

OTP Morning Brief

- Western European stock markets extended their losses, while Hungary's BUX had a good day
- US indices fell again as recession fears intensified
- Interest rate hike worries on global markets have eased
- The HUF temporarily weakened, Hungary's bond yields rose as news from the ECOFIN meeting came
- Hungary abandoned the fuel price cap
- October's industrial production figures from Germany and Hungary, as well as the National Bank of Poland's rate decision are developments to watch today

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Western Europe's stock markets extended their losses, while the BUX had a good day

The fall on Western Europe's stock markets continued on Tuesday. The STOXX 600 declined 0.6%, but Germany's DAX (-0.7%), France's CAC40 (-0.1%), the UK's FTSE100 (-0.6%), and Italy's FSTE MIB (-1.2%) all closed lower. The markets were not hit by particularly negative news, and Germany's stronger-than-expected factory orders data should have had a positive effect. In addition, the statements of two ECB officials made European yields drop. Speaking to the Milano Finanza daily, Philip Lane, the ECB's chief economist said that inflation was likely nearing its peak, but further interest rate hikes would be needed to reduce price pressure. Constantinos Herodotou, member of the ECB's Governing Council, said at a Bloomberg event on Tuesday that the eurozone's interest rates should be raised further, but they are very close to a 'neutral level'. Nevertheless, the markets could not recover; almost all sectors of the STOXX closed in the red, except the upticks in insurance and food shares. The technology and financial service sectors (~1.5%) fell sharply.

Against this darkish background, Hungary's BUX fared surprisingly well, probably offsetting Monday's underperformance. While its regional peers followed Western Europe (PX50: -1.6%, WIG20 -0.7%), the BUX rose by 1.5% on Tuesday. MOL (+2.1%), Richter (+2.0%), and OTP (+1.1%) fuelled its growth, while MTelekom (-0.2%) weighed on it.

Last night, at 23:00 (CET), Hungary suddenly withdrew the fuel price cap, due to supply problems.

US indices closed in the red as recession fears intensified

Wall Street's major indexes fell, headed by the technology sector, as recession fears intensified, even as yields closed lower. Meta Platforms nose-dived 6.3% after the European Union ruled that the company may not require users to consent to personalized advertising. The S&P (-1.4%) dropped for the fourth day in a row. All of its eleven subcomponents declined, particularly telecommunications, IT, and consumer durables. Defensive sectors (e.g. utilities), which are often preferred in times of economic uncertainty, outperformed. The Nasdaq (-2.0) and the Dow (-1.0%) slipped yesterday.

On Tuesday, crude oil prices fell 3.5-4.0%, to their lowest since January, as growing concerns about global demand offset the price-boosting effect of the EU-imposed price cap on Russian oil. However, the price of European natural gas exceeded EUR 140, reversing two days of decline.

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Rate hike fears eased on global markets; the HUF wobbled, Hungary's yields rose on ECOFIN news

Interest rate hike fears receded yesterday. The dollar briefly weakened against the euro; the pair exceeded 1.05, but ended 0.2% higher. Both the US and the German government bond yield curve sank; the former by 3-9 basis points, and the latter by 7-9 bps.

Hungary's markets had a hectic day. Voting on Hungary's RRF programme, the global minimum tax, and the loan to Ukraine were all removed from the agenda of yesterday's ECOFIN meeting, as Hungary blocked it. The EUR/HUF jumped from 413 to almost 416 on the news, but ended the day at 410.65 (+0.7%). Hungary's benchmark bond yield curve grew by nearly 40-45 basis points, the 3Y reference yield rose to 10%, the 10Y yield hit 8.6%, and the longest maturities once again went beyond 8%. After the benchmark fixing, 10-15 basis points were worked off, and the HUF appreciated. The ÁKK's auction of 3M discount T-Bills saw moderate demand; the bid/cover ratio for the HUF 25 billion on offer was 1.5. Yet the ÁKK boosted sales by nearly HUF 10 billion; thus the average yield at the auction increased to 13.69%. Yesterday the MNB announced its one-day deposit tender (currently its benchmark instrument) at 18% interest rate, and accepted all bids (worth HUF 5,730 billion).

Today's highlights

The unsupportive sentiment in Asia's stock exchanges continued: Japan's Nikkei shed 0.6%, the SSEC was flat. One factor that soured the sentiment was China's exports, which contracted by 8.7% in November, whereas 3.6% decline was expected. Index futures pointed to tiny gains in Europe and America, oil prices turned back.

October's industrial production figures from Germany and Hungary, as well as the National Bank of Poland's rate decision are things to watch today. Hungary's ÁKK auctions 6M Treasury Bills, offering HUF 20 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	3941	-1.4	-17.3	VIX	22.2	6.8	29	WTI	74.25	-3.5	-1.3
	DOW	33596	-1.0	-7.5	US 2Y	4.36	-3.4	363	Brent	79.35	-4.0	2.0
	Nasdaq Comp.	11015	-2.0	-29.6	US 10Y	3.51	-8.6	202	TTF Natural Gas	141.0	4.4	104.3
	DAX	14343	-0.7	-9.7	GER 2Y	2.06	-7.1	269	Gold	1770.91	0.1	-3.1
	CAC40	6688	-0.1	-6.5	GER 10Y	1.80	-8.8	198	EUR/USD	1.0470	-0.2	-7.9
	FTSE 100	7521	-0.6	1.9	PT10Y	2.72	-7.7	223	EUR/GBP	0.8624	0.2	2.6
	FTSE MIB	24265	-1.2	-11.3	IT 10Y	3.65	-10.5	246	EUR/NOK	10.4974	0.6	4.8
	Stoxx600	438.9	-0.6	-10.0	SP 10	2.80	-7.8	221	USD/CAD	1.3654	0.5	8.1
	- Banks	108	-0.5	-11.9	iTRAXX	91.4	2.2	92	AUD/USD	0.6693	-0.1	-7.8
	Nikkei 225	27718	-0.6	-3.7	JPY 2Y	-0.01	0.5	8	USD/JPY	137.06	0.2	19.1
	SSEC	3214	0.0	-11.7	JPY 10Y	0.25	-0.4	18	GBP/USD	1.2139	-0.4	-10.3
Regional	RTS	1097	-1.6	-31.2	RUS10	10.2	-0.2	21	EUR/CZK	24.330	0.1	-2.2
	WIG20	1734	-0.7	-23.5	POL 10	6.6	-1.2	79	EUR/PLN	4.69	-0.4	2.2
	PX50	1184	-1.6	-17.0	CZ10	4.7	0.8	58	EUR/RON	4.915	0.0	-0.7
Hungary	BUX	45334	1.5	-10.6	3M DKJ	11.59	2.0	943	EUR/HUF	410.65	-0.7	11.2
	OTP	10200	1.1	-38.6	1Y	13.53	32.0	996	USD/HUF	392.45	-0.4	20.9
	MOL	2818	2.1	11.8	3Y	10.00	43.0	581	CHF/HUF	417.90	0.0	17.3
	MTelekom	326	-0.2	-20.8	5Y	9.42	45.0	507	PLN/HUF	87.97	0.4	9.2
	Richter	8670	2.0	-0.6	10Y	8.61	40.0	410	GBP/HUF	480.54	0.5	9.2

* 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	0.8	0.1	-2.9
	9 : 00	HU	Guest nights in tourist acc. (YoY, %)	Oct	-0.2	-	1.3
7.	4 : 00	CN	Export (YoY, %)	Nov	-8.7	-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		4.3	3.8
	16 : 00	PL	Interest rate decision (%)	Dec		6.8	6.8
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			-745.0
	11 : 00	HU	Fiscal balance (monthly, billion HUF)	Nov			101.3
	14 : 30	US	Initial jobless claims ('000s)	weekly		230.0	225.0
	14 : 30	US	Continuing jobless claims ('000s)	weekly		1600.0	1608.0
9.	16 : 00	US	Michigan Consumer confidence (preliminary, points)	Dec		56.9	56.8

* preliminary data

Sources: Refinitiv, OTP Research

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Gergely Tardos

Chief Economist

tardosg@otpbank.hu

Mihály Kovács

Mihaly.Andras.Kovacs@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

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Institutional Sales Desk

Attila Preisz

Head of Department

+36 1 288 7526

Attila.Preisz@otpbank.hu

Zoltán Ballai

+36 1 288 7545

Zoltan.Ballai@otpbank.hu

Kitti Palásthy

+36 1 288 7574

Kitti.Palasthy@otpbank.hu

Péter Nagy

+36 1 288 7551

Peter.Nagy.4@otpbank.hu

Judit Kornis

+36 1 288 7548

Judit.Kornis@otpbank.hu

Markets Corporate Sales Desk

János Imrei

Head of Department

+36 1 288 7544

Janos.Imrei@otpbank.hu

Borbála André

+36 1 288 7541

Borbala.Sarolta.Andre@otpbank.hu

Edit Kovács Gyimóti

+36 1 288 7542

KovacsGyE@otpbank.hu

Nóra Ilona Gordos

+36 1 288 7559

Nora.Ilona.Gordos@otpbank.hu

István Fodor

+36 1 288 7555

Istvan.Fodor.1@otpbank.hu

Andorka Rudolf Flórián

OTP Trader

+36 1 288 7558

Rudolf.Florian.Andorka.1@otpbank.hu

Péter Huck

OTP Trader

+36 1 288 7543

Peter.Huck.2@otpbank.hu

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