

Summary

- Amid the gloom in advanced economies' stockmarkets, Europe's Stoxx600 slipped 1% on Monday.
- The Dow fell 600 points, and US indices closed near their intraday low.
- Crude oil prices extended their losses.

The world's stock markets opened on a weak note. Even though Asia's stock exchanges eked out small gains on Monday morning, Europe's benchmarks could not stay afloat. The Stoxx600 shed 1.0%, while the DAX dropped 1.8%, and the FTSE fell 0.7%. The Stoxx600's biggest losers came from the technology and consumer goods sectors. The euro's 0.9% weakening sent the EUR/USD to an 18-month low of 1.1235. One day before Tuesday's deadline to resubmit Italy's revised 2019 budget to the European Commission, Italian government bond yields rose, with the 10Y bond yield climbing four basis points, to an almost-two-week high of 3.438%. Meanwhile the yield on Germany's 10Y bond inched down one basis point and that on the UK 10Y bond sank four bps. The pound's depreciation pushed the GBP/USD to 1.2854. Even though the legal text of Brexit was finalized, it is feared that PM Theresa May's plan may not go through Parliament in case of a vote in the House of Commons, which would imply severe political consequences, and would make a no-deal Brexit more likely.

The sour sentiment peaked in America, where the technology sector nose-dived: the Nasdaq100 plummeted 3.0%, dragged down by Apple's 5% plunge, among other names. There are concerns about demand for iPhone; one of the tech giant's supplier, Lumentum Holdings lowered its own sales and profit forecasts mentioning that a major customer (the market assumes it is Apple) has significantly reduced its orders for its shipments. The Nasdaq Composite and Nasdaq100 fell more than 200 points each, which is dwarfed by Dow's 600-point (-2.3%) loss. In individual names, General Electric fell 7% to close at USD 8 – on Friday J.P. Morgan cut target price from USD 10 to USD 6, citing the company's 100-billion-dollar liability. The S&P lost 2.0% yesterday, dragged down by the technology, energy, and consumption discretionary sectors. Amazon, Netflix, and Home Depot also booked sizeable losses. Goldman Sachs nose-dived 7.5% yesterday, owing to corruption investigation in Malaysia. The wildfires in California sent the local utility companies' share prices tumbling. The US dollar extended its gains on Monday, when bond markets were closed to observe Veterans' Day.

A slide in oil prices kept the energy sector's shares under pressure; the WTI slumped 1.6% yesterday, to less than 60 USD/barrel for the first time since February. The WTI has been subsiding for 11 trading days in a row – an unprecedented event since the product was launched in 1983, Marketwatch reminds. Meanwhile Saudi Arabia announced plans to extend the production cuts, starting from 2019. Brent edged down 0.1% yesterday but remained above USD 70. The negative sentiment left its mark on industrial metal prices, where zinc's more than 1% contraction was the sharpest move.

In today's Asia trading Japan's Nikkei lost 2.1% while China's benchmarks achieved gains.

Today Germany will publish the ZEW economic sentiment index and the USA is to release the federal budget balance for October. In the corporate world, Britain's Taylor Wimpey construction firm and Germany's Bayer will reveal their earnings reports.

	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	2726,2	-2,0	2,0	VIX	20,5	17,8	85	WTI	59,9	-0,4	-0,8
	DOW	25387,2	-2,3	2,7	US 2Y	2,93	0	104	Brent	70,12	-0,1	4,9
	Nasdaq100	6829,1	-3,0	6,8	US 10Y	3,19	0	78	Gold	1200,6	-0,7	-7,8
	DAX	11325,4	-1,8	-12,3	GER 2Y	-0,64	-1	0	Silver	13,96	-1,4	-17,6
	CAC40	5059,1	-0,9	-4,8	GER 10Y	0,39	-2	-4	EUR/USD	1,12	-1,0	-6,5
	FTSE 100	7053,1	-0,7	-8,3	PT10Y	1,96	1	3	EUR/GBP	0,87	-0,1	-1,7
	FTSE MIB	19055,9	-1,0	-12,8	IT 10Y	3,45	5	145	EUR/NOK	9,56	0,0	-3,0
	Stoxx600	362,0	-1,0	-7,0	SP 10	1,61	1	4	USD/CAD	1,32	0,3	5,3
	- Banks	122,1	-2,2	-26,0	iTRAXX	71,8	3,0	59	AUD/USD	0,72	-0,7	-8,1
	Nikkei 225	21810,5	-2,1	-4,2	JPY 2Y	-0,14	0	0	USD/JPY	113,83	0,0	1,0
	SSEC	2654,9	0,9	-19,7	JPY 10Y	0,11	0	6	GBP/USD	1,28	-1,0	-4,9
Regional	RTS	1114,8	-0,6	-3,4	RUS10	9,0	0,6	18	USD/RUB	67,846	-0,1	17,7
	WIG20	2232,25	0,0	-9,3	POL 10	3,2	0,4	-2	EUR/PLN	4,30	0,4	3,1
	PX50	1081,8	-0,7	0,3	CZ10	2,1	-0,7	38	EUR/RON	4,654	0,0	-0,5
Hungary	BUX	38108	-1,2	-3,2	3M DKJ	-0,08	-9	-12	EUR/HUF	322,14	0,2	3,7
	OTP	11000	-0,9	2,6	1Y	0,34	-1	29	USD/HUF	286,91	1,2	10,8
	MOL	3014	-2,1	0,3	3Y	1,72	3	117	CHF/HUF	283,76	0,8	7,1
	MTelekom	402	-0,2	-12,2	5Y	3,16	3	199	PLN/HUF	74,82	0,0	0,7
	Richter	5350	-0,9	-21,1	10Y	3,70	1	165	GBP/HUF	368,84	0,2	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. 12.	9 : 00	HU Construction output (yoy, %)	Sept	25,8	-	24,4
13.	8 : 00	DE CPI (final, yoy, %)	Oct	2,5	2,5	2,5*
	9 : 00	HU Economic forecast of the European Commission	Sept		-	-0,6*
	11 : 00	DE ZEW Economic Sentiment (points)	Nov		-25,0	-24,70
	20 : 00	US Federal budget balance (USDbn)	Oct		-	119,0
	20 : 00	DE Angela Merkel speaks at Süddeutsche Zeitung Economic Summit	-		-	-
14.	0 : 50	JP GDP (preliminary, qoq, %)	Q3		-0,3	0,7
	3 : 00	CN Industrial production (yoy, %)	Oct		5,7	5,80
	3 : 00	CN Retail sales (yoy, %)	Oct		9,1	9,2
	3 : 00	CN Infrastructural spending (yoy, %)	Oct		5,5	5,40
	8 : 00	DE GDP (preliminary, yoy, %)	Q3			2,3
	8 : 00	DE GDP (preliminary, qoq, %)	Q3		-0,1	0,50
	8 : 00	RO GDP (preliminary, yoy, %)	Q3		3,3	4,1
	9 : 00	CZ GDP (preliminary, yoy, %)	Q3			2,40
	9 : 00	CZ GDP (preliminary, qoq, %)	Q3			0,7
	9 : 00	HU GDP (preliminary, yoy, %)	Q3			4,80
	9 : 00	HU GDP (preliminary, qoq, %)	Q3			1,0
	9 : 00	SK GDP (preliminary, yoy, %)	Q3		3,9	4,20
	10 : 00	PL GDP (preliminary, yoy, %)	Q3			5,1
	10 : 30	UK Inflation (yoy, %)	Oct		2,5	2,40
	10 : 30	UK Core inflation (yoy, %)	Oct		2,0	1,9
	11 : 00	EZ Industrial production (mom, %)	Sept		-0,3	1,00
	11 : 00	EZ GDP (preliminary, yoy, %)	Q3		1,7	1,7*
	11 : 00	EZ GDP (preliminary, qoq, %)	Q3		0,2	0,2*
	14 : 30	US CPI (yoy, %)	Oct		2,4	2,3
	14 : 30	US CPI (mom, %)	Oct		0,3	0,10
	14 : 30	US core-CPI (yoy, %)	Oct		2,2	2,2
	14 : 30	US core-CPI (mom, %)	Oct		0,2	0,10
15.	0 : 5	US Jerome Powell speech	-		-	-
	10 : 30	UK Retail sales (mom, %)	Oct		0,2	-0,80
	14 : 30	US Retail sales (mom, %)	Oct		0,4	0,1
	14 : 30	US New York Fed Manufacturing index (points)	Nov		20,5	21,10
	16 : 00	US Business inventories (mom, %)	Sept		0,3	0,5
16.	11 : 00	EZ CPI (final, yoy, %)	Oct		2,2	2,2*
	15 : 15	US Industrial production (mom, %)	Oct		0,2	0,3

* preliminary data

Sources: Reuters, OTP Research

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