



### Summary

- China is prepared to make amendments to its industry strategy.
- Theresa May won the confidence vote.
- Italy is willing to modify its 2019 budget draft.
- The ECB's Governing Council meets today.

Western Europe's stock markets continued their march higher yesterday. The strongest performer, France's CAC40 saw all of its components end in positive territory. US markets started on a bright note. The key indices subsided later in the day, but all of them ended with gains. The optimism stemmed from China's latest move to alleviate trade tensions – it is planning to ease regulation on value added ratio, thus allowing more room to foreign investors, the Wall Street Journal reported.

Theresa May won the vote on confidence in her leadership, initiated by her own party. Her survival hardly surprised anyone, given that more than 100 Tory MPs had publicly expressed their support for the Prime Minister in advance. For the motion to succeed, half of the 317 MPs should have supported it, but only 117 voted against her. In the next 12 months, no such motion can be submitted against her. The 10Y UK bond yield rose by nine basis points, to 1.28%. The GBP regained 0.7% from the euro; the pair closed at 0.9.

On Wednesday Italy's Prime Minister Giuseppe Conte confirmed previous information that the country was willing to reduce its 2019 deficit target to 2.04% of GDP, from 2.4%. In the light of the new proposal, the European Commission will decide about the further procedure.

On Wednesday the European Parliament adopted the EU's draft budget for 2019, as well as the free trade agreement the EU and Japan had signed in July, an economic partnership that benefits the EU's agriculture and Japan's automotive industry.

Nearly all reports published yesterday supported the rise in oil prices. OPEC's daily output in November fell by 11,000 barrels from the previous month, the organization's data reveal. API and EIA reported shrinking inventories based on last week's data, and the production in Libya appears to be faltering. Reversing the morning's rise, Brent closed nearly flat, while WTI lost nearly 1%.

Matching analysts' projections, the November reading of America's consumer price index dropped to 2.2% (year/year) from 2.5% in October, owing to a drop in crude prices. Core CPI rose to 2.2%, slightly exceeding the Fed's 2% target. The dollar's 0.5% weakening sent the EUR/USD to 1.14. The 10Y US yield was up three basis points, hitting 2.9%.

Asia's leading indices headed higher this morning, with mainland China's Shanghai Composite being the strongest one.

Today's meeting of the ECB's Governing Council, the last one this year, is expected to leave the benchmark lending and deposit rates unchanged. With regard to the latest developments in the UK, today's EU summit will have the Brexit issue as a new item on its agenda. In the USA, the latest weekly reading of continuing jobless claims will see the light of day today.

	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	2651,1	0,5	-0,8	VIX	21,5	-1,4	94	WTI	51,2	-1,0	-15,3
	DOW	24527,3	0,6	-0,8	US 2Y	2,77	-0,2	88	Brent	60,15	-0,1	-10,0
	Nasdaq100	6764,0	0,9	5,7	US 10Y	2,91	2,5	50	Gold	1245,4	0,2	-4,4
	DAX	10929,4	1,4	-15,4	GER 2Y	-0,58	1,9	6	Silver	14,73	1,4	-13,1
	CAC40	4909,5	2,1	-7,6	GER 10Y	0,27	3,2	-16	EUR/USD	1,1368	0,5	-5,2
	FTSE 100	6880,2	1,1	-10,5	PT10Y	1,75	-2,8	-18	EUR/GBP	0,9000	-0,7	1,3
	FTSE MIB	18945,8	1,9	-13,3	IT 10Y	3,01	-10,7	101	EUR/NOK	9,7416	0,3	-1,1
	Stoxx600	350,0	1,7	-10,1	SP 10	1,44	-0,9	-13	USD/CAD	1,3349	-0,3	6,1
	- Banks	117,2	3,1	-29,0	iTRAXX	85,8	0,6	90,1	AUD/USD	0,7219	0,2	-7,5
	Nikkei 225	21807,0	0,9	-4,2	JPY 2Y	-0,14	-0,6	-1	USD/JPY	113,27	-0,1	0,5
	SSEC	2634,0	1,2	-20,4	JPY 10Y	0,06	0,4	1	GBP/USD	1,2629	1,2	-6,5
Regional	RTS	1125,8	-0,8	-2,5	RUS10	8,7	0,0	14	USD/RUB	66,366	0,0	15,1
	WIG20	2275,15	2,4	-7,6	POL 10	2,9	-2,1	-11	EUR/PLN	4,29	-0,2	2,8
	PX50	1030,7	1,3	-4,4	CZ10	2,0	0,2	33	EUR/RON	4,650	-0,1	-0,6
Hungary	BUX	39887	0,1	1,3	3M DKJ	0,07	0,0	3	EUR/HUF	322,83	-0,2	4,0
	OTP	11700	0,1	9,1	1Y	0,31	0,0	26	USD/HUF	283,88	-0,7	9,7
	MOL	3104	-0,2	3,3	3Y	1,28	-0,1	73	CHF/HUF	285,65	-0,7	7,8
	MTelekom	445	-0,1	-2,9	5Y	2,75	2,0	158	PLN/HUF	75,19	0,0	1,2
	Richter	5480	0,6	-19,2	10Y	3,21	1,5	116	GBP/HUF	358,52	0,5	2,6

\* 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	3,1	3,5	3,8
	9 : 00	HU Core inflation (yoy, %)	Nov	2,6	-	2,6
	11 : 00	DE ZEW Economic Sentiment (points)	Dec	-17,5	-25,0	-24,1
12.	9 : 00	HU Industrial production (second estimate, yoy, %)	Oct	5,9	-	5,9*
	11 : 00	EZ Industrial production (mom, %)	Oct	0,2	0,2	-0,3
	14 : 30	US core-CPI (mom, %)	Nov	0,2	0,2	0,2
	14 : 30	US CPI (yoy, %)	Nov	2,2	2,2	2,50
	14 : 30	US CPI (mom, %)	Nov	0,0	0,0	0,3
	14 : 30	US core-CPI (yoy, %)	Nov	2,2	2,2	2,1
			Jerome Powell testimony (Economic Committe)	-	-	-
13.	8 : 00	DE CPI (final, yoy, %)	Nov	2,3	2,3	2,3*
	13 : 45	EZ Interest rate decision (deposit rate, %)	Dec		0,0	0,0
	13 : 45	EZ Interest rate decision (lending rate, %)	Dec		-0,4	-0,4
	14 : 30	US Continuing jobless claims ('000s)	weekly		1 650	1 631
	20 : 00	US Federal budget balance (USDbn)	Nov		-188	-100
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		51,9	51,8
	9 : 00	EZ Markit Service PMI (points)	Dec		53,5	53,4
	9 : 00	HU Construction output (yoy, %)	Oct		-	25,8
	9 : 15	FR Markit Manufacturing PMI (points)	Dec		50,7	50,8
	9 : 15	FR Markit Service PMI (points)	Dec		54,8	55,1
	9 : 30	DE Markit Manufacturing PMI (points)	Dec		52,0	51,8
	9 : 30	DE Markit Service PMI (points)	Dec		53,4	53,3
	14 : 30	US Retail sales (mom, %)	Nov		0,2	0,8
	15 : 15	US Industrial production (mom, %)	Nov		0,3	0,1
	15 : 45	US Markit Manufacturing PMI (points)	Dec		55,1	55,3
15 : 45	US Markit Service PMI (points)	Dec		54,7	54,7	
16 : 00	US Business inventories (mom, %)	Oct		0,6	0,3	

\* preliminary data

Sources: Reuters, OTP Research

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