

OTP Weekly Outlook

Next week:

- Watch US 10Y yield, central bankers, the employment report, and eurozone inflation next week

This week:

- Long-term USD and EUR yields soared last week to levels that caused pain to equity markets and central bankers
- The dollar made slight gains against major currencies, while oil prices marched higher
- Most incoming macro data showed slight improvement and beat market expectations



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 (%)	YTD (%)
S&P500	3841.8	-1.7	2.3	US 2 year	0.14	3.8	2.2	Dollar index	90.547	0.2	0.7	Brent	66	5.2	27.8
Russel 2000	2210.3	-2.5	11.9	US 10 year	1.48	14.1	56.4	EURUSD	1.213	0.1	-0.7	WTI	63	5.7	29.1
Stoxx 600	407.3	-1.8	2.1	DE 2 year	-0.66	3.1	5.8	USDJPY	106.40	-0.9	-3.0	Gold	1751	-1.9	-7.8
DAX	13830.7	-1.2	0.8	DE 10 Year	-0.26	4.6	31.1	GBPUSD	1.396	-0.4	2.1	Silver	27	-2.1	1.2
CAC40	5724.7	-0.8	3.1	SP 10 year	0.42	6.4	37.5	AUDUSD	0.778	-1.1	1.1	Palladium	2334	-2.2	-4.7
FTSE100	6532.8	-1.4	1.1	UK 10 year	0.80	10.0	60.5	USDCAD	1.265	-0.2	0.6	Copper	417	2.4	18.5
FTSE MIB	22922.9	-0.9	3.1	IT 10 year	0.76	13.4	21.5	USDCHF	0.906	-1.0	-2.3	Steel	1255	8.0	24.9
Nikkei 225	28966.0	-4.2	5.5	JP 10 year	0.16	5.1	13.9	NZDUSD	0.730	0.0	1.6	Wheat	661	1.6	3.2
CSI 300	5336.8	-7.6	2.4	CH 10 year	3.28	1.4	13.8	CNHUSD	6.474	-0.3	0.4	Corn	552	1.7	14.0

Source: Bloomberg

US employment report, eurozone inflation, USD long-term bond yields, and the third wave of the pandemic could be next week's market movers

Events that could be crucial to yields' evolution should be closely watched next week, after the recent aggressive rise in global, especially USD long yields, which began to undermine equity markets as well. The US 10-year Treasury Note yield reached 1.5%, the German 10-year Bund yield is at -0.2%. Both levels are important resistance levels from technical point of view - if these levels break, yields could rise further, intensifying the pressure on share prices. The reaction of monetary policy makers - who already started to react, verbally of course, as a start - could affect markets. It will be important how Eurozone inflation behaved in February after the surprising, but non-monetary-policy-related surge in January. February Markit PMIs will show which direction the business cycle has taken in Europe and in the USA. On Friday, the job report from the USA could help to figure out whether the job market could resist pandemic pressures.

*Next Monday will start with a **bunch of manufacturing PMIs** from many parts of the world, including China, Russia, Europe and finally, in the afternoon, from the USA. These data deserve attention as they provide the latest statistics on the business cycle, and they are used in nowcasting GDP and other high-frequency data. Markets expect some improvement everywhere (except in the USA), in case these expectations fail, that would provide some relief for bond markets. Italy and Germany will also publish their preliminary February inflation rates on Tuesday, ahead of the eurozone data. Italy will also release GDP data for the whole of 2020 and the budget deficit figures.*

*Tuesday's main event will be the **preliminary Eurozone inflation data for February**; the market expects stagnation at 0.9% in the headline and at 1.4% in core inflation. January data showed fast and unexpected rise both in headline (expected: 0.5%, December: -0.3%) and core inflation (expected: 0.9%, December: 0.2%). These increases were driven by VAT effects' dropping out, higher energy prices, and lack of winter sales in clothes, so not they were not much related to underlying processes, but of course did not ease market participants' worry on reflation being round the corner. Germany will also publish retail sales data for January and unemployment data for February.*

*On Wednesday, **services sector Purchasing Manager Indices** be published (the pair of Monday's manufacturing PMIs). According to the consensus, these indicators could modestly deteriorate - this is no wonder, considering that lockdown measures could be maintained for a longer period, due to new virus variants spreading fast both in Europe and in the USA. Two more US data sets could deserve attention: the ADP employment change, which is the best proxy for Friday's non-farm payroll, and oil inventories, which is a usual market-mover for oil prices. On Thursday, markets will focus on retail trade data from Europe and the usual weekly US jobless claim figures.*

*On Friday the **US Non-Farm Employment Change in February** will steal the show. Analysts expect the US economy to have added 150,000 jobs in February (after 50,000 in January) and the unemployment rate to have slightly increased (from 6.3% to 6.4%).*

The fast surge in yields reflects expectations that the reopening of developed economies after vaccination and the huge US fiscal stimulus may result in higher inflation, forcing central banks to withdraw supporting measures and hike rates faster than expected. But higher yields could also undermine the recovery, hurt government financing, result in sharp correction on equity markets and put pressure on emerging assets, especially in countries with poor access to vaccines. We expect monetary policy decision makers to cool down markets. This has already started, as Christine Lagarde said that the ECB was closely monitoring long-term yields. Next week, many Fed and ECB officials will participate in events where they may share fresh insights on this topic. One of the two most important events will be held on Monday, when Christine Lagarde will speak at an economy and industry event in Germany; the other is on Thursday, when Jerome Powell participates on the virtual Wall Street Journal Jobs Summit.

What to watch next week

Data	Cd.	Event/Data	Period	Cons.	Prev.
2021 3. 1.	2 : 45 CN	Caixin Manufacturing PMI (points)	Feb	51.5	51.5
	8 : 00 TR	GDP (first estimate, YoY, %)	Q4	7.1	6.7
	9 : 45 IT	Markit/IHS Manufacturing PMI (prelim.)	Feb	56.5	55.1
	14 : 00 DE	CPI (preliminary, YoY, %)	Feb	1.2	1.0
	16 : 00 US	Construction expenditure (MoM, %)	Jan	0.7	1.0
	16 : 00 US	ISM Manufacturing PMI (points)	Feb	58.9	58.7
	17 : 10 EZ	Christine Lagarde speech	-	-	-
2.	8 : 00 DE	Retail sales (MoM, %)	Jan	-0.5	-9.6
	11 : 00 EZ	CPI (flash, YoY, %)	Feb	1.0	0.9
	11 : 00 EZ	Core CPI (flash, YoY, %)	Feb	1.1	1.4
3.	2 : 45 CN	Caixin Services PMI	Feb		52.0
	9 : 45 IT	Markit/IHS Services PMI (prelim.)	Feb	46.5	44.7
	10 : 00 IT	GDP (detailed, QoQ, %)	Q4	-2.0	-2.0*
	13 : 00 PL	Interest rate decision (%)	Mar		0.1
	14 : 15 US	ADP non-farm employment (MoM, '000s)	Feb	168.0	174.0
	16 : 00 US	ISM non-Manufacturing PMI (points)	Feb	58.7	58.7
	20 : 00 US	Beige Book	-	-	-
4.	11 : 00 EZ	Retail sales (MoM, %)	Jan	-1.1	2.0
	11 : 00 EZ	Unemployment rate (%)	Jan	8.3	8.3
	14 : 30 US	Continuing jobless claims ('000s)	weekly		4419.0
	14 : 30 US	Initial jobless claims ('000s)	weekly	755.0	927.0
	16 : 00 US	Factory orders (MoM, %)	Jan	1.9	1.1
	18 : 5 US	J. Powell conversation (Wall Street Journal Jobs Summit)	-	-	-
5.	8 : 00 DE	Industrial orders (MoM, %)	Jan	1.0	-1.9
	9 : 00 AT	GDP (detailed, QoQ, %)	Q4		-4.3*
	10 : 00 IT	Retail sales (MoM, SA, %)	Jan		2.5
	14 : 30 US	Average earnings (YoY, %)	Feb	5.4	5.4
	14 : 30 US	Average earnings (MoM, %)	Feb	0.2	0.2
	14 : 30 US	Unemployment rate (%)	Feb	6.4	6.3
	14 : 30 US	Non-farm payroll (MoM, '000s)	Feb	148.0	49.0
7.	4 : 00 CN	Export (YoY, %)	Feb		18.1

* preliminary data

The rise in yields intensified and hit stock markets

Europe's major stock indices and US markets declined as intensified rise of long term-yields and inflation concerns returned to fore. The sharp increase in yields depressed valuations on both sides of the Atlantic during the week. Incoming macro data pointed to improvement and mostly surprised on the upside. Crude oil prices increased further. COVID-19 cases in Western Europe and the USA moderately increased, while recent strong growth in CEE countries point to the start of a new wave. Progress with vaccination in the EU continued to be slow.

Pandemic situation: moderately increasing new cases in Western Europe and the USA, while the recent strong growth in CEE countries suggests the start of a new wave. Progress in vaccination remained slow in the EU, but is somewhat quicker in the UK and the USA.

After a stable decline, the drop in daily new cases stopped in the USA, while the number of daily new covid-related deaths started to increase again. Most Western European countries are also starting to report moderately increasing infection rate statistics. However, Portugal, Spain, Ireland, and the UK - the countries that recently suffered from strong infection wave- still continue to show decreasing daily new cases and deaths. In the CEE region, the sudden growth of daily new cases suggests the start of a new possible infection wave. Russia and Japan report a decline of daily new cases, while India is experiencing an increase.

About 6% of the US population is now fully vaccinated, and almost 14% of the Americans received at least one dose of covid vaccine. The UK continues to administer only one vaccine per person; so far, more than a quarter of its population got at least one shot. Most European countries fully vaccinated 1.5% to 2.5% of their population and about 3%-5,5% received the first dose. The most vaccinated country in the world is still Israel, where 37% of the population is fully vaccinated, and more than half of the population got at least one dose.

Major stock markets declined as higher yields and inflation concerns returned to fore

In **Europe**, the *STOXX600* stood at -1.8% by Friday afternoon. All individual country indices fell, to different degrees: *DAX*: -1.2%, *FTSE MIB*: -0.9%, *CAC40*: -0.8%, *FTSE100*: -1.4%. The majority of sectoral indices fell, with technology (-4.6%), food beverages (-3.6%), health care (-3.2%), standing deepest in negative territory. Travel & Leisure (+2.9%), and oil & gas (+2.2%) posted the biggest weekly increases by Friday afternoon.

In the **USA**, the *S&P* stood at -1.7% by Friday afternoon, the small-cap index *Russell 2000* fell by 2.5%. Consumer discretionary (-4.6%), IT (-3.6%), and utilities (-2.7%) posted the biggest decline, while energy (+4.8%) and financials (1.5%) booked the largest gain.

Rise in long-term treasury yields intensified, the dollar made slight gains against major trading partners, oil prices continued to go up

Having hit an all-time low last year near 0.5% due to the pandemic, rate cuts, QE measures, and the Fed's forward guidance that promised low rates until 2023, the US 10-year Treasury Note yield started to rise in H2 2020, which gained momentum after the good news on vaccine developments, as investors realized that this crisis may come to an end much faster than the previous one with similar recession. From the beginning of 2021, when the USD 10-year yield was around 0.9%, the surge in yields has become widespread on global fixed income markets, and it has intensified.

On the last week of February, the US 10-year yield reached 1.5% after rising 20 basis points, while the German 10-year yield hit -0.2%, surging by 10 basis points. These levels have already started to hurt equity markets, especially tech stocks, where the terminal value makes a very high share in corporate value. In addition, these yield levels also forced central bankers to react. The President of the ECB, Christine Lagarde said that the European Central Bank was closely monitoring the market for government bonds, signalling mounting worries that rising yields could undermine economic recovery. Jerome Powell, the Fed's chairman also tried to tamp down inflation fears, emphasising that the huge fiscal stimulus will not result in higher inflation, and the Fed will maintain its full support. Luckily, the pressure on the fixed income markets weakened by the end of the week, and yields fell - nevertheless, the 10-year Treasury Note yield still increased by 17 bps week/week, and Germany's Bund yield with this maturity upped six basis points.

The *dollar* closed roughly flat against the euro but made slight gains against the yen and the British pound.

Crude oil prices continued to strengthen (WTI: 5.7%, Brent: 5.2%) as confidence in the reopening of the economy is propelling up prices. Surprisingly, U.S. oil inventories increased instead of the expected decline, despite the disruptions caused by severe weather in Texas.

Most incoming macro data showed slight improvement but beat market expectations

In the **euro area**, Germany's QoQ *GDP growth* in Q4 was unexpectedly revised upward by 0.2 ppts (from 0.1% to 0.3%). While private consumption (-3.3% QoQ) and government consumption (-0.5% QoQ) dropped, activity in the construction sector (+1.8% QoQ) rebounded. The biggest positive offsetting factors to the drag from consumption, however, were net exports and the change in inventories. On the year, the economy was still 2.7% below its level in 4Q 2019. On the other hand, the French economy's contraction in Q4 of 2020 was slightly more pronounced than previously estimated. *GDP* shrank 1.4% from the previous quarter, 0.1 percentage point more than the preliminary estimate of the 1.3% released in end-January. On the year, the economy was 4.9% below its level in 4Q 2019.

The euro area's *economic sentiment index* and Italy's *consumer confidence* also rose better than market expectations in February but remained low, suggesting that growth would remain subdued in Q1.

In the **United States**, *GDP growth* data for the fourth quarter were revised up 0.1 percentage point (from 4% to 4.1% QoQ), owing to investment and inventories accumulation. *US consumer confidence* improved in February, with households more upbeat about the labour market amid declining new Covid-19

infections and expectations for additional money from the government. The *Chicago PMI*, a measure of business conditions in the Chicago region, softened to 59.5 in February from a strong 63.8 reading in the prior month. Economists had expected the index to slip, but only to 61. Nevertheless, a reading above 50 continues to indicate improving conditions.

New home sales beat expectations in January, boosted by historically low mortgage rates and a shortage of previously owned houses on the market, but pending home sales declined by -2.8%, from a 0.5% growth in December, amid a continued shortage of houses available for sale. The number of Americans filing for *unemployment benefits* decreased to 730,000 in the week ended 20 February, from the previous week's revised figure of 841,000, and compared to market expectations of 838,000. Continuing jobless claims, which measure unemployed people who have been receiving unemployment benefits for a while, fell to 4.42 million in the week ended 13 February, from a revised 4.520 million a week before.

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	3841.8	-1.7	2.3	Stoxx 600	SXXP Index	407.3	-1.8	2.1
IT	S5INFT Index	2302.5	-3.6	0.5	Health care	SXDP Index	862.4	-3.2	-1.9
Health care	S5HLTH Index	1320.8	-0.9	-0.2	Industrial goods & services	SXNP Index	652.5	-2.2	3.7
Financials	S5FINL Index	545.5	1.5	11.2	Banks	SX7P Index	122.1	1.2	12.8
Telco	S5TELS Index	233.5	-0.8	5.2	Personal & households goods	SXQP Index	906.7	-2.9	-2.8
Consumer discretionary	S5COND Index	1298.8	-4.6	-0.3	Insurance	SXIP Index	290.1	1.1	3.9
Industrials	S5INDU Index	774.6	0.8	3.3	Food and beverages	SX3P Index	681.6	-3.6	-4.7
Consumer staples	S5CONS Index	655.5	-1.8	-5.9	Technology	SX8P Index	645.8	-4.6	7.0
Utilities	S5UTIL Index	302.5	-2.7	-5.2	Utilities	SX6P Index	357.9	-3.0	-6.8
Energy	S5ENRS Index	361.9	4.8	26.5	Oil & gas	SXEP Index	253.2	2.2	7.1
Real estate	S5RLST Index	236.4	-0.3	3.7	Chemicals	SX4P Index	1095.4	-2.0	-1.7
Materials	S5MATR Index	465.6	-1.2	2.2	Construction & materials	SXOP Index	506.6	-0.9	2.8
					Telco	SXKP Index	208.6	-2.4	1.4
					Retail	SXRP Index	399.1	-0.8	0.8
					Financial services	SXFP Index	641.8	-1.0	5.9
					Basic resources	SXPP Index	581.2	-1.1	16.4
					Real estate	SX86P Index	161.4	-0.6	-5.5
					Auto & parts	SXAP Index	558.8	-0.5	6.0
					Media	SXMP Index	293.6	-1.8	3.7
					Travel & leisure	SXTP Index	250.3	2.9	11.6

Source: Bloomberg

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	3842	-0.2	5.8	10.4	23.3	31.7	4.2	2.9	10.6	1.4	117.9	2.9	21.8
Europe	SXXP Index	407	-0.1	4.0	9.2	0.7	49.0	2.0	1.5	4.5	1.1	177.7	0.3	36.3
Germany	DAX Index	13831	-0.3	4.1	4.9	8.3	49.8	1.8	1.1	4.0	1.1	127.5	16.6	31.6
France	CAC Index	5725	3.6	2.8	13.4	0.7	53.2	1.8	1.4	3.2	1.1	197.8	1.1	57.5
Poland	WIG20 Index	1902	-4.1	2.8	2.9	-1.7	32.7	1.1	0.9	2.7	1.1	57.9	-3.5	39.6
Czechia	PX Index	1057	0.1	9.6	16.4	2.4	16.8	1.2	1.5	7.3		154.4	0.0	14.0
Hungary	BUX Index	43752	0.6	12.1	21.8	0.5	21.8	1.2	1.0	4.9	1.1	59.5	40.5	38.3
Romania	BET Index	10221	-1.2	10.5	15.7	5.3	12.2	1.0	1.5	9.0	1.5	33.4	126.6	
Bulgaria	SOFIX Index	496	-1.7	16.8	13.3	-9.2	3.7	0.6	0.6	15.1	3.2	61.9		
Russia	IMOEX Index	3351	-1.2	6.8	9.8	11.1	14.9	1.0	1.3	7.3	1.5	66.4	20.1	71.0
Ukraine	PFTS Index	521	0.9	4.0	4.2	-2.2		0.8			0.8	10.4		
Slovenia	SBITOP Index	966	2.6	9.5	13.0	4.1	8.7	0.9	0.6	9.9	1.6	28.9		
Croatia	CRO Index	1837	2.5	8.5	13.8	-4.3	159.3	1.0	1.1	0.8	1.4	50.7	6.5	
Serbia	BELEX15 Index	746	1.9	4.3	7.8	-7.8	16.3	0.6	0.8	4.3	1.7	20.6		
Montenegro	MNSE10 Index	744	3.6	15.9	10.9	-5.1	16.2	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),

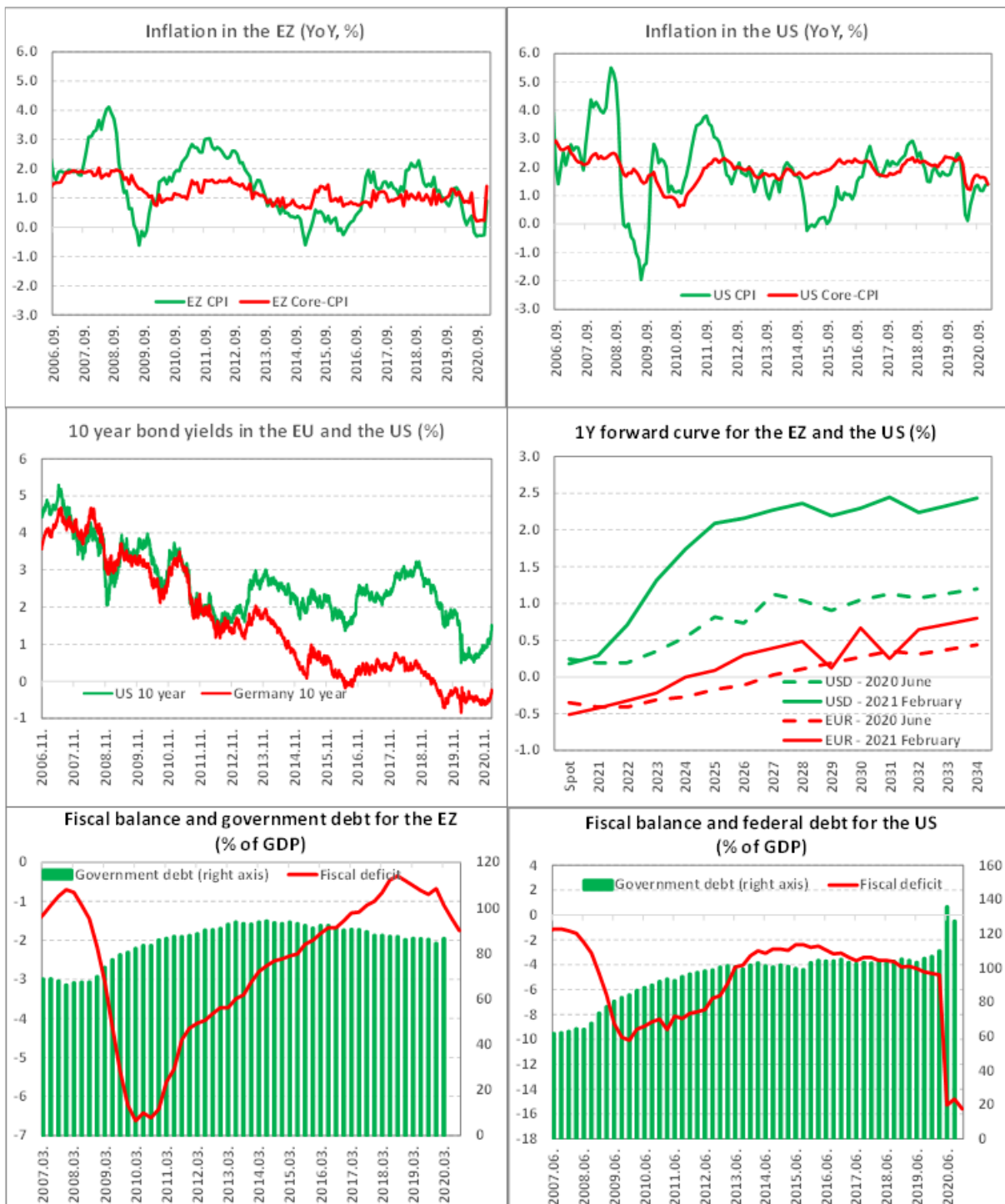
***therefore direct comparison of valuation metrics alone could be misleading.

This week's data

Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021 2. 22.	10 : 00 DE	IFO Economic sentiment index (points)	Feb	92.4	90.5	90.1
	16 : 00 US	Leading index (MoM, %)	Jan	0.5	0.3	0.3
23.	8 : 00 UK	Unemployment rate (%)	Dec	5.1	5.1	5.0
	15 : 00 US	Case-Shiller Home Price Index (YoY, %)	Dec	10.1	9.9	9.1
24.	16 : 00 US	Consumer confidence (point)	Feb	91.3	90.0	89.3
	8 : 00 DE	GDP (detailed, QoQ, %)	Q4	0.3	0.1	0,1*
25.	16 : 00 US	New home sales (annualized monthly, '000s)	Jan	923.0	855.0	842.0
	10 : 00 IT	Consumer confidence (point)	Feb	101.4	101.0	100.7
	11 : 00 EZ	EC Economic Sentiment Index (points)	Feb	93.4	92.0	91.5
	14 : 30 US	Durable goods orders (MoM, %)	Jan	3.4	1.1	1.2
	14 : 30 US	GDP (detailed, QoQ annualized, %)	Q4	4.1	4.2	4.0
	14 : 30 US	Initial jobless claims ('000s)	weekly	730	838	841
	14 : 30 US	Continuing jobless claims ('000s)	weekly	4419	4467	4520
	16 : 00 US	Pending home sales (MoM, %)	Jan	-2.8	-0.2	0.5
26.	8 : 45 FR	GDP (detailed, QoQ, %)	Q4	-1.4	-1.3	-1,3*
	10 : 30 PT	GDP (detailed, QoQ, %)	Q4	0.2	0.4	0,4*
	14 : 30 US	Personal income (MoM, %)	Jan	10.0	9.5	0.6
	14 : 30 US	Personal consumption (adjusted, MoM, %)	Jan	2.4	2.5	-0.4
28.	15 : 45 US	Chicago PMI (points)	Feb	59.5	61.1	63.8
	2 : 00 CN	NBS Non-manufacturing PMI (points)	Feb			52.4
	2 : 00 CN	NBS Manufacturing PMI (points)	Feb			51.3

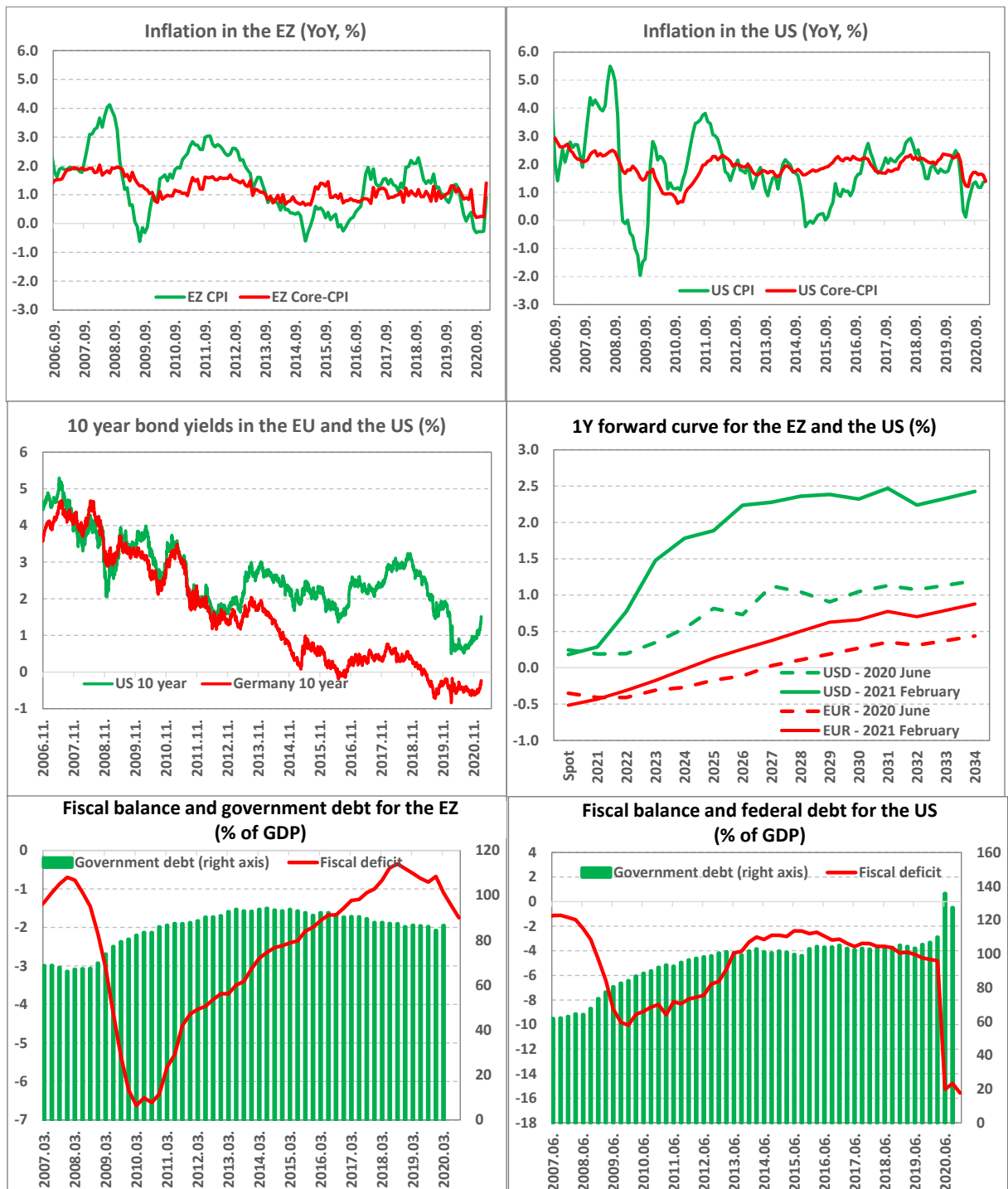
* preliminary data

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	1.24	1.22
EURGBP	0.89	0.91	0.90	0.88	0.88	0.89	0.89	0.88	0.85	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	106.5	108.0	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	3.3	-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	-14.3	4.0	-13.3	5.6	Montenegro	-2.9	-9.9	-6.2	-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	1.7	1.7	1.9	Bulgaria	4.2	5.1	4.8	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	-0.3	0.7	-0.3	0.9	Montenegro	15.1	17.6	17.5	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	4.0	3.2	3.8	3.9	Moldova	5.1	7.1	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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