

OTP Morning Brief

- Western Europe's markets edged higher on interest rate cut expectations; the BUX underperformed
- US stock exchanges grew vigorously, events at OpenAI boosted the tech sector
- Government bond yields barely moved yesterday
- The EUR/USD climbed to 1,094, but the EUR/HUF remained below 380
- Oil prices rose by further 2% on expectations of output cuts
- The Fed minutes, existing home sales data, and Nvidia's earnings are things to watch in the USA today. In Hungary, the MNB makes rate decision.

21 November 2023

Western Europe posted modest gains on expectations of interest rate cuts next year; Hungary's BUX underperformed

Most of Western Europe's stock markets ground higher in Monday's trading, with the exception of the UK's FTSE100 and Germany's DAX (-0.1% each). The Stoxx600 edged 0.1% higher as investors prepare for rate cuts to kick in next year, even if the recent communication of the European Central Bank's policymakers tried to dampen such expectations. Overall, Monday's trading did not bring any sharp moves following last week's strong rally in equity markets. Of the Stoxx600's sub-indices, the oil&gas and travel&leisure sectors made the strongest gains, while healthcare was in the worst shape. The latter's performance was affected by Bayer's announcement: the drugmaker's price plunged 18% yesterday, after it had halted a late-stage large-scale clinical trial of its new anticoagulant, and Bayer was ordered to pay nearly USD 1.6 billion in damages in the USA in the latest lawsuit over the widely used herbicide Roundup. Italy's FTSE-MIB slightly outperformed, as Italy's banks gained traction after Moody's had upgraded its outlook on the country's sovereign debt.

Crude oil prices rose another 2% on Monday (topping Friday's 4% gain), and OPEC+ members are likely to agree on further production cuts at their meeting on Sunday. The front-month price of natural gas on TTF increased by 2% higher on Monday. Although mild weather is expected in many parts of Europe until the end of November, the heating season is beginning, reducing storage capacities from their full levels.

Just like on Friday, the Budapest Stock Exchange underperformed its CEE peers: the BUX shed 0.2% yesterday. Trading volumes were thin; OTP (-0.6%) and MOL (-0.1%) slipped, Richter closed flat, and MTelekom gained 0.8%.

The USA's key stock indices posted gains on Monday, fuelled by the tech sector, on OpenAI news

The week started with dynamic growth in America, where the Nasdaq Composite added more than 1%, and the S&P500 excelled on Monday, largely on the back of the tech sector's outstanding performance. Microsoft (+2%) hit new high on the announcement that it would hire OpenAI's fired executives. The news also benefited large-cap stocks such as Nvidia (+2.3%) and Apple (+0.9%). Market sentiment benefited from the fact that the Q3 earnings season turned out better than expected and government bond yields also started to decline. Of the S&P500's sector indices (besides technology), the telecommunications sector also excelled; only the cyclical consumer goods and utilities sectors closed in the red. Bayer's nose-dive dragged down the US-based Bristol Myers Squibb, too. Boeing's price soared nearly 5% after Deutsche Bank raised its Hold investment recommendation on the aircraft maker to Buy, and significantly raised its target price on the stock, from USD 204 to USD 270.

21 November 2023

Government bond yields barely moved yesterday; the EUR/USD was steadily above 1.09, the EUR/HUF oscillated below 380

Advanced economies' government bond yields barely moved on Monday: the 10Y US yields hovered above 4.4%, and Germany's Bund yield was above 2.6%; both are 60 and 40 basis points below previous highs. The dollar's continued weakening drove the EUR/USD 0.3% higher, to around 1.093.

Hungary's bond yields did not budge, either. The EUR/HUF hovered below 380 yesterday, and Hungary's 5Y-20Y bond remained below 7%, before today's interest rate decision.

Today's highlights

Monday's rally in the USA also boosted Asia's stock markets; Japan's market was the only laggard. The Nikkei sank less than 0.1% before the today's close, after hitting levels last seen in 1990, on Monday. The Shanghai Composite added 0.5% and the Hang Seng increased by 1.1%. China's CSI300 blue chip index marched 0.8% higher.

Index futures for the USA and Western Europe were in positive territory, with a few exceptions. Crude oil prices eased slightly this morning.

Today, investors will watch US existing home sales statistics, the minutes of the Fed's latest rate-setting meeting, and ECB policymaker Isabel Schnabel's speech. Nvidia publishes its much-awaited earnings report. Stock exchanges tend to have light trading volumes ahead of Thanksgiving weekend.

In Hungary, the MNB will make rate decision today. Last week, deputy governor Barnabás Virág said that another 75 basis point cut could bring down the base rate to 11.5%. The ÁKK auctions 3M discount T-Bills worth HUF 15 billion.

21 November 2023

	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	4547	0.7	18.4	VIX	13.4	-2.8	-38.1	WTI	77.60	2.3	-3.3
	DOW	35151	0.6	6.0	US 2Y	4.91	0.4	50.8	Brent	82.32	2.1	-4.2
	Nasdaq Comp.	14285	1.1	36.5	US 10Y	4.42	-1.9	59.1	TTF Natural Gas	45.8	1.7	-38.2
	DAX	15901	-0.1	14.2	GER 2Y	3.02	5.3	28.6	Gold	1977.19	-0.1	8.4
	CAC40	7247	0.2	11.9	GER 10Y	2.62	2.8	5.5	EUR/USD	1.0940	0.3	2.2
	FTSE 100	7496	-0.1	0.6	PT10Y	3.26	1.1	-31.1	EUR/GBP	0.8749	-0.1	-1.1
	FTSE MIB	29542	0.1	24.6	IT 10Y	4.36	-0.7	-34.5	EUR/NOK	11.7110	-0.7	11.6
	Stoxx600	456.3	0.1	7.4	SP 10	3.61	0.8	-4.8	USD/CAD	1.3726	0.0	1.3
	- Banks	162	0.0	15.2	iTRAXX	68.4	-1.8	-24.0	AUD/USD	0.6557	0.7	-3.8
	Nikkei 225	33371	-0.1	27.9	JPY 2Y	0.04	-0.4	0.6	USD/JPY	148.38	-0.8	13.2
	SSEC	3078	0.3	-0.4	JPY 10Y	0.70	-4.6	28.0	GBP/USD	1.2505	0.3	3.4
Regional	RTS	1143	1.8	17.7	RUS10	12.0	-0.2	15.7	EUR/CZK	24.516	0.1	1.5
	WIG20	2251	1.0	25.6	POL 10	5.5	0.6	-19.8	EUR/PLN	4.35	-0.8	-7.2
	PX50	1387	0.2	15.4	CZ10	4.3	-2.8	-16.4	EUR/RON	4.972	0.1	0.6
Hungary	BUX	56895	-0.2	29.9	3M DKJ	7.95	-1.0	-437	EUR/HUF	379.88	0.2	-4.9
	OTP	13800	-0.6	36.5	1Y	8.18	0.0	-564	USD/HUF	347.18	-0.1	-7.0
	MOL	2810	-0.1	8.0	3Y	7.42	1.0	-329	CHF/HUF	392.40	0.0	-3.3
	MTelekom	613	0.8	80.8	5Y	6.78	-1.0	-295	PLN/HUF	87.15	1.0	1.7
	Richter	8730	0.0	5.2	10Y	6.84	-1.0	-214	GBP/HUF	433.56	0.2	-4.1

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

Sources: Refinitiv, OTP Research

21 November 2023

Date	Cd.	Event/Data	Period	Fact	Cons.	Prev.	
2023 11. 20.	16 : 00	US	Leading index (MoM, %)	Oct	-0.8	-0.7	-0.7
	21. 14 : 00	HU	Interest rate decision (%)	Nov		11.5	12.25
	16 : 00	US	Existing home sales (annualized monthly, '000s)	Oct		3910	3960
	19 : 15	DE	Lecture by ECB board member Isabel Schnabel			-	-
	20 : 00	US	FOMC Minutes	Nov		-	-
	22. 14 : 30	US	Durable goods orders (MoM, %)	Oct		-3.0	4.6
	14 : 30	US	Initial jobless claims ('000s)	weekly		225	231
	14 : 30	US	Continuing jobless claims ('000s)	weekly			1865
	16 : 00	EZ	Consumer confidence (point)	Nov		-17.5	-17.9
	23. 8 : 30	HU	Gross wages (YoY, %)	Sept			15.2
	9 : 15	FR	HCOB Manufacturing PMI (points)	Nov		43.0	42.8
	9 : 15	FR	HCOB Service PMI (points)	Nov		45.7	45.2
	9 : 30	DE	HCOB Manufacturing PMI (points)	Nov		41.3	40.8
	9 : 30	DE	HCOB Service PMI (points)	Nov		48.5	48.2
	10 : 00	EZ	HCOB Manufacturing PMI (points)	Nov		43.4	43.1
	10 : 00	EZ	HCOB Service PMI (points)	Nov		48.0	47.8
	10 : 30	UK	S&P Global Manufacturing PMI (points)	Nov		45.0	44.8
	10 : 30	UK	S&P Global Service PMI (points)	Nov		49.7	49.5
	12 : 00	TR	Interest rate decision (%)	Nov			35.0
	13 : 30	EZ	ECB Minutes	Oct		-	-
	21 : 30	PT	Speech ECB board member Isabel Schnabel			-	-
	24. 0 : 30	JP	core-CPI (YoY, %)	Oct		3.0	2.8
	0 : 30	JP	CPI (YoY, %)	Oct			3.00
	8 : 00	DE	GDP (detailed, QoQ, %)	Q3		-0.1	-0,1*
	8 : 30	HU	Unemployment rate (%)	Oct			4.1
	10 : 00	DE	IFO Economic sentiment index (points)	Nov		87.4	86.9
	11 : 00	EZ	C. Lagarde and J. Nagel participate in a town hall (Bundesbank)			-	-
	15 : 45	US	S&P Global Manufacturing PMI (points)	Nov		49.7	50.0
	15 : 45	US	S&P Global Service PMI (points)	Nov		50.4	50.6

* preliminary data

Sources: Refinitiv, OTP Research

21 November 2023

Gergely Tardos

Chief Economist

tardosg@otpbank.hu

Orsolya Rátkai

Economist

Orsolya.Ratkai@otpbank.hu

Global Markets Team

Zsigmond Csillag

Head of Department

+36 1 288 7556

Zsigmond.Csillag@otpbank.hu

Csaba Szemán

Deputy Head of Department

+36 1 288 7554

Csaba.Szeman@otpbank.hu

Csinszka Kis-Böndi

+36 1 288 7578

Csinszka.Kis-Bondi@otpbank.hu

Botond Varga

+36 1 288 7552

Botond.Varga@otpbank.hu

Tamás Szabó

+36 1 288 7512

Tamas.Szabo.1@otpbank.hu

Frigyes Soós

+36 1 288 7571

SoosF@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

Balázs Péntek

+36 1 288 7577

balazs.pentek@otpbank.hu

21 November 2023

Institutional Sales Desk

Attila Preisz

Head of Department

+36 1 288 7526

Attila.Preisz@otpbank.hu

Zoltán Ballai

Deputy Head of Department

+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

**Orsolya Edit
Kovács-Gyimóti**

Deputy Head of Department

+36 1 288 7542

KovacsGyE@otpbank.hu

Borbála André

+36 1 288 7541

Borbala.Sarolta.Andre@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

Péter Huck

OTP Trader

+36 1 288 7543

Peter.Huck.2@otpbank.hu

**Flóra Zsófia
Margaritsz**

+36 1 288 7558

Flora.Zsofia.Margaritsz@otpbank.hu

21 November 2023

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.

21 November 2023

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.
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 or by writing a letter to 'OTP Research', Hungary H-1051, Budapest, Nádor utca 16. 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 21 November 2023.

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.

21 November 2023

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.