

# Global Daily Report



## Treasury Sales Team

+40372 31 85 88

[sales.treasury@otpbank.ro](mailto:sales.treasury@otpbank.ro)

### Summary

- Stock markets closed in the red on both sides of the Atlantic.
- US government shutdown looms.
- Oil prices fell on Thursday.
- Britain's retail sales grew stronger in November than had been thought.

America's stock indices closed in the red on Thursday, with the Dow falling 2%, the Nasdaq slipping 1.6%, and the S&P500 losing 1.6%. The VIX index, an important indicator of market volatility, surged 10.9% yesterday. The Fed's projection of a flatter interest rate trajectory, released after Wednesday's rate decision, failed to calm investors. One important source of angst may be the Fed's 'quantitative tightening' programme, under which the US Federal Reserve reduces its balance sheet by USD 50 billion maturing debt every month, thus syphoning liquidity from money markets. This may lead to tighter monetary conditions, despite the flatter interest rate path. In the corporate world, one of the losers of the day, Walgreens Boots Alliance nose-dived 5% as the revenues in its quarterly report missed expectations.

In Europe's likewise pessimistic trading, the Stoxx600 shed 1.5%, the DAX slipped 1.4%, and the CAC40 closed 1.8% down. Banking shares were hit particularly hard: Deutsche Bank nose-dived 7.6%, Credit Agricole plunged 4%, and Credit Suisse lost 3.8%.

The likelihood of US government shutdown has increased. President Trump is not willing to sign the budget unless it earmarks USD 5 bn for building the wall on the Mexican border. Congress has passed the bill, but Senate is likely to reject it. Separately, Defence Secretary Jim Mattis resigned after Donald Trump's announcement on withdrawing US troops from Syria. Meanwhile, the President decided that the US pulls out of Afghanistan as well, media reports said.

On Thursday, the Bank of England's monetary policy decision-makers unanimously voted to keep the benchmark rate at 0.75%. The rationale highlighted the weakening global growth prospects and the intensifying negative risks. On the subject of Brexit, the BoE pointed out the mounting uncertainty.

US government bond yields increased – that on the 2Y one was up 2.7 bps, and the 10Y yield climbed 1.3 basis points higher.

WTI and Brent slid 5% each.

The euro gained 0.3% versus the pound and 0.6% against the US dollar.

The UK retail sales data surprised on the upside. Growing by 1.4% month/month in November, the volume significantly surpassed the 0.5% projection.

Rising by 0.2%, the November gauge of the US Leading index also wrong-footed analysts who had projected stagnation.

The eurozone's consumer confident index is due out today. The update on US personal income and consumption data may convey important information about American households.

*Please note that our next report will be out on 2 January 2019.*

	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	2467,4	-1,6	-7,7	VIX	28,4	10,9	157	WTI	45,9	-5,0	-24,1
	DOW	22859,6	-2,0	-7,5	US 2Y	2,67	2,7	78	Brent	54,35	-5,0	-18,7
	Nasdaq100	6243,2	-1,6	-2,4	US 10Y	2,79	1,3	38	Gold	1259,8	1,3	-3,3
	DAX	10611,1	-1,4	-17,9	GER 2Y	-0,59	0,6	4	Silver	14,76	1,1	-12,9
	CAC40	4692,5	-1,8	-11,7	GER 10Y	0,23	-0,9	-19	EUR/USD	1,1444	0,6	-4,6
	FTSE 100	6711,9	-0,8	-12,7	PT10Y	1,65	-2,2	-28	EUR/GBP	0,9043	0,3	1,8
	FTSE MIB	18576,9	-1,9	-15,0	IT 10Y	2,74	-4,8	74	EUR/NOK	9,9450	0,2	1,0
	Stoxx600	336,6	-1,4	-13,5	SP 10	1,38	-0,5	-19	USD/CAD	1,3507	0,2	7,4
	- Banks	112,5	-2,5	-31,8	iTRAXX	86,7	5,7	92,0	AUD/USD	0,7109	0,0	-8,9
	Nikkei 225	20166,2	-1,1	-11,4	JPY 2Y	-0,14	0,2	0	USD/JPY	111,28	-1,1	-1,2
	SSEC	2508,0	-1,1	-24,2	JPY 10Y	0,04	1,1	-1	GBP/USD	1,2655	0,4	-6,3
Regional	RTS	1083,5	-1,5	-6,1	RUS10	8,8	-0,5	15	USD/RUB	68,269	1,3	18,4
	WIG20	2306,68	-1,5	-6,3	POL 10	2,9	-1,1	-13	EUR/PLN	4,28	-0,1	2,6
	PX50	992,9	-1,5	-7,9	CZ10	2,0	1,8	34	EUR/RON	4,633	-0,5	-0,9
Hungary	BUX	39593	-0,9	0,5	3M DKJ	0,07	-0,2	3	EUR/HUF	321,36	-0,4	3,5
	OTP	11490	-0,5	7,2	1Y	0,42	6,8	37	USD/HUF	280,64	-1,0	8,4
	MOL	3090	-2,3	2,8	3Y	1,27	-0,8	72	CHF/HUF	284,13	-0,3	7,2
	MTelekom	436	-0,1	-4,9	5Y	2,69	-5,0	152	PLN/HUF	74,98	-0,3	0,9
	Richter	5565	-0,6	-17,9	10Y	3,16	-9,2	111	GBP/HUF	355,34	-0,6	1,7

\* 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. 17.	8 : 00	TR	Industrial production (SA, yoy, %)	Oct	-5,7	-4,0	-2,7	
	11 : 00	EZ	CPI (final, yoy, %)	Nov	1,9	2,0	2,0*	
	14 : 30	US	New York Fed Manufacturing index (points)	Dec	10,9	20,2	23,3	
18.	10 : 00	DE	IFO Economic sentiment index (points)	Dec	101,0	101,8	102,0	
	14 : 00	HU	Interest rate decision (%)	Dec	0,9	0,9	0,9	
	14 : 00	US	Building permits (annualized monthly, '000s)	Nov	1 328	1 259	1 265	
	14 : 30	US	Housing starts (annualized monthly, '000s)	Nov	1 256	1 225	1 228	
	19.	10 : 30	UK	Inflation (yoy, %)	Nov	2,3	2,3	2,4
		10 : 30	UK	Core inflation (yoy, %)	Nov	1,8	1,8	1,9
16 : 00		US	Existing home sales (mom, %)	Nov	5 320	5 200	5 220	
	20 : 00	US	Interest rate decision (%)	Dec	2,25-2,5	2,25-2,5	2,0-2,25	
	20 : 00	US	FOMC economic forecast	-		-	-	
	20.	5 : 00	JP	Interest rate decision (%)	Dec	-0,1	-0,1	-0,1
8 : 30		HU	Balance of payments (quarterly, EURm)	Q3	0,156	-	0,8	
9 : 00		HU	Gross wages (yoy, %)	Oct	10,8	-	10,4	
	10 : 30	UK	Retail sales (mom, %)	Nov	1,4	0,3	-0,5	
	13 : 00	UK	Interest rate decision (%)	Dec	0,8		0,75	
	14 : 00	CZ	Interest rate decision (%)	Dec	1,8	1,75	1,75	
	14 : 30	US	Continuing jobless claims ('000s)	weekly	1 688,0	1 665	1 661	
	14 : 30	US	Initial jobless claims ('000s)	weekly	214,0	216	206	
	16 : 00	US	Leading index (mom, %)	Nov	0,2	0,0	-0,3	
21.	0 : 30	JP	CPI (yoy, %)	Nov	0,8		1,4	
	0 : 30	JP	core-CPI (yoy, %)	Nov	0,9	1,0	1,0	
	9 : 00	HU	Trade balance (detailed, monthly, EUR mn)	Oct		-	293,0*	
	14 : 30	US	Durable goods orders (mom, %)	Nov		1,6	-4,3	
	16 : 00	EZ	Consumer confidence (point)	Dec		-4,3	-3,9	
	16 : 00	US	Personal income (mom, %)	Nov		0,3	0,5	
	16 : 00	US	Personal consumption (adjusted, mom, %)	Nov		0,3	0,6	

\* preliminary data

Sources: Reuters, OTP Research

**Chief Economist**

Gergely Tardos  
tardosg@otpbank.hu  
+36 1 374 7273

**Analyst**

Balázs Lukács  
balazs.lukacs@otpbank.hu  
+36 1 354 7490

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