OTP Weekly Outlook

Next week:

- *September US inflation and European energy markets will be in the spotlight*

This week:

- *Stock markets seem to close with small weekly gains, helped by the bipartisan agreement on temporarily raising of the US debt ceiling*
- *The disappointing US non-farm payroll data makes November tapering more uncertain, but wage pressures are rising on account of a tightening labour market*
- *Skyrocketing European energy prices and weakening business sentiment cloud the outlook in Europe*
- *Long-term yields moved up; the USD strengthened as inflation fears intensified*
- *Oil prices increased for the fifth week, driven by natural gas price rally*

Market summary table

WEEKLY REPORT - 11 OCTOBER 2021

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	4406.1	1.1	17.3	US 2 year	0.31	4.2	18.5	Dollar index	94.154	0.1	4.7	Brent	83	4.9	60.5
Russel 2000	2249.4	0.3	13.9	US 10 year	1.60	13.6	68.5	EURUSD	1.1565	-0.3	-5.3	WTI	80	5.0	64.3
Stoxx 600	458.0	1.1	14.8	DE 2 year	-0.70	0.8	1.6	USDJPY	111.84	-0.7	-7.7	Gold	1773	0.7	-6.6
DAX	15235.6	0.5	11.1	DE 10 Year	-0.16	6.3	40.9	GBPUSD	1.363	0.6	-0.3	Silver	23	2.3	-12.7
CAC40	6581.6	1.0	18.6	ES 10 year	0.48	5.5	43.4	AUDUSD	0.731	0.7	-5.0	Palladium	2053	6.8	-16.2
FTSE100	7103.7	1.1	10.0	UK 10 year	1.14	14.1	95.0	USDCAD	1.250	1.2	1.8	Copper	429	2.3	21.8
FTSE MIB	26058.3	1.7	17.2	IT 10 year	0.86	5.2	32.2	USDCHF	0.928	0.3	-4.6	Steel	1881	-1.0	87.2
Nikkei 225	28048.9	-2.5	2.2	JP 10 year	0.08	2.8	6.5	NZDUSD	0.694	-0.1	-3.4	Wheat	744	-1.5	16.1
CSI 300	4929.9	1.7	-5.4	CH 10 year	2.90	2.8	-23.8	CNHUSD	6.444	-0.1	0.9	Corn	536	-1.0	10.8

Source: Bloomberg

Data updated at 16:00 (CEST)

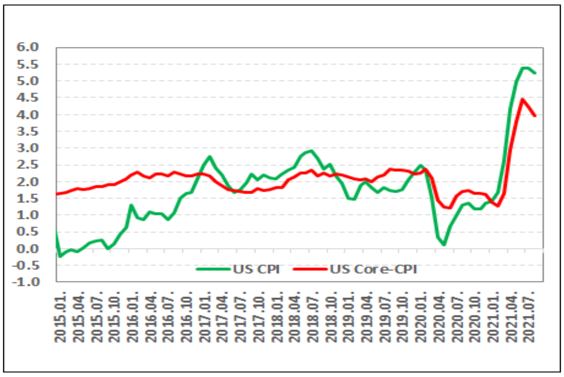
September US inflation and European energy markets could be in the spotlight next week

Having learnt the disappointing job report for September, the market will still focus on the USA, where the CPI data for last month will be published next week. Then the Fed will have the last pieces of macro data on the key indicators of the economy for its early November FOMC meeting, as the October job report and CPI will be only published after the Fed's meeting. The current situation is far from unexciting: although surging gas prices are more typical for the Europe and Asia, where prices have increased by eight or ninefold, natural gas prices have also roughly doubled in the USA, which will keep inflation higher longer than was initially expected. In a period, when the recovery seems to loose steam. The September US retail sales and August euro area industrial production, plus a bunch of business confidence indices from October will also be published. This latter will help to see the extent to which the Delta variant and skyrocketing energy prices weakened the real economy further.

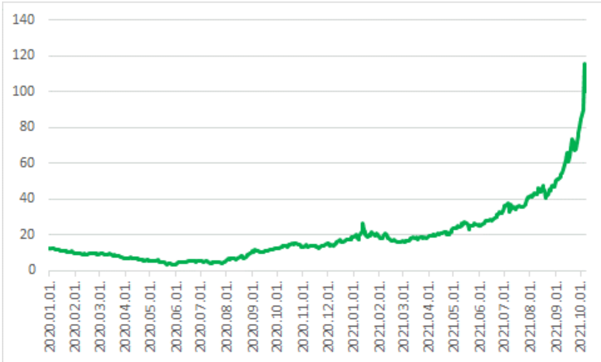
In the **USA**, the key day will be Wednesday, when the September *CPI* data will be published. The figures will be very important, as apart from endeavouring for full employment, the Fed's primary responsibility is to ensure price stability. Up to a few months ago, the Fed was still very confident that it could downplay inflation fears and consider the reopening price surge as transitory, but lots of things have changed in recent weeks. For one thing, energy prices started to skyrocket, which seems to add to input price costs. Additionally, supply chain and transport bottlenecks do not seem to ease as was expected, which suggest that the issue could add to price pressures for a more prolonged period. Apparently, the Delta wave not only dented consumer demand but it also put a break on labour supply's increase, thus made the labour market tighter and pushed up wage costs. In August, core CPI inflation eased only slightly, to 4.0%, from 4.3%, while headline inflation edged down to 5.3%, from 5.4%. Although the spread of the Delta variant has put the burst of reopening inflation into reverse (hotel room rates, airfares, and car rental prices all drove the inflation surge before they fell), there were still plenty of signs of a building cyclical inflationary pressure, for example the Dallas Fed's six-month trimmed mean annualized PCE inflation indicator stood at 2.6%, up from 1.5% in March. Additionally, although natural gas prices in the USA surged much slower than in Europe and Asia, US natural gas prices also doubled in the past half year or so, and it was partly visible in the August CPI data, where gasoline, natural gas and electricity prices all increased by more than 1% MoM. The key question is what is next; whether the decline in the inflation rate seen in August could continue or turn back. The market expects already the latter. Further to this, we will have the September *retail sales* figure published, which helps to refine the GDP estimate for Q3, while the October *business and consumer confidence* data will already give some hint on the recovery for Q4.

In the **euro area**, incoming macro data will be less crucial than in the USA. The August *industrial production* data, to be released on Wednesday, will be hardly good news, given the sharp, 4.7% fall in Germany's figures. The *ZEW business confidence* for October will help to see the evolution of business sentiment in early Q4. The fall in Sentix this week, does not bode well for this index. Additionally, or even more importantly, watch out for developments on Europe's *energy markets*, where natural gas prices increased eightfold year-over-year by early October, driving electricity and coal prices also higher. Although Russia's promise to pump record volume of gas to European pipelines in the rest of the year may put an end to the rally, it is still not clear where prices could settle – but surely not at the level seen early this year. Anyhow, companies and households are in for a significant rise in energy bills. Europe's leaders are desperately searching a solution, including a more common energy policy and fiscal transfers to households.

US CPI figures (YoY, %)



Natural gas prices (TTF, day ahead, EUR/MWH)



Sources: Refinitiv and Bloomberg

What to watch next week

Data			Cd.	Event/Data	Period	Cons.	Prev.
2021	10. 11.	10 : 00	IT	Industrial production (MoM, SA, %)	Aug	-0.5	0.8
	12.	8 : 00	UK	Unemployment rate (%)	Aug	4.5	4.6
		11 : 00	DE	ZEW Economic Sentiment (points)	Oct	24.0	26.5
				IMF WEO	-	-	-
	13.	5 : 00	CN	Export (YoY, %)		21.5	25.6
		9 : 00	HU	Industrial production (second estimate, YoY, %)	Aug		2,6*
		11 : 00	EZ	Industrial production (MoM, %)	Aug	-1.5	1.5
		14 : 30	US	CPI (YoY, %)	Sept	5.4	5.3
		14 : 30	US	CPI (MoM, SA, %)	Sept	0.3	0.3
		14 : 30	US	core-CPI (YoY, %)	Sept		4.0
		14 : 30	US	core-CPI (MoM, SA, %)	Sept	0.2	0.1
		20 : 00	US	FOMC Minutes	Sept	-	-
		20 : 00	US	Federal budget balance (USDbn)	Sept		-171.0
	14.	9 : 00	HU	Construction output (YoY, %)	Aug		22.5
		14 : 30	US	Initial jobless claims ('000s)	weekly		326.0
		14 : 30	US	Continuing jobless claims ('000s)	weekly		2714
	15.	14 : 30	US	New York Fed Manufacturing index (points)	Oct	27.8	34.3
		14 : 30	US	Retail sales (MoM, %)	Sept	-0.2	0.7
		16 : 00	US	Business inventories (MoM, %)	Aug	0.5	0.5
		16 : 00	US	Michigan Consumer confidence (preliminary, points)	Oct	74.0	72.8
		0 : 0	CZ	General election		-	A. Babiš

After a bumpy week, stock markets seem to have closed with small weekly gains, helped by the bipartisan agreement on temporarily raising the US debt ceiling, but pulled down by a weak job report

This was an indeed bumpy week for European and US stock markets, mostly characterized by worrisome economic news. First, global energy prices soared, in particular in Europe and Asia, which added to already existing inflation fears. Second, a potential US default due to the lack of agreement to raising the debt ceiling cast a shadow on trading. Eventually, a bipartisan agreement was reached on Thursday to a temporarily rise in the debt ceiling until early December, so the drama was postponed by six weeks. Further to this, energy prices started to decline after President Putin's promise to ramp up gas supply for the rest of the year. All this has supported market sentiment that was very negative at the beginning of the week resulting in sharp falls followed by gradual increase and a bigger jump on Thursday, when the debt ceiling deal was considered as done, while gas prices started to decline. Nevertheless, fundamentals have hardly improved: while cost pressures are intensifying, most recently by the rise in energy prices, both the eurozone and US economies seem to be slowing, let alone China, which is struggling with the deleveraging of its real estate sector. Finally, the pace of job creation in the US economy seems to be substantially weakened, but without any sign of easing labour market tightness. The deteriorating inflation outlook raised long-term yields in weekly terms, while the USD strengthened, and oil prices gained momentum, driven by energy fears.

Pandemic situation: The Delta wave peaked in the USA; China keeps zero covid policy. The improvement slowed in Western Europe, while some daily infections mostly deteriorate in Eastern Europe.

The covid wave in the USA has passed its peak, both daily case and death counts are falling. The country will soon enact vaccine mandates, covering employees of large businesses, health care workers, and federal employees. California is planning to require covid vaccination for 12+ students who attend school in person. Los Angeles aim to apply one of the strictest vaccine mandate rules in the States, requiring full vaccination or a recent negative COVID-19 test to enter most indoor establishments.
Sydney is planning to lift the lockdown next week. New Zealand’s zero covid strategy will be discarded, due to the high vaccination rate.
China remained one of the few countries that still maintains a zero covid strategy. The country managed to control a potential outbreak in its north-eastern region last week.
The previously observed drop of infection statistics is slowing down in Western Europe, while countries continue to moderately easing covid restrictions. Masks are no longer needed at primary schools in France's

green regions. Italy increased the maximum capacity for cultural and sporting events for those with documented immunity.

The CEE region continues to report high infection rates. An alarming surge in covid cases and deaths can be observed in the Baltic States, Romania, Ukraine, Russia, and Moldova.

US and European stocks face small gains by Friday afternoon after last week's substantial loss

The *STOXX 600* seems to close the week by 1.1% rise. The DAX increased by a meagre 0.5%, as the weak industrial production data pulled down the index. The CAC40 grew by 1.0%, the FTSE 100 by 1,1%, the FTSE MIB by 1,7%. Out of the STOXX components, banks and basic resources posted the biggest gains (4,3 and 3,5%), while travel&leisure fell by the most -3.1%.

In the **USA**, the *S&P* seems increase by 1.1% during the week, while the small-cap *Russell 2000's* increase is slightly milder (0.7%). In the S&P, energy (3.7%) was the biggest winner, while most sectors grew around 1-2%, with the exception of the practically stagnating real estate, health care and telco.

Long-term yields moved higher on inflation fears, oil was driven up by soaring natural gas prices, the dollar strengthened minorly

The US long-term *Treasury/bond yields* climbed in weekly comparison by 14 bps, while Europe's 10Y government bond yields went up by 5-6 bps, both as inflation concerns increased. The increase in US long-term yields occurred despite of the fact, that the temporary agreement on raising the US debt ceiling helped to ease default fears.

Oil prices edged further up, to almost USD 83 for Brent, holding near a three-year high as they headed for a fifth straight week of gains, supported by the natural gas price rally. The USD strengthened minorly against major currencies, stood against the EUR at 1,1565.

Disappointing US job report, the recovery is losing steam in the euro area

In the **USA**, the August *non-farm payroll* data brough substantial disappointment, as the 194,000 net job growth missed expectation (500,000), for the second month in a row. The impact of the Delta variant continued to weigh on payrolls last month, with leisure & hospitality employment up by only 74,000. But the main disappointment was that, despite the reopening of schools for in-person teaching, overall education employment fell by 180,000. Otherwise, retail, professional services and trade, transport and utilities payrolls were all solid, while manufacturing added 26,000 jobs, with auto employment only falling by 4,000 on the month, despite reports of widespread factory closures. Unfortunately, in spite of the expiry of the enhanced unemployment benefits and the reopening of schools, all of which was expected to would boost participation, the labour force fell by 183,000, remaining 3 million below its pre-pandemic level. With household employment rising by 526,000, the unemployment rate dropped to 4.8%, from 5.2%. Labour shortages are continuing to put severe upward pressure on wages, with average hourly earnings surging by 0.6% MoM, and the annual rate rising to 4.6%, at a time when the return of low-wage leisure and hospitality workers should be depressing the average.

There was a small rise in the headline *ISM services index* to 61.9 in September, from 61.7, which suggests that as the Delta-driven surge in infections peaked last month, it has not had much lasting impact on demand. Unfortunately, the survey also highlighted that the extreme supply shortages are barely easing. Beating the widespread expectations that shortages would soon begin to ease, the supplier delivery times index is barely falling, remaining as high as 68.8 in September, not far below the record of 72.0 hit a few months ago. The backlog of orders index rose last month to 61.9, from 61.3.

In the **euro area**, the macro data published during the week were almost unequivocally disappointing. Most importantly, *Germany's industrial production* fell sharply, by 4.7% MoM, leaving industrial output 9.0% below its February 2020 level. The fall was driven by a 4.7% MoM slump in manufacturing output, and this in turn was largely due to a massive 17.5% contraction in vehicles and vehicle component production. The latter left auto production more than 40% below its pre-pandemic level (see Chart 1), as many auto firms seem to have ceased production altogether, due to supply chain problems. Although *French industrial production* partly saved the day (1.0% MoM growth vs. the consensus of 0.3%), this will be hardly enough to push the August reading of the eurozone-wide industrial production data (due next week) into positive territory. *The eurozone's retail sales* grew by a meagre 0.3% MoM after a sharp, -2.6% fall in July, and missing the consensus (0.8%) by a significant margin. The increase in sales was due to a massive 9.0% rise in online sales, which offset declines in the sales of fuel, food, and drink. Total sales have now been more or less unchanged since May, suggesting that the period of rapid growth in goods spending is behind us. Although the improvement in service consumption may have added to the growth in total household consumption, this could easily level off in Q4. The eurozone's first business sentiment index for October, *Sentix* was also discouraging, falling to 16.9 points from 19.6, while the consensus expected a smaller decline (18.6 points).

China's *Caixin service sector PMI* surprisingly jumped to 53.4 in September 2021, from 46.7 in the previous month, moving away from the lowest level since the height of the pandemic last year. Both new orders and employment bounced back to the expansionary territory, as a major COVID-19 outbreak in the eastern province of Jiangsu eased.

Sector performance in the USA and Europe

Performance of US sectors				
Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
S&P500	SPX Index	4406.1	1.1	17.3
IT	S5INFT Index	2679.6	0.7	16.9
Health care	S5HLTH Index	1483.6	-0.1	12.0
Financials	S5FINL Index	648.3	2.2	32.2
Telco	S5TELS Index	273.3	0.2	23.2
Consumer discretionary	S5COND Index	1456.4	1.2	11.8
Industrials	S5INDU Index	853.1	1.7	13.8
Consumer staples	S5CONS Index	727.3	1.5	4.5
Utilities	S5UTIL Index	331.1	2.0	3.8
Energy	S5ENRS Index	424.1	3.7	48.2
Real estate	S5RLST Index	280.5	-0.2	23.1
Materials	S5MATR Index	512.2	1.5	12.4

Source: Bloomberg

Performance of Europe's sectors				
Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
Stoxx 600	SXXP Index	458.0	1.1	14.8
Health care	SXDP Index	1002.5	1.6	14.1
Industrial goods & services	SXNP Index	738.8	0.2	17.5
Banks	SX7P Index	145.8	4.3	34.8
Personal & households goods	SXQP Index	986.9	-0.3	5.8
Insurance	SXIP Index	310.2	2.1	11.1
Food and beverages	SX3P Index	787.4	0.9	10.1
Technology	SX8P Index	745.5	0.5	23.5
Utilities	SX6P Index	369.2	1.6	-3.9
Oil & gas	SXEP Index	283.2	2.2	19.8
Chemicals	SX4P Index	1253.5	0.4	12.5
Construction & materials	SXOP Index	586.1	0.8	19.0
Telco	SXKP Index	229.4	0.2	11.5
Retail	SXRP Index	430.3	-1.5	8.7
Financial services	SXFP Index	700.3	1.4	15.5
Basic resources	SXPP Index	559.3	3.5	12.0
Real estate	SX86P Index	181.9	-0.7	6.5
Auto & parts	SXAP Index	641.2	1.8	21.6
Media	SXMP Index	350.8	-0.1	23.9
Travel & leisure	SXTP Index	260.7	-3.1	16.2

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	4406	-2.4	2.0	7.5	27.8	26.4	4.6	3.1	17.3	1.4	117.4	0.5	6.2
Europe	SXXP Index	458	-2.1	1.4	4.8	24.4	22.2	2.1	1.6	11.1	1.1	176.5	0.3	8.4
Germany	DAX Index	15236	-2.4	-1.2	0.2	16.8	18.3	1.9	1.2	11.5	1.2	116.2	-56.3	0.1
France	CAC Index	6582	-1.3	2.9	6.7	34.0	22.4	1.9	1.4	8.6	1.1	211.9	6.0	13.5
Poland	WIG20 Index	2412	2.0	7.9	21.8	40.2	18.2	1.4	1.1	7.7	1.2	55.0	1.2	10.1
Czechia	PX Index	1368	6.0	19.2	25.7	56.4	23.3	1.6	2.0	6.9		165.2	2.2	12.2
Hungary	BUX Index	53848	2.5	13.5	21.8	59.8	9.9	1.2	1.0	13.4	1.1	58.0	57.4	14.7
Romania	BET Index	12803	3.7	7.8	14.2	44.3	13.2	1.2	1.7	9.7		32.4	-6.5	
Bulgaria	SOFIX Index	572	1.1	3.0	12.4	35.6	22.6	0.7	0.7	3.0	2.4	48.2		
Russia	IMOEX Index	4244	5.6	9.9	21.0	49.1	9.7	1.3	1.4	13.3	1.4	72.2	7.9	9.4
Ukraine	PFTS Index	526	0.0	-0.5	-0.6	5.2	8.2		0.6	20.2				
Slovenia	SBITOP Index	1165	-2.1	2.9	15.4	39.3	7.7	1.0	0.7	13.1	1.7	34.1		
Croatia	CRO Index	2033	4.0	3.5	7.7	25.8	27.2	1.1	1.2	4.2	1.4	42.6		
Serbia	BELEX15 Index	801	-0.2	3.5	7.3	15.8	13.9	0.7	0.7	5.0	1.6	19.9		
Montenegro	MNSE10 Index	781	2.3	5.5	5.0	19.3	206.4	0.3	1.0	-0.2	2.2	14.1		

*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),

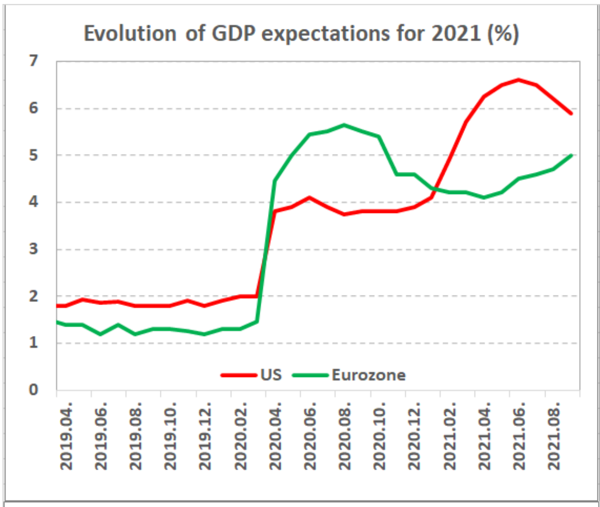
***therefore direct comparison of valuation metrics alone could be misleading.

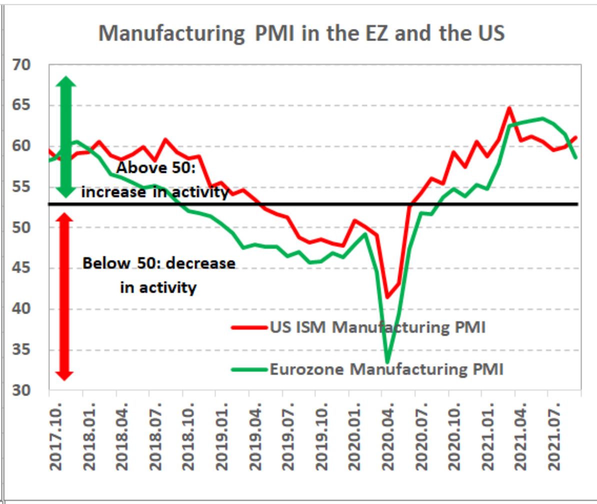
Data updated at 16:00 (CEST)

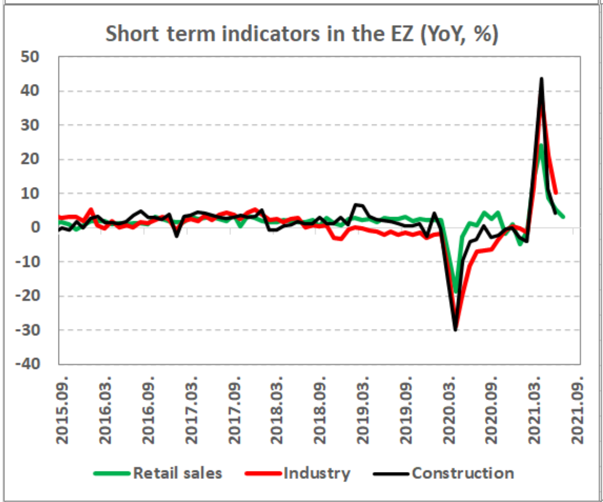
This week's data

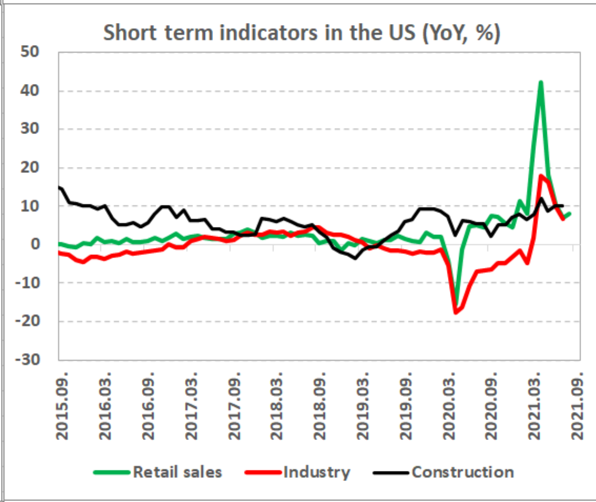
Data			Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021	10. 4.	10 : 30	EZ	Sentix Investor confidence (points)	Oct	16.9	18.6	19.6
		16 : 00	US	Factory orders (MoM, %)	Aug	1.2	1.0	0.4
			EZ	Eurogroup meeting	-	-	-	-
	5.	8 : 45	FR	Industrial production (MoM, %)	Aug	1.0	0.3	0.3
		9 : 45	IT	Markit/IHS Services PMI (prelim.)	Sept	55.5	56.5	58.0
		16 : 00	US	ISM non-Manufacturing PMI (points)	Sept	61.9	60.0	61.7
			EZ	ECOFIN Meeting	-	-	-	-
	6.	8 : 00	DE	Industrial orders (MoM, %)	Aug	-7.7	-2.1	4.9
		11 : 00	EZ	Retail sales (MoM, %)	Aug	0.3	0.8	-2.6
		14 : 00	PL	Interest rate decision (%)	Oct	0.5	0.1	0.1
		14 : 15	US	ADP non-farm employment (MoM, '000s)	Sept	568.0	428.0	340.0
	7.	8 : 00	DE	Industrial production (MoM, %)	Aug	-4.0	-0.4	1.0
		10 : 00	IT	Retail sales (MoM, SA, %)	Aug	0.4		-0.3
		14 : 30	US	Initial jobless claims ('000s)	weekly	326.0	348.0	362.0
		14 : 30	US	Continuing jobless claims ('000s)	weekly	2714.0	2780.0	2802.0
	8.	3 : 45	CN	Caixin Services PMI	Sept	53.4		46.7
		8 : 00	DE	Export (MoM, SA, %)	Aug	-1.2	0.5	0.5
		14 : 30	US	Non-farm payroll (MoM, '000s)	Sept	194.0	473.0	235.0
		14 : 30	US	Unemployment rate (%)	Sept	4.8	5.1	5.2
		14 : 30	US	Average earnings (MoM, %)	Sept	0.6	0.4	0.4
		14 : 30	US	Average earnings (YoY, %)	Sept	4.6	4.6	4.0

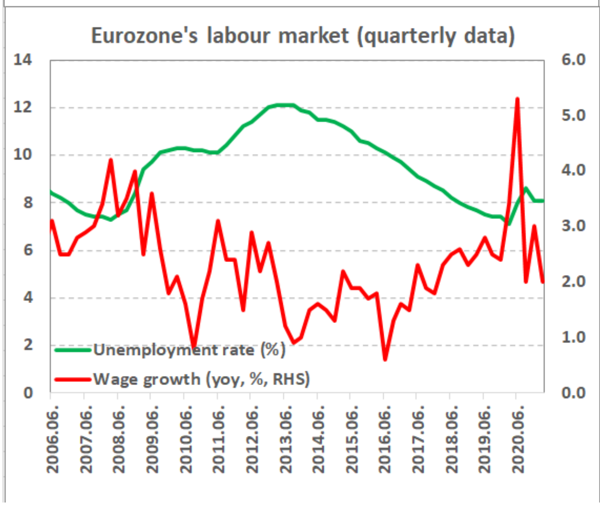
Eurozone and US chart set

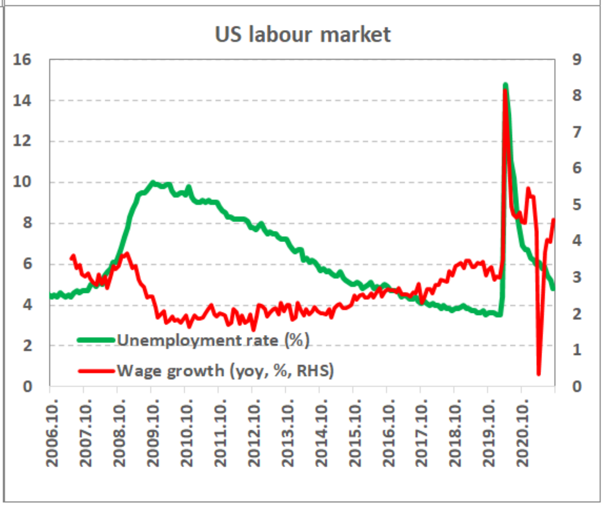






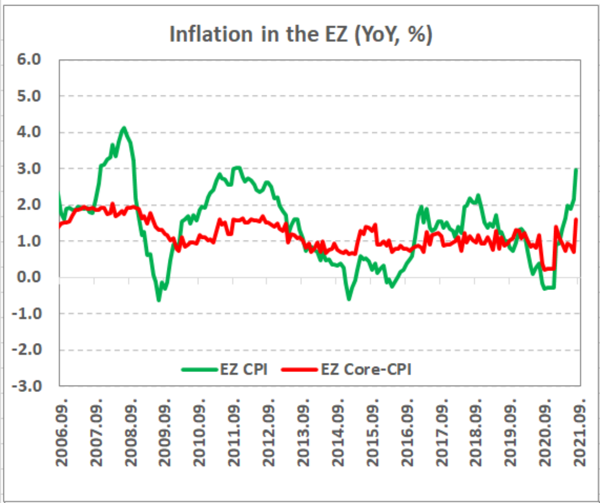


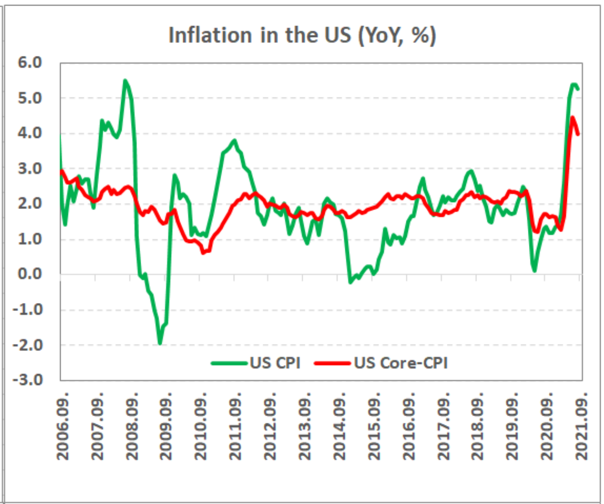


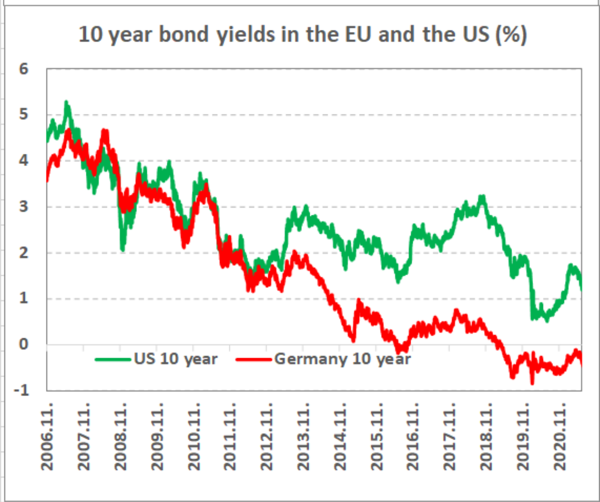


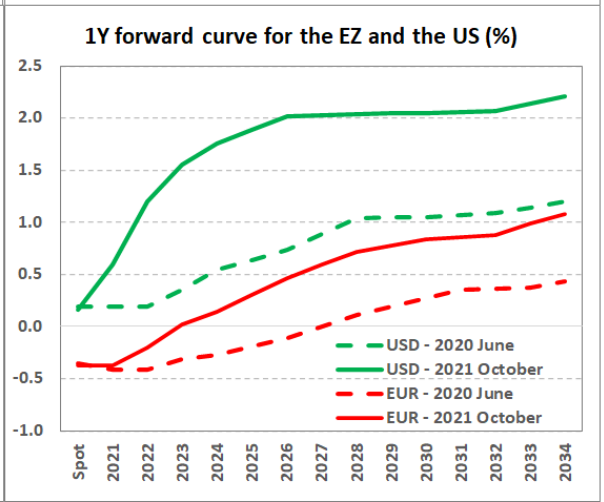
Source: Refinitiv

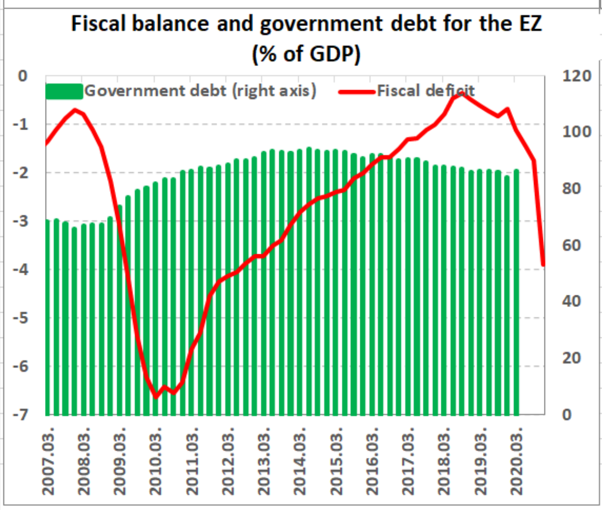
Eurozone and US chart set

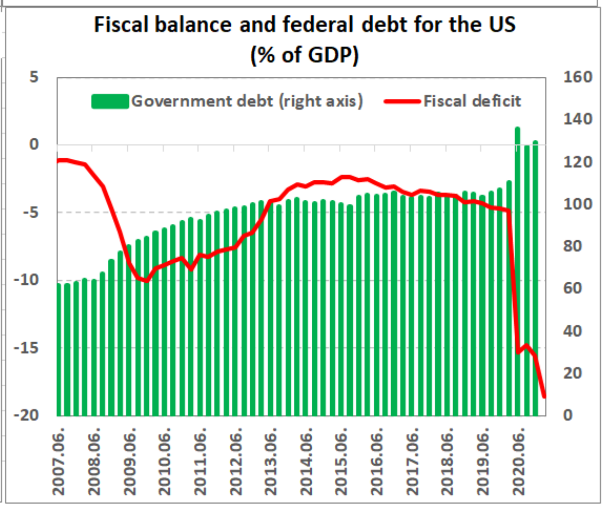












Source: Refinitiv

FX forecast for the majors

FX pair	2020.Q2	2020.Q3	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q4	2023.Q4	2024.Q4
EURUSD	1.09	1.18	1.19	1.21	1.21	1.19	1.17	1.17	1.18	1.19
EURGBP	0.89	0.91	0.90	0.88	0.86	0.86	0.86	0.85	0.84	0.84
EURCHF	1.06	1.08	1.08	1.08	1.10	1.10	1.09	1.12	1.11	1.10
USDJPY	107.0	106.0	104.0	104.0	109.0	110.0	111.0	112.0	113.0	114.0

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	7.3	5.5	6.7	4.9	Hungary	-8.1	-7.5	-5.9	-7.1	-5.3
Romania	-3.9	6.8	3.6	7.0	4.7	Romania	-9.2	-8.2	-6.5	-7.2	-5.5
Bulgaria	-4.2	4.7	4.0	4.4	3.8	Bulgaria	-3.4	-2.4	-1.8	-3.8	-2.6
Russia	-3.0	4.6	2.3	4.1	2.6	Russia	-3.8	-0.9	-0.2	-0.4	0.0
Ukraine	-4.0	3.8	4.4	3.8	3.8	Ukraine	-5.3	-5.5	-3.0	-4.5	-3.1
Slovenia	-4.2	6.2	4.5	5.4	4.1	Slovenia	-8.4	-7.1	-4.9	-7.0	-4.6
Croatia	-8.0	7.7	4.5	7.1	4.6	Croatia	-7.4	-4.5	-3.0	-4.2	-3.1
Serbia	-1.0	6.5	5.0	6.4	4.4	Serbia	-8.1	0.6	3.1	-5.2	-2.6
Montenegro	-15.3	11.4	6.3	8.0	5.4	Montenegro	-10.1	-3.9	-2.5	-5.4	-2.6
Albania	-4.0	8.0	4.2	6.3	4.3	Albania	-6.8	-6.0	-4.0	-5.7	-3.5
Moldova	-7.0	12.4	5.2	6.6	4.7	Moldova	-5.3	-5.0	-4.5	-5.3	-4.2

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	4.8	4.7	4.5	3.7	Hungary	4.1	3.9	3.3	4.1	3.8
Romania	2.6	4.4	3.9	4.1	3.7	Romania	5.0	5.5	4.5	5.4	4.9
Bulgaria	1.7	2.5	2.8	2.3	2.4	Bulgaria	5.1	5.1	4.8	5.5	5.1
Russia	3.4	6.2	4.6	6.1	4.6	Russia	5.8	5.0	4.0	5.1	4.7
Ukraine	2.7	9.0	7.0	9.0	6.8	Ukraine	9.5	9.2	8.3	9.4	8.8
Slovenia	-0.3	1.3	1.7	1.5	1.8	Slovenia	5.0	4.9	4.8	5.0	4.7
Croatia	0.1	2.2	2.5	1.9	1.8	Croatia	7.5	7.3	6.8	8.5	7.8
Serbia	1.6	3.3	3.0	3.0	2.9	Serbia	9.0	11.2	10.2	10.6	9.8
Montenegro	-0.3	2.2	1.9	1.5	1.5	Montenegro	17.9	15.5	15.0	18.9	17.7
Albania	1.6	2.0	2.3	2.0	2.4	Albania	11.7	11.3	10.9	11.6	11.2
Moldova	3.8	3.5	7.0	3.5	5.3	Moldova	3.8	13.5	11.3	4.2	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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