

# 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

06 December 2022

## **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.

## 06 December 2022

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.

06 December 2022

	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

## 06 December 2022

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	
	16 : 00	CA	Interest rate decision (%)	Dec		4,25	3,75	
	16 : 00	PL	Interest rate decision (%)	Dec		6,75	6,75	
8.	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	
	14 : 30	US	Continuing jobless claims ('000s)	weekly		1600	1608	
9.	16 : 00	US	Michigan Consumer confidence (preliminary, points)	Dec		56,9	56,8	

\* preliminary data

Sources: Refinitiv, OTP Research

06 December 2022

**Gergely Tardos**

Chief Economist

tardosg@otpbank.hu

**Beáta Váradi**

Beata.Varadi@otpbank.hu

## Global Markets Team

**Csillag Zsigmond**

Head of Department

+36 1 288 7556

Zsigmond.Csillag@otpbank.hu

**Frigyes Soós**

+36 1 288 7571

SoosF@otpbank.hu

**Pál András Saághy**

+36 1 288 7553

Pal.Andras.Saaghy@otpbank.hu

**Botond Varga**

+36 1 288 7552

Botond.Varga@otpbank.hu

**Tamás Szabó**

+36 1 288 7512

Tamas.Szabo.1@otpbank.hu

**Csaba Szemán**

+36 1 288 7554

Csaba.Szeman@otpbank.hu

**Ottó Izbéki**

+36 1 288 7521

otto.izbeki@otpbank.hu

**Sándor Andrási**

+36 1 288 7559

Sandor.Andrasi@otpbank.hu

**Bálint Torda**

+36 1 288 7562

Balint.Torda@otpbank.hu

06 December 2022

### Institutional Sales Desk

**Attila Preisz**

Head of Department

+36 1 288 7526

[Attila.Preisz@otpbank.hu](mailto:Attila.Preisz@otpbank.hu)

**Zoltán Ballai**

+36 1 288 7545

[Zoltan.Ballai@otpbank.hu](mailto:Zoltan.Ballai@otpbank.hu)

**Kitti Palásthy**

+36 1 288 7574

[Kitti.Palasthy@otpbank.hu](mailto:Kitti.Palasthy@otpbank.hu)

**Péter Nagy**

+36 1 288 7551

[Peter.Nagy.4@otpbank.hu](mailto:Peter.Nagy.4@otpbank.hu)

**Judit Kornis**

+36 1 288 7548

[Judit.Kornis@otpbank.hu](mailto:Judit.Kornis@otpbank.hu)

### Markets Corporate Sales Desk

**János Imrei**

Head of Department

+36 1 288 7544

[Janos.Imrei@otpbank.hu](mailto:Janos.Imrei@otpbank.hu)

**Borbála André**

+36 1 288 7541

[Borbala.Sarolta.Andre@otpbank.hu](mailto:Borbala.Sarolta.Andre@otpbank.hu)

**Edit Kovács Gyimóti**

+36 1 288 7542

[KovacsGyE@otpbank.hu](mailto:KovacsGyE@otpbank.hu)

**Nóra Ilona Gordos**

+36 1 288 7559

[Nora.Ilona.Gordos@otpbank.hu](mailto:Nora.Ilona.Gordos@otpbank.hu)

**István Fodor**

+36 1 288 7555

[Istvan.Fodor.1@otpbank.hu](mailto:Istvan.Fodor.1@otpbank.hu)

**Andorka Rudolf Flórián**

OTP Trader

+36 1 288 7558

[Rudolf.Florian.Andorka.1@otpbank.hu](mailto:Rudolf.Florian.Andorka.1@otpbank.hu)

**Péter Huck**

OTP Trader

+36 1 288 7543

[Peter.Huck.2@otpbank.hu](mailto:Peter.Huck.2@otpbank.hu)

06 December 2022

1. **The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject to any prohibition on dealing ahead of the dissemination or publication of investment research.**
2. This communication does not contain a comprehensive analysis of the described issues. No part, chapter, or the entirety of this information shall be considered as investment recommendation, an offer or solicitation for the purchase or sale of any financial instrument, inducement to invest, financial or investment analysis, investment research or marketing communication, not even if any part of this document contains a description of a certain financial instrument in terms of its possible price or yield development, and the related investment options; the data herein are for informational purposes only. This document shall not be considered as investment recommendation falling under Directive 596/2014/EU of the European Parliament and of the Council. This document does not consider investors' individual interests, circumstances, or objectives; therefore, in the absence of personal recommendation, it shall not be considered as investment advice. OTP Bank intends to make this document available to its clients or to the public, or to make it accessible to other persons in such a way that allows this document to be disseminated to the public.
3. Information herein reflects the market situation at the time of writing. However, it provides only momentary information and may change as market conditions and circumstances develop. You may request more information from OTP Bank. Although the information in this document has been prepared in good faith from sources that OTP Bank believes to be reliable, we do not represent or warrant its accuracy or completeness. This document was prepared using data, facts and information from the following essential sources: Bloomberg, Reuters, KSH (Hungarian Central Statistical Office), Eurostat, Magyar Nemzeti Bank (Hungary's central bank) ÁKK (Hungary's Government Debt Management Agency), and European Central Bank (ECB). The opinions and estimates in this document are based on the opinion of OTP Research's analyst(s) at the time when the document was prepared, and they may be subject to change at any time in the future without further notice. You may receive different recommendation from the staff of OTP Bank, in particular if you are provided investment advice based on an investment advice agreement.
4. This publication contains generic presentation of information and knowledge, thus it does not take into account the individual clients' unique and special interests, financial condition, or their ability and willingness to take risks. Therefore please contact our staff or contact your banking consultant for advice before you make an investment decision. The assessment and the consideration of the individual circumstances is provided by the suitability and appropriateness tests that assess clients' financial knowledge, experience, risk-taking abilities, as well as the examination of the target market.
5. Before making an informed decision to invest and to use the services, please carefully read through all documents, including the documentation, prospectus, regulations, terms and conditions, announcements and key information documents for that product/service, and carefully consider the subject, the risk, the fees and costs of your investment, the possibility of any loss, and seek information about the tax regulations regarding the product and the investment. The prices of financial instruments and securities are changing, outright sales are realized at then current market prices, which may involve losses.
6. The information and opinions in this document do not substitute or take the place of the issuance documentation for the given financial assets (e.g. prospectus, fund management rules), or their brochures or announcements.
7. You assume total responsibility and risk for any specific decision or investment; OTP Bank shall not be held responsible for the effectiveness of investment decisions or for reaching your purpose, nor for the individual investment decision made based on this document or any part thereof, or for their consequences.  
Investments in financial instruments carry a certain degree of risk, which may affect the effectiveness of the investment decision, and investors may not receive the whole amount they expected the investment to yield in their investment targets; they may not preserve even the invested amount, therefore the invested capital might even decrease, be wholly lost, or even lead to additional payment obligation.
8. Trading with leveraged products (such as foreign exchange contracts) or with shares and indices that have underlying products carries a considerable amount of risk, and these products are not suitable for all investors. Trading with leveraged products carries the risk of losing all capital, and it may incur losses that exceed the amount invested.
9. **The figures and information described herein refer to yields or changes in the past. Past performance is not a reliable indicator of future yields, changes, or performance.**  
The changes on money and capital markets, the fluctuation of prices, the development of investments and their yields are influenced by the combined effect of multiple factors; one important factor of them is the change in investors' expectations. **The development of prices, the future yield of financial assets, indices or indicators, the examination of their changes, trends, and future performance is based on estimations and forecasts, which forecasts do not allow reliable conclusions to be drawn about the future moves of prices, real future yields, changes, or performance.** For each product and service, please assess their tax accounting implications, and other tax consequences, taking into account that they cannot be precisely assessed without knowing the effective tax regulations or the client's individual circumstances; and these legislative provisions as well as the circumstances may change over time.
10. This document shall not be a basis for any further analysis in relation to the financial instruments contained therein. Any reference in this document to the future distribution of a financial instrument shall be construed as indicative, preliminary and informative, and any analysis of such financial instrument is exclusively based on publicly available information listed in the respective prospectus or announcement. The content of this document shall not imply that OTP Bank acts as an agent, a fiduciary, or an advisor to, or on behalf of, any prospective purchaser of the financial instruments discussed herein.
11. For certain persons, access to the products and/or services discussed in this document may not be granted, or it may be limited. The act of preparing this document by OTP Bank, its uploading to the website, its publication may under no circumstances be considered as OTP Bank's intention to make available the product and/or service information in the prospectus to persons whom any country or state prohibits from having or obtaining the given product and/or service, including the promotion and the advertisement thereof.

## 06 December 2022

12. OTP Bank maintains a conflict of interest policy and it keeps such records, and it also has requirements that regulate the transmission of bank secrets and securities secrets, which requirements shall be considered as the effective internal organizational and management solutions as well as information barriers to prevent or manage conflicts of interest.  
OTP Bank has developed appropriate internal procedures for (i) the personal transactions and trading of financial analysts and other relevant persons, (ii) the physical separation of the financial analysts involved in the production of investment research and other relevant persons; moreover, information barriers have been implemented, (iii) for accepting and managing incentives and remuneration.  
Please be informed that OTP Bank is entitled to deal or trade as market maker, acting in good faith and in accordance with the usual way of market-making, with the financial instruments distributed by the issuer(s) specified in this document, as well as to provide other investment activities or ancillary (investment) services, and/or other financial or ancillary financial services to the issuer and other persons.
13. Previous documents on investing in this asset or product are available on the website of OTP Research: <http://www.otpresearch.com>
14. OTP Bank (company registration number: 01-10-041-585; registered seat: Nádor utca 16., Budapest H-1051, Hungary. Supervisory authority: Magyar Nemzeti Bank (National Bank of Hungary – H-1054 Budapest, Szabadság tér 9); financial customer services: H-1013 Budapest, Krisztina krt. 39. PSZÁF licence numbers: III/41.003-22/2002 and E-III/456/2008; further information: <https://www.otpbank.hu/portal/hu/Megtakaritas/Ertekpapir/MIFID>).  
All rights reserved. This document is solely owned by OTP Bank. No part of this material can be reproduced, re-used, disseminated, made available, re-published, referenced to, or inserted in other websites or services without the prior written consent of OTP Bank.
15. If you received this document from OTP Bank Plc, then it was sent to you with your previous consent. You may withdraw this permission by sending an e-mail to [research@otpbank.hu](mailto:research@otpbank.hu) or by writing a letter to 'Research Center', Hungary H-1051, Budapest, Nádor utca 21. Please refer to your name and e-mail address in both cases.  
Data management registration number: NAIH-89457/2015
16. The personal data in this investment research are processed by OTP Bank. The legal basis for processing the data is the legitimate interest of OTP Bank. The detailed information about the processing of personal data and the related rights of data subjects is available [here](#).

This document was prepared on 06 December 2022.

### **Disclaimer for OTP Bank Romania S.A. customers**

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

## 06 December 2022

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved - OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: 01-10-041585; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to <mailto:newsletters@otpbank.ro> or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.