

# OTP Weekly Outlook

**Next week:**

- Eurozone Governing Council meeting could be in the spotlight

**This week:**

- Stock markets stood mixed by Friday afternoon
- Upward surprise in euro area inflation
- US non-farm payroll substantially disappointed, employment growth may be slowed down more by the delta variant than previously thought
- Oil prices and Treasury yields picked up minorly as the USD weakened further

**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	4526.0	0.4	20.5	US 2 year	0.20	-1.3	8.1	Dollar Index	92.123	-0.6	2.4	Brent	73	0.8	41.4
Russel 2000	2296.8	0.9	16.3	US 10 year	1.33	2.0	41.4	EURUSD	1.189	0.8	-2.7	WTI	70	1.9	44.3
Stoxx 600	470.5	-0.4	17.9	DE 2 year	-0.72	2.3	-0.5	USDJPY	109.67	0.2	-5.9	Gold	1823	0.3	-4.0
DAX	15713.0	-0.9	14.5	DE 10 Year	-0.36	6.8	21.5	GBPUSD	1.385	0.6	1.3	Silver	24	1.8	-7.4
CAC40	6672.5	-0.1	20.2	SP 10 year	0.34	4.8	29.8	AUDUSD	0.744	1.8	-3.2	Palladium	2409	-0.6	-1.6
FTSE100	7136.2	0.2	10.5	UK 10 year	0.72	14.6	53.0	USDCAD	1.253	0.7	1.6	Copper	431	-0.2	22.5
FTSE MIB	26000.5	0.0	16.9	IT 10 year	0.71	8.0	17.0	USDCHF	0.914	-0.3	-3.1	Steel	1944	0.2	93.4
Nikkei 225	29128.1	5.4	6.1	JP 10 year	0.04	1.5	2.0	NZDUSD	0.714	1.8	-0.6	Wheat	701	-2.4	9.4
CSI 300	4843.1	0.3	-7.1	CH 10 year	2.83	-4.1	-30.9	CNHUSD	6.428	0.5	1.2	Corn	517	-7.3	6.8

Source: Bloomberg

Data updated at 16:00 (CEST)

**Eurozone rate setting meeting could be in the spotlight next week**

*This week the focus was more on the US due to the release of the August labour market figures. This was followed by particular market interest after Chair Powell's gloomy speech at Jackson Hole. Next week, the focus will be shifted to Europe, when the ECB's Governing Council will hold its usual rate setting meeting. Although no major market effects are expected, the press release and the communication could be crucial as August HICP rose to nearly 10 years high, although probably temporarily. Apart from the ECB meeting, there will not be many macro news to drive markets. Still from Europe, the first batch of business confidence indices could be interesting, while the beige book could give a detailed picture on the US economy.*

The most interesting release from the **eurozone** will be the September *ECB Governing Council meeting*, due on Thursday. Back in July, the bank published its monetary policy strategic review, and in the same month it also held its rate setting meeting under the new framework. In a nutshell, the new strategy implies a symmetrical inflation target of 2% (before it was close to but below 2%). Although far from the FED's average inflation targeting framework, this also implies that the ECB could allow inflation to overshoot some time the target moderately, if it is needed to achieve the 2% sustainably, and to avoid the zero lower bound. In light of this review, the July rate setting meeting concluded that asset purchases will be kept at the significantly higher pace than the early months of the year, while the Bank also said rates would stay at their present or lower levels until they saw inflation reaching 2% "well ahead of the end of its projection horizon" and "underlying inflation consistent with inflation stabilising at 2% over the medium term". From the minutes, it seems that this communication was supported by the large majority of decision makers, but some opposition of a few more hawkish members stood out. In light of these considerations, it is hard to debate that unless economic conditions and incoming data change the picture substantially, the ECB will keep things as stand now.

Nevertheless, this week's HICP for August surprised substantially to the upside, headline inflation edged up to 3.0% (a nearly 10 years high), but more importantly core inflation more than doubled (from 0.7% to 1.6%), although admittedly from a low level, and remained below 2%. While no details available yet, it seems that the increase was partly driven by some base effects (last year's unusual timing of summer sales, and the phase out of German VAT cut), but supply bottlenecks and reopening could have also driven up the index. Still, given the ECB's new framework it is hard to believe that the ECB will be anxious with the latest data, especially as inflation expectations remain well anchored. However it will be still interesting to see how decision makers communicate, also in light of the fact that a new macroeconomic projection will be released. There is also some chance, that the pace of asset purchases will be slightly slowed from the more elevated level pursued since March, as financial conditions remained favourable and inflation picked-up.

Still from Europe, the first batch of September confidence indices will be published, both the *Sentix* (published on Monday) and the *Zew* (due on Tuesday) weakened in the last 2-3 months, although remained at a relatively high level.

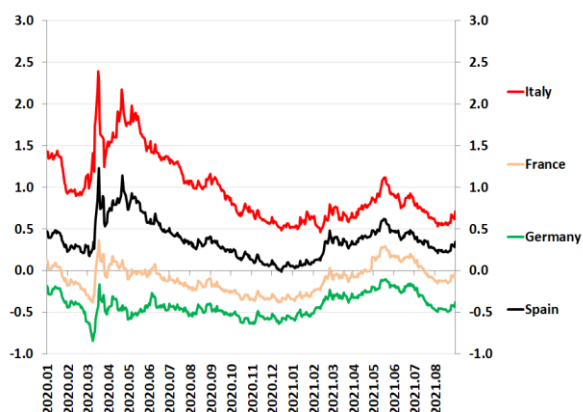
In the **USA**, not much data will be published. The most interesting part could be the new *beige book* for September (latest is from July), eyes should be focused on the whether there was a significantly slowdown in the pace of

## WEEKLY REPORT - 6 SEPTEMBER 2021

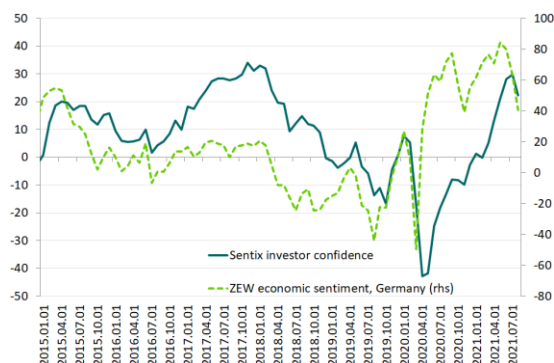


recovery and employment gains in August, and also whether price pressures seemed to ease.

Eurozone long term government bond yields (%)



The Sentix and Zew confidence indices (points)



Sources: Refinitiv and Bloomberg

What to watch next week

Data	Cd.	Event/Data	Period	Cons.	Prev.
2021 9. 6. 8 : 00 DE	DE	Industrial orders (MoM, %)	Jul	-1.0	4.1
10 : 30 EZ	EZ	Sentix Investor confidence (points)	Sept	19.7	22.2
7. 5 : 00 CN	CN	Export (YoY, %)	Aug	17.1	19.3
8 : 00 DE	DE	Industrial production (MoM, %)	Jul	0.7	-1.3
11 : 00 DE	DE	ZEW Economic Sentiment (points)	Sept	30.0	40.4
8. 10 : 00 IT	IT	Retail sales (MoM, SA, %)	Jul		0.7
13 : 00 PL	PL	Interest rate decision (%)	Aug	0.1	0.1
16 : 00 CA	CA	Interest rate decision (%)	Sept	0.3	0.3
20 : 00 US	US	Beige Book	Sept	-	-
9. 8 : 00 DE	DE	Export (MoM, SA, %)	Jul	0.8	1.3
9 : 00 HU	HU	Guest nights in tourist acc. (YoY, %)	Jul	-	57.4
13 : 45 EZ	EZ	Interest rate decision (lending rate, %)	Aug	0.0	0.0
13 : 45 EZ	EZ	Interest rate decision (deposit rate, %)	Aug	-0.5	-0.5
14 : 30 US	US	Initial jobless claims ('000s)	weekly		340.0
14 : 30 US	US	Continuing jobless claims ('000s)	weekly		2748.0
10. 8 : 45 FR	FR	Industrial production (MoM, %)	Jul	0.4	0.5
10 : 00 IT	IT	Industrial production (MoM, SA, %)	Jul	0.1	1.0

**Stock markets stood mixed by Friday afternoon, as euro area CPI and US non-farm payroll data disappointed during the week; the delta variant looks to have a more negative effect on activity than previously thought**

*Stock markets stood mixed in weekly comparison by Friday afternoon, US in small plus, while Europe in small minus. Investors were looking for direction, as both key macro data release, US non-farm payrolls and euro area CPI disappointed during the week. As for the latter, it only caused a temporary dip in major markets during Tuesday, as higher-than-expected core inflation seems still far off of the ECB-s target, which anyway has been raised to symmetric under the new strategy review and could even allow temporary overshoot in the new framework. So from Wednesday markets started their renewed increase. However as Friday's employment data also disappointed, markets again moved down somewhat, as stagflation fears increased, given buoyant wage growth but weak employment data. Indeed, growth fears seem to be well founded as other business cycle data published during the week also turned out weaker than expected. Meanwhile the pandemic situation mostly improved in Europe but deteriorated further in the US.*

**Pandemic situation: The Delta wave is moderating in Western Europe but soaring in the US**

The number of daily new case counts soar in the US, the healthcare system is taking high pressure in some states.

The European Commission announced, that the EU reached its goal of fully vaccinating 70% of the adult population. The delta variant elevated the numbers in Western Europe in the past two months, but the new wave wasn't as severe as the previous ones. Most countries report stagnating or falling case counts in the region. A new wave of infection rises in the CEE region. Bulgaria reported one of the most alarming covid death statistics in the region and plans to implement tough nationwide restrictions. Albania showed a jump in covid case counts in the past few week, the country is forced to apply travel restrictions and extending curfew hours.

Most countries in Southeast Asia are still battling with the infection wave, however, Thailand and Indonesia are showing decreasing case counts. Ho Chi Minh City is considering to lift the lockdown in mid-September. Indonesia surpassed its infection peak weeks ago, limitations on the industrial sector are being lifted, and schools open up again. Israel suffers from record high daily covid cases counts, the local government offers booster shots to the whole population from this week on.

This week, the WHO expressed concern about a new covid variant of interest, named as "Mu". The new mutation may have the potential to evade immunity gained by a previous infection or vaccination, but the research on the new variant is still at an early stage.

**European and US stocks stood mixed by Friday afternoon**

**European** stocks posted a small decline, primarily due to the fall on Friday. The *STOXX 600* seems to close the week in a 0.4% fall. *DAX* seemed the worst performer falling by 0.9%, *CAC40* fell by 0.1%, *FTSE MIB* stagnated, but *FTSE100* was the bright spot increasing by 0.2%. Out of the Stoxx components technology (1.4%) and utilities (0.5%) performed the best, while Telco (-2.4%) and real estate (-1.7%) were the weakest spots.

In the **US**, major stocks were slightly up: *S&P* 0.4%, *Russel 2000* 0.9%. Out of the S&P components, real estate (3.1%) and utilities (1.4%) posted the strongest performance, while financials (-2.4%) and energy (-1.0%) had the weakest ones.

### **Long-term yields rose, commodity prices increased, while the USD weakened**

The US Long-term *Treasury/bond yields* increased by 2 bps by Friday afternoon, practically the entire jump coming after the disappointing payroll data were published, as investors moved out of bonds given stagflation fears, seeing weak employment but strong wage growth. Eurozone yields moved up more (DE 7 bps, IT: 8 bps), as the upwards surprise in August HICP already increased long-term rates before Friday. The USD weakened against major currencies on account of the expectations that the FED will postpone tapering, while *oil prices* were pushed higher, helped by a weakening dollar after job creation in the U.S. slowed sharply in August and with the damage by Hurricane Ida to the Gulf Coast infrastructure taking time to repair, impacting supply. Five days after the hurricane struck, crews had not returned to three-quarters of the evacuated platforms and more than 90% of production remained offline, government data showed. There could also be room for further price gains as OPEC+ raising its demand forecast for 2022 earlier in the week. The group stuck to its plan to add 400,00 barrels per day to the market over the next few months, expecting the market to tighten without this additional supply.

### **Upward surprise in euro area inflation, US non-farm payroll substantially disappointed**

In the **euro area**, August *inflation* surprised significantly to the upside, as the headline index increased from 2.2% to 3.0% (consensus: 2.7%), while core jumped from 0.7% to 1.6% (consensus: 1.5%). Energy and food inflation both edged up, while a jump in core inflation was always likely due to base effects related to last year's VAT cut in Germany and the unusual summer sales last year, although the exact magnitude of these effects were somewhat uncertain. Core goods inflation shot up from 0.7% to 2.7%. Given that it increased outside Germany in countries where tax changes aren't influencing the YoY comparison, this could be a sign that rising input prices and supply problems are starting to put some upward pressure on consumer prices. Services inflation rose from 0.9% to 1.1%, perhaps because prices in the hospitality and tourism sectors began to return to normal. However, eurozone July retail sales substantially disappointed with a 2.3% MoM decline, as opposed to a consensus expecting 0.2% growth. With this decline, retail sales more than corrected the substantial, and slightly revised growth in June (1.8%). All categories of retail sales contracted but the biggest fall was in online sales which dropped by 7.3%. Remaining at business cycle indicators, the European Commission's Economic Sentiment Index (ESI) turned out only a touch weaker than foreseen (117.5 vs. 177.9), this meant the first decline in the index since January.

In the **USA**, *non-farm payrolls* disappointed significantly, increasing by a meagre 235,000, while the median expectations stood at 750,000. The data also substantially fell short of the close to 1 million figure in June and July, suggesting that the new covid wave might have a stronger effect on economic growth, than previously expected. A substantial slowdown occurred in the service sector, where leisure and hospitality, which added in the last two months roughly in the magnitude of 400,00 in August stood in stagnation. Government employment, which also added to the overall employment growth roughly 150-200,000 before even declined minorly. The *unemployment rate* declined to 5.2% in line with expectations, while the *participation rate* remained flat. Without the return of more low-wage leisure & hospitality workers in August, average hourly earnings increased by a very strong 0.6% MoM, which pushed the annual growth rate up to 4.3%, from 4.1%. That puts the Fed in an uncomfortable position - with the slowdown in the real economy and employment growth accompanied by signs of even more upward pressure on wages and prices.

Other data during the week were also mostly disappointing, with the Conference Board *consumer confidence* index posting a large fall to 113.8 points from 129.1 points (consensus: 124 points), the *Chicago PMI* and pending housing sales also fell short of expectations. One bright spot was *ISM manufacturing PMI*, which could improve slightly and reached 59.95 points (consensus: 58.6), but the non-manufacturing part fell in line with expectations (from 64.1 to 61.7 points).

Incoming *business confidence indices* from **China** point to an obvious further weakening of economic activity for September, in particular for the service sector, where both PMI-s (the official NBS and Caixin) fell below the 50 mark, suggesting small contraction the first time since 2020 Spring.



## Sector 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	4526.0	0.4	20.5	Stoxx 600	SXXP Index	470.5	-0.4	17.9
IT	S5INFT Index	2797.3	0.9	22.1	Health care	SXDP Index	1035.6	-0.6	17.8
Health care	S5HLTH Index	1584.4	1.2	19.7	Industrial goods & services	SXNP Index	779.0	-0.1	23.8
Financials	S5FINL Index	631.5	-2.4	28.8	Banks	SX7P Index	136.5	-0.2	26.2
Telco	S5TELS Index	286.5	0.9	29.1	Personal & households goods	SXQP Index	1027.2	-0.1	10.1
Consumer discretionary	S5COND Index	1461.6	0.8	12.2	Insurance	SXIP Index	308.1	-1.0	10.4
Industrials	S5INDU Index	883.4	-0.2	17.9	Food and beverages	SX3P Index	795.7	-1.0	11.3
Consumer staples	S5CONS Index	752.6	1.3	8.1	Technology	SX8P Index	811.0	1.4	34.4
Utilities	S5UTIL Index	351.6	1.4	10.2	Utilities	SX6P Index	392.5	0.5	2.2
Energy	S5ENRS Index	365.5	-1.0	27.7	Oil & gas	SXEP Index	255.7	0.2	8.2
Real estate	S5RLST Index	301.7	3.1	32.4	Chemicals	SX4P Index	1307.4	-1.0	17.3
Materials	S5MATR Index	536.2	-0.6	17.7	Construction & materials	SXOP Index	625.7	-0.9	27.0
Source: Bloomberg					Telco	SXKP Index	237.6	-2.4	15.5
					Retail	SXRP Index	453.0	0.3	14.4
					Financial services	SXFP Index	731.4	-0.7	20.6
					Basic resources	SXPP Index	597.6	-1.0	19.7
					Real estate	SX86P Index	195.5	-1.7	14.4
					Auto & parts	SXAP Index	623.6	-0.8	18.3
					Media	SXMP Index	360.3	0.3	27.3
					Travel & leisure	SXTP Index	258.2	0.4	15.1

Source: Bloomberg

Data updated at 16:00 (CEST)

## Performance of selected and 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	4526	2.3	7.9	18.5	31.0	27.0	4.7	3.1	17.2	1.4	117.4	2.2	7.6
Europe	SXXP Index	471	1.1	4.4	13.8	28.5	24.8	2.2	1.6	11.1	1.1	174.3	0.2	9.3
Germany	DAX Index	15713	1.0	0.5	11.6	20.3	18.0	1.8	1.1	11.1	1.1	119.5	8.9	7.6
France	CAC Index	6673	-0.8	2.5	14.4	33.2	23.0	1.9	1.4	8.4	1.1	207.5	5.6	15.0
Poland	WIG20 Index	2372	5.0	5.3	22.0	34.1	19.3	1.4	1.1	7.0	1.2	55.5	3.9	6.8
Czechia	PX Index	1293	5.9	10.0	22.4	43.3	22.5	1.6	1.9	7.1	1.0	159.4	0.9	9.8
Hungary	BUX Index	51984	5.4	9.6	19.2	49.5	9.7	1.2	1.0	13.4	1.1	58.0	320.1	14.7
Romania	BET Index	12334	4.4	6.3	20.3	36.2	12.3	1.2	1.6	9.9		32.3	9.7	-0.9
Bulgaria	SOFIX Index	561	-2.5	3.7	12.6	29.1	20.0	0.6	0.8	2.8	2.9	36.5		
Russia	IMOEX Index	3981	4.9	4.6	16.5	35.8	9.1	1.2	1.3	12.9	1.5	69.4	31.1	20.2
Ukraine	PFTS Index	526	0.3	-0.9	0.4	5.2	5.5	0.5	0.5	30.1				
Slovenia	SBITOP Index	1201	1.7	5.2	23.0	40.7	8.4	1.1	0.6	12.4	1.7	31.2		
Croatia	CRO Index	1967	0.7	0.8	6.7	21.1	26.9	1.2	1.2	4.7	1.4	46.9		
Serbia	BELEX15 Index	809	4.1	3.7	8.8	16.1	14.2	0.7	0.7	4.9	1.7	20.3		
Montenegro	MNSE10 Index	760	0.0	-5.6	3.7	15.8	1452.4	0.3	1.0	-0.3	2.2	14.3		

\*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.

Data updated at 16:00 (CEST)

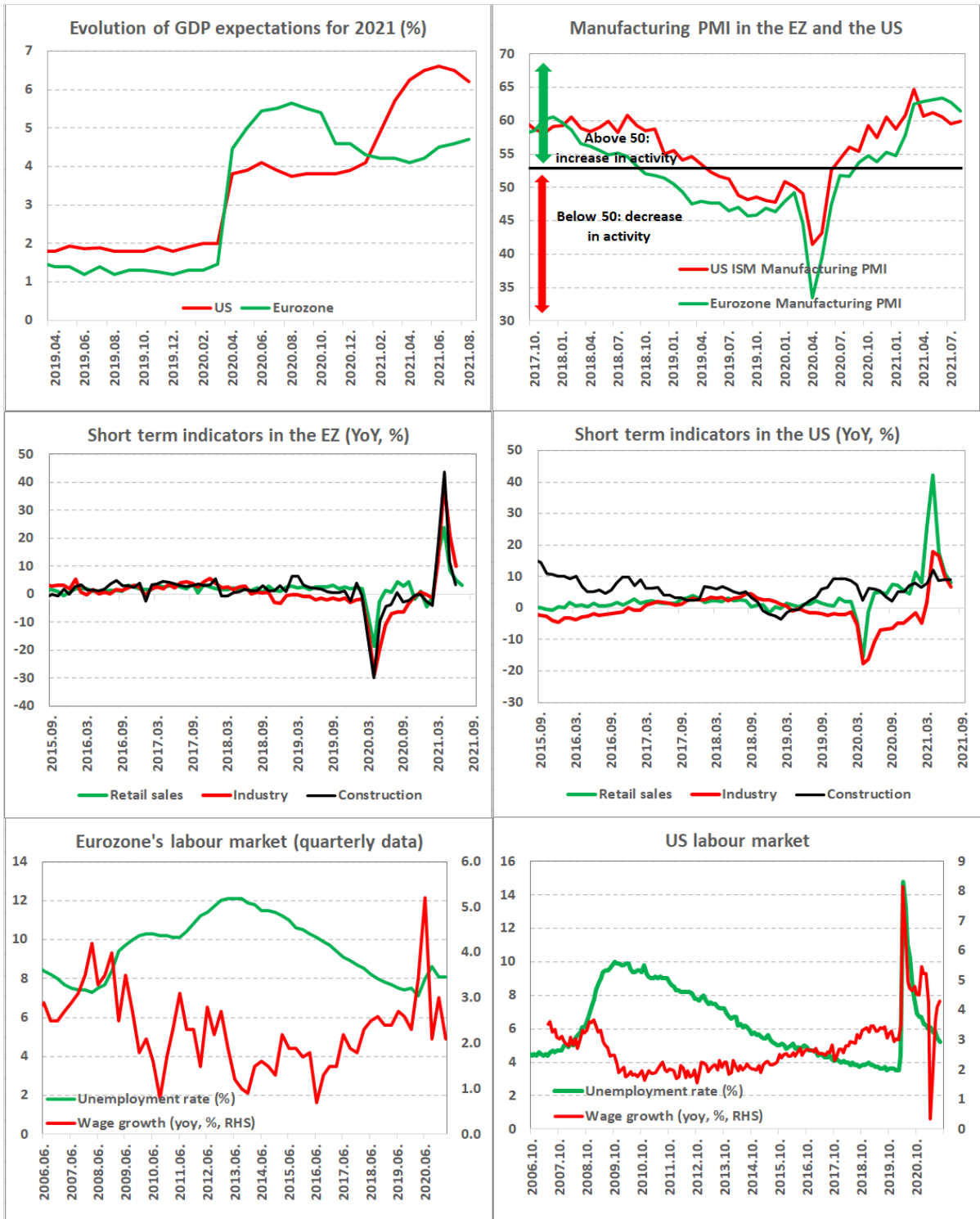


## This week's data

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021 8. 30.	9 : 00 ES	Retail sales (YoY, %)	Jul	0.1	3.8	1.4
	11 : 00 EZ	EC Economic Sentiment Index (points)	Aug	117.5	117.9	119.0
	14 : 00 DE	CPI (preliminary, YoY, %)	Aug	3.9	3.9	3.8
	16 : 00 US	Pending home sales (MoM, %)	Jul	-1.8	0.4	-2.0
	31. 3 : 00 CN	NBS Manufacturing PMI (points)	Aug	50.1	50.2	50.4
	3 : 00 CN	NBS Non-manufacturing PMI (points)	Aug	47.5	-	53.3
	8 : 45 FR	GDP (detailed, QoQ, %)	Q2	1.1	0.9	0,9*
	10 : 00 IT	GDP (detailed, QoQ, %)	Q2	2.7	2.7	2,7*
	11 : 00 EZ	CPI (flash, YoY, %)	Aug	3.0	2.7	2.2
	11 : 00 EZ	Core CPI (flash, YoY, %)	Aug	1.6	1.5	0.7
	12 : 00 PT	GDP (detailed, QoQ, %)	Q2	4.9	-	4,9*
	15 : 00 US	Case-Shiller Home Price Index (YoY, %)	Jun	19.1	18.5	17.0
	15 : 45 US	Chicago PMI (points)	Aug	66.8	68.0	73.4
	16 : 00 US	Consumer confidence (point)	Aug	113.8	124.0	129.1
	1. 3 : 45 CN	Caixin Manufacturing PMI (points)	Aug	49.2	50.2	50.3
	8 : 00 DE	Retail sales (MoM, %)	Jul	-5.1	-0.9	4.5
	9 : 00 TR	GDP (first estimate, YoY, %)	Q2	21.7	21.7	7.2
	9 : 45 IT	Markit/IHS Manufacturing PMI (prelim.)	Aug	60.9	60.1	60.3
	10 : 00 IT	Unemployment rate (%)	Jul	9.3	9.7	9.4
	11 : 00 EZ	Unemployment rate (%)	Jul	7.6	7.6	7.8
	14 : 15 US	ADP non-farm employment (MoM, '000s)	Aug	374.0	613.0	326.0
	16 : 00 US	Construction expenditure (MoM, %)	Jul	0.3	0.2	0.0
	16 : 00 US	ISM Manufacturing PMI (points)	Aug	59.9	58.6	59.5
	2 14 : 30 US	Continuing jobless claims ('000s)	weekly	2748.0	2775.0	2908.0
	14 : 30 US	Initial jobless claims ('000s)	weekly	340.0	345.0	354.0
	16 : 00 US	Factory orders (MoM, %)	Jul	0.4	0.3	1.5
	3. 3 : 45 CN	Caixin Services PMI	Aug	46.7	-	54.9
	9 : 00 HU	Retail sales (YoY, SA, %)	Jul	3.0	-	5.8
	9 : 45 IT	Markit/IHS Services PMI (prelim.)	Aug	58.0	58.5	58.0
	11 : 00 EZ	Retail sales (MoM, %)	Jul	-2.3	0.2	1.8
	14 : 30 US	Average earnings (YoY, %)	Aug	4.3	4.0	4.1
	14 : 30 US	Average earnings (MoM, %)	Aug	0.6	0.3	0.4
	14 : 30 US	MNB's FX swap tender	Aug	5.2	5.2	5.4
	14 : 30 US	Non-farm payroll (MoM, '000s)	Aug	235.0	750.0	943.0
	16 : 00 US	ISM non-Manufacturing PMI (points)	Aug	61.7	61.6	64.1

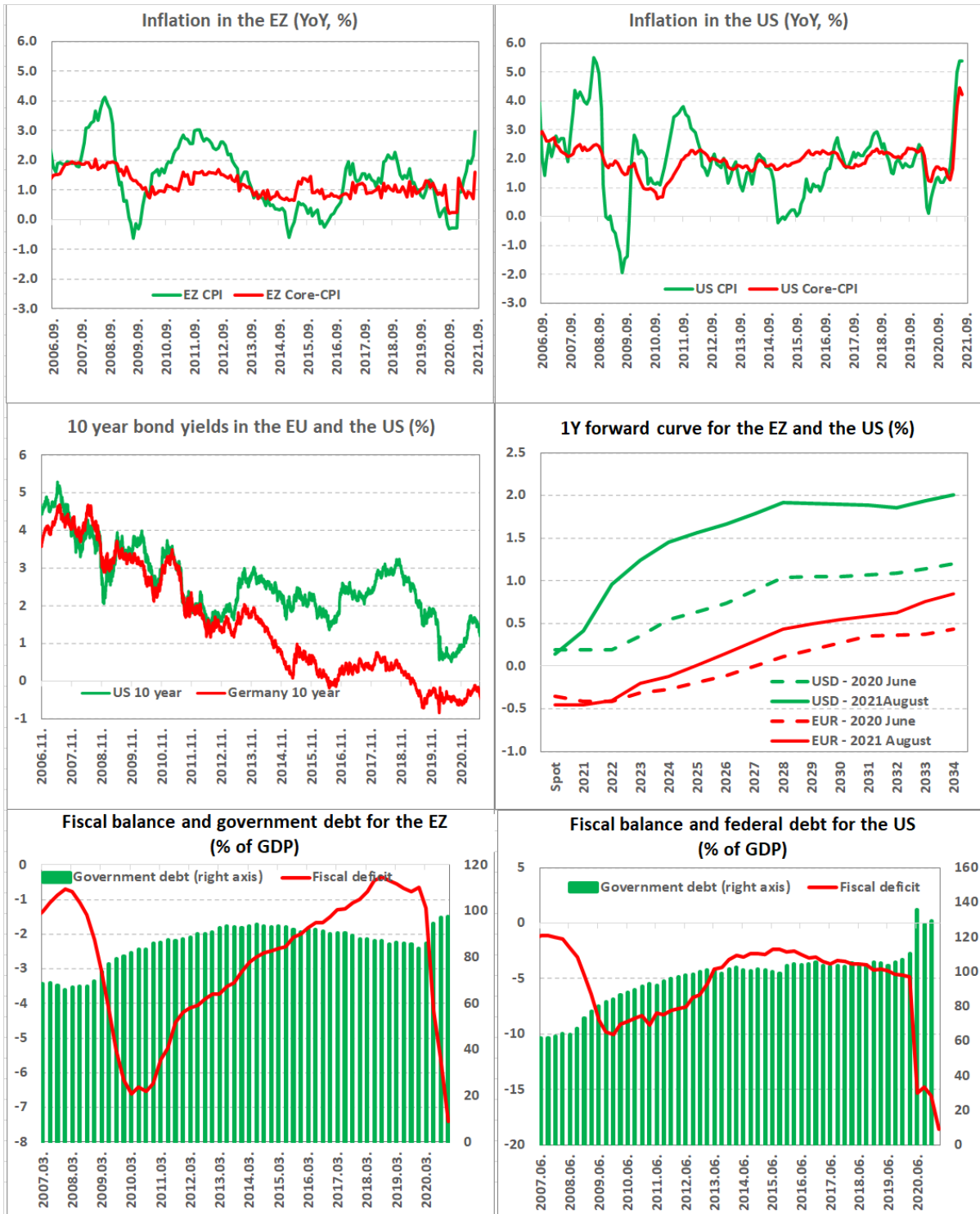
\* preliminary data

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	1.20	1.18	1.20	1.19	1.22
EURGBP	0.89	0.91	0.90	0.88	0.86	0.86	0.85	0.84	0.83	0.83
EURCHF	1.06	1.08	1.08	1.08	1.10	1.10	1.10	1.13	1.14	1.10
USDJPY	107.0	106.0	104.0	104.0	109.0	109.5	110.0	111.0	112.5	106.0

Source: Bloomberg

## Regional macro forecast

Countries	GDP (yoy, %)					Countries	Fiscal balance (% of GDP)				
	2020	OTP		Focus Economics			2020	OTP		Focus Economics	
		2021	2022	2021	2022			2021	2022	2021	2022
Hungary	-5.0	5.5	5.8	6.0	4.8	Hungary	-8.1	-7.5	-5.9	-7.0	-5.2
Romania	-3.9	7.0	4.0	6.7	4.8	Romania	-9.2	-8.2	-6.5	-7.3	-5.5
Bulgaria	-4.2	4.6	4.1	4.3	4.0	Bulgaria	-3.4	-3.1	-1.7	-3.8	-2.4
Russia	-3.0	4.5	2.3	3.5	2.6	Russia	-3.8	-1.6	-0.3	-0.8	-0.3
Ukraine	-4.0	4.0	4.4	4.1	4.0	Ukraine	-5.3	-6.0	-4.0	-4.6	-3.1
Slovenia	-5.5	5.8	4.3	4.8	4.3	Slovenia	-8.4	-7.1	-4.9	-6.6	-4.3
Croatia	-8.0	7.7	4.5	6.7	4.6	Croatia	-7.4	-4.5	-3.0	-4.1	-3.0
Serbia	-1.0	6.5	4.0	6.0	4.2	Serbia	-8.1	-7.0	-1.5	-5.7	-2.5
Montenegro	-15.2	7.0	7.4	7.4	5.8	Montenegro	-10.1	-6.2	-2.5	-5.1	-2.7
Albania	-4.0	6.5	3.8	5.8	4.1	Albania	-6.8	-6.0	-4.0	-5.7	-3.5
Moldova	-7.0	6.4	5.0	5.1	4.6	Moldova	-5.3	-5.0	-4.0	-5.0	-3.7

Countries	Inflation (average (yoy), %)					Countries	Unemployment (%)				
	2020	OTP		Focus Economics			2020	OTP		Focus Economics	
		2021	2022	2021	2022			2021	2022	2021	2022
Hungary	3.3	4.5	3.7	4.3	3.4	Hungary	4.1	4.0	3.7	4.2	3.9
Romania	2.6	4.2	3.3	3.7	3.2	Romania	5.0	5.5	4.5	5.4	5.0
Bulgaria	1.7	2.1	2.2	2.1	2.3	Bulgaria	5.1	5.0	4.7	5.4	5.0
Russia	3.4	6.1	4.4	5.7	4.2	Russia	5.8	5.0	4.0	5.2	4.8
Ukraine	2.7	8.2	5.7	8.5	6.3	Ukraine	9.5	9.2	8.3	9.3	8.7
Slovenia	-0.3	1.3	1.7	1.4	1.8	Slovenia	5.0	4.9	4.8	5.1	4.8
Croatia	0.1	2.2	2.5	1.7	1.7	Croatia	7.5	7.3	6.8	8.6	7.7
Serbia	1.6	2.0	2.2	2.5	2.6	Serbia	9.0	9.7	9.0	10.2	9.5
Montenegro	-0.3	1.9	1.4	1.3	1.5	Montenegro	17.9	18.7	17.6	19.6	18.1
Albania	1.6	1.8	2.0	1.8	2.3	Albania	11.7	10.0	9.5	11.5	11.1
Moldova	3.8	3.2	3.5	3.5	4.5	Moldova	3.8	5.3	5.8	4.4	3.8

Source: Focus Economics, OTP Research Center

## FX forecast for OTP countries

Country	FX pair	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q1	2022.Q2	2022.Q3	2022.Q4
Hungary	EURHUF (eop)	363.0	362.0	351.0	352.0	353.0	353.0	352.0	352.0	351.0
Romania	EURRON (eop)	4.87	4.93	4.93	4.92	4.93	4.94	4.95	4.95	4.97
Russia	USDRUB (eop)	73.9	75.7	72.4	72.8	71.5	71.2	71.0	71.1	71.4
Ukraine	USDUAH (eop)	28.30	27.80	27.30	27.60	28.20	28.50	28.50	28.80	29.10
Croatia	EURHRK (eop)	7.6	7.6	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Serbia	EURRSD (eop)	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0
Montenegro	EURUSD (eop)	1.22	1.18	1.19	1.19	1.20	1.21	1.21	1.21	1.21

\*Slovenia and Montenegro uses EUR as a base currency.

\*\*No forecast available for Moldova and Albania

Source: Focus Economics

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