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Summary

- Monday's low-volatility session on global stock markets ended with mixed results.
- The USD weakened yesterday; oil price has increased.
- The Bank of America Merrill Lynch expects investors to increasingly seek consumer discretionaries next year, turning away from bonds and defensive shares.
- The Chinese macro data published this morning have beaten expectations.

Two days before the Fed's rate decision, there was a low-volatility session on global stock markets, ending with mixed results. In Europe, the DAX and the CAC40 both shed 0.1%. Meanwhile in the USA the S&P500 inched 0.1% down but the DJIA upped 0.2%, breaking a new record. Investors in Eastern Europe were less enthusiastic: the WIG20 fell 0.9%. Yields on US and German government bonds also climbed higher in Monday's trading, as markets are pricing in Wednesday's Fed interest rate meeting. Yesterday the USD weakened 0.7% versus the EUR and 0.3% against the JPY.

According to the Bank of America Merrill Lynch, investments in oil, utility, health care and media companies may be rewarding next year. Its analysts forecast decelerating growth in the eurozone in 2017 but opine that investors are likely to increasingly turn to consumer discretionaries next year, shunning bond markets and defensive stocks. They do not expect the ECB to taper its asset purchase programme in 2017, and think that investors will demand higher risk premium from European shares until the spring elections in France. Analysts at the BofA forecast 7% growth in earnings per share. Therefore they recommend healthcare, utilities, media, and oil companies for overweight in portfolios.

The Brent crude surged 2.5% yesterday. One of the most important factors is the after-effect of OPEC members' agreement to cut production. Bloomberg also adds that if OPEC and non-OPEC countries keep to their commitments, half of the global oversupply in oil may vanish by 2017, thus reducing overproduction from 1.5 million barrels to 760,000.

In today's optimistic trading in Asia, the Nikkei gained 0.5% and the SSEC closed 0.1% higher. The industrial production (+6.2% year/year) and retail sales (+10.8% year/year) data published in China this morning have surpassed economists' expectations.

Later in the day, Germany and Britain will release inflation figures. More importantly, the ZEW Economic sentiment index will be released.

	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	2257,0	-0,1	10,4	VIX	12,6	7,6	-31	WTI	52,83	2,6	42
	DOW	19796,4	0,2	14	US 2Y	1,14	0,8	8	Brent	55,69	2,5	49
	Nasdaq100	4874,3	-0,4	6,1	US 10Y	2,48	1,5	20	Gold	1162,1	0,4	10
	DAX	11190,2	-0,1	4,2	GER 2Y	-0,74	1,2	-40	Silver	17,07	1,4	23
	CAC40	4760,8	-0,1	2,7	GER 10Y	0,41	5,1	-23	EUR/USD	1,0634	0,7	-2,1
	FTSE 100	6890,4	-0,9	10	PT10Y	3,83	0,1	129	EUR/GBP	0,8383	-0,2	14
	FTSE MIB	18370,3	0,4	-14	IT 10Y	2,01	-3,1	41	EUR/NOK	8,9724	-0,1	-6,5
	Stoxx600	353,7	-0,5	-3	SP 10	1,50	-1,4	-28	USD/CAD	1,3129	-0,3	-5,1
	- Banks	135,6	-0,4	-9	iTRAXX	72,1	-0,8	-6	AUD/USD	0,7496	0,6	3,0
	Nikkei 225	19250,5	0,5	1	JPY 2Y	-0,18	0,7	-17	USD/JPY	115,02	-0,3	-4
	SSEC	3155,0	0,1	-11	JPY 10Y	0,09	1,5	-19	GBP/USD	1,2675	0,8	-14
Regional	RTS	1148,6	3,5	52	RUS10	8,48	-0,8	-13	USD/RUB	60,967	-2,4	-16
	WIG20	1882,6	-0,9	1,3	POL 10	3,64	0,7	24	EUR/PLN	4,4480	0,0	4,5
	PX50	905,4	0,5	-5,3	CZ10	0,57	1,4	-4	EUR/RON	4,4936	-0,1	-0,6

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2016 12. 12.	20 : 00 US	Federal budget balance (USDbn)	Nov.	-137,0	-	-44,0
13.	3 : 00 CN	Industrial production (yoy, %)	Nov.	6,2	6,1	6,1
	3 : 00 CN	Retail sales (yoy, %)	Nov.	10,8	10,1	10,0
	3 : 00 CN	Infrastructural spending (yoy, %)	Nov.	8,3	8,3	8,3
	8 : 00 DE	CPI (final, yoy, %)	Nov.		0,8	0,8*
	10 : 30 UK	CPI (yoy, %)	Nov.		1,1	0,9
	11 : 00 DE	ZEW Economic Sentiment (points)	Dec.		14,0	13,8
14.	1 : 30 JP	Nikkei Manufacturing PMI, flash (points)	Dec.		-	51,3
	9 : 00 HU	Industrial production (second estimate, yoy, %)	Oct.		-	-2,1*
	11 : 00 EZ	Industrial production (mom, %)	Oct.		0,3	-0,8
	14 : 30 US	Retail sales (mom, %)	Nov.		0,5	0,8
	15 : 15 US	Industrial production (mom, %)	Nov.		-0,1	0,0
	16 : 00 US	Business inventories (mom, %)	Oct.		-0,2	0,1
	20 : 00 US	Interest rate decision (%)	Dec.		0,5-0,75	0,25-0,5
15.	9 : 00 HU	Construction output (yoy, %)	Oct.		-	-13,2
	9 : 00 FR	Markit Service PMI (points)	Dec.		52,0	51,6
	9 : 00 FR	Markit Manufacturing PMI (points)	Dec.		52,0	51,7
	9 : 30 DE	Markit Service PMI (points)	Dec.		55,0	55,1
	9 : 30 DE	Markit Manufacturing PMI (points)	Dec.		54,5	54,3
	10 : 00 EZ	Markit Service PMI (points)	Dec.		53,8	53,8
	10 : 00 EZ	Markit Manufacturing PMI (points)	Dec.		53,8	53,7
	10 : 30 UK	Retail sales (mom, %)	Nov.		0,2	1,9
	13 : 00 UK	Interest rate decision (%)	Dec.		0,3	0,3
	14 : 30 US	New York Fed Manufacturing index (points)	Dec.		3,0	1,5
	14 : 30 US	CPI (yoy, %)	Nov.		1,7	1,6
	14 : 30 US	CPI (mom, %)	Nov.		0,2	0,4
	14 : 30 US	core-CPI (yoy, %)	Nov.		2,2	2,1
	14 : 30 US	core-CPI (yoy, %)	Nov.		0,2	0,1
16.	9 : 00 HU	Retail sales (second estimate, yoy, %)	Oct.		-	2,6*
	11 : 00 EZ	CPI (final, yoy, %)	Nov.		0,6	0,6*
	14 : 30 US	Building permits (annualized monthly, '000s)	Nov.		1237	1260
	14 : 30 US	New home sales (annualized monthly, '000s)	Nov.		1237	1260

*Preliminary data

Source: Reuters, OTP Research

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