

Global Daily Report



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Summary

- Italy's budget continues to make headlines in Europe.
- Tesla has outperformed its own forecasts, the Q3 production report shows.

Italy's draft budget was in the limelight yesterday, causing headache to investors in Europe. On Monday Jean-Claude Juncker drew parallels between the current situation in Italy and finances in Greece, pointing out that everything must be done to avoid a crisis like one seen in Greece. Speaking at the Eurogroup meeting on Monday, Italy's Finance Minister Giovanni Tria said the deficit target of 2.4% of GDP planned for the next three years, was not final. On Tuesday morning Deputy PM Luigi Di Maio said Italy would insist on its draft budget's figures. Who really spooked investors was Claudio Borghi, the eurosceptic president of the lower house budget committee in Italy's parliament, who said yesterday that Italy would solve its financial problems if it had its own currency. But seeing the intense market reaction, he immediately softened his language, saying that the country was not planning to leave the eurozone. Italy's President Giuseppe Conte confirmed this. The euro weakened 0.2% against the US dollar, closing at 1.15). Italian media reports that in Tuesday night's marathon session the government confirmed its 2019 deficit target, but lowered the figures for 2020 and 2021.

The Italian stock exchange erased most the day's previous losses, and closed only 0.2% lower. Meanwhile Italy's 10Y bond yield grew 14 basis points, to 3.43%, to a level last seen in February 2014. Western Europe's key indices fell, with Paris being the weakest performer. German car manufacturer's share price benefited from reports that the governing parties of Germany have reached an agreement with the country's car industry about the programme that swaps older diesel car to new ones, in a bid to tackle the issue of strongly polluted urban air.

The Dow was the only index on the Wall Street to climb higher. Apparently Fed chair Jerome Powell's speech left investors unimpressed. In the corporate world, Tesla published its Q3 production figures. Even though production growth surpassed expectations, delivery problems and the trade war its left their marks on Tesla's exports figures.

US and German 10Y bond yields sank four to five points, respectively. Stock markets in Hong Kong and Japan fell almost 0.5% this morning. The USD firmed versus the JPY.

Today the eurozone will release retail sales statistics for August. In the USA, the ADP institute's non-farm employment data for September will see the light of day.

	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	2923,4	0,0	9,3	VIX	12,1	0,4	9	WTI	75,2	-0,1	24,4
	DOW	26773,9	0,5	8,3	US 2Y	2,82	-1	92	Brent	84,80	-0,2	26,8
	Nasdaq100	7628,3	-0,2	19,3	US 10Y	3,06	-2	65	Gold	1202,7	1,3	-7,7
	DAX	12287,6	-0,4	-4,9	GER 2Y	-0,59	-2	5	Silver	14,64	1,2	-13,6
	CAC40	5467,9	-0,7	2,9	GER 10Y	0,42	-5	0	EUR/USD	1,15	-0,3	-3,8
	FTSE 100	7474,6	-0,3	-2,8	PT10Y	1,93	0	0	EUR/GBP	0,89	0,2	0,1
	FTSE MIB	20562,3	-0,2	-5,9	IT 10Y	3,43	14	143	EUR/NOK	9,44	0,0	-4,2
	Stoxx600	381,9	-0,5	-1,9	SP 10	1,54	1	-3	USD/CAD	1,28	0,1	1,9
	- Banks	133,0	-1,2	-19,4	iTRAXX	69,1	2,6	53	AUD/USD	0,72	-0,5	-7,9
	Nikkei 225	24108,0	-0,6	5,9	JPY 2Y	-0,11	0	2	USD/JPY	113,66	-0,2	0,9
	SSEC	2821,4	0,0	-14,7	JPY 10Y	0,14	1	9	GBP/USD	1,30	-0,5	-4,0
Regional	RTS	1181,6	-0,8	2,4	RUS10	8,5	0,0	11	USD/RUB	65,439	0,7	13,5
	WIG20	2280,04	-0,2	-7,4	POL 10	3,2	0,8	-2	EUR/PLN	4,29	0,2	2,8
	PX50	1099,1	0,1	1,9	CZ10	2,1	-2,0	40	EUR/RON	4,666	0,1	-0,3
Hungary	BUX	36877	0,0	-6,4	3M DKJ	0,01	-17	-3	EUR/HUF	322,86	0,0	4,0
	OTP	10200	-0,5	-4,9	1Y	0,44	-2	39	USD/HUF	279,61	0,3	8,0
	MOL	2956	-0,5	-1,6	3Y	1,75	-2	120	CHF/HUF	284,00	0,2	7,2
	MTelekom	396	0,1	-13,6	5Y	3,07	2	190	PLN/HUF	75,12	-0,3	1,1
	Richter	5315	1,5	-21,6	10Y	3,60	0	156	GBP/HUF	362,68	-0,3	3,8

* 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. 1.	2 : 30	JP Nikkei Manufacturing PMI (points)	Sept	52,5	-	52,9
	8 : 00	DE Retail sales (mom, %)	Aug	-0,1	0,4	-0,4
	11 : 00	EZ Unemployment rate (%)	Aug	8,1	8,2	8,2
	16 : 00	US ISM Manufacturing PMI (points)	Sept	59,8	60,5	61,30
	16 : 00	US Construction expenditure (mom, %)	Aug	0,1	0,4	0,1
2.	9 : 00	HU Trade balance (detailed, monthly, EUR mn)	Jul	362,0	-	373*
	9 : 00	HU Balance of general government sector (GDP %)	Q2	0,2	-	-1,1
	16 : 00	US Fed Vice Chair Randal Quarles testifies (Senate Banking Committee)	-	-	-	-
	18 : 00	US Fed Chairman Jerome Powell speech	-	-	-	-
	21 : 30	US Vehicle sales (annualized monthly, million)	Sept	17,4	16,9	16,7
3.	9 : 00	HU Retail sales (first estimate, yoy, %)	Aug		-	5,4
	11 : 00	EZ Retail sales (mom, %)	Aug		0,2	-0,2
	14 : 00	PL Interest rate decision (%)	Oct		1,5	1,5
	14 : 00	RO Interest rate decision (%)	Oct		2,5	2,5
	14 : 15	US ADP non-farm employment (mom, '000s)	Sept		185	163
	16 : 00	US ISM non-Manufacturing PMI (points)	Sept		58,3	58,5
4.	16 : 00	US Factory orders (mom, %)	Aug		0,9	-0,8
5.	8 : 00	DE Industrial orders (mom, %)	Aug		0,0	-0,9
	9 : 00	HU Industrial production (preliminary, yoy, %)	Aug		-	6,2
	10 : 00	HU International reserves (preliminary, EURbn)	Sept		-	24,3
	14 : 30	US Unemployment rate (%)	Sept		3,8	3,9
	14 : 30	US Average earnings (yoy, %)	Sept		3,0	2,9
	14 : 30	US Average earnings (mom, %)	Sept		0,3	0,4
	14 : 30	US Non-farm payroll (mom, '000s)	Sept		188	201

* preliminary data

Sources: Reuters, OTP Research

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