

# Global Daily Report



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### Summary

- Pessimism ruled Wednesday's trading on both sides of the Atlantic
- Italy sticks to its 2019 deficit target, despite the European Commission's recommendation
- The UK government accepted the draft Brexit deal
- The CEE region published cheering GDP data

US equity markets were rather pessimistic on Wednesday: the Dow dropped 0.8%, closing in the red for the fourth consecutive day, in its longest losing streak since mid-August. The Nasdaq slipped 0.9%, and the S&P500 lost 0.8%. One of the biggest losers of the day was Apple, whose shares contracted by 2.9%.

The sentiment in Europe was not any better – the DAX and the Stoxx600 shed 0.6% each, and the FTSE100 closed 0.3% lower.

The disagreement between a defiant Italy and the European Commission is intensifying. On Wednesday economy minister Giovanni Tria said that Italy would insist on its fiscal deficit target of 2.4% for 2019, despite criticism from the EU. If Rome sticks to its position, Italy may face excessive deficit procedure, which may imply a penalty amounting to 0.2% of its GDP. Italian government bond yields increased.

Britain has accepted the draft on Brexit terms. Under the agreement, a transition period will follow Britain's leave, during which Britain would follow the EU's rules but it would not have a say in the bloc's decisions. This transition period will also allow parties to agree on long-term trade relations. Britain also made concessions in the issue of Northern Ireland, which will remain a UK customs territory, but certain EU rules would apply to Northern Ireland. In the next step, the current agreement will be debated by Britain's parliament. Brexit hardliners are dissatisfied with the draft, fearing that the current situation, in which the UK is bound by the EU customs rules, will prevail unless a long-term trade deal is struck.

In answer to a question at a conference in Dallas, Fed Chair Jerome Powell said that even though the US economy's prospects are positive, global economic growth has decelerated since last year, and the adverse developments in the international environment pose negative risk for the US economy's expansion.

Larry Kudlow, the Director of the US National Economic Council disagrees with what Peter Navarro, President Trump's foreign trade advisor said, that 'globalist billionaires' exert pressure on the White House in order to end the trade war with China. The public dispute between two high-ranking officials of the Trump administration adds to the uncertainty that surrounds the USA's trade talks strategy with China. The USA will not implement the tariffs on Europe's vehicle imports at this point, Bloomberg's sources inform. President Trump may have agreed to abstain from introducing protectionist measures before the trade talks with the EU end.

The EUR appreciated 0.3% against the US dollar and 0.4% versus the GBP.

Oil prices picked up 1%.

A number of countries published the first estimates on their Q3 GDP. The CEE region's economies, except for the Czech one, did better than analysts had projected. Hungary's GDP expanded by 4.8% year/year, beating analysts' projection of 4.3% growth. In seasonally adjusted terms, economic output rose by 1.2% from the previous quarter.

Today the USA will release important macroeconomic statistics. Elsewhere, reactions to the Brexit deal are worth keeping an eye on.

	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	2701,6	-0,8	1,0	VIX	21,3	6,1	92	WTI	56,3	1,0	-6,9
	DOW	25080,5	-0,8	1,5	US 2Y	2,86	-3	97	Brent	66,12	1,0	-1,1
	Nasdaq100	6769,9	-0,9	5,8	US 10Y	3,12	-2	71	Gold	1210,8	0,7	-7,0
	DAX	11412,5	-0,5	-11,7	GER 2Y	-0,64	0	0	Silver	14,13	1,0	-16,6
	CAC40	5068,9	-0,6	-4,6	GER 10Y	0,40	-1	-2	EUR/USD	1,13	0,2	-5,7
	FTSE 100	7033,8	-0,3	-8,5	PT10Y	1,97	2	4	EUR/GBP	0,87	0,0	-2,0
	FTSE MIB	19077,5	-0,8	-12,7	IT 10Y	3,50	6	151	EUR/NOK	9,62	0,3	-2,3
	Stoxx600	362,3	-0,6	-6,9	SP 10	1,63	1	6	USD/CAD	1,32	0,0	5,2
	- Banks	123,9	-0,4	-24,9	iTRAXX	73,0	3,2	62	AUD/USD	0,72	0,2	-7,3
	Nikkei 225	21803,6	-0,2	-4,2	JPY 2Y	-0,13	1	0	USD/JPY	113,61	-0,2	0,8
	SSEC	2662,1	1,1	-19,5	JPY 10Y	0,11	0	6	GBP/USD	1,30	0,2	-3,8
Regional	RTS	1117,3	1,6	-3,2	RUS10	8,7	-4,0	14	USD/RUB	67,072	-1,4	16,3
	WIG20	2231,9	0,6	-9,3	POL 10	3,3	0,8	-2	EUR/PLN	4,29	0,1	2,8
	PX50	1084,4	0,5	0,6	CZ10	2,1	-0,5	38	EUR/RON	4,657	0,0	-0,4
Hungary	BUX	39116	2,3	-0,7	3M DKJ	0,00	2	-4	EUR/HUF	322,24	-0,1	3,8
	OTP	11570	2,4	7,9	1Y	0,34	0	29	USD/HUF	284,86	-0,3	10,1
	MOL	3088	3,7	2,8	3Y	1,65	-5	110	CHF/HUF	283,05	-0,2	6,8
	MTelekom	413	1,9	-9,9	5Y	3,14	-5	197	PLN/HUF	74,98	-0,2	0,9
	Richter	5285	0,5	-22,1	10Y	3,65	-8	160	GBP/HUF	370,00	-0,1	5,9

\* 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	-	-0,6*
	11 : 00	DE ZEW Economic Sentiment (points)	Nov	-24,1	-25,0	-24,70
	20 : 00	US Federal budget balance (USDbn)	Oct	-100,0	-100,0	119,0
	20 : 00	DE Angela Merkel speaks at Süddeutsche Zeitung Economic Summit	-	-	-	-
	14. 0 : 50	JP GDP (preliminary, qoq, %)	Q3	-0,3	-0,3	0,7
	3 : 00	CN Industrial production (yoy, %)	Oct	5,9	5,7	5,80
	3 : 00	CN Retail sales (yoy, %)	Oct	8,6	9,1	9,2
	3 : 00	CN Infrastructural spending (yoy, %)	Oct	5,7	5,5	5,40
	8 : 00	DE GDP (preliminary, yoy, %)	Q3	1,1	1,3	2,3
	8 : 00	DE GDP (preliminary, qoq, %)	Q3	-0,2	-0,1	0,50
	8 : 00	RO GDP (preliminary, yoy, %)	Q3	4,3	3,3	4,1
	9 : 00	CZ GDP (preliminary, yoy, %)	Q3	2,3	2,5	2,40
	9 : 00	CZ GDP (preliminary, qoq, %)	Q3	0,4	0,7	0,7
	9 : 00	HU GDP (preliminary, yoy, %)	Q3	4,8	4,3	4,80
	9 : 00	HU GDP (preliminary, qoq, %)	Q3	1,2	-	1,0
	9 : 00	SK GDP (preliminary, yoy, %)	Q3	4,6	3,9	4,20
	10 : 00	PL GDP (preliminary, yoy, %)	Q3	5,1	4,7	5,1
	10 : 30	UK Inflation (yoy, %)	Oct	2,4	2,5	2,40
	10 : 30	UK Core inflation (yoy, %)	Oct	1,9	2,0	1,9
	11 : 00	EZ Industrial production (mom, %)	Sept	-0,3	-0,3	1,00
	11 : 00	EZ GDP (preliminary, yoy, %)	Q3	1,7	1,7	1,7*
	11 : 00	EZ GDP (preliminary, qoq, %)	Q3	0,2	0,2	0,2*
	14 : 30	US CPI (yoy, %)	Oct	2,5	2,5	2,3
	14 : 30	US CPI (mom, %)	Oct	0,3	0,3	0,10
	14 : 30	US core-CPI (yoy, %)	Oct	2,1	2,2	2,2
	14 : 30	US core-CPI (mom, %)	Oct	0,2	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		0,5	0,1
	14 : 30	US New York Fed Manufacturing index (points)	Nov		20,0	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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