00 US	Pending home sales (MoM, %)	Oct	-1,1	1,0	-2,0
12. 1.	2 : 45 CN	Caixin Manufacturing PMI (points)	Nov	54,9	53,5	53,6
	9 : 00 HU	Manufacturing PMI (points)	Nov			50,1
	9 : 00 HU	Industrial producer prices (YoY, %)	Oct			5,2
	9 : 00 HU	GDP (detailed, QoQ, %)	Q3			11,3*
	9 : 00 HU	GDP (detailed, YoY, %)	Q3			-4,6*
	9 : 45 IT	Markit/IHS Manufacturing PMI (prelim.)	Nov		52,0	53,8
	10 : 00 IT	GDP (detailed, QoQ, %)	Q3		16,1	16,1*
	11 : 00 EZ	CPI (flash, YoY, %)	Nov		-0,3	-0,3
	11 : 00 EZ	Core CPI (flash, YoY, %)	Nov		0,2	0,2
	13 : 00 HU	MNB gov't bond purchase auction	-		-	40,0
	14 : 00 HU	MNB non interest rate setting meeting	-		-	-
	16 : 00 US	Construction expenditure (MoM, %)	Oct		0,8	0,3
	16 : 00 US	ISM Manufacturing PMI (points)	Nov		57,5	59,3
2.	8 : 00 DE	Retail sales (MoM, %)	Oct		1,0	-2,2
	9 : 00 HU	Trade balance (detailed, monthly, EUR mn)	Sept			1141*
	10 : 00 IT	Unemployment rate (%)	Oct			9,6
	11 : 00 EZ	Unemployment rate (%)	Oct		8,4	8,3
	13 : 00 PL	Interest rate decision (%)	Dec			0,1
	14 : 15 US	ADP non-farm employment (MoM, '000s)	Nov		420	365
	15 : 00 HU	5Y collateralized loan w fixed interest rate, tender (HUFbn)	-		-	40,0
	20 : 00 US	Beige Book	-		-	-
3.	2 : 45 CN	Caixin Services PMI	Nov			56,8
	9 : 00 HU	Retail sales (YoY, SA, %)	Oct			-2,0
	9 : 45 IT	Markit/IHS Services PMI (prelim.)	Nov		40,4	46,7
	11 : 00 EZ	Retail sales (MoM, %)	Oct		0,5	-2,0
	14 : 30 US	Initial jobless claims ('000s)	weekly		770	778
	14 : 30 US	Continuing jobless claims ('000s)	weekly			6071
	15 : 00 HU	1W deposit w fixed interest rate tender (IR %, HUFbn)	-		-	0,75/2907,7
	16 : 00 US	ISM non-Manufacturing PMI (points)	Nov		56,0	56,6
4.	8 : 00 DE	Industrial orders (MoM, %)	Oct		0,8	0,5
	9 : 00 HU	Industrial production (preliminary, YoY, %)	Oct			2,2
	10 : 00 IT	Retail sales (MoM, SA, %)	Oct			-0,8
	14 : 30 US	Non-farm payroll (MoM, '000s)	Nov		500	638
	14 : 30 US	Unemployment rate (%)	Nov		6,7	6,9
	14 : 30 US	Average earnings (MoM, %)	Nov		0,1	0,1
	14 : 30 US	Average earnings (YoY, %)	Nov		4,3	4,5
	16 : 00 US	Factory orders (MoM, %)	Oct		0,9	1,1

* preliminary data

**'Fact' refers to the accepted volume, 'Prev.' refers to the deals due on the current week

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01 DECEMBER 2020

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