

OTP Morning Brief

- The sentiment on Western Europe's key stock exchanges was gloomy on Monday
- Falling 2.5% made the BUX a laggard in the CEE region
- US trading ended with painful losses
- The ISM service sector PMI indicated stronger-than-expected activity in November
- The USD strengthened against the EUR
- The HUF weakened following by MNB Governor György Matolcsy's testimony
- Germany releases the October reading of factory orders today

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The sentiment was gloomy in Western Europe's key stock exchanges on Monday

Europe's benchmark stock indices, except Britain's FTSE100, ended Monday's trading in the red; most components of the Stoxx600 (-0.4%) dropped. Investors were concerned about the possible impact of Friday's better-than-expected US labour market data on monetary policy, as well as about the crude oil market. The latter causes headache because OPEC+ members continue to stick to the existing output quota, while the easing of covid restrictions in China boosts demand, and the embargo on Russian oil took effect in Europe; moreover, the European Union and G7 countries agreed on a 60 USD/barrel price cap on seaborne crude oil from Russia.

In the CEE region's stock markets, the BUX (-2.5%) underperformed its peers, as the Warsaw and Prague indices climbed higher. Hungary's blue chips closed mixed: Richter and MTelekom rose, while MOL and OTP slipped.

US stock markets fell on PMI, which pointed to better-than-expected activity in the services sector

Index futures pointed to a weak opening, and indices fell sharply by the close. Friday's whopping labour market data and Monday's stronger-than-expected ISM purchasing managers' index for the services sector made investors deduce that the Fed's aggressive monetary tightening may continue until the economy falls into recession. In his previous statement, Jerome Powell promised to slow down the pace of interest rate hikes at the December meeting, but he also indicated that the interest rate peak could be at a higher level, above 5%, than had been expected in September. All of the S&P's sector indices tumbled, particularly the energy sector. In the corporate world, the production cut at Tesla's Shanghai factory slashed the electric car manufacturer's share price by 6% on Monday.

In addition to the developments on black gold's market, crude oil prices were also shaped by angst that the Fed's monetary policy may turn more aggressive than feared. The price of Brent and WTI slumped more than 3.0% each. The price of gold declined as the US dollar firmed and yields grew.

The dollar strengthened against the euro; the EUR/HUF exceeded 413

After ISM's services PMI was released, interest rate hike expectations strengthen, and the dollar started to appreciate. The EUR/USD fell by half a percent, below 1.05. Long-term yields rose, the 10Y UST jumped by 10 basis points, to near 3.6%; European yields rose slower.

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The week did not start well in Hungary. 'The Hungarian economy is the fourth to fifth most vulnerable country in the world, and has reached a near-crisis situation; the economic policy coherence of the government and the central bank has broken; price caps added 3-4 percentage points to inflation, and must be ended immediately', the MNB's Governor György Matolcsy said before the parliament's economic committee. The forint weakened by 1% after his speech, the EUR/HUF jumped above 413.5 (from ~409), and government bond yields grew by 15-20 basis points; the 10Y bond yield went beyond 8.2%. Yesterday, the MNB announced the one-day deposit tender (currently its benchmark instrument) at 18% interest rate, and accepted all bids (a record high of HUF 5,730 billion). The MNB also held a discount T-Bill tender yesterday, and accepted all bids (worth HUF 460 billion).

Today's highlights

Asia's key indices stood in the red in the last hour of trading, except Japan's Nikkei225. It was reports on China's easing covid restrictions and on the Fed's tightening monetary policy that drove markets. The Reserve Bank of Australia raised interest rates by 25 basis points, to 3.1%, and its governor Philip Lowe hinted at further increases. This move made the USD (Australian dollar) stronger.

Index futures suggest that Europe may open in the red; most America's stock markets are likely to start with gains today.

Germany releases the October reading of factory orders; analysts expect month/month uptick after the sharp fall in September.

Hungary's KSH publishes statistics on tourist nights in October. The ÁKK auctions 3M discount T-Bills, offering HUF 25 billion.

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	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	3999	-1,8	-16,1	VIX	20,8	8,9	20	WTI	76,93	-3,8	2,3
	DOW	33947	-1,4	-6,6	US 2Y	4,39	11,4	366	Brent	82,68	-3,4	6,3
	Nasdaq Comp.	11240	-1,9	-28,2	US 10Y	3,60	9,6	210	TTF Natural Gas	135,0	-1,5	95,7
	DAX	14448	-0,6	-9,0	GER 2Y	2,13	1,2	276	Gold	1768,39	-1,6	-3,3
	CAC40	6697	-0,7	-6,4	GER 10Y	1,88	2,9	206	EUR/USD	1,0492	-0,5	-7,7
	FTSE 100	7568	0,1	2,5	PT10Y	2,80	0,6	230	EUR/GBP	0,8608	0,4	2,5
	FTSE MIB	24548	-0,3	-10,2	IT 10Y	3,75	0,2	257	EUR/NOK	10,4377	1,3	4,2
	Stoxx600	441,5	-0,4	-9,5	SP 10	2,88	2,5	229	USD/CAD	1,3590	0,9	7,5
	- Banks	109	0,2	-11,5	iTRAXX	89,4	1,6	88	AUD/USD	0,6698	-1,4	-7,8
	Nikkei 225	27911	0,3	-3,1	JPY 2Y	-0,02	0,9	7	USD/JPY	136,76	1,8	18,8
SSEC	3207	-0,1	-11,9	JPY 10Y	0,25	-0,1	18	GBP/USD	1,2190	-0,8	-9,9	
Regional	RTS	1115	0,6	-30,1	RUS10	10,2	0,7	21	EUR/CZK	24,295	-0,3	-2,3
	WIG20	1747	0,8	-23,0	POL 10	6,7	4,7	81	EUR/PLN	4,71	0,8	2,6
	PX50	1203	0,3	-15,7	CZ10	4,7	0,9	57	EUR/RON	4,917	-0,2	-0,6
Hungary	BUX	44666	-2,5	-11,9	3M DKJ	11,57	1,0	941	EUR/HUF	413,53	0,9	11,9
	OTP	10090	-4,8	-39,2	1Y	13,21	24,0	964	USD/HUF	394,21	1,4	21,4
	MOL	2760	-3,0	9,5	3Y	9,57	20,0	538	CHF/HUF	417,95	0,4	17,3
	MTelekom	327	0,5	-20,7	5Y	8,97	15,0	462	PLN/HUF	87,63	0,0	8,8
	Richter	8500	0,6	-2,6	10Y	8,21	14,0	370	GBP/HUF	478,31	-0,1	8,7

* In the case of bond yields, the change is in basis points instead of percentage (VIX and iTRAXX not included).

Sources: Refinitiv, OTP Research

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Date		Cd.	Event/Data	Period	Fact	Cons.	Prev.	
2022 12. 5.	2 : 45	CN	Caixin Services PMI	Nov	46,7	-	48,4	
	9 : 00	HU	Retail sales (YoY, SA, %)	Oct	0,6	-	3,0	
	9 : 00	AT	GDP (detailed, QoQ, %)	Q3	0,2	-	-0,1*	
	9 : 45	IT	S&P Global Service PMI (points)	Nov	49,5	48,3	46,4	
	10 : 30	EZ	Sentix Investor confidence (points)	Dec	-21,0	-27,6	-30,9	
	11 : 00	EZ	Retail sales (MoM, %)	Oct	-1,8	-1,7	0,4	
	16 : 00	US	Factory orders (MoM, %)	Oct	1,0	0,7	0,3	
	16 : 00	US	ISM non-Manufacturing PMI (points)	Nov	56,5	53,3	54,4	
	6.	8 : 00	DE	Industrial orders (MoM, %)	Oct		0,1	-4,0
		9 : 00	HU	Guest nights in tourist acc. (YoY, %)	Oct		-	1,3
7.	4 : 00	CN	Export (YoY, %)	Nov		-3,5	-0,3	
	8 : 00	DE	Industrial production (MoM, %)	Oct		-0,6	0,6	
	9 : 00	HU	Industrial production (preliminary, YoY, %)	Oct		9,0	11,3	
	10 : 00	IT	Retail sales (MoM, SA, %)	Oct			0,5	
	10 : 00	HU	International reserves (preliminary, EURbn)	Oct		-	36,9	
8.	16 : 00	CA	Interest rate decision (%)	Dec		4,25	3,75	
	16 : 00	PL	Interest rate decision (%)	Dec		6,75	6,75	
	9 : 00	HU	Core inflation (YoY, SA, %)	Nov		23,3	22,3	
	9 : 00	HU	Inflation (YoY, %)	Nov		22,2	21,1	
	9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	Oct			-745	
	11 : 00	HU	Fiscal balance (monthly, billion HUF)	Nov			101,3	
	14 : 30	US	Initial jobless claims ('000s)	weekly		230	225	
9.	14 : 30	US	Continuing jobless claims ('000s)	weekly		1600	1608	
	16 : 00	US	Michigan Consumer confidence (preliminary, points)	Dec		56,9	56,8	

* preliminary data

Sources: Refinitiv, OTP Research

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