

# OTP Weekly Outlook

## Next week:

- February confidence indices in Europe and the USA, January activity indicators for the USA could be in the spotlight next week

## This week:

- An indecisive week for stock markets, as earnings reports brought some positive surprises, macro data were mostly better than expected, but inflation fears counteracted positive sentiment
- Long-term Treasury yields continued their rise, the dollar remained roughly flat, oil prices could close a positive week again
- Increasing divergence between industry and services in the eurozone, the USD 900 bn stimulus boosted US retail sales in January



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	3914.0	-0.1	4.2	US 2 year	0.11	-0.2	-1.4	Dollar index	90.348	-0.1	0.5	Brent	64	1.9
Russel 2000	2218.4	-2.9	12.3	US 10 year	1.32	11.1	40.6	EURUSD	1.212	0.0	-0.8	WTI	60	3.1
Stoxx 600	415.2	0.3	4.1	DE 2 year	-0.69	2.3	2.5	USDJPY	105.49	-0.5	-2.1	Gold	1781	-2.4
DAX	14003.2	-0.3	2.1	DE 10 Year	-0.32	10.9	25.2	GBPUSD	1.401	1.2	2.5	Silver	27	0.2
CAC40	5767.3	1.1	3.9	SP 10 year	0.35	18.9	30.2	AUDUSD	0.785	1.2	2.1	Palladium	2364	-0.9
FTSE100	6637.7	0.7	2.7	UK 10 year	0.68	16.7	49.1	USDCAD	1.263	0.5	0.8	Copper	405	7.4
FTSE MIB	23120.7	-1.2	4.0	IT 10 year	0.63	15.3	8.9	USDCHE	0.896	-0.4	-1.2	Steel	1162	-0.9
Nikkei 225	30017.9	1.7	9.4	JP 10 year	0.11	4.1	8.8	NZDUSD	0.729	0.9	1.4	Wheat	661	4.4
CSI 300	5778.8	5.4	10.9	CH 10 year	3.26	2.5	12.4	CNHUSD	6.453	-0.5	0.8	Corn	553	2.2

Source: Bloomberg

## February confidence indices in Europe and the USA, January activity indicators for the USA could be in the spotlight next week

*Next week will bring less data than the current one. Having learned Q4 GDP data for the major economies, all eyes are focused on Q1 indicators. We will have another bunch of confidence indices from Europe, the USA and China, and more hard data for January will come from the USA. In particular, the Conference Board leading index proved to be a relatively good leading indicator for GDP so far.*

*The US stimulus will be still in the focus, as Joe Biden and his top officials have struggled to gain support from Republicans on Capitol Hill for their relief package, which includes USD 1,400 cheques for individuals, extra funding for unemployment benefits, an increase in child tax credits and aid to state and local governments. Many Republican lawmakers have argued that the price tag is excessive and would unnecessarily add to the US public debt. Democrats insist they are willing to pass the bill unilaterally, using their slim majorities in both the House and the Senate if necessary. But with polls showing that many of the provisions of the legislation — particularly the direct payments to households — are garnering high levels of support among US voters, Democrats are counting on public pressure to sway at least a few moderate Republicans towards supporting the plan. So far, the President has not set a firm deadline for passing the relief bill, but Democrats say they want it enacted before the latest extension of emergency jobless benefits expires in mid-March. News about the composition and the size of the package could move bond yields and stock markets amidst heightening inflation fear of investors.*

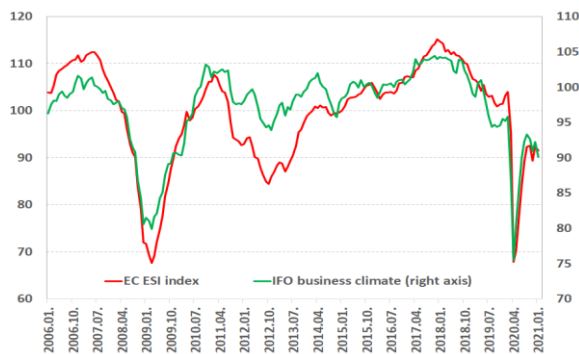
*Meanwhile, the Israeli story becomes less crucial for markets, as finally vaccination seems to work solidly. Preliminary analysis shows that above the age of 60, where immunization is over 80%, there was a very significantly sharper decline in infections, hospitalizations, and COVID-19 deaths after the second dose, if early and late vaccinated geographical areas are compared. However, pandemic news and the pace of vaccination could move markets in general.*

From the **euro area**, we will have the detailed Q4 GDP data for Germany, France, Portugal, and Austria, but after learning these indicators for the euro area as a whole, it is less of an interest for markets. Importantly, the European Commission's *Economic Sentiment Index (ESI)* for February will be released on Thursday. The January index slightly fell from December, driven by a particularly sharp fall in retail sentiment as non-essential shops were shut in Germany and partly closed in other countries. Services and consumer sentiment also edged down, but the sentiment improved again in industry and construction, with industrial orders and production expectations rising. The *IFO index* for Germany and *consumer confidence* for Italy will be also released. The German IFO, due on Monday, also fell in January, as tougher Covid-19 restrictions began to bite, while the manufacturing recovery was set to slow amid global supply bottlenecks. Overall, these indicators will help to gauge whether Q1 will bring further recession in the euro area.

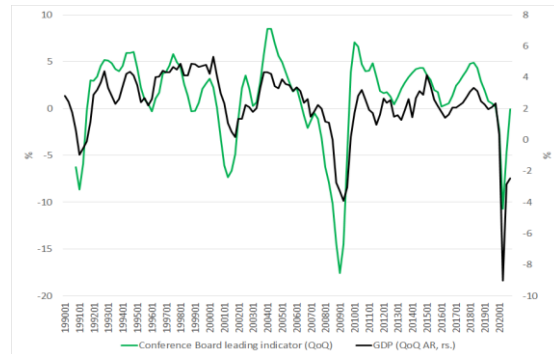
In the **USA**, the primary focus will be on the January hard data and February confidence indices. The *Conference Board leading index*, due on Monday, could be of most interest, which is a good indicator for overall economic activity. In December, the index slowed to a 0.3% monthly expansion from a pace of 0.7-0.9% before, as virus indicators deteriorated, and the second fiscal stimulus was lagging. However probably, the new stimulus from January will push up the index again, as it could have been observed with retail sales data. Additionally, *consumer expenditure and revenues, durable goods order and new housing sales from January, Consumer Confidence and the Chicago PMI* for February could be of interest.

From **China**, the February bunch of *NBS PMI* will arrive, already on Sunday. In January, both the manufacturing and the services component dropped slightly, but remained clearly above 50, i.e. indicated expansion. The service sector indices were dragged down by the struggle to contain a fresh wave of COVID-19 cases in some parts of the country ahead of the Lunar New Year festival.

**EC ESI index (euro zone) and IFO business climate (Germany)**



**US GDP and the Conference Board leading index (YoY)**



Source: Bloomberg, Refinitiv

## What to watch next week

Data	Cd.	Event/Data	Period	Cons.	Prev.	
2021 2. 22.	10 : 00 DE	IFO Economic sentiment index (points)	Feb	90.5	90.1	
	16 : 00 US	Leading index (MoM, %)	Jan	0.3	0.3	
23.	8 : 00 UK	Unemployment rate (%)	Dec	5.1	5.0	
	15 : 00 US	Case-Shiller Home Price Index (YoY, %)	Dec		9.1	
	16 : 00 US	Consumer confidence (point)	Feb	90.0	89.3	
24.	8 : 00 DE	GDP (detailed, QoQ, %)	Q4	0.1	0,1*	
	16 : 00 US	New home sales (annualized monthly, '000s)	Jan	855.0	842.0	
25.	10 : 00 IT	Consumer confidence (point)	Feb	101.0	100.7	
	11 : 00 EZ	EC Economic Sentiment Index (points)	Feb	92.3	91.5	
	14 : 30 US	Durable goods orders (MoM, %)	Jan	1.1	0.5	
	14 : 30 US	GDP (detailed, QoQ annualized, %)	Q4	4.1	4.0	
	14 : 30 US	Initial jobless claims ('000s)	weekly	820.0		
	14 : 30 US	Continuing jobless claims ('000s)	weekly			
	16 : 00 US	Pending home sales (MoM, %)	Jan		-0.3	
	26.	8 : 45 FR	GDP (detailed, QoQ, %)	Q4	-1.3	-1,3*
		9 : 00 AT	GDP (detailed, QoQ, %)	Q4		-4,3*
		10 : 30 PT	GDP (detailed, QoQ, %)	Q4		0,4*
14 : 30 US		Personal income (MoM, %)	Jan	10.0	0.6	
14 : 30 US		Personal consumption (adjusted, MoM, %)	Jan	2.4	-0.2	
28.	15 : 45 US	Chicago PMI (points)	Feb	61.0	63.8	
	2 : 00 CN	NBS Non-manufacturing PMI (points)	Feb		52.4	
	2 : 00 CN	NBS Manufacturing PMI (points)	Feb		51.3	

\* preliminary data

## **An indecisive week for stock markets, as earnings reports brought some positive surprises, macro data were mostly better than expected, but inflation fears counteracted positive sentiment**

*Europe's major stock indices and US markets closed the week mostly indecisively, as some indexes could increase slightly (STOXX600, CAC40, FTSE100), but others stood in the red (DAX, FTSE MIB, S&P) on Friday afternoon. Even though earnings reports (Daimler, Glencore, BHP) were appreciated by markets, and incoming macro data mostly surprised on the upside in the USA, indicators were more mixed in Europe, where confidence indices for February indicated sharp industrial growth, but service sector performance remained disappointing. In Europe, indices kicked off the week with a good start, when the US was closed, but the positive mood subsided from Tuesday, when the slow progress in vaccination, and the uncertainty about when economies may reopen took their toll on the indices. The sharp rise in long term-yields in both US and Europe also depressed valuations on both sides of the Atlantic during the week, and inflation fears have started to darken the optimism about the planned USD 1,900 bn stimulus package. In Europe, January new car sales figures, reflecting more than 20% year/year fall also had a negative effect, while in the USA a surprise January jump in retail sales as well as the dovish tone of the FOMC minutes supported the indices.*

**Pandemic situation: new cases decline almost all over Western Europe and the USA, but some deterioration could be observed in CEE. Progress of vaccination remains slow in the EU, somewhat quicker in the UK and the USA.**

The daily new cases and deaths showed a stable decline in the USA and Canada last week. Most countries in Western Europe also experienced a decline in the infection rates. Portugal, Spain, the UK, and Ireland had been struck with a serious second wave and still report a relatively high rate of daily deaths, but their statistics seems to improve rapidly. In the CEE region, the decline of the new daily cases halted. A serious new wave of infection hit Albania, Moldova, and Montenegro again. A steady increase of daily new infections can be observed in Hungary, Bulgaria, and Czechia.

About 4.5% of the US population has been fully vaccinated, and 11% of the population received at least one dose. Countries in Western Europe managed to fully vaccinate about 1-3% of their population. The UK gave almost every fourth person at least one dose, while in the other EU countries, about 3-4% of the population received a dose of vaccine. Israel has the highest vaccination rate in the world, almost half of its population got at least one dose, and almost third of its population is fully vaccinated.

### **And indecisive week for stock markets**

In **Europe**, the *STOXX600* stood at 0.3% by Friday afternoon, but individual country indices diverged significantly: *DAX*: -0.3%, *FTSE MIB*: -1.2%, *CAC40*: 1.1%, *FTSE100*: 0.7%. Sectoral results were also very mixed with basic resources (6.6%), banks (3.9%), travel and leisure (2.6%), oil and gas (2.3%), standing in the largest positive territory, while health care (-2.1%) and utilities (-1.7%) posting the biggest weekly decline by Friday afternoon.

In the **USA** the *S&P* stood at -0.1% by Friday afternoon, the small-cap index *Russell 2000* fell by 2.9%, after outperforming on the previous week. Financials (+3.5%) and energy (+3.5%) posted the biggest gain, while utilities (-1.7%) and IT (-1.2%) booked the largest decline.

### **Long-term Treasury yields continued their rise, the dollar remained roughly flat, oil prices could close a positive week again**

*Long-term bond yields increased* in most countries. Both, the US 10-year and the German one rose by 11 bps during the week on account of inflation fears. Peripheral euro bonds increased even more (Spain: 18.9, Italy 15.3 bps)

The *dollar* closed roughly flat against the euro, fell against the Japanese Yen and British pound.

*Oil prices* continued their strength (WTI: 3.1%, Brent: 1.9%) on account of cold weather and severe Winter storm in the USA. Crude oil production has plunged by as much as 40 percent due to the Polar Vortex that brought freezing temperatures to swathes of the United States, most notably including Texas, where wellheads and pipelines froze. Additionally, the US Energy Information Administration reported that crude oil inventories in the United States had shed 7.3 million barrels in the week to February 12.

### **Increasing divergence between industry and services in the eurozone, the USD 900bn stimulus boosted US retail sales in January**

In the **euro area**, *GDP* for Q4 was revised from the flash estimate of -0.7% q/q to show a slightly smaller quarterly decline of -0.6%. As a result, the euro-zone economy was 5.0% smaller than it was a year earlier. The country breakdown highlights the degree of variation between countries: a number of economies, including Germany and Spain, expanded while others contracted. Austria was the worst performer by far, with a quarterly contraction of 4.3%, followed by Italy and France. Meanwhile, Q4 euro-zone jobs data revealed that *employment* increased by 0.3% q/q. Despite the lockdowns, over half a million jobs were created last quarter. Admittedly, there are still over 3m fewer jobs than there were in Q4 2019. And around half of those who lost their jobs left the labour force, which has shrunk by around half as much as employment. The account of the January *ECB* monetary policy meeting confirmed that policymakers stressed the huge uncertainty about the outlook for inflation due to several factors including “acute measurement issues” related to the price index weights during the pandemic. They were considering a broad range of indicators when pointing out that overall financing conditions remained favourable. Since the January meeting, ten-year Bund yields have increased further, from around -0.53% to -0.33%, so policymakers are likely to return to this question in the coming weeks and months.

December *industrial production* edged down by 1.6%, as opposed to a consensus of 1.0%, and after 2.5% increase in December. The sectoral breakdown shows that the fall in output in December was mainly due to a decline in production of capital goods and non-durable consumer goods.

Confidence indices for February suggest increasing divergence between industry and services amidst tight domestic lockdowns. Manufacturing PMI increased to 57.7 from 54.8 and against a consensus of 54.3, while service sector fell to 44.7 from 45.4, below the consensus of 45.9. Germany’s industry dominant ZEW index also confirmed this picture, by jumping to 71.2 points from 61.8 points in January and substantially exceeding the consensus of 59.6 points. Consumer confidence in the euro area remained practically flat at -14.8 points.

*Retail sales* in the **UK** fell sharply, by 8.2% MoM in January as nonessential retailers were closed for much of the month as part of the latest lockdown, which took its toll on consumer spending, but both manufacturing and service sector *PMI* grew above expectations.

As opposed to the UK, there was a huge spike in January **US retail sales** at 5.3% MoM (beating the consensus of 1.1% and a 1.0% decline in December) as the \$600 stimulus cheques and reopening have fed through to stronger spending. The enormous gain in headline retail sales – which leaves them 5.8% higher than a year ago – was broad-based, with furniture sales up 12.0% m/m, electronics stores sales up 14.7% m/m and non-store sales up 11.0% m/m. The easing of virus restrictions played a role too, with food services sales up 6.9% m/m. January industrial production also surprised on the upside, although to a lesser extent, at 0.9% MoM, as opposed to a 0.5% consensus, but below 1.3% in December. This was driven by a 1% rise in manufacturing output.

*Housing starts* edged down in January, slightly below expectations, but building permits jumped by 10.4%, from a 4.2% growth in December. The number of Americans filing for *unemployment benefits*

rose to 861,000 in the week ended February 13th, from the previous week's revised figure of 848,000 and compared to market expectations of 765,000. However, continuing jobless claims, which measure unemployed people who have been receiving unemployment benefits for a while, fell to 4.49 million in the week ended February 6th, from a revised 4.558 million a week before.

All US confidence indices published this week showed remarkable strength. In particular, *Markit PMI* for manufacturing remained at the sky high 58.8 (from 59.2), declining only minorly to January, and closing above expectations (58.5). In the service sector, the PMI even increased to 58.9 (from 58.3) and beating the consensus (57.6) as well.

**Japan's** economy advanced 3.0% QoQ in 2020Q4, following a 5.3% growth in the previous period and beating market estimates of a 2.3% expansion, a preliminary reading showed. Gross fixed capital formation rebounded (3.2 percent vs -2.2 percent in Q3) while both private consumption (2.2 percent vs 5.1 percent in Q3) and public spending (2.0 percent vs 2.8 percent) grew at a softer pace. Net trade contributed positively to growth, as exports jumped 11 percent (from 7.4 percent in Q3) while imports increased 4.1 percent (from -8.2 percent in Q3). For the whole of 2020, the world's third-largest economy shrank 4.8 percent, marking the first contraction since 2009. Consumer prices declined 0.6% year-on-year in January of 2021, after falling 1.2% in the previous month, as the pandemic continued to drag down consumption.

The *Central Bank of Turkey* held its benchmark one-week repo rate at 17.0 percent during its February meeting on Thursday, saying that the tight monetary policy stance will be maintained decisively, taking into account the 5% target, for an extended period until strong indicators point to a permanent fall in inflation and price stability. Policymakers also said that domestic demand conditions, alongside exchange rate effects, increasing international food and other commodity prices and high levels of inflation expectations continue to affect the pricing behaviour and inflation outlook adversely, and that additional monetary tightening will be delivered if needed.

## Sectoral 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	3914.0	-0.1	4.2	Stoxx 600	SXXP Index	415.2	0.3	4.1
IT	S5INFT Index	2394.6	-1.2	4.5	Health care	SXDP Index	896.1	-2.1	2.0
Health care	S5HLTH Index	1344.8	-0.8	1.6	Industrial goods & services	SXNP Index	665.3	-0.1	5.8
Financials	S5FINL Index	536.4	3.5	9.4	Banks	SX7P Index	120.2	3.9	11.1
Telco	S5TELS Index	237.4	0.0	7.0	Personal & households goods	SXQP Index	936.6	0.3	0.4
Consumer discretionary	S5COND Index	1374.8	0.6	5.5	Insurance	SXIP Index	287.1	1.6	2.9
Industrials	S5INDU Index	764.0	0.8	1.9	Food and beverages	SX3P Index	712.3	0.9	-0.4
Consumer staples	S5CONS Index	674.9	0.1	-3.1	Technology	SX8P Index	676.6	0.2	12.1
Utilities	S5UTIL Index	314.3	-1.7	-1.5	Utilities	SX6P Index	370.6	-1.7	-3.5
Energy	S5ENRS Index	341.9	3.5	19.5	Oil & gas	SXEP Index	245.8	2.3	4.0
Real estate	S5RLST Index	236.8	-0.9	2.9	Chemicals	SX4P Index	1118.5	-0.7	0.4
Materials	S5MATR Index	467.1	1.0	3.5	Construction & materials	SXOP Index	510.2	-0.4	3.5
Source: Bloomberg					Telco	SXKP Index	214.9	-0.6	4.5
					Retail	SXRP Index	402.4	0.6	1.6
					Financial services	SXFP Index	649.0	-0.4	7.1
					Basic resources	SXPP Index	584.2	6.6	17.0
					Real estate	SX86P Index	163.1	-0.8	-4.6
					Auto & parts	SXAP Index	560.7	1.9	6.3
					Media	SXMP Index	300.1	1.2	6.0
					Travel & leisure	SXTP Index	241.3	2.6	7.6

Source: Bloomberg

## Performance of the 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	3914	3.0	9.3	16.0	15.6	32.0	4.3	2.9	10.6	1.4	118.7	4.7	21.6
Europe	SXXP Index	415	1.8	7.1	12.4	-4.3	54.9	2.0	1.5	4.1	1.1	179.7	0.4	36.0
Germany	DAX Index	14003	1.4	7.0	7.9	1.6	51.2	1.8	1.1	4.2	1.2	129.2	16.5	31.1
France	CAC Index	5767	3.0	5.3	15.9	-5.6	53.8	1.8	1.4	3.2	1.1	197.4	5.6	58.3
Poland	WIG20 Index	1985	0.3	10.9	8.3	-6.1	31.9	1.1	0.9	2.9	1.1	56.5	-4.0	40.1
Czechia	PX Index	1054	-1.8	12.3	17.4	-4.6	16.6	1.2	1.5	7.4	1.2	154.8	0.6	14.5
Hungary	BUX Index	44173	-1.0	15.7	22.6	-4.3	20.4	1.1	0.9	5.2	1.2	61.1	217.6	42.6
Romania	BET Index	10360	1.2	15.3	19.3	1.5	13.5	1.1	1.5	8.4	1.5	32.9	118.4	
Bulgaria	SOFIX Index	501	5.1	18.5	15.4	-8.7	3.7	0.6	0.6	15.1	3.2	61.9		
Russia	IMOEX Index	3438	-0.2	12.9	12.5	10.4	15.2	1.1	1.3	7.4	1.5	66.0	32.6	73.8
Ukraine	PFTS Index	521	4.4	4.0	4.2	-1.2		0.8			0.8	10.4		
Slovenia	SBITOP Index	952	0.4	11.9	10.4	-3.3	8.6	0.9	0.6	9.9	1.6	28.9		
Croatia	CRO Index	1846	1.5	9.3	15.8	-9.0	98.1	1.0	1.1	1.0	1.4	53.3	3.1	
Serbia	BELEX15 Index	748	2.1	4.4	11.7	-8.5	16.4	0.6	0.8	4.3	1.7	20.6		
Montenegro	MNSE10 Index	747	2.5	16.6	10.3	-4.1	16.3	0.3	1.0	1.9	2.2	15.0		

\*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.

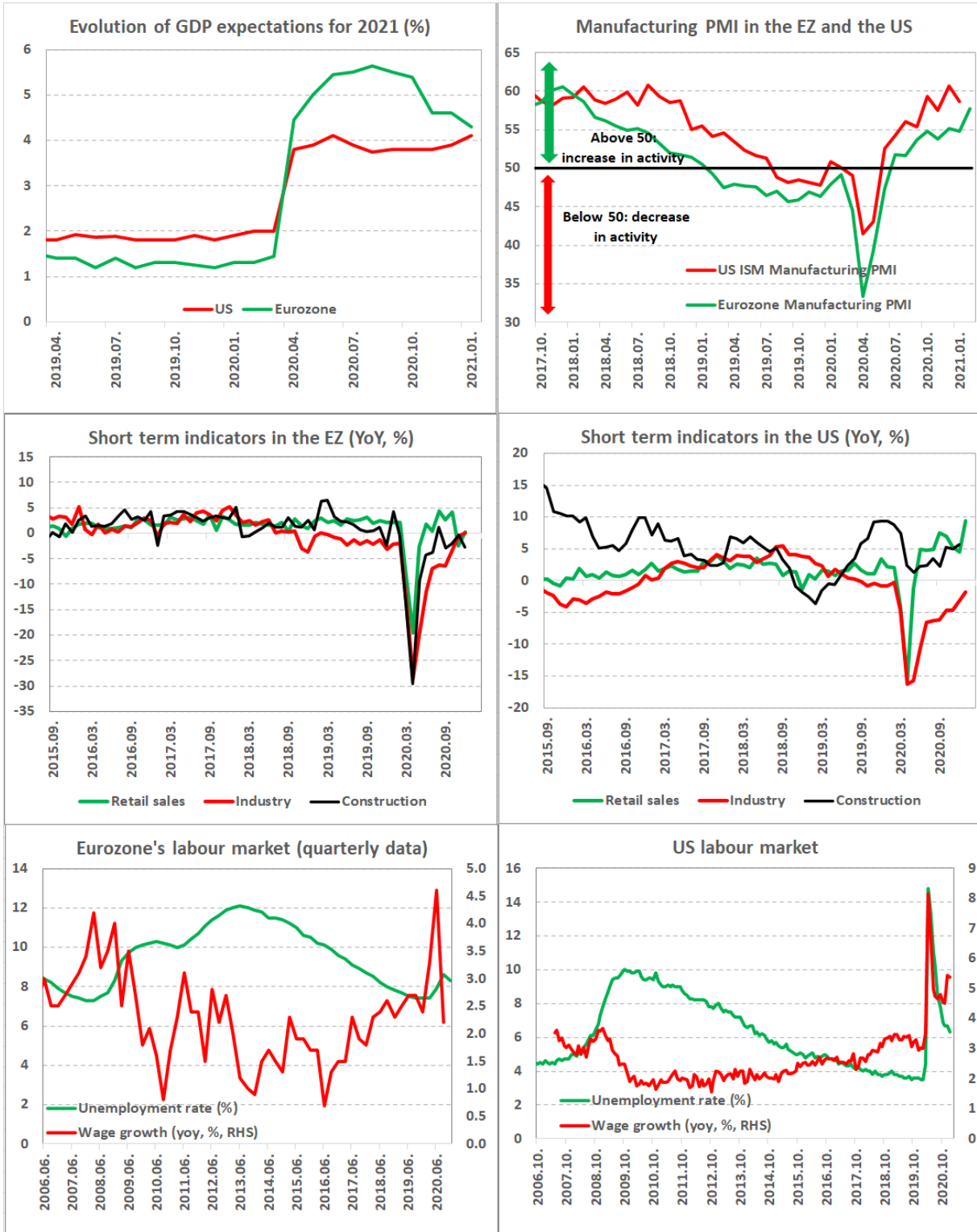
## This week's data

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021 2. 15.	0 : 50 JP	GDP (QoQ, %)	Q4	3.0	2.3	5.3
	11 : 00 EZ	Industrial production (MoM, %)	Dec	-1.6	-1.0	2.5
16.	11 : 00 EZ	GDP (preliminary, YoY, %)	Q4	-5.0	-5.1	-5,1*
	11 : 00 EZ	GDP (preliminary, QoQ, %)	Q4	-0.6	-0.7	-0,7*
	11 : 00 DE	ZEW Economic Sentiment (points)	Feb	71.2	59.6	61.8
	14 : 30 US	New York Fed Manufacturing index (points)	Feb	12.1	6.0	3.5
17.	10 : 30 UK	Inflation (YoY, %)	Jan	0.7	0.5	0.6
	14 : 30 US	Retail sales (MoM, %)	Jan	5.3	1.1	-1.0
	15 : 15 US	Industrial production (MoM, %)	Jan	0.9	0.5	1.3
	16 : 00 US	Business inventories (MoM, %)	Dec	0.6	0.5	0.5
	20 : 00 US	FOMC Minutes	Jan	-	-	-
18.	12 : 00 TR	Interest rate decision (%)	Feb	17.0	17.0	17.0
	13 : 30 EZ	ECB Minutes	-	-	-	-
	14 : 30 US	Housing starts (annualized monthly, '000s)	Jan	1580.0	1658.0	1669.0
	14 : 30 US	Building permits (annualized monthly, '000s)	Jan	1881.0	1679.0	1704.0
	14 : 30 US	Continuing jobless claims ('000s)	weekly	4494.0	4413.0	4558.0
	14 : 30 US	Initial jobless claims ('000s)	weekly	861.0	765.0	848.0
	16 : 00 EZ	Consumer confidence (point)	Feb	-14.8	-15.0	-15.5
19.	0 : 30 JP	CPI (YoY, %)	Jan	-0.6	-	-1.2
	0 : 30 JP	core-CPI (YoY, %)	Jan	-0.6	-0.7	-1.0
	8 : 00 UK	Retail sales (MoM, %)	Jan	-8.2	-2.5	0.3
	9 : 15 FR	Markit Manufacturing PMI (points)	Feb	55.0	51.4	51.6
	9 : 15 FR	Markit Service PMI (points)	Feb	43.6	47.0	47.3
	9 : 30 DE	Markit Manufacturing PMI (points)	Feb	60.6	56.5	57.1
	9 : 30 DE	Markit Service PMI (points)	Feb	45.9	46.5	46.7
	10 : 00 EZ	Markit Manufacturing PMI (points)	Feb	57.7	54.3	54.8
	10 : 00 EZ	Markit Service PMI (points)	Feb	44.7	45.9	45.4
	10 : 30 UK	Manufacturing PMI (points)	Feb	54.9	53.2	54.1
	10 : 30 UK	Service PMI (points)	Feb	49.7	41.0	39.5
	15 : 45 US	Markit Manufacturing PMI (points)	Feb	58.8	58.5	59.2
	15 : 45 US	Markit Service PMI (points)	Feb	58.9	57.6	58.3
	16 : 00 US	Existing home sales (annualized monthly, '000s)	Jan	6690.0	6610.0	6650.0

\* preliminary data

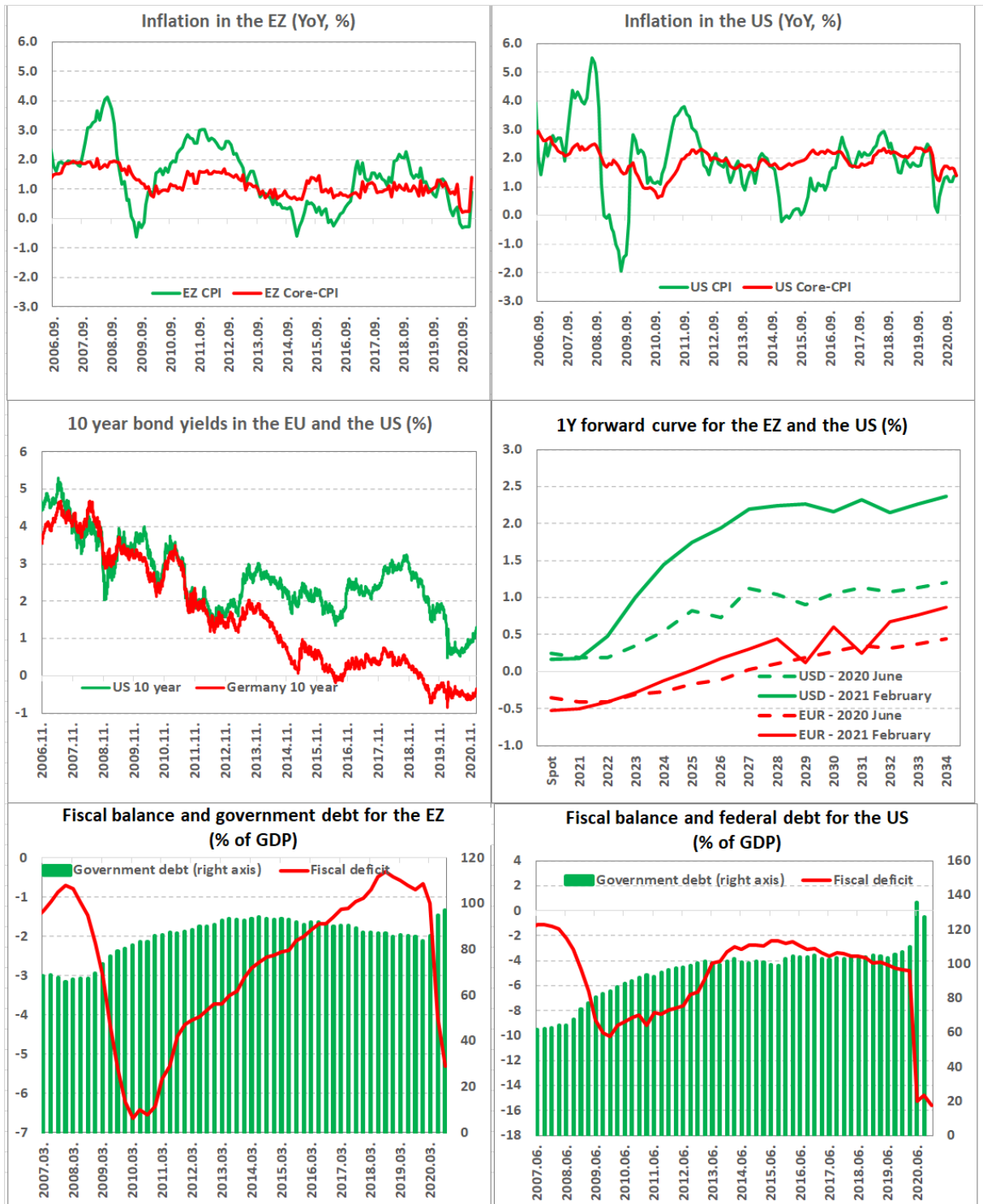


### Eurozone and US chart set



Source: Refinitiv

### Eurozone and US chart set



Source: Refinitiv

## FX forecast for the majors

FX pair	2020.Q2	2020.Q3	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q4	2023.Q4	2024.Q4
EURUSD	1.09	1.18	1.19	1.21	1.22	1.23	1.24	1.25	1.25	1.21
EURGBP	0.89	0.91	0.90	0.88	0.88	0.89	0.89	0.88	0.86	0.86
EURCHF	1.06	1.08	1.08	1.08	1.09	1.10	1.10	1.12	1.12	1.15
USDJPY	107.0	106.0	104.0	104.0	104.0	104.0	104.0	106.0	110.0	103.0

Source: Bloomberg

## Regional macro forecast

Countries	GDP (yoy, %)					Countries	Fiscal balance (% of GDP)				
	2019	OTP		Focus Economics			2019	OTP		Focus Economics	
		2020	2021	2020	2021			2020	2021	2020	2021
Hungary	4.6	-5.1	5.2	-5.4	4.5	Hungary	-2.1	-8.3	-6.4	-8.6	-6.0
Romania	4.1	-3.9	5.5	-5.2	4.0	Romania	-4.4	-9.5	-8.2	-9.7	-6.9
Bulgaria	3.8	-3.8	3.2	-4.6	3.2	Bulgaria	1.9	-3.6	-3.2	-4.1	-3.4
Russia	2.0	-3.1	4.0	-3.1	2.9	Russia	1.8	-3.9	-2.6	-3.8	-2.2
Ukraine	3.2	-4.4	4.5	-4.7	4.0	Ukraine	-2.2	-5.5	-6.0	-6.1	-5.0
Slovenia	3.2	-7.1	5.9	-6.7	4.8	Slovenia	0.5	-8.0	-3.6	-8.5	-4.7
Croatia	2.9	-8.7	4.8	-8.8	4.6	Croatia	0.4	-8.5	-5.5	-8.0	-4.2
Serbia	4.2	-1.0	4.2	-1.0	4.5	Serbia	-0.2	-8.3	-3.0	-8.2	-3.2
Montenegro	4.1	-13.2	3.9	-13.3	5.6	Montenegro	-2.9	-11.0	-4.2	-9.9	-4.7
Albania	2.2	-4.0	4.0	-5.2	5.1	Albania	-1.9	-6.8	-4.7	-7.3	-5.9
Moldova	3.6	-7.3	4.9	-7.0	4.5	Moldova	-1.4	-7.5	-5.0	-7.7	-4.3

Countries	Inflation (average (yoy), %)					Countries	Unemployment (%)				
	2019	OTP		Focus Economics			2019	OTP		Focus Economics	
		2020	2021	2020	2021			2020	2021	2020	2021
Hungary	3.4	3.3	3.2	3.3	3.1	Hungary	3.4	4.3	4.0	4.3	4.5
Romania	3.8	2.6	3.0	2.6	2.6	Romania	3.9	4.9	4.7	4.9	5.5
Bulgaria	3.1	1.7	2.0	1.7	1.9	Bulgaria	4.2	5.1	4.2	5.0	5.5
Russia	4.5	3.4	4.9	3.4	4.0	Russia	4.6	5.8	5.0	5.8	5.5
Ukraine	7.9	2.7	6.4	2.7	6.2	Ukraine	8.2	9.9	9.2	9.9	9.2
Slovenia	1.7	0.0	1.3	-0.3	1.1	Slovenia	4.5	4.6	4.5	4.9	5.6
Croatia	0.8	0.1	0.7	0.1	0.9	Croatia	7.9	7.0	7.0	9.5	9.0
Serbia	1.9	1.6	1.9	1.6	1.9	Serbia	10.4	10.0	9.7	8.9	9.9
Montenegro	0.4	0.2	1.0	-0.3	0.9	Montenegro	15.1	19.7	17.4	17.5	16.4
Albania	1.4	1.4	1.6	1.6	1.9	Albania	11.6	12.4	11.8	12.8	12.2
Moldova	4.8	3.9	3.2	3.8	3.9	Moldova	5.1	7.0	5.3	5.1	4.9

Source: Focus Economics, OTP Research Center

## FX forecast for the OTP countries

Country	FX pair	2019.Q4	2020.Q1	2020.Q2	2020.Q3	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4
Hungary	EURHUF (eop)	331.0	361.0	354.0	364.0	363.0	361.0	360.0	359.0	357.0
Romania	EURRON (eop)	4.78	4.83	4.84	4.87	4.87	4.89	4.91	4.92	4.94
Russia	USDRUB (eop)	61.9	77.7	70.0	79.7	73.9	73.1	72.0	71.6	70.9
Ukraine	USDUAH (eop)	23.70	27.62	26.70	28.30	28.34	28.06	28.11	28.38	28.83
Croatia	EURHRK (eop)	7.4	7.6	7.6	7.6	7.6	7.6	7.6	7.5	7.5
Serbia	EURRSD (eop)	118.0	117.0	118.0	118.0	118.0	117.0	117.0	117.0	118.0
Montenegro	EURUSD (eop)	1.12	1.10	1.12	1.17	1.22	1.22	1.22	1.23	1.23

\*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 22 February 2021.

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