

OTP Weekly Outlook

Next week:

- ECB decision, US inflation and January-February indicators could be in the spotlight next week

This week:

- Long-term USD and EUR yields decoupled during the week, possibly related to the different recovery expectations
- The dollar made slight gains against major currencies, while oil prices marched higher
- Mixed macro data from the euro area, recovery is on track in the US



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 (%)	Commo dity	Last price	1 week change (%)	YTD (%)
S&P500	3768.5	-1.1	0.3	US 2 year	0.15	2.2	2.8	Dollar index	91.837	1.1	2.1	Brent	69	4.1	32.9
Russel 2000	2146.9	-2.5	8.7	US 10 year	1.59	18.2	67.4	EURUSD	1.193	-1.2	-2.4	WTI	66	6.9	35.4
Stoxx 600	412.7	1.9	3.4	DE 2 year	-0.69	-2.5	2.2	USDJPY	108.29	-1.6	-4.7	Gold	1699	-2.0	-10.5
DAX	14048.4	1.9	2.4	DE 10 Year	-0.30	-3.7	27.3	GBPUSD	1.384	-0.6	1.3	Silver	25	-5.4	-4.5
CAC40	5834.5	2.3	5.1	SP 10 year	0.39	-2.6	35.1	AUDUSD	0.769	-0.2	0.0	Palladium	2369	1.8	-3.3
FTSE100	6703.8	3.4	3.8	UK 10 year	0.76	-5.7	56.9	USDCAD	1.267	0.6	0.5	Copper	407	-0.6	15.6
FTSE MIB	23259.6	1.8	4.6	IT 10 year	0.77	0.8	22.7	USDCHF	0.928	-2.1	-4.6	Steel	1268	0.6	26.2
Nikkei 225	28864.3	-0.4	5.2	JP 10 year	0.09	-6.8	7.1	NZDUSD	0.716	-1.0	-0.4	Wheat	654	-0.2	2.1
CSI 300	5262.8	-1.4	1.0	CH 10 year	3.24	-3.6	10.2	CNHUSD	6.511	-0.5	-0.1	Corn	554	-0.3	14.5

Source: Bloomberg

ECB decision, US inflation and January-February indicators could be in the spotlight next week

Another week but the same concerns over the pandemic and bond yields, and consequently asset price valuations. We will learn what the ECB will come up with to counteract the effect of higher bond yields, or whether it will stop at verbal intervention. Unfortunately for the Fed, where the issue seems more acute, we will have to wait another week to learn whether there is specific policy response. At least, the February inflation figures will be published in the USA, which could give some insights for the FOMC, whether the re-opening is attached with higher inflation to any extent. Still, Chairman Powell and other decision-makers were eager to also stress this week that the Fed does not care about inflation at the moment and focuses on employment to return to the pre-crisis level. News from Joe Biden's new stimulus package should be also followed closely, as they have particular relevance for the bond market. Congress approved the plan unchanged with simple Democrat majority last week; now it is the Senate's turn. No Republican will likely support the bill as it is, and it is still not sure that all Senate Democrats will vote for it in the current form, in particular the minimum wage increase will likely be removed to have consensus inside the governing party. There is a possibility that the Senate will approve the bill over the weekend, but a postponement to next week is equally likely. Once the Senate passes its version of the bill, the process is still not over. The bill would need to be approved once again by the House before being submitted to the President's desk for his signature. Meanwhile Israel, the world recorder on vaccination, is re-opening as vaccines seem to work and the country could open swiftly.

In the **Euro area**, the primary focus will be on the ECB rate setting meeting on Thursday. Last time the ECB did not announce any moves, but it is quite likely that something could happen next week. The recent increases in real bond yields leave them still at low levels (Germany: -0.30, Italy: 0.74, Spain: 0.39); nonetheless, the ECB's policymakers seem uncomfortable. Their verbal interventions have had little impact so far, so we think that there is a good chance that they will increase their asset purchases to bring yields down again before long. Meanwhile we will learn more about the industrial sector's performance in January on Friday, which may have held up well as surveys suggest, and may have helped the economy by counteracting the fall in domestic demand (as implied by the sharp, 5.9% fall in retail sales in January). We will also have *industrial production* data for some major economies (Germany, France, Italy) and retail sales figures for Spain. Furthermore, the first March *confidence index (Sentix)* will also arrive on Monday, which pointed to stagnation in the past two months.

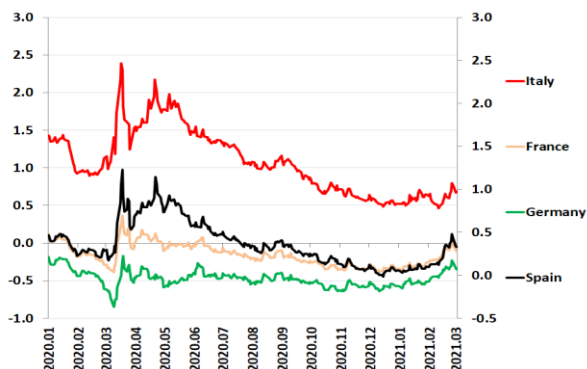
As for the **USA** macro data, most eyes will focus on *inflation* (due on Wednesday). It is of less interest than otherwise, as all FOMC decision-makers had already stated that they would consider any rise in inflation as temporary for the moment, before employment returned to the pre-crisis level. Still, any significant surprise can move market sentiment. So far, the rise in US yields was due to higher real yields, rather than to inflation compensation. The *Michigan consumer confidence* will be an early bird from March. This indicator weakened from December to February, despite the adopted new stimulus in December, and the prospect of a new one from March. There is

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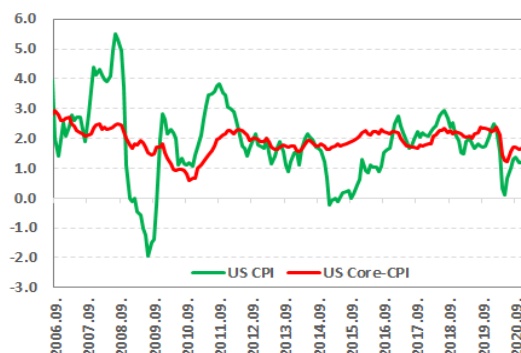


a chance of improvement now, given the declining covid cases and the gradual opening of several states.

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



US inflation (YoY, %)



Source: Bloomberg, Refinitiv

What to watch next week

Data	Cd.	Event/Data	Period	Cons.	Prev.	
2021 3. 8.	8 : 00 DE	Industrial production (MoM, %)	Jan	0.2	0.0	
	10 : 30 EZ	Sentix Investor confidence (points)	Mar	1.0	-0.2	
9.	8 : 00 DE	Export (MoM, SA, %)	Jan		0.1	
	10 : 00 IT	Industrial production (MoM, SA, %)	Jan	0.7	-0.2	
	11 : 00 EZ	GDP (detailed, YoY, %)	Q4	-5.0	-5.0*	
	11 : 00 EZ	GDP (detailed, QoQ, %)	Q4	-0.6	-0.6*	
10.	8 : 45 FR	Industrial production (MoM, %)	Jan	0.5	-0.8	
	14 : 30 US	CPI (YoY, %)	Feb	1.4	1.4	
	14 : 30 US	CPI (MoM, SA, %)	Feb	0.4	0.3	
	14 : 30 US	core-CPI (YoY, %)	Feb	1.4	1.4	
	14 : 30 US	core-CPI (MoM, SA, %)	Feb	0.2	0.0	
	16 : 00 CA	Interest rate decision (%)	Mar	0.3	0.3	
11.	20 : 00 US	Federal budget balance (USDbn)	Feb		-163.0	
	13 : 45 EZ	Interest rate decision (deposit rate, %)	Mar	-0.5	-0.5	
	13 : 45 EZ	Interest rate decision (lending rate, %)	Mar	0.0	0.0	
	14 : 30 US	Continuing jobless claims ('000s)	weekly		4295.0	
	14 : 30 US	Initial jobless claims ('000s)	weekly	725.0	745.0	
	12.	9 : 00 ES	Retail sales (YoY, %)	Jan		-1.5
		11 : 00 EZ	Industrial production (MoM, %)	Jan	0.2	-1.6
16 : 00 US		Michigan Consumer confidence (preliminary, points)	Mar	78.0	76.8	

The further rise in yields hit stock markets again, Jerome Powell did not reassure investors

European and US stock markets decoupled during the week. While the former saw a slight increase, US indices stood in the red on Friday afternoon. This primarily reflected different expectations about long-term yields, which rose in the USA, but declined in the EU. Interestingly, US markets performed worse this week, despite better pandemic figures and an improvement of economic conditions on account of the expected third stimulus and better economic data. The sharp increase in yields depressed valuations on the other side of the Atlantic during the week. Chairman Powell could not reassure markets when he admitted that reopening could increase price pressures, but stressed that it would be temporary, while the Fed works on reverting employment to the pre-crisis level. Crude oil prices increased further. New daily COVID-19 cases fell in the USA, were mixed in Western Europe, but continued their sharp rise while in CEE countries in the third wave. Progress with vaccination in the EU continued to be slow.

Pandemic situation: improvement in the USA, mixed data from Western Europe, and new outbreak in most of Central and Eastern Europe

The number of daily new covid cases stagnated in the USA last week, while the number of covid-related deaths started to drop again, after a brief climb. In Western Europe, countries that suffered from a strong wave of infection recently – Spain, Portugal, the UK, and Ireland – continue to report a decreasing number of covid-related cases and deaths. An alarming jump in infection statistics can be observed in Italy, Finland, and Norway, while a steady rise of new cases was reported from Austria, Germany, and Sweden. A significant new wave of infections can be observed in the CEE region, where nearly every country reports a jump in new cases and deaths.

In the USA, 16% of the population received at least one dose of vaccine, and about half of this portion has been fully vaccinated. The UK continues to administer one dose per person at first, about 30% of its population received a shot. The other countries in Western Europe gave about 4-6 percent of their population at least one shot, while about 1.5-2.5% of their population is fully vaccinated. In the CEE region, Serbia came first by administering at least one dose to 15% of its population, and about 8% is fully vaccinated. The other countries in the CEE region vaccinated 3-8%, and fully vaccinated about 2-3% of their population. Israel is still in the global lead in vaccination, 56% of its population is vaccinated, and 41% is fully vaccinated. The Johnson&Johnson's single-dose vaccine was authorized in the USA, and it could be also approved in the EU by mid-March.

Europe's indices likely closed the week with small gains, while their US peers fell by Friday afternoon

In **Europe**, the *STOXX600* stood at 1.9% by Friday afternoon. All individual country indices increased to different degrees: *DAX*: 1.9%, *CAC40*: 2.3%, *FTSE100*: 3.4%, *FTSE MIB*: 1.8%. The majority of sectoral indices increased, with auto&parts (6.3%), Banks (5.8%) and oil & gas (5.2%) leading the gain, while previously better performing, low-dividend indices like technology (-2.9%), health care (-0.9%) and utilities (-0.9%), fell into the red as markets repriced the asset values in the changed interest rate environment of the past few months.

In the **USA**, the *S&P* stood at -1.1% by Friday afternoon, the small-cap index *Russell 2000* fell by 2.5%, but indices improved during the day. The weakest performance was observed with consumer discretionary (-4.1%), IT (-2.7%) and consumer real estate (-2.5%), while, similarly to last week, energy (+9.1%) and financials (3.6%) booked the largest gain. US indices were hit compared to their European counterparts by the repeated sharp rise in US long term yields.

Rise in long-term Treasury Note yields continued in the USA, but Europe may have decoupled; the dollar made slight gains against major trading partners' currencies, oil prices continued to go up

Having hit an all-time low near 0.5% last year due to the pandemic, rate cuts, QE measures, and the Fed's forward guidance that promised low rates until 2023, the US 10-year Treasury Note yield started to rise in H2 2020, which gained momentum after the good news on vaccine developments, as investors realized that this crisis may come to an end much faster than the previous one with similar recession. From the beginning of 2021, when the USD 10-year yield was around 0.9%, the surge in yields has become widespread on global fixed income markets, and it has intensified.

Over this week, the *US 10-year yield* reached 1.59% after rising 18 basis points. Jerome Powell said on Thursday that inflation was likely to rise as the economy recovers, but he thinks it would be temporary. Without more persistent inflation and a return to full employment, he said the Fed was unlikely to raise interest rates. While Mr. Powell said the rise in yields was 'notable', he did not consider it a 'disorderly' move, or one that pushed long-term rates so high that the Fed might have to intervene in markets more forcefully, to bring them down. This statement made investors nervous, causing bond yields to climb again. However, the *German Bund* and other Western European yields decoupled, and could decline minimally, by 3-4 bps, with the exception of Italy, where a minor increase was observed. Still, these levels are 20-30 bps above last December's level, so there is a chance that the ECB will feel the need to address the issue at next week's meeting of the General Council.

Crude oil prices continued to strengthen (WTI: 6.9%, Brent: 4.1%) mostly on account of the news that OPEC+ members will keep their production level flat for April, contrary to expectations of an increase.

Mixed macro data from the euro area, recovery is on track in the US

In the **euro area**, the most important macro news seemed to be that *inflation* remained flat in February (CPI: 0.9, Core 1.1%), which was in line with market expectations and could be considered as reassuring. The surprise in the release was that services inflation edged down, from 1.4% to 1.2%, while goods inflation fell as the winter sales effect dropped out. Still, the supply shortages in steel, plastics and semiconductors, plus higher energy prices could put upward pressure on inflation, once the recovery is on track. Nevertheless, the recovery still seems still far away as January's data for *retail sales* fell very sharply at the beginning of this year (-5.9%, consensus: -0.3%), despite the strength of online sales. As lockdowns have been extended in many economies and daily virus cases are creeping up, shops may remain closed well into Q2, keeping retail sales subdued for a while yet.

Although the number of people out of work in the eurozone rose by 29,000 in January, the *unemployment* rate was unchanged at a downwardly revised 8.1%. An important information from this week was that the *European Commission* said on Wednesday that the Stability and Growth Pact should remain suspended next year as Europe's economy needs additional stimulus to return to its pre-crisis level. Nevertheless, this does not necessarily change budgetary forecasts, which already projected budget deficits above 3% for next year as well for several countries.

In the **United States**, data on February economic activity suggested that economic expansion continued robustly in the industrial sector but weakened somewhat in services. The *ISM manufacturing* even improved to 60.8 points, from 58.8 (expected: 58.7) but the *service* component part caused disappointment, falling to 55.3, from 58.7 (the latter was also the consensus). The latter likely indicated that the severe winter weather across much of the country weighed on activity last month. Meanwhile, according to the *US Beige Book*, economic activity expanded modestly from January to mid-February for most Federal Reserve Districts. Most businesses remain optimistic regarding the next 6-12 months as COVID-19 vaccines become more widely distributed. *Labour market* data released on Friday suggested stronger-than expected employment growth at 379 000 as opposed to a consensus of 180 000 and up from a January revised figure of 166 000. The increase reflects the lifting of coronavirus containment measures (and the effect of the USD 600 stimulus cheques), with the reopening of restaurants translating into a 355,000 gain in leisure & hospitality employment. Meanwhile, the unemployment rate declined slightly from 6.3% to 6.2%, while wage growth remained robust but stable at 5.3%.

In **China**, the *Caixin manufacturing PMI* fell to 50.9 in February 2021, the lowest reading since May 2020, and below the market consensus of 51.5. Output growth eased to a ten-month low, while total new work expanded at the weakest rate in nine months. New orders rose the least since May, with export sales declining for the first time in four months, while employment fell again after a six-month period of growth. The *Caixin PMI for services* dropped to a ten-month low of 51.5 in February 2021, from 52.0 a month earlier, amid the COVID-19 crisis, and a recent rise in cases globally.

Sectoral performance in the USA 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	3768.5	-1.1	0.3	Stoxx 600	SXXP Index	412.7	1.9	3.4
IT	S5INFT Index	2231.1	-2.7	-2.6	Health care	SXDP Index	848.1	-0.9	-3.5
Health care	S5HLTH Index	1293.6	-1.4	-2.3	Industrial goods & services	SXNP Index	661.8	2.0	5.2
Financials	S5FINL Index	555.0	3.6	13.2	Banks	SX7P Index	128.7	5.8	18.9
Telco	S5TELS Index	233.3	0.5	5.1	Personal & households goods	SXQP Index	924.4	2.6	-0.9
Consumer discretionary	S5COND Index	1241.0	-4.1	-4.7	Insurance	SXIP Index	302.6	4.6	8.4
Industrials	S5INDU Index	774.3	1.3	3.3	Food and beverages	SX3P Index	698.1	3.4	-2.4
Consumer staples	S5CONS Index	649.6	0.0	-6.7	Technology	SX8P Index	622.7	-2.9	3.2
Utilities	S5UTIL Index	297.5	0.7	-6.8	Utilities	SX6P Index	353.7	-0.9	-7.9
Energy	S5ENRS Index	392.9	9.1	37.3	Oil & gas	SXEP Index	265.4	5.2	12.3
Real estate	S5RLST Index	226.5	-2.5	-0.6	Chemicals	SX4P Index	1117.5	2.3	0.3
Materials	S5MATR Index	463.7	0.6	1.8	Construction & materials	SXOP Index	524.2	4.1	6.4
Source: Bloomberg					Telco	SXKP Index	211.3	1.7	2.7
					Retail	SXRP Index	404.0	1.9	2.0
					Financial services	SXFP Index	638.2	0.2	5.3
					Basic resources	SXPP Index	581.4	1.5	16.4
					Real estate	SX86P Index	162.3	0.6	-5.0
					Auto & parts	SXAP Index	593.1	6.3	12.5
					Media	SXMP Index	298.0	1.6	5.3
					Travel & leisure	SXTP Index	259.3	4.1	15.6

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	3768	-3.0	1.9	10.0	24.6	30.6	4.1	2.8	11.3	1.4	119.4	1.4	21.7
Europe	SXXP Index	413	0.8	4.7	14.0	8.4	50.0	2.0	1.5	4.6	1.1	177.0	0.3	37.8
Germany	DAX Index	14048	-0.1	5.6	9.4	17.6	47.8	1.8	1.1	4.4	1.1	126.8	14.9	31.6
France	CAC Index	5835	3.1	4.0	17.5	8.8	55.5	1.8	1.4	3.2	1.2	195.6	3.1	59.9
Poland	WIG20 Index	1947	-0.6	0.0	10.7	6.8	36.0	1.1	1.0	2.7	1.1	57.7	1.8	43.0
Czechia	PX Index	1071	0.8	10.2	18.7	8.2	17.6	1.3	1.5	7.1		142.9	1.0	17.8
Hungary	BUX Index	43406	-1.5	10.7	24.6	1.9	19.3	1.2	1.0	5.5	1.1	54.3	73.7	35.7
Romania	BET Index	10464	-1.4	9.6	16.3	9.1	12.3	1.1	1.5	9.1	1.5	35.5		
Bulgaria	SOFIX Index	492	-0.5	14.6	13.0	-8.3	3.8	0.6	0.7	13.9	3.2	61.8		
Russia	IMOEX Index	3417	0.7	7.3	16.9	21.3	15.0	1.1	1.2	7.5	1.5	66.5	7.7	73.2
Ukraine	PFTS Index	517	-0.8	1.8	3.3	-3.7	26.3	0.8	0.9	6.3	0.8	10.4		
Slovenia	SBITOP Index	990	4.7	10.9	18.2	9.5	9.0	0.9	0.6	9.9	1.6	28.9		
Croatia	CRO Index	1829	2.2	4.6	13.7	-1.7	73.2	1.0	1.1	1.6	1.3	52.3	6.7	
Serbia	BELEX15 Index	744	1.7	4.0	7.0	-5.6	16.3	0.6	0.8	4.3	1.7	20.6		
Montenegro	MNSE10 Index	735	1.1	15.9	12.0	-5.9	16.0	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).

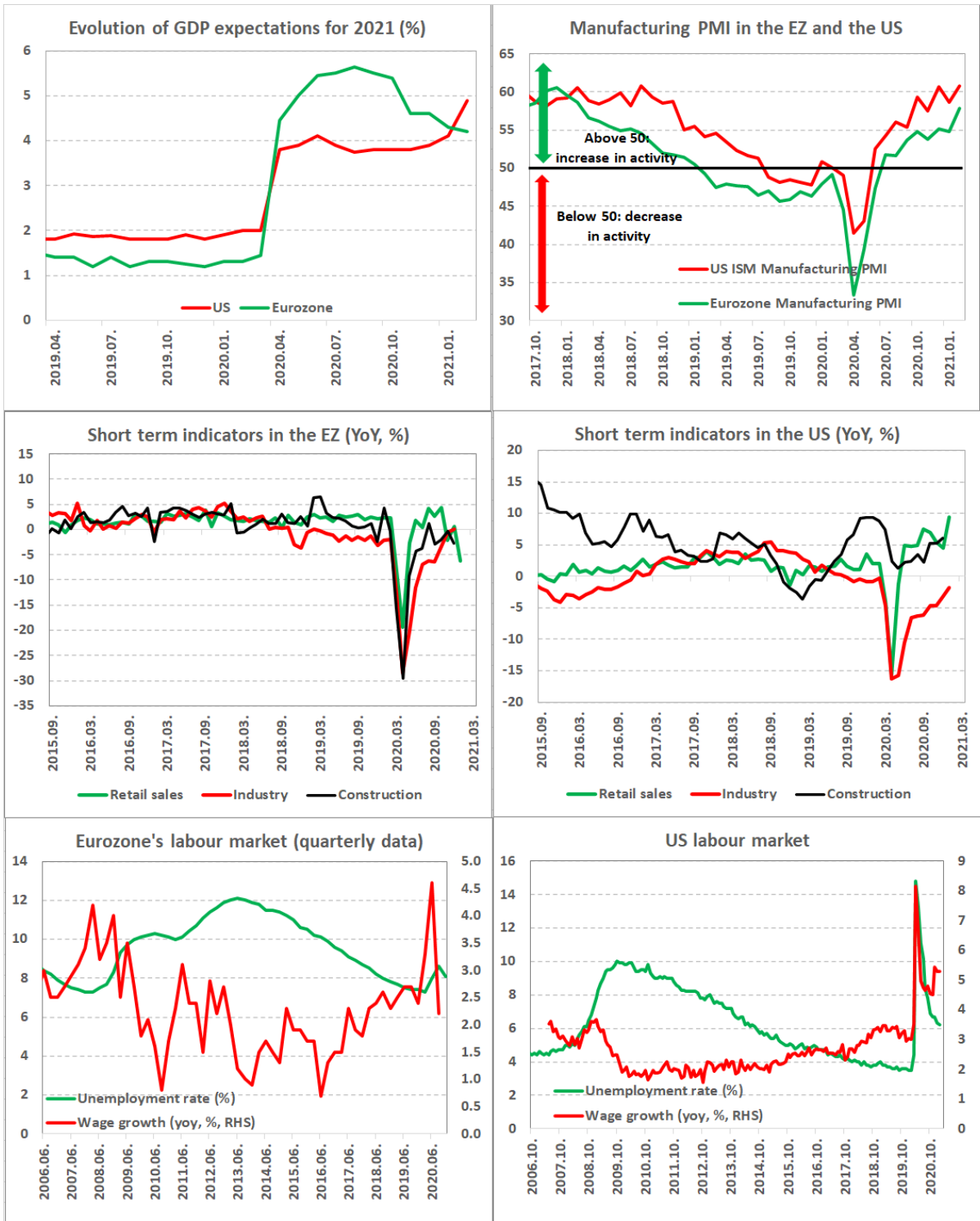
***therefore direct comparison of valuation metrics alone could be misleading.

This week's data

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021 3. 1. 2 : 45	CN	Caixin Manufacturing PMI (points)	Feb	50.9	51.5	51.5
8 : 00	TR	GDP (first estimate, YoY, %)	Q4	5.9	7.1	6.7
9 : 45	IT	Markit/IHS Manufacturing PMI (prelim.)	Feb	56.9	57.0	55.1
14 : 00	DE	CPI (preliminary, YoY, %)	Feb	1.3	1.2	1.0
16 : 00	US	Construction expenditure (MoM, %)	Jan	1.7	0.8	1.0
16 : 00	US	ISM Manufacturing PMI (points)	Feb	60.8	58.8	58.7
17 : 10	EZ	ECB President Christine Lagarde speaks	Feb	-	-	-
2. 8 : 00	DE	Retail sales (MoM, %)	Jan	-4.5	-0.3	-9.6
11 : 00	EZ	CPI (flash, YoY, %)	Feb	0.9	0.9	0.9
11 : 00	EZ	Core CPI (flash, YoY, %)	Feb	1.1	1.1	1.4
3. 2 : 45	CN	Caixin Services PMI	Feb	51.5		52.0
9 : 45	IT	Markit/IHS Services PMI (prelim.)	Feb	48.8	46.0	44.7
10 : 00	IT	GDP (detailed, QoQ, %)	Q4	-1.9	-2.0	-2.0*
14 : 15	US	ADP non-farm employment (MoM, '000s)	Feb	117.0	177.0	195.0
16 : 00	US	ISM non-Manufacturing PMI (points)	Feb	55.3	58.7	58.7
20 : 00	US	Beige Book	-	-	-	-
4. 11 : 00	EZ	Retail sales (MoM, %)	Jan	-5.9	-1.1	1.8
11 : 00	EZ	Unemployment rate (%)	Jan	8.1	8.3	8.1
14 : 30	US	Continuing jobless claims ('000s)	weekly	4295.0	4300.0	4419.0
14 : 30	US	Initial jobless claims ('000s)	weekly	745.0	750.0	736.0
16 : 00	US	Factory orders (MoM, %)	Jan	2.6	2.1	1.6
18 : 5	US	J. Powell speech, Wall Street Journal Job Summit	Feb	-	-	-
5. 8 : 00	DE	Industrial orders (MoM, %)	Jan	1.4	0.7	-2.2
10 : 00	IT	Retail sales (MoM, SA, %)	Jan	-3.0		2.4
14 : 30	US	Average earnings (YoY, %)	Feb	5.3	5.3	5.3
14 : 30	US	Average earnings (MoM, %)	Feb	0.2	0.2	0.1
14 : 30	US	Unemployment rate (%)	Feb	6.2	6.3	6.3
14 : 30	US	Non-farm payroll (MoM, '000s)	Feb	379.0	180.0	166.0

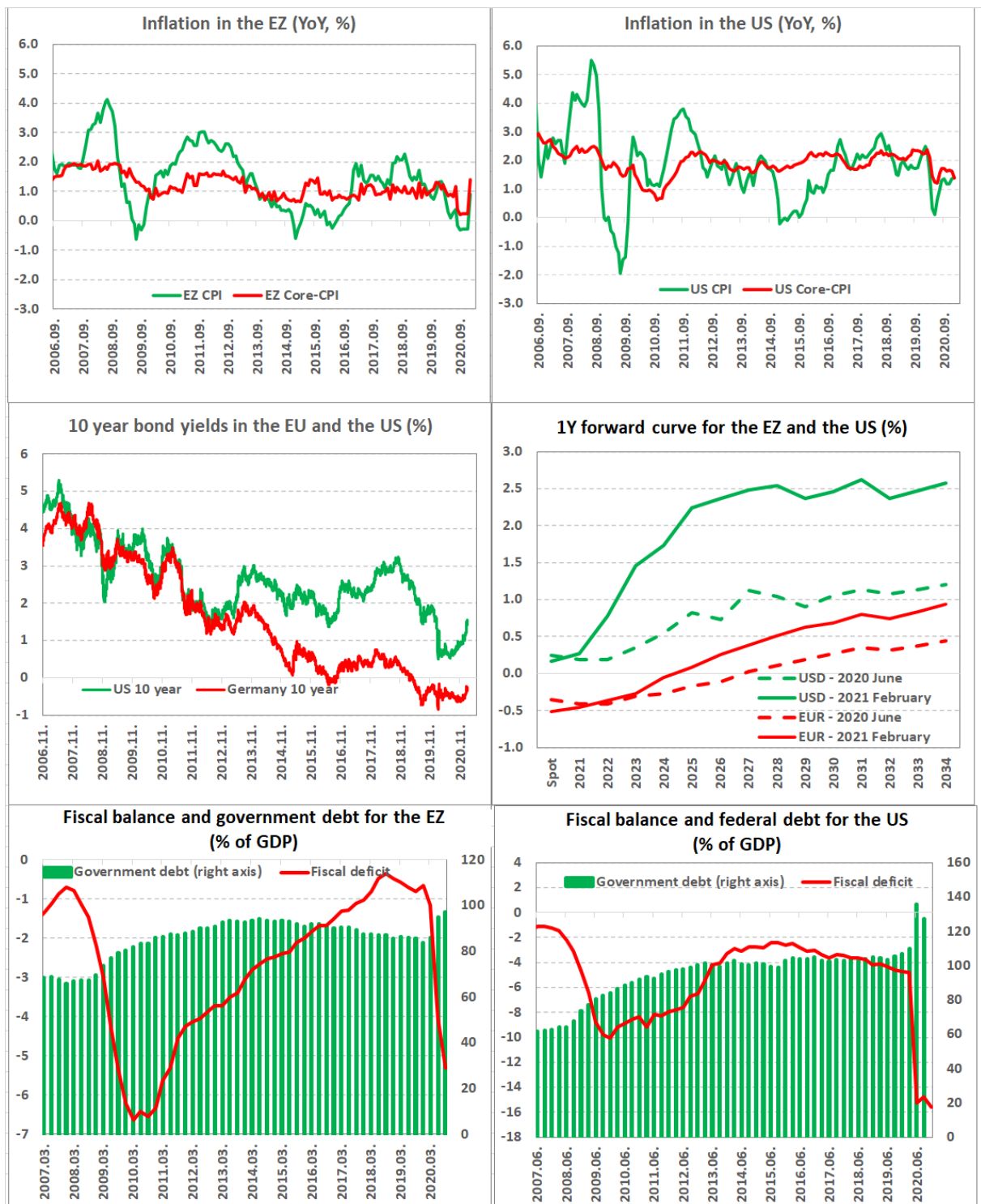
* preliminary data

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	1.21	1.23	1.24	1.25	1.24	1.22
EURGBP	0.89	0.91	0.90	0.88	0.88	0.88	0.88	0.87	0.85	0.85
EURCHF	1.06	1.08	1.08	1.08	1.10	1.11	1.11	1.13	1.13	1.15
USDJPY	107.0	106.0	104.0	104.0	104.0	104.0	104.0	105.0	108.0	112.0

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	-5.1	5.2	-5.4	4.5	Hungary	-2.1	-8.3	-6.4	-8.6	-6.0
Romania	4.1	-3.9	5.5	-5.2	4.0	Romania	-4.4	-9.5	-8.2	-9.7	-6.9
Bulgaria	3.8	-3.8	3.3	-4.6	3.2	Bulgaria	1.9	-3.6	-3.2	-4.1	-3.4
Russia	2.0	-3.1	4.0	-3.1	2.9	Russia	1.8	-3.9	-2.6	-3.8	-2.2
Ukraine	3.2	-4.4	4.5	-4.7	4.0	Ukraine	-2.2	-5.5	-6.0	-6.1	-5.0
Slovenia	3.2	-7.1	5.9	-6.7	4.8	Slovenia	0.5	-8.0	-3.6	-8.5	-4.7
Croatia	2.9	-8.7	4.8	-8.8	4.6	Croatia	0.4	-8.5	-5.5	-8.0	-4.2
Serbia	4.2	-1.0	4.2	-1.0	4.5	Serbia	-0.2	-8.3	-3.0	-8.2	-3.2
Montenegro	4.1	-14.3	4.0	-13.3	5.6	Montenegro	-2.9	-9.9	-6.2	-9.9	-4.7
Albania	2.2	-4.0	4.0	-5.2	5.1	Albania	-1.9	-6.8	-4.7	-7.3	-5.9
Moldova	3.6	-7.3	4.9	-7.0	4.5	Moldova	-1.4	-7.5	-5.0	-7.7	-4.3

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	3.3	3.2	3.3	3.1	Hungary	3.4	4.3	4.0	4.3	4.5
Romania	3.8	2.6	3.0	2.6	2.6	Romania	3.9	4.9	4.7	4.9	5.5
Bulgaria	3.1	1.7	1.7	1.7	1.9	Bulgaria	4.2	5.1	4.8	5.0	5.5
Russia	4.5	3.4	4.9	3.4	4.0	Russia	4.6	5.8	5.0	5.8	5.5
Ukraine	7.9	2.7	6.4	2.7	6.2	Ukraine	8.2	9.9	9.2	9.9	9.2
Slovenia	1.7	0.0	1.3	-0.3	1.1	Slovenia	4.5	4.6	4.5	4.9	5.6
Croatia	0.8	0.1	0.7	0.1	0.9	Croatia	7.9	7.0	7.0	9.5	9.0
Serbia	1.9	1.6	1.9	1.6	1.9	Serbia	10.4	10.0	9.7	8.9	9.9
Montenegro	0.4	-0.3	0.7	-0.3	0.9	Montenegro	15.1	17.6	17.5	17.5	16.4
Albania	1.4	1.4	1.6	1.6	1.9	Albania	11.6	12.4	11.8	12.8	12.2
Moldova	4.8	4.0	3.2	3.8	3.9	Moldova	5.1	7.1	5.3	5.1	4.9

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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