

# Global Daily Report



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### Summary

- European stock markets were upbeat but their US peers could not preserve gains until the close on Friday.
- Apple lowered its Q4 guidance; its share price shrank 7%.
- The US labour market statistics for October have beaten expectations.

Inspired by Thursday's rally in America, European markets opened on a strong note on Friday. The benign sentiment owed a lot to information leaked by President Trump, suggesting that China and the USA might reach trade agreement. Except for the FTSE's 0.3% loss, the most important stock indices in Europe ended in positive territory: the Stoxx600 and the CAC40 added 0.3% each, while the DAX advanced 0.4%. Italy's banks did relatively well at the European Banking Authority's stress tests; the FTSE-MIB jumped 1.1%, Intesa gained 1.0%, and Unicredit sky-rocketed 3.2% on Friday. The stress test, which was based on data from 2017, ranked Britain's Barclays the lowest.

In the CEE region, the WIG20 leapt 2.1% higher, while the PX dipped 0.3%. Turkey's benchmark rose by 1.9%.

Friday's trading in America started optimistically but markets ran out of steam soon. The US labour market report for October signified a stronger-than-expected expansion in employment: the non-farm payroll count grew by 250,000, beating forecasts of 190,000, and the previous month's figure was revised slightly down. The unemployment rate stagnated at 3.7% last month, and for the first time since 2009, the rise in average wages accelerated to more than 3%, as expected. The stronger-than-expected month-over-month increase in factory goods orders, at 0.7% in September, left investors unimpressed; the August gauge was revised upwards. Markets struggled to digest Apple's disappointing earnings report, which put the tech sector under strong selling pressure. In the after-hours trading that followed the release of Apple's earnings report on Thursday, the tech giant nose-dived 7%, and ended Friday's trading 6.6% in the red. Despite the better-than-expected figures in its quarterly report, Apple's guidance for the fourth quarter, which includes the Christmas season, was softer than the previous one, which may reflect a subdued demand for new iPhones. The S&P closed 0.6% lower on Friday, dragged down by technology and telecom companies. The real property sector was also an underperformer. The Nasdaq Composite shed 1.0%, and the Nasdaq100 dropped 1.5%. Friday's selloff on US bond markets sent the 30Y bond yield eight basis points higher, to a more-than-four-year high of 3.46%. The 10Y benchmark yield also upped eight basis points.

Reversing Thursday's major firming, the pound lost 0.3% against the US dollar on Friday. On Thursday, the Bank of England's policy meeting left the benchmark rate as well as the size of its asset purchases unchanged. On Friday, BoE governor Mark Carney confirmed that he had really meant considering interest rate hikes in case of a no-deal Brexit. In Standard & Poor's estimate, a no-deal Brexit might bring a five-quarter-long recession to the United Kingdom, reducing its GDP by 1.2% in 2019 and by 1.5% in 2020. The US dollar firmed against the euro (+0.2%) and the yen (+0.4%) on Friday. In Europe, the yields on 10Y government bonds were up four basis points in Germany and Britain.

The WTI crude slipped 0.9% on Friday but the Brent was practically flat. The US sanctions on Iran's oil exports took effect this morning. But eight countries, reportedly including China, are negotiating with the USA to be able to buy some petroleum from Iran. Meanwhile Saudi Arabia, the Emirates, Russia, and Iraq may all boost their production to make up for the loss of oil from Iran. Yet reserves available to exports remain very thin. Any disruption in Libya or Nigeria would lead to sudden and sharp price increases, experts warn. Amid the globally supportive sentiment, gold price dropped on Friday but that of platinum (1%) and palladium (2%) went up. In industrial metals, copper jumped more than 3%.

Asia's stock indices were seen in the red this morning – apparently, optimism has evaporated from equity markets.

A string of purchasing managers' indices is due out today; the UK and USA will release services sector PMIs.

	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	2723,1	-0,6	1,8	VIX	19,5	0,9	77	WTI	63,1	-0,7	4,4
	DOW	25270,8	-0,4	2,2	US 2Y	2,91	6	102	Brent	72,83	-0,1	8,9
	Nasdaq100	6965,3	1,5	8,9	US 10Y	3,21	7	80	Gold	1232,5	0,0	-5,4
	DAX	11519,0	0,4	-10,8	GER 2Y	-0,64	1	-1	Silver	14,71	-0,2	-13,2
	CAC40	5102,1	0,3	-4,0	GER 10Y	0,44	4	1	EUR/USD	1,14	-0,2	-5,1
	FTSE 100	7094,1	-0,3	-7,7	PT10Y	1,91	2	-2	EUR/GBP	0,88	0,1	-1,2
	FTSE MIB	19390,3	1,1	-11,3	IT 10Y	3,31	-7	131	EUR/NOK	9,53	0,0	-3,3
	Stoxx600	364,1	0,3	-6,4	SP 10	1,59	0	2	USD/CAD	1,31	0,2	4,2
	- Banks	125,3	1,1	-24,1	iTRAXX	70,5	-2,4	56	AUD/USD	0,72	-0,1	-7,7
	Nikkei 225	21899,0	1,6	-3,8	JPY 2Y	-0,13	0	1	USD/JPY	113,18	0,4	0,5
	SSEC	2665,4	-0,4	-19,4	JPY 10Y	0,13	0	8	GBP/USD	1,30	-0,3	-4,0
Regional	RTS	1134,8	0,3	-1,7	RUS10	8,6	-0,1	14	USD/RUB	66,115	0,7	14,7
	WIG20	2197,68	2,1	-10,7	POL 10	3,2	0,6	-2	EUR/PLN	4,31	-0,3	3,1
	PX50	1067,7	-0,3	-1,0	CZ10	2,1	-0,3	41	EUR/RON	4,656	-0,1	-0,4
Hungary	BUX	37155	0,0	-5,6	3M DKJ	0,04	0	0	EUR/HUF	321,56	-0,3	3,6
	OTP	10300	0,0	-3,9	1Y	0,34	0	29	USD/HUF	282,39	-0,1	9,1
	MOL	3006	0,0	0,0	3Y	1,67	0	112	CHF/HUF	284,88	0,0	7,5
	MTelekom	391	0,0	-14,6	5Y	3,13	0	196	PLN/HUF	74,45	0,0	0,2
	Richter	5330	0,0	-21,4	10Y	3,68	0	163	GBP/HUF	365,57	0,0	4,6

\* 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 11. 5.	9 : 00	HU Trade balance (detailed, monthly, EUR mn)	Aug		-	51,0*
	10 : 30	EZ Sentix Investor confidence (points)	Nov		10,1	11,4
	16 : 00	US Economic forecast of the European Commission	Oct	-	60,0	61,6
6.	8 : 00	DE Industrial orders (mom, %)	Sept		-0,6	2,00
	14 : 00	RO Interest rate decision (%)	Nov		2,5	2,5
		US Senate elections	-		-	-
7.	8 : 00	DE Industrial production (mom, %)	Sept		0,1	-0,3
	9 : 00	HU Retail sales (first estimate, yoy, %)	Sept		-	6,8
	11 : 00	EZ Retail sales (mom, %)	Sept		0,1	-0,2
	14 : 00	PL Interest rate decision (%)	Nov		1,5	1,5
8.	8 : 00	DE Export (mom, %)	Sept		0,30	-0,10
	9 : 00	HU Industrial production (preliminary, yoy, %)	Sept		-	2
	9 : 00	HU Inflation (yoy, %)	Oct		3,5	3,6
	9 : 00	HU Core inflation (yoy, %)	Oct		-	2,4
	10 : 00	HU International reserves (preliminary, EURbn)	Oct		-	23,7
	20 : 00	US Interest rate decision (%)	Nov		2,0-2,25	2,0-2,25
9.	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Sept		-	51,0
	10 : 30	UK Industrial production (mom, %)	Sept		0,1	0,2
	10 : 30	UK GDP (first estimate, yoy, %)	Q3		1,5	1,2
	11 : 00	HU Fiscal balance (monthly, billion HUF)	Oct		-	149,8
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Nov		98,0	98,6

\*preliminary data

Sources: Reuters, OTP Research

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