

OTP Morning Brief

- Western European bourses rose on better-than-expected purchasing managers' indices, while the CEE region underperformed
- US markets were closed for Thanksgiving
- European yields rose after the publication of the ECB minutes
- Hungarian yields rose slightly as demand fell at the ÁKK auction, but the issue was still successful
- The forint strengthening against the euro
- Today, attention will be on the US purchasing managers' indices for November and Hungarian unemployment data for October

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Western European bourses rose on better-than-expected purchasing managers' indices, the CEE region underperformed, while US markets were closed

European stocks closed slightly higher on Thursday as investors continue to seek direction and with U.S. markets closed. The pan-European Stoxx 600 index closed 0.3% higher. Oil and gas stocks pulled ahead with a 1.4% gain despite the continued fall in oil prices after OPEC delayed its policy-setting meeting previously. Travel stocks led losses, falling by 1%.

The European economic momentum showed signs of slowly bottoming out as flash PMI readings for November were higher compared to the previous month, also beating analyst expectations, however, readings still point towards a contraction. Eurozone Services PMI increased to 48.2 in November from 47.8 in October, slightly above market forecasts of 48.1, preliminary estimates showed. The reading pointed to the fourth consecutive month contraction in services activity although the decline softened. New orders fell less and service providers continued to expand their staffing levels.

Manufacturing PMI increased to 43.8 in November from October's 43.1, marking the highest level in six months and surpassing market expectations of 43.4, preliminary estimates showed. Despite this improvement, manufacturing production declined for the eighth consecutive month, though at a pace less severe than in previous months. New orders experienced a weaker fall, but still leading to the largest job cuts in the sector since August 2020. Manufacturers also rapidly reduced purchasing activity and lowered inventories of both purchases and finished goods.

Stock markets in the CEE region underperformed and ended the day in the red. The Czech PX50 was down 0.4%, while Poland's WIG20 index fell by 0.7%. The Hungarian market ended Thursday's trading 0.6% lower, mainly driven by the performance of MOL (-1.6%) and OTP (-0.5%), while the declines were slightly offset by Richter (+0.2%) and MTelekom (+0.3%).

European yields rose after the publication of the ECB minutes; Hungarian yields rose slightly as demand fell at the ÁKK auction, but the issue was still successful, with the forint strengthening against the euro

In the US, the ten-year yield was still as markets were closed for Thanksgiving. On the European bond market, however, long yields rose by 6-10 basis points on the back of ECB minutes showing that policymakers still do not rule out the possibility of raising interest rates further.

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Moreover, yesterday's November purchasing managers' indices suggested that recessionary pressures in the euro area may have eased more than expected. The euro strengthened slightly against the dollar, with EURUSD rising back above 1.09.

On the domestic market, the forint strengthened slightly against the euro, with the exchange rate dipping back below the 379 level. Yields continued to rise in the government bond market, with the over one-year segment up again by 15-20 basis points and yields on five- to twenty-year maturities are back up to 7%. Demand was very subdued compared to last week at the auctions of the ÁKK yesterday, where the debt manager offered one-year DKJ, four-year floating rate and ten-year green bonds. Treasury bills sold almost double the 15 billion HUF of the announced amount, while bond issues also doubled their announced 20 billion HUF amount.

Today's highlights

Asia-Pacific markets were mixed as investors assess key economic data out from Japan on Friday. The world's third largest economy saw its core inflation rate rise to 2.9% in October, higher than the 2.8% seen in September. The headline inflation rate for October came in at 3.3%, accelerating from the 3% seen in from the month before. Japan's Nikkei 225 climbed upon its return from a public holiday, gaining 0.5%, while the Topix also advanced 0.5%. China's Shanghai index fell by 0.6% in Friday's trading.

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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	0.0	18.7	VIX	12.8	-0.4	-40.9	WTI	77.10	0.0	-3.9
	DOW	35273	0.0	6.4	US 2Y	4.91	0.0	50.7	Brent	81.42	-0.7	-5.2
	Nasdaq Comp.	14266	0.0	36.3	US 10Y	4.42	0.0	58.5	TTF Natural Gas	46.6	3.7	-37.0
	DAX	15995	0.2	14.9	GER 2Y	3.05	3.3	31.8	Gold	1991.79	0.1	9.2
	CAC40	7278	0.2	12.4	GER 10Y	2.62	5.9	6.1	EUR/USD	1.0906	0.2	1.9
	FTSE 100	7484	0.2	0.4	PT10Y	3.28	5.4	-29.4	EUR/GBP	0.8701	-0.2	-1.6
	FTSE MIB	29236	0.3	23.3	IT 10Y	4.39	8.2	-31.0	EUR/NOK	11.7482	0.3	11.9
	Stoxx600	458.5	0.3	7.9	SP 10	3.62	6.9	-3.7	USD/CAD	1.3696	0.0	1.1
	- Banks	162	0.7	15.1	iTRAXX	67.9	-0.2	-24.6	AUD/USD	0.6558	0.2	-3.8
	Nikkei 225	33626	0.5	28.9	JPY 2Y	0.07	1.9	3.4	USD/JPY	149.57	0.0	14.1
	SSEC	3043	-0.6	-1.5	JPY 10Y	0.77	4.0	35.3	GBP/USD	1.2535	0.3	3.6
Regional	RTS	1149	-0.3	18.4	RUS10	12.0	0.0	15.5	EUR/CZK	24.424	-0.1	1.1
	WIG20	2226	-0.7	24.2	POL 10	5.6	1.3	-18.4	EUR/PLN	4.37	0.1	-6.8
	PX50	1386	-0.4	15.3	CZ10	4.4	1.0	-14.6	EUR/RON	4.970	0.0	0.6
Hungary	BUX	56512	-0.6	29.0	3M DKJ	7.83	0.0	-44.9	EUR/HUF	379.65	-0.4	-5.0
	OTP	13900	-0.5	37.5	1Y	8.14	0.0	-56.8	USD/HUF	348.12	-0.5	-6.8
	MOL	2748	-1.6	5.6	3Y	7.44	0.0	-32.7	CHF/HUF	394.05	-0.5	-2.9
	MTelekom	608	0.3	79.4	5Y	6.76	0.0	-29.7	PLN/HUF	86.83	-0.5	1.3
	Richter	8615	0.2	3.8	10Y	6.81	0.0	-21.7	GBP/HUF	436.16	-0.2	-3.5

* 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				-	-	-
22.	20 : 00	US	FOMC Minutes			Nov	-	-	-
	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
23.	16 : 00	EZ	Consumer confidence (point)			Nov	-16.9	-17.6	-17.9
	8 : 30	HU	Gross wages (YoY, %)			Sept	14.1		15.2
	9 : 15	FR	HCOB Manufacturing PMI (points)			Nov	42.6	43.1	42.8
	9 : 15	FR	HCOB Service PMI (points)			Nov	45.3	45.6	45.2
	9 : 30	DE	HCOB Manufacturing PMI (points)			Nov	42.3	41.2	40.8
	9 : 30	DE	HCOB Service PMI (points)			Nov	48.7	48.5	48.2
	10 : 00	EZ	HCOB Manufacturing PMI (points)			Nov	43.8	43.4	43.1
	10 : 00	EZ	HCOB Service PMI (points)			Nov	48.2	48.1	47.8
	10 : 30	UK	S&P Global Manufacturing PMI (points)			Nov	46.7	45.0	44.8
	10 : 30	UK	S&P Global Service PMI (points)			Nov	50.5	49.5	49.5
	12 : 00	TR	Interest rate decision (%)			Nov	40.0	37.5	35.0
	13 : 30	EZ	ECB Minutes			Oct		-	-
24.	21 : 30	PT	Speech ECB board member Isabel Schnabel					-	-
	0 : 30	JP	core-CPI (YoY, %)			Oct	2.9	3.0	2.8
	0 : 30	JP	CPI (YoY, %)			Oct	3.3		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

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