

# Global Daily Report



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## Summary

- Pessimism ruled Europe's markets on Monday. US indices swung higher at the end of trading.
- Theresa May postponed the parliamentary vote on her Brexit deal, without setting a new date.
- Oil prices dipped; US shale oil producers are not reducing their spending.

Europe's key stock markets fell noticeably in Monday's session. One reason for the sour sentiment may have been the worse-than-expected macroeconomic data, including the Sentix investor confidence index's dip into negative territory. The Stoxx600 gave back 1.9%, the DAX and the CAC40 sank 1.5% each. Europe's carmakers also slid. BASF, which had issued a profit warning after markets hours on Friday, was under selling pressure on Monday, dragging down other chemical stocks as well, but it picked up before the close. Deutsche Bank shrank almost 4%, owing to tax fraud charges.

London's FTSE slid 0.8%. UK asset prices were driven by news that the parliamentary vote on Prime Minister Theresa May's Brexit deal, scheduled for today, was put off. The report sent the pound plunging, which set equity markets in motion, but the uptick did not last long. Before the postponement was announced, the European Court of Justice had said that the United Kingdom could unilaterally halt Brexit and remain in the EU. Meanwhile, the President of the European Council, Donald Tusk made it clear that the agreement was not open for re-negotiation. The GBP weakened 1.3% versus the US dollar, to more-than-18-month low of 1.2562. The UK 10Y government bond yields fell seven basis points.

US trading also started gloomily as the Sino-American trade tensions have not eased. Yet the selling pressure lessened in the second half of the trading as some technology giants pulled the benchmark indices into positive territory. The S&P rose by 0.2%, and the Dow inched up 0.1%, after erasing a 500-point intraday loss. It was clearly the technology and telecommunications sectors that lifted indices, while the energy and financial sectors were drags on them. The winners of the day included Facebook (+3.2%), Microsoft (+2.6%), and chipmakers such as NVidia (3%), Broadcom (5%), as well as the telecommunications supplier Qualcomm (2.2%) The latter's share price rise was fuelled by news that it had won a patent dispute against Apple in China. Accordingly, China banned the sale and the import of some older iPhones. At one point on Monday, Apple stood 3% in the red, but closed 0.7% higher at the end of the day.

Oil producers' share prices sank hand in hand with crude prices. Among integrated oil giants, Exxon Mobil lost only 1.4%, and Chevron came down 0.5%, but smaller, independent producers lost two to five per cents. American banks had a sad day too, and they could not shrug off the pessimism: Bank of America closed 2.6% down, Citibank fell 2.2%, and JPMorgan shed 1.9%.

The Budapest Stock Exchange closed 0.4% down, Prague's PX dropped 1.1%, and Warsaw's WIG20 reversed 1.7% yesterday.

The dollar firmed in Friday's trading; the Bloomberg Dollar Spot Index upped 0.5%, and the EUR/USD sank 0.2%, to 1.1355. The USD/JPY practically flat-lined on Monday, and in Tuesday's session the yen firmed 0.2%.

Oil prices fell sharply on Monday, with the Brent and the WTI sliding 2.8% and 3.2% respectively. Analysts at Goldman Sachs and Morgan Stanley warn that even though the 'OPEC+ coalition' agreed to curb output by 1%, a great deal of uncertainty surrounds the details. No information is available about the specific country allocations of these cuts, furthermore Libya, Venezuela and Iran are exempt from the deal. Morgan Stanley lowered its 2019 Brent forecast by 10 US dollars. Meanwhile America's biggest shale oil producers, Conoco, Chevron, Hess, and Anadarko said they would maintain or increase their shale spending. Industrial metal prices slightly dropped yesterday.

This morning, Asia closed mixed. The indices of Japan and Korea declined, while those in mainland China and Hong Kong headed higher.

Today's important macroeconomic releases include the ZEW economic sentiment index. Hungary is to publish CPI inflation data.

	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	2637,7	0,2	-1,3	VIX	22,6	-2,5	105	WTI	51,0	-3,2	-15,6
	DOW	24423,3	0,1	-1,2	US 2Y	2,73	1,6	84	Brent	59,97	-2,8	-10,3
	Nasdaq100	6682,7	1,1	4,5	US 10Y	2,86	0,6	45	Gold	1244,5	-0,3	-4,4
	DAX	10622,1	-1,5	-17,8	GER 2Y	-0,58	1,9	5	Silver	14,53	-0,6	-14,3
	CAC40	4742,4	-1,5	-10,7	GER 10Y	0,24	-1,3	-18	EUR/USD	1,1355	-0,2	-5,3
	FTSE 100	6721,5	-0,8	-12,6	PT10Y	1,80	-0,6	-13	EUR/GBP	0,9040	1,0	1,8
	FTSE MIB	18410,1	-1,8	-15,8	IT 10Y	3,10	-3,7	110	EUR/NOK	9,7225	0,4	-1,3
	Stoxx600	339,0	-1,9	-12,9	SP 10	1,46	0,1	-11	USD/CAD	1,3393	0,6	6,5
	- Banks	113,3	-2,8	-31,3	iTRAXX	88,1	3,3	95,1	AUD/USD	0,7189	-0,1	-7,8
	Nikkei 225	21148,0	-0,3	-7,1	JPY 2Y	-0,14	0,5	0	USD/JPY	113,33	0,5	0,6
SSEC	2592,6	0,3	-21,6	JPY 10Y	0,05	0,5	-1	GBP/USD	1,2559	-1,3	-7,1	
Regional	RTS	1136,5	-1,9	-1,6	RUS10	8,7	0,1	14	USD/RUB	66,685	0,5	15,7
	WIG20	2242,1	-1,7	-8,9	POL 10	3,0	-0,6	-9	EUR/PLN	4,29	0,1	2,8
	PX50	1029,1	-1,1	-4,5	CZ10	2,0	0,1	34	EUR/RON	4,650	0,1	-0,6
Hungary	BUX	39238	-0,4	-0,4	3M DKJ	0,07	2,1	3	EUR/HUF	323,38	0,1	4,1
	OTP	11290	0,2	5,3	1Y	0,32	0,0	27	USD/HUF	284,66	0,3	10,0
	MOL	3062	-0,7	1,9	3Y	1,31	1,3	76	CHF/HUF	287,19	0,5	8,4
	MTelekom	442	0,5	-3,5	5Y	2,75	5,0	158	PLN/HUF	75,27	0,0	1,3
	Richter	5530	-1,0	-18,4	10Y	3,19	1,8	115	GBP/HUF	357,34	-1,1	2,3

\* 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 12. 10.	8 : 00 DE	Export (mom, %)	Oct	0,7	0,3	-0,8
	8 : 00 TR	GDP (qoq, %)	Q3	-1,1	-1,2	0,9
	8 : 00 TR	GDP (yoy, %)	Q3	1,6	2,7	5,2
	10 : 30 EZ	Sentix Investor confidence (points)	Dec	-0,3	8,4	8,8
	10 : 30 UK	Industrial production (mom, %)	Oct	-0,6	0,1	0,0
11.	9 : 00 HU	Inflation (yoy, %)	Nov		3,3	3,8
	9 : 00 HU	Core inflation (yoy, %)	Nov		-	3
	11 : 00 DE	ZEW Economic Sentiment (points)	Dec		-25,1	-24,1
12.	9 : 00 HU	Industrial production (second estimate, yoy, %)	Oct		-	5,9*
	11 : 00 EZ	Industrial production (mom, %)	Oct		-0,3	1,0
	14 : 30 US	core-CPI (mom, %)	Nov		0,2	0,2
	14 : 30 US	CPI (yoy, %)	Nov		2,4	2,50
	14 : 30 US	CPI (mom, %)	Nov		0,1	0,3
	14 : 30 US	core-CPI (yoy, %)	Nov		2,2	2,1
		Federal budget balance (USDbn)	Nov		-	-100,0
	0 : 0 US	Jerome Powell testimony (Economic Committe)	-		-	-
13.	8 : 00 DE	CPI (final, yoy, %)	Nov		2,3	2,3*
	13 : 45 EZ	Interest rate decision (deposit rate, %)	Dec			0,0
	13 : 45 EZ	Interest rate decision (lending rate, %)	Dec			-0,4
	14 : 30 US	Continuing jobless claims ('000s)	weekly			231,0
14.	3 : 00 CN	Infrastructural spending (yoy, %)	Nov		5,8	5,7
	3 : 00 CN	Industrial production (yoy, %)	Nov		5,9	5,9
	3 : 00 CN	Retail sales (yoy, %)	Nov		9,0	8,6
	9 : 00 EZ	Markit Manufacturing PMI (points)	Dec		52,0	51,8
	9 : 00 EZ	Markit Service PMI (points)	Dec		54	53
	9 : 00 HU	Construction output (yoy, %)	Oct		-	25,8
	9 : 15 FR	Markit Manufacturing PMI (points)	Dec			50,8
	9 : 15 FR	Markit Service PMI (points)	Dec			55,1
	9 : 30 DE	Markit Manufacturing PMI (points)	Dec		52,0	51,8
	9 : 30 DE	Markit Service PMI (points)	Dec		53,5	53,3
	14 : 30 US	Retail sales (mom, %)	Nov		0	1
	15 : 15 US	Industrial production (mom, %)	Nov		0,3	0,1
	15 : 45 US	Markit Manufacturing PMI (points)	Dec		55,2	55,3
	15 : 45 US	Markit Service PMI (points)	Dec		55,0	54,7
	16 : 00 US	Business inventories (mom, %)	Oct		0,5	0,3

\* preliminary data

Sources: Reuters, OTP Research

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