

OTP Weekly Outlook

Next week:

- The first batch of 2020Q4 GDP data for major economies and the Fed’s decision could be in the spotlight next week

This week:

- Apart from the 'inauguration effect', stock markets closed a forgettable week
- Service sector weakness in Europe; no surprise from ECB
- Stronger-than-expected yearly start in activity in the US
- The EUR/USD fell again, Italian bond yields have started their climb; oil remained stagnant



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	3834.4	1.0	2.1	US 2 year	0.12	-1.2	0.0	Dollar index	90.236	-0.6	0.3	Brent	55	0.2	6.6
Russel 2000	2120.4	-1.6	7.4	US 10 year	1.11	0.9	17.9	EURUSD	1.217	0.7	-0.4	WTI	52	-2.6	7.5
Stoxx 600	408.1	0.1	2.3	DE 2 year	-0.70	1.0	-0.1	USDJPY	103.80	0.0	-0.5	Gold	1848	1.1	-2.6
DAX	13877.0	0.6	1.2	DE 10 Year	-0.50	3.1	5.9	GBPUSD	1.365	0.5	-0.1	Silver	25	2.5	-3.9
CAC40	5549.9	-1.1	0.0	SP 10 year	0.13	6.8	8.2	AUDUSD	0.772	0.2	0.3	Palladium	2364	-1.1	-3.5
FTSE100	6686.8	-0.7	3.5	UK 10 year	0.33	2.7	12.2	USDCAD	1.270	0.2	0.2	Copper	363	-1.1	3.0
FTSE MIB	22084.7	-1.3	-0.7	IT 10 year	0.69	13.6	20.7	USDCHEF	0.886	0.6	-0.1	Steel	1063	0.3	5.8
Nikkei 225	28631.5	0.4	4.3	JP 10 year	0.03	0.5	1.9	NZDUSD	0.718	0.6	-0.1	Wheat	644	-3.9	0.5
CSI 300	5569.8	2.0	6.9	CH 10 year	3.14	-2.0	-1.6	CNHUSD	6.494	-0.1	0.1	Corn	519	-2.9	7.2

Source: Bloomberg

The first batch of 2020Q4 GDP data for major economies and the Fed's decision are in the spotlight next week

Next week should be particularly interesting, as we will learn more about the Q4 GDP performance of the US economy and most major euro area member states. Additionally, the Fed will hold its rate-setting meeting on Wednesday, where we expect no policy announcement but a dovish statement. Meanwhile, more details might be known about Joe Biden's USD 1,900 bn American Rescue Plan in terms of substance and possibly whether it could survive Congressional debate in its current form. Special attention should be devoted to the pandemic situation in Israel, where by now 10% of the population, most of the elderly cohorts, has been fully vaccinated, while 30% has received already one shot. If vaccines work as originally thought, sooner or later we should observe a sharp decline in hospitalization in the country in the next weeks.

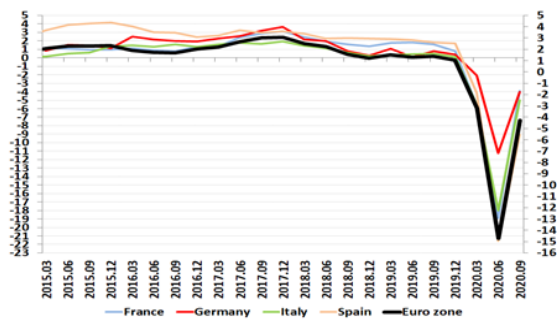
In the **euro area**, the Q4 GDP of the largest economies, except Italy, will be released on Friday. The whole euro region is expected to fall into recession again in Q4, the consensus is a -2.4% growth, but we will learn the outcome for the whole region only a week later. The most interesting question is whether Germany will publish negative growth rates. Here the consensus is stagnation, after the German statistical office last week indicated that the economy could have stagnated in Q4, given the relatively strong monthly indicators, in particular industry and retail. Elsewhere, the expected QoQ GDP contraction is 1.5% for Spain, and larger, 3.9% fall is foreseen for France. The data will also help to see the size of the carryover effect for 2021. However, given the lengthened lockdowns in most major economies, the short-term outlook seems rather gloomy. *Business and consumer confidence indices* for January for the eurozone Germany, France, Italy, as well as December *retail sales* data for Spain will also help us to improve our estimate on the current situation.

The **US** GDP data for Q4, to be published on Thursday, will likely show a 0.9% QoQ growth or 3.9% at an annualized rate, based on the consensus. The US was in better shape in the last quarter of 2020 than the euro area, as most monthly indicators stood higher in October and November. Employment already fell in December, which suggests a weakening domestic demand, also given the substantial delay in the second stimulus program. As a baseline, similarly to Europe, Q1 will likely be tougher than could have been foreseen a few months ago. Nonetheless, this week's strong indicators give way for some more optimism. We will have a bunch of *confidence indices* from January (Conference Board consumer confidence, Chicago PMI), and some hard data from December (*household spending and durable orders, housing market data*) and the *weekly unemployment claims* statistics is also closely watched. Further to this, the Case-Schiller house price index will likely show a dynamic, close to 7% price growth in November.

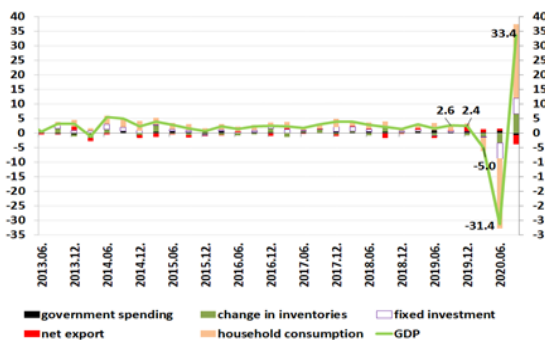
We expect the **FED** to acknowledge on Wednesday evening the weakness in the incoming economic data but foresee it to leave its policy settings unchanged at next week's FOMC meeting. The additional fiscal relief passed by Congress at the end of last year, and the prospect of more stimulus soon, has led to speculation that a strong economic recovery could prompt the Fed to withdraw policy support sooner than previously anticipated. But in light of the recent increase in the long end, we think Jerome Powell will use his post-meeting press conference to push back on suggestions the Fed could taper its asset purchases any time soon.

As for **China**, the *NBS manufacturing and non-manufacturing PMIs* will be published next Sunday, which will help to see whether the dynamic growth from Q4 prevailed in January.

Euro area GDP growth, YoY, SWDA



US GDP growth, QoQ, SAAR



Source: Bloomberg, Refinitiv

What to watch next week

Data	Cd.	Event/Data	Period	Cons.	Prev.
2021 1. 25. 10 : 00	DE	IFO Economic sentiment index (points)	Jan	92.0	92.1
26. 8 : 00	UK	Unemployment rate (%)	Nov	5.1	4.9
15 : 00	US	Case-Shiller Home Price Index (YoY, %)	Nov		7.9
27. 14 : 30	US	Durable goods orders (MoM, %)	Dec	1.0	1.0
20 : 00	US	Interest rate decision (%)	Jan	0-0,25	0-0,25
28. 10 : 00	IT	Consumer confidence (point)	Jan	100.5	102.4
11 : 00	EZ	EC Economic Sentiment Index (points)	Jan	89.7	90.4
14 : 00	DE	CPI (preliminary, YoY, %)	Jan	0.7	-0.3
14 : 30	US	GDP (preliminary, annualized QoQ, %)	Q4	3.9	33.4
14 : 30	US	Initial jobless claims ('000s)	weekly		900.0
14 : 30	US	Continuing jobless claims ('000s)	weekly		5054.0
16 : 00	US	Leading index (MoM, %)	Dec	0.5	0.6
16 : 00	US	New home sales (annualized monthly, '000s)	Dec	855.0	841.0
29. 7 : 30	FR	GDP (preliminary, QoQ, %)	Q4	-3.9	18.7
9 : 00	ES	GDP (preliminary, QoQ, %)	Q4	-1.5	16.4
9 : 00	ES	Retail sales (YoY, %)	Dec		-4.3
9 : 00	AT	GDP (preliminary, QoQ, %)	Q4		12.0
10 : 00	DE	GDP (QoQ, SA, preliminary, %)	Q4	0.0	8.5
10 : 00	DE	GDP (preliminary, YoY, %)	Q4	-3.4	-3.9
14 : 30	US	Personal income (MoM, %)	Dec	0.1	-1.1
14 : 30	US	Personal consumption (adjusted, MoM, %)	Dec	-0.4	-0.4
15 : 45	US	Chicago PMI (points)	Jan	58.0	59.5
16 : 00	US	Pending home sales (MoM, %)	Dec	-1.2	-2.6
31. 2 : 00	CN	NBS Non-manufacturing PMI (points)	Jan		55.7
2 : 00	CN	NBS Manufacturing PMI (points)	Jan		51.9

Apart from the 'inauguration effect', stock markets ended a forgettable week. Slowly improving pandemic situation, slow vaccination, and service sector weakness in Europe, but stronger-than-expected yearly start in activity in the US

Pandemic situation: new cases decline almost everywhere in Europe and the USA, but death rates are alarming in the USA, UK, and Ireland. Vaccination is very slow in the EU, somewhat quicker in the UK and USA.

The number of daily new cases has started to decrease in the US, after reaching all-time high values. The UK and Ireland are still suffering from the new variant of the virus, and while their daily new infection count seems to decrease, their daily new death statistics still grows alarmingly. The situation in Portugal and Spain severely deteriorated due to the new wave of infection, resulting in a great leap of daily new cases and deaths count. The rate of infections decreases or stagnates in the rest of Western Europe. Still, after considering the danger of the new variant, many countries maintain current restrictions or implement new ones. In the CEE region, most countries see a decrease in daily new cases, after a severe second wave. Japan shows a great increase of daily new cases and deaths, but its statistic is considered safe, compared to the international figures. Meanwhile, China is also struggling after the first domestically transmitted cases in Beijing and Shanghai, to contain the virus in an early stage with stringent steps.

Vaccination unfortunately, but hopefully temporarily, slowed down in the EU, even compared to the previous sluggish pace, as Pfizer is preparing to pent up capacities. In most countries of the EU, only 1%-3% of the population has received the jab so far. Israel takes the lead in the world by vaccinating 38% of its population at least with the first shot. This rate is 8% in the UK, and near 5% in the USA.

Apart from the 'inauguration effect' stock markets closed a forgettable week

Europe's major stock indices closed the week with stagnation and loss, while US markets stood with a small increase on Friday afternoon. Markets looked for new directions amid mixed macro data, stringent lockdowns, and painfully slow pace of vaccinations, particularly in the EU. In the USA, Wednesday, and to a much smaller extent Tuesday pushed the major indices into positive territory as markets welcomed the inauguration of Joe Biden as the 46th president of the USA.

In **Europe**, the STOXX600 gained a minimal 0,1% on Friday afternoon, but apart from the German DAX with +0.6%, all other major European countries index fell: CAC40 -1.1%, FTSE100 -0.7%, FTSE MIB -1.3%. Among sectors, health care (+0.6%), tech (+3.3%) and auto parts (+4.5%) had again a better-than-average week. The biggest declines were observed with travel&leisure (-2.9%), banks and insurance (-1.6/-1.8%) and oil and gas (-1.6%).

In the **USA** the S&P posted a 1.0% weekly increase by Friday afternoon, the *Russell 2000*, the small cap index which held-up well last week fell by 1.6%. telco (+6.3%), IT (+3.5%), real estate (+2.4%) and consumer discretionary (+2.3%) were the biggest winners, while similarly to Europe, oil (-6.8%) and financials (-3.5%) showed the biggest decline.

The EUR/USD fell again, Italy's bond yields started to climb; oil remained stagnant, food prices fell

The *US dollar* edged higher on Friday afternoon, but was still heading for a lower week as traders made bets on an economic recovery from the Covid-19 pandemic. *US long-term Treasury yields* increased slightly, after last week's correction, but the year-to-date change is still where it stood two weeks earlier, slightly below 20 bps.

In the euro area's periphery, bond yields have climbed higher throughout the week. In particular, the 10Y Italian bond yield rose by nearly 14 bps, even though the Conte government survived the confidence vote, and despite the ECB's heavy purchases. While the level is still not alarming at 0.69%, the future does not necessarily look easy. The prime minister needs to govern with a slim majority amid pandemic restrictions, while handling vaccine distribution and trying to navigate a steep economic recovery. Markets are concerned that elections could hand the power to a group of far-right, anti-European parties if the current government collapses.

As regards oil prices, Brent remained stagnant, while WTI even fell (-2.6%), after the rally of previous weeks and as the recovery optimism faded, plus the effect of Saudi cut was priced in. In the past few days, market participants started to raise concerns about lockdowns in China after the resurgence of virus in the country. Food prices edged slightly lower after last week's rally.

Service sector weakness in Europe, no surprise from the ECB, stronger-than expected yearly start in activity in the US

As expected, the ECB did not announce new measures after its Thursday meeting, given that new actions were adopted only a few weeks ago, in December, with the PEPP envelope increased and extended, and new TLTRO auctions announced. Nonetheless, there were some interesting comments in the post-meeting press conference. President Lagarde acknowledged that the pandemic had worsened and that the containment measures would dampen economic activity. But she also said the ECB's latest macroeconomic projections, published in December, did not need to be revised because they had anticipated restrictions staying in place during Q1. The ECB's statement acknowledged that underlying price pressures will remain subdued in the near term, and stressed that a recovery in demand, supported by accommodative fiscal and monetary policies will put upward pressure on inflation. Finally, the Bank reiterated its message to stand ready to adjust all its instruments if necessary.

Leading indicator releases for the euro area slightly surpassed expectations, but one should not be very optimistic, as while manufacturing PMIs remained above the 50 mark, service sector indices remained well below that line. This is hardly surprising as strict lockdowns are dominant all over Europe. UK service sector PMI collapsed in January, only exceeding March-May values from last year.

The US macro data from the week suggests a more remarkable yearly start in activity. Strong housing market data, slight improvement in weekly unemployment claims, and PMI's above expectations for both manufacturing and services characterized the week. The manufacturing component advanced 2 points to 59.1, the highest reading in data back to May 2007. This suggests, that the economy could have gathered some pace after a weak December. Meanwhile, surveys suggest that pandemic-related challenges in the supply chain and shortages of some materials continue to drive up input prices. Producers are having some success passing those along to customers. This raises the question whether the tremendous policy support, will at some stage cause higher inflationary pressure. Nevertheless, the economy is still running below potential, and the measures adopted in late December as well as the new planned USD 1,900 bn stimulus package could be warranted. Hopefully, more news will come next week about the details of the latter.

The week was heavier in terms of China's macro data than the previous one. Q4 GDP, at 6.5% YoY, exceeded expectations by a large margin, beating both the consensus forecast of 6.1%, and the Q3 data of 4.9%. With its quick suppression of the pandemic in 2020 Q1 and additional economic stimulus, YoY GDP growth made it into positive territory already in Q2. Still, the annual 2020 growth of 2.3% is the lowest one in decades. But most countries envy this 2020 performance. China may have gained economic benefit from the pandemic by scaling up the exports of medical equipment and electronic appliances. These products were understandably in high demand during the global pandemic and the corresponding increase in working from home.

Performance of US sectors					Performance of Europe's sectors				
Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)	Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
S&P500	SPX Index	3834.4	1.0	2.1	Stoxx 600	SXXP Index	408.1	0.1	2.3
IT	S5INFT Index	2342.5	3.5	2.2	Health care	SXDP Index	910.9	0.6	3.6
Health care	S5HLTH Index	1371.5	0.9	3.6	Industrial goods & services	SXNP Index	649.6	1.1	3.3
Financials	S5FINL Index	504.4	-3.5	2.9	Banks	SX7P Index	110.7	-1.4	2.3
Telco	S5TELS Index	226.6	6.3	2.1	Personal & households goods	SXQP Index	924.0	0.4	-0.9
Consumer discretionary	S5COND Index	1367.5	2.3	5.0	Insurance	SXIP Index	280.3	-1.8	0.4
Industrials	S5INDU Index	744.5	-2.1	-0.7	Food and beverages	SX3P Index	700.4	-0.5	-2.0
Consumer staples	S5CONS Index	669.9	-1.3	-3.8	Technology	SX8P Index	641.7	3.3	6.3
Utilities	S5UTIL Index	318.2	0.3	-0.3	Utilities	SX6P Index	389.4	-1.6	1.4
Energy	S5ENRS Index	313.3	-6.8	9.5	Oil & gas	SXEP Index	250.2	-1.6	5.8
Real estate	S5RLST Index	228.2	2.4	0.1	Chemicals	SX4P Index	1115.5	-0.7	0.1
Materials	S5MATR Index	465.9	-3.1	2.2	Construction & materials	SXOP Index	509.1	-1.3	3.3
Source: Bloomberg					Telco	SXKP Index	211.1	-0.1	2.6
					Retail	SXRP Index	397.2	-0.2	0.3
					Financial services	SXFP Index	625.3	0.4	3.1
					Basic resources	SXPP Index	535.9	-1.2	7.3
					Real estate	SX86P Index	164.5	-1.3	-3.7
					Auto & parts	SXAP Index	539.4	4.5	2.3
					Media	SXMP Index	287.9	0.1	1.7
					Travel & leisure	SXTP Index	224.9	-2.9	0.3

Source: Bloomberg

Performance of the regional stock indices

Name		Performance					Valuation***			Fundamentals				
Country	Index	Last Price	1M change (%)	3M change (%)	6M change (%)	12M change (%)	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	3834	4.0	11.0	17.0	15.4	30.7	4.2	2.9	11.2	1.4	120.3	26.6	21.8
Europe	SXXP Index	408	4.3	13.3	9.3	-3.5	53.6	2.0	1.4	4.1	1.1	195.0	5.8	36.8
Germany	DAX Index	13877	3.4	10.6	5.9	2.7	66.8	1.8	1.1	3.3	1.2	133.5	194.6	34.5
France	CAC Index	5550	1.5	14.4	10.2	-7.7	60.0	1.7	1.3	2.8	1.1	245.9	114.7	60.2
Poland	WIG20 Index	1958	1.6	19.2	7.0	-8.8	30.6	1.1	0.9	3.0	1.1	56.0	43.1	10.9
Czechia	PX Index	1043	4.1	21.6	10.5	-8.5	15.7	1.2	1.5	7.8	1.2	168.7	10.9	11.8
Hungary	BUX Index	43746	6.6	30.0	23.4	-1.9	19.1	1.1	0.9	5.2	1.2	61.1	1134.5	44.0
Romania	BET Index	10285	6.7	17.4	19.8	1.5	12.5	1.1	1.5	8.8		33.0	261.6	
Bulgaria	SOFIX Index	500	12.8	16.3	13.6	-14.6	3.7	0.6	0.6	15.0	3.2	61.9		
Russia	IMOEX Index	3391	4.8	21.0	19.6	6.8	15.2	1.1	1.2	7.2	1.4	71.3	156.4	66.3
Ukraine	PFTS Index	499	-1.7	-0.5	-0.3	-1.3			0.8			10.4		
Slovenia	SBITOP Index	939	6.0	12.9	9.8	-3.0	8.5	0.9	0.6	9.9	1.6	28.9		
Croatia	CRO Index	1789	3.6	11.6	11.5	-12.8	89.0	1.0	1.1	1.1	1.4	53.4		
Serbia	BELEX15 Index	733	2.5	6.0	11.4	-8.8	16.0	0.6	0.8	4.3	1.7	20.6		
Montenegro	MNSE10 Index	725	9.8	11.8	2.1	-8.2	15.8	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.

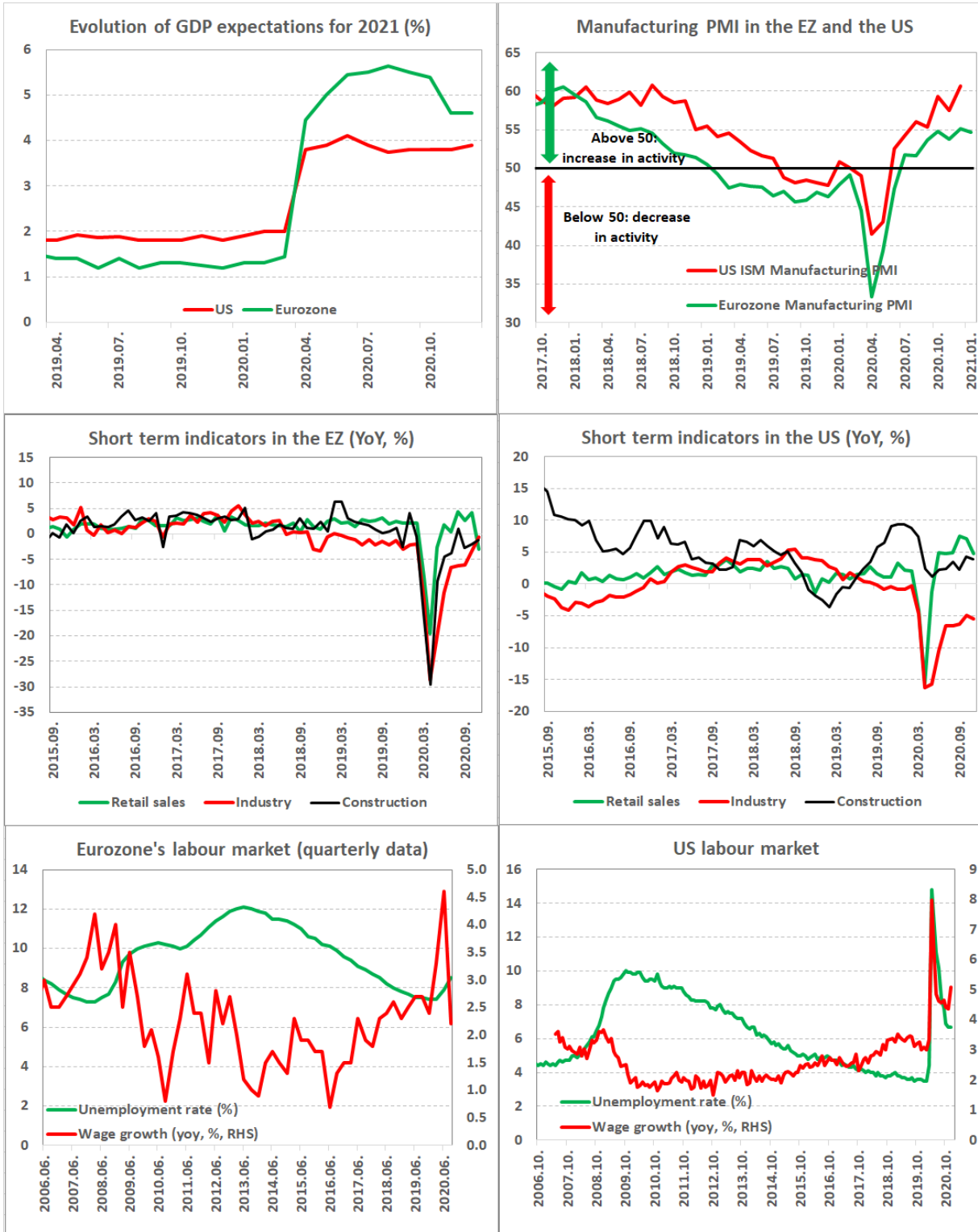
***Bear in mind that some of the country index could be very sector heavy (only a handful industry consists of the majority of the index).

***therefore direct comparison of only valuation metrics could be misleading.

Last week's data

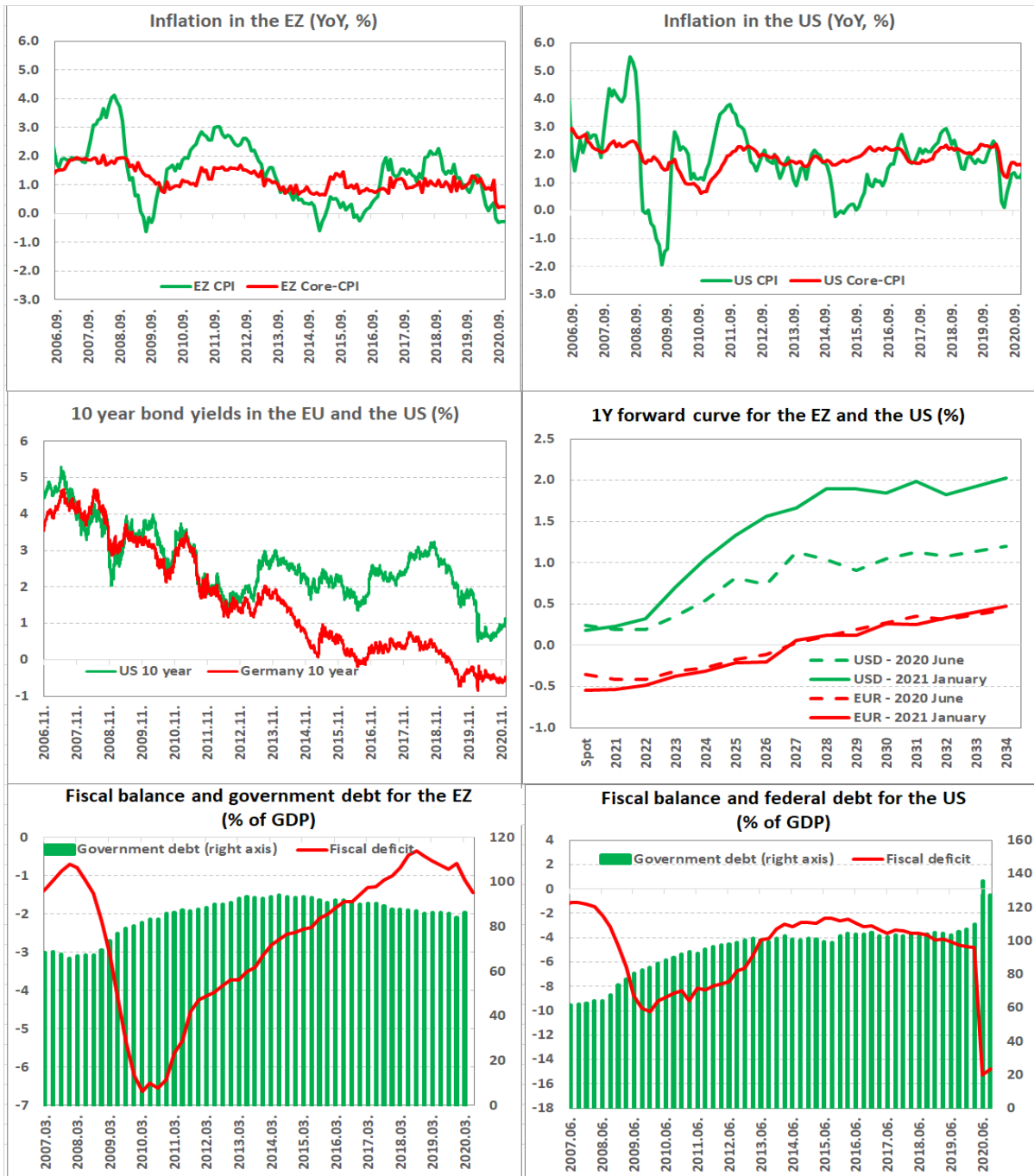
Data		Cd.	Event/Data	Period	Fact	Cons.	Prev.	
2021	1. 18.	3 : 00	CN	Infrastructural spending (YoY, %)	Dec	2.9	3.2	2.6
		3 : 00	CN	Industrial production (YoY, %)	Dec	7.3	6.9	7.0
		3 : 00	CN	Retail sales (YoY, %)	Dec	4.6	5.5	5.0
		3 : 00	CN	GDP (QoQ, %)	Q4	2.6	3.2	2.7
		3 : 00	CN	GDP (YoY, %)	Q4	6.5	6.1	4.9
				Eurogroup virtual meeting (covid19 situation)	-	-	-	-
	19.	11 : 00	DE	ZEW Economic Sentiment (points)	Jan	61.8	60.0	55.0
	20.	8 : 00	UK	Inflation (YoY, %)	Dec	0.6	0.5	0.3
		16 : 00	CA	Interest rate decision (%)	Jan	0.3		0.3
	21.	4 : 00	JP	Interest rate decision (%)	Jan	-0.1	-0.1	-0.1
		12 : 00	TR	Interest rate decision (%)	Jan	17.0	17.0	17.0
		13 : 45	EZ	Interest rate decision (lending rate, %)	Jan	0.0	0.0	0.0
		13 : 45	EZ	Interest rate decision (deposit rate, %)	Jan	0.5	-0.5	-0.5
		14 : 30	US	Building permits (annualized monthly, '000s)	Dec	1709.0	1604.0	1635.0
		14 : 30	US	Housing starts (annualized monthly, '000s)	Dec	1669.0	1560.0	1547.0
		14 : 30	US	Initial jobless claims ('000s)	weekly	900.0	910.0	926.0
		14 : 30	US	Continuing jobless claims ('000s)	weekly	5054.0	5400.0	5181.0
		16 : 00	EZ	Consumer confidence (point)	Jan	-15.0	-15.0	-13.9
		18 : 00	EU	European Council virtual meeting (covid19 situation)	-	-	-	-
	22.	0 : 30	JP	core-CPI (YoY, %)	Dec	-1.0	-1.1	-0.9
		0 : 30	JP	CPI (YoY, %)	Dec	-1.2		-0.9
		8 : 00	UK	Retail sales (MoM, %)	Dec	0.3	1.2	-3.8
		9 : 15	FR	Markit Manufacturing PMI (points)	Jan	51.5	50.5	51.1
		9 : 15	FR	Markit Service PMI (points)	Jan	46.5	48.5	49.1
		9 : 30	DE	Markit Manufacturing PMI (points)	Jan	57.0	57.5	58.3
		9 : 30	DE	Markit Service PMI (points)	Jan	46.8	45.3	47.0
		10 : 00	EZ	Markit Manufacturing PMI (points)	Jan	54.7	54.5	55.2
		10 : 00	EZ	Markit Service PMI (points)	Jan	45.0	44.5	46.4
		10 : 30	UK	Manufacturing PMI (points)	Jan	52.9	54.0	57.5
		10 : 30	UK	Service PMI (points)	Jan	38.8	45.0	49.4
		15 : 45	US	Markit Manufacturing PMI (points)	Jan	59.1	56.5	57.1
		15 : 45	US	Markit Service PMI (points)	Jan	57.5	53.6	54.8
		16 : 00	US	Existing home sales (annualized monthly, '000s)	Dec	6760.0	6550.0	6710.0

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	1.23	1.24	1.25	1.25	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	1.13	1.13	1.15
USDJPY	107.0	106.0	104.0	103.0	103.0	102.5	102.0	105.0	102.0	100.0

Source: Bloomberg

Regional macro forecast

Countries	GDP (yoy, %)					Countries	Fiscal balance (% of GDP)				
	2019	OTP		Focus Economics			2019	OTP		Focus Economics	
		2020	2021	2020	2021			2020	2021	2020	2021
Hungary	4.6	-6.3	4.6	-5.9	4.5	Hungary	-2.1	-9.0	-6.7	-8.2	-5.4
Romania	4.1	-5.5	4.0	-5.2	4.2	Romania	-4.4	-9.5	-7.0	-9.5	-6.9
Bulgaria	3.8	-4.3	2.0	-4.7	3.5	Bulgaria	1.9	-4.2	-3.2	-4.2	-3.2
Russia	1.3	-3.5	2.5	-3.8	3.0	Russia	1.8	-4.5	-2.6	-4.5	-2.4
Ukraine	3.2	-4.6	4.0	-5.1	3.9	Ukraine	-2.2	-7.5	-6.0	-6.4	-5.0
Slovenia	3.2	-5.4	5.0	-6.9	4.7	Slovenia	0.5	-6.3	-4.5	-8.5	-4.5
Croatia	2.9	-9.0	3.5	-8.6	4.8	Croatia	0.4	-8.5	-5.5	-8.1	-4.2
Serbia	4.2	-1.3	3.1	-1.7	4.6	Serbia	-0.2	-8.8	-3.0	-8.2	-3.1
Montenegro	4.1	-15.4	3.5	-13.4	6.2	Montenegro	-2.9	-9.9	-4.6	-9.9	-4.6
Albania	2.2	-4.0	4.0	-5.7	5.4	Albania	-1.9	-6.8	-4.7	-7.5	-5.1
Moldova	3.6	-7.3	4.9	-6.8	4.4	Moldova	-1.4	-7.5	-5.0	-7.1	-4.2

Countries	Inflation (average (yoy), %)					Countries	Unemployment (%)				
	2019	OTP		Focus Economics			2019	OTP		Focus Economics	
		2020	2021	2020	2021			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	1.8	2.0	1.8	2.1	Bulgaria	4.2	5.1	5.0	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	2.7	6.2	2.7	5.9	Ukraine	8.2	9.9	9.2	9.9	9.3
Slovenia	1.7	-0.1	1.3	-0.1	1.2	Slovenia	4.5	4.9	4.6	5.0	5.9
Croatia	0.8	0.1	0.7	0.2	1.0	Croatia	7.9	7.0	7.0	9.4	9.0
Serbia	1.9	1.6	2.0	1.6	1.9	Serbia	10.4	10.0	9.7	8.9	10.3
Montenegro	0.4	0.0	1.0	0.0	1.0	Montenegro	15.1	17.0	15.2	17.0	15.2
Albania	1.4	1.6	1.8	1.7	2.0	Albania	11.6	12.4	11.8	13.2	12.7
Moldova	4.8	3.9	3.2	3.8	3.7	Moldova	2.9	4.0	3.9	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

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