

OTP Weekly Outlook

Next week:

- February confidence indices, eurozone GDP and US January hard data could be in the spotlight next week

This week:

- Only small gains on stock markets, even though earnings reports caused positive surprises, as macro data was mixed, and the pandemic remained a concern.
- Long-term yields went up, the dollar lost ground against major currencies, Brent fell back slightly from 61.6 USD level
- Improving pandemic situation in Western Europe and the USA, but some deterioration in CEE. Still slow vaccination in Europe.
- Downward surprise in CPI and Powell downplayed inflation concerns in the USA
- Mostly negative surprises in European macro data



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	3915,2	0,7	4,2	US 2 year	0,11	0,8	-1,2	Dollar index	90,635	-0,4	0,8	Brent	61	3,5	18,6
Russel 2000	2278,0	2,0	15,4	US 10 year	1,19	3,1	28,2	EURUSD	1,210	0,4	-1,0	WTI	58	2,7	20,4
Stoxx 600	413,0	0,9	3,5	DE 2 year	-0,71	0,4	0,1	USDJPY	105,04	0,3	-1,7	Gold	1817	0,2	-4,3
DAX	14011,9	-0,3	2,1	DE 10 Year	-0,42	2,4	14,8	GBPUSD	1,382	0,6	1,1	Silver	27	0,8	2,8
CAC40	5690,5	0,6	2,5	SP 10 year	0,16	4,2	12,1	AUDUSD	0,774	0,8	0,5	Palladium	2370	0,9	-3,2
FTSE100	6558,8	1,1	1,5	UK 10 year	0,53	4,9	33,7	USDCAD	1,273	0,2	0,0	Copper	376	3,7	6,8
FTSE MIB	23315,4	1,0	4,9	IT 10 year	0,49	-4,8	-5,6	USDCHF	0,893	0,7	-0,9	Steel	1175	2,1	16,9
Nikkei 225	29520,1	4,2	7,6	JP 10 year	0,06	1,0	4,7	NZDUSD	0,719	-0,1	0,1	Wheat	642	0,2	0,3
CSI 300	5807,7	5,9	11,4	CH 10 year	3,24	2,4	9,9	CNHUSD	6,427	0,5	1,2	Corn	543	-1,1	12,1

Source: Bloomberg

February confidence indices, eurozone GDP, and US January hard data could be in the spotlight next week

Next week, real economy information will start to flow already from the current quarter in the USA as January industrial production and retail sales data will be released. Otherwise, another bunch of confidence indices will arrive already from February, most notably Markit PMIs, which have the advantage of an internationally comparable methodology. Finally, the first release of euro area GDP will be likely less of a surprise given that the flash estimate is already known, still, the detailed breakdown of components will help to gauge which parts of the economy suffered most and which fared better during the lockdowns. Meanwhile, Democrats are attempting to stick to a swift timeline for President Joe Biden's USD 1,900 bn rescue package, which they hope to have passed by early March to head off a lapse in federal benefits for unemployed Americans. But the timeline sets up a very slim margin of error. Democrats are using a legislative manoeuvre called reconciliation. Using the procedure allows Democrats to ditch Republicans and pass the relief plan with a simple majority of 51 votes instead of the 60 typically needed to break a filibuster. Any Democratic senator could object to any element of the relief legislation and suddenly imperil its quick passage. Any coronavirus infections among senators could derail the plan as well. Special attention is still warranted for Israel, to learn how vaccination works. Currently, there are more younger (below 60) Israelis hospitalized for COVID-19 than older ones, according to the latest data. This suggests that Israel's vaccination campaign may be having an effect. Still, interestingly, at the headline level, the decline in daily infection and death rates is not much quicker than elsewhere.

From the **euro area**, the 2020Q4 first release of *GDP* will become known on Tuesday. Admittedly, the flash estimate (-0.7% QoQ and -5.7% YoY) was an upside surprise. Nevertheless, the detailed breakdown will help to see which part of the economy suffered most. Given that industrial production and construction output held up well (+3.8% and +0.2% from Q3 to Oct-Nov), exports and investments are very likely to have had a relatively good contribution. At the same time, retail fell by 1.5% QoQ, and personal services also declined, so household consumption clearly pulled down the GDP index. The question is, to what extent government consumption performed better than during spring.

A series of *confidence indices* will be published for February throughout next week. Business confidence has shown a mixed picture for January: some of them (ZEW, Sentix) improved, but most of them (Markit PMIs, EC ESI index) worsened. Nevertheless, even in the latter case, the deterioration was relatively minor. Next week, we will learn the February data for the Markit PMIs, the EC's ESI indices, EC consumer confidence, as well as the ZEW index, so we will have a relatively significant bunch of new information on the likely evolution of economic activity for the second month of the year. The *minutes of the ECB General Council's latest meeting*, due on Thursday, could shed some light on how the decision-makers assessed the economic and policy outlook roughly three weeks ago.

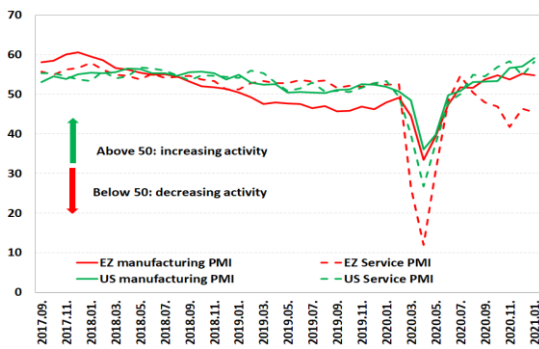
In the **USA**, the primary focus will be on the January hard data and February confidence indices. These indicators could give some hints about the performance of the US economy in Q1. US *retail sales* weakened in Q4, and in December, in the latter case by 0.7% MoM. Nevertheless, the YoY index still stood 2.9% higher than a year before. Consumer spending could have strengthened in January as the USD 600 stimulus check must have arrived to all households. We will learn more about this on Wednesday. The *industrial production* figures for February, posted on the same day, have had a different pattern so far. While in December the indicator was still at -3.6% YoY, on MoM terms the sector was in positive territory throughout Q4, and even strengthened from November to December, from 0.5% to 1.6%. Further to this, January *manufacturing PMIs* (both Markit and ISM) stood near 59 points, almost at all-time high values, which suggests a good start for 2021. At the same time, the outlook for domestic demand is supported by the second fiscal stimulus; it is not surprising that the *service sector PMIs* (again both Markit and ISM) strengthened in January. So all in all, both manufacturing and service sector PMI (published by Markit on Friday) could remain strong for February as well. We will also have a batch of

housing statistics, due on Thursday and Friday, which will likely show that the housing market remained in a good shape in January.

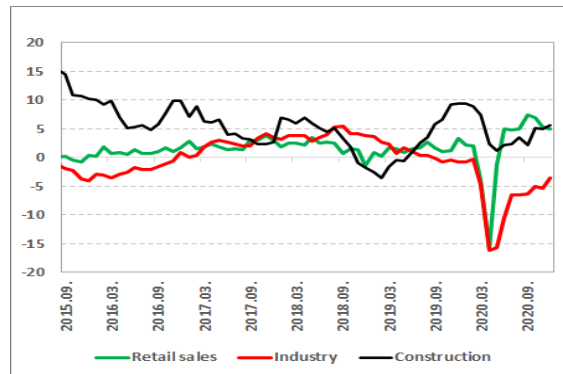
Apart from the ones mentioned above, **Japan's** Q4 GDP, due on Monday, deserves attention. Japan's economy could have expanded by 2.3% QoQ, as the country weathered the covid crisis very well and policy support has been one of the largest globally. The January inflation figures, to be released on Friday, will show whether deflation intensified further in the country.

Meanwhile, the central bank of **Turkey** will keep its *rate-setting meeting* on Thursday. A month ago, the bank kept its benchmark one-week repo rate steady at 17%, in line with expectations, following a 200bps rise in the previous month. Policymakers said tight policy stance would remain until indicators point to a permanent fall in inflation, and that additional tightening will be delivered if needed. Interestingly, the inflation rate in Turkey increased to 15.0 percent YoY in January, reaching its highest level since August 2019.

PMI indices in the euro area and US



Key monthly real economy indicators, US



Source: Bloomberg, Refinitiv

What to watch next week

Data	Cd.	Event/Data	Period	Cons.	Prev.
2021 2. 15.	0 : 50 JP	GDP (QoQ, %)	Q4	2.3	5.3
	11 : 00 EZ	Industrial production (MoM, %)	Dec	-0.5	2.5
	16. 11 : 00 EZ	GDP (preliminary, YoY, %)	Q4	-5.1	-5.1*
	11 : 00 EZ	GDP (preliminary, QoQ, %)	Q4	-0.7	-0.7*
	11 : 00 DE	ZEW Economic Sentiment (points)	Feb	60.0	61.8
	14 : 30 US	New York Fed Manufacturing index (points)	Feb	5.5	3.5
	17. 10 : 30 UK	Inflation (YoY, %)	Jan	0.5	0.6
	14 : 30 US	Retail sales (MoM, %)	Jan	1.2	-0.7
	15 : 15 US	Industrial production (MoM, %)	Jan	0.4	1.6
	16 : 00 US	Business inventories (MoM, %)	Dec	0.5	0.5
	20 : 00 US	FOMC Minutes	Jan	-	-
	18. 12 : 00 TR	Interest rate decision (%)	Feb	17.0	17.0
	13 : 30 EZ	ECB Minutes	-	-	-
	14 : 30 US	Housing starts (annualized monthly, '000s)	Jan	1654.0	1669.0
	14 : 30 US	Building permits (annualized monthly, '000s)	Jan	1680.0	1704.0
	14 : 30 US	Continuing jobless claims ('000s)	weekly		4545.0
	14 : 30 US	Initial jobless claims ('000s)	weekly		793.0
	16 : 00 EZ	Consumer confidence (point)	Feb	-14.7	-15.5
	19. 0 : 30 JP	CPI (YoY, %)	Jan		-1.2
	0 : 30 JP	core-CPI (YoY, %)	Jan	-0.7	-1.0
	8 : 00 UK	Retail sales (MoM, %)	Jan	-1.0	0.3
	9 : 15 FR	Markit Manufacturing PMI (points)	Feb	51.0	51.6
	9 : 15 FR	Markit Service PMI (points)	Feb	47.0	47.3
	9 : 30 DE	Markit Manufacturing PMI (points)	Feb	56.5	57.1
	9 : 30 DE	Markit Service PMI (points)	Feb	46.5	46.7
	10 : 00 EZ	Markit Manufacturing PMI (points)	Feb	54.4	54.8
	10 : 00 EZ	Markit Service PMI (points)	Feb	45.9	45.4
	10 : 30 UK	Manufacturing PMI (points)	Feb	54.0	54.1
	10 : 30 UK	Service PMI (points)	Feb	40.5	39.5
	15 : 45 US	Markit Manufacturing PMI (points)	Feb	58.5	59.2
	15 : 45 US	Markit Service PMI (points)	Feb	57.5	58.3
	16 : 00 US	Existing home sales (annualized monthly, '000s)	Jan	6560.0	6760.0

Small gains on major stock markets this week, as earnings reports caused positive surprises, but macro data was mixed, and the pandemic remained a concern

Europe's major stock indices and US markets closed the week mostly with small gains, even though most earnings reports beat expectations because incoming macro data was mixed, and news about mutations of the COVID-19 virus and slow progress with vaccination caused investor concern. In Europe, indices kicked off the week with a good start, but later on, the downside surprise in US inflation, and weaker-than-expected macro data started to worry investors, despite the relatively good earnings reports. In the USA, the pattern was similar, although indices could perform slightly better. Cisco, Mattel, Twitter, Coca-Cola, Under Armour, and General Motors all reported earnings beating expectations. According to a survey prepared by Reuters in the midst of the reporting season, 83% of the S&P's 294 reporting companies have beaten the consensus.

Democrats were poised to advance the stimulus bill as a reconciliation bill, which requires only a simple majority to pass, and thus could be enacted without Republican support, if necessary. House leaders hoped to complete the entire package, which will include bills from nine separate committees during the week. Their counterparts in the Senate, who will have to manoeuvre a far more complex parliamentary process to approve the legislation, remain embroiled in the second impeachment trial of former President Donald Trump. Meanwhile, pandemic figures improved almost in all developed economies, but a third wave could start in CEE. Vaccination is still very sluggish in Europe, and Israel is still the world champion.

Pandemic situation: new cases decline almost all-over Western Europe and the USA, but some deterioration could be observed in CEE. Progress of vaccination remains slow in the EU, somewhat quicker in the UK and the USA.

The number of daily new cases dropped in the US and Canada, along with their covid-related daily new death cases. Portugal registered the worst covid-related death count per population in the past week in Western Europe, but these numbers are showing a decreasing trend, along with the daily new case count. Spain, the UK, and Ireland reported high death toll per capita compared to the rest of Western European countries. The rate of the infection seemed to drop or at least stagnate in the other parts of Western Europe. In the CEE region, the fall of the infection rate has stopped, many countries started to report an increasing number of daily new cases and deaths. Last week, Czechia, Slovakia, Latvia, and Montenegro reported the worst death statistic per population in the region.

The rollout of the vaccine still goes on in the US, about 3,1% of the country's population is considered fully vaccinated and over 10% received at least one dose. In the UK, the corresponding ratios are 0.77% and 19.2% – the UK's strategy is to maximize the number of people with one shot instead of sticking to the normal protocol. In Europe, the rate of vaccination is still relatively slow, only a few countries managed to fully vaccinate at least 2% of their population, while those who received at least one jab stood at 3-4% at best, except for Malta (7%). Israel is still the most vaccinated country in the world, managing to fully vaccinate more than a quarter of its population, while almost 43% already received a least one shot.

Small gains on major stock markets, as earnings reports caused positive surprises, however macro data was mixed and the pandemic remained a concern

In **Europe**, the *STOXX600* stood at 0.9% by Friday afternoon, and all major indices except for the *DAX* were posting a small gain: the *DAX* -0.3%, *CAC40* 0.6%, *FTSE100* 1.1%, and the *FTSE MIB* 1.0%. Sectoral results were very mixed with technology (3.6%), basic resources (3.4%), while utilities (-2.6%), Auto&Parts (-1.4%) and real estate (-1.1%) posting the biggest declines.

In the **USA** the S&P stood at 0.7%, the small-cap index *Russell 2000* increased by 2.0%, a clear outperformer. Energy posted the biggest gain (3.4%), which received good news from the USD Department of Energy clean energy effort. Financials (1.7%), IT (1.5%) and Telco (1.3%) also performed relatively well, while consumer discretionary (-1.9%) and utilities (-1.3%) both posted a decline.

Long-term Treasury yields went up, the dollar lost ground against major currencies, Brent fell back slightly from 61.6 USD level

Long-term bond yields increased in most countries. The US 10 year went up by 3,1 bps, while the German rate went up by 2.4 bps during the week. Italian bonds continued their rally (- 4.8 bps) as Mario Draghi has gathered enough support from Italian lawmakers and is now highly likely to lead that country's next government. Draghi looks to have a solid majority in Rome and no single party would be able to derail his administration. He will now face confidence votes in Parliament next week.

The *dollar* edged higher in early European trading Friday, but still heading for its first weekly loss in three as doubts emerge about the strength of the U.S. economic recovery.

Oil prices, which continued their strength until the middle of the week, lost pace, then started to fall as investor's mood changed from Wednesday. It has extended losses after OPEC cut its demand forecast and the International Energy Agency said the market was still over-supplied. Still, given the strength at the beginning of the week, the Brent stood 3.5%, the WTI 2,7% higher than last Friday.

Downward surprise in CPI as Fed's Powell downplayed inflation concerns in the USA. Mostly negative surprises in European macro data.

The limited number of data releases in the **euro area** mostly brought downside surprises. Germany *industrial production* turned out to be flat in December, missing the consensus of 0.3% increase. The output was dragged down by a fall in construction activity and in output of capital goods. Also, given the supply bottlenecks in semi-conductor supply and the consequent fall in auto production, the market fears that the industry's resilience could significantly weaken in Q1. Further to this, both French (-0.2%) and Italian (-0.8%) industrial production fell MoM, missing the consensus of a small uptick, while euro area *Sentix investor sentiment* fell in February to -0.2 points, whereas a small increase (to 1.9 points) was expected. The only bright spot in European macro data was German *exports*, which grew by 0,1% beating the consensus of 1% fall.

From the **USA**, the biggest surprise of the week was January *inflation*. Given the recovery amidst significant policy support and upside inflation surprises in the euro area, the market expected a slight uptick in the figures and was even set for upside surprises. In contrast, headline inflation remained flat at 1.4%, while core inflation fell more than expected, from 1.6% to 1.4%. Even if this spring will likely bring some rebound due to higher gasoline prices and increasing demand, inflation during the lockdown period might be more constrained than previously thought. Downplaying the risk of a runaway inflation, Federal Reserve Chairman Jerome Powell said on Wednesday that he and his colleagues focus on getting Americans back to work in the wake of a devastating pandemic.

The U.S. government posted a *budget deficit* of USD 163 billion in January, a record high for the month and a USD 130 billion jump from the deficit in the same month last year, as a new round of direct payments was distributed to Americans. As regards the *labour market*, the number initial jobless claims fell to 793,000 in the week ended 5 February, from the previous week's revised figure of 812,000, but is well above market expectations of 757,000. Claims were at the lowest level in a month. Continuing jobless claims fell to 4.545 million in the week ended 30 January, from a revised 4.690 million a week before. Continuing claims also surpassed market expectations of 4.49 million, and remained well above pre-pandemic levels.

Meanwhile, **UK GDP** stood in the row of countries that beat the consensus in terms of 2020Q4 GDP, which turned out at 1.0% QoQ, exceeding the consensus of 0.5%.

Sectoral performance in the US and Europe

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	3915,2	0,7	4,2	Stoxx 600	SXXP Index	413,0	0,9	3,5
IT	S5INFT Index	2415,4	1,5	5,4	Health care	SXDP Index	912,9	1,4	3,9
Health care	S5HLTH Index	1358,2	0,8	2,6	Industrial goods & services	SXNP Index	663,9	2,0	5,6
Financials	S5FINL Index	521,4	1,7	6,3	Banks	SX7P Index	115,5	1,7	6,7
Telco	S5TELS Index	237,4	1,3	7,0	Personal & households goods	SXQP Index	932,0	0,8	-0,1
Consumer discretionary	S5COND Index	1359,9	-1,9	4,4	Insurance	SXIP Index	282,8	1,3	1,3
Industrials	S5INDU Index	758,8	0,9	1,2	Food and beverages	SX3P Index	705,6	-0,8	-1,3
Consumer staples	S5CONS Index	673,1	-0,4	-3,3	Technology	SX8P Index	672,8	3,6	11,5
Utilities	S5UTIL Index	318,9	-1,3	-0,1	Utilities	SX6P Index	376,0	-2,6	-2,1
Energy	S5ENRS Index	331,9	3,4	16,0	Oil & gas	SXEP Index	238,3	-0,1	0,8
Real estate	S5RLST Index	237,0	0,3	4,0	Chemicals	SX4P Index	1125,1	-0,3	1,0
Materials	S5MATR Index	464,0	0,4	1,8	Construction & materials	SXOP Index	512,1	0,2	3,9
					Telco	SXKP Index	215,4	-0,9	4,7
					Retail	SXRP Index	401,1	-0,8	1,3
					Financial services	SXFP Index	652,4	1,4	7,6
					Basic resources	SXPP Index	544,8	3,4	9,1
					Real estate	SX86P Index	164,4	-1,1	-3,8
					Auto & parts	SXAP Index	550,6	-1,4	4,4
					Media	SXMP Index	296,8	1,9	4,8
					Travel & leisure	SXTP Index	233,0	-0,3	3,9

Source: Bloomberg

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	3915	3,0	10,7	15,8	15,9	32,1	4,3	2,9	10,6	1,4	118,7	5,9	22,8
Europe	SXXP Index	413	1,1	7,2	10,2	-4,2	58,6	2,0	1,5	3,9	1,1	183,1	0,3	34,5
Germany	DAX Index	14012	0,6	7,3	7,3	1,9	59,1	1,8	1,1	3,8	1,2	131,5	16,0	29,5
France	CAC Index	5690	0,7	6,1	12,2	-6,8	69,2	1,8	1,4	2,6	1,1	205,9	6,1	58,1
Poland	WIG20 Index	1927	-5,7	8,8	3,8	-9,4	31,1	1,1	0,9	2,9	1,1	56,5	-4,3	38,8
Czechia	PX Index	1059	-1,6	16,6	14,2	-4,0	16,7	1,2	1,5	7,4	1,2	154,9	0,2	12,9
Hungary	BUX Index	43282	-2,2	14,8	17,7	-2,7	20,0	1,1	0,9	5,2	1,2	61,1	103,8	37,3
Romania	BET Index	10502	3,3	17,0	19,7	5,0	13,3	1,1	1,5	8,3	1,5	32,7	56,2	
Bulgaria	SOFIX Index	497	9,8	16,1	14,1	-12,6	3,7	0,6	0,6	15,1	3,2	61,9		
Russia	IMOEX Index	3414	-1,7	12,8	11,8	9,3	9,9	1,0	0,5	11,1	1,5	64,6	40,9	75,4
Ukraine	PFTS Index	521	4,4	4,2	4,2	-1,2		0,8			0,8	10,4		
Slovenia	SBITOP Index	931	-2,8	10,0	8,1	-5,3	8,4	0,9	0,6	9,9	1,6	28,9		
Croatia	CRO Index	1814	-0,2	10,3	12,9	-10,4	90,3	1,0	1,1	1,1	1,4	53,4		
Serbia	BELEX15 Index	739	-0,8	4,1	10,0	-8,7	16,2	0,6	0,8	4,3	1,7	20,6		
Montenegro	MNSE10 Index	743	-1,0	15,6	10,0	-4,6	16,2	0,3	1,0	1,9	2,2	15,0		

*Price to earnings (P/E) ratio is calculated with the 12M trailing EPS in the denominator.

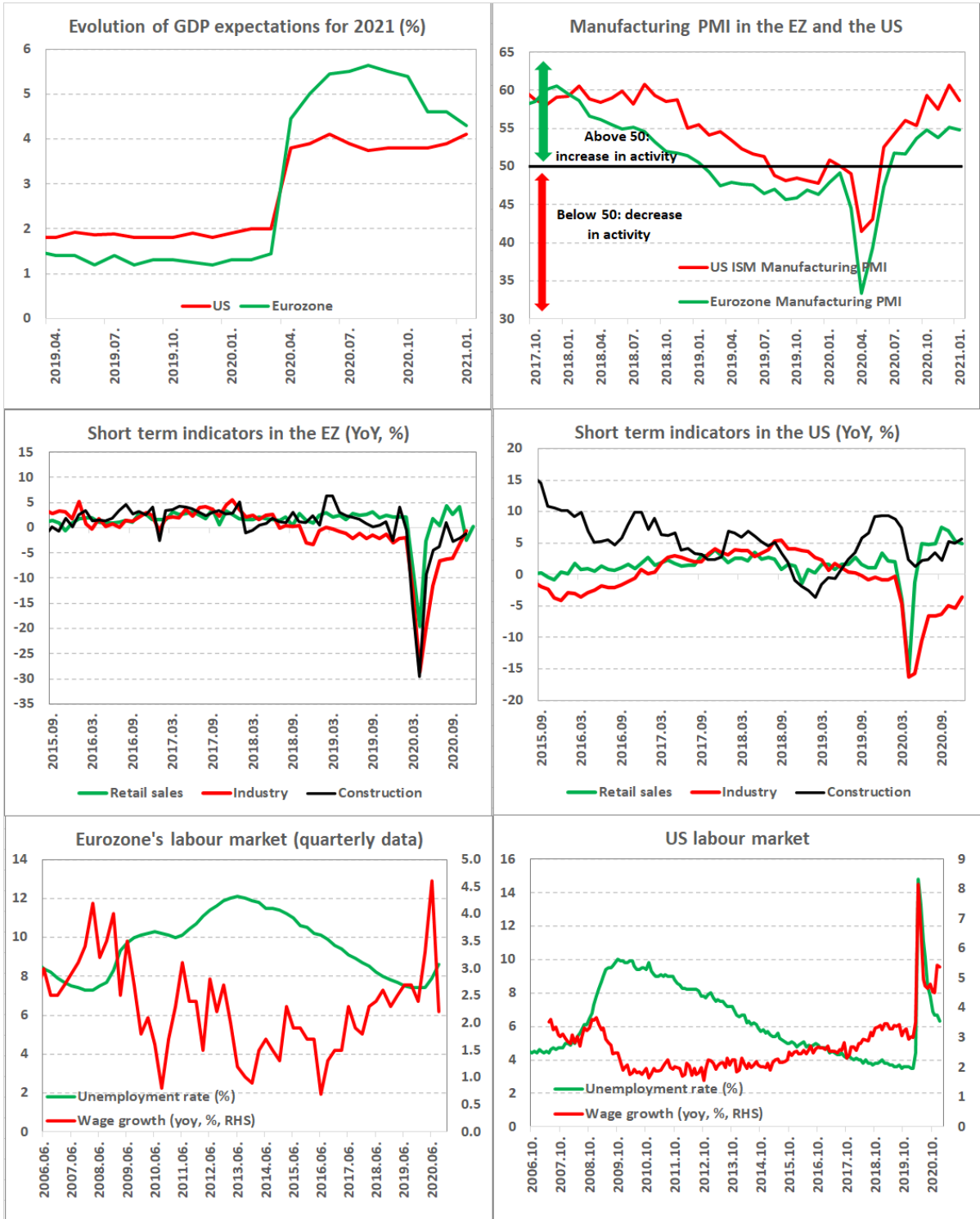
***Some of the country indices could be sector heavy (only a handful industry comprise the majority of the indices),

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

This week's data

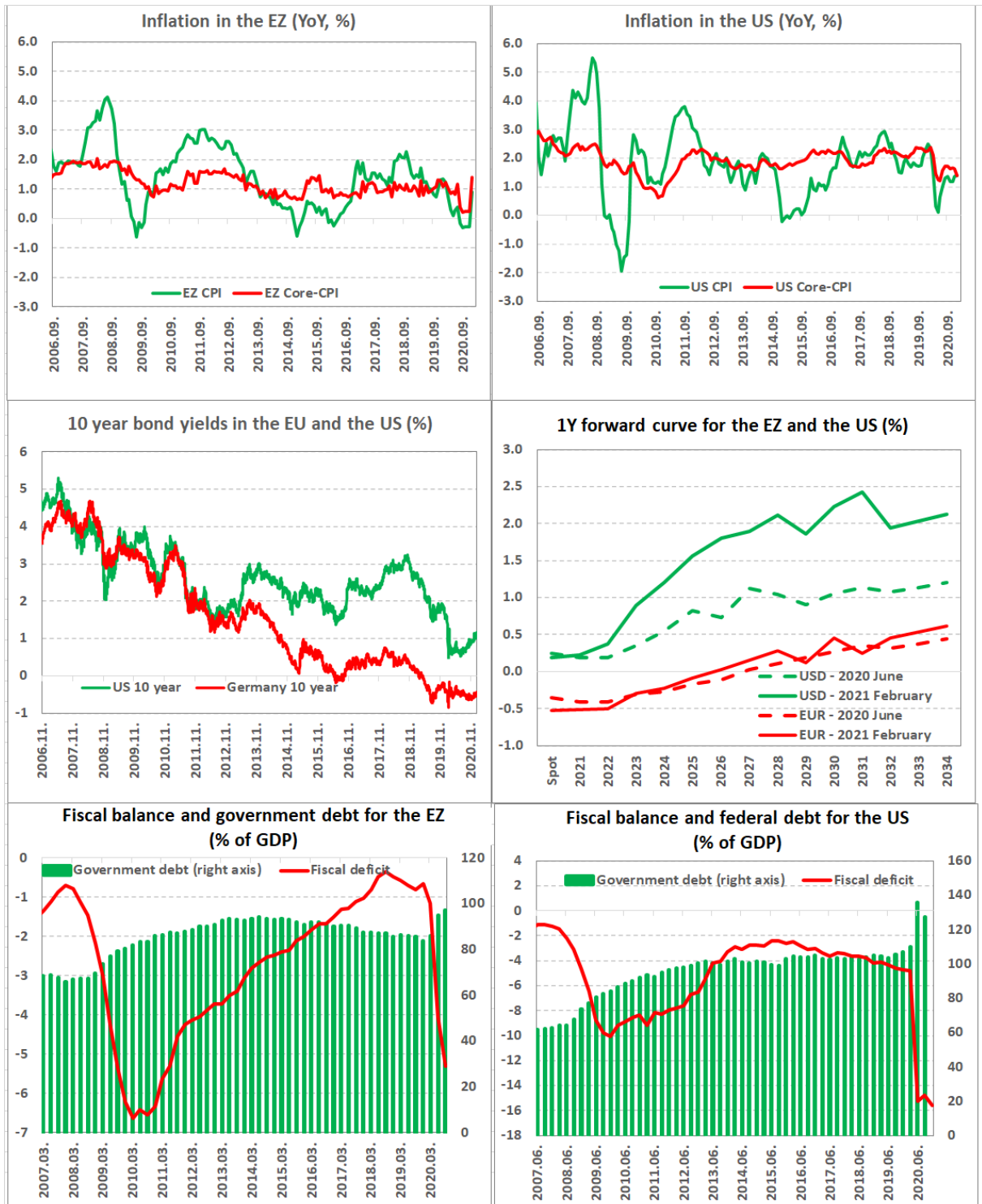
Data			Cd.	Event/Data	Period	Fact	Cons.	Prev.	
2021	2.	8.	8 : 00	DE	Industrial production (MoM, %)	Dec	0,0	0,3	0,9
			10 : 30	EZ	Sentix Investor confidence (points)	Feb	-0,2	1,9	1,3
			17 : 00	EZ	Christine Lagarde's (EP discussion about ECB annual report)	-	-	-	-
	9.	8 : 00	DE	DE	Export (MoM, SA, %)	Dec	0,1	-1,0	2,2
			10 : 00	IT	Industrial production (MoM, SA, %)	Dec	-0,2	0,3	-1,4
	10.	8 : 45	FR	FR	Industrial production (MoM, %)	Dec	-0,8	0,2	-0,7
			14 : 00	US	Jerome Powell speech (Economic Club of New York)	-	-	-	-
			14 : 30	US	CPI (YoY, %)	Jan	1,4	1,5	1,4
			14 : 30	US	CPI (MoM, SA, %)	Jan	0,3	0,3	0,2
			14 : 30	US	core-CPI (YoY, %)	Jan	1,4	1,5	1,6
			14 : 30	US	core-CPI (MoM, SA, %)	Jan	0,0	0,2	0,1
			20 : 00	US	Federal budget balance (USDbn)	Jan	-163,0	-150,0	-144,0
	11.	11 : 00	EU	EU	EC's Economic Forecast	-	-	-	-
			14 : 30	US	Continuing jobless claims ('000s)	weekly	4545,0	4490,0	4690,0
			14 : 30	US	Initial jobless claims ('000s)	weekly	793,0	757,0	779,0
	12.	8 : 00	UK	UK	GDP (preliminary, YoY, %)	Q4	-6,5	-8,1	-8,9
			8 : 00	UK	GDP (preliminary, QoQ, %)	Q4	1,0	0,5	16,0
			10 : 00	PL	GDP (preliminary, QoQ, %)	Q4	-0,7		7,9
			16 : 00	US	Michigan Consumer confidence (preliminary, points)	Feb	76,2	80,8	79,0

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	1,21	1,23	1,24	1,25	1,25	1,25	1,21
EURGBP	0,89	0,91	0,90	0,89	0,88	0,89	0,89	0,90	0,86	0,86
EURCHF	1,06	1,08	1,08	1,08	1,09	1,10	1,10	1,12	1,12	1,15
USDJPY	107,0	106,0	104,0	104,0	104,0	104,0	104,0	106,0	109,0	103,0

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	361.0	360.0	359.0	357.0
Romania	EURRON (eop)	4.78	4.83	4.84	4.87	4.87	4.89	4.91	4.92	4.94
Russia	USDRUB (eop)	61.9	77.7	70.0	79.7	73.9	73.1	72.0	71.6	70.9
Ukraine	USDUAH (eop)	23.70	27.62	26.70	28.30	28.34	28.06	28.11	28.38	28.83
Croatia	EURHRK (eop)	7.4	7.6	7.6	7.6	7.6	7.6	7.6	7.5	7.5
Serbia	EURRSD (eop)	118.0	117.0	118.0	118.0	118.0	117.0	117.0	117.0	118.0
Montenegro	EURUSD (eop)	1.12	1.10	1.12	1.17	1.22	1.22	1.22	1.23	1.23

*Slovenia and Montenegro uses EUR as a base currency.

**No forecast available for Moldova and Albania

Source: Focus Economics

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