

OTP Weekly Outlook

Next week:

- Euro area April inflation data and Q1 flash GDP estimates from both sides of the Atlantic will be in the spotlight.

This week:

- Stock markets stood mixed on Friday in weekly comparison: slightly up in some European bourses and in the red in the USA, amidst aggressive rate hike expectation in the USA, and higher bond yields
- The EUR/USD slightly rose, 10Y yields in Europe registered double-digit increase
- Oil prices decrease as global growth outlook deteriorates
- Euro area PMIs unexpectedly improved in April



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	4377,4	-0,3	-8,2	US 2 year	2,75	29,3	201,5	Dollar index	101,02	0,7	5,6	Brent	107	-3,9	37,9
Russel 2000	1985,5	-1,0	-11,6	US 10 year	2,90	7,5	139,2	EURUSD	1,0816	0,1	-4,9	WTI	103	-4,1	36,4
Stoxx 600	455,3	-0,3	-6,7	DE 2 year	0,27	23,3	90,7	USDJPY	128,36	-1,5	-10,3	Natural gas	97	-0,1	45,7
DAX	14250,9	1,2	-10,3	DE 10 Year	0,96	11,7	113,8	GBPUSD	1,288	-1,4	-4,8	Gold	1946	-1,6	6,4
CAC40	6600,6	0,9	-7,7	ES 10 year	1,92	14,4	135,8	AUDUSD	0,728	-1,5	0,3	Silver	24	-4,8	4,4
FTSE100	7571,3	-0,1	2,5	UK 10 year	1,97	7,7	99,8	USDCAD	1,269	-0,6	-0,4	Palladium	2424	2,2	27,3
FTSE MIB	24334,9	-1,6	-11,0	IT 10 year	2,66	17,6	148,7	USDCHF	0,956	-1,4	-4,5	Copper	466	-1,4	4,3
Nikkei 225	27105,3	0,0	-5,9	JP 10 year	0,25	0,8	18,1	NZDUSD	0,666	-1,6	-2,5	Steel	1465	-0,3	2,1
CSI 300	4013,3	-4,2	-18,8	CH 10 year	2,84	5,8	6,8	CNHUSD	6,531	-2,3	-2,7	Wheat	1073	-2,2	39,2

Source: Bloomberg

Euro area inflation data for April and Q1 flash GDP estimates from both sides of the Atlantic will be in the spotlight

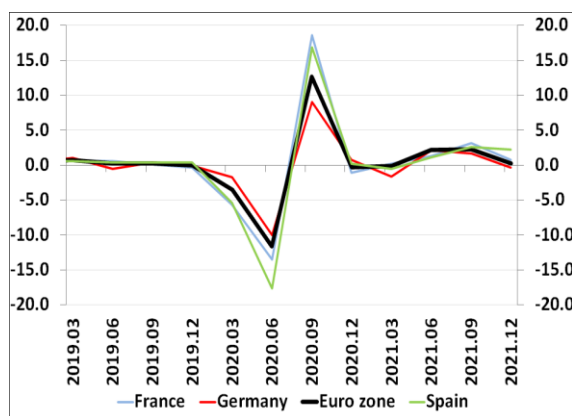
News concerning the Russia-Ukraine conflict could still move market sentiment, while the earning season is also rolling on. Next week tech giants like Alphabet, Microsoft, Meta, Apple or large retailers like Amazon, Coca-Cola, as well as pharmaceuticals like AstraZeneca will report next week. However, in terms of macro data, next week will be equally important. We will have the flash Q1 GDPs for the USA, the euro area, and its large economies published. Additionally, the April inflation data for the euro area will be also released.

In the **euro area**, the April CPI will be released on Friday. Back in March, headline inflation increased from 5.9% in February to 7.4%, well above the market consensus, even though expectations had been ratcheted up after data for the region's major economies were released earlier in the week. The increase was broad-based, with inflation rising in all major categories. Energy inflation rose to a new record high of 44.7%, and the recent developments of oil and gas prices mean that it is almost certain to rise further. Food inflation rose to 5%, its highest since October 2008. Core inflation accelerated from 2.7% to 2.9% (consensus: 3.1%). Inflation has further to run, although the effect of energy prices might diminish soon, food price effects could still dominate, while core inflation could also remain at elevated levels, given the pass-through of past shocks. The first release of Q1 GDP will be also available on Friday. Here the key question is whether QoQ GDP could grow modestly (0.1-0.2%) or the economy already slid back to stagnation or even recession. Two factors were at work during the quarter: on the one hand, re-opening after the Omicron wave may have boosted services, while quickly rising inflation and renewing supply chain problems weakened activity, especially in March. The released data have been rather mixed so far. Retail sales fell, while industry could grow until February on a three-month basis, while construction also expanded in January. However, available business confidence figures for March point to a sharp fall in activity. Overall, rising inflation and weakening growth put the ECB into an uncomfortable position.

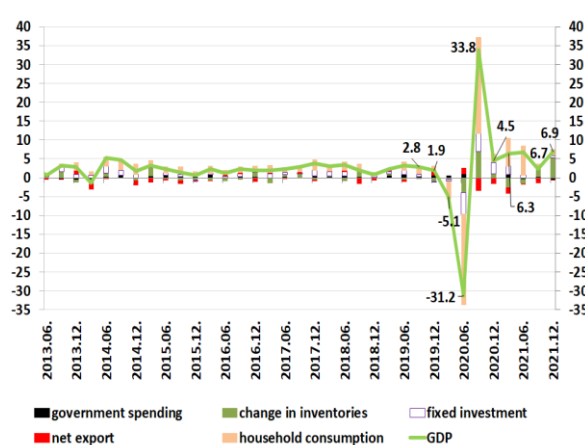
In the **USA**, the flash release of Q1 GDP will be published on Thursday. First-quarter GDP growth appears to be around 1.0% annualised, much lower than the 6.9% in Q4, as stronger gains in consumption and investment were offset by a bigger drag from net trade. The business surveys have held up well, despite the jump in

borrowing costs and surging energy prices. The latest ISM surveys are consistent with GDP growth of close to 3% annualised.

GDP growth rate in the euro area and in major EU economies (QoQ, %)



GDP growth rate in the US (QoQ, annualized rates, %)



Sources: Bloomberg , Refinitiv

What to watch for the next week

Data	Cd.	Event/Data	Period	Cons.	Prev.
2022 4. 25. 10 : 00	DE	IFO Economic sentiment index (points)	Apr	88,1	90,8
14 : 30	US	Durable goods orders (MoM, %)	Mar	1,0	-2,1
15 : 00	US	Case-Shiller Home Price Index (YoY, %)	Feb		19,1
16 : 00	US	Consumer confidence (point)	Apr	106,0	107,2
16 : 00	US	New home sales (annualized monthly, '000s)	Mar	762,0	772,0
27. 16 : 00	US	Pending home sales (MoM, %)	Mar	-1,8	-4,1
		Joint BIS, BoE, ECB and IMF virtual conference (To Apr. 28)			
28. 4 : 30	JP	Interest rate decision (%)	Apr	-0,1	-0,1
10 : 00	IT	Consumer confidence (point)	Apr		100,8
11 : 00	EZ	EC Economic Sentiment Index (points)	Apr	107,6	108,5
14 : 00	DE	CPI (preliminary, YoY, %)	Apr	7,3	7,3
14 : 30	US	GDP (preliminary, annualized QoQ, %)	Q1	1,0	6,9
14 : 30	US	Initial jobless claims ('000s)	weekly		184,0
14 : 30	US	Continuing jobless claims ('000s)	weekly		1417,0
29. 3 : 45	CN	Caixin Manufacturing PMI (points)	Apr		48,1
7 : 30	FR	GDP (preliminary, QoQ, %)	Q1	0,3	0,7
9 : 00	DE	GDP (QoQ, SA, preliminary, %)	Q1	0,2	-0,3
9 : 00	DE	GDP (preliminary, YoY, %)	Q1	3,7	1,8
9 : 00	ES	GDP (preliminary, QoQ, %)	Q1	0,5	2,2
	AT	GDP (preliminary, QoQ, %)	Q1		-1,5
10 : 00	IT	GDP (preliminary, QoQ, %)	Q1	-0,2	0,6
10 : 30	PT	GDP (preliminary, QoQ, %)	Q1		1,6
11 : 00	EZ	CPI (flash, YoY, %)	Apr	7,5	7,4
11 : 00	EZ	Core CPI (flash, YoY, %)	Apr	3,1	2,9
11 : 00	EZ	GDP (preliminary, QoQ, %)	Q1	0,3	0,3
11 : 00	EZ	GDP (preliminary, YoY, %)	Q1	5,1	4,6
14 : 30	US	Personal income (MoM, %)	Mar	0,4	0,5
14 : 30	US	Personal consumption (adjusted, MoM, %)	Mar	0,6	0,2
14 : 30	US	Household core PCE index (MoM, %)	Mar	0,3	0,4
15 : 45	US	Chicago PMI (points)	Apr	62,0	62,9
30. 3 : 30	CN	NBS Non-manufacturing PMI (points)	Apr		48,4
3 : 30	CN	NBS Manufacturing PMI (points)	Apr		49,5

Stock markets stood mixed on Friday in weekly comparison; although corporate earnings report brought some nice surprises, bond yields increased further as central banks prepare to increase rates

The week started in a negative tone and with thin trading volumes in US stock markets after the long weekend, while most European bourses were still closed on Monday due to Easter holidays. By Tuesday, the operation of capital markets fully recovered after the holidays and stock investors in Europe could face for the first time the economic and geopolitical issues of the last couple of days. Stock markets in Western Europe started the shortened week in the red as the military operations in Ukraine intensified and growth outlooks deteriorated in regional and global scales. The IMF published this week its semi-annual global economic assessment with growth forecasts toned down. Major stock indices in Western Europe gained in the past days as some better-than-expected earnings report arrived from the corporate world. In the USA, stock indices were mixed in the last couple of days, better-than-forecast quarterly earnings reports from IBM, Johnson & Johnson, Procter & Gamble and Tesla among others supported stock markets' gains while messages from Fed policymakers on the jumbo-size rate increase in the next FOMC in May casts a shadow on equity valuation and supports the US dollar. Overall, stock markets are expected to close the week mixed, with some European benchmarks in the green but other indices dropping. As the Fed's latest Beige Book pointed out, price pressures may persist in the coming month and Fed chair Jerome Powell's recent message on the central bank's commitment to taming inflation also led yields to more-than-three-year highs. Oil prices slipped during the week after last week's gains.

Stock markets in Europe and America seem to close the current week mixed

In **Europe**, the *STOXX600* is heading to end the week with modest loss (-0.3%). In terms of sector performance, construction & materials (+2.5%) and industrial goods & services (+2.4%) performed the best and banks (+2.2%) also follow them closely. Basic resources (-6.4%) and health care (-2.9%) became the biggest laggards in weekly comparison. National stock indices were mixed in weekly comparison (incl. 4 business days): *DAX* and *CAC40* edged up 1.3 and 0.9%, respectively, *FTSE* dropped 0.1% and *FTSEMIB* declined 1.6%.

In the **USA**, the *S&P 500* seems to drop 0.3%. Out of its components, Telco (-5.3%) and health care (-1.7%) performed worst, while real estate (+2.3%) and consumer staples (1.9%) seemed strongest. Interest rate sensitive *Nasdaq Composite* fell 1.5%, while *Dow* remained flat. The small cap *Russell 2000* declined 1.0%.

European and US yields increased further, the euro slightly gained, and oil prices declined

Bond yields continued to increase in the shortened business week, but yields' rise was less sharp than the week before, still delivering some double-digit gains. The **German 10Y Bund yield** peaked at 0,9708% at one point on Thursday, as a growing number of ECB policymakers call for an early end of the asset purchase programme, and a rate hike in July. On Friday, German 10Y yield is over 0.93% the highest in nearly seven years. **In the USA**, 10Y Treasury yield jumped to 2.4% on Tuesday, a level not seen since 2018. The next day brought some correction, but the latest comment from Fed chair Jerome Powell that opened the door for 50bps rate hike at the FOMC's next meeting in May as the central bank remains committed to tackle inflation, led 10Y T-yield to almost three-year highs.

The EUR slightly strengthened, the EUR/USD seems to close 0.1% higher than last Friday, although the 1.0820 level is considerably lower than the 1.093 registered on Thursday morning. The US dollar strengthened considerably against the British pound and the Aussie dollar, during the week (1.4 and 1.5%, respectively).

Oil prices slipped during the week: WTI and Brent also seem to drop about 4%. Weaker global growth and slower demand from top exporter China weighed on oil prices, although the EU is considering a ban on oil from Russia. In Europe, natural gas prices remained relatively stable during the week, well below 100 EUR/MWh.

April PMIs and consumer confidence data point to a solid European economy, mainly due to loosened Covid restrictions; US services PMI has cooled somewhat due to higher prices but manufacturers signalled stronger demand

In the **euro area**, February industrial production came out in line with the consensus, posting 0.7% MoM growth. At the same time, consumer confidence edged up surprisingly by 1.8 points to -16.9 in April, recovering from March's 22-month low and beating market expectations of -20 points.

The S&P Global Composite PMI figure has also increased unexpectedly to 55.8 in April from 54.9 and beating market forecasts of 53.9. The reading pointed to the strongest growth in the private sector in seven months, as a rebounding service sector (57.7 vs 55.6), benefiting from loosened COVID-19 restrictions, helped to offset a cooling manufacturing output (55.3 vs 56.5, the lowest in 15 months). Hiring also picked up and business expectations for the year ahead rose from the 17-month low in March, reflecting hopes of further growth, benefiting from pent-up demand from the pandemic in the services sector. Meanwhile, confidence remained subdued in manufacturing as concerns over the conflict in Ukraine, rising prices and lockdowns in

China continued to dampen optimism. Demand was also reported to have cooled in the manufacturing sector, due to soaring prices, signs of increased risk aversion due to the Russia-Ukraine conflict, as well as the shift of spending to service sector activities. Prices charged for goods and services rose at an unprecedented rate in April amid another near-record rise in firms' costs, hinting that inflation has further to rise.

In the **USA**, March housing indicators (housing permits and new home starts) came out above the consensus and suggest a further strengthening of the housing market. The headline US Composite PMI dropped to 55.1 in April, from 57.7 in March. Growth was dampened by a softer rise in service sector output (54.7 vs 58.0) following pressure on customer spending as prices continued to increase markedly. Manufacturers, on the other hand, indicated a stronger expansion in production (59.7 vs 58.8) on the back of rising demand. New export orders expanded sharply and at the steepest pace since the series began in September 2014, as key export markets continued to reopen. April data indicated a series-record rise in input costs across the private sector as raw materials, fuel, transportation and the wage bills ticked higher and supply chain issues persisted. To pass through higher cost burdens to clients, businesses signalled the steepest rise in output charges on record. Companies noted that greater staffing numbers were linked to increased business requirements; however, some stated that hiring remained a challenge. Increased concerns over the economic outlook and tightening monetary policy meant business confidence about the outlook slipped sharply in April.

China's 2022 GDP growth rate came out at 1.3 percent on QoQ basis, surpassing market estimates of 0.6% and following a marginally revised 1.5 percent advance in the previous quarter. China's statistics agency said in an online statement that the economy continued its recovery despite multiple headwinds at home and abroad, adding that overall activities were within a reasonable range. However, among March monthly key indicators, retail sales fell by 3.5% well below the consensus (-1.6%) as lockdowns took their toll on activity.

This week's data

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2022 4. 18.	4 : 00 CN	Infrastructural spending (YoY, %)	Mar	9,3	8,5	12,2
	4 : 00 CN	Industrial production (YoY, %)	Mar	5,0	4,5	7,5
	4 : 00 CN	Retail sales (YoY, %)	Mar	-3,5	-1,6	6,7
	4 : 00 CN	GDP (QoQ, SA, %)	Q1	1,3	0,6	1,6
	4 : 00 CN	GDP (YoY, %)	Q1	4,8	4,4	4,0
19.	14 : 30 US	Housing starts (annualized monthly, '000s)	Mar	1793	1745	1769
	14 : 30 US	Building permits (annualized monthly, '000s)	Mar	1873	1825	1865
		IMF WEO Launch event		-	-	-
20.	11 : 00 EZ	Industrial production (MoM, %)	Feb	0,7	0,7	-0,7
	16 : 00 US	Existing home sales (annualized monthly, '000s)	Mar	5770	5800	5930
	20 : 00 US	Beige Book		-	-	-
21.	14 : 30 US	Initial jobless claims ('000s)	weekly	184,0	180	186
	14 : 30 US	Continuing jobless claims ('000s)	weekly	1417,0	1455	1475
	16 : 00 US	Leading index (MoM, %)	Mar	0,3	0,3	0,6
	17 : 00 EZ	Consumer confidence (point)	Apr	-16,9	-20,0	-18,7
22.	1 : 30 JP	core-CPI (YoY, %)	Mar	0,8	0,8	0,6
	1 : 30 JP	CPI (YoY, %)	Mar	1,2		0,9
	9 : 00 UK	Retail sales (MoM, %)	Mar	-1,4	-0,3	-0,5
	9 : 15 FR	S&P Global Manufacturing PMI (points)	Apr	55	53	55
	9 : 15 FR	S&P Global Service PMI (points)	Apr	58,8	56,5	57,4
	9 : 30 DE	S&P Global Manufacturing PMI (points)	Apr	54,1	54,5	56,9
	9 : 30 DE	S&P Global Service PMI (points)	Apr	57,9	56	56
	10 : 00 EZ	S&P Global Manufacturing PMI (points)	Apr	55,3	54,7	56,5
	10 : 00 EZ	S&P Global Service PMI (points)	Apr	57,7	55	56
	10 : 30 UK	Manufacturing PMI (points)	Apr	55,3	54,0	55,2
	10 : 30 UK	Service PMI (points)	Apr	58,3	60,3	62,6
	15 : 00 EZ	Christine Lagarde speech		-	-	-
	15 : 45 US	S&P Global Manufacturing PMI (points)	Apr	59,7	58,2	58,8
	15 : 45 US	S&P Global Service PMI (points)	Apr	54,7	58,0	58,0
24.	FR	Presidential election (second round)				E. Macron

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	4377,4	-0,3	-8,2	Stoxx 600	SXXP Index	455,3	-0,3	-6,7
IT	S5INFT Index	2578,6	0,1	-15,6	Health care	SXDP Index	1086,3	-2,9	0,4
Health care	S5HLTH Index	1588,8	-1,7	-3,4	Industrial goods & services	SXNP Index	678,8	2,4	-14,8
Financials	S5FINL Index	615,0	0,3	-5,4	Banks	SX7P Index	137,4	2,2	-5,3
Telco	S5TELS Index	212,0	-5,3	-20,8	Personal & households goods	SXQP Index	973,5	1,4	-11,7
Consumer discretionary	S5COND Index	1407,5	0,1	-12,6	Insurance	SXIP Index	323,3	-0,9	0,4
Industrials	S5INDU Index	848,1	0,3	-5,2	Food and beverages	SX3P Index	831,9	0,8	-4,3
Consumer staples	S5CONS Index	840,5	1,9	4,5	Technology	SX8P Index	629,7	0,0	-22,0
Utilities	S5UTIL Index	381,0	-1,4	4,8	Utilities	SX6P Index	394,3	-0,2	-2,6
Energy	S5ENRS Index	595,7	-2,0	40,9	Oil & gas	SXEP Index	325,4	-1,8	17,5
Real estate	S5RLST Index	312,2	2,3	-3,9	Chemicals	SX4P Index	1259,1	1,0	-7,9
Materials	S5MATR Index	552,2	-1,3	-3,1	Construction & materials	SXOP Index	578,6	2,5	-10,4
					Telco	SXXP Index	237,9	-1,9	3,5
					Retail	SXRP Index	321,8	-1,2	-27,7
					Financial services	SXFP Index	661,2	-2,1	-12,2
					Basic resources	SXPP Index	694,0	-6,4	15,5
					Real estate	SX86P Index	177,1	-1,0	-9,7
					Auto & parts	SXAP Index	565,7	1,0	-14,3
					Media	SXMP Index	356,9	-0,7	-4,3
					Travel & leisure	SXTP Index	205,4	0,9	-11,7

Source: Bloomberg

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	4377	-3,0	-0,5	-3,7	5,9	22,6	4,4	2,8	20,4	1,3	115,9	1,8	3,3
Europe	SXXP Index	455	-0,7	-4,0	-3,5	3,6	16,2	2,0	1,5	13,8	1,1	163,0	0,7	7,2
Germany	DAX Index	14251	-1,5	-8,7	-8,3	-7,0	14,6	1,7	1,0	13,0	1,1	118,0	1,6	2,1
France	CAC Index	6601	-0,9	-6,6	-2,0	5,3	15,5	1,8	1,3	14,6	1,1	186,8	10,0	9,7
Poland	WIG20 Index	1981	-6,6	-12,9	-18,1	-0,5	8,0	1,2	0,8	14,8	1,2	53,9	18,8	16,8
Czechia	PX Index	1381	1,9	-2,6	3,8	26,4	12,4	1,2	1,3	10,1		145,9	30,8	22,2
Hungary	BUX Index	43252	-2,4	-17,1	-21,7	0,8	6,0	1,0	0,8	16,3	1,4	58,7	85,6	4,1
Romania	BET Index	13004	2,1	1,3	1,5	16,8	2,5	1,2	0,1	13,2		58,6	98,6	20,3
Bulgaria	SOFIX Index	635	6,4	1,3	10,5	22,4	8,2	0,9	0,6	9,8	3,7	65,5		
Russia	IMOEX Index	2243		-34,8	-46,6	-37,7	3,3	0,7	0,7	21,2	1,4	78,3	-12,3	13,6
Ukraine	PFTS Index	519	0,0	-0,7	-1,3	-1,6	5,4	1,4	0,3	28,1	0,6	7,8		
Slovenia	SBITOP Index	1176	-3,7	-11,4	-1,3	12,1	8,1	1,1	0,6	12,9	1,7	31,6		
Croatia	CRO Index	2132	3,1	-1,5	4,1	13,2	12,8	1,1	1,2	9,3	1,6	39,7		
Serbia	BELEX15 Index	823	-0,8	-4,5	3,1	5,9	10,7	0,7	0,7	6,6	1,7	19,0		
Montenegro	MNSE10 Index	784	2,3	1,2	-1,0	3,0	100,1	0,3	0,9	0,1	2,0	14,0		

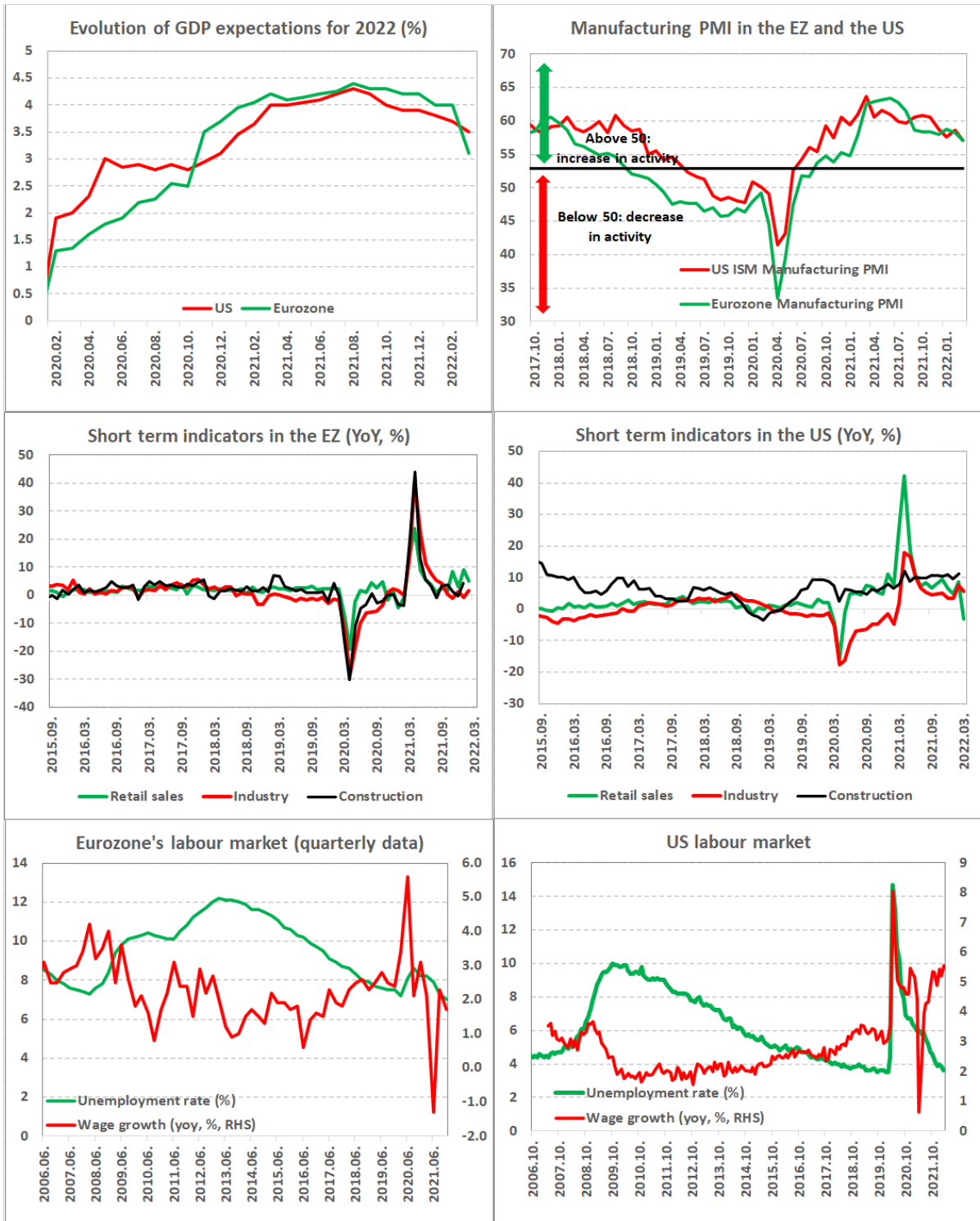
*Price to earnings (P/E) ratio is calculated with the 12M trailing EPS in the denominator.

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

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

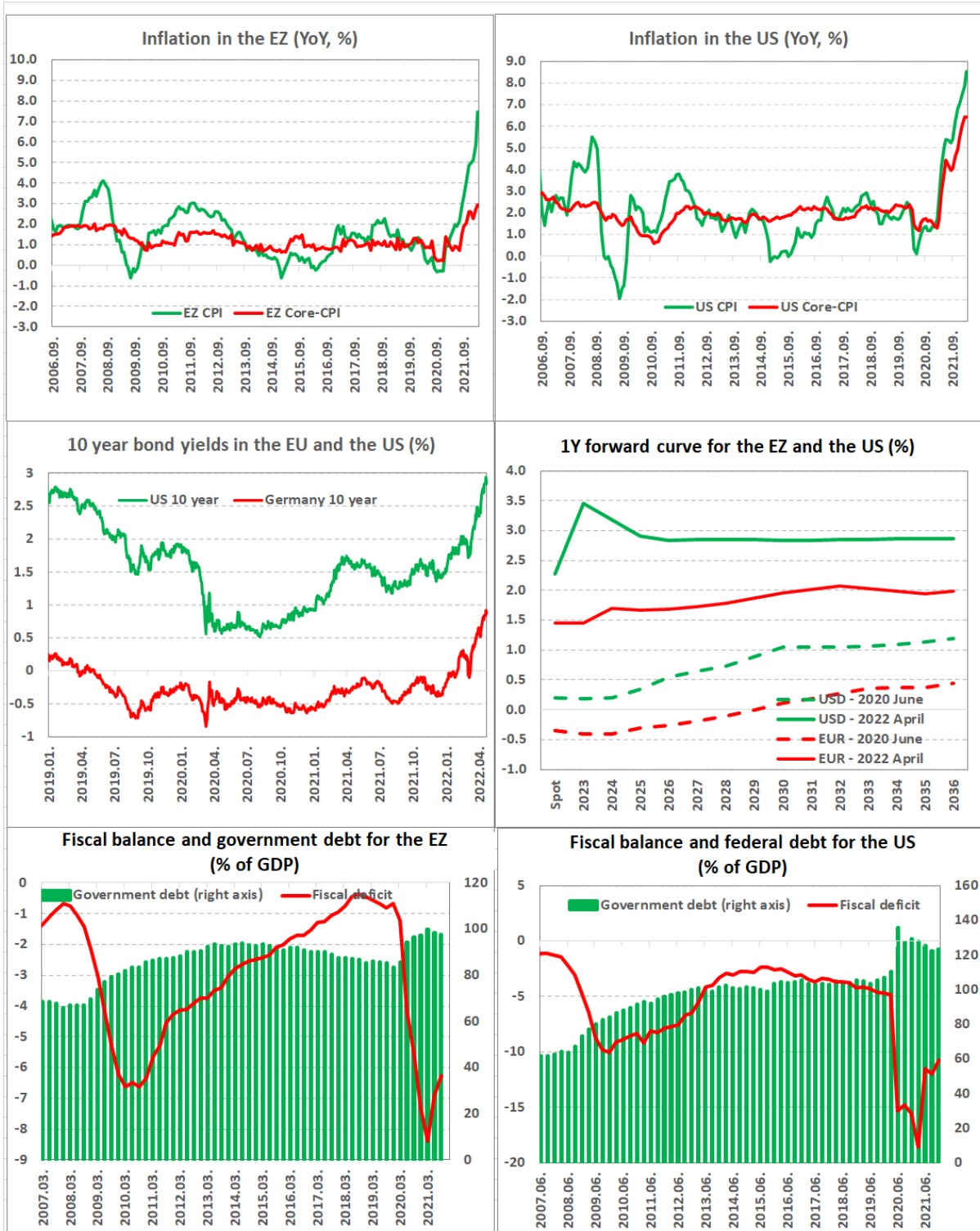
Data updated at 16:00 (CEST)

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	1,18	1,14	1,13	1,15	1,20
EURGBP	0,89	0,91	0,90	0,88	0,86	0,85	0,84	0,85	0,85	0,87
EURCHF	1,06	1,08	1,08	1,08	1,10	1,08	1,06	1,05	1,10	1,10
USDJPY	107,0	106,0	104,0	104,0	109,0	111,5	114,0	120,0	119,0	116,0

Source: Bloomberg

FX forecast for OTP countries

Country	FX pair	2021.Q4	2022.Q1	2022.Q2	2022.Q3	2022.Q4	2023.Q1	2023.Q2	2023.Q3	2023.Q4
Hungary	EURHUF (eop)	369,0	367,0	371,0	369,0	369,0	367,0	367,0	366,0	363,0
Romania	EURRON (eop)	4,95	4,94	5,00	5,01	5,04	5,10	5,08	5,09	5,09
Russia	USDRUB (eop)	74,3	84,1	114,9	116,1	115,7	114,8	115,1	114,0	113,0
Ukraine	USDUAH (eop)	27,30	29,50	33,40	35,20	34,80	33,90	31,80	31,90	31,10
Croatia	EURHRK (eop)	7,5	7,6	7,5	7,5	7,5	7,5	7,5	7,5	7,5
Serbia	EURRSD (eop)	117,6	117,7	117,9	117,8	117,8	117,7	0,0	0,0	0,0
Montenegro	EURUSD (eop)	1,14	1,10	1,11	1,12	1,13	1,13	1,14	1,16	1,17

*Slovenia and Montenegro uses EUR as a base currency.

**No forecast available for Moldova and Albania

Source: Focus Economics

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This document was prepared on 26 April 2022.

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