

Global Daily Report



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Summary

- US stock indices ended mixed, Europe closed in the red.
- China is willing to make concessions, in order to resolve trade tensions with the USA.
- The ECB's meeting left interest rates unchanged.
- Thursday's EU summit made no headway in Brexit

America's stock indices performed mixed on Thursday, when the Dow inched up 0.3%, the NASDAQ nudged 0.1% higher, and the S&P500 stagnated. In individual names, General Electric was one of the winners of the day, whose share price jumped 7.1% higher on news that it builds a 1.2-billion-dollar IoT (internet of things) software company, and JP Morgan changed its rating from Underweight to Neutral. The loser of the day, Monster saw its stock price shrink 7% as UBS issued Sell recommendation for its shares. Amid the unsupportive sentiment in Europe, the Stoxx600 slipped 0.2%, the CAC40 dipped 0.3%, and the DAX nearly stagnated. Defying the external headwinds, Italy's FTSE MIB picked up 0.5%, as Rome agreed to make amendments to its 2019 budget deficit forecast, reducing chances of a conflict with the European Commission.

News on the US-Chinese trade row had a huge impact on Thursday's trading. China seems willing to alter its industry policy and reduce tariffs on car imports, in order to resolve foreign trade relations. Accordingly, its central government gives up plans that local governments implement the 'Made in China 2025' strategy, an important objective of which is to secure the positions of Chinese economic players in certain hi-tech sectors. Meanwhile, Donald Trump indicated he was willing to take steps towards the release of Huawei's CFO if this could contribute to reaching a trade agreement. But his advisors warned the President that he has very limited options in this matter. In response to the arrest of Meng Wanzhou, China detained two Canadian citizens, which move hardly helps the conciliatory mood. Separately, President Trump once again criticized the Fed's interest rate policy. He expressed hope that the Federal Reserve would not raise interest rates any more. However, analysts widely expect next week's meeting of the Fed to raise fed funds rates from 2.25% to 2.5%.

Thursday's meeting of the European Central Bank's Governing Council left the benchmark rates unchanged, as expected. The ECB confirmed that it would terminate its asset purchases at the end of December. Funds from the maturing securities will be reinvested 'for an extended period of time', the announcement said. The first interest rate hike is unlikely to take place before the end of summer 2019. At the subsequent press conference, President Mario Draghi said that economic growth risks were mostly balanced, but started to tilt to the downside. He identified trade conflicts, geopolitical factors, and the general deterioration in business environment as the main sources of tension.

The European Union prolonged the sanctions against Russia by six months, citing the zero headway made in implementing the Minsk agreement. These sanctions ban arms trade with Russia, and limit Russia's access to technologies that facilitate the production and processing of oil.

Thursday's EU summit made no progress in the Brexit issue. Member states agreed that any backstop that avoids the re-introduction of border control between Northern Ireland and the Republic of Ireland may be only temporary, and insisted that the terms of leaving the bloc were non-renegotiable.

The price of Brent grew by 2.2% and WTI surged 2.8%.

The US dollar firmed 0.1% versus the euro.

China released important indicators. Industrial production expanded by 5.4% and retail sales sky-rocketed 8.1% in November, both missing expectations. Infrastructural investment grew by 5.9%, slightly exceeding analysts' projections.

The Markit purchasing manager indices for a number of countries are due out today. Important business cycle indicators will see the light of day in the USA.

	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	2650,5	0,0	-0,9	VIX	20,7	-3,8	87	WTI	52,6	2,8	-13,0
	DOW	24597,4	0,3	-0,5	US 2Y	2,76	-1,0	87	Brent	61,45	2,2	-8,1
	Nasdaq100	6768,0	0,1	5,8	US 10Y	2,91	0,5	50	Gold	1242,1	-0,3	-4,6
	DAX	10924,7	0,0	-15,4	GER 2Y	-0,58	-0,6	5	Silver	14,76	0,2	-12,9
	CAC40	4896,9	-0,3	-7,8	GER 10Y	0,28	1,4	-14	EUR/USD	1,1361	-0,1	-5,3
	FTSE 100	6877,5	0,0	-10,5	PT10Y	1,69	-5,7	-24	EUR/GBP	0,8974	-0,3	1,0
	FTSE MIB	19048,8	0,5	-12,8	IT 10Y	2,97	-4,4	97	EUR/NOK	9,7232	-0,2	-1,3
	Stoxx600	349,4	-0,2	-10,2	SP 10	1,43	-0,3	-14	USD/CAD	1,3350	0,0	6,1
	- Banks	117,2	0,0	-29,0	iTRAXX	79,7	-7,1	76,5	AUD/USD	0,7226	0,1	-7,4
	Nikkei 225	21347,8	-2,1	-6,2	JPY 2Y	-0,15	-0,6	-1	USD/JPY	113,62	0,3	0,8
SSEC	2604,3	-1,1	-21,3	JPY 10Y	0,04	-2,0	-2	GBP/USD	1,2655	0,2	-6,3	
Regional	RTS	1129,4	0,3	-2,2	RUS10	8,7	0,0	14	USD/RUB	66,240	-0,2	14,9
	WIG20	2310,66	1,6	-6,1	POL 10	3,0	0,3	-10	EUR/PLN	4,30	0,1	2,9
	PX50	1029,2	-0,2	-4,5	CZ10	2,0	-0,4	32	EUR/RON	4,649	0,0	-0,6
Hungary	BUX	40042	0,4	1,7	3M DKJ	0,08	0,6	4	EUR/HUF	323,35	0,2	4,1
	OTP	11840	1,2	10,4	1Y	0,43	12,3	38	USD/HUF	284,66	0,3	10,0
	MOL	3096	-0,3	3,0	3Y	1,28	0,2	73	CHF/HUF	285,90	0,1	7,9
	MTelekom	451	1,3	-1,6	5Y	2,75	0,0	158	PLN/HUF	75,21	0,0	1,3
	Richter	5460	-0,4	-19,5	10Y	3,23	1,9	118	GBP/HUF	360,08	0,4	3,1

* 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
13.		CPI (final, yoy, %)	Nov	2,3	2,3	2,3*
	13 : 45	EZ Interest rate decision (deposit rate, %)	Dec	0,0	0,0	0,0
	13 : 45	EZ Interest rate decision (lending rate, %)	Dec	-0,4	-0,4	-0,4
	14 : 30	US Continuing jobless claims ('000s)	weekly	1 661	1 650	1 631
	20 : 00	US Federal budget balance (USDbn)	Nov	-205	-188	-100
14.	3 : 00	CN Infrastructural spending (yoy, %)	Nov	5,9	5,8	5,7
	3 : 00	CN Industrial production (yoy, %)	Nov	5,4	5,9	5,9
	3 : 00	CN Retail sales (yoy, %)	Nov	8,1	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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This document was prepared on 14 December 2018.

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