

# OTP Weekly Outlook

 **otp** Global Markets

## Next week's spotlight:

- PMIs, FOMC minutes and durable goods orders from the US
- PMIs, consumer confidence and ECB Minutes from the euro area

## This week:

- US inflation fell more than expected.
- Euro area Q3 GDP was confirmed at -0.1% QoQ in the second reading.
- China's October indicators came out slightly above the consensus.
- Slightly lower-than-expected October US CPI convinced investors that the Fed's rate hike cycle might be at its end.
- The US Senate reached a bipartisan agreement on a stopgap spending bill providing funding for federal operations until January 19, 2024.
- Next year's rate cutting expectations strengthened, now the market prices 100bp cut by next December.
- IT yields declined on both sides of the Atlantic with US 10Y yields declining to 4.45% and 10Y Bund yields falling below 2.6% far from the highs of October.
- The US dollar slid as rate hike expectations eased, the EUR/USD rose near 1.09.
- Developed stock markets gained amid decreasing yield environment.
- Oil prices declined again as robust supplies and uncertain growth outlook weigh on the market.

**Next week's spotlight: PMIs, FOMC minutes and durable goods orders from the US; PMIs, consumer confidence and Monetary Policy Account of the ECB from the euro area**

| Date**       | Cd.    | Event/Data                 | Period   | Cons.  | Prev. |       |
|--------------|--------|----------------------------|--|--------|-------|-------|
| 2023 11. 20. | 16 :00 | US Leading index (M oM ,%) | Oct  | -0.7   | -0.7  |       |
|              | 21.    | 16 :00                     | US Existing home sales (annualized monthly, 000s)                  | Oct    | 3930  | 3960  |
|              |        | 19 :15                     | DE I.SchnabelECB Governing CM em berpresentation (University of    | -      | -     | -     |
|              |        | 20 :00                     | US FOMC minutes  | Nov    | -     | -     |
|              | 22.    | 14 :30                     | US Durable goods orders (M oM ,%)                                  | Oct    | -3.0  | 4.6   |
|              |        | 14 :30                     | US Initial jobless claims (000s)                                   | weekly | 225   | 231   |
|              |        | 14 :30                     | US Continuing jobless claims (000s)                                | weekly |       | 1865  |
|              |        | 16 :00                     | EZ Consumer confidence (point)                                     | Nov    | -17.5 | -17.9 |
|              | 23     | 9 :15                      | FR HCOB Manufacturing PMI (points)                                 | Nov    | 43.0  | 42.8  |
|              |        | 9 :15                      | FR HCOB Service PMI (points)                                       | Nov    | 45.7  | 45.2  |
|              |        | 9 :30                      | DE HCOB Manufacturing PMI (points)                                 | Nov    | 41.3  | 40.8  |
|              |        | 9 :30                      | DE HCOB Service PMI (points)                                       | Nov    | 48.5  | 48.2  |
|              |        | 10 :00                     | EZ HCOB Manufacturing PMI (points)                                 | Nov    | 43.4  | 43.1  |
|              |        | 10 :00                     | EZ HCOB Service PMI (points)                                       | Nov    | 48.0  | 47.8  |
|              |        | 13 :30                     | EZ ECB minutes   | Oct    | -     | -     |
|              |        | 21 :30                     | PT I.SchnabelECB Governing CM em berspeech (Porto Business School) | -      | -     | -     |
|              | 24.    | 0 :30                      | JP core-CPI (YoY,%)  | Oct    | 3.0   | 2.8   |
|              |        | 0 :30                      | JP CPI (YoY,%)   | Oct    |       | 3.0   |
|              |        | 8 :00                      | DE GDP (detailed, QoQ,%)   | Q3     | -0.1  | -0.1  |
|              |        | 10 :00                     | DE IFO Economic sentiment index (points)                           | Nov    | 87.4  | 86.9  |
|              |        | 11 :00                     | EZ C.Lagarde és J.Nagel discussion (Bundesbank)                    | -      | -     | -     |
|              |        | 15 :45                     | US S&P Global Manufacturing PMI (points)                           | Nov    | 49.7  | 50.0  |
|              |        | 15 :45                     | US S&P Global Service PMI (points)                                 | Nov    | 50.4  | 50.6  |

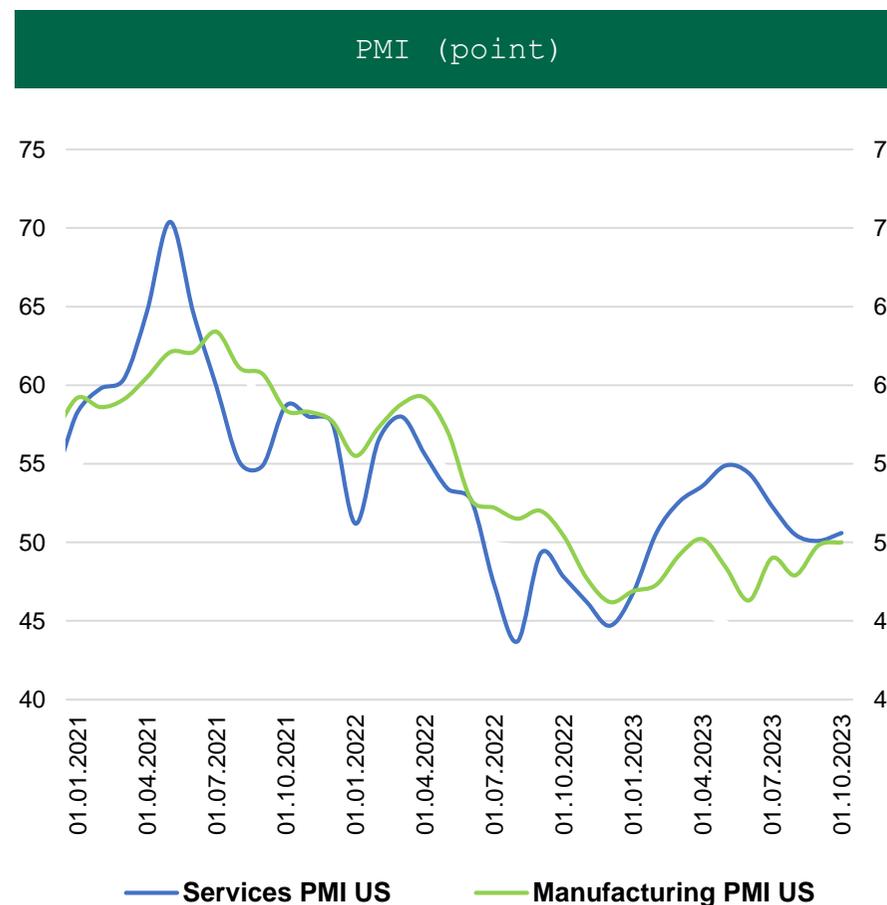
\*\*The time, when most likely market-mover data could come out is indicated in red.

**USA: PMIs, durable goods orders and Fed minutes will be in the spotlight**

| Date       |          | Cd. | Event/Data                                     | Period | Cons. | Prev. |
|------------|----------|-----|--|--------|-------|-------|
| 2023.11.20 | 16:00    | US  | Leading index MoM (%)                          | Oct    | -0.7  | -0.7  |
|            | 21 16:00 | US  | Existing home sales (annualized monthly, 000s) | Oct    | 3910  | 3960  |
|            | 20:00    | US  | FOMC Minutes                                   | Nov    | -     | -     |
| 22         | 14:30    | US  | Durable goods orders MoM (%)                   | Oct    | -3.0  | 4.6   |
|            | 14:30    | US  | Initial jobless claims (000s)                  | weekly | 225   | 231   |
|            | 14:30    | US  | Continuing jobless claims (000s)               | weekly |       | 1865  |
| 24         | 15:45    | US  | S&P Global Manufacturing PMI (points)          | Nov    | 49.7  | 50.0  |
|            | 15:45    | US  | S&P Global Service PMI (points)                | Nov    | 50.4  | 50.6  |

**Key highlights**

- The **S&P composite PMI** remained above the imaginary red line that separates contraction and expansion in October, after **manufacturing** also joined the **services sector** to the 50-point level. However, behind all the encouraging data, the slowdown in employment growth has only just begun, savings-fuelled consumption is fading and tightening monetary policy is steadily filtering into the economy. The market has been awaiting signs of slowdown in the US economy for months, but November's PMIs are not expected to deliver this message.
- **October's durable goods orders** will also be released. In the previous month, it showed a big jump but this mainly reflects a surge in demand for civilian aircraft, so we now expect a big drop MoM. The orders is generally being shaken by demand for transportation equipment, so the filtered figure shows a much steadier expansion of 0.5% over the previous two months, but we are now likely to see a monthly decline here too, which may be more of a sign of a slowdown in the economy.
- **The minutes of the most recent Fed meeting** will also be available.



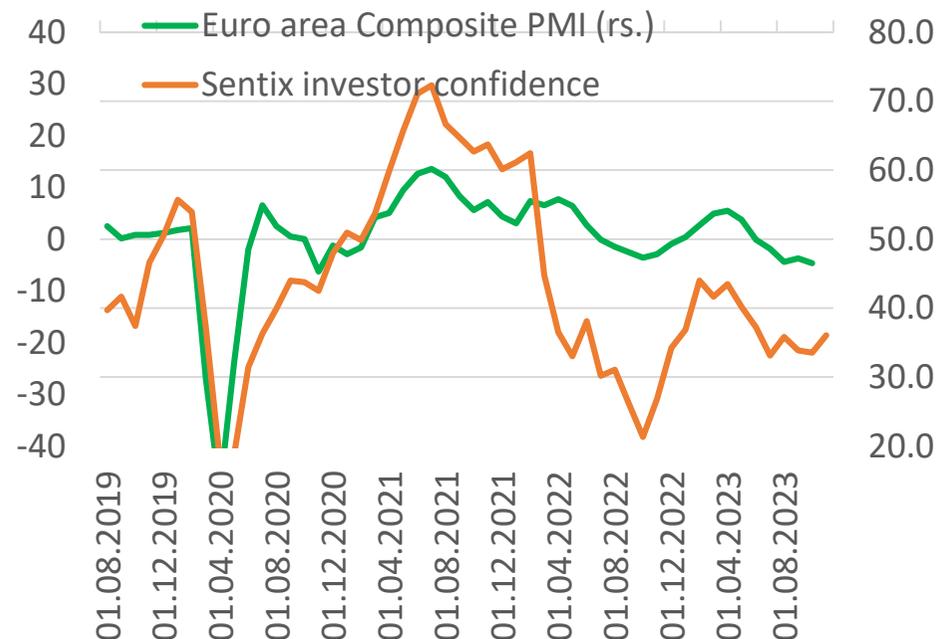
### Euro area: PMIs, Consumer confidence and ECB Minutes

| Date         | Time   | Cd. | Event/ Data  | Period | Cons. | Prev. |
|--------------|--------|-----|--|--------|-------|-------|
| 2023 11. 21. | 19 :15 | DE  | L.Schnabel ECB Governing CM em ber presentation (University) | -      | -     | -     |
|              | 22.    | EZ  | Consumer confidence (point)                                  | Nov    | -17.5 | -17.9 |
|              | 23     | FR  | HCOB Manufacturing PMI (points)                              | Nov    | 43.0  | 42.8  |
|              | 9 :15  | FR  | HCOB Service PMI (points)                                    | Nov    | 45.7  | 45.2  |
|              | 9 :30  | DE  | HCOB Manufacturing PMI (points)                              | Nov    | 41.3  | 40.8  |
|              | 9 :30  | DE  | HCOB Service PMI (points)                                    | Nov    | 48.5  | 48.2  |
|              | 10 :00 | EZ  | HCOB Manufacturing PMI (points)                              | Nov    | 43.4  | 43.1  |
|              | 10 :00 | EZ  | HCOB Service PMI (points)                                    | Nov    | 48.0  | 47.8  |
|              | 13 :30 | EZ  | ECB Minutes  | Oct    | -     | -     |
| 24.          | 8 :00  | DE  | GDP (detailed, QoQ, %)                                       | Q3     | -0.1  | -0.1  |
|              | 10 :00 | DE  | IFO Economic sentiment index (points)                        | Nov    | 87.4  | 86.9  |
|              | 11 :00 | EZ  | C.Lagarde és J.Nagel discussion (Bundesbank)                 | -      | -     | -     |

#### Key highlights

- Next week the focus will be on November **PMIs**. Back in October, the composite euro area PMI fell slightly further to 46.5 points (from 47.2), as both manufacturing and the service components have deteriorated. The composite value has been in a recession territory for five months in a row, while the manufacturing component for more than a year now. If Sentix is a good guide for PMIs, there could be slight improvement for November, however the index will surely remain in the recession territory. Additionally, the November **consumer confidence** could give guidance on the largest GDP component, consumption. Here the picture is mixed as real wages have started to grow in the past few months, but unemployment and the employment prospects have also deteriorated, which is hardly good news for consumers.
- In addition to the above, the **Minutes** of the ECB's October meeting and some ECB policymakers' statements may also be of interest.

#### Key monthly indicators for the euro area (MoM, %)



**This week's data: US inflation fell more than expected; euro area Q3 recession was confirmed**

| Date**       | Cd.    | Event/ Data                                    | Period | Fact  | Cons. | Prev.  |
|--------------|--------|--|--------|-------|-------|--------|
| 2023 11. 13. | 20 :00 | US Federalbudgetbalance (USDbn)                | Oct    | -67.0 | -65.0 | -171.0 |
|              | 14.    | DE ZEW Economic Sentiment (points)             | Nov    | 9.8   | 5.0   | -1.1   |
|              | 11 :00 | EZ GDP (preliminary, YoY, %)                   | Q3     | 0.1   | 0.1   | 0.1*   |
|              | 11 :00 | EZ GDP (preliminary, QoQ, %)                   | Q3     | -0.1  | -0.1  | -0.1*  |
|              | 14 :30 | US core-CPI (MoM, SA, %)                       | Oct    | 0.2   | 0.3   | 0.3    |
|              | 14 :30 | US core-CPI (YoY, %)                           | Oct    | 4     | 4.1   | 4.1    |
|              | 14 :30 | US CPI (MoM, SA, %)                            | Oct    | 0.0   | 0.1   | 0.4    |
|              | 14 :30 | US CPI (YoY, %)                                | Oct    | 3.2   | 3.3   | 3.7    |
| 15.          | 3 :00  | CN Infrastructure spending (YoY, %)            | Oct    | 2.9   | 3.1   | 3.1    |
|              | 3 :00  | CN Industrial production (YoY, %)              | Oct    | 4.6   | 4.4   | 4.5    |
|              | 3 :00  | CN Retail sales (YoY, %)                       | Oct    | 7.6   | 7.0   | 5.5    |
|              | 11 :00 | EZ Industrial production (MoM, %)              | Sept   | -1.1  | -1.0  | 0.6    |
|              | 14 :30 | US New York Fed Manufacturing index (points)   | Nov    | 9.1   | -2.8  | -4.6   |
|              | 14 :30 | US Producer Prices (YoY, %)                    | Oct    | 1.3   | 1.9   | 2.2    |
|              |        | US Producer Prices (MoM, %)                    | Oct    | -0.5  | 0.1   | 0.4    |
|              | 14 :30 | US Retail sales (MoM, %)                       | Oct    | -0.1  | -0.3  | 0.9    |
|              | 16 :00 | US Business inventories (MoM, %)               | Sept   | 0.4   | 0.4   | 0.4    |
| 16.          | 10 :00 | EU EC's Economic Forecast                      | -      | -     | -     | -      |
|              | 15 :15 | US Industrial production (MoM, %)              | Oct    | -0.6  | -0.4  | 0.1    |
| 17.          | 14 :30 | US Building permits (annualized monthly, 000s) | Oct    | 1487  | 1450  | 1471   |
|              | 14 :30 | US Housing starts (annualized monthly, 000s)   | Oct    | 1372  | 1345  | 1346   |

\*Preliminary data

\*\*The time, when most likely market-mover data could come out is indicated in red.

## Key highlights

- **US inflation** has not increased MoM in October, when the easing of energy prices offset food prices' growth: prices increased by 3.2% YoY. Meanwhile, core inflation upped 0.2% MoM and 4.0% YoY; the latter is the lowest since October 2021. The incoming data alleviated concerns about interest rate hikes and killed off any remaining probability of a 25-basis-point Fed rate hike in December. Both retail sales and industrial production fell in October. While **retail sales** were slightly above the consensus, **industrial production** missed it. This latter was affected by strikes in the auto industry, which should reverse in November.
- In the **euro area**, **industrial production** fell by 1.1% , broadly in line with the consensus, after a mild increase in August. However, industrial production practically flatlines this year. The 0.1% QoQ decline in Q3 **GDP** was confirmed in a second reading, while the IFO index fell below the consensus.
- **China's October real economy indicators** were a touch stronger than foreseen, in particular retail sales expanded by 7.6% YoY, as opposed to a 7% consensus forecast

- Slightly lower-than-expected October US CPI and also other economic data convinced investors that the Fed's rate hike cycle might be at its end. Next year's rate cutting expectations strengthened, now the market prices 100bp cut by next December. LT yields declined on both sides of the Atlantic with US 10Y yields declining to 4.45% and 10Y Bund yields falling below 2.6% far from the highs of October.
- The US Senate reached a bipartisan agreement on a stopgap spending bill providing funding for federal operations until January 19, 2024.
- The US dollar slid as rate hike expectations eased, the EUR/USD rose near 1.09.
- Developed stock markets gained amid decreasing yield environment.
- Oil prices plunged again as robust supplies and uncertain growth outlook weigh on the market.

| Indices      | Last price | 1week change (%) | YTD (%) | Interest rates | Last price | 1week change (bps) | YTD (bps) | FX rates     | Last price | 1week change (%) | YTD (%) | Commodity                  | Last price | 1week change (%) | YTD (%) |
|--------------|------------|------------------|---------|----------------|------------|--------------------|-----------|--------------|------------|------------------|---------|----------------------------|------------|------------------|---------|
|              |            |                  |         |                |            |                    |           |              |            |                  |         |                            |            |                  |         |
| S&P500       | 4503       | 2.0              | 17.3    | US 2 year      | 4.8813     | -18.1              | 45.6      | Dollar index | 104.163    | -1.6             | 0.6     | Brent                      | 79.07      | -2.9             | -8.0    |
| Nasdaq Comp. | 14092      | 2.1              | 34.6    | US 10 year     | 4.451      | -20.1              | 57.6      | EURUSD       | 1.0868     | 1.7              | 15      | WTI                        | 74.37      | -3.6             | -7.3    |
| Dow Jones    | 34935      | 1.9              | 5.4     | DE 2 year      | 2.9416     | -11.7              | 20.3      | USDJPY       | 149.633    | -1.2             | 14.1    | NatGas (TTF, front month)* | 45.3       | -2.9             | -38.8   |
| Russel2000   | 1790       | 5.0              | 1.6     | DE 10 Year     | 2.5812     | -13.6              | 15        | GBPUSD       | 1.2416     | 1.5              | 2.8     | Gold                       | 1980.3     | 2.1              | 8.6     |
| Stoxx 600    | 455        | 2.7              | 7.2     | FR 10 year     | 3.148211   | -15.2              | 4.1       | AUDUSD       | 0.649      | 2.0              | -4.7    | Silver                     | 23.696     | 6.4              | -1.1    |
| DAX          | 15913      | 4.5              | 14.3    | SP 10 year     | 3.588552   | -17.8              | -6.1      | USDCAD       | 1.3728     | 0.5              | -1.3    | Palladium                  | 1042.7     | 8.4              | -41.8   |
| CAC40        | 7226       | 2.6              | 11.6    | IT 10 year     | 4.349657   | -22.3              | -34.9     | USDCHF       | 0.8881     | 1.6              | 4.1     | Copper                     | 371.9      | 3.7              | -2.4    |
| FTSE100      | 7493       | 1.8              | 0.6     | UK 10 year     | 4.100147   | -23.4              | 43.3      | NZDUSD       | 0.5969     | 1.3              | -6.0    | Steel                      | 8.90       | 0.1              | 19.6    |
| FTSEMIB      | 29454      | 3.3              | 24.2    | CH 10 year     | 0.9629     | -12.1              | -61.8     | CNHUSD       | 7.224      | 1.1              | -4.2    | Wheat                      | 549.5      | -4.5             | -30.6   |
| Nikkei225    | 33585      | 3.1              | 28.7    | JP 10 year     | 0.752      | -9.4               | 33.8      | USDTRY       | 28.6957    | -0.5             | -34.8   | Com                        | 470.75     | 1.5              | -30.6   |
| CSI300       | 3568       | -0.5             | -7.8    | CN 10 year     | 2.655      | 0.7                | -18.2     | USDBRL       | 4.8957     | 0.3              | 7.9     | Electricity APX)*          | 90.58      | -3.0             | 399.3   |

Source: Bloomberg

\*In EUR/MWh

Key highlights: Slightly lower-than-expected October US CPI convinced investors that the Fed's rate hike cycle might be at its end. LT yields declined on both sides of the Atlantic. Next year's rate cut expectations strengthened to 100 bps. The EUR/USD rose near 1.09. Developed stock markets gained amid decreasing yield environment. Oil prices declined again as robust supplies and uncertain growth outlook weigh on the market.

- **Long-term bond yields** declined this week with US 10Y yields plunging to 4.45% (- 20bps) or eight-week low as this week's economic data eased the Fed's rate hike expectations further. **In the US**, latest data showed that October consumer price increase had slowed slightly more than expected sending 10Y yields 19bps lower on Tuesday, on the day of the release. Later in the week, lower-than-forecast October PPI and higher-than-expected weekly jobless claims supported the investors' view that the chance for another rate hike is fading. On the other hand, clouds over the US budget also seem to part, as the Senate passed a stopgap spending bill on Wednesday thus averting the risk of an impending government shutdown. **In the euro area**, LT bond yields moved day-by-day mostly in line with the US bond market, though with a smaller amplitude. 10Y Bund yields are on course for 14bps weekly decline after falling below 2.6% by Friday afternoon, while in the eurozone periphery yields declined 18-22bps in one week. Money markets fully price in 100 basis points rate cuts by both the Fed and the ECB by end-2024.

- **In the currency markets**, the USD lost ground as the chance of further Fed rate hike diminished. The Dollar Index dropped 1.6%, the EUR/USD nears 1.09 or is 1.7% higher than one week ago. The USD/JPY steadied around 150 after climbing near 152 on Monday or more than 30-years-high. This week's data showed that Japan's economy contracted faster than expected in Q3 amid slowing global demand and rising domestic inflation, while on the monetary policy front, the BoJ reaffirmed its commitment to accommodative stance and made only minor adjustments to yield curve controls.

- **Developed equity markets** benefited this week from the decreasing yield environment as expectations that central banks' monetary policy tightening has peaked, strengthened. Major US stock indices are on track for about 2% weekly gains, while Western European indices are in for considerable weekly gains with the DAX jumping 4.5% and the Stoxx600 rising 2.7%. The FTSE100 seems to underperform with 1.8% gains as plunging oil prices weighed on the UK market. In terms of sector performances, real estate, materials and financials seem to be the winners of the week among S&P500 sectors. In Europe, basic resources and real estate had the biggest gains alongside with technology and industrial goods.

- **Crude prices** are heading for the fourth weekly decline with the WTI dropping to 74USD/bbl and the Brent falling to 79 USD/bbl or about four-month-low as robust supplies and uncertain demand outlook weighed on crude prices. Crude prices fell heavily on Thursday after EIA weekly statistics pointed to abundant inventories in the US. **TTF gas prices** are on track for a fifth consecutive weekly decline amid full storage, unusually warm weather and robust LNG flows.

## Stock market and sector performance

| Performance of US sectors |            |                  |         |
|---------------------------|------------|------------------|---------|
| Sector                    | Last price | 1week change (%) | YTD (%) |
| S & P500                  | 4503       | 2.0              | 17.3    |
| IT                        | 3248       | 1.7              | 49.5    |
| Health care               | 1494       | 1.6              | -5.8    |
| Financials                | 579        | 2.9              | 1.7     |
| Telco                     | 237        | 2.3              | 48.8    |
| Consumer discretionary    | 1316       | 2.7              | 30.9    |
| Industrials               | 889        | 2.7              | 7.0     |
| Consumer staples          | 731        | 0.4              | -6.2    |
| Utilities                 | 314        | 2.7              | -12.4   |
| Energy                    | 635        | -0.5             | -5.6    |
| Real estate               | 225        | 4.6              | -3.0    |
| Materials                 | 505        | 3.7              | 3.1     |
| Key US Tech companies     |            |                  |         |
| Company                   | Last price | 1week change (%) | YTD (%) |
| Apple                     | 189        | 1.6              | 45.7    |
| Microsoft                 | 372        | 0.5              | 55.0    |
| Nvidia                    | 493        | 2.0              | 237.3   |
| Amazon                    | 135        | 2.2              | 53.5    |
| Alphabet                  | 143        | -0.4             | 70.2    |
| Tesla                     | 227        | 5.7              | 84.2    |

Source: Bloomberg

| Performance of Europe's sectors |            |                  |         |
|---------------------------------|------------|------------------|---------|
| Sector                          | Last price | 1week change (%) | YTD (%) |
| Stoxx 600                       | 455        | 2.7              | 7.2     |
| Health care                     | 1028       | 1.6              | 3.1     |
| Industrial goods & services     | 705        | 4.5              | 10.8    |
| Banks                           | 162        | 3.9              | 15.1    |
| Personal & household goods      | 987        | 1.8              | 2.9     |
| Insurance                       | 337        | 2.7              | 5.6     |
| Food and beverages              | 706        | 0.1              | -5.3    |
| Technology                      | 717        | 4.7              | 24.1    |
| Utilities                       | 376        | 3.7              | 4.5     |
| Oil & gas                       | 354        | 0.2              | 2.9     |
| Chemicals                       | 1203       | 2.3              | 5.4     |
| Construction & materials        | 598        | 3.8              | 17.4    |
| Telco                           | 194        | 0.9              | 2.6     |
| Retail                          | 371        | 4.3              | 23.8    |
| Financial services              | 641        | 4.0              | 13.7    |
| Basic resources                 | 563        | 6.2              | -10.2   |
| Real estate                     | 119        | 6.0              | 1.4     |
| Auto & parts                    | 599        | 4.2              | 13.7    |
| Media                           | 381        | 1.3              | 16.4    |
| Travel & leisure                | 217        | 3.9              | 9.9     |

Source: Bloomberg

## Summary of regional stock markets' performance

| 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 (%) |
| Europe     | SXXP Index    | 455         | 1.2           | 0.9           | -1.9          | 6.3            | 13.0        | 1.7  | 1.2  | 12.3    | 1.1           | 161.0              | -0.4  | 0.1  |
| Germany    | DAX Index     | 15907       | 4.3           | 1.5           | -0.3          | 11.5           | 13.4        | 1.4  | 0.9  | 9.0     | 1.2           | 110.5              | -6.1  | 1.9  |
| France     | CAC Index     | 7226        | 2.8           | 0.5           | -2.3          | 9.9            | 12.5        | 1.7  | 1.2  | 12.1    | 1.1           | 214.1              | -1.5  | 1.0  |
| Poland     | WIG20 Index   | 2221        | 4.9           | 9.9           | 14.9          | 30.0           | 6.3         | 1.1  | 0.7  | 15.2    |               | 40.7               | 12.6  | 3.6  |
| Czechia    | PX Index      | 1384        | 2.1           | 1.6           | 3.3           | 11.7           | 7.4         | 1.2  | 0.8  | 15.7    |               | 151.5              | 2.1   | 1.5  |
| Hungary    | BUX Index     | 57117       | 0.1           | 1.1           | 24.5          | 29.7           | 6.4         | 0.9  | 0.6  | 16.3    |               | 66.0               | 443.1                                       | 37.4   |
| Romania    | BET Index     | 14703       | 4.2           | 14.6          | 20.2          | 25.5           | 4.1         | 1.3  | 1.1  | 18.5    |               | 48.2               | 11.5  | -24.6  |
| Bulgaria   | SOFIX Index   | 748         | -0.2          | 4.1           | 17.1          | 27.0           | 5.3         | 0.8  | 0.5  | 11.2    | 2.3           | 54.8               |   |  |
| Russia     | MOEX Index    | 3206        | -1.3          | 4.8           | 21.7          | 44.9           | 2.7         | 0.4  | 0.6  | 16.1    |               | 53.4               |   |  |
| Ukraine    | PFTS Index    | 507         | 0.0           | 0.0           | 0.0           | -2.3           | 37.8        | 7.4  |      |         |               | 8.1                |   |  |
| Slovenia   | SBIOP Index   | 1213        | 3.7           | 2.6           | -0.8          | 11.1           | 8.1         | 0.9  | 0.4  | 12.0    |               | 39.1               | 4.5   | 3.9  |
| Croatia    | CRO Index     | 2399        | 1.8           | -2.2          | 6.5           | 26.1           | 84.7        | 8.8  | 6.5  | 8.5     | 1.6           | 33.3               |   |  |
| Serbia     | BELEX15 Index | 872         | -1.3          | 2.2           | -5.5          | 7.8            | 566.5       | 57.4 | 43.4 | 10.2    | 1.9           | 17.1               | 0.0   | -48.0  |
| Montenegro | MNSEE10 Index | 1066        | 1.1           | 4.6           | 6.7           | 16.1           | 10.1        | 0.3  | 0.6  | 2.4     | 2.0           | 8.5                |   |  |

\*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.

## FX outlook

| FX pair | 2022.Q4 | 2023.Q1 | 2023.Q2 | 2023.Q3 | 2023.Q4 | 2024.Q4 | 2025.Q4 |
|---------|---------|---------|---------|---------|---------|---------|---------|
| EURUSD  | 1.00    | 1.07    | 1.08    | 1.09    | 1.06    | 1.11    | 1.14    |
| EURGBP  | 0.88    | 0.88    | 0.88    | 0.86    | 0.87    | 0.88    | 0.89    |
| EURCHF  | 0.98    | 0.99    | 0.98    | 0.96    | 0.96    | 1.00    | 1.02    |
| USDJPY  | 144.5   | 140     | 145     | 156     | 156.5   | 151.5   | 145     |

Source: Bloomberg

| Country | FX pair      | 2022.Q4 | 2023.Q1 | 2023.Q2 | 2023.Q3 | 2023.Q4 | 2024.Q1 | 2024.Q2 | 2024.Q3 | 2024.Q4 |
|---------|--------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Hungary | EURHUF (€op) | 400     | 380     | 373     | 388     | 385     | 383     | 382     | 382     | 382     |
| Romania | EURRON (€op) | 4.95    | 4.95    | 4.96    | 4.97    | 4.98    | 4.99    | 5       | 5.01    | 5.03    |
| Russia  | USDRUB (€op) | 73.0    | 77.7    | 89.5    | 97.6    | 94.71   | 93.27   | 94.4    | 95.98   | 97.53   |
| Ukraine | USDUAH (€op) | 37.0    | 36.7    | 36.7    | 37.0    | 37.4    | 38.8    | 38.8    | 39.2    | 39.1    |
| Serbia  | EURRSD (€op) | 117.0   | 117.0   | 117.0   | 117.0   | 117.0   | 117.0   | 117.0   | 117.0   | 117.0   |

\*No forecast available for Moldova and Albania

Source: Focus Economics

### Macro outlook in the region

| Countries  | GDP (yoy, %) |      |      |                 |      |
|------------|--------------|------|------|-----------------|------|
|            | OTP          |      |      | Focus Economics |      |
|            | 2022         | 2023 | 2024 | 2023            | 2024 |
| Hungary    | 4.6          | -1.0 | 2.0  | -0.6            | 2.7  |
| Rom ania   | 4.6          | 1.9  | 2.7  | 2.2             | 3.3  |
| Bulgaria   | 3.9          | 1.7  | 2.1  | 1.6             | 2.3  |
| Russia     | -2.1         | 2.6  | 1.5  | 1.6             | 1.2  |
| Ukraine    | -29.1        | 1.0  | 3.9  | 4.0             | 5.5  |
| Slovenia   | 2.5          | 1.6  | 2.4  | 1.4             | 2.4  |
| Croatia    | 6.3          | 2.2  | 2.1  | 2.6             | 2.5  |
| Serbia     | 2.3          | 1.7  | 3.0  | 2.0             | 3.0  |
| Montenegro | 6.4          | 4.7  | 3.3  | 3.7             | 3.2  |
| Albania    | 4.9          | 2.4  | 3.3  | 2.9             | 3.4  |
| Moldova    | -5.9         | 2.8  | 4.4  | 1.8             | 4.2  |

| Countries  | Fiscal balance (%of GDP) |       |       |                 |       |
|------------|--------------------------|-------|-------|-----------------|-------|
|            | OTP                      |       |       | Focus Economics |       |
|            | 2022                     | 2023  | 2024  | 2023            | 2024  |
| Hungary    | -6.2                     | -6.4  | -4.2  | -5.0            | -3.7  |
| Rom ania   | -6.2                     | -5.8  | -5.0  | -5.5            | -4.5  |
| Bulgaria   | -2.8                     | -3.4  | -3.1  | -3.3            | -3.0  |
| Russia     | -2.1                     | -2.6  | -1.8  | -3.0            | -2.4  |
| Ukraine    | -16.3                    | -20.0 | -16.0 | -20.3           | -17.1 |
| Slovenia   | -3.0                     | -4.7  | -3.7  | -3.6            | -2.7  |
| Croatia    | 0.1                      | -0.5  | -1.0  | -0.9            | -1.4  |
| Serbia     | -3.1                     | -3.3  | -2.7  | -2.7            | -2.2  |
| Montenegro | -4.3                     | -1.8  | -4.9  | -3.8            | -4.4  |
| Albania    | -3.8                     | -3.0  | -3.0  | -2.8            | -2.6  |
| Moldova    | -3.3                     | -5.5  | -4.5  | -5.0            | -4.0  |

| Countries  | Inflation (average (yoy), %) |      |      |                 |      |
|------------|------------------------------|------|------|-----------------|------|
|            | OTP                          |      |      | Focus Economics |      |
|            | 2022                         | 2023 | 2024 | 2023            | 2024 |
| Hungary    | 14.5                         | 17.9 | 4.8  | 17.9            | 5.2  |
| Rom ania   | 13.7                         | 10.7 | 7.2  | 10.5            | 5.5  |
| Bulgaria   | 15.3                         | 9.8  | 4.1  | 9.7             | 4.5  |
| Russia     | 13.8                         | 5.9  | 7.1  | 5.9             | 5.8  |
| Ukraine    | 15.3                         | 9.8  | 4.1  | 14.3            | 9.1  |
| Slovenia   | 9.3                          | 7.6  | 4.5  | 7.4             | 4.0  |
| Croatia    | 10.7                         | 8.2  | 4.1  | 8.1             | 3.7  |
| Serbia     | 11.9                         | 13.0 | 6.7  | 12.4            | 5.3  |
| Montenegro | 13.0                         | 8.5  | 3.0  | 8.7             | 4.7  |
| Albania    | 6.7                          | 4.9  | 4.0  | 4.7             | 3.3  |
| Moldova    | 28.8                         | 13.0 | 5.5  | 14.0            | 5.9  |

| Countries  | Unemployment (%) |      |      |                 |      |
|------------|------------------|------|------|-----------------|------|
|            | OTP              |      |      | Focus Economics |      |
|            | 2022             | 2023 | 2024 | 2023            | 2024 |
| Hungary    | 3.6              | 4.1  | 4.2  | 4.0             | 3.9  |
| Rom ania   | 5.6              | 5.6  | 5.8  | 5.6             | 5.5  |
| Bulgaria   | 4.2              | 4.2  | 4.1  | 4.5             | 4.5  |
| Russia     | 3.9              | 3.2  | 3.4  | 3.4             | 3.4  |
| Ukraine    | 21.0             | 20.0 | 17.0 | 20.1            | 15.3 |
| Slovenia   | 4.8              | 3.6  | 3.3  | 3.8             | 3.8  |
| Croatia    | 7.0              | 6.5  | 6.5  | 6.6             | 6.4  |
| Serbia     | 9.4              | 10.0 | 9.5  | 9.4             | 9.0  |
| Montenegro | 14.9             | 15.0 | 14.5 | 17.7            | 17.9 |
| Albania    | 11.3             | 11.0 | 10.7 | 10.7            | 10.5 |
| Moldova    | 3.1              | 4.4  | 4.2  | 3.9             | 3.7  |

Source: Focus Economics, OTP Research Center

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