

US and Chinese real economy data for October and November confidence indices for the euro area can draw attention. The EU summit could also trigger market interest.

The week starts by a series of Chinese real economy data for October **on Monday**. China's real economy posted upside surprises as the country was the first to shake off the pandemic and the related economic weakness. In September, industrial production turned out at 6.9%, well above market expectations (5.8%). Industrial production has been growing uninterrupted since April in YoY terms. Expectation for the October figure is 6.5%. Although retail sales has lagged behind industry (contrary to what we could observe in the US and EU), in September, it turned out at 3.3% YoY, well above the consensus (1.8%), posting positive index for the second month in a row. The October market consensus for retail is 5%. Finally, infrastructural investments for October will be published as well. This data turned into plus by September at 0.8%, in line with the market consensus. Up to August, the published data posted negative indices, although is improved in every month since February, when it showed a 24.5% decline. The market expects a further improvement to 1.6% after the September figure. Still, on Monday afternoon, we will learn the November value of the New York FED manufacturing index. October data at 10.5 points brought a disappointment, after the outstanding data for September at 17 points. The market expectation is slight improvement for November to 12.9 points.

On Tuesday, we will have a bunch of US real economy data for October, September. Contrary to China, US industrial production was still in red in September at -7.3% YoY, although it definitely improved from the April through of -16.3%. The expectation for October is 1% MoM growth, which is consistent with a -6.0% YoY figure. Retail sales will be also published for October. Contrary to industrial production, retail sales performed remarkably well at 5.4% YoY in September and the series has been in plus since June. The expectation for October is 0.5% MoM. US business inventories stood at 0.3% MoM in August, the market expects slight improvement for September at 0.5%.

On Wednesday, we will learn more on US housing market for October. By July, both building permits and housing starts recovered from the spring lockdown to levels, seen before the start of the pandemic. The September figure turned out at 1.55 and 1.45 mn., slightly exceeding expectations. For October, the market expects roughly similar figures: 1.56 and 1.46 mn, respectively.

On Thursday we will have the usual weekly unemployment statistics for the US: initial jobless claims and continuing claims. In the last two weeks of October, the decline in initial jobless claims seems to have stopped at 750 thousand, although first week of November has come down further to 709 thousand. Meanwhile continuing claims kept declining uninterrupted: at the first week of November it stood at 6.8 mn down from 25 mn in May. We will also learn the leading index (a key leading indicator for US activity), as well as existing home sales. All these data will be important to see whether the recovery has halted with renewed rise in virus cases in the country. Importantly, we will have a rate setting meeting at the Central Bank of Turkey, which seems interesting as the central bank is struggling to keep the lira under control, while the governor has just been fired by the president. In October, the bank kept the interest rate, despite market expectations of a hike. The consensus for the current meeting is a 500 bps hike. In the meantime, president Erdogan announced intentions for market friendly reform, which helped the TRY to strengthen and boosted Turkish stocks. However, the commitment and details are yet to be seen. Finally, on Thursday, the EU Council meeting will also take place in video form, and the country leaders will likely discuss the economic response to the pandemic. The event could be very important, as while the EU institutions agreed in a tentative form on attaching a rule of law mechanism to EU funds disbursement, Poland and Hungary indicated that they could veto the budget if this mechanism is not changed. Furthermore, the summit is seen as a deadline for a draft Brexit deal.

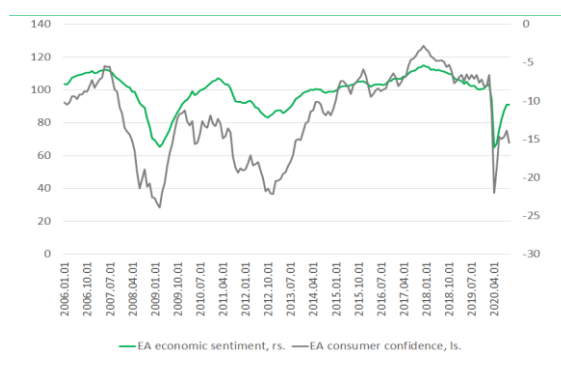
On Friday, we will have the November consumer confidence index for the euro area. According to the latest data, the confidence has started to deteriorate, reflecting the renewed increase in virus cases. Importantly, in the last few weeks, significant lockdowns were introduced in several countries, hence we can expect further deterioration. Also, on Friday, the next G20 summit will be held in virtual form.

Finally, based on the currently available information's, former Vice President Biden has won the US presidential elections. Formally the elections are still not over, as some states have not counted 100% of the votes, and the Trump administration seems to have challenged the results, requesting for recount and filing legal cases. Nevertheless, the current secured number of electors at 290 by Biden makes it unlikely that recounts will turn the results, unless clear election fraud will be detected. However, in the latter respect, so far no evidence has been found. So as a baseline we expect no market moving news from this source, unless something really problematic pops up.

Industrial production and retail sales in the US (YoY, %)



Consumer and economic confidence in the euro area (points)



Source: Refinitiv

What to watch next week

Data	Cd.	Event/Data	Period	Cons.	Prev.
2020 11.16. 0 : 50	JP	GDP (QoQ, %)	Q3	4.4	-7.9
3 : 00	CN	Industrial production (YoY, %)	Oct	6.5	6.9
3 : 00	CN	Retail sales (YoY, %)	Oct	5.0	3.3
3 : 00	CN	Infrastructural spending (YoY, %)	Oct	1.6	0.8
14 : 30	US	New York Fed Manufacturing index (points)	Nov	13.0	10.5
17. 14 : 30	US	Retail sales (MoM, %)	Oct	0.5	1.9
15 : 15	US	Industrial production (MoM, %)	Oct	1.0	-0.6
16 : 00	US	Business inventories (MoM, %)	Sept	0.5	0.3
18. 8 : 00	UK	Inflation (YoY, %)	Oct	0.6	0.5
14 : 30	US	Building permits (annualized monthly, '000s)	Oct	1560	1545
14 : 30	US	Housing starts (annualized monthly, '000s)	Oct	1455	1451
19. 12 : 00	TR	Interest rate decision (%)	Nov	15.0	10.3
14 : 30	US	Initial jobless claims ('000s)	weekly		709.0
14 : 30	US	Continuing jobless claims ('000s)	weekly		6786.0
16 : 00	US	Existing home sales (MoM, %)	Oct	6420.0	6540.0
16 : 00	US	Leading index (MoM, %)	Oct	0.6	0.7
	EU	EU summit (Virtual)	-	-	-
20. 0 : 30	JP	core-CPI (YoY, %)	Oct	-0.7	-0.3
0 : 30	JP	CPI (YoY, %)	Oct		0.0
8 : 00	UK	Retail sales (MoM, %)	Oct	0.4	1.5
16 : 00	EZ	Consumer confidence (point)	Nov	-17.6	-15.5
11.21.-11.22.		G20 summit (Virtual)	-	-	-

Stocks and oil rallied on vaccine news, but more stringent lockdowns mitigated optimism. The USD strengthened. Although there will be some recounts, Biden won the US election

Biden is de facto the winner of the presidential elections, the recount in Georgia could possibly add democrats even the senate

Biden clinched his victory when Pennsylvania was called on last Saturday. Nevertheless, there are still open questions in the elections process. Currently, Biden has 290 electors (270 is required to win), by securing Arizona lastly. By now only two states has not declared final result (GA, NC). Trump has claimed attacking election results, but so far, no election fraud was detected. There will be a recounting of votes in Georgia given the slim majority to Biden, but it is unlikely to change the result. Meanwhile, while democrats have managed to retain majority in the house, the race for the senate is still open. In Georgia, new election will be called for the senate, given low result for the winners. This means, that either the senate will remain in the hands of the GOP, or the democratic party might secure 50-50. This latter situation would be a game changer, as in that case the vice-president would have the determining voice in case of a draw decision. Hence this situation would ensure democrat dominance in the senate as well, which could significantly increase the elbowroom for Biden.

The pandemic worsens, lockdowns becoming more stringent

The new wave of the coronavirus pandemic continues in both the United States and Europe. In the US daily new cases continues to rise to new highs and daily deaths also increased significantly. The epidemic situation is the most severe in the Midwest and several states are introducing new restrictions and some governors stipulated that new lockdowns could be necessary. In Europe, daily new cases and deaths are still on the rise overall, but countries which introduced new lockdown measures the earliest are starting to see their impact. Daily new cases have fallen significantly in Belgium, the Netherlands and Ireland, and they began to decline in France as well. Daily deaths are also appeared to be plateauing or decreasing in these countries. On the other hand, in Italy and Germany – where the second wave of infections started later – daily new cases are still on the rise. In the CEE region the situation is similar to that in the western part of the continent. In the Czech Republic, Slovakia and Slovenia daily new cases declined recently – as a result of strict lockdown measures. Nevertheless, in most countries the epidemic situation continues to worsen, and daily new cases and deaths climbing to new highs in Croatia and Bulgaria.

Markets closed in plus on account of favourable vaccine news, however, concerns about new lockdowns mitigated gains

The stock markets started on a strong note the week, fuelled by optimism related to Biden's presidency and favourable vaccine news. In the former case it was positively assessed that the election will not result in an uncertain political situation, given the obvious lead of Biden in terms of the number of electors. Pfizer and BioNTech reported that their coronavirus vaccine was more than 90% effective in preventing Covid19 among those without evidence of prior infection, which triggered optimism among investors. However later the week investors have started to reassess vaccine news, as ones that could have effects several months from now, while increasing number of lockdowns in Europe and US cities will point to negative economic effects in the coming weeks. In sectoral terms, in Europe all, while in the US most sectors finished in plus. Best performing sectors were financial and energy: European bank index increased by 16%, while US financials by 7.5%. European oil&gas gained 13.2%, while US energy 14%. The energy sector was fuelled by the expectation of a new OPEC+ agreement, instead of the previous plan to increase supply. However, consumer discretionary in the US fell finally by 1.5%, indicating that despite positive vaccine news, investors are still cautious about the short-term impact of

the pandemic. Industrials grew below average, as investors assess high likelihood that the GOP will keep the senate majority, which could limit the size of Biden's infrastructural plan.

Mixed results for Q3 GDP-s, disappointing eurozone industrial production for October and low inflation for the US

The 0.4% m/m decline in euro-zone industrial production was far worse than the consensus forecast of a 0.7% growth. This was largely due to the reversal of temporary effects in Italy. However, production rose on the month in Germany, France and Spain, so the underlying trend in the region is that output is still recovering, albeit far less quickly than in the first few months after the first lockdowns were lifted. Meanwhile the November ZEW index at 39 disappointed expectations (42) and fell visibly from the October level (56), suggesting that the renewed lockdown in Europe will take its toll on the economy.

US consumer price growth slowed slightly, with the headline inflation rate falling to 1.2% from 1.4%, below the market expectations of 1.3%. The surprise was essentially driven by core inflation, which grew by 1.6%, causing a 0.2 pp surprise. The unexpected drop back in core inflation reflects continued subdued demand in the services sector.

Weekly US claims kept declining, continuing claims fell below 6.8 mn (from 6.9 last week), while initial claims in the last week of October turned out at 709 K, as opposed to 757 K a week before.

The second estimate of the euro-zone GDP shows an increase of 12.6% q/q in Q3 which was minorly different to the "preliminary flash" estimate published end October (12.7%) . This means that GDP was 4.4% below its level in Q3 2019. However, the extent of the shortfall varied hugely between countries: Netherlands was only -2.5%, whereas Spain stood at -8.7% YoY.

After declining by 2.9% QoQ in the second quarter, employment increased by 0.9%. This left employment at -2% YoY, a small decline compared to the fall in activity, reflecting the scale of national short-time working schemes.

UK GDP increased by 15.5% QoQ, close to expectations (15.8%). However, the YoY figure is still -9.6%, the worst in Europe. Regional GDP-s showed a mixed picture: Hungary's GDP at -4.6% YoY beat expectations by 1 pp., GDP for Slovakia at -2.4% was well above the consensus (-5%). Romanian GDP disappointed at -6.0% YoY, as the consensus was at -4.0%. Russia's Q3 data turned out at -3.6%, as opposed to a consensus forecast of -4.5%.

For the US, the Michigan Consumer Survey turned out at 77 points well below expectations (82) and the the October value. The data already reflects the effect of tightening measures in certain US cities.

Despite the positive investor sentiment for the week EURUSD fell. Oil prices increased and other commodities weakened.

The EURUSD fell, correcting partly last week's increase, despite the generally positive investor sentiment. The USD strengthened 0.5% against the EUR and remained stable against the GBP. Oil prices rallied by around 9%, also fuelled by the expectation of a delay in ramping-up planned oil production, originally planned from January. Gold and silver fell, as well as other precious metals.

Performance of US sectors					Performance of Europe's sectors				
Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)	Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
S&P500	SPX Index	3537.0	0.8	9.5	Stoxx 600	SXXP Index	384.8	5.0	-7.5
IT	SSINFT Index	2130.1	-0.4	32.2	Health care	SXDP Index	896.9	0.5	-1.4
Health care	SSHLTH Index	1295.0	1.0	9.0	Industrial goods & services	SXNP Index	600.8	4.2	-0.1
Financials	SSFIND Index	445.2	7.5	-12.9	Banks	SX7P Index	101.9	16.0	-28.9
Telco	SSTELS Index	211.8	0.1	16.6	Personal & households goods	SXQP Index	917.9	4.3	1.9
Consumer discretionary	SSCOND Index	1239.2	-1.5	25.6	Insurance	SXIP Index	264.7	11.4	-18.0
Industrials	SSINDU Index	717.2	4.4	4.3	Food and beverages	SX3P Index	711.9	6.6	-8.0
Consumer staples	SSCONS Index	685.0	2.4	5.9	Technology	SX8P Index	558.4	1.7	5.3
Utilities	SSUTIL Index	333.5	2.4	1.6	Utilities	SX6P Index	374.7	4.3	5.2
Energy	SSENR Index	249.2	14.0	-45.4	Oil & gas	SXEP Index	209.2	13.2	-34.4
Real estate	SSRLST Index	228.9	3.7	-4.7	Chemicals	SX4P Index	1088.1	2.2	5.7
Materials	SSMATR Index	431.4	1.0	11.8	Construction & materials	SXOP Index	495.6	5.6	-3.3
Source: Bloomberg					Telco	SXKP Index	206.7	5.8	-15.6
					Retail	SXRP Index	386.7	5.4	6.8
					Financial services	SXFP Index	574.0	4.2	-1.6
					Basic resources	SXPP Index	427.6	4.5	-7.4
					Real estate	SX86P Index	163.5	5.1	-15.3
					Auto & parts	SXAP Index	486.4	9.4	-4.3
					Media	SXMP Index	272.2	7.0	-11.2
					Travel & leisure	SXTP Index	199.5	6.7	-24.8
					Source: Bloomberg				

Performance of the regional stock indices

Name		Performance					Valuation***			Fundamentals				
Country	Index	Last Price	1M change (%)	3M change (%)	6M change (%)	12M change (%)	P/E*	P/B	P/S	ROE (%)	Current Ratio	Debt to equity (%)	Change in EPS growth in the last 4 week (%)	Change in EPS growth in the last 3 month (%)
USA	SPX Index	3537	0.7	4.8	25.4	14.3	27.7	3.9	2.6	11.3	1.4	122.6	3.6	6.5
Europe	SXXP Index	385	3.7	3.3	15.2	-5.2	44.1	1.9	1.4	4.5	1.1	189.9	2.2	13.7
Germany	DAX Index	13063	0.3	0.5	23.9	-1.3	65.3	1.7	1.0	3.2	1.2	134.8	27.5	5.9
France	CAC Index	5370	8.5	6.5	23.6	-9.1	55.4	1.7	1.3	3.2	1.1	246.0	2.2	0.1
Poland	WIG20 Index	1754	5.6	-5.6	8.6	-21.5	24.8	0.9	0.8	3.3	1.1	59.7	-18.6	-22.3
Czechia	PX Index	911	5.0	-0.6	3.4	-16.0	13.5	1.1	1.3	8.0	1.2	166.5	-0.2	2.1
Hungary	BUX Index	37287	11.9	1.4	8.0	-13.7	16.3	0.9	0.8	5.3	1.2	61.1	32.4	-5.8
Romania	BET Index	8913	0.4	1.7	8.3	-8.4	10.3	0.9	1.2	9.1		37.1	-3.8	15.6
Bulgaria	SOFIX Index	425	0.2	-2.4	-6.1	-23.9	3.7	0.5	0.6	13.0	3.2	56.3		
Russia	IMOEX Index	3020	6.8	-2.0	15.9	2.9	12.5	1.1	1.4	7.9	1.3	75.7	5.3	6.6
Ukraine	PFTS Index	500	-2.0	0.0	0.0	-3.4	4.1	0.8	0.3	37.9	0.6	16.5		
Slovenia	SBITOP Index	834	0.4	-2.8	3.3	-5.0	6.9	0.8	0.5	11.0	1.7	29.5	0.1	
Croatia	CRO Index	1642	1.9	2.4	6.6	-16.6	81.7	0.9	1.0	1.1	1.4	53.6		
Serbia	BELEX15 Index	710	2.6	6.3	4.6	-7.7	14.4	0.6	0.7	4.5	2.0	17.6		
Montenegro	MNSE10 Index	643	-1.8	-4.9	-9.3	-18.5	13.9	0.3	0.9	1.9	2.2	14.1		

*Price to earnings (P/E) ratio is calculation with the 12M trailing EPS in the denominator.

***Bear in mind that some of the country index could be very sector heavy (only a handful industry consists of the majority of the index).

***therefore direct comparison of only valuation metrics could be misleading.

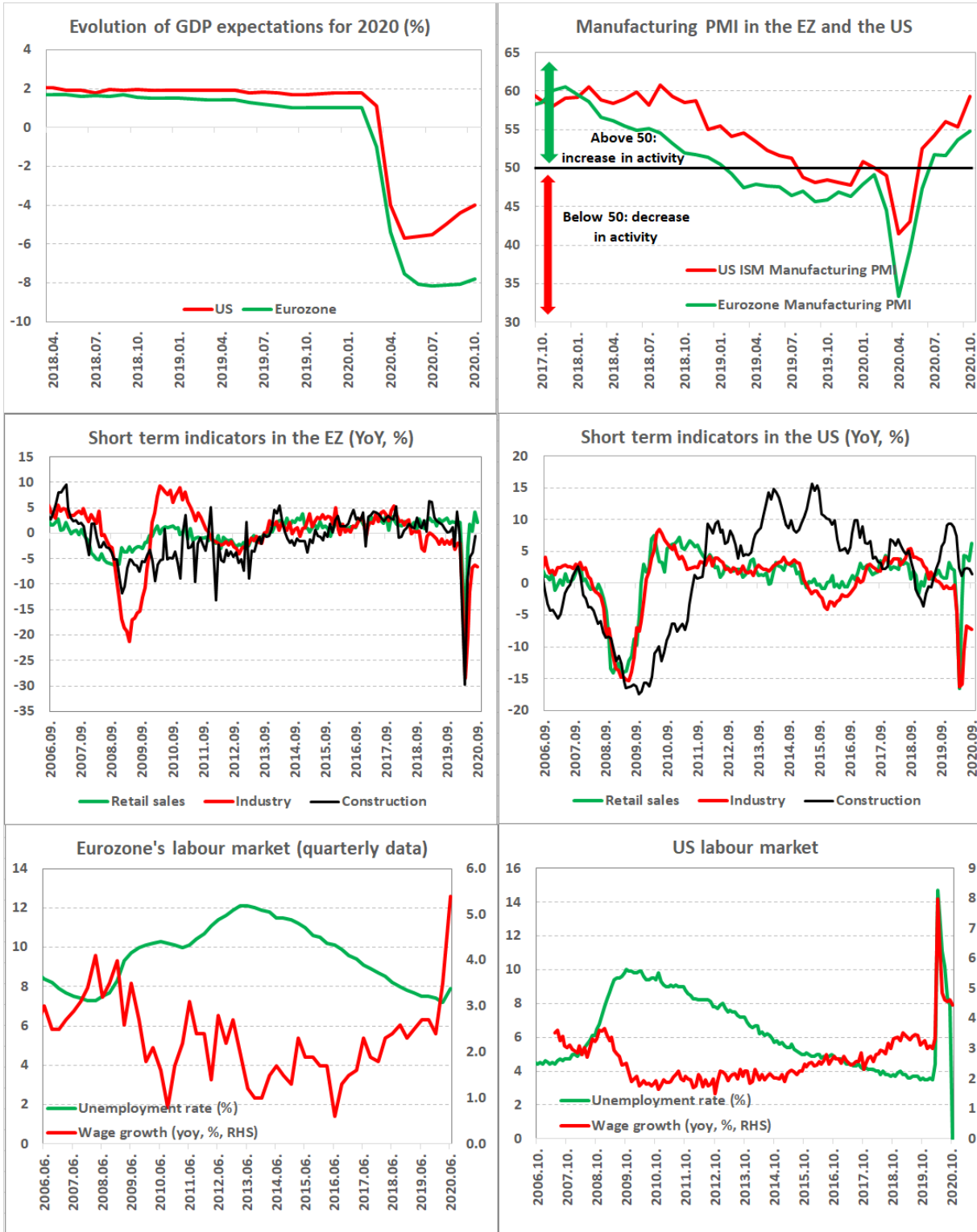
Last week's data

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2020. 11. 9.	8 : 00 DE	Export (MoM, SA, %)	Sept	2.3	2.0	2.4
	10 : 30 EZ	Sentix Investor confidence (points)	Nov	-10.0	-15.0	-8.3
	10. 8 : 00 UK	Unemployment rate (%)	Sept	4.8	4.8	4.5
	8 : 45 FR	Industrial production (MoM, %)	Sept	1.4	0.8	1.1
	10 : 00 IT	Industrial production (MoM, SA, %)	Sept	-5.6	-2.0	7.7
	11 : 00 DE	ZEW Economic Sentiment (points)	Nov	39.0	41.7	56.1
	12. 8 : 00 UK	GDP (preliminary, QoQ, %)	Q3	15.5	15.8	-19.8
	8 : 00 UK	GDP (preliminary, YoY, %)	Q3	-9.6	-9.4	-19.8
	11 : 00 EZ	Industrial production (MoM, %)	Sept	-0.4	0.7	0.6
	14 : 30 US	core-CPI (MoM, SA, %)	Oct	0.0	0.2	0.2
	14 : 30 US	core-CPI (YoY, %)	Oct	1.6	1.8	1.7
	14 : 30 US	CPI (MoM, SA, %)	Oct	0.0	0.1	0.2
	14 : 30 US	CPI (YoY, %)	Oct	1.2	1.3	1.4
	14 : 30 US	Initial jobless claims ('000s)	weekly	709	735	751
	14 : 30 US	Continuing jobless claims ('000s)	weekly	6786	6900	7285
	20 : 00 US	Federal budget balance (USDbn)	Oct	-284.0	-274	-125
	13. 9 : 00 HU	GDP (preliminary, YoY, %)	Q3	-4.6	-5.6	-13.6
	9 : 00 HU	GDP (preliminary, QoQ, %)	Q3	11.3		-14.5
	9 : 00 SK	GDP (preliminary, YoY, %)	Q3	-2.4	-5.0	-12.1
	10 : 00 PL	GDP (preliminary, QoQ, %)	Q3	7.7	7.9	-9.0
	10 : 30 PT	GDP (preliminary, QoQ, %)	Q3	13.3		-13.9
	11 : 00 EZ	GDP (preliminary, QoQ, %)	Q3	12.6	12.7	12.7**
	11 : 00 EZ	GDP (preliminary, YoY, %)	Q3	-4.4	-4.3	-4.3**
	16 : 00 US	Michigan Consumer confidence (preliminary, points)	Nov	77.0	82.0	81.8

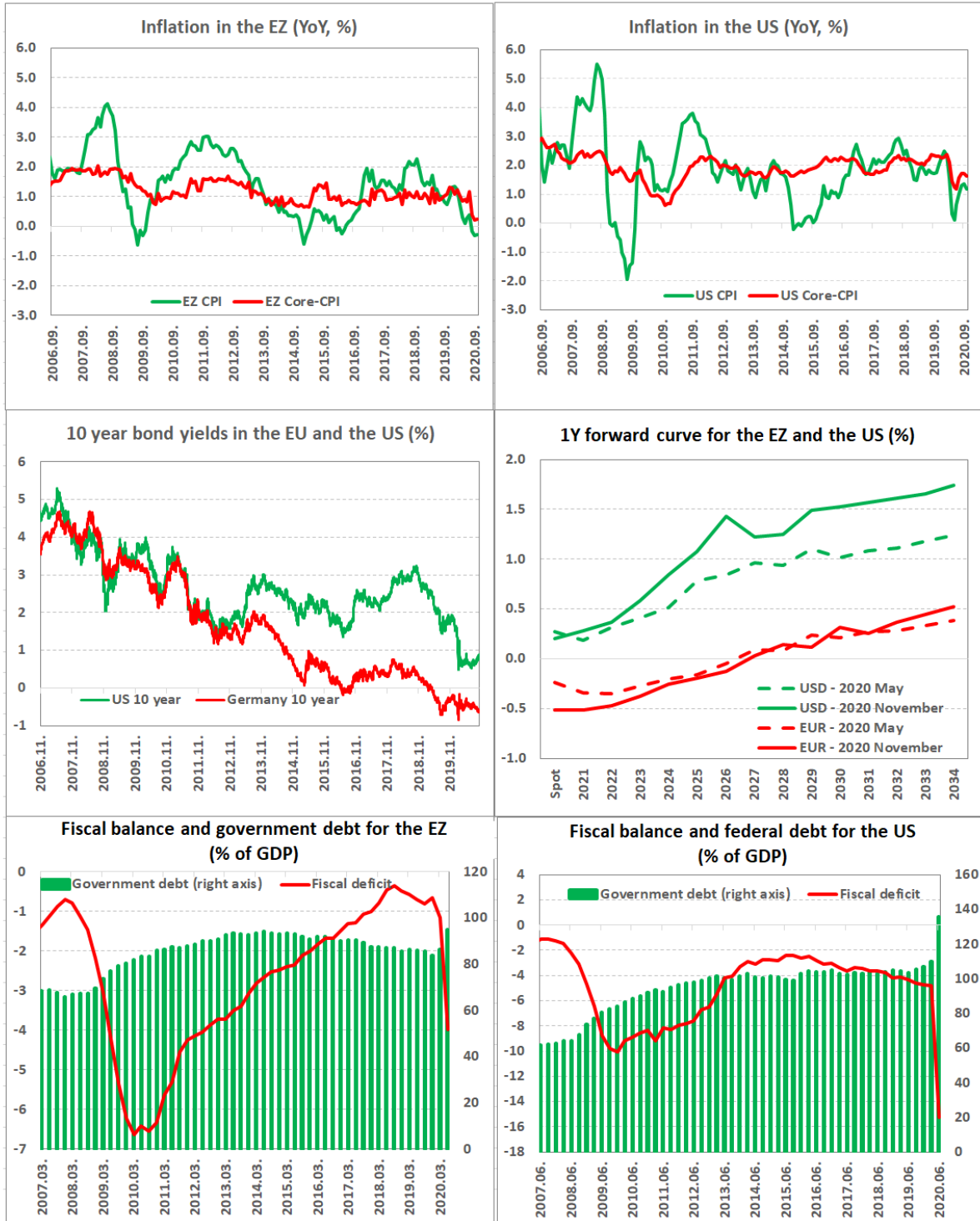
**Fact' refers to the accepted volume, 'Prev.' refers to the deals due on the current week

** preliminary data

Eurozone and US chart set



Eurozone and US chart set



FX forecast for the majors

FX pair	2020.Q2	2020.Q3	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q4	2023.Q4	2024.Q4
EURUSD	1.09	1.18	1.18	1.19	1.20	1.21	1.21	1.25	1.25	1.25
EURGBP	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
EURCHF	1.06	1.08	1.08	1.09	1.09	1.10	1.11	1.10	1.09	1.12
USDJPY	107.0	106.0	105.0	105.0	105.0	105.5	106.0	107.0	100.5	98.5

Regional macro forecast

Countries	2019	OTP		Focus Economics		Countries	2019	OTP		Focus Economics	
		2020	2021	2020	2021			2020	2021	2020	2021
Hungary	4.6	-6.3	5.8	-5.9	4.7	Hungary	-2.1	-8.0	-5.5	-7.1	-4.3
Romania	4.1	-4.4	4.6	-5.3	4.5	Romania	-4.4	-9.5	-6.5	-9.3	-6.3
Bulgaria	3.4	-4.7	4.3	-4.9	4.2	Bulgaria	1.9	-4.4	-1.2	-4.2	-2.2
Russia	1.3	-3.3	3.6	-4.3	3.1	Russia	1.8	-4.4	-2.5	-4.5	-2.1
Ukraine	3.2	-5.7	4.7	-5.4	4.2	Ukraine	-2.2	-7.5	-6.0	-6.8	-4.6
Slovenia	2.4	-7.1	5.9	-7.4	5.0	Slovenia	0.5	-8.0	-3.6	-8.2	-4.1
Croatia	2.9	-8.4	5.4	-8.8	5.0	Croatia	0.4	-9.0	-6.0	-8.1	-4.1
Serbia	4.2	-1.9	5.3	-2.3	4.9	Serbia	-0.2	-8.0	-2.5	-7.9	-3.0
Montenegro	3.6	-12.7	7.8	-10.3	6.0	Montenegro	-2.9	-11.0	-4.2	-9.6	-4.3
Albania	2.2	-5.9	5.5	-6.7	6.0	Albania	-1.9	-7.7	-3.8	-7.6	-4.7
Moldova	3.6	-6.3	5.9	-5.7	4.4	Moldova	-1.4	-7.5	-5.0	-7.2	-4.1

Countries	Inflation (average (yoy), %)					Countries	Unemployment (%)				
	2019	OTP		Focus Economics			2019	OTP		Focus Economics	
		2020	2021	2020	2021			2020	2021	2020	2021
Hungary	3.4	3.4	3.1	3.4	3.2	Hungary	3.4	4.7	4.0	4.9	4.9
Romania	3.8	2.9	3.0	2.7	2.7	Romania	3.9	5.8	6.0	5.6	6.1
Bulgaria	3.1	1.2	1.5	1.9	2.2	Bulgaria	4.2	6.0	5.0	6.5	6.4
Russia	4.5	3.3	4.0	3.3	3.6	Russia	4.6	6.0	5.0	6.2	5.4
Ukraine	7.9	2.5	6.4	2.8	5.8	Ukraine	8.2	9.9	9.2	9.9	9.0
Slovenia	1.7	0.0	1.3	0.2	1.4	Slovenia	4.5	4.6	4.5	5.8	5.8
Croatia	0.8	0.2	1.2	0.2	1.0	Croatia	7.9	9.0	8.5	9.0	8.9
Serbia	1.9	1.6	1.8	1.6	2.0	Serbia	10.4	12.0	9.7	11.2	10.8
Montenegro	0.4	0.2	1.0	0.1	1.1	Montenegro	15.1	19.7	17.4	17.2	16.1
Albania	1.4	1.4	1.5	1.8	2.1	Albania	11.6	13.1	13.1	13.8	13.0
Moldova	4.8	2.8	2.3	4.4	3.8	Moldova	5.1	8.9	3.3	7.1	6.9

Source: Focus Economics, OTP Research Center

FX forecast for the OTP countries

FX pair	2020.Q2	2020.Q3	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q4	2023.Q4	2024.Q4
EURUSD	1.09	1.18	1.18	1.19	1.20	1.21	1.21	1.25	1.25	1.25
EURGBP	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
EURCHF	1.06	1.08	1.08	1.09	1.09	1.10	1.11	1.10	1.09	1.12
USDJPY	107.0	106.0	105.0	105.0	105.5	105.8	106.0	107.0	100.5	98.5

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