

OTP Morning Brief

- Western Europe's key stock markets closed mixed
- The UK's Chancellor announced massive tax cuts
- In Europe, consumer confidence improved stronger than expected
- Wall Street's indices closed in positive territory
- Durable goods orders dropped from the previous month
- Initial jobless claims have fallen stronger than expected
- Oil prices have subsided
- There was quiet trading on bond markets
- The USD strengthened slightly
- The forint's slow depreciation continued
- Today, investors will watch PMIs from Europe and the UK, the interest rate decision in Turkey, Isabel Schnabel's speech and the ECB's monetary policy accounts

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Western Europe's leading stock exchanges closed mixed yesterday; the UK's Chancellor announced massive tax cuts; in Europe, consumer confidence improved stronger than expected

The major stock indices in Western Europe closed higher on Wednesday, with the exception of London's FTSE. Britain's Chancellor of the Exchequer Jeremy Hunt has announced a reduction in social security contributions from 12% to 10%, affecting 27 million people. Some public benefits will also change in the UK: state pension payments will grow by 8.5%, legal minimum wages will increase by almost 10%, businesses will receive additional tax breaks, and there will be funds to support innovation in artificial intelligence and manufacturing. Following the announcement, the pound fell against the dollar. According to flash estimate, the consumer confidence indicator of the euro area rose by one percentage point in November, compared to October, to a three-month high of -16.9 points in November, exceeding market forecasts of -17.6. Consumers hope that interest rates will not rise further, and even cuts may begin as inflation continues to slow. In the European Union as a whole, consumer confidence improved by 1.1 points, to -17.5.

Hungary's BUX (+0.7%) came first in the CEE region league table, largely fuelled by OTP's and Richter's near-1% gains; MOL upped 0.4%, while MTelekom eased 0.2%. Czechia's PX inched down 0.2%, and Poland's WIG index ended flat.

Wall Street's indices closed with gains; durable goods orders fell from the previous month; initial jobless claims came in lower than expected; oil prices have subsided

Wall Street's main indexes ended yesterday's trading with gains. In the United States, durable goods orders shrank by 5.4% on a monthly basis in October, mainly due to a drop in the highly volatile transport component. However, this factor may already move in a positive direction in November, as Boeing received substantial orders at the Dubai Air Show, and the automotive strikes that affected vehicle orders have ended. Orders excluding vehicles stagnated month-on-month, while orders for non-defence capital goods excluding aircraft –often seen as a proxy for corporate investment plans– shed 0.1%, showing that higher interest rates (compared to the previous decade) are holding back business investment. Initial jobless claims, at 209,000, were 24,000 less than in the previous week, and fell sharper than the market had expected. The latest reading points to the US economy's resilience, despite higher interest rates.

Oil prices slipped after OPEC+ postponed its meeting, from this weekend to 30 November. The reason for the delay was not disclosed, but according to press reports, the Saudi leadership is dissatisfied with some members' output figures.

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There was quiet trading in the bond market; the USD firmed slightly; the HUF's weakening continued

The effects of a surprise fall in durable goods orders and the lower-than-expected initial jobless claims offset each other, so this week's quiet trading continued on developed economies' bond markets, after the recent strong movements. America's and Europe's yields barely moved; the 10Y US bond yield hovered above 4.4%, and the German one oscillated beyond 2.55%, 60 and 40 basis points below their respective previous peaks. Ending its recent rapid weakening, the dollar picked up, pushing the EUR/USD below 1.09.

The forint's slow depreciation, which started last week, continued yesterday: the EUR/HUF closed above 381. On the bond market, the ÁKK's benchmark yields, fixed in the early afternoon, rose by 15-20 basis points. Then a further 10 bps increase followed by the evening, thus the 10Y yield ended the day at 6.8%. At yesterday's auction of 6M discount Treasury Bills, the strong demand prompted the ÁKK to allot HUF 30.5 billion worth of T-Bills, more than the planned HUF 20bn.

Today's highlights

Asia's leading indices moved mixed in today's trading – despite the broad-based rise in the US market on Wednesday. Australia's composite PMI sank to 46.4 in November, from 47.6 in October. The manufacturing sub-index slumped to a 42-month low, and the services index slid to a 26-month low, mainly due to a decline in new orders, as the economy is slowing.

Today Europe and Britain release purchasing managers' indices for November, Turkey's central bank makes rate decisions, the ECB publishes the monetary policy accounts of its latest rate decision, and ECB decision-maker Isabel Schnabel will make a speech.

Hungary releases wage statistics for September. The ÁKK offers 12M discount Treasury Bills (HUF 25bn), 4Y variable-interest-rate bonds (HUF 10bn), and 10Y green bonds (HUF 10bn).

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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	4557	0.4	18.7	VIX	12.9	-3.7	-40.7	WTI	77.10	-0.9	-3.9
	DOW	35273	0.5	6.4	US 2Y	4.91	2.7	50.7	Brent	81.96	-0.6	-4.6
	Nasdaq Comp.	14266	0.5	36.3	US 10Y	4.42	-0.2	58.5	TTF Natural Gas	45.0	2.9	-39.3
	DAX	15958	0.4	14.6	GER 2Y	3.02	4.0	28.5	Gold	1989.72	-0.4	9.1
	CAC40	7261	0.4	12.2	GER 10Y	2.56	0.7	0.2	EUR/USD	1.0889	-0.2	1.7
	FTSE 100	7470	-0.2	0.2	PT10Y	3.22	1.0	-34.8	EUR/GBP	0.8717	0.2	-1.4
	FTSE MIB	29155	0.0	23.0	IT 10Y	4.31	-0.9	-39.2	EUR/NOK	11.7113	0.5	11.6
	Stoxx600	457.2	0.3	7.6	SP 10	3.55	-0.9	-10.6	USD/CAD	1.3689	-0.1	1.0
	- Banks	161	-0.2	14.3	iTRAXX	68.0	-1.5	-24.5	AUD/USD	0.6542	-0.2	-4.0
	Nikkei 225	33452	0.0	28.2	JPY 2Y	0.05	0.0	1.5	USD/JPY	149.54	0.8	14.0
Regional	SSEC	3061	0.6	-0.9	JPY 10Y	0.73	0.0	31.3	GBP/USD	1.2494	-0.4	3.3
	RTS	1152	-0.2	18.7	RUS10	12.0	-0.2	15.5	EUR/CZK	24.452	-0.3	1.2
	WIG20	2241	0.0	25.1	POL 10	5.5	1.1	-19.4	EUR/PLN	4.37	-0.2	-6.9
Hungary	PX50	1392	0.2	15.8	CZ10	4.3	2.2	-15.5	EUR/RON	4.972	0.1	0.6
	BUX	56828	0.7	29.8	3M DKJ	7.83	-7.0	-449	EUR/HUF	381.18	0.0	-4.6
	OTP	13970	1.0	38.2	1Y	8.14	-3.0	-568	USD/HUF	350.03	0.2	-6.3
	MOL	2792	0.4	7.3	3Y	7.44	12.0	-327	CHF/HUF	396.15	0.5	-2.4
	MTelekom	606	-0.2	78.8	5Y	6.76	18.0	-297	PLN/HUF	87.25	0.2	1.8
	Richter	8600	1.2	3.6	10Y	6.81	16.0	-217	GBP/HUF	436.99	0.2	-3.3

* 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.	20.	16 : 00	US	Leading index (MoM, %)	Oct	-0.8	-0.7	-0.7
		21.	14 : 00	HU	Interest rate decision (%)	Nov	11.5	11.5	12.25
			16 : 00	US	Existing home sales (annualized monthly, '000s)	Oct	3790	3900	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	-5.4	-3.1	4.0
			14 : 30	US	Initial jobless claims ('000s)	weekly	209	226	233
			14 : 30	US	Continuing jobless claims ('000s)	weekly	1840	1875	1865
			16 : 00	EZ	Consumer confidence (point)	Nov	-16.9	-17.6	-17.9
		23.	8 : 30	HU	Gross wages (YoY, %)	Sept			15.2
			9 : 15	FR	HCOB Manufacturing PMI (points)	Nov		43.1	42.8
			9 : 15	FR	HCOB Service PMI (points)	Nov		45.6	45.2
			9 : 30	DE	HCOB Manufacturing PMI (points)	Nov		41.2	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		48.1	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		49.5	49.5
			12 : 00	TR	Interest rate decision (%)	Nov		37.5	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		87.5	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		49.8	50.0
			15 : 45	US	S&P Global Service PMI (points)	Nov		50.4	50.6

* preliminary data

Sources: Refinitiv, OTP Research

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