

Global Daily Report



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Summary

- Stock markets ended mixed on Friday
- The USD strengthened 0.7% against the euro
- The USA will not raise tariffs on Chinese goods further on 1 January. Parties agreed to allow 90 days for talks.
- This morning Asia's stock markets marched higher, benefiting from the USA-China agreement.

In Friday's upbeat US trading, the S&P500 grew by 0.8%, and the Nasdaq100 advanced 0.7%. In contrast, European markets were rather cautious: the DAX shed 0.4%, the FTSE100 fell 0.8%, while the CAC40 closed nearly flat. In Central and Eastern Europe, Warsaw's WIG20 dropped 0.5%, while the BUX climbed 0.6% higher.

The government bond yields of Germany and the USA edged lower, while Italy's 10Y bond yields inched up.

In the relief rally in this morning's Asian session, mainland China's SSEC surged 2.5%, and Japan's Nikkei gained 1%. The supportive sentiment owes a lot to the agreement made at the weekend's G20 summit, where the presidents of China and the USA struck a deal. The USA will not raise tariffs on Chinese goods further on 1 January, while China will crack down on fentanyl, a synthetic drug that is in part to blame for the opioid crisis in the USA. Parties allow 90 days of talks to settle their trade disputes. On Sunday night President Trump tweeted that China had agreed to reduce tariffs on US car imports. China has not commented.

China's stock markets could rise even though China's manufacturing PMI remained only a tad above the 50 mark. The purchasing managers' index, which signifies the development of new orders, rose to 50.9, from 50.4. Unpromisingly, export orders fell from 48.8 to 47.7 (any reading below the 50 line indicates contraction).

On Friday the US dollar firmed 0.7% against the euro, but stayed flat versus the yen. The euro gained 0.4% from sterling.

The prices of Brent and WTI slipped 1.3% each. Qatar announced to quit OPEC on 1 January, and shift its focus on natural gas production instead. Qatar may boost its petroleum output, analysts say. It is the world's 11th largest oil producer but ranks second in natural gas exports.

In precious metals, gold and silver dipped 0.1% and 0.9% respectively.

It has become less likely that on the 11 December vote the UK House of Commons approves the Brexit deal it had signed with the EU. On Sunday MPs from both sides of the political spectrum urged a new Brexit referendum as the current deal comes with such severe terms that caught many Brexiteers by surprise.

The European Commission is to request Italy to reduce the deficit target in its 2019 budget bill from 2.4% to 2%, Bloomberg reported. The lower house of Italy's parliament will debate cost-cutting proposals on Wednesday.

This week's important statistics include detailed GDP data from the eurozone. Some of the key events are the Fed chairman's hearing on Tuesday, the publication of the Fed's Beige Book, as well as Wednesday's OPEC meeting. The USA will release labour market statistics on Friday.

	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	2760,2	0,8	3,2	VIX	18,1	-3,8	64	WTI	50,8	-1,3	-16,0
	DOW	25538,5	0,8	3,3	US 2Y	2,81	0	92	Brent	58,71	-1,3	-12,2
	Nasdaq100	6949,0	0,7	8,6	US 10Y	3,01	-2	60	Gold	1221,9	-0,1	-6,2
	DAX	11257,2	-0,4	-12,9	GER 2Y	-0,60	0	4	Silver	14,17	-0,9	-16,4
	CAC40	5003,9	0,0	-5,8	GER 10Y	0,31	-1	-12	EUR/USD	1,13	-0,7	-5,7
	FTSE 100	6980,2	-0,8	-9,2	PT10Y	1,84	-1	-9	EUR/GBP	0,89	-0,4	-0,1
	FTSE MIB	19189,0	0,2	-12,2	IT 10Y	3,21	1	121	EUR/NOK	9,73	0,1	-1,2
	Stoxx600	357,5	-0,2	-8,1	SP 10	1,51	0	-6	USD/CAD	1,33	0,1	5,7
	- Banks	121,3	-1,3	-26,5	iTRAXX	81,0	1,5	79	AUD/USD	0,73	0,0	-6,2
	Nikkei 225	22574,8	1,0	-0,8	JPY 2Y	-0,13	0	1	USD/JPY	113,46	0,0	0,7
SSEC	2654,1	2,5	-19,7	JPY 10Y	0,08	0	3	GBP/USD	1,28	-0,3	-5,6	
Regional	RTS	1126,1	-1,3	-2,5	RUS10	8,7	0,0	14	USD/RUB	67,060	1,2	16,3
	WIG20	2291,08	-0,5	-6,9	POL 10	3,0	-2,4	-8	EUR/PLN	4,29	0,2	2,8
	PX50	1068,7	0,3	-0,9	CZ10	2,1	0,2	37	EUR/RON	4,649	-0,2	-0,6
Hungary	BUX	40109	0,6	1,9	3M DKJ	0,06	0	2	EUR/HUF	323,44	0,0	4,2
	OTP	11440	0,4	6,7	1Y	0,34	-4	29	USD/HUF	285,76	0,7	10,4
	MOL	3164	-0,4	5,3	3Y	1,26	-7	71	CHF/HUF	286,23	0,4	8,0
	MTelekom	450	-0,4	-1,7	5Y	2,68	-11	151	PLN/HUF	75,46	0,0	1,6
	Richter	5625	3,0	-17,0	10Y	3,15	-9	111	GBP/HUF	365,22	0,7	4,5

* 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 12 3.	8 : 00	TR Inflation (yoy, %)	Nov	21,6	22,6	25,2
	9 : 00	HU Manufacturing PMI (points)	Nov		-	57,3
	16 : 00	US ISM Manufacturing PMI (points)	Nov		58,0	57,7
	16 : 00	US Construction expenditure (mom, %)	Oct		0,4	0,0
	21 : 30	US Vehicle sales (annualized monthly, million)	Nov		17,3	17,6
5.	9 : 00	HU Retail sales (SA, first estimate, yoy, %)	Oct		-	5,40
	9 : 00	HU GDP (detailed, yoy, %)	Q3		4,8	4,8*
	11 : 00	EZ Retail sales (mom, %)	Oct		0,2	0,0
	14 : 00	PL Interest rate decision (%)	Dec		1,5	1,5
	14 : 15	US ADP non-farm employment (mom, '000s)	Nov			227
	16 : 00	US ISM non-Manufacturing PMI (points)	Nov		59,9	60,3
	16 : 15	US Jerome Powell testimony (Economic Committe)	-		-	-
	20 : 00	US Fed Beige Book	-		-	-
6.	8 : 00	DE Industrial orders (mom, %)	Oct		-0,4	0,30
	9 : 00	HU Industrial production (preliminary, yoy, %)	Oct		-	-0,6
	16 : 00	US Factory orders (mom, %)	Oct		-2,0	0,7
		OPEC Meeting	-		-	-
7.	8 : 00	DE Industrial production (mom, %)	Oct		0,3	0,2
	9 : 00	HU Trade balance (preliminary, monthly, EUR mn)	Oct		-	268,0
	10 : 00	HU International reserves (preliminary, EURbn)	Nov		-	24,7
	11 : 00	EZ GDP (detailed, yoy, %)	Q3		1,7	1,7*
	11 : 00	EZ GDP (detailed, qoq, %)	Q3		0,2	0,2*
	11 : 00	HU Fiscal balance (monthly, billion HUF)	Nov		-	-181,6
	14 : 30	US Unemployment rate (%)	Nov		3,7	3,7
	14 : 30	US Average earnings (yoy, %)	Nov		3,1	3,1
	14 : 30	US Average earnings (mom, %)	Nov		0,3	0,2
	14 : 30	US Non-farm payroll (mom, '000s)	Nov		205	250
	16 : 00	US Michigan Consumer confidence (preliminary, points)	Dec		97,0	97,5

* preliminary data

Sources: Reuters, OTP Research

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