OTP Weekly Outlook

Next week:

- *The US stimulus package, the ECB's rate-setting meeting, China's GDP and PMI indices could be in the spotlight next week*

- ***This week:***
  - *Despite the announcement of a new US stimulus, global stock markets close with a weekly fall as worsening pandemic, slow vaccination, and weak US labour market data all deteriorated the sentiment*
  - *Surprisingly good data from the eurozone, disappointing US job market, but new stimulus package from Joe Biden*
  - *The USD edged higher; but Powell's dovish speech limited gains*
  - *Oil prices retreated, while food was on the rise*

Market summary table

Indices	Last price	1 week change (%)	YTD (%)	Interest rates	Last price	1 week change (bps)	YTD (bps)	FX rates	Last price	1 week change (%)	YTD (%)	Commodity	Last price	1 week change (%)	YTD (%)
S&P500	3780	-1.2	0.6	US 2 year	0.14	0.8	2.0	Dollar index	90.551	0.5	0.7	Brent	56	-0.8	7.3
Russel 2000	2132	1.9	8.0	US 10 year	1.13	-1.0	19.2	EURUSD	1.211	-0.9	-0.8	WTI	53	1.2	8.9
Stoxx 600	408	-0.7	2.3	DE 2 year	-0.73	-1.7	-0.9	USDJPY	103.78	0.2	-0.5	Gold	1842	-0.4	-3.0
DAX	13820	-1.6	0.7	DE 10 Year	-0.55	-1.6	3.4	GBPUSD	1.361	0.3	-0.4	Silver	25	-1.6	-5.2
CAC40	5614	-1.6	1.1	SP 10 year	0.06	1.9	1.5	AUDUSD	0.772	-0.5	0.3	Palladium	2454	3.2	0.2
FTSE100	6739	-2.0	4.3	UK 10 year	0.29	1.0	10.5	USDCAD	1.273	-0.2	0.0	Copper	361	-1.8	2.5
FTSE MIB	22493	-1.3	1.2	IT 10 year	0.64	7.5	6.3	USDCHF	0.888	-0.3	-0.4	Steel	1062	-0.7	5.7
Nikkei 225	28519	3.7	3.9	JP 10 year	0.03	-0.1	1.4	NZDUSD	0.716	-1.2	-0.4	Wheat	679	6.2	5.9
CSI 300	5458	-0.7	4.7	CH 10 year	3.11	0.0	0.4	CNHUSD	6.479	-0.2	0.4	Corn	531	7.1	9.8

Source: Bloomberg

The ECB's rate-setting meeting, US stimulus package, China's GDP and PMI indices could be in the spotlight next week

Next week the focus in Europe will be on the ECB's meeting, while the US market will follow the negotiations of Joe Biden's new American Rescue Plan in Congress, waiting for further details to be unveiled in terms of financing. Joe Biden's inauguration, possible simultaneous turmoil in the streets, as well as Donald Trump's impeachment could also be closely watched events. That said, January PMI data from both the USA and Europe could be market movers, as well as China's Q4 GDP figures. Meanwhile, the pandemic situation and the pace of vaccinations will also be in the spotlight.

We start the week with a bunch of Chinese data, most notably Q4 *GDP* and December business cycle indicators. **China** is the only large economy that has managed to go through the covid crisis with only one quarterly GDP fall. Being the origin of the pandemic, and handling it very efficiently, the country was the first to enter and exit the covid crisis. After the 6.8% YoY fall in Q1 2020, GDP picked up fairly quickly, Q2 growth rate jumped by 3.2%, which sped up to 4.9% in Q3 on account of significant spending stimulus. The market foresees a further pick-up in Q4, to 6.1% as all three key indicators (*industrial production, retail sales, and fixed asset investment*), turned out to be stronger in October-November than in Q3. Further to this, the consensus expects flat industrial production growth, additional pickup in retail sales and infrastructural investment for December.

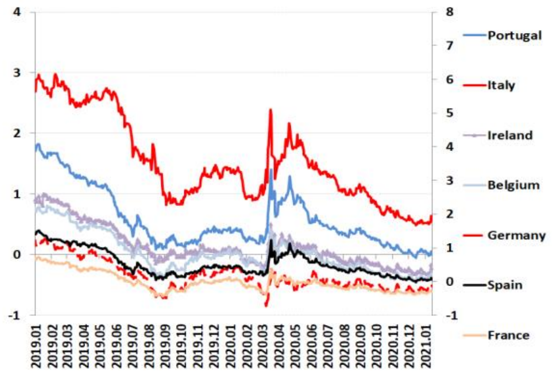
As for the **euro area,** the *ECB* holds *monetary policy* meeting, and the January *business confidence indices* are scheduled for release**.** At its December meeting, the ECB left interest rates unchanged, signalling that they are unlikely to increase before inflation approaches its 2% target. That said, the European Central Bank has extended its pandemic asset purchase program (PEPP) for nine months, in which it will be able to buy additional EUR 500 billion worth of government securities, bringing the total to EUR 1,850 billion. It also extended by one year the TLTRO III programme, which provides refinancing to banks with government securities collateral. Incoming data suggest that Q4 recession was likely smaller than thought before, mostly on account of the German industry's favourable performance. Although the new virus mutation likely lead to longer lockdowns in Q1 than could have been expected in early December, and vaccinations proceed sluggishly, long-term government bond yields remained at low levels, despite a sharp increase in US treasury yields, and the political turmoil in Italy. Hence, the most likely outcome of the ECB's Thursday meeting is to wait and see how previous measures and the pandemic unfolds. Nevertheless, the political crisis in Italy could be a new cause for concern, with former prime minister Matteo Renzi pulling his party out of the ruling coalition and bringing Giuseppe Conte's government to the brink of collapse.

In terms of business confidence indices, January *PMIs*, to be published on Friday, will likely show a small deterioration in both manufacturing and services on account of tight lockdowns, according to the consensus, but the manufacturing component is likely to remain above the 50 threshold, signifying expansion.

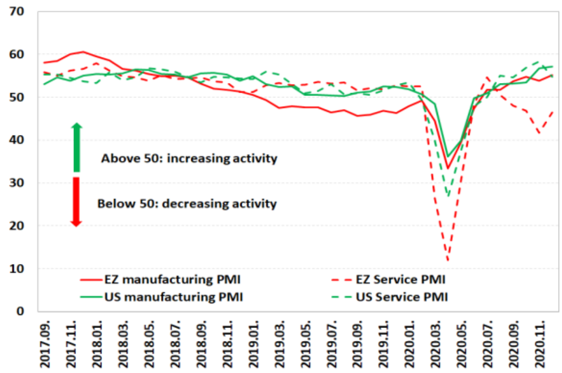
The **US** data are somewhat less likely to make an impact. The batch of *housing* data for December will likely show some correction after a sharp MoM growth in November building permits, but the sector is thought to be in good shape. Friday's *PMI* will probably show some weakness but will be more resilient than in Europe. Both manufacturing and services indicators are expected to exceed the 50 mark, but drop a few points from the December gauge. Given the sharp rise in the week before, the *weekly labour market statistics* could also catch the eye. Initial jobless claims data will be published for the week ending 14 January and continuing claims for w/e 9 January. More details will see the light of day on Joe Biden's new stimulus package, which could heavily affect global GDP, inflation outlook, as well as US yields, and the financing situation of emerging markets.

Another interesting event, in the emerging world, could be the rate-setting meeting of *the Central Bank of Turkey* (CBT). On 24 December 2020, the CBT raised its benchmark one-week repo rate by 200bps to 17%, the highest since August of 2019, and beating market forecasts of a 150bps hike. That was the second consecutive rate hike under the central bank's new governor, who had pledged to tighten policy to ensure price stability. Previously, the central bank increased rates by 475bps in November. Since the CBT's latest meeting, the TRY has been steadily strengthening against the USD, although most recently it seems to have stabilized. However, inflation, at 14.6% in December, has not reached a peak yet. Therefore it will be interesting to see whether the Bank is comfortable with the current rate level.

10Y government bond yields in the euro area (%)



PMI indices for the USA and euro area



Source: Bloomberg, Refinitiv

What to watch next week

Data			Cd.	Event/Data	Period	Cons.	Prev.
2021	1. 18.	3 : 00	CN	Infrastructural spending (YoY, %)	Dec	3.2	2.6
		3 : 00	CN	Industrial production (YoY, %)	Dec	6.9	7.0
		3 : 00	CN	Retail sales (YoY, %)	Dec	5.5	5.0
		3 : 00	CN	GDP (QoQ, %)	Q4	3.2	2.7
		3 : 00	CN	GDP (YoY, %)	Q4	6.1	4.9
		15 : 00	EU	Eurogroup virtual meeting (covid19 situation)	-	-	-
	19.	11 : 00	DE	ZEW Economic Sentiment (points)	Jan	60.0	55.0
	20.	8 : 00	UK	Inflation (YoY, %)	Dec	0.5	0.3
		16 : 00	CA	Interest rate decision (%)	Jan		0.3
	21.	4 : 00	JP	Interest rate decision (%)	Jan	-0.1	-0.1
		12 : 00	TR	Interest rate decision (%)	Jan		17.0
		13 : 45	EZ	Interest rate decision (lending rate, %)	Jan		0.0
		13 : 45	EZ	Interest rate decision (deposit rate, %)	Jan		-0.5
		14 : 30	US	Building permits (annualized monthly, '000s)	Dec	1600.0	1635.0
		14 : 30	US	Housing starts (annualized monthly, '000s)	Dec	1560.0	1547.0
		14 : 30	US	Initial jobless claims ('000s)	weekly		965.0
		14 : 30	US	Continuing jobless claims ('000s)	weekly		5271.0
		16 : 00	EZ	Consumer confidence (point)	Jan	-15.0	-13.9
		18 : 00	EU	Europeam Council virtual meeting (covid19 situation)	-	-	-
	22.	0 : 30	JP	core-CPI (YoY, %)		-1.1	-0.9
		0 : 30	JP	CPI (YoY, %)	Dec		-0.9
		8 : 00	UK	Retail sales (MoM, %)	Dec	1.0	-3.8
		9 : 15	FR	Markit Manufacturing PMI (points)	Jan	50.8	51.1
		9 : 15	FR	Markit Service PMI (points)	Jan	48.3	49.1
		9 : 30	DE	Markit Manufacturing PMI (points)	Jan	58.0	58.3
		9 : 30	DE	Markit Service PMI (points)	Jan	45.5	47.0
		10 : 00	EZ	Markit Manufacturing PMI (points)	Jan	55.0	55.2
		10 : 00	EZ	Markit Service PMI (points)	Jan	44.8	46.4
		10 : 30	UK	Manufacturing PMI (points)	Jan	53.0	57.5
		10 : 30	UK	Service PMI (points)	Jan	45.3	49.4
		15 : 45	US	Markit Manufacturing PMI (points)	Jan	56.5	57.1
		15 : 45	US	Markit Service PMI (points)	Jan	54.0	54.8
		16 : 00	US	Existing home sales (annualized monthly, '000s)	Dec	6530.0	6690.0

Global stock markets close with a weekly fall, despite the announcement of a new US stimulus, as worsening pandemic, slow vaccination and week US labour market data deteriorated the sentiment

Pandemic situation: new cases and deaths break records in the USA, a third wave started in most Western Europe countries, but the situation is still on a moderate downward trajectory in CEE.

The number of daily new covid infections steadily rose in the USA, along with the daily related deaths, which reached an all-time high this week. After a slow initial phase, the rollout of the vaccine accelerated in the country. The number of injected doses reached 11 million on Thursday. In Western Europe, Ireland and the UK are still suffering from the new and more contagious variant of the virus. This week, Portugal and Spain experienced a quick leap of daily new infection counts. Portugal announced a lockdown from Friday and will implement similar measures as last spring. Germany expects a greater infection rate in the following weeks, due to the new variant detected in the UK, and considers tougher restrictions. In general, the infection rate slowly fell or stagnated in the CEE region. China reported a sudden climb of new covid cases and was forced to implement localized lockdowns within the country's borders.

The European Medicines Agency received application for conditional marketing authorization of the AstraZeneca vaccine. It is more than welcomed as vaccination is very sluggish in the EU; in most countries only 1%-2% of the population has received the jab so far. Israel still takes the lead in the world, by vaccinating almost 25% of its population. This rate is 5% in the UK, and near 3.5% in the USA.

Not a strong week for Europe and the USA, despite the announcement of significant US stimulus plan

Both European and US major stock indices closed the week with loss. Even Joe Biden's announcement of an additional stimulus (amounting to 9% of GDP) could not cheer up markets, as investor were concerned about the pandemic situation, weaker-than-expected US labour market data, and the slow pace of vaccination in most countries.

In **Europe**, the *STOXX600* shed 0,7% on Friday afternoon, but *FTSE100* took the lead in the fall by 2.0%, probably as the UK has the worst pandemic situation in Europe's countries. Germany’s *DAX* shrank 1.6%, as France's *CAC40*. Among sectors, health care was the best performer (+1.9%), while tech (+1.0%) and auto parts (+0.1%) could also partly shrug off bad news. The biggest declines were observed with utilities (-3.1%), retail (-2.2%) and household goods (-2.3%)

In the **USA** the *S&P* posted a 1.2% weekly decline by Friday afternoon, the *Russell 2000, the* small cap index stood at +1.9% growth. Contrary to Europe, where oil and gas fell (-1.3%), here energy was the best performer by +4.7%. This difference partly followed oil prices, as WTI could grow further (+1.2) this week, while Brent fell (-0.8%). Financials (+0.6) and real estate (+0.5) could also grow slightly, while the biggest fall was observed with telco (-3.3%) and consumer staples (-2.2%). Overall, despite the announcement of Biden’s new, close to 9% of GDP fiscal package, market could not find reassuring news, as the pandemic situation deteriorated, vaccination was slow, and macro data turned out weaker than expected. Additionally, more and more analysts ask the question, what will be the source of financing for the stimulus.

Surprisingly good data from the eurozone; disappointing labour market data, but new stimulus package in the USA

Indicators for the **euro area** in general turned out to be better than expected. *Industrial production* rose 2.5% MoM in November 2020, a seventh consecutive month of growth and surpassing market expectations of 0.2% uptick. Capital goods output jumped by 7.0 percent (vs 2.9% in October) and intermediate goods production advanced 1.5 percent (vs 2.3% in October). Meanwhile, the output of durable consumer goods (e.g. television and washing machines), dropped 1.2%, reversing a 1.5% rise in the previous month. Production also fell for both energy (-3.9%) and non-durable consumer goods (-1.7%). At country level, the favourable figure was driven by strong performance in Germany, while Italy's indicator fell below the consensus (-1.4% vs -0.4%). Further to this, the January *Sentix index,* at 1.3 points, also beat the consensus (0.7). Overall, better-than-expected confidence data for December, together with hard data up to November, suggests that industry grew in the eurozone in Q4, mitigating the effect of the recession in the services sector on GDP. Meanwhile, Germany's economy contracted by 'only' 5% last year, a smaller fall than in 2009. Admittedly, the country's statistics office said on Thursday that the economy probably stagnated in the final three months of the year, which seems better than expectations.

Incoming macro data for the **USA** was mostly disappointing this week. First, in terms of hard business cycle data, retail sales fell by 0.7% MoM in December, as opposed to a consensus of stagnation. Second business survey's turned out to be also weaker than expected. Finally, Thursday brough a huge negative surprise in weekly unemployment claims. The number of Americans filing for unemployment benefits for the first time has increased to 965,000 in the week ending 9 January, from the previous week's revised level of 784,000 and well above market expectations of 795,000. This was the highest initial jobless claims figure since mid-August, amid record jump in COVID-19 cases, deaths, and hospitalizations, and new restrictive measures across the USA. Also, about 284,000 people applied for help from the Pandemic Unemployment Assistance scheme, which covers workers that do not qualify for initial claims, compared with 161,000 in the previous period. At the same time, continuing jobless claims rose to 5.271 million in the week ended 2 January, from 5.072 million a week before, and exceeding market expectations of 5.061 million. The only exception was industrial production, which held-up remarkably well with +1.6% MoM, as oppose to a consensus of +0.5%. All these suggest, that finally the US economy, and in particular its domestic demand is not immune to the new wave of the pandemic, while the long delay in the second US fiscal stimulus also took its toll on activity.

On Thursday, president-elect Joe Biden proposed an *additional fiscal stimulus,* worth USD 1,900 billion, or close to 9% of GDP. The plan is expected to include expanded federal unemployment benefits, state and local aid, money for schools and small businesses, a provision to boost the second round of stimulus checks from US 600 to 2,000 and a major expansion of the child tax credit—a popular proposal among both Democrats and Republicans. Additionally, it foresees to more than double the minimum wage. It will also focus heavily on pandemic response measures and include money for vaccine distribution and coronavirus testing. Later this spring, Biden plans to press for more spending on infrastructure, jobs and tax changes, to help bolster recovery in the long term. However, the question is whether he will be able to push it through both chambers of Congress in that form. Indeed, it is uncertain whether all Democratic Senators will support everything in this plan - Senator Joe Manchin has already been critical of the proposed USD 2000 stimulus cheques. It remains to be seen whether all of the package will be fully extra fiscal stimulus, or other revenue raising measures will also follow. In the former case, US budget deficit could reach 20% of GDP this year. Further to this, together with widespread vaccination and the corresponding recovery, inflation and long-term treasury yields could increase significantly. That scenario could also heavily affect emerging markets' monetary and budgetary policies.

The week was light in terms of **China's macro data.** The published *export growth* for December dropped by 18.1% YoY, to a fresh record USD 281.9 billion in December 2020, easing from a 21.1% jump in the previous month, although well above the market consensus of a 15% rise, as global demand continued to recover from the COVID-19 crisis, despite the yuan's sharp appreciation in recent months. This was the seventh consecutive month of growth, mainly supported by demand for medical supplies and electronics products for working from home.

The EUR/USD fell, but Jerome Powell's speech limited dollar gains; US 10Y yield and oil retreated after last week's rise; food took over the lead in price growth

The dollar strengthened last week, especially after President-elect Joe Biden outlined his plans for additional stimulus. But gains were limited after Federal Reserve Chairman Jerome Powell declined to join any discussion about reducing monetary stimulus, in an interview. In the meantime, US 10Y government bond yields fell slightly, after last week's rise of nearly 20 bps. However, the tendency was not uniform throughout the week. Up to Tuesday, significant further increase was observed, peaking above 1.18, however the rest of the week brought a massive decline to around 1.13.

Oil stood around 55 USD/barrel on Friday afternoon, which is slightly below last Friday for Brent, and reflects a small uptick for WTI. Nevertheless, after last weeks' significant gain, it could keep its strength rather than grow further. At the same time, global food prices started to rally, jumping nearly 6-7% in a week.

Performance of US sectors

Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
S&P500	SPX Index	3779.6	-1.2	0.6
IT	S5INFT Index	2264.7	-1.6	-1.2
Health care	S5HLTH Index	1359.5	-0.7	2.7
Financials	S5FINL Index	516.5	0.6	5.3
Telco	S5TELS Index	214.0	-3.3	-3.6
Consumer discretionary	S5COND Index	1336.7	-1.2	2.6
Industrials	S5INDU Index	751.6	-0.8	0.3
Consumer staples	S5CONS Index	674.2	-2.2	-3.2
Utilities	S5UTIL Index	316.5	-0.2	-0.8
Energy	S5ENRS Index	327.6	4.7	14.5
Real estate	S5RLST Index	223.3	0.5	-2.0
Materials	S5MATR Index	476.1	-1.1	4.5

Source: Bloomberg

Performance of Europe's sectors

Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
Stoxx 600	SXXP Index	408.3	-0.7	2.3
Health care	SXDP Index	902.8	1.9	2.7
Industrial goods & services	SXNP Index	643.5	-0.9	2.3
Banks	SX7P Index	113.2	-0.7	4.6
Personal & households goods	SXQP Index	920.3	-2.3	-1.3
Insurance	SXIP Index	285.6	-0.6	2.3
Food and beverages	SX3P Index	701.1	-1.7	-1.9
Technology	SX8P Index	623.6	1.0	3.3
Utilities	SX6P Index	394.9	-3.1	2.8
Oil & gas	SXEP Index	255.3	-1.3	8.0
Chemicals	SX4P Index	1125.8	-1.9	1.0
Construction & materials	SXOP Index	517.5	-2.0	5.0
Telco	SXKP Index	211.0	-0.1	2.6
Retail	SXRP Index	397.9	-2.2	0.5
Financial services	SXFP Index	626.0	-0.2	3.3
Basic resources	SXPP Index	545.4	-2.4	9.2
Real estate	SX86P Index	166.3	-0.7	-2.6
Auto & parts	SXAP Index	520.4	0.1	-1.3
Media	SXMP Index	287.3	-1.1	1.5
Travel & leisure	SXTP Index	232.5	0.1	3.7

Source: Bloomberg

Performance of the regional stock indices

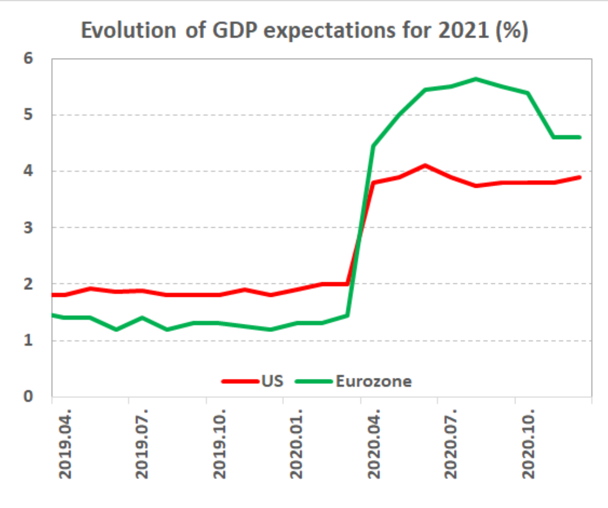
Name		Performance					Valuation***			Fundamentals				
Country	Index	Last Price	1M changre (%)	3M changre (%)	6M changre (%)	12M changre (%)	P/E*	P/B	P/S	ROE (%)	Current Ratio	Debt to equity (%)	Change in EPS growth in the last 4 week (%)	Change in EPS growth in the last 3 month (%)
USA	SPX Index	3780	2.3	8.5	17.1	14.9	30.2	4.2	2.8	11.1	1.4	122.3	23.2	21.9
Europe	SXXP Index	408	3.9	12.5	9.2	-2.7	53.4	2.0	1.4	4.2	1.1	195.1	5.7	37.0
Germany	DAX Index	13820	3.4	8.8	6.9	2.9	73.0	1.8	1.1	3.1	1.2	133.4	182.6	34.3
France	CAC Index	5614	1.5	16.1	9.9	-6.9	60.0	1.7	1.3	3.0	1.1	245.5	111.0	59.2
Poland	WIG20 Index	1999	2.2	22.8	11.4	-7.7	31.0	1.2	0.9	3.0	1.1	56.0	43.5	13.7
Czechia	PX Index	1077	9.1	25.9	13.6	-4.9	16.2	1.2	1.6	7.8	1.2	168.7	10.5	11.6
Hungary	BUX Index	44371	5.9	34.2	25.4	-0.4	19.4	1.1	0.9	5.2	1.2	61.1	1042.8	51.8
Romania	BET Index	10301	7.6	17.4	22.1	2.2	12.6	1.1	1.5	8.8		33.0		
Bulgaria	SOFIX Index	465	6.3	9.3	5.2	-20.0	3.4	0.5	0.6	15.0	3.2	61.9		
Russia	IMOEX Index	3474	7.0	23.3	26.4	10.9	15.5	1.1	1.2	7.2	1.4	71.3	145.2	65.1
Ukraine	PFTS Index	499	-1.7	-2.2	0.0	-1.2		0.8			0.8	10.4		
Slovenia	SBITOP Index	954	7.5	14.5	9.6	-2.0	8.6	0.9	0.6	9.9	1.6	28.9		
Croatia	CRO Index	1830	6.1	14.1	13.8	-10.7	91.1	1.0	1.1	1.1	1.4	53.4		
Serbia	BELEX15 Index	736	2.1	6.7	12.3	-8.4	16.1	0.6	0.8	4.3	1.7	20.6		
Montenegro	MNSE10 Index	740	17.2	13.3	2.8	-6.1	16.1	0.3	1.0	1.9	2.2	15.0		

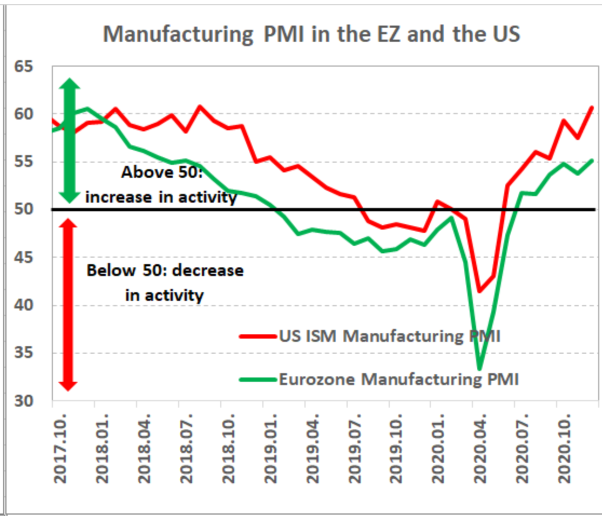
*Price to earnings (P/E) ratio is calculation with the 12M trailing EPS in the denominator.
***Bear in mind that some of the country index could be very sector heavy (only a handful industry consists of the majority of the index),
***therefore direct comparision of only valuation metrics could be misleading.

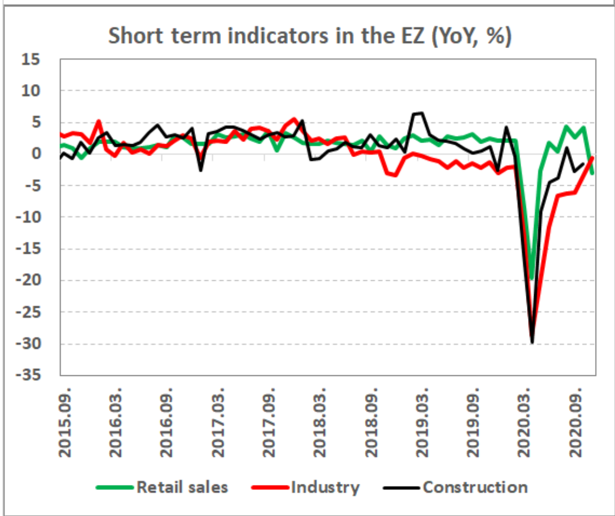
Last week's data

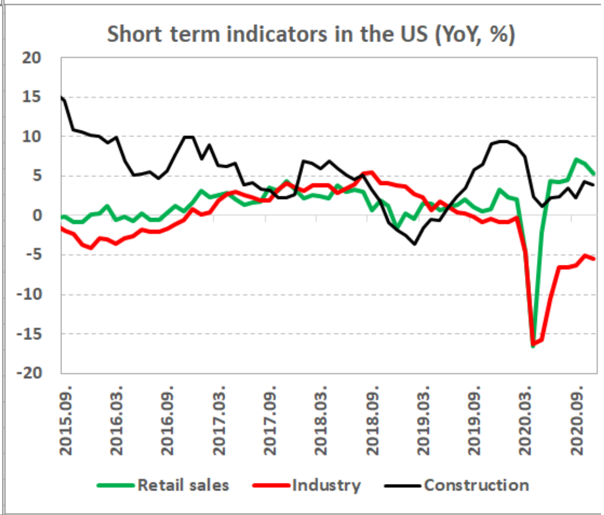
Data			Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021	1. 11.	10 : 30	EZ	Sentix Investor confidence (points)	Jan	1.3	0.7	-2.7
	12.	10 : 00	IT	Retail sales (MoM, SA, %)	Nov	-6.9	-	0.6
	13.	10 : 00	IT	Industrial production (MoM, SA, %)	Nov	-1.4	-0.4	1.3
		11 : 00	EZ	Industrial production (MoM, %)	Nov	2.5	0.2	2.1
		14 : 30	US	CPI (MoM, SA, %)	Dec	0.4	0.4	0.2
		14 : 30	US	core-CPI (MoM, SA, %)	Dec	0.1	0.1	0.2
		14 : 30	US	CPI (YoY, %)	Dec	1.4	1.3	1.2
		14 : 30	US	core-CPI (YoY, %)	Dec	1.6	1.6	1.6
		20 : 00	US	Federal budget balance (USDbn)	Dec	-144.0	-	-145.0
	14.	4 : 00	CN	Export (YoY, %)	Dec	18.1	15.0	21.1
		14 : 30	US	Initial jobless claims ('000s)	weekly	965.0	795.0	784.0
		14 : 30	US	Continuing jobless claims ('000s)	weekly	5271.0	-	5072.0
	15.	14 : 30	US	New York Fed Manufacturing index (points)	Jan	3.5	6.0	4.9
		14 : 30	US	Retail sales (MoM, %)	Dec	-0.7	0.0	-1.4
		15 : 15	US	Industrial production (MoM, %)	Dec	1.6	0.5	0.5
		16 : 00	US	Business inventories (MoM, %)	Nov	0.5	0.5	0.8

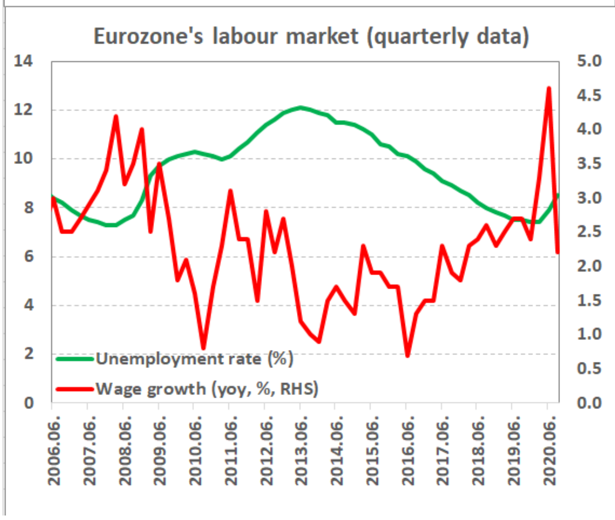
Eurozone and US chart set





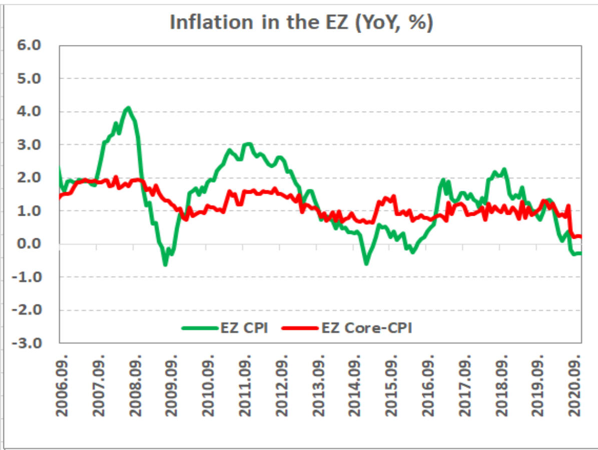


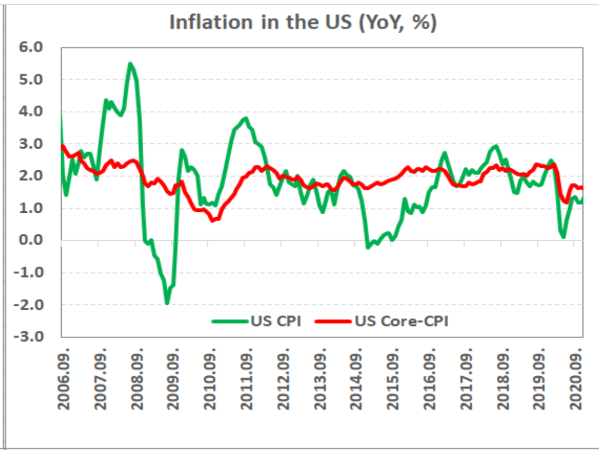


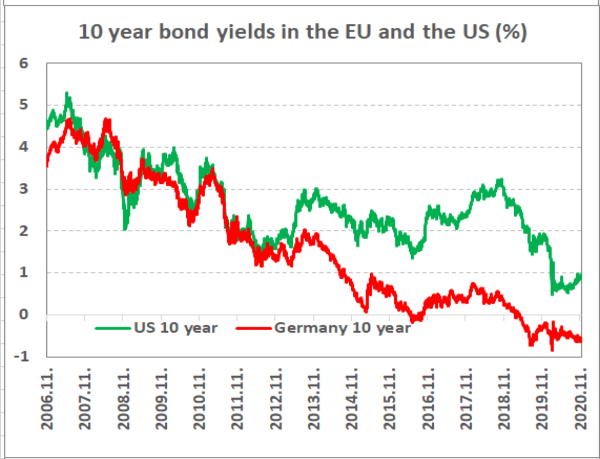


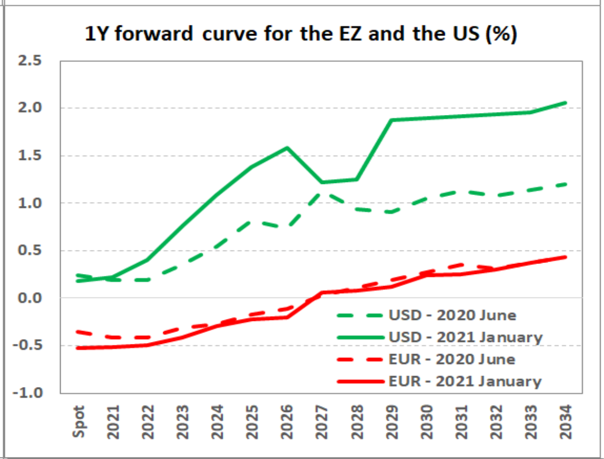
Source: Refinitiv

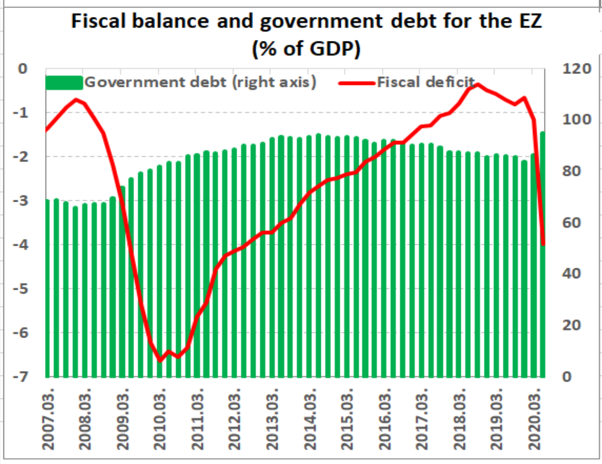
Eurozone and US chart set

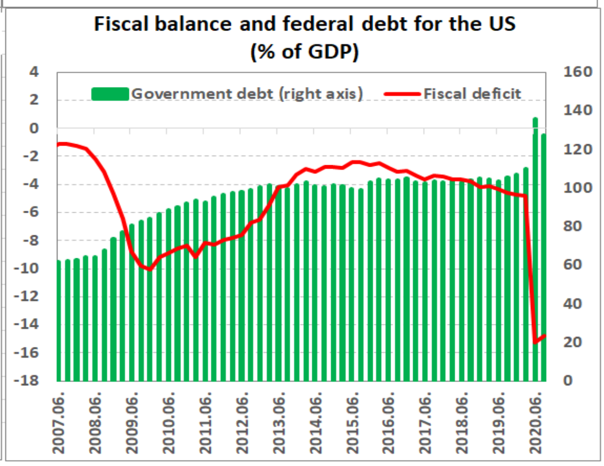












Source: Refinitiv

FX forecast for the majors

FX pair	2020.Q2	2020.Q3	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q4	2023.Q4	2024.Q4
EURUSD	1.09	1.18	1.19	1.22	1.22	1.24	1.25	1.26	1.25	1.25
EURGBP	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
EURCHF	1.06	1.08	1.08	1.09	1.09	1.10	1.10	1.12	1.10	1.13
USDJPY	107.0	106.0	104.0	103.0	103.0	102.8	102.5	105.0	102.5	101.5

Source: Bloomberg

Regional macro forecast

Countries	GDP (yoy, %)					Countries	Fiscal balance (% of GDP)				
		OTP		Focus Economics				OTP		Focus Economics	
	2019	2020	2021	2020	2021		2019	2020	2021	2020	2021
Hungary	4.6	-6.3	4.1	-5.9	4.5	Hungary	-2.1	-9.0	-6.5	-8.2	-5.4
Romania	4.1	-5.5	3.5	-5.2	4.2	Romania	-4.4	-9.5	-7.0	-9.5	-6.9
Bulgaria	3.8	-4.9	2.0	-4.7	3.5	Bulgaria	1.9	-5.0	-3.5	-4.2	-3.2
Russia	1.3	-3.5	2.1	-3.8	3.0	Russia	1.8	-4.5	-2.6	-4.5	-2.4
Ukraine	3.2	-5.2	3.2	-5.1	3.9	Ukraine	-2.2	-7.5	-6.0	-6.4	-5.0
Slovenia	3.2	-7.1	5.9	-6.9	4.7	Slovenia	0.5	-8.0	-3.6	-8.5	-4.5
Croatia	2.9	-9.2	3.1	-8.6	4.8	Croatia	0.4	-9.0	-6.0	-8.1	-4.2
Serbia	4.2	-1.9	3.4	-1.7	4.6	Serbia	-0.2	-8.8	-3.0	-8.2	-3.1
Montenegro	4.1	-18.0	0.0	-13.4	6.2	Montenegro	-2.9	-11.0	-4.2	-9.9	-4.6
Albania	2.2	-4.1	4.5	-5.7	5.4	Albania	-1.9	-8.3	-5.8	-7.5	-5.1
Moldova	3.6	-8.4	3.3	-6.8	4.4	Moldova	-1.4	-7.5	-5.0	-7.1	-4.2

Countries	Inflation (average (yoy), %)					Countries	Unemployment (%)				
		OTP		Focus Economics				OTP		Focus Economics	
	2019	2020	2021	2020	2021		2019	2020	2021	2020	2021
Hungary	3.4	3.4	3.1	3.4	3.1	Hungary	3.4	4.7	4.0	4.4	4.5
Romania	3.8	2.6	2.4	2.7	2.7	Romania	3.9	5.0	5.0	5.0	5.6
Bulgaria	3.1	1.2	1.5	1.8	2.1	Bulgaria	4.2	6.0	7.2	5.6	6.2
Russia	4.5	3.4	4.7	3.4	3.8	Russia	4.6	5.8	5.0	5.9	5.5
Ukraine	7.9	2.5	6.4	2.7	5.9	Ukraine	8.2	9.9	9.2	9.9	9.3
Slovenia	1.7	0.0	1.3	-0.1	1.2	Slovenia	4.5	4.6	4.5	5.0	5.9
Croatia	0.8	0.2	1.2	0.2	1.0	Croatia	7.9	7.0	7.0	9.4	9.0
Serbia	1.9	1.6	1.9	1.6	1.9	Serbia	10.4	10.0	9.7	8.9	10.3
Montenegro	0.4	0.2	1.0	0.0	1.0	Montenegro	15.1	19.7	17.4	17.0	15.2
Albania	1.4	1.4	1.4	1.7	2.0	Albania	11.6	14.0	12.3	13.2	12.7
Moldova	4.8	2.8	2.4	3.8	3.7	Moldova	2.9	5.9	4.4	5.3	5.0

Source: Focus Economics, OTP Research Center

FX forecast for the OTP countries

Country	FX pair	2019.Q4	2020.Q1	2020.Q2	2020.Q3	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4
Hungary	EURHUF (eop)	331.0	361.0	354.0	364.0	363.0	362.0	360.0	360.0	358.0
Romania	EURRON (eop)	4.78	4.83	4.84	4.87	4.87	4.88	4.89	4.92	4.96
Russia	USDRUB (eop)	61.9	77.7	70.0	79.7	73.9	73.4	69.8	71.8	71.1
Ukraine	USDUAH (eop)	23.70	27.62	26.70	28.30	28.34	28.26	28.34	28.51	29.09
Croatia	EURHRK (eop)	7.4	7.6	7.6	7.6	7.6	7.5	7.5	7.6	7.6
Serbia	EURRSD (eop)	118.0	117.0	118.0	118.0	118.0	117.0	117.0	118.0	118.0
Montenegro	EURUSD (eop)	1.12	1.10	1.12	1.17	1.20	1.20	1.21	1.22	1.22

*Slovenia and Montenegro uses EUR as a base currency.
**No forecast available for Moldova and Albania
Source: Focus Economics

Chief Economist
Gergely Tardos
tardosg@otpbank.hu
+36 1 374 7273

Senior Economist
Mihály Kovács
Mihaly.Andras.Kovacs@otpbank.hu
+36 1 374 7276

OTP Bank Romania Treasury Sales Team

Robert Kovacs
Head of Sales
+40 372 318 588
robert.kovacs@otpbank.ro

Anca Butuc
Desk Dealer
+40 372 318 587
anca.butuc@otpbank.ro

Anamaria Toma
Desk Dealer
+40 372 318 585
anamaria.toma@otpbank.ro

Corina Bejan
Desk Dealer
+40 372 318 583
corina.bejan@otpbank.ro

Teodor Tibuleac
Desk Dealer
+40 372 318 586
teodor.tibuleac@otpbank.ro

Szilamer Kozma
Regional Dealer
+40 372 504 520
szilamer.kozma@otpbank.ro

Andrei Sala
Regional Dealer
+40 755 000 015
andrei.sala@otpbank.ro

Dan Giurea
Regional Dealer
+40 372 318 584
dan.giurea@otpbank.ro

Alexandru Sabin
Regional Dealer
+40 755 000 255
alexandru.sabin@otpbank.ro

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