



### Summary

- The developed world's stock markets are still in the red.
- The European Commission rejected Italy's 2019 budget.
- Crude prices nose-dived.

Stock indices extended Monday's losses as investors shunned the most important equity markets of Western Europe. One reason for the unfavourable sentiment was the political tension caused by the murder of Saudi Arabian journalist Jamal Khashoggi. Another factor is the doubt about the sustainability of Italy's public debt as Italy's government is not willing to change its 2019 budget figures. For the first time in its history, the European Commission rejected the budget draft of a member state, by requesting Italy to submit a new 2019 draft budget in three weeks. The current one set a deficit target of 2.4% of GDP, whereas the previous government planned 0.8%.

US markets erased some of the day's losses in the afternoon but at the end of the day were still in the red. The DOW dropped 0.5%; its weakest names were 3M and Caterpillar owing to disappointing quarterly earnings figures. Of the S&P's sector indices, energy and industry were the laggards.

The pessimism reached the CEE region too. The stock exchanges of Poland and the Czech Republic fell 2% each. Hungary was closed to observe a national holiday.

Tuesday was rather uneventful on forex markets. The EUR/USD hugged the 1.15 line, while the yen made small gains versus the USD.

The 10Y US yield sank eight basis points (to 3.17%) and the German Bund yield shed four basis points (to 0.41%) yesterday.

Crude prices plunged in the aftermath of the murder of the Saudi Arabian journalist Jamal Khashoggi, as an increasing number of countries point the finger at the largest petroleum exporter of the world, Saudi Arabia. The Brent and the WTI nose-dived more than 4.5% each. With the unsupportive sentiment on stock markets, gold price climbed higher (+1.0%).

This morning Asia opened on a positive note. However, this may change later in the day as the US Foreign Secretary announced to revoke American visas from those who are responsible for the murder of the Saudi journalist. Meanwhile oil price picked up.

Today's important publications include the European Union's manufacturing purchasing managers' indices and the Fed's Beige Book. In the corporate world, Deutsche Bank's quarterly report may affect equity markets.

	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	2740,7	-0,6	2,5	VIX	20,7	5,4	88	WTI	66,1	-4,5	9,4
	DOW	25191,4	-0,5	1,9	US 2Y	2,88	-3	100	Brent	76,44	-4,2	14,3
	Nasdaq100	7118,7	-0,3	11,3	US 10Y	3,17	-3	77	Gold	1230,2	0,7	-5,5
	DAX	11274,3	-2,2	-12,7	GER 2Y	-0,64	-2	-1	Silver	14,73	0,8	-13,1
	CAC40	4967,7	-1,7	-6,5	GER 10Y	0,42	-4	-1	EUR/USD	1,15	0,1	-4,4
	FTSE 100	6955,2	-1,2	-9,5	PT10Y	2,02	0	10	EUR/GBP	0,88	-0,1	-0,5
	FTSE MIB	18802,5	-0,9	-14,0	IT 10Y	3,58	10	158	EUR/NOK	9,51	0,4	-3,4
	Stoxx600	354,1	-1,6	-9,0	SP 10	1,68	-4	11	USD/CAD	1,31	-0,1	4,0
	- Banks	121,4	-1,5	-26,4	iTRAXX	75,7	3,3	68	AUD/USD	0,71	0,1	-9,2
	Nikkei 225	22091,2	0,4	-3,0	JPY 2Y	-0,11	0	2	USD/JPY	112,43	-0,3	-0,2
SSEC	2601,3	0,2	-21,3	JPY 10Y	0,13	-1	8	GBP/USD	1,30	0,2	-3,9	
Regional	RTS	1106,8	-0,9	-4,1	RUS10	8,6	0,9	13	USD/RUB	65,501	0,5	13,6
	WIG20	2147,81	-2,1	-12,7	POL 10	3,2	-1,7	-3	EUR/PLN	4,30	0,2	2,9
	PX50	1060,2	-1,9	-1,7	CZ10	2,2	-0,4	42	EUR/RON	4,662	0,0	-0,3
Hungary	BUX	37186	0,0	-5,6	3M DKJ	0,02	0	-2	EUR/HUF	322,88	0,1	4,0
	OTP	10350	0,0	-3,5	1Y	0,35	0	30	USD/HUF	281,52	0,1	8,8
	MOL	2984	0,0	-0,7	3Y	1,77	0	122	CHF/HUF	282,38	0,0	6,6
	MTelekom	393	0,0	-14,3	5Y	3,27	0	210	PLN/HUF	75,23	0,0	1,3
	Richter	5350	0,0	-21,1	10Y	3,83	0	179	GBP/HUF	364,83	0,0	4,4

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

Sources: Reuters, OTP Research

Data		Cd.	Event/Data	Period	Fact	Cons.	Prev.
2018 10. 23.	16 : 00	EZ	Consumer confidence (point)	Oct	-2,7	-3,2	-2,9
	24. 2 : 30	JP	Nikkei Manufacturing PMI (points)	Oct	53,1	-	52,5
	9 : 15	FR	Markit Manufacturing PMI (points)	Oct		52,4	52,5
	9 : 15	FR	Markit Service PMI (points)	Oct		54,7	54,80
	9 : 30	DE	Markit Manufacturing PMI (points)	Oct		53,4	53,7
	9 : 30	DE	Markit Service PMI (points)	Oct		55,5	55,9
	10 : 00	EZ	Markit Manufacturing PMI (points)	Oct		53,0	53,2
	10 : 00	EZ	Markit Service PMI (points)	Oct		54,5	54,7
	15 : 45	US	Markit Manufacturing PMI (points)	Oct		55,5	55,6
	15 : 45	US	Markit Service PMI (points)	Oct		54,0	53,5
	16 : 00	CA	Interest rate decision (%)	Oct		1,75	1,50
	16 : 00	US	New home sales (annualized monthly, '000s)	Sept		625	629
	25. 10 : 00	DE	IFO Economic sentiment index (points)	Oct		103,1	103,7
	13 : 00	TR	Interest rate decision (deposit rate, %)	Oct		-	22,5
	13 : 00	TR	Interest rate decision (lending rate, %)	Oct		-	25,5
	13 : 45	EZ	Interest rate decision (deposit rate, %)	Sept		0,0	0,0
	13 : 45	EZ	Interest rate decision (lending rate, %)	Sept		-0,4	-0,4
	14 : 30	US	Durable goods orders (mom, %)	Sept		-1,0	4,4
	16 : 00	US	Pending home sales (mom, %)	Sept		-0,1	-1,8
	23 : 00	US	Vehicle sales (annualized monthly, million)	Sept		16,9	16,7
	26. 14 : 30	US	GDP (preliminary, annualized qoq, %)	Q3		3,3	4,1

Sources: Reuters, OTP Research

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