

Summary

- US midterm elections held markets in a state of uncertainty.
- Republicans seem to maintain control in Senate and Democrats are likely to have gained majority in the House of Representatives, the latest results suggest.
- Western Europe closed in the red while Wall Street ended with gains.
- The CEE region's indices dropped yesterday.

The developed world's stock markets closed mixed on US Election Day. Apparently, investors thought twice before making major decisions, waiting to see if Democrats succeed in obtaining majority in Senate from Republicans. It appears that Republicans not only kept their majority but they even tightened their grip on Senate, while Democrats won control over the House of Representatives. Because of the two-chamber system, legislators may face a hard time as the House may block Republicans' agenda at any time from now on.

Europe's key indices subsided yesterday. Corporate earnings reports ruled the day again. Intesa Sanpaolo's profit sky-rocketed by a whopping 28% from the same period of last year, helping its share price gain 1.8% by the end of Tuesday's session. Deutsche Post's report also surprised on the upside; its share price surged 3.4%.

Indices on Wall Street closed higher but on below-average trading volumes. At sector level, Materials were the best performers, while the consumer discretionary and the energy sectors lagged behind. The latter's pale performance was in sync with the Brent price's 2.0% fall, to a seven-month low.

The indecision on Western Europe's stock markets left its mark on the CEE region's indices. The BUX dropped 0.3%.

In emerging currencies, the Turkish lira had an eventful day, losing more than 1% against the euro and the US dollar. The EUR/USD barely changed. US bond yields climbed higher, with the 2Y yield hitting 2.93%, a level last seen in 2008.

News from the USA dragged down Asia's most important indices; only Hong Kong's Hang Seng could eke out some gain. The US dollar opened on a weak note against the yen and the euro.

Statistics on Germany's industrial orders surprised on the upside, yet it signifies rather modest pick-up from the previous month. Today the eurozone's retail sales data for September are worth keeping an eye on, as well as investors' reaction to the outcome of US midterm elections.

	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	2755,5	0,6	3,1	VIX	19,9	-0,3	80	WTI	62,2	-1,4	3,0
	DOW	25635,0	0,7	3,7	US 2Y	2,93	2	104	Brent	72,13	-1,4	7,9
	Nasdaq100	6988,9	0,7	9,3	US 10Y	3,21	2	80	Gold	1226,4	-0,4	-5,8
	DAX	11484,3	-0,1	-11,1	GER 2Y	-0,64	0	-1	Silver	14,53	-0,7	-14,2
	CAC40	5075,2	-0,5	-4,5	GER 10Y	0,43	1	1	EUR/USD	1,14	0,2	-4,8
	FTSE 100	7040,7	-0,9	-8,4	PT10Y	1,92	2	-1	EUR/GBP	0,87	-0,3	-1,8
	FTSE MIB	19268,3	-0,1	-11,8	IT 10Y	3,41	9	141	EUR/NOK	9,56	0,2	-3,0
	Stoxx600	362,6	-0,3	-6,8	SP 10	1,61	3	4	USD/CAD	1,31	0,1	4,3
	- Banks	124,6	-0,3	-24,5	iTRAXX	69,6	-0,4	54	AUD/USD	0,72	0,5	-7,1
	Nikkei 225	22085,8	-0,3	-3,0	JPY 2Y	-0,13	0	1	USD/JPY	113,42	0,2	0,7
	SSEC	2641,3	-0,7	-20,1	JPY 10Y	0,12	-1	7	GBP/USD	1,31	0,4	-3,1
Regional	RTS	1151,1	1,4	-0,3	RUS10	8,6	0,1	14	USD/RUB	66,048	0,0	14,6
	WIG20	2230,34	-0,2	-9,4	POL 10	3,2	-0,5	-4	EUR/PLN	4,30	0,0	3,0
	PX50	1066,2	-0,6	-1,1	CZ10	2,1	-0,2	40	EUR/RON	4,660	0,0	-0,4
Hungary	BUX	37666	-0,3	-4,3	3M DKJ	0,05	0	1	EUR/HUF	321,78	0,0	3,6
	OTP	10590	0,9	-1,2	1Y	0,35	1	30	USD/HUF	281,55	-0,2	8,8
	MOL	2986	-1,8	-0,6	3Y	1,61	-1	106	CHF/HUF	280,82	0,0	6,0
	MTelekom	404	1,0	-11,9	5Y	3,05	-8	188	PLN/HUF	74,75	0,0	0,6
	Richter	5450	-1,2	-19,6	10Y	3,59	-4	155	GBP/HUF	368,84	0,3	5,6

* 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	31,0	-	51,0*
	10 : 30	EZ Sentix Investor confidence (points)	Nov	8,8	10,1	11,4
	16 : 00	US Economic forecast of the European Commission	Oct	60,3	60,0	61,6
6.	8 : 00	DE Industrial orders (mom, %)	Sept	0,3	-0,6	2,00
	14 : 00	RO Interest rate decision (%)	Nov	2,5	2,5	2,5
		US Senate elections	-	-	-	-
7.	8 : 00	DE Industrial production (mom, %)	Sept	0,2	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		0,3	-0,1
	9 : 00	HU Industrial production (preliminary, yoy, %)	Sept		-	1,5
	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	1,5
	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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