

OTP Morning Brief

- Western Europe's leading stock exchanges made subtle moves on Tuesday
- The BUX stood out in the CEE region; OTP's share price surged more than 4%
- Wall Street's benchmark indices climbed higher; the market increasingly expects that the Fed is done with rate hikes
- The USD's ailing continued, the HUF firmed against the EUR
- Brent and WTI prices grew by 2%
- The European Commission's Economic Sentiment Index, the November gauge of German inflation, and the detailed estimate on US Q3 GDP will be published today

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Western Europe's key stock markets closed Tuesday's trading with slight moves in either direction

After a weak start to the week, the leading stock exchanges in Western Europe made tiny moves in Tuesday's quiet trading; only a few corporate news caused noticeable moves. Rolls-Royce (+6.2%) became the big winner of the day, after announcing its updated medium-term operating profit and margin targets. The pan-European Stoxx600 shed 0.3% as most of its sector indices declined. Germany and France released consumer confidence indices; the former has inched up, while the latter improved impressively compared to the previous month's data. The ECB's lending activity data for October continue to suggest that high interest rates had stifled lending, particularly in the corporate sector.

In the CEE region, Poland's WIG20 (+1.4%) and Hungary's BUX (+2.3%) bucked the trend, by posting impressive gains. OTP (+4.5%) was the engine of growth in Budapest, as Scope Ratings had improved the bank's credit rating, and HSBC raised its target price for OTP to HUF 23,150, which is 63% higher than Tuesday's closing price.

US indices rose; the market is confident that the Fed's tightening cycle is over

On Tuesday, Wall Street's indices picked up from Monday's slight losses. Investors must have cheered at Fed official Christopher Waller's statement that current monetary policy is 'well positioned to slow the economy and get inflation back to 2%'; this made the market expect the rate hike cycle had ended. On the data front, a larger-than-expected increase in the consumer confidence index for November surprised on the upside. The Case-Shiller home price index indicated 3.9% year-on-year price increase (broadly in line with expectations); this is higher than the August figure, but the pace of MoM price increases has been moderating steadily since May.

Crude oil prices headed higher yesterday, as OPEC+ seems to be divided over extending its production cut quota, Kazakhstan's daily oil production contracted by more than 50% in major oil fields due to adverse weather conditions, and EIA's weekly U.S. inventory data are likely to point to a decline. Brent and WTI prices increased by 2% yesterday.

Gold price hit a more-than-six-month high, following the Fed decision-maker's statement, and the ensuing weakening of the dollar.

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The expected path of US interest rates has shifted lower; the forint strengthened against the euro

The expected path of interest rates in the USA has shifted lower after two Fed officials had suggested that the rate hike cycle may have ended, and interest rates may drop next year. U.S. long-term yields continued to decline; the 10Y bond yield is just a few basis points shy of the 4.3% mark, where the latest big rally started. Likewise, bond yields in Europe eased by roughly five basis points; Germany's 10Y Bund yield sank below 2.5%. The dollar's further weakening drove the EUR/USD to 1.1 yesterday.

The CEE region's currencies appreciated (+0.3-0.6%) yesterday, and the sentiment was also bright in Hungary, where the forint's strengthening sent the EUR/HUF to 377. Hungary's government bond yields also fell; those on bonds maturing in at least five years fell to 6.9-7%. In Hungary, the ÁKK sold HUF 23 billion worth of 3M discount T-Bills (vs plans of HUF 20), despite muted interest; the average yield was at 7.72%.

Today's highlights

In today's gloomy trading, Asia-Pacific markets turned red, except in Australia. The ASX 200 excelled thanks to inflation data released this morning: CPI slowed to levels last seen in January 2022. Hong Kong's Hang Seng was the weakest index today. Index futures point to a mixed opening in Europe and a positive opening in the USA.

In Europe, the European Commission publishes the results of its November business and consumer survey, including the Economic Sentiment Index; the market expects stable ESI reading. Germany releases inflation data for November, when CPI is forecast to have declined to 3.5% year-on-year. A major difference from the expected data could move expectations for inflation in the euro area, ahead of Thursday's data release.

A detailed estimate of third-quarter GDP will be out in the United States. The preliminary data may contain a trivial upward revision compared to the first release, which showed an already robust QoQ growth rate of 4.9% (annualized). The Fed publishes its new Beige Book, with a regional breakdown of the performance of the U.S. economy.

In today's switch auction, Hungary's ÁKK offers HUF 10 billion each in 2029/A, 2031/A, and 2035/A bonds, in exchange for securities maturing in 2024 and 2025.

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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	4555	0,1	18,6	VIX	12,7	-0,2	-41,4	WTI	76,41	2,1	-4,8
	DOW	35417	0,2	6,8	US 2Y	4,74	-15,8	33,3	Brent	81,68	2,1	-4,9
	Nasdaq Comp.	14282	0,3	36,5	US 10Y	4,34	-5,2	50,5	TTF Natural Gas	43,1	-2,6	-41,8
	DAX	15993	0,2	14,9	GER 2Y	2,92	-6,7	18,7	Gold	2040,89	1,4	11,9
	CAC40	7250	-0,2	12,0	GER 10Y	2,49	-6,0	-6,9	EUR/USD	1,0992	0,3	2,7
	FTSE 100	7455	-0,1	0,0	PT10Y	3,17	-4,6	-39,8	EUR/GBP	0,8660	-0,2	-2,1
	FTSE MIB	29377	0,1	23,9	IT 10Y	4,26	-3,8	-44,3	EUR/NOK	11,6785	0,2	11,3
	Stoxx600	457,0	-0,3	7,6	SP 10	3,50	-4,5	-15,5	USD/CAD	1,3575	-0,3	0,2
	- Banks	162	0,4	15,2	iTRAXX	68,4	-1,7	-24,0	AUD/USD	0,6649	0,6	-2,4
	Nikkei 225	33299	-0,3	27,6	JPY 2Y	0,04	-1,2	1,2	USD/JPY	147,49	-0,8	12,5
Regional	SSEC	3023	-0,5	-2,1	JPY 10Y	0,68	-7,6	26,2	GBP/USD	1,2695	0,5	4,9
	RTS	1129	-0,3	16,3	RUS10	12,1	0,0	16,4	EUR/CZK	24,238	-0,3	0,3
	WIG20	2240	1,4	25,0	POL 10	5,5	-1,5	-19,4	EUR/PLN	4,32	-0,6	-7,9
Hungary	PX50	1384	0,2	15,2	CZ10	4,3	0,3	-15,2	EUR/RON	4,972	0,0	0,6
	BUX	57176	2,3	30,6	3M DKJ	7,63	-15,0	-469	EUR/HUF	377,22	-0,6	-5,6
	OTP	14190	4,5	40,4	1Y	8,07	-2,0	-575	USD/HUF	343,14	-1,0	-8,1
	MOL	2796	0,9	7,5	3Y	7,62	-3,0	-309	CHF/HUF	391,48	-0,7	-3,5
	MTelekom	604	0,7	78,2	5Y	6,94	-2,0	-279	PLN/HUF	87,22	-0,1	1,8
	Richter	8600	1,2	3,6	10Y	6,95	-6,0	-203	GBP/HUF	435,86	-0,5	-3,6

* 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.	27.	16 : 00	US	New home sales (annualized monthly, '000s)	Oct	679	723	719
	28.	8 : 30	HU	Investment (YoY, %)	Q3	-12,1	-	-13,5
		15 : 00	US	Case-Shiller Home Price Index (YoY, %)	Sept	3,9	4,0	2,1
		16 : 00	US	Consumer confidence (point)	Nov	102,0	101,0	99,1
	29.	11 : 00	EZ	EC Economic Sentiment Index (points)	Nov		93,7	93,3
		14 : 00	DE	CPI (preliminary, YoY, %)	Nov		3,5	3,8
		14 : 30	US	GDP (detailed, QoQ annualized, %)	Q3		5,0	4,9
		20 : 00	US	Beige Book	Nov		-	-
	30.	2 : 30	CN	NBS Non-manufacturing PMI (points)	Nov			50,6
		2 : 30	CN	NBS Manufacturing PMI (points)	Nov			49,5
		8 : 00	TR	GDP (first estimate, YoY, %)	Q3		5,6	3,8
		8 : 00	DE	Retail sales (MoM, %)	Oct		0,4	-0,8
		8 : 30	HU	Industrial prices (yoy, %)	Oct			-2,5
		8 : 45	FR	GDP (detailed, QoQ, %)	Q3		0,1	0,1*
		11 : 00	EZ	CPI (flash, YoY, %)	Nov		2,7	2,9
		11 : 00	EZ	Core CPI (flash, YoY, %)	Nov		3,9	4,2
		11 : 00	EZ	Unemployment rate (%)	Oct		6,5	6,5
		14 : 30	US	Personal income (MoM, %)	Oct		0,2	0,3
		14 : 30	US	Personal consumption (adjusted, MoM, %)	Oct		0,2	0,7
		14 : 30	US	Household core PCE index (MoM, %)	Oct		0,2	0,3
		14 : 30	US	Continuing jobless claims ('000s)	weekly		1872	1840
		14 : 30	US	Initial jobless claims ('000s)	weekly		220	209
		14 : 30	EZ	C. Lagarde speech (bank supervision conference)			-	-
		16 : 00	US	Pending home sales (MoM, %)	Oct		-2,0	1,1
		16 : 5	US	J. Williams Fed decision maker speech (Bretton Woods Committee's)			-	-
12.	1.	2 : 45	CN	Caixin Manufacturing PMI (points)	Nov		49,7	49,5
		8 : 30	HU	GDP (detailed, YoY, %)	Q3			-0,4*
		8 : 30	HU	GDP (detailed, QoQ, %)	Q3			0,9*
		8 : 30	HU	Trade balance (detailed, monthly, EUR mn)	Sept			1300
		9 : 00	HU	Manufacturing PMI (points)	Nov			50,5
		10 : 00	IT	GDP (detailed, QoQ, %)	Q3		0,0	0,0*
		16 : 00	US	Construction spending (MoM, %)	Oct		0,4	0,4
		16 : 00	US	ISM Manufacturing PMI (points)	Nov		47,6	46,7
		17 : 00	US	A. Goolsbee Fed decision maker Q&A (Fed Chicago Symposium)			-	-

* preliminary data

Sources: Refinitiv, OTP Research

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