

OTP Morning Brief

- Europe saw a gloomy trading day on Tuesday
- US stock markets continued their winning streak
- Bond yields fell on both sides of the Atlantic
- Crude oil prices fell to levels last seen at end-July
- The tech sector gained momentum as yields sank; crude oil prices' drop dragged down energy companies' share prices
- The forint strengthened against the euro, pushing the EUR/HUF to 378
- The euro area's September retail sales data will be published today
- In Hungary's Richter released its Q3 earnings today, and MTelekom will do so after market hours

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Europe's stock markets ended rather gloomy trading on Tuesday

The major stock indices in Western Europe closed Tuesday's trading session in the red, with the exception of Germany's DAX (+0.1%). The Stoxx600 ended 0.2% lower; the technology sector headed the rise by a large margin, while at the other end of the spectrum, energy and raw material producers slumped more than 2%, falling together with the price of oil. The third-quarter earnings report of UBS printed a bigger-than-expected USD 785 million loss, largely due to the costs of acquiring Credit Suisse. The negative figures brought a small loss in pre-market hours, but the share price made 1.8% gain by the time the closing bell rang.

The September reading of Germany's industrial production data reflected a sharper decline than had been feared: the 1.4% MoM drop is now the fourth consecutive figure to show contraction in output, casting shadow on the growth prospects of Germany and eurozone as a whole. The producer price index of the eurozone in September matched expectations: in an annual comparison, the decrease is steady due to last year's high base, but in a month-on-month terms, higher energy prices are pushing the price index upwards.

Portugal's Prime Minister Antonio Costa resigned, owing to investigations for alleged corruption involving lithium mining and hydrogen projects. The Portuguese stock market slid 2.5% by the close.

Among the CEE region's stock markets, Hungary's BUX (-0.2%) weathered European headwinds relatively well; Czechia's stock market shed 0.4%, and Poland's stock market lost 0.8%. Hungary's blue chips closed mixed; only MOL and MTelekom could advance; the latter publishes its third-quarter figures today.

After Monday's 5.5% drop, the price of European natural gas picked up 1% yesterday, going beyond 46.5 EUR/MWh again.

US stock markets' rise continued; crude oil prices fell sharply

On Tuesday, America's benchmark stock exchanges continued their winning streak. Just like in Europe, the technology sector was the brightest one, benefiting from sinking yields and helping the NASDAQ's growth. By contrast, energy businesses fell together with the price of oil, and posted the biggest losses. In the earnings report season, Uber's weaker-than-expected figures proved to be a market mover in pre-market trading, where the share price slid more than 1%, but closed Tuesday's session with 3.7% gain.

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A number of different local elections were held across the United States yesterday, including contests for governorships and mayoral seats, but in some states, citizens could cast their vote on the right to abortion. The market is watching these results, seeking clues as to which party's candidate may tip the balance in the 2024 presidential election.

The price of crude oil fell yesterday to a level last seen at the end of July, as China's export data showed a larger-than-expected contraction in October, Saudi Aramco's profit fell sharply, and OPEC's exports grew. WTI traded at 77.4 USD/bbl, and Brent at 81.8 when US markets closed.

The price of gold, which is considered a classic safe-haven asset, has surged by more than 9% since the Middle East conflict intensified, but the decline that started last week continued yesterday, when it subsided 0.5%. In precious metals, palladium was the biggest loser of the day, falling to a five-year low, descending more than 2%.

Bond yields fell in Europe and the United States; the forint strengthened against the euro

Ending last week's significant drop, bond yields in Europe and the USA yields picked up 10 basis points on Monday. On Tuesday they gave back that much, partly as a result of the significant drop in oil prices.

After last week's 2% rise, the EUR/USD moved downward yesterday and fell below 1.07.

The forint, however, continued to appreciate against the euro, driving the EUR/HUF to 378, a level last seen in July. Hungary's bond yields rose slightly until the ÁKK's benchmark yields were fixed in the early afternoon, before dropping more than 10 basis points in the afternoon, in line with moves on developed bond markets; the yields of 5Y-20Y maturities fell to around 7.2%. In yesterday's auction of 3M discount T-Bills, the ÁKK sold HUF 2.5 billion more Treasury Bills than it had offered (HUF 15bn), at an average yield of 8.19%, with subdued demand.

Today's highlights

Asia's key markets were on track to close in the red this morning. Japan's Nikkei came closest to Tuesday's closing price, as the Tankan index showed an improving economic sentiment.

Stock index futures suggested that Europe and America may open in the red.

Eurostat publishes retail sales data for September. According to median expectation, it will show further month-on-month contraction.

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Fed Chairman Jerome Powell delivers opening remarks before the Fed's Research and Statistics Division conference. ECB President Christine Lagarde takes the podium at the Eurogroup meeting in Brussels.

The Polish National Bank's interest rate meeting today is expected to reduce the base rate by 25 basis points, to 5.5%.

Hungary publishes trade balance and retail sales statistics for September today. The ÁKK auctions 6M discount T-Bills, offering HUF 20 billion. The MNB publishes international reserves data for October.

MTelekom publishes its third-quarter earnings report today.

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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	4378	0,3	14,0	VIX	14,8	-0,5	-31,7	WTI	77,37	-4,3	-3,6
	DOW	34153	0,2	3,0	US 2Y	4,92	-2,3	51,5	Brent	81,61	-4,2	-5,0
	Nasdaq Comp.	13640	0,9	30,3	US 10Y	4,57	-9,1	74,0	TTF Natural Gas	46,6	3,3	-37,1
	DAX	15153	0,1	8,8	GER 2Y	3,07	-2,3	33,9	Gold	1968,40	-0,5	7,9
	CAC40	6986	-0,4	7,9	GER 10Y	2,67	-7,1	10,5	EUR/USD	1,0700	-0,2	0,0
	FTSE 100	7410	-0,1	-0,6	PT10Y	3,41	-2,9	-16,5	EUR/GBP	0,8700	0,2	-1,6
	FTSE MIB	28396	-0,7	19,8	IT 10Y	4,49	-9,1	-21,1	EUR/NOK	11,9652	1,0	14,0
	Stoxx600	442,8	-0,2	4,2	SP 10	3,72	-7,4	6,5	USD/CAD	1,3767	0,5	1,6
	- Banks	156	-0,5	10,8	iTRAXX	77,4	-1,2	-14,1	AUD/USD	0,6438	-0,8	-5,5
	Nikkei 225	32166	-0,3	23,3	JPY 2Y	0,12	-0,8	8,6	USD/JPY	150,37	0,2	14,7
	SSEC	3040	-0,6	-1,6	JPY 10Y	0,85	-3,0	43,3	GBP/USD	1,2300	-0,4	1,7
Regional	RTS	1107	0,3	14,1	RUS10	12,2	1,6	17,5	EUR/CZK	24,621	0,3	1,9
	WIG20	2168	-0,8	21,0	POL 10	5,5	-0,5	-19,9	EUR/PLN	4,46	0,0	-5,0
	PX50	1376	-0,4	14,5	CZ10	4,5	0,2	-11,9	EUR/RON	4,968	0,0	0,5
Hungary	BUX	57272	-0,2	30,8	3M DKJ	8,04	0,0	-428	EUR/HUF	378,20	-0,3	-5,3
	OTP	13700	-0,3	35,5	1Y	8,41	21,0	-541	USD/HUF	353,45	-0,2	-5,3
	MOL	2924	0,3	12,4	3Y	7,86	-2,0	-285	CHF/HUF	393,35	0,0	-3,0
	MTelekom	610	0,8	79,9	5Y	7,18	0,0	-255	PLN/HUF	84,84	-0,3	-1,0
	Richter	8725	-0,9	5,1	10Y	7,18	3,0	-180	GBP/HUF	435,38	-0,5	-3,7

* 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.
2023 11. 6.	8 : 00	DE	Industrial orders (MoM, %)	Sept	0,2	-1,0	3,9
	10 : 30	EZ	Sentix Investor confidence (points)	Nov	-18,6	-22,2	-21,9
7.	4 : 00	CN	Export (YoY, %)	Oct	-6,4	-3,1	-6,2
	8 : 00	DE	Industrial production (MoM, %)	Sept	-1,4	-0,1	-0,2
	8 : 30	HU	Industrial production (preliminary, YoY, %)	Sept	-7,3	-8,2	-5,3
	11 : 00	EZ	Producer Prices (MoM, %)	Sept	0,5	0,5	0,6
	11 : 00	EZ	Producer Prices (YoY, %)	Sept	-12,4	-12,5	-11,5
8.	8 : 30	HU	Retail sales (YoY, SA, %)	Sept		-	-7,1
	8 : 30	HU	Trade balance (preliminary, monthly, EUR mn)	Sept		702	665
	8 : 30	HU	Guest nights in tourist acc. (YoY, %)	Sept		-	0,8
	8 : 30	HU	International reserves (preliminary, EURbn)	Oct		-	39,7
	11 : 00	EZ	Retail sales (MoM, %)	Sept		-0,2	-1,2
	16 : 00	PL	Interest rate decision (%)	Nov		5,5	5,75
9.	11 : 00	HU	Fiscal balance (monthly, billion HUF)	Oct			33,7
	14 : 30	US	Initial jobless claims ('000s)	weekly		218	217
	14 : 30	US	Continuing jobless claims ('000s)	weekly		1820	1818
10.	8 : 00	UK	GDP (preliminary, QoQ, %)	Q3		-0,1	0,2
	8 : 00	UK	GDP (preliminary, YoY, %)	Q3		0,5	0,6
	8 : 30	HU	Core inflation (YoY, SA, %)	Oct		11,4	13,1
	8 : 30	HU	Inflation (YoY, %)	Oct		10,4	12,2
	16 : 00	US	Michigan Consumer confidence (preliminary, points)	Nov		63,7	63,8

Sources: Refinitiv, OTP Research

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