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OTP Weekly Outlook

Next week:

- *March business confidence indicators from Europe and the USA, as well as February real economy data from the USA will be in the spotlight*

This week:

- *Stock markets closed a forgettable week as the rise in long-term US Treasury yields kept on*
- *The Fed meeting did not bring anything new, Chinese data were strong as expected, major EM central banks started tightening cycle*
- *The dollar strengthened amidst the risk-off environment; oil prices fell substantially*

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	3895.6	-1.2	3.7	US 2 year	0.15	0.0	2.6	Dollar index	92.128	0.5	2.4	Brent	63	-9.4	21.1
Russel 2000	2254.5	-4.2	14.2	US 10 year	1.72	10.0	81.1	EURUSD	1.188	-0.6	-2.7	WTI	60	-9.1	22.9
Stoxx 600	422.1	-0.2	5.8	DE 2 year	-0.70	-0.8	1.5	USDJPY	108.87	0.1	-5.2	Gold	1735	0.5	-8.6
DAX	14591.6	0.6	6.4	DE 10 Year	-0.29	1.7	28.2	GBPUSD	1.384	-0.6	1.3	Silver	26	0.7	-1.1
CAC40	5994.5	-0.9	8.0	SP 10 year	0.36	2.8	31.2	AUDUSD	0.774	-0.3	0.6	Palladium	2631	10.8	7.4
FTSE100	6687.2	-1.1	3.5	UK 10 year	0.85	2.7	65.5	USDCAD	1.253	-0.4	1.6	Copper	408	-1.7	15.8
FTSE MIB	24085.8	-0.1	8.3	IT 10 year	0.68	5.7	13.8	USDCHF	0.931	-0.1	-4.9	Steel	1258	0.0	25.2
Nikkei 225	29792.1	0.2	8.6	JP 10 year	0.11	-1.1	9.0	NZDUSD	0.716	-0.3	-0.4	Wheat	624	-1.2	-2.5
CSI 300	5007.1	-2.7	-3.9	CH 10 year	3.23	-2.2	9.5	CNHUSD	6.514	-0.3	-0.2	Corn	551	0.3	13.8

Source: Bloomberg

March business confidence indicators from Europe and the USA, as well as February real economy data from the USA will be in the spotlight

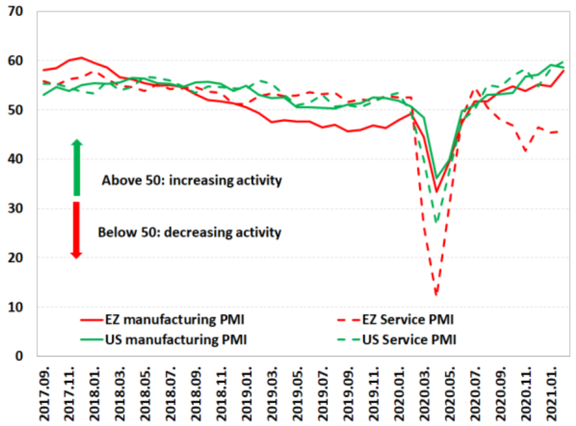
The FOMC meeting stole the show this week, but next week will be much more silent in terms of economic events and macroeconomic data releases. The internationally comparable business confidence indices, PMIs for March, both from the eurozone and the USA will be released, and further US real economy data for February will come to light. Movements in long-term yields will remain a key determinant of stock market performance, and it is worth following to what extent the lack of new actions from this week's FOMC meeting will be enough for markets to keep a lid on the rise. Meanwhile, pandemic news is worth following, particularly in Europe, where infection rates are deteriorating in an increasing number countries. The French government last night announced a four-week lockdown for the hardest-hit areas.

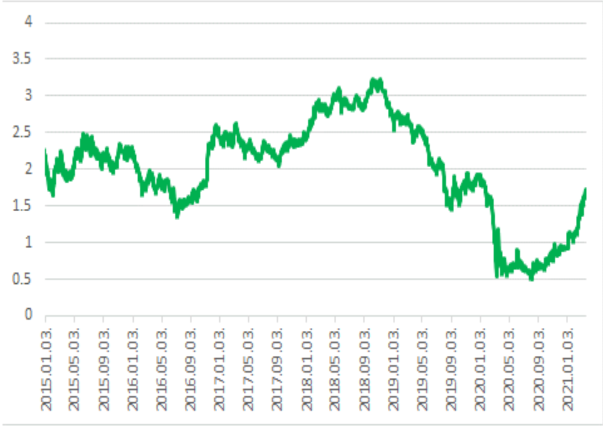
In the **Euro area**, the key day will be Wednesday, when a bunch of PMIs for the block, Germany, and France will be released. PMIs in Europe have been a mixed bag so far. While manufacturing PMIs kept up well since the collapse in last spring and could have even reached almost historic high levels by February, service sector indicators fell below 50 by last September and could not pick up since then. Given the current pandemic situation, it is obvious that this duality will persist. The only questions are whether the strength of industry remains at the February level, and whether there could be some minor improvement in services, given the ongoing vaccinations. However, caution is warranted in drawing very direct conclusions from the data release, as confidence indices in some cases give poor guidance on economic activity. For example, despite a manufacturing PMI of almost 55 in January, the area's industrial production for the same month remained slightly in the red. Europe will see other confidence indices as well, most importantly the German IFO index, and the European consumer confidence for March.

As for the **USA**, the week starts with February housing sales data on Monday. March PMIs and February durable goods orders will follow on Wednesday, while household spending and income data for February will be released on Friday. Unlike Europe, the USA could post a decent recovery (about 5% annualized) in Q1, based on the indicators available so far. However, as industrial production and retail sales both fell significantly in February, it seems that the pace of growth has weakened. Therefore, March business confidence indices will be very interesting to see whether the third stimulus package has already had some effect on the statistics. Both PMIs stood at historical high levels in February; they are due on Friday.

Eurozone and US PMIs

US 10-year Treasury yield (%)





Source: Bloomberg, Refinitiv

What to watch next week

Data						Cd.	Event/Data	Period	Cons.	Prev.
2021	3.	22.	15	:	00	US	Existing home sales (annualized monthly, '000s)	Feb	6500.0	6690.0
		23.	8	:	00	UK	Unemployment rate (%)	Jan	5.2	5.1
			15	:	00	US	New home sales (annualized monthly, '000s)	Feb	880.0	923.0
		24.	8	:	00	UK	Inflation (YoY, %)		0.8	0.7
			9	:	15	FR	Markit Manufacturing PMI (points)	Mar	56.1	56.1
			9	:	15	FR	Markit Service PMI (points)	Mar	45.5	45.6
			9	:	30	DE	Markit Manufacturing PMI (points)	Mar	60.9	60.7
			9	:	30	DE	Markit Service PMI (points)	Mar	46.3	45.7
			10	:	00	EZ	Markit Manufacturing PMI (points)	Mar	57.9	57.9
			10	:	00	EZ	Markit Service PMI (points)	Mar	46.0	45.7
			10	:	30	UK	Manufacturing PMI (points)	Mar	55.0	55.1
			10	:	30	UK	Service PMI (points)	Mar	51.0	49.5
			13	:	30	US	Durable goods orders (MoM, %)	Feb	1.0	3.4
			14	:	45	US	Markit Manufacturing PMI (points)	Mar	59.4	58.6
			14	:	45	US	Markit Service PMI (points)	Mar	60.2	59.8
			16	:	00	EZ	Consumer confidence (point)	Mar	-14.3	-14.8
		25.	13	:	30	US	Initial jobless claims ('000s)	weekly		770.0
			13	:	30	US	Continuing jobless claims ('000s)	weekly		4124.0
		26.	8	:	00	UK	Retail sales (MoM, %)	Feb	2.2	-8.2
			10	:	00	DE	IFO Economic sentiment index (points)	Mar	93.0	92.4
			10	:	00	IT	Consumer confidence (point)	Mar		101.4
			14	:	30	US	Personal income (MoM, %)	Feb	-7.0	10.0
			14	:	30	US	Personal consumption (adjusted, MoM, %)	Feb	-0.6	2.4

A forgettable week for stock exchanges as Treasury yield's increase continued as the Fed left markets alone

European and US stock markets seem to have closed a forgettable week, the different markets stood between a stagnation and small drop on Friday afternoon. After the previous week's significant rise, markets first waited for the Fed's latest decision on Wednesday. When it turned out that the Fed Open Market Committee did not announce any policy steps or concerns regarding the recent rise in long-term yields, the increase in US and major European government bond yields continued. This tendency already influenced emerging market capital flows and bond yields, which forced the central banks of Brazil, Turkey, and lately Russia to increase their key rates. Meanwhile, the fiasco regarding the AstraZeneca vaccine's risk, and the weaker-than-expected US February real economy data were also negative news. In the risk-off environment, the dollar strengthened, while oil prices fell substantially.

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

The number of daily new cases and covid-related deaths continue to decline in the USA. The UK, Spain, Portugal, and Ireland enjoy relatively low infection rates, while an increase of daily new case counts can be seen in Germany, France, and Italy. A steady rise of infection rates can be observed in the rest of the Western Europe as well. The CEE region is still suffering from a strong covid infection wave, nearly every country in the region reports an alarming rise in covid statistics. Growing daily new case counts are reported from Turkey, India, and Japan as well.

The most vaccinated country in the world is still Israel, where 60% of the population received at least one dose, and 50% is fully vaccinated. The UK administered 37% of its population at least one dose, while the same number varies from 7% to 11.5% for the rest of Western European countries. In the CEE region, Serbia and Hungary take the lead, where 18% and 14% of the population received at least one dose, respectively. 12% of the Serbian population is considered fully vaccinated, while the same statistic varies from 1% to 4% for other European countries. 11% of the US population is fully vaccinated, and about twice as many received at least one dose in the country.

Both European and US indices broadly stagnated in weekly comparison by Friday afternoon

In **Europe**, the *STOXX600* stood at -0.2% on Friday afternoon. Individual country indices grew to different degrees: *DAX*: 0.6%, -*CAC40*: 0.9%, *FTSE100*: -1.1%, *FTSE MIB*: -0.1%. The sectoral picture was very mixed, with less than half of sectoral indices increasing: auto+parts (5.0%), Health Care (1.5%) and Media (1.5%) leading, but the majority of indices in minus in week/week comparison: with oil and gas (-5.5%), basic resources (-3.6%), the champions of previous weeks leading the fall.

In the **USA**, the *S&P* stood at -1.2% by Friday afternoon, the small-cap index *Russell 2000* fell by 4.2%. Vene the best performing sectors could hardly grow oversees: consumer staples and telcon (both 0.3%), while most sectors weakened, in particular energy (-7.7%) followed by financials (-2.1%).

Financials were hit by the FED announcement on Friday that from March 31, banks will again have to count their Treasury bond and cash holdings towards their Supplementary Leverage Ratio. The FED exempted such holdings in the first wave of the pandemic to allow the financial system to absorb a massive injection of liquidity as it slashed interest rates and started buying bonds in huge volume.

Continuing rise in long-term Treasury yields in the USA and Germany. Oil prices stopped increasing.

Long-term *US Treasury yields* have reached 1.75% by Thursday, as markets were not reassured by the Fed’s decision and communication over the potential inflationary effects of reopening and the risks of extreme policy stimulus in the USA. By Friday afternoon, yields slightly moderated to 1.72%, 10 bps above last Friday's, but today’s trade was negatively affected by the FED decision on tightening supervisory measures regarding bank’s Treasury holdings. The *German 10Y Bund* yield increased only trivially, primarily pulled by the US market, but Italy and Spain also experienced a few bps increase.

Oil prices fell by around 9% in weekly comparison. Inflation concerns, which lifted Treasury yields, made the U.S. currency stronger, just as signs emerged of softer demand in Asia. In addition, crude oil’s plunge may be linked to some unwinding of long positions by commodity trading advisors as daily moves of more than 3% can trigger funds to quickly unload. Further to this, US weekly oil inventories exceeded expectations, and the gloomy outlook on global oil demand of the International Energy Agency did not help either.

The Fed meeting did not bring anything new, Chinese data were strong as expected, major emerging markets' central banks started the tightening cycle

In the **United States**, the *FOMC* let the base rate unchanged as expected, but what was less predictable is that it also kept the monthly asset purchases at the previous level of USD 120 bn, suggesting that given the outlook, policy-makers seem comfortable with the rise so far. The committee also released its new macro-economic projection. This shows that this year's strong economic growth will have only a transitory impact on inflation, which explains why most FOMC members still are not thinking about raising interest rates. Economic growth is now expected to be 6.5% this year (up from 4.2% in December’s forecasts) but forecasts for future years changed little. That additional economic activity translates into a slightly lower profile for the unemployment rate, with the median projection at 3.9% for end-2022 (4.2% previously) and 3.5% by end-2023 (from 3.7%). In terms of inflation, the forecast for end-2021 was raised to 2.4% for headline PCE (from 1.8%), both headline and core inflation rates are projected to drop back to 2.0% in 2022 and rise only slightly to 2.1% in 2023. In the post-meeting press conference, Fed Chair Powell cited base effects and a combination of rebounding spending and supply bottlenecks as reasons why inflation would be temporarily higher this year. The median policy rate projection remained at near-zero through the end of 2023. Jerome Powell argued that it was too soon to discuss tapering asset purchases, underlining the commitment to wait for 'substantial further progress' towards the Fed’s goals. At the same time, the Fed signalled no intention of adjusting the programme to counter recent increases in longer-term Treasury yields. Mr Powell repeated the line that while disorderly moves would be unwelcome, financial conditions are accommodative. The key question is whether the Fed's communication will be enough to reassure markets in terms of future inflation and financial conditions.

Other incoming US macro data for the week were rather mixed but suggest a weakening recovery since January. Although the *New York Fed manufacturing* *index* for March surprised to the upside, the falling February *industrial production* (-2.2% vs a consensus of 0.3% MoM) and *retail sales* (-3.0% vs a consensus of -0.5% MoM), together with the weakening *leading index* (from 0.5% to 0.2% MoM), and higher-than-expected *weekly unemployment claims* all suggest that after the strong rebound in January, the recovery weakened later on, and the newly adopted stimulus from the second half of March, is needed to help economic growth to strengthen again.

January-February activity data for **China** came out very strong, but compared to expectations, the data were mixed. On the one hand, *industrial production* (35.1% vs 30%) and *retail sales* (33.8% vs. 32%) beat expectations while *infrastructural investment* was slightly weaker than expected (35% vs. 40%).

As for **Europe**, the March *ZEW business confidence* data surprised on the upside for Germany (76.6 vs. 74) and also strengthened for the euro area (74.0, up from 69.6). Still this has more to do with good industrial outlook, while the service sector looks less promising.

The increase in US yields has already started to put pressure on emerging markets. The *Central Bank of Turkey* raised its benchmark one-week repo rate by 200 bps to 19% on 18 March, surprising markets who expected a hike of 100. Policymakers decided to implement strong monetary tightening, considering the upside risks to inflation expectations, pricing behaviour, and the medium-term inflation outlook associated with these developments. Annual inflation rose to 15.6% in February from 15.0% in January, the highest rate since July 2019. This step was preceded by the *Central Bank of Brazil*, which also increased its key rate by 75 bps a day earlier. Finally, today the *Central Bank of Russia* also decided to raise the key rate by 25 bps, with a tightening bias. The primary explanation cited also higher-than-expected inflation, as well as inflationary risks. However, overall, we believe that central banks also acted to ease pressure on currencies and bond markets amidst the sharp increase in US long-term Treasury yields.

Sectoral performance in the USA and Europe

Performance of US sectors

Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
S&P500	SPX Index	3895.6	-1.2	3.7
IT	S5INFT Index	2273.8	-1.3	-0.8
Health care	S5HLTH Index	1329.7	-0.2	0.4
Financials	S5FINL Index	564.3	-2.1	15.1
Telco	S5TELS Index	240.0	0.3	8.2
Consumer discretionary	S5COND Index	1316.8	-1.0	1.1
Industrials	S5INDU Index	814.0	-0.3	8.6
Consumer staples	S5CONS Index	677.4	0.3	-2.7
Utilities	S5UTIL Index	311.8	-1.0	-2.3
Energy	S5ENRS Index	370.0	-7.7	29.3
Real estate	S5RLST Index	242.4	0.1	6.4
Materials	S5MATR Index	485.6	-1.4	6.6

Source: Bloomberg

Performance of Europe's sectors

Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
Stoxx 600	SXXP Index	422.1	-0.2	5.8
Health care	SXDP Index	877.7	1.5	-0.1
Industrial goods & services	SXNP Index	676.6	-0.8	7.6
Banks	SX7P Index	128.5	-0.6	18.8
Personal & households goods	SXQP Index	958.9	0.0	2.8
Insurance	SXIP Index	307.4	-0.6	10.1
Food and beverages	SX3P Index	718.2	1.0	0.5
Technology	SX8P Index	637.6	0.6	5.6
Utilities	SX6P Index	368.9	-0.3	-3.9
Oil & gas	SXEP Index	258.3	-5.5	9.2
Chemicals	SX4P Index	1157.4	-0.4	3.9
Construction & materials	SXOP Index	537.6	-1.9	9.1
Telco	SXKP Index	226.4	0.9	10.1
Retail	SXRP Index	423.8	-1.5	7.0
Financial services	SXFP Index	639.1	-0.8	5.4
Basic resources	SXPP Index	560.0	-3.6	12.2
Real estate	SX86P Index	165.9	-0.2	-2.9
Auto & parts	SXAP Index	629.5	5.0	19.4
Media	SXMP Index	308.5	1.5	9.0
Travel & leisure	SXTP Index	267.3	1.1	19.2

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	3896	-0.3	5.0	17.4	61.7	31.6	4.3	2.9	11.4	1.4	119.4	1.6	22.1
Europe	SXXP Index	422	1.7	6.6	14.5	46.7	50.6	2.1	1.5	4.8	1.1	176.0	0.3	38.8
Germany	DAX Index	14592	4.3	7.1	11.2	69.5	45.0	1.9	1.2	4.7	1.2	132.9	12.2	31.6
France	CAC Index	5994	3.8	8.4	20.4	55.5	56.7	1.8	1.5	3.2	1.1	195.1	4.3	60.9
Poland	WIG20 Index	1936	-2.5	-0.9	11.8	31.7	35.5	1.1	1.0	2.7	1.1	57.5	5.2	50.9
Czechia	PX Index	1083	2.7	7.3	23.9	52.7	20.4	1.3	1.6	6.2		142.5	1.1	16.6
Hungary	BUX Index	44138	0.2	6.1	31.4	49.7	21.6	1.2	1.0	5.2	1.1	55.2	68.9	47.6
Romania	BET Index	10837	4.7	12.2	18.9	46.7	11.8	1.1	1.4	9.4	1.2	45.8	42.1	
Bulgaria	SOFIX Index	491	-2.1	11.0	15.5	21.0	4.2	0.6	0.7	12.9	3.2	64.7		
Russia	IMOEX Index	3473	0.4	6.1	17.7	52.6	16.0	1.1	1.3	7.1	1.5	53.1	23.9	74.9
Ukraine	PFTS Index	517	-0.8	1.8	3.3	-1.4	26.3	0.8	0.9	6.3	0.8	10.4		
Slovenia	SBITOP Index	989	4.0	10.2	17.8	40.9	9.0	0.9	0.6	9.8	1.6	28.6		
Croatia	CRO Index	1845	-0.2	7.1	14.5	34.3	73.8	1.0	1.1	1.6	1.3	55.6	1.1	
Serbia	BELEX15 Index	758	1.3	6.1	10.1	22.1	16.6	0.6	0.8	4.3	1.7	20.6		
Montenegro	MNSE10 Index	744	-0.4	13.0	13.6	8.6	15.9	0.3	1.0	2.0	2.3	15.3		

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

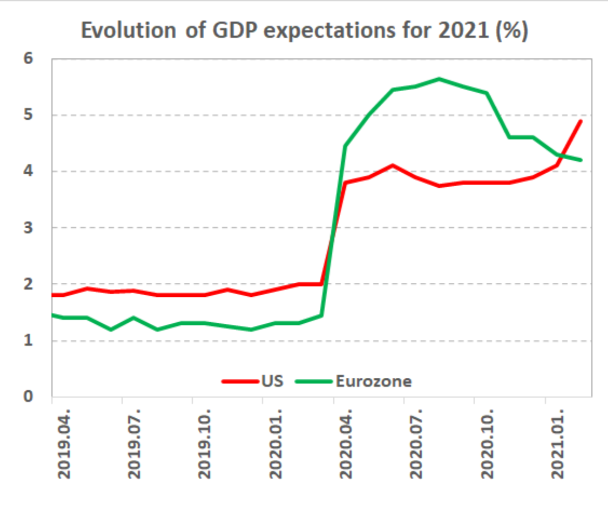
***Some of the country indices could be sector heavy (only a handful industry comprise the majority of the indices),

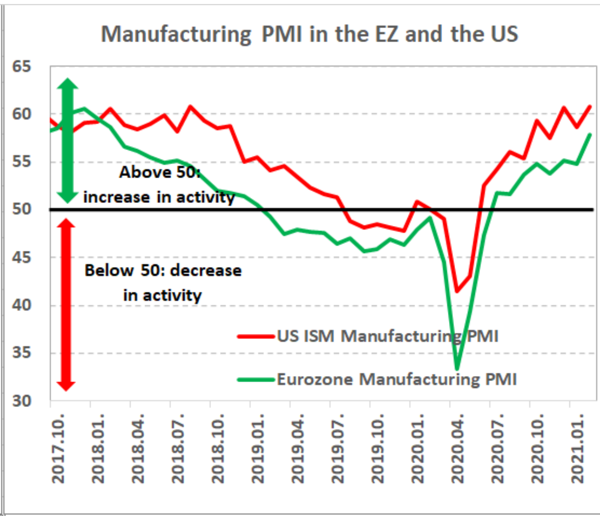
***therefore direct comparison of valuation metrics alone could be misleading.

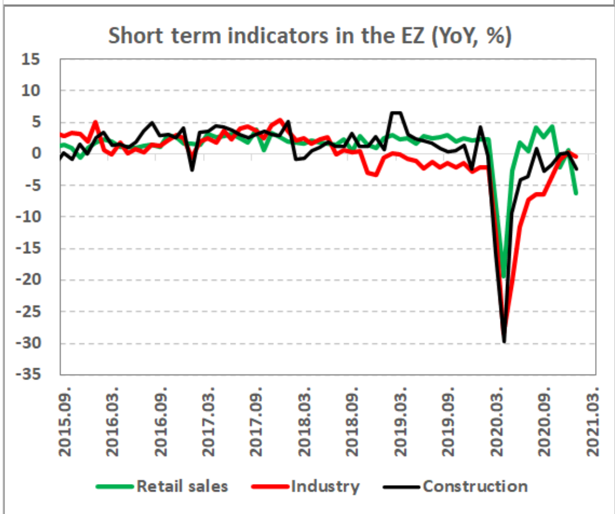
This week's data

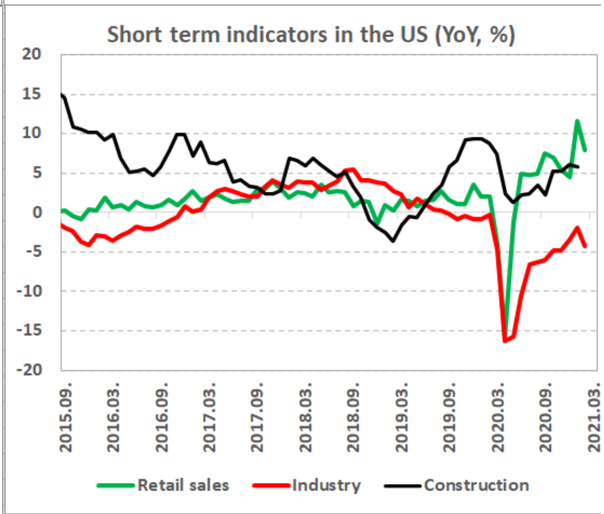
Data			Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021	3. 15.	3 : 00	CN	Infrastructural spending (YoY, %)	Feb	35.0	40.0	2.9
		3 : 00	CN	Industrial production (YoY, %)	Feb	35.1	30.0	7.3
		3 : 00	CN	Retail sales (YoY, %)	Feb	33.8	32.0	4.6
		13 : 30	US	FX swap tender (HUF liquidity, maturing/stock bn HUF)*	Mar	17.4	14.5	12.1
	16.	11 : 00	DE	ZEW Economic Sentiment (points)	Mar	76.6	74.0	71.2
		13 : 30	US	Retail sales (MoM, %)	Feb	-3.0	-0.5	5.3
		14 : 15	US	Industrial production (MoM, %)	Feb	-2.2	0.3	0.9
		15 : 00	US	Business inventories (MoM, %)	Jan	0.3	0.3	0.6
	17.	13 : 30	US	Building permits (annualized monthly, '000s)	Feb	1680.0	1750	1886
		13 : 30	US	Housing starts (annualized monthly, '000s)	Feb	1420.0	1560	1580
		19 : 00	US	Interest rate decision (%)	Mar	0-0,25	0-0,25	0-0,25
			NL	General election	-		-	-
	18	12 : 00	TR	Interest rate decision (%)	Mar	19.00	18.0	17.0
		13 : 00	UK	Interest rate decision (%)	Feb	0.1	0.1	0.10
		13 : 30	US	Initial jobless claims ('000s)	weekly	770.0	700	725
		13 : 30	US	Continuing jobless claims ('000s)	weekly	4124.0	4070	4142
		15 : 00	US	Leading index (MoM, %)	Feb	0.2	0.3	0.5
	19.	0 : 30	JP	core-CPI (YoY, %)	Feb	-0.4		-0.6
		0 : 30	JP	CPI (YoY, %)	Feb	-0.4	-0.4	-0.6
		4 : 00	JP	Interest rate decision (%)	Mar	-0.1	-0.1	-0.1

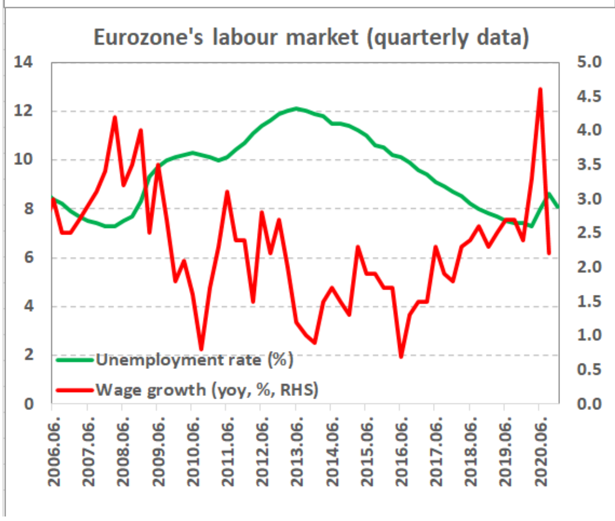
Eurozone and US chart set

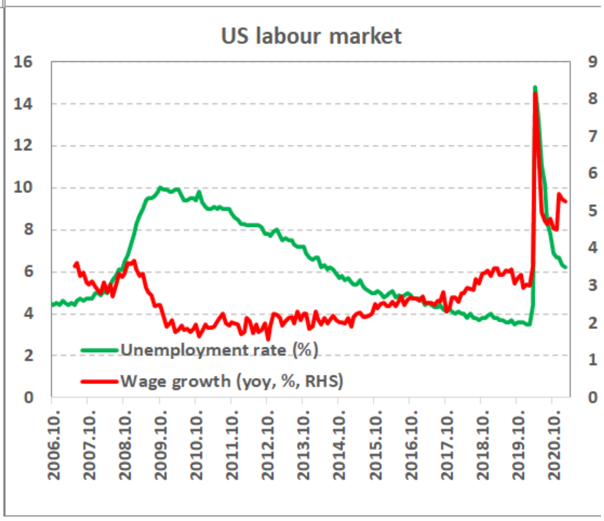












Source: Refinitiv

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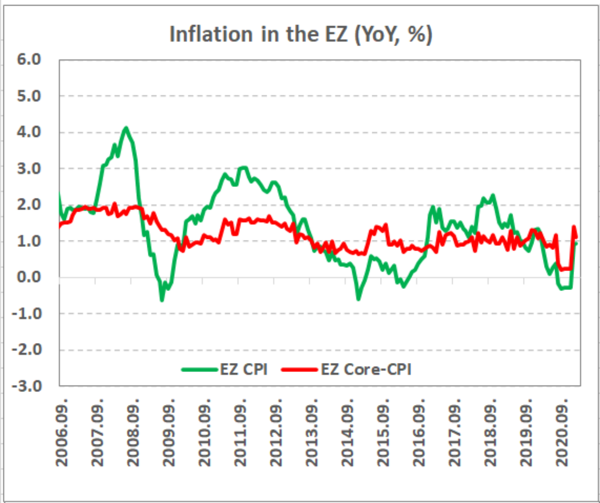
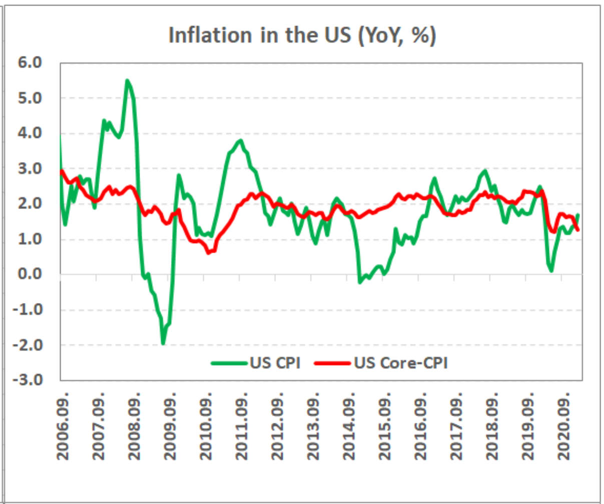
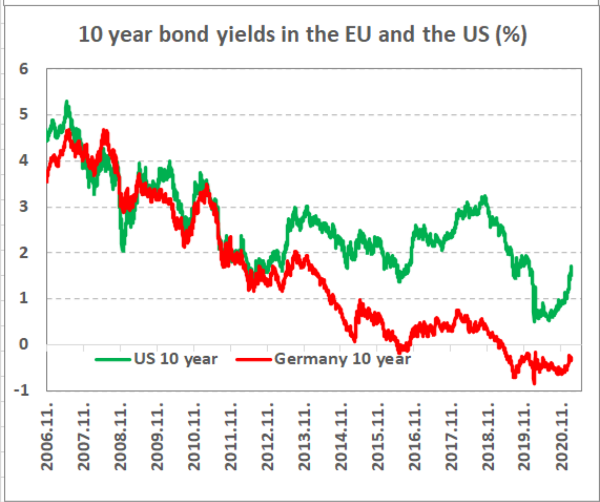
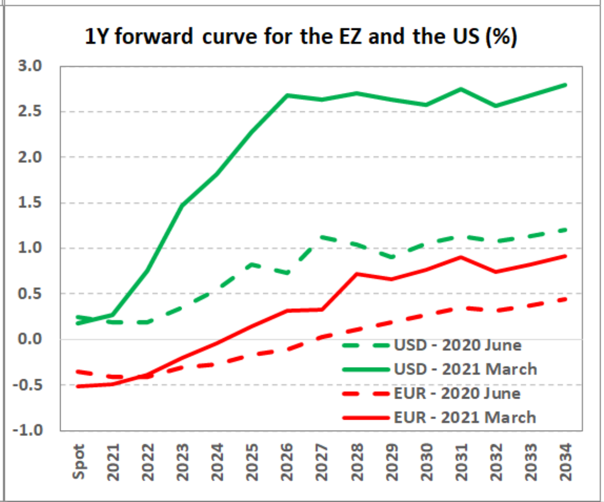
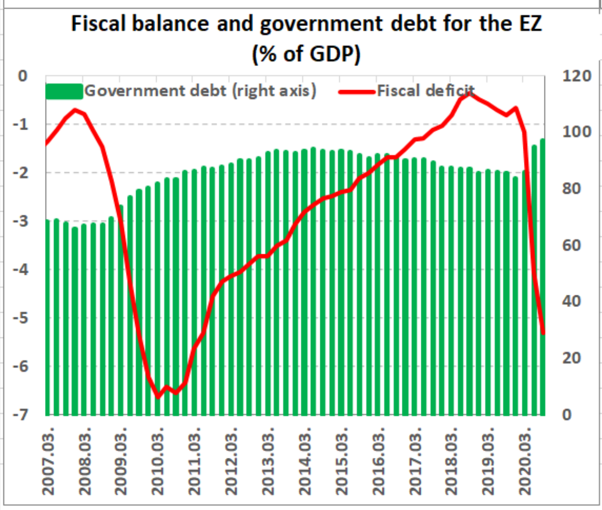
Eurozone and US chart set

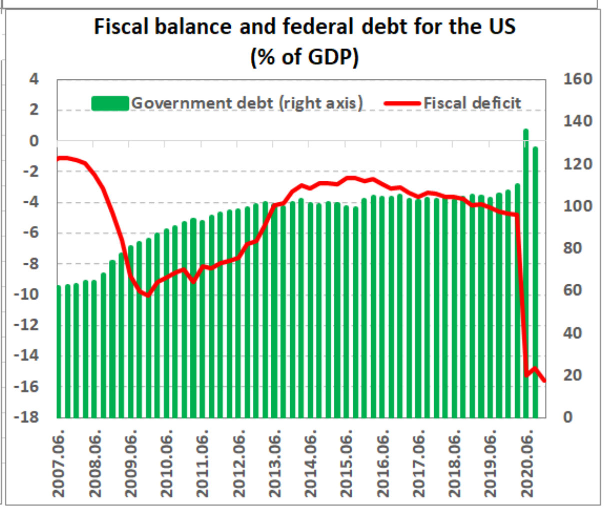












Source: Refinitiv

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	0.87	0.87	0.87	0.87	0.85	0.85
EURCHF	1.06	1.08	1.08	1.08	1.10	1.11	1.12	1.14	1.13	1.15
USDJPY	107.0	106.0	104.0	104.0	105.0	105.0	105.0	106.0	109.0	112.0

Source: Bloomberg

Regional macro forecast

Countries	GDP (yoy, %)					Countries	Fiscal balance (% of GDP)				
		OTP		Focus Economics				OTP		Focus Economics	
	2020	2021	2022	2021	2022		2020	2021	2022	2021	2022
Hungary	-5.0	4.6	6.0	4.5	4.7	Hungary	-8.5	-6.4	-3.8	-6.1	-4.0
Romania	-3.8	5.5	4.7	4.7	4.7	Romania	-9.7	-8.2	-6.5	-7.2	-5.4
Bulgaria	-3.8	3.4	4.6	3.4	4.0	Bulgaria	-3.6	-3.1	-1.5	-3.5	-1.9
Russia	-3.1	4.0	3.5	2.9	2.6	Russia	-3.8	-2.6	-1.2	-2.0	-0.7
Ukraine	-4.4	4.5	6.9	4.2	3.9	Ukraine	-6.0	-6.0	-4.0	-4.9	-3.2
Slovenia	-5.5	5.9	4.5	4.7	4.0	Slovenia	-8.3	-2.9	-2.0	-4.9	-3.1
Croatia	-8.4	5.5	6.1	4.5	4.9	Croatia	-8.0	-5.5	-3.0	-4.4	-2.9
Serbia	-1.0	4.2	5.9	4.7	4.3	Serbia	-8.1	-3.0	-1.5	-3.3	-1.7
Montenegro	-14.0	3.3	9.4	5.7	5.1	Montenegro	-9.9	-6.2	-2.5	-4.7	-3.4
Albania	-5.2	4.0	5.8	5.1	5.0	Albania	-7.3	-4.7	-3.0	-5.9	-4.0
Moldova	-7.7	4.9	7.5	4.5	4.9	Moldova	-6.7	-5.0	-4.0	-4.3	-3.4
Countries	**Inflation (average (yoy), %)**					**Countries**	**Unemployment (%)**				
		OTP		**Focus Economics**				**OTP**		**Focus Economics**	
	2020	**2021**	**2022**	**2021**	**2022**		**2020**	**2021**	**2022**	**2021**	**2022**
Hungary	3.3	3.2	3.4	3.2	3.1	Hungary	4.1	4.0	3.7	4.5	4.2
Romania	2.6	3.0	3.0	2.8	2.7	Romania	5.0	4.7	4.0	5.3	5.0
Bulgaria	1.7	1.7	2.1	1.9	2.2	Bulgaria	5.1	4.8	4.5	5.3	4.9
Russia	3.4	5.5	4.3	4.2	3.6	Russia	5.8	5.0	4.0	5.6	5.0
Ukraine	2.7	6.4	5.7	6.6	5.6	Ukraine	10.0	9.2	8.3	9.2	8.5
Slovenia	-0.3	1.3	1.7	1.0	1.5	Slovenia	4.9	4.5	4.4	5.6	5.1
Croatia	0.1	0.7	1.2	0.9	1.6	Croatia	7.0	7.0	6.0	9.0	8.1
Serbia	1.6	1.9	2.2	1.9	2.3	Serbia	9.0	9.7	9.0	9.7	9.2
Montenegro	-0.3	0.7	1.2	1.1	1.4	Montenegro	17.0	17.5	16.5	16.4	15.5
Albania	1.6	1.8	2.0	2.0	2.6	Albania	12.4	11.8	10.1	12.1	11.1
Moldova	3.8	3.2	3.5	3.3	4.5	Moldova	4.8	5.3	5.8	4.8	4.5

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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