

OTP Weekly Outlook

Next week:

- Eurozone and US inflation, Senate discussion on the debt limit, plus Chinese business confidence indicators will be in the spotlight

This week:

- After an Evergrande-heavy week, stock markets seem to close with small gains by Friday afternoon
- The Fed is very close to start tapering in November
- European and US PMI-s point to slowing growth but remaining price pressures
- Long-term yields moved up and the USD strengthened because of the Fed
- Oil prices increased for the third week as tight supply and low inventories dominated

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 (%)
S&P500	4442.1	0.2	18.3	US 2 year	0.27	4.6	14.6	Dollar index	93.318	0.1	3.8	Brent	78	2.9
Russel 2000	2244.7	0.3	13.7	US 10 year	1.44	8.1	52.9	EURUSD	1.171	-0.1	-4.1	WTI	73	2.1
Stoxx 600	463.9	0.4	16.3	DE 2 year	-0.69	1.1	2.3	USDJPY	110.65	-0.7	-6.7	Gold	1746	-0.5
DAX	15536.1	0.3	13.2	DE 10 Year	-0.23	5.5	34.6	GBPUSD	1.369	-0.3	0.2	Silver	22	-0.4
CAC40	6644.1	1.1	19.7	ES 10 year	0.41	5.4	36.5	AUDUSD	0.726	-0.1	-5.7	Palladium	1956	-3.0
FTSE100	7064.4	1.4	9.3	UK 10 year	0.93	8.3	73.6	USDCAD	1.268	0.7	0.4	Copper	423	-0.3
FTSE MIB	26021.8	1.2	17.0	IT 10 year	0.78	5.9	24.1	USDCHF	0.925	0.8	-4.3	Steel	1930	0.4
Nikkei 225	30248.8	-0.9	10.2	JP 10 year	0.06	0.7	3.8	NZDUSD	0.702	-0.3	-2.3	Wheat	719	1.4
CSI 300	4849.4	-0.4	-6.9	CH 10 year	2.87	-1.0	-27.2	CNHUSD	6.466	0.1	0.6	Corn	526	-0.3

Source: Bloomberg

Data updated at 16:00 (CEST)

Eurozone and US inflation, Senate discussion on the debt limit plus Chinese business confidence indicators will be in the spotlight next week

After this super-intensive week with the Fed decision, next week will be somewhat more silent, although far from uneventful. In the developed world, the primary focus will be on eurozone's CPI and US core PCE index, while September business confidence indices from China will be also closely followed. In the euro area, the key question is the extent of a further rise in consumer prices, by now also driven by soaring gas and electricity costs, in addition to supply chain problems. In the USA –where the Fed's meeting has just finished and the next one is scheduled only for early November–core PCE for August could cause surprise. Still from the US watch out for discussions on raising the debt limit, which if fails in the Senate could start to trigger a partial government shutdown from 1 October. Although even in this case, the government could function without default for 1-2 weeks as it has some budgetary reserves, the issue could become the hottest potato in the next few weeks. September's business confidence indices for China will be also in the focus, as in addition to the rise of the Delta variant, the problems with Evergrande and more generally with the real estate sector, could have already knocked down confidence.

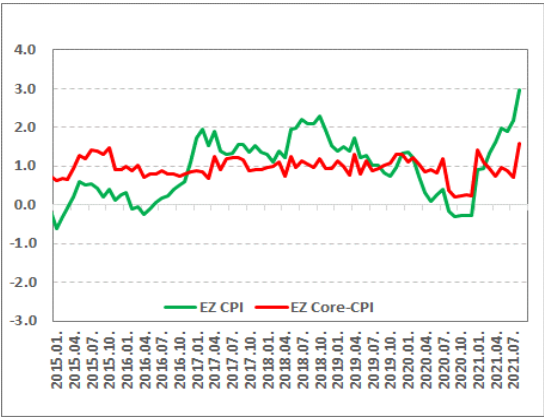
In the **eurozone**, the key data will be the flash CPI figures for September, to be released on Friday. Headline inflation came in higher than the consensus (2.7%) in August and, at 3.0%, reached its highest level in a decade. Furthermore, core inflation also increased to 1.6% and slightly surprised to the upside (by 0.1 ppt.). The increase in core inflation was largely due to goods, which in turn was partly driven by base effects related to last year's VAT cut in Germany and the unusual timing of this summer's clothing sales. But the effects of global input shortages and the surge in shipping costs are also feeding through. For example, electrical goods inflation rose sharply last year and has stayed high by past standards, while car inflation was unchanged at a record high of 3.3% in August as semiconductor shortages have pushed up prices. It is likely to rise a bit further in the coming months: producer price inflation has risen recently and the price components of surveys such as the PMIs show that price pressures are still strong. Add to this surging natural gas prices, which could keep energy inflation high even though the period of a spike in oil prices seems to be over. The ECB will surely closely watch the data, and despite its new framework, it will be probably not too comfortable with inflation figures above 3%, given its very loose stance of monetary policy. Still in Europe, the Commission's *Economic Sentiment Indices* will be published (on Wednesday). The data already slightly weakened in August, breaking an uninterrupted improving trend from January to July. Still, the 117.5-point level could be considered as sky high in

historical comparison. A further slight deterioration seems likely on the basis of high inflation, slowing global growth and pandemic concerns. Christine Lagarde will make two speeches next week, where some interesting sentences could pop up.

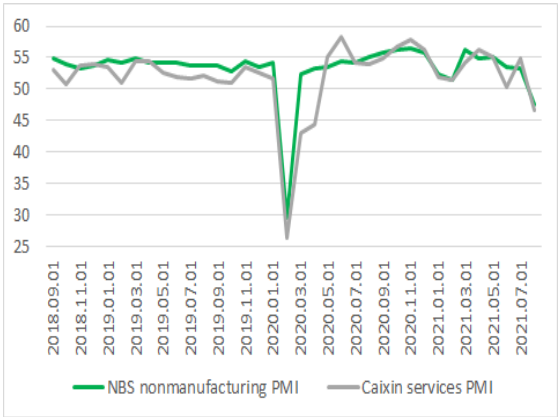
In the **USA**, macro news will be less abundant than were this week when the Fed said the start of tapering was very close. Watch out however for the August *core PCE indicator* (due on Friday), the primary inflation figure of the Fed, which has peaked at 3.6% in July. Given that the core CPI figure is known to have edged down to 4% from 4.3% for August, core PCE is also quite likely to have come down, but surprises cannot be ruled out. Additionally, several hard indicators for August (*durable goods order, household income and expenditure, as well as pending home sales*), September PMI indicators (*ISM manufacturing PMI and Chicago PMI*), plus the Conference Board's *consumer confidence* indices will be also published. These latter will help to give a more precise estimate on Q3 GDP growth, which otherwise has declined quite sharply in recent months. For example the Atlanta Fed's GDPNow tracker has fallen from 6% (annualized, SA) to 3.7% in roughly one month time. Still from the US, watch out for discussion in the Senate, after the House passed a bill Tuesday that would temporarily fund the government and suspend the *debt limit*. The legislation could fail in the Senate, as Minority Leader Mitch McConnell says Republicans will vote against raising the debt ceiling. The government would shut down on Oct. 1 and the U.S. would be unable to pay its bills sometime in October if Congress does not pass legislation. Although even in this case, the government could function without default for 1-2 weeks as it has some budgetary reserves. Nevertheless this issue could become the hottest potato in the next few weeks.

Investors' eye will be also focused on China, where apart from the Evergrande story, the September batch of *PMIs* will be released (both the official NBS, and Caixin). The previous indicator pointed to a moderate weakening in August in manufacturing, while a sharper fall was seen in the service sector, where indicators fell already below the 50 points mark. The panic around Evergrande and the foreseeable, potentially sharp slowdown in the real estate sector, likely led to a further fall in the services sector components at least.

Euro area inflation indicators (YoY, %)



China's services sector PMI indicators (points)



Sources: Refinitiv and Bloomberg

What to watch next week

Data		Cd.	Event/Data	Period	Cons.	Prev.	
2021	9. 27.	14 : 30	US	Durable goods orders (MoM, %)	Aug	0.6	-0.1
		13 : 45	EZ	Christine Lagarde (Comm. on Eco. and Mon. Affairs of the EP)	-	-	
	28.	14 : 00	EZ	Christine Lagarde (ECB Forum on Central Banking)	-	-	
		15 : 00	US	Case-Shiller Home Price Index (YoY, %)		20.0	19.1
		16 : 00	US	Consumer confidence (point)	Sept	114.1	113.8
	29.	11 : 00	EZ	EC Economic Sentiment Index (points)	Sept	116.7	117.5
		16 : 00	US	Pending home sales (MoM, %)	Aug	1.2	-1.8
		17 : 45	US	J. Powell, C. Lagarde, H. Kuroda, A. Bailey (ECB Forum on CB)	-	-	
	30.	3 : 00	CN	NBS Non-manufacturing PMI (points)	Sept		47.5
		3 : 00	CN	NBS Manufacturing PMI (points)	Sept	50.2	50.1
		3 : 45	CN	Caixin Manufacturing PMI (points)	Sept	49.6	49.2
		9 : 00	ES	Retail sales (YoY, %)	Aug		0.1
		10 : 00	IT	Unemployment rate (%)	Aug		9.3
		11 : 00	EZ	Unemployment rate (%)	Aug	7.5	7.6
		14 : 00	DE	CPI (preliminary, YoY, %)	Sept	4.2	3.9
		14 : 30	CZ	Interest rate decision (%)	Sept		0.8
		14 : 30	US	Initial jobless claims ('000s)	weekly	325.0	
			US	Continuing jobless claims ('000s)	weekly		
		15 : 45	US	Chicago PMI (points)	Sept	65.0	66.8
10. 1.		8 : 00	DE	Retail sales (MoM, %)	Aug	1.5	-5.1
		9 : 45	IT	Markit/IHS Manufacturing PMI (prelim.)	Sept	59.5	60.9
		11 : 00	EZ	CPI (flash, YoY, %)	Sept	3.3	3.0
		11 : 00	EZ	Core CPI (flash, YoY, %)	Sept	1.8	1.6
		14 : 30	US	Personal income (MoM, %)	Aug	0.3	1.1
		14 : 30	US	Personal consumption (adjusted, MoM, %)	Aug	0.6	0.3
		14 : 30	US	Household core PCE index (MoM, %)	Aug	0.2	0.3
		14 : 30	US	Household core PCE index (YoY, %)	Aug	3.5	3.6
		16 : 00	US	Construction expenditure (MoM, %)	Aug		0.3
		16 : 00	US	ISM Manufacturing PMI (points)	Sept	59.6	59.9

After an Evergrande-heavy week, stock markets seem to close with small gains by Friday afternoon

The week started by a heavy sell-off, as markets were concerned about China's property developer Evergrande's default. Europe's and the USA's indices fell around 1.5-2%, Asia was closed then. The biggest fall was in cyclical sectors, like banks, materials, and energy, as they are potentially affected by a heavy downturn in China's property sector, and financial contagion. A further concern was the then foreseeable conclusion of the Fed's meeting, as markets have started to price a possible tapering announcement. Eventually on Wednesday, the Fed said that tapering could start in November, as long as the economy grows as expected and the September labour market report will be relatively fine. This caused the dollar to strengthen and sent Treasury yields upwards. Finally, after the ups and downs during the week, major stock markets were on track to close the week with small gains in Europe, more mixed in the US. Oil prices could have increased for the third week in a row, as production in the Gulf of Mexico was still constrained and inventories stood low. However, precious metals were to decline, as concerns about China's construction output did not help them.

Pandemic situation: The Delta wave seems to have stabilized in Western Europe and might have peaked in the USA. New outbreak in China.

The infection wave in the US clearly reached its peak, the daily new covid case counts remained on a downward trend during the week. The country is planning to ease travel restrictions for vaccinated foreign air passengers in November, and also to donate 500 million more Covid-19 vaccine doses to lower-income countries. Earlier this week, the FDA advised boosters to the endangered and 65+ part of the US population. Later, the CDC backed this recommendation, but also adding people with jobs that makes them more exposed to the virus, like healthcare workers. Infection rates decrease gradually in most Western European countries. After a brief fall, the UK reported increasing covid case counts again. The infection wave is still going strong in the CEE region. Romania reported an alarming jump in covid-related cases and death counts, and shortage of hospital beds in ICUs. Montenegro and Serbia reported the highest case counts per capita in the region. Bulgaria still has the highest covid-related deaths per capita in the area. On Tuesday, new local covid infections were reported from Harbin, the capital of the northeast China's Heilongjiang Province. A city-wide testing had been issued, and the number of people allowed to visit commercial operations with relatively tight places had been constrained. The region is not under tight lockdown currently, people with negative test results may move freely.

European and US stocks stood in small pluses by Friday afternoon

European stocks increased; the *STOXX 600* seems to close the week in 0.4% plus. The *FTSE 100* and *MIB* seem to be the best performers in the overall week (1.4 and 1.2%), *CAC40* closely followed (1.1%), but *Dax* much weaker (0.4%) partly pulled down by the weakened *IFO* index. Out of the *STOXX* components, *oli&gas* and *travel&leisure* were the best performing (3.6% both), while *retail* and *financial services* (-1.4% both) were the weakest spots.

In the **USA**, the *S&P* was minorly up (0.2%), while the small-cap *Russell 2000* added 0.2%. Out of the *S&P* *energy* (4.3%) and *financials* (2.4%) were the strongest performers, while *telco* (-1.2%) and *real estate* (-0.7%) lagged behind the most.

Long-term yields moved higher on FED announcements, oil price edged up due to still tight supply, the USD strengthened minorly

The US long-term *Treasury/bond yields* climbed in weekly comparison by 8 bps, while European 10Y government bond yields grew somewhat more moderately (DE: +5.5 bps, UK: +8.3bps, ES: +5.4bps, IT: 5.8 bps). U.S. Treasury bonds exceeded 1.45%. The move appeared to be a delayed reaction to the Federal Reserve's policy statement and press conference on Wednesday, where attention had initially focused on the Fed's decision not to reduce bond purchases immediately. It has by Thursday shifted to comments from Chair Jerome Powell that asset purchases may be phased out entirely by the middle of next year, a relatively short timeframe.

Oil prices edged higher to almost USD 78 for Brent, holding near a three-year high as they headed for a third straight week of gains, supported by global output disruptions and inventory draws. The USD strengthened minorly in weekly terms, as after the FED meeting, there was some rally, which turned back later.

Fed has become more concrete on tapering, PMIs brought mostly sad news

In the **USA**, the *FOMC meeting* and the subsequent press conference conveyed a lot of new information. First, the Fed communicated that if the economy goes almost as now, the FOMC could quite likely start tapering in November. Further to this, the press conference revealed that the economy goes nearly as now means a relatively decent but not particularly strong employment report. Related to this, the press release somewhat optimistically stated that "...Progress on vaccinations will likely continue to reduce the effects of the public health crisis on the economy". In response to a question at the press conference, Jerome Powell also said that several FOMC members already think that substantial employment progress has already been achieved. Another important information was, that if started at the next meeting, tapering would probably end by mid-2022, meaning the whole path of tapering could be drawn; that would be consistent with decreasing the pace of asset purchases by roughly USD 15 bn every month. Finally, the Fed also showed its more hawkish face in the interest rate projections. The median interest rate forecast already assumes a minor 20 bp hike next year, while it was not the case with the June projection. Otherwise, this year's GDP projection moved substantially downwards (from 7.0% to 5.9%), while next year's shifted slightly upwards (from 3.3% to 3.8%), 2023 remained practically unchanged

(2.4% vs. 2.5%), and a new projection of 2.0% was released for 2024. The unemployment rate was revised upward for this year (from 4.5% to 4.8%), however, the outer year remained unchanged. In terms of the PCE inflation, this year's figure was revised substantially upwards (from 3.4% to 4.2%), just like core PCE inflation (from 3.0% to 3.7%), but next year's figure was only slightly changed (headline from 2.1% to 2.2%, core from 2.1% to 2.3%).

US *PMIs* declined for September and somewhat missed the consensus but remained relatively resilient despite the Delta wave and supply chain problems. However, price pressures remained elevated. The manufacturing PMI component fell to 60.5 points (from 61.1, vs the consensus of 61.1). The rate of expansion in production was strong but it was the slowest for 11 months. Lead times lengthened substantially as trucking issues and capacity shortages led to one of the greatest deteriorations in vendor performance on record. Goods producers registered another significant rise in input costs, albeit slightly slower than August's recent high. As a result, the rate of selling price inflation accelerated to the sharpest since data collection began in May 2007 as firms passed higher costs on to their clients. The services sector indicator fell to 54.4 (from 55.1; vs the consensus of 54.9). In the services sector cost pressures also remained historically elevated, as greater supplier prices and increased wage bills following incentives to entice workers pushed costs up. Firms sought to pass on higher prices to their clients through a marked rise in output charges. It was more obviously good news that the Conference Board's *leading index* for August stood at a decent 0.9% MoM, the same in July, and well above the consensus (0.5%).

In the **euro area**, September's *PMIs* suggested that the pace of recovery slowed further at the end of Q3 but also as supply shortages continued to bite. Similarly to the USA, price pressures remained intense and sky-high energy prices suggest that these are unlikely to ease any time soon. The eurozone's manufacturing PMI fell from 61.4 to 58.7 points, below the consensus (60.5). Industry has been hit hard by input shortages and suppliers' delivery times lengthened once again in September, suggesting that these problems are still very acute. The services sector component fell even more, to 56.3 points (from 59, vs consensus of 57.8), where firms concerned about the pandemic's impact on demand as cases remain high and as some governments restrict leisure activities to those who have been vaccinated. Somewhat contrary to this, consumer confidence remained relatively resilient this month and could even improve, from -5.3 to -4.0 points, while the consensus expected a tiny deterioration (-5.8). The September reading of *Germany's IFO index* painted a similar picture, which weakened to 98.8 points, from 99.4 (consensus: 98.9). This was the third consecutive decline in a row in the index and suggests that the Germany's recovery is also losing steam. Furthermore, details suggests that German companies, not surprisingly, also struggle with rising input costs and supply chain problems.

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	4442.1	0.2	18.3	Stoxx 600	SXXP Index	463.9	0.4	16.3
IT	S5INFT Index	2746.8	0.7	19.9	Health care	SXDP Index	1011.3	1.1	15.1
Health care	S5HLTH Index	1547.7	0.1	16.9	Industrial goods & services	SXNP Index	772.3	-0.4	22.8
Financials	S5FINL Index	637.9	2.4	30.1	Banks	SX7P Index	137.9	1.3	27.4
Telco	S5TELS Index	276.4	-1.2	24.6	Personal & households goods	SXQP Index	1021.6	0.5	9.5
Consumer discretionary	S5COND Index	1466.7	-0.2	12.6	Insurance	SXIP Index	302.0	-0.2	8.2
Industrials	S5INDU Index	855.0	1.0	14.1	Food and beverages	SX3P Index	790.9	0.6	10.6
Consumer staples	S5CONS Index	737.9	0.0	6.0	Technology	SX8P Index	808.8	0.5	34.0
Utilities	S5UTIL Index	333.3	-0.6	4.4	Utilities	SX6P Index	373.8	-0.4	-2.7
Energy	S5ENRS Index	385.0	4.3	34.6	Oil & gas	SXEP Index	266.9	3.6	12.9
Real estate	S5RLST Index	289.8	-0.7	27.2	Chemicals	SX4P Index	1279.9	0.4	14.9
Materials	S5MATR Index	511.4	0.5	12.2	Construction & materials	SXOP Index	605.9	0.2	23.0
Source: Bloomberg					Telco	SXKP Index	232.4	0.2	13.0
					Retail	SXRP Index	446.7	-1.4	12.8
					Financial services	SXFP Index	705.1	-1.4	16.3
					Basic resources	SXPP Index	543.5	-0.5	8.8
					Real estate	SX86P Index	187.8	-0.3	9.9
					Auto & parts	SXAP Index	624.8	1.8	18.5
					Media	SXMP Index	351.9	-1.3	24.3
					Travel & leisure	SXTP Index	272.0	3.6	21.3

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	4442	-1.0	4.1	14.2	36.8	26.7	4.7	3.1	17.3	1.4	117.4	-0.1	6.6
Europe	SXXP Index	464	-1.7	1.5	9.6	30.4	23.7	2.1	1.6	11.0	1.1	176.7	0.0	8.8
Germany	DAX Index	15536	-2.3	-0.3	6.3	23.2	18.7	2.0	1.2	11.5	1.2	116.2	-73.2	-0.4
France	CAC Index	6644	-0.3	0.2	11.7	39.5	22.6	1.9	1.4	8.5	1.1	211.9	1.0	14.2
Poland	WIG20 Index	2308	0.3	1.5	21.5	38.5	19.5	1.3	1.1	6.9	1.2	55.1	1.5	13.6
Czechia	PX Index	1307	1.6	12.5	19.9	51.4	22.3	1.5	1.9	6.9	1.0	164.8	1.7	12.5
Hungary	BUX Index	51618	0.0	6.2	16.5	61.8	9.4	1.2	1.0	13.4	1.1	57.4	182.9	19.8
Romania	BET Index	12441	2.0	6.5	14.6	37.8	12.7	1.2	1.7	9.8	1.4	32.3	41.3	8.7
Bulgaria	SOFIX Index	563	-1.7	1.6	14.0	32.5	22.1	0.6	0.6	2.9	2.4	45.8		
Russia	IMOEX Index	4027	3.5	5.3	15.5	38.2	9.4	1.2	1.3	13.1	1.5	71.6	21.7	10.9
Ukraine	PFTS Index	526	0.0	-0.9	1.8	5.2	5.5	0.5	0.5	30.1				
Slovenia	SBITOP Index	1171	-2.4	3.0	19.6	38.3	7.7	1.0	0.7	13.1	1.7	34.1		
Croatia	CRO Index	1978	0.8	-1.0	6.7	20.7	26.8	1.0	1.2	4.2	1.4	42.6		
Serbia	BELEX15 Index	801	0.6	3.7	8.7	15.8	13.9	0.7	0.7	5.0	1.6	19.9		
Montenegro	MNSE10 Index	789	3.1	2.9	6.9	20.4	221.2	0.3	1.1	-0.2	2.2	14.4		

*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).

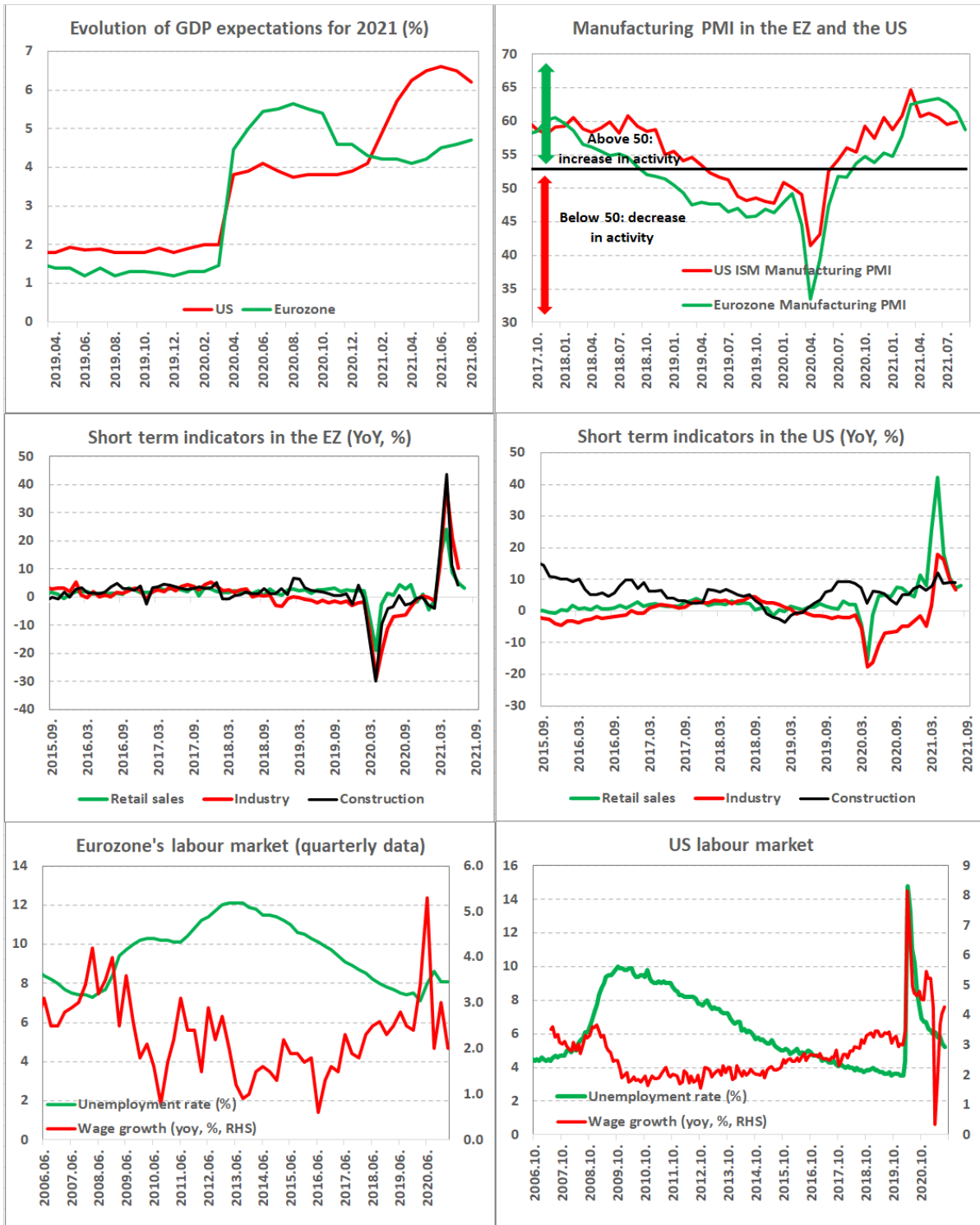
***therefore direct comparison of valuation metrics alone could be misleading.

Data updated at 16:00 (CEST)

This week's data

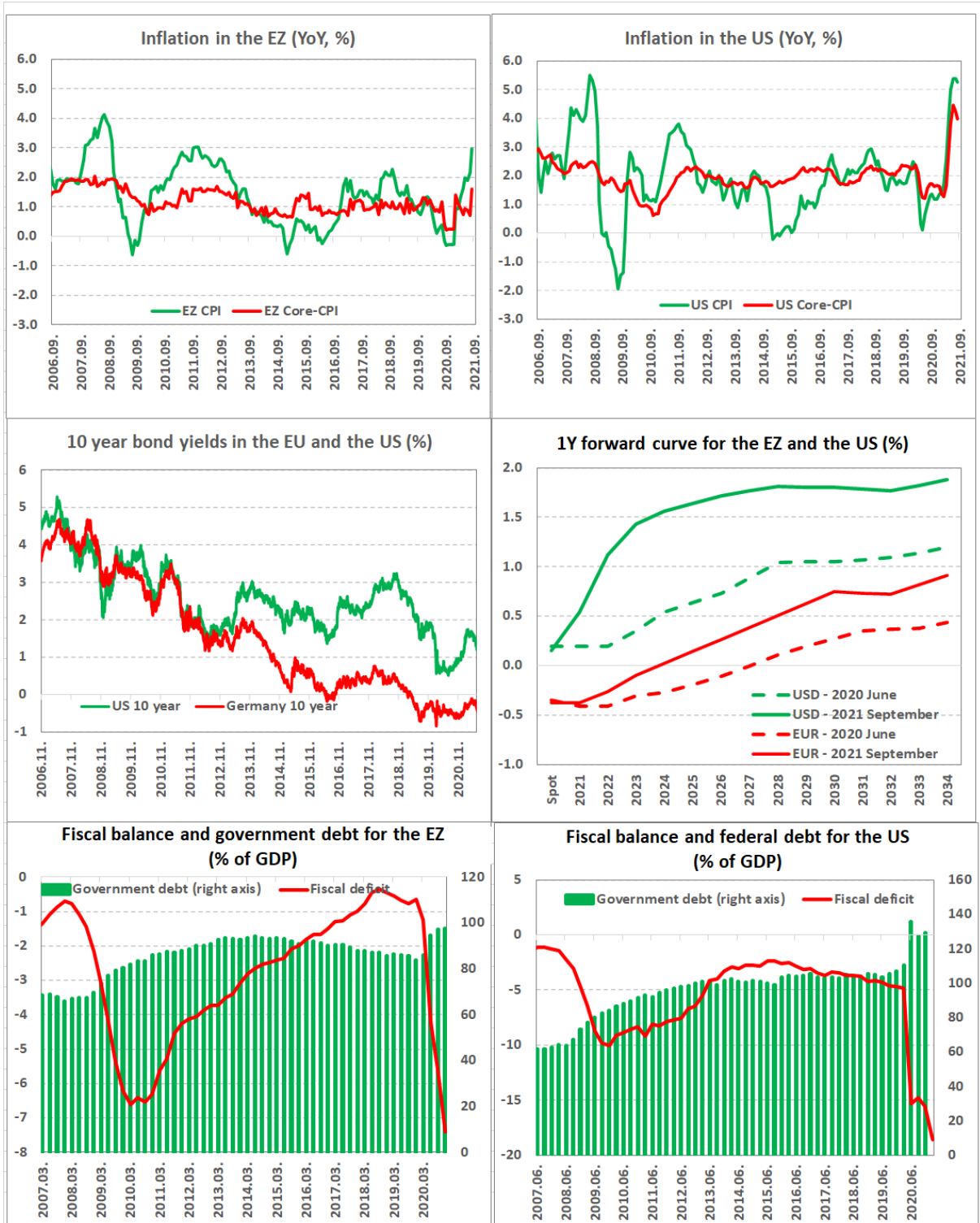
Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021 9. 20.	CA	General election	-	J. Trudeau	-	J. Trudeau
21. 14 : 30	US	Building permits (annualized monthly, '000s)	Aug	1730.0	1600	1630
14 : 30	US	Housing starts (annualized monthly, '000s)	Aug	1620.0	1550	1534
22. 5 : 00	JP	Interest rate decision (%)	Sept	-0.1		-0.1
16 : 00	EZ	Consumer confidence (point)	Sept	-4.0	-5.8	-5.3
16 : 00	US	Existing home sales (annualized monthly, '000s)	Aug	5880.0	5880.0	5990.0
20 : 00	US	Interest rate decision (%)	Sept	0-0,25	0-0,25	0-0,25
23. 9 : 15	FR	Markit Manufacturing PMI (points)	Sept	55.2	57.0	57.5
9 : 15	FR	Markit Service PMI (points)	Sept	56.0	56.0	56.3
9 : 30	DE	Markit Service PMI (points)	Sept	56.0	60.3	60.8
9 : 30	DE	Markit Manufacturing PMI (points)	Sept	58.5	61.5	62.6
10 : 00	EZ	Markit Manufacturing PMI (points)	Sept	58.7	60.5	61.4
10 : 00	EZ	Markit Service PMI (points)	Sept	56.3	58.7	59.0
10 : 30	UK	Manufacturing PMI (points)	Sept	56.3	59.0	60.3
10 : 30	UK	Service PMI (points)	Sept	54.6	55.5	55.0
13 : 00	TR	Interest rate decision (%)	Sept	18.0	19.0	19.0
13 : 00	UK	Interest rate decision (%)	Sept	0.1	0.1	0.1
14 : 30	US	Initial jobless claims ('000s)	weekly	351.0		332.0
14 : 30	US	Continuing jobless claims ('000s)	weekly	2845.0		2665.0
15 : 45	US	Markit Manufacturing PMI (points)	Sept	60.5	61.1	61.1
15 : 45	US	Markit Service PMI (points)	Sept	54.4	54.9	55.1
16 : 00	US	Leading index (MoM, %)	Aug	0.9	0.5	0.9
24. 1 : 30	JP	core-CPI (YoY, %)	Aug	0.0	0.0	-0.2
1 : 30	JP	CPI (YoY, %)	Aug	-0.4		-0.3
10 : 00	DE	Ifo Economic sentiment index (points)	Sept	98.8	98.9	99.4
10 : 00	IT	Consumer confidence (point)	Sept	119.6	115.4	116.2
16 : 00	US	New home sales (annualized monthly, '000s)	Aug	740.0	720.0	729.0
16 : 00	US	Jerome Powell speech (Fed Listens Conference)	-		-	-
26.	DE	General election	-		-	A. Merkel

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	1.20
EURGBP	0.89	0.91	0.90	0.88	0.86	0.86	0.85	0.84	0.84	0.84
EURCHF	1.06	1.08	1.08	1.08	1.10	1.10	1.09	1.13	1.11	1.09
USDJPY	107.0	106.0	104.0	104.0	109.0	109.5	110.0	112.0	112.0	107.0

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	7.3	5.5	6.3	4.9	Hungary	-8.1	-7.5	-5.9	-7.0	-5.3
Romania	-3.9	6.8	3.6	6.9	4.8	Romania	-9.2	-8.2	-6.5	-7.3	-5.6
Bulgaria	-4.2	4.7	4.0	4.5	3.9	Bulgaria	-3.4	-2.9	-1.8	-3.9	-2.4
Russia	-3.0	4.6	2.3	3.8	2.7	Russia	-3.8	-0.9	-0.2	-0.6	-0.2
Ukraine	-4.0	3.8	4.4	3.9	3.9	Ukraine	-5.3	-5.5	-3.0	-4.6	-3.1
Slovenia	-5.5	6.2	4.5	4.9	4.3	Slovenia	-8.4	-7.1	-4.9	-6.8	-4.4
Croatia	-8.0	7.7	4.5	6.9	4.5	Croatia	-7.4	-4.5	-3.0	-4.3	-3.1
Serbia	-1.0	6.5	5.0	6.2	4.3	Serbia	-8.1	0.6	3.1	-5.7	-2.5
Montenegro	-15.2	8.8	6.2	7.6	5.8	Montenegro	-10.1	-6.2	-2.5	-5.1	-2.7
Albania	-4.0	8.0	4.2	6.0	4.2	Albania	-6.8	-6.0	-4.0	-5.7	-3.5
Moldova	-7.0	12.4	5.2	5.1	4.6	Moldova	-5.3	-5.0	-4.5	-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	4.8	4.7	4.4	3.5	Hungary	4.1	3.9	3.3	4.2	3.8
Romania	2.6	4.4	3.9	3.9	3.4	Romania	5.0	5.5	4.5	5.4	5.0
Bulgaria	1.7	2.3	2.4	2.2	2.3	Bulgaria	5.1	5.1	4.8	5.4	5.0
Russia	3.4	6.2	4.6	5.9	4.3	Russia	5.8	5.0	4.0	5.1	4.8
Ukraine	2.7	9.0	7.0	8.9	6.7	Ukraine	9.5	9.2	8.3	9.3	8.8
Slovenia	-0.3	1.3	1.7	1.5	1.8	Slovenia	5.0	4.9	4.8	5.1	4.8
Croatia	0.1	2.2	2.5	1.8	1.7	Croatia	7.5	7.3	6.8	8.7	7.9
Serbia	1.6	3.3	3.0	2.6	2.6	Serbia	9.0	11.2	10.2	10.7	9.8
Montenegro	-0.3	2.0	1.5	1.5	1.6	Montenegro	17.9	16.5	16.1	19.7	18.2
Albania	1.6	2.0	2.3	2.0	2.4	Albania	11.7	11.3	10.9	11.4	11.0
Moldova	3.8	3.5	7.0	3.2	4.4	Moldova	3.8	13.5	11.3	4.3	4.0

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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