

Global Daily Report



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Summary

- Investor sentiment was negative in Europe
- US tech stocks fell on Monday
- Yields on Italian government bonds increased. Italy may be downgraded to junk?
- Inflation increased to 3.6% YoY in Hungary

In Europe, investor sentiment was negative in Monday as the Stoxx 600 fell by 1.1%, the FTSE100 by 1% and the DAX by 1.3%. The negative sentiment in Europe was preceded by the Asian session where stock indices also fell. The Chinese indices resume trading after a week with a 3% fall. The main cause for concern is still the Italian budget proposal, although the fall in German industrial production also did not help either. The Italian FTSE MIB closed 2.4% lower. Among the Italian banks, the Intesa Sanpaolo decreased by 3.3% and the Unicredit by 3.5%. The 10 year Italian government bond yield increased by 14 bps to 3.57%. This is a four year high. The 10 year German government bond increased by 18 bps which is a 2 year high. The Italian government does not want to modify its proposal despite the request the European Commission. In the meantime the market started to speculate on the downgrade of the Italian sovereign debt which would mean that the Italian debt rating would be in junk category. Due to the decrease in oil process, yesterday the BP fell by 2% and the Royal Dutch Shell by 1%. Mining stocks also decreased. The EUR and the HUF depreciated against the USD.

In the CEE region, stock markets also declined. The WIG20 declined by 1.8%, the PX by 0.7%, and BUX by 0.5%. Among the Hungarian blue chips only the OTP could increase (+0.4!), but the MOL fell by 1.4%, the MTelekom by 1.1% and the Richter by 1%.

The performance of the US stock indices were mixed yesterday. The US blue chips could gain a bit for the close and the S&P stayed close to Friday's close. The IT sector decreased on Monday. The Nasdaq100 fell by 0.6% and the Nasdaq Composite by 0.7%. Among the S&P sector, non-cyclicals and real estate increased, while the technology and telecommunications decreased. Among the tech stocks, the software and chip manufacturers declined the most due to the fact that the US-Chinese trade war is still in the focus of investors. US bond markets were closed due to holiday. The US treasury will issue USD 230 bn worth of government bonds this week.

The HUF depreciated by 0.2% yesterday against the EUR. The HUF was around 325.5 level during evening hours. The HUF depreciated against the USD by 0.4%. Hungarian bond yields did not change much yesterday. Today the HAD will issue HUF 25 bn worth of 3 month bills. The MNB did not increase the outstanding amount of FX swaps, so it stayed at HUF 1988 bn.

The price of aluminium fell by 4% as the Norsk Hydro restarted production in its alumina-refinery in Brazil, which will increase supply substantially. Among the industrial metals, the price of copper fell by 2% in London, and the price of gold and silver decreased on the New York stock exchange. Investor sentiment in the Asian session was negative. The Nikkei fell by 1.3% and the SSEC by 0.1%.

According to the Hungarian Statistical office, inflation increased to 3.6%. The analyst consensus was 3.5% yoy. The Hungarian trade surplus was EUR 51 million. German export fell by 0.1% MoM in August.

	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	2884,4	0,0	7,9	VIX	15,7	5,9	42	WTI	74,3	-0,1	22,9
	DOW	26486,8	0,2	7,2	US 2Y	2,89	0	100	Brent	83,91	-0,3	25,5
	Nasdaq100	7352,8	-0,6	15,0	US 10Y	3,23	0	82	Gold	1187,6	-1,2	-8,8
	DAX	11947,2	-1,4	-7,5	GER 2Y	-0,56	-2	7	Silver	14,34	-1,7	-15,4
	CAC40	5300,3	-1,1	-0,2	GER 10Y	0,54	-2	12	EUR/USD	1,15	-0,3	-4,2
	FTSE 100	7233,3	-1,2	-5,9	PT10Y	1,98	2	5	EUR/GBP	0,88	-0,1	-1,2
	FTSE MIB	19851,5	-2,4	-9,2	IT 10Y	3,57	16	157	EUR/NOK	9,51	-0,1	-3,4
	Stoxx600	372,2	-1,1	-4,4	SP 10	1,61	2	4	USD/CAD	1,30	0,2	3,1
	- Banks	130,0	-1,7	-21,2	iTRAXX	71,4	3,3	58	AUD/USD	0,71	0,4	-9,3
	Nikkei 225	23469,4	-1,3	3,1	JPY 2Y	-0,11	0	2	USD/JPY	113,23	-0,4	0,5
	SSEC	2713,5	-0,1	-18,0	JPY 10Y	0,16	1	11	GBP/USD	1,31	-0,3	-3,1
Regional	RTS	1158,3	-0,1	0,3	RUS10	8,9	0,9	17	USD/RUB	66,581	-0,1	15,5
	WIG20	2224,13	-1,8	-9,6	POL 10	3,3	0,2	0	EUR/PLN	4,32	0,2	3,4
	PX50	1095,4	-0,7	1,6	CZ10	2,2	0,2	42	EUR/RON	4,666	0,0	-0,2
Hungary	BUX	36768	-0,5	-6,6	3M DKJ	0,04	1	0	EUR/HUF	325,25	0,2	4,7
	OTP	10150	0,4	-5,3	1Y	0,40	0	35	USD/HUF	282,99	0,5	9,3
	MOL	2980	-1,4	-0,8	3Y	1,77	2	122	CHF/HUF	285,02	0,4	7,6
	MTelekom	395	-1,1	-13,8	5Y	3,21	0	204	PLN/HUF	75,32	0,0	1,4
	Richter	5165	-1,0	-23,8	10Y	3,77	3	172	GBP/HUF	370,53	0,5	6,1

* 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 10. 8.	8 : 00	DE	Industrial production (mom, %)	Aug	-0,3	0,4	-1,1
	10 : 30	EZ	Sentix Investor confidence (points)	Oct		11,8	12,0
	11 : 00	HU	Fiscal balance (monthly, billion HUF)	Sept		-	-155,3
9.	8 : 00	DE	Export (mom, %)	Aug		0,3	-0,90
	9 : 00	HU	Inflation (yoy, %)	Sept		3,5	3,4
	9 : 00	HU	Core inflation (yoy, %)	Sept		-	2,2
	9 : 00	HU	Trade balance (preliminary, monthly, EUR mn)	Aug		-	362,0
10.	10 : 30	UK	Industrial production (mom, %)	Aug		0	0,1
11.	13 : 30	EZ	ECB Minutes	Sept		-	-
	14 : 30	US	CPI (yoy, %)	Sept		2,8	2,7
	14 : 30	US	CPI (mom, %)	Sept		0,2	0,2
	14 : 30	US	core-CPI (yoy, %)	Sept		2,3	2,2
	14 : 30	US	core-CPI (mom, %)	Sept		0,2	0,1
	20 : 00	US	Federal budget balance (USDbn)	Sept		-	-214,0
12.	8 : 00	DE	CPI (final, yoy, %)	Sept		2	2,3*
	9 : 00	HU	Industrial production (second estimate, yoy, %)	Aug		-	1,5*
	11 : 00	EZ	Industrial production (mom, %)	Aug		0,3	-0,8
	16 : 00	US	Michigan Consumer confidence (preliminary, points)	Oct		98,5	100,1
			IMF - World Bank Annual Meeting, October 12-14	-		-	-

* preliminary data

Sources: Reuters, OTP Research

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