

OTP Weekly Outlook

Next week:

- April US labour market data, earning reports, and Scottish elections could be in the spotlight next week

This week:

- European and US stocks stood close to stagnation in weekly comparison by Friday afternoon
- No surprise from the Fed; US GDP as expected, but mixed data from Europe
- Long-term yields went up both in the USA and Europe, oil prices moved higher; the dollar gained some ground against the EUR



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	4194.4	0.3	11.7	US 2 year	0.16	0.7	4.3	Dollar index	90.918	0.1	1.1	Brent	67	1.8	29.9
Russel 2000	2284.3	0.5	15.7	US 10 year	1.64	8.6	73.1	EURUSD	1.207	-0.3	-1.2	WTI	63	2.1	30.8
Stoxx 600	439.4	0.1	10.1	DE 2 year	-0.69	0.5	2.3	USDJPY	109.09	-1.1	-5.4	Gold	1767	-0.5	-6.9
DAX	15228.2	-0.3	11.0	DE 10 Year	-0.21	5.3	36.6	GBPUSD	1.385	-0.2	1.3	Silver	26	0.1	-1.4
CAC40	6309.6	0.8	13.7	SP 10 year	0.47	7.8	43.1	AUDUSD	0.774	0.1	0.6	Palladium	2980	4.2	21.7
FTSE100	7005.4	1.0	8.4	UK 10 year	0.84	9.8	64.8	USDCAD	1.229	1.5	3.6	Copper	452	4.2	28.3
FTSE MIB	24204.2	-0.7	8.9	IT 10 year	0.91	12.5	36.4	USDCHF	0.911	0.3	-2.9	Steel	1500	10.1	49.3
Nikkei 225	28812.6	-1.3	5.0	JP 10 year	0.09	2.6	7.4	NZDUSD	0.720	0.0	0.2	Wheat	731	2.9	14.1
CSI 300	5123.5	-0.2	-1.7	CH 10 year	3.15	-1.8	1.5	CNHUSD	6.467	0.4	0.6	Corn	713	8.7	47.2

Source: Bloomberg

April US labour market data, earnings reports, and Scottish elections could be in the spotlight next week

After we have learned the Fed's decision and Q1 GDP data for the USA and the eurozone without major surprise, next week will be much less data intensive. The most important day will be Friday, when the USA will publish labour market figures for April. They will likely show further improvement of conditions. As regards the eurozone, given the flash GDP estimate for Q1, outcoming March real economy indicators will be less of an interest. However, at Scottish elections it will turn out whether pro-independence parties will secure a significant majority. Meanwhile, the earnings season will continue, with further big players (Pfizer, AXA, GM, AIG, Credit Agricole reporting, just to name a few). Besides, all eyes are focused anxiously on India's pandemic situation and the new mutant originating from the country.

Concerning the **euro area**, mostly March real economy data will arrive throughout the week (eurozone and Italian retail sales, German and French industrial production, German industrial orders and exports). The only data from Q2 will be April's PMIs from Italy, both for manufacturing and services (due on Monday and Wednesday).

From the **UK**, *Scottish elections* (due on Thursday) could be of interest and be a market mover for the UK. What is at stake is whether pro-independence parties (the currently governing SNP and the new Alba Party, led by former SNP First Minister Alex Salmond) could win majority, which is very likely. After that, the picture is less clear as UK PM Boris Johnson will likely refuse a second referendum on Scottish independence. Hence, pro-independence leaders could step up pressure on politicians in both Edinburgh and London. This will surely not support the pound and UK assets.

The **USA** will release some interesting data. April's *labour market* figure (due on Friday), could attract most attention. Non-farm payrolls will likely expand around 925,000 (from 916,000 in March), which pace seems outstanding. If this speed is maintained, US employment might reach pre-pandemic level by early next year. Meanwhile, unemployment is set to decline to 5.8% from 6.0%, although this figure underestimates the amount of labour market slack, given the substantial decline in participation rates. Further to this, the ISM PMIs (both manufacturing and services, released on Monday and Wednesday) could be interesting, although after the Markit figures released last week, it seems a safe bet to say that both will indicate outstanding expansion. Still, in terms of manufacturing, the sentiment index might overstate the true state of the sector, given severe supply bottlenecks and input price pressures.

China will release a new bunch of indicators, namely the *Caixin PMIs* (on Tuesday and Thursday) and *export* data for April (on Friday). After weakening NBS PMI-s this week they could also attract some interest.

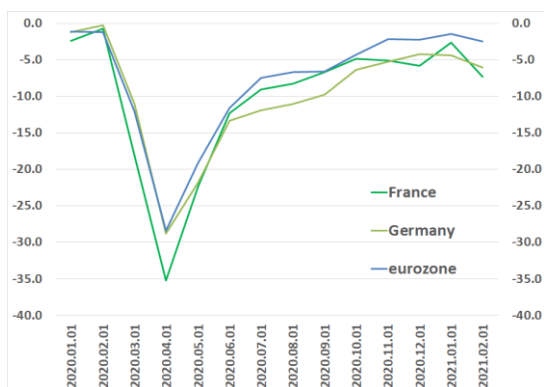
In the emerging world, watch **Turkey**, where the central bank's new governor, appointed in March by President Erdogan, could show his teeth at the next *rate setting meeting*, after showing restraint at the March meeting by keeping the rates at the previous level. His appointment was followed by a sharp (nearly 10%) lira weakening; later the USD/TRY stabilized around 8.2.

WEEKLY REPORT - 4 MAY 2021

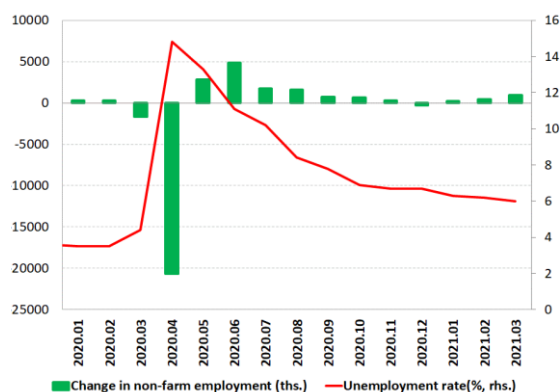


Meanwhile, inflation marched higher, reaching 16.2% in March, the highest figure since July 2019, slightly above market expectations.

Euro area industrial production (2019=0)



US labour market data



Sources: Bloomberg, Refinitiv

What to watch next week

Data	Cd.	Event/Data	Period	Cons.	Prev.
2021 5. 3.	8 : 00 DE	Retail sales (MoM, %)	Mar	3.0	1.2
	9 : 45 IT	Markit/IHS Manufacturing PMI (prelim.)	Apr	61.0	59.8
	16 : 00 US	Construction expenditure (MoM, %)	Mar	2.0	-0.8
	16 : 00 US	ISM Manufacturing PMI (points)	Apr	65.0	64.7
	4. 3 : 45 CN	Caixin Manufacturing PMI (points)	Apr		50.6
	16 : 00 US	Factory orders (MoM, %)	Mar	1.1	-0.8
	5. 9 : 45 IT	Markit/IHS Services PMI (prelim.)	Apr	50.0	48.6
	13 : 00 PL	Interest rate decision (%)	May	0.1	0.1
	14 : 15 US	ADP non-farm employment (MoM, '000s)	Apr	808.0	517.0
	16 : 00 US	ISM non-Manufacturing PMI (points)	Apr	64.3	63.7
	6. 3 : 45 CN	Caixin Services PMI	Apr		54.3
	8 : 00 DE	Industrial orders (MoM, %)	Mar	1.9	1.2
	11 : 00 EZ	Retail sales (MoM, %)	Mar	1.4	3.0
	13 : 00 TR	Interest rate decision (%)	May	19.0	19.0
	13 : 00 UK	Interest rate decision (%)	May	0.1	0.1
	14 : 30 CZ	Interest rate decision (%)	May		0.3
	14 : 30 US	Initial jobless claims ('000s)	weekly	540.0	
	14 : 30 US	Continuing jobless claims ('000s)	weekly		
	23 : 00 UK	Scottish parliamentary election	-	-	-
	23 : 00 UK	Scottish local election	-	-	-
	7. 5 : 00 CN	Export (YoY, %)	Apr		30.6
	8 : 00 DE	Industrial production (MoM, %)	Mar	2.0	-1.6
	8 : 00 DE	Export (MoM, SA, %)	Mar		0.9
	8 : 45 FR	Industrial production (MoM, %)	Mar	2.0	-4.7
	10 : 00 IT	Retail sales (MoM, SA, %)	Mar		6.6
	14 : 30 US	Christine Lagarde State of the Union speech	-	-	-
	14 : 30 US	Non-farm payroll (MoM, '000s)	Apr	950.0	916.0
	14 : 30 US	Unemployment rate (%)	Apr	5.7	6.0
	14 : 30 US	Average earnings (MoM, %)	Apr	0.1	-0.1
	14 : 30 US	Average earnings (YoY, %)	Apr	-0.3	4.2

European and US markets closed the week close to stagnation

US markets closed the week with minimal gains as the Fed's decision did not bring any surprise, while macro data, in particular, Q1 GDP came out largely as expected. At the same time, earnings reports turned out to be stronger-than-foreseen: all tech giants (Alphabet, Microsoft, Apple, Facebook) and Tesla reported stronger-than-expected figures, although sales disappointed in some cases. In Europe, most giants (e.g. HSBC, Shell, Airbus, Sanofi) also posted above-consensus earnings. However, incoming macro data were more mixed than in the USA; in particular, Germany's Q1 recession turned out to be stronger than expected. The eurozone's GDP slightly exceeded the consensus, and April's business confidence data were mixed: Germany's IFO weakened, while the European Commission's ESI jumped significantly higher. Broadly reflecting differing Q1 GDP figures, European markets closed with near-stagnation, Germany slightly down, France up. Long-term yields started to rise again, while the USD gained some ground against the EUR, and oil prices moved higher.

Pandemic situation: improvement in daily infections in Europe low level in the US, India is a real concern. Europe sped up vaccination.

The covid infection rate continues to decrease in the US, and Canada in a moderate pace. In Western Europe, most countries show promising covid statistics, many countries report decreasing daily new covid cases, while the daily covid deaths seems to stagnate at a relatively low level. The CEE region also shows promising covid data, Czechia, Poland and Hungary report a rapid fall in daily new cases. Still, the number of covid related deaths is high in some countries in the region. Turkey is currently suffering from an infection wave, but it has just passed its peak by now. India reports an alarming leap in covid statistics due to the new local variants. Japan also shows increasing covid infection rates, but their covid numbers are still relatively low per capita.

Finally, most EU countries has managed to speed up vaccination to 10+% of the population in April. If this pace could be kept, most EU economies could arrive at a vaccination level of 45-50% by the end of the quarter, where significant reopening could start, based on other country experience. The top countries with the highest percentage of the population who received at least one shot are the following: Israel (62%), UAE(51%), UK(50%), US(43%), Chile(43%), Hungary(40%), Canada (31%), Serbia(29%), Finland(29%), Germany (26%). Countries with the highest fully vaccinated part of population are: Israel (59%), UAE(39%), Chile(34%), US(29%), UK(21%), Serbia(21%), Hungary (19%), Serbia(29%), Singapore(16%), Denmark (11%)

Both European and US markets broadly stagnated in weekly comparison by Friday afternoon

In **Europe**, the STOXX600 stood at 0.1% on Friday afternoon. Individual country indices grew to different degrees, reflecting GDP data surprises: DAX fell by 0.3, while CAC40 could grow by 0.8%. FTSE100 gained 1.0% as the country reopens, while FTSEMIB fell by 0.7%. Out of STOXX components, banks (+6.2%) and travel&leisure (3.3%) were the best performing sectors, the former was

WEEKLY REPORT - 4 MAY 2021



supported by decent earning reports during the week. Utilities and auto&parts performed the weakest, falling almost by around 2.5%.

In the **USA**, the *S&P* stood at 0.3% by Friday afternoon while the small-cap index *Russell 2000* at 0.5%. However, given that the sentiment deteriorated today so far overseas, the markets lost a significant portion of previously accumulated weekly gains. Energy (6.0%) and financials and telco (both 2.9%) were the best performing ones, while health care (-1.8%) and IT (-1.7%) posted the biggest falls.

Long-term yields went up in both the USA and Europe, oil prices moved higher; the dollar strengthened against the EUR

Long-term *Treasury yields* went up by around almost 9 bps in the USA, while European yields between rose by 5-13 bps, with larger increase in eurozone's southern periphery. This reflects that the recovery is underway in the USA, getting closer in Europe, while the Fed and ECB do not seem to reassure markets enough. The *dollar* broadly stagnated around major currencies but strengthened slightly against the EUR. *Oil prices* went up by around 2% in weekly terms.

No surprise from the Fed, the USA grew largely as expected; mixed data from Europe

In the **euro area**, flash Q1 GDP figures stole the show. While overall the eurozone's GDP came out slightly better than expected (-0.6% vs a consensus of -0.8% QoQ), the region could not avoid recession. The figure was 0.1 ppt better than the Q4 fall, and the YoY figure improved to -1.8% from -4.9%, on account of base effects. However, individual countries' results were very mixed, with Germany (-1.7% QoQ) doing worse than the consensus of -1.5%, and much worse than the +0.5% gauge in Q4. In contrast, among other large economies, French could grow better than expected (0.4% vs. a consensus of 0.1%), while Italy's decline was slightly better than feared (-0.4% vs a consensus of -0.5%), and Spain's fall was in line with expectations (-0.5%). Overall, the region's GDP performance was constrained by stringent lockdowns, and in particular, the German industrial sector was hit by supply shortages. Meanwhile, April CPI data for the euro area fully met expectations, at 1.6% headline and 0.8% core inflation rates. This suggests that the rise in inflation rate reflected merely the effect of higher oil prices, while underlying inflation pressures remained muted.

As for the **USA**, the *Fed* meeting brought no surprise; policy conditions (both the interest rate and the asset purchase programme) were left unchanged. The statement went on to say that inflation had risen but argued that 'largely' reflects 'transitory' factors. At the post-meeting press conference, the Fed's Chair Jerome Powell replied with a firm 'no' when asked whether it was time to even think about tapering the asset purchases. This suggest that tapering could start next year at the earliest, and it could be announced sometime this autumn. Overall, the meeting and its conclusions did not surprise markets.

Underpinning the Fed's optimism, Q1 *GDP growth* hit 6.4% annualized, only slightly above the 6.1% consensus. Supported by the two rounds of stimulus cheques sent out over the first three months of the year, there was a massive 10.7% surge in consumption growth. That left the level of GDP only 1% off its pre-pandemic peak in the final quarter of 2019. Real personal disposable incomes increased by as much as 61.3% annualised and, because households spent only a modest fraction of their stimulus cheques, the saving rate jumped to 21.0%, from 13.0%. Net exports subtracted 0.9% points from overall GDP growth and inventories subtracted 2.6% points. Business investment expanded by 9.9% annualised, residential investment shot up 10.8% and government expenditure increasing by 6.3%. Still, today, March real income grow by 21.1% above, and real consumption by 3.6%, below the consensus. These figures were obviously driven by the third covid stimulus checks, and suggest a strong

carryover for Q2 growth. At the same time, the MNI Chicago Business Barometer in the US increased by 5.8 points to 72.1 in April, the highest level since December 1983 and above market expectations of 65.3.

In his speech to Congress, President Biden unveiled the US 1.8trn in spending and tax credits in the *American Families Plan*. This would call for USD 1 trn in new spending over the next decade, spread between universal pre-school education, childcare support for low-income earners, two years' free community college, and the creation of a national paid family and medical leave programme. The plan also includes tax credits worth USD 800bn, although that mainly reflects making the temporary healthcare subsidies enacted in the Rescue Plan permanent, and a four-year extension of the enhanced child tax credit. Overall, these would provide a relatively small boost to GDP growth as, like the earlier infrastructure proposals, it would be mostly paid for with higher taxes. With Republicans even less likely to support the latest plan, we still expect Democrats to attempt to pass both using budget reconciliation, with the combined bill close to revenue neutral.

China's NBS PMIs suggest a slowdown in the recovery. The manufacturing component, at 51.1 for April, was weaker than the consensus (51.7) and the previous value (51.9). Similarly, the non-manufacturing component fell to 54.9 from 56.3. Although both components are well in the expansion phase, they predict a weakening in activity.

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	4194.4	0.3	11.7	Stoxx 600	SXXP Index	439.4	0.1	10.1
IT	S5INFT Index	2466.3	-1.6	7.6	Health care	SXDP Index	910.5	-0.2	3.6
Health care	S5HLTH Index	1413.9	-1.8	6.8	Industrial goods & services	SXNP Index	706.7	-1.1	12.3
Financials	S5FINL Index	604.9	2.9	23.3	Banks	SX7P Index	133.5	6.2	23.4
Telco	S5TELS Index	257.5	2.9	16.1	Personal & households goods	SXQP Index	1004.0	0.0	7.6
Consumer discretionary	S5COND Index	1440.7	1.3	10.6	Insurance	SXIP Index	305.4	0.0	9.4
Industrials	S5INDU Index	863.4	0.5	15.2	Food and beverages	SX3P Index	763.9	0.1	6.8
Consumer staples	S5CONS Index	710.6	-0.5	2.1	Technology	SX8P Index	697.7	-2.0	15.6
Utilities	S5UTIL Index	335.4	-0.9	5.1	Utilities	SX6P Index	382.6	-2.4	-0.4
Energy	S5ENRS Index	380.4	6.0	33.0	Oil & gas	SXEP Index	252.6	0.7	6.9
Real estate	S5RLST Index	265.4	0.5	16.4	Chemicals	SX4P Index	1214.4	-1.1	9.0
Materials	S5MATR Index	525.2	0.8	15.3	Construction & materials	SXOP Index	569.9	0.6	15.7
Source: Bloomberg					Telco	SXKP Index	229.8	1.6	11.7
					Retail	SXRP Index	451.7	1.2	14.1
					Financial services	SXFP Index	661.8	1.2	9.2
					Basic resources	SXPP Index	592.9	-0.7	18.7
					Real estate	SX86P Index	174.4	-0.1	2.1
					Auto & parts	SXAP Index	622.5	-2.7	18.1
					Media	SXMP Index	320.3	-0.8	13.2
					Travel & leisure	SXTP Index	280.0	3.3	24.8

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	4194	5.6	12.9	28.3	44.0	30.7	4.5	3.1	12.4	1.4	121.2	7.8	7.6
Europe	SXXP Index	439	2.3	11.0	28.3	29.2	43.0	2.1	1.6	6.1	1.1	177.6	0.5	7.2
Germany	DAX Index	15228	1.5	13.4	31.8	40.2	41.6	1.9	1.2	5.2	1.2	129.9	49.8	8.1
France	CAC Index	6310	4.0	16.9	37.3	38.0	50.8	1.9	1.4	3.5	1.1	192.8	5.2	8.4
Poland	WIG20 Index	2041	5.3	4.8	34.6	23.8	17.3	1.2	1.0	6.5	1.2	59.2	6.6	10.8
Czechia	PX Index	1102	1.1	8.4	30.8	26.2	21.1	1.3	1.6	6.3	1.1	170.0	-0.7	-1.6
Hungary	BUX Index	43384	-2.1	-0.3	34.4	23.3	21.2	1.1	1.0	5.1	1.1	54.8	131.2	6.1
Romania	BET Index	11342	1.4	10.0	33.3	42.2	11.7	1.1	1.6	10.1	1.5	33.3	-16.3	39.1
Bulgaria	SOFIX Index	522	4.0	4.6	22.1	16.7	18.4	0.6	0.8	2.8	2.7	64.6		
Russia	IMOEX Index	3552	0.3	8.4	32.0	34.0	14.7	1.2	1.7	7.9	1.3	84.2	30.9	15.6
Ukraine	PFTS Index	527	2.0	2.7	5.5	5.4								
Slovenia	SBITOP Index	1065	7.6	13.3	34.3	32.9	9.0	1.0	0.6	10.8	1.7	26.9		
Croatia	CRO Index	1893	1.1	6.0	20.2	22.6	52.7	1.1	1.1	2.0	1.3	53.2		
Serbia	BELEX15 Index	757	0.4	3.2	7.9	15.5	26.4	0.6	0.8	2.7	1.7	20.5		
Montenegro	MNSE10 Index	754	-0.9	3.6	16.3	11.1	15.3	0.3	1.0	2.1	2.3	12.5		

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

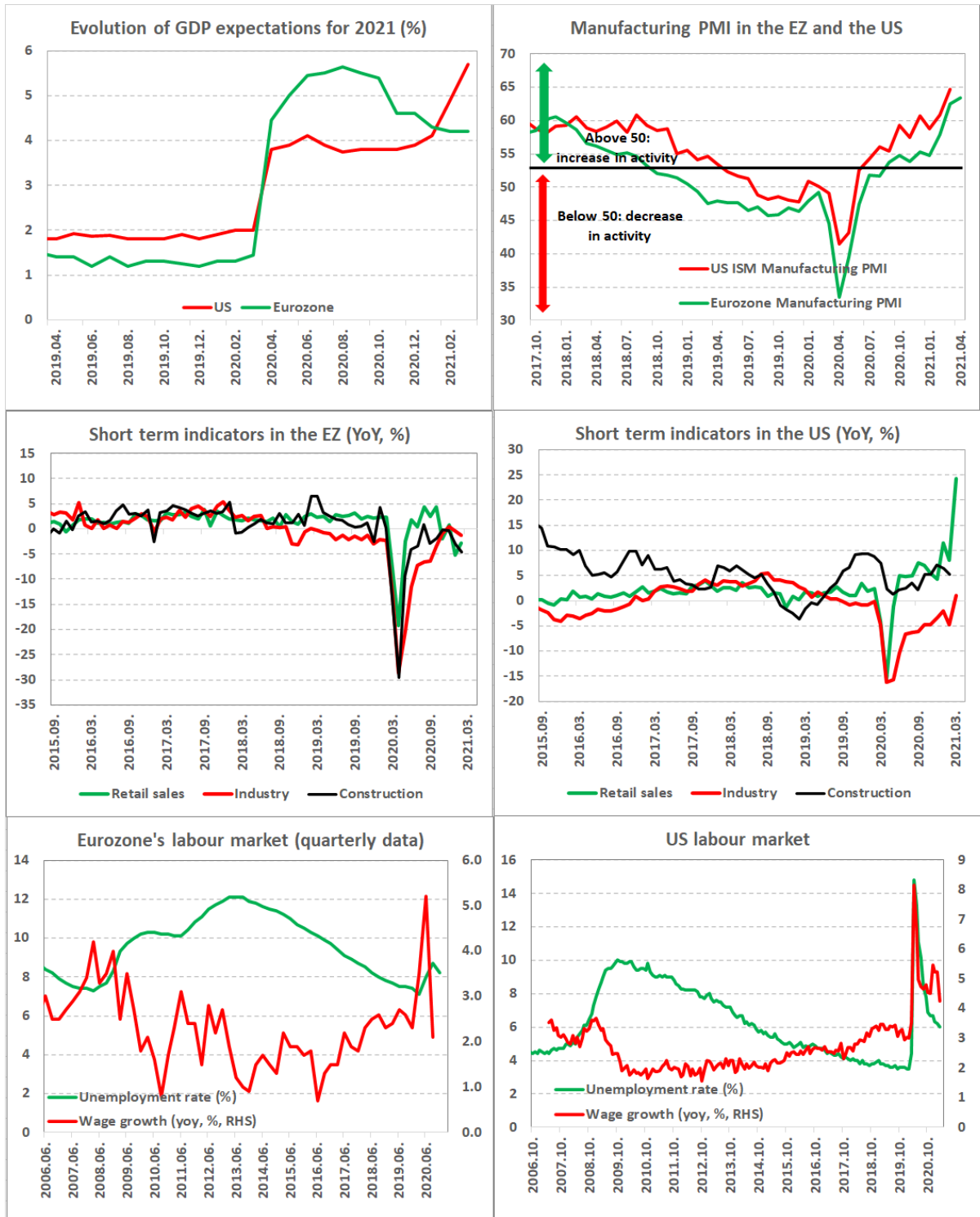
***Some of the country indices could be sector heavy (only a handful industry comprise the majority of the indices).

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

This week's data

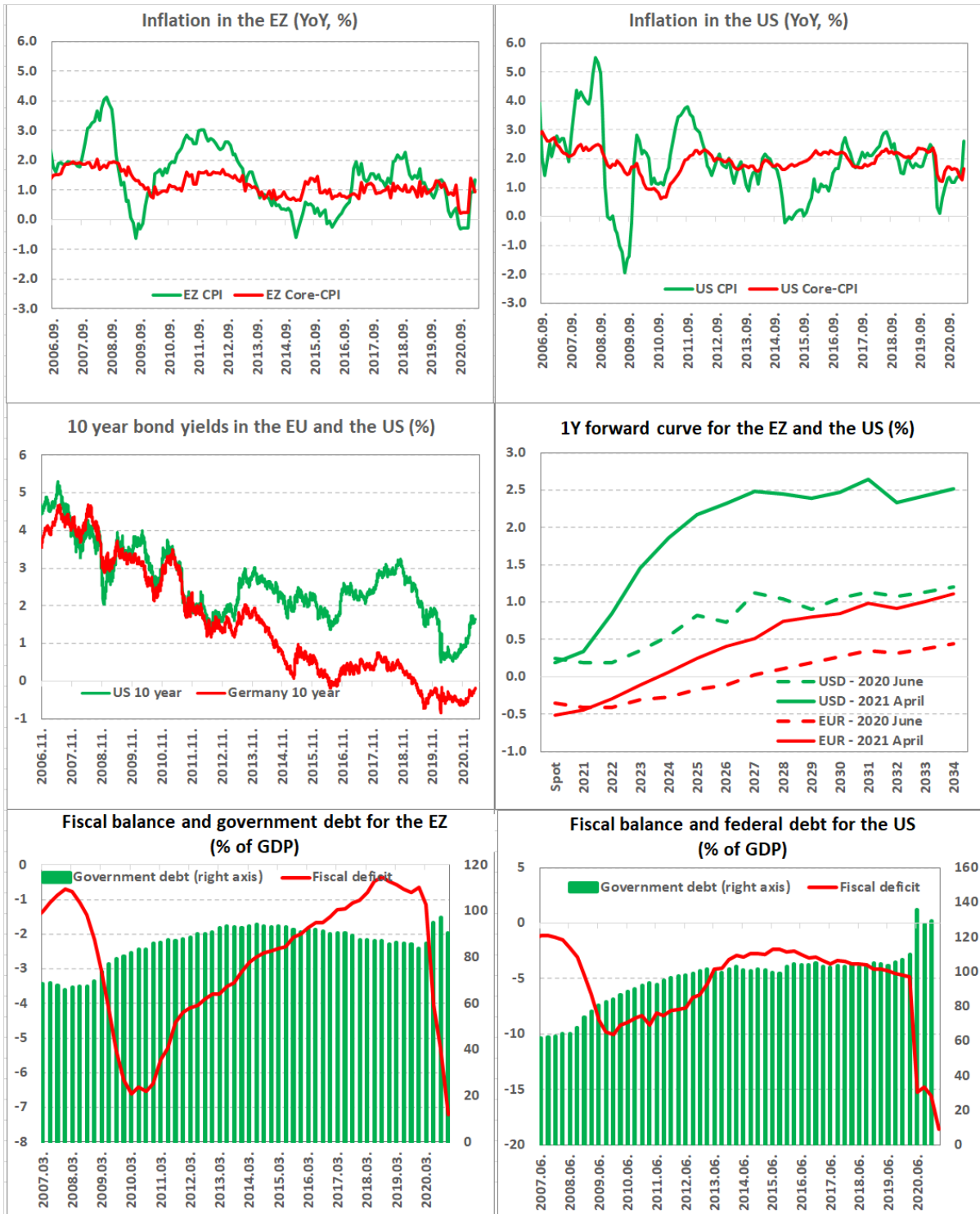
Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021 4. 26. 10 : 00	DE	IFO Economic sentiment index (points)	Apr	96.8	97.8	96.6
12 : 00	IL	Industrial production (MoM, %)	Feb	-1.1	1.1	-1.3
14 : 30	US	Durable goods orders (MoM, %)	Mar	0.5	2.3	-1.2
27. 5 : 00	JP	Interest rate decision (%)	Apr	-0.1	-0.1	-0.1
10 : 00	IT	Consumer confidence (point)	Apr	102.3	102.0	100.9
15 : 00	US	Case-Shiller Home Price Index (YoY, %)	Feb	11.9	11.7	11.1
16 : 00	US	Consumer confidence (point)	Apr	121.7	113.0	109.7
28. 20 : 00	US	Interest rate decision (%)	Apr	0-0,25	0-0,25	0-0,25
29. 11 : 00	EZ	EC Economic Sentiment Index (points)	Apr	110.3	102.2	101.0
14 : 00	DE	CPI (preliminary, YoY, %)	Apr	2.0	1.9	1.7
14 : 30	US	GDP (preliminary, annualized QoQ, %)	Q1	6.4	6.1	4.3
14 : 30	US	Initial jobless claims ('000s)	weekly	553.0	549	547
14 : 30	US	Continuing jobless claims ('000s)	weekly	3660.0	3614	3674
16 : 00	US	Pending home sales (MoM, %)	Mar	1.9	4.7	-10.6
30. 3 : 00	CN	NBS Non-manufacturing PMI (points)	Apr	54.9		56.3
3 : 00	CN	NBS Manufacturing PMI (points)	Apr	51.1	51.7	51.9
7 : 30	FR	GDP (preliminary, QoQ, SA, %)	Q1	0.4	0.1	-1.4
8 : 00	DE	GDP (preliminary, QoQ, SA, %)	Q1	-1.7	-1.5	0.5
8 : 00	DE	GDP (preliminary, YoY, %)	Q1	-3.0	-3.6	-3.3
9 : 00	ES	GDP (preliminary, QoQ, SA, %)	Q1	-0.5	-0.5	0.0
9 : 00	ES	Retail sales (YoY, %)	Mar	14.9		-5.9
9 : 00	IT	Unemployment rate (%)	Mar	10.1		10.2
9 : 00	AT	GDP (preliminary, QoQ, SA, %)	Q1	0.2	-1.2	-2.7
10 : 00	IT	GDP (preliminary, QoQ, SA, %)	Q1	-0.4	-0.5	-1.8
10 : 30	PT	GDP (preliminary, QoQ, SA, %)	Q1	-3.3		0.2
11 : 00	EZ	GDP (preliminary, QoQ, SA, %)	Q1	-0.6	-0.8	-0.7
11 : 00	EZ	GDP (preliminary, YoY, %)	Q1	-1.8	-1.9	-4.9
11 : 00	EZ	CPI (flash, YoY, %)	Apr	1.6	1.6	1.3
11 : 00	EZ	Core CPI (flash, YoY, %)	Apr	0.8	0.8	0.9
11 : 00	EZ	Unemployment rate (%)	Mar	8.1	8.3	8.2
14 : 30	US	Personal income (MoM, %)	Mar	21.1	20.3	-7.1
14 : 30	US	Personal consumption (adjusted, MoM, %)	Mar	3.6	4.2	-1.0
15 : 45	US	Chicago PMI (points)	Apr	72.1	65.0	66.3

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	1.20	1.21	1.22	1.22	1.21	1.22
EURGBP	0.89	0.91	0.90	0.88	0.86	0.86	0.85	0.85	0.83	0.84
EURCHF	1.06	1.08	1.08	1.08	1.10	1.11	1.12	1.14	1.15	1.16
USDJPY	107.0	106.0	104.0	104.0	108.0	107.8	107.5	108.0	111.0	107.0

Source: Bloomberg

Regional macro forecast

Countries	GDP (yoy, %)					Countries	Fiscal balance (% of GDP)				
	2020	OTP		Focus Economics			2020	OTP		Focus Economics	
		2021	2022	2021	2022			2021	2022	2021	2022
Hungary	-5.0	4.9	6.1	4.5	4.8	Hungary	-8.8	-6.4	-3.8	-6.0	-4.2
Romania	-3.9	5.5	4.7	4.9	4.6	Romania	-9.6	-8.2	-6.5	-7.5	-5.7
Bulgaria	-4.2	3.4	4.3	3.4	3.9	Bulgaria	-3.2	-3.1	-1.5	-3.4	-2.0
Russia	-3.1	4.0	3.5	3.1	2.6	Russia	-3.8	-2.6	-1.2	-1.5	-0.5
Ukraine	-4.0	4.2	4.5	4.3	3.8	Ukraine	-5.3	-6.0	-4.0	-4.9	-3.1
Slovenia	-5.5	4.8	5.1	4.5	4.1	Slovenia	-8.1	-3.6	-2.8	-5.2	-3.4
Croatia	-8.4	5.5	6.1	4.8	4.6	Croatia	-7.7	-5.5	-3.0	-4.1	-3.0
Serbia	-1.0	5.0	4.4	4.7	4.3	Serbia	-8.1	-7.0	-1.5	-3.6	-1.9
Montenegro	-15.2	4.4	7.8	6.4	4.9	Montenegro	-10.0	-6.2	-2.5	-5.6	-3.2
Albania	-3.3	5.0	4.0	5.1	4.7	Albania	-6.9	-6.0	-4.0	-5.8	-3.9
Moldova	-7.0	4.9	7.5	4.5	4.9	Moldova	-5.3	-5.0	-4.0	-4.9	-3.5

Countries	Inflation (average (yoy), %)					Countries	Unemployment (%)				
	2020	OTP		Focus Economics			2020	OTP		Focus Economics	
		2021	2022	2021	2022			2021	2022	2021	2022
Hungary	3.3	3.4	3.4	3.5	3.2	Hungary	4.1	4.0	3.7	4.4	4.0
Romania	2.6	3.4	3.0	3.1	2.7	Romania	5.0	4.7	4.0	5.4	5.1
Bulgaria	1.7	1.8	2.1	1.8	2.2	Bulgaria	5.1	5.0	4.7	5.4	5.0
Russia	3.4	5.6	4.4	4.7	3.8	Russia	5.8	5.0	4.0	5.5	5.0
Ukraine	2.7	6.4	5.7	7.0	5.8	Ukraine	9.5	9.2	8.3	9.2	8.5
Slovenia	-0.3	1.0	1.7	1.0	1.5	Slovenia	4.9	4.7	4.5	5.2	4.8
Croatia	0.1	1.6	1.4	1.0	1.5	Croatia	7.5	7.0	6.0	8.8	7.9
Serbia	1.6	1.9	2.2	1.9	2.3	Serbia	9.0	9.7	9.0	9.7	9.3
Montenegro	-0.3	0.9	1.3	1.0	1.4	Montenegro	17.0	17.5	16.5	16.2	15.5
Albania	1.6	1.8	2.0	2.1	2.6	Albania	11.7	11.1	10.5	12.3	11.4
Moldova	3.8	3.2	3.5	3.2	4.5	Moldova	3.8	5.3	5.8	4.6	4.0

Source: Focus Economics, OTP Research Center

FX forecast for the OTP countries

Country	FX pair	2020.Q4	2021.Q1	2021.Q2	2021.Q3	2021.Q4	2022.Q1	2022.Q2	2022.Q3	2022.Q4
Hungary	EURHUF (eop)	363.0	362.0	361.0	361.0	361.0	361.0	361.0	361.0	361.0
Romania	EURRON (eop)	4.87	4.93	4.91	4.91	4.93	4.96	4.97	4.97	4.98
Russia	USDRUB (eop)	73.9	75.7	73.0	72.4	71.2	71.5	71.4	71.5	71.8
Ukraine	USDUAH (eop)	28.34	27.85	27.80	28.16	28.60	28.73	28.76	28.94	29.23
Croatia	EURHRK (eop)	7.6	7.6	7.6	7.6	7.5	7.5	7.5	7.5	7.5
Serbia	EURRSD (eop)	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0	118.0
Montenegro	EURUSD (eop)	1.22	1.18	1.20	1.21	1.22	1.22	1.23	1.23	1.23

*Slovenia and Montenegro uses EUR as a base currency.

**No forecast available for Moldova and Albania

Source: Focus Economics

Chief Economist
Gergely Tardos
tardosg@otpbank.hu

Analyst
Mihály András Kovács
Mihaly.Andras.Kovacs@otpbank.hu

OTP Bank Romania Treasury Sales Team

Robert Kovacs

Head of Sales

+40 372 318 588

robert.kovacs@otpbank.ro

Anca Butuc

Desk Dealer

+40 372 318 587

anca.butuc@otpbank.ro

Anamaria Toma

Desk Dealer

+40 372 318 585

anamaria.toma@otpbank.ro

Corina Bejan

Desk Dealer

+40 372 318 583

corina.bejan@otpbank.ro

Teodor Tibuleac

Desk Dealer

+40 372 318 586

teodor.tibuleac@otpbank.ro

Szilamer Kozma

Regional Dealer

+40 372 504 520

szilamer.kozma@otpbank.ro

Andrei Sala

Regional Dealer

+40 755 000 015

andrei.sala@otpbank.ro

Dan Giurea

Regional Dealer

+40 372 318 584

dan.giurea@otpbank.ro

Alexandru Sabin

Regional Dealer

+40 755 000 255

alexandru.sabin@otpbank.ro

This document was prepared on 04 May 2021.

Disclaimer for OTP Bank Romania S.A. customers

OTP Bank Romania S.A. does not intend to present this document as an objective or independent explanation of the matters contained therein. This document a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication does not contain a comprehensive analysis of the described issues. This report is issued for information purposes only and should not be interpreted as a suggestion, an invitation or an offer to enter into any transaction, as an investment advice, and it does not constitute legal, tax or accounting advice. Also it is not and should not be considered a recommendation for investment in financial instruments according to NSC Regulations no. 32/2006 and 15/2006.

Information herein reflects current market practices. Additional information may be available on request. This document is intended only for the direct and sole use of the selected customers of OTP Bank Romania S.A. Any form of reproduction or redistribution to any other person that the intended recipients, including publication in whole or in part for any purpose, must not be made without the express written agreement of OTP Bank Romania S.A. Although the information in this document has been prepared in good faith from sources which OTP Bank Romania S.A. believes to be reliable, we do not represent or warrant its accuracy and such information may be incomplete or condensed. The issuer of this report does not claim that the information presented herein is perfectly accurate or complete. However it is based on sources available to the public and widely believed to be reliable. Also the opinions and estimates presented herein reflect a professional subjective judgment at the original date of publication and are therefore subject to change thereafter without notice. Furthermore there can be no guarantees that any market developments will unfold as forecasted. Opinions and estimates constitute our judgment and are subject to change without notice.

OTP Bank Romania S.A. may have issued reports that are different or inconsistent with the information expressed within this report and is under no obligation to update or keep current the information contained herein.

OTP Bank Romania S.A. may hold a position or act as market maker in the financial instrument of any issuer discussed herein or act as advisor or lender to such issuer. This document is not intended to provide the basis for any evaluation of the financial instruments discussed herein. In particular, information in this document regarding any issue of new financial instruments should be regarded as indicative, preliminary and for illustrative purposes only, and evaluation of any such financial instruments should be made solely on the basis of information contained in the relevant offering circular and pricing supplement when available. OTP Bank Romania S.A. does not act as a fiduciary for or an advisor to any prospective purchaser of the financial instruments discussed herein and is not responsible for determining the legality or suitability of an investment in the financial instruments by any prospective purchaser.

This report is not intended to influence in any way or to be considered a substitute to research and advice centred on the specific investment objectives and constraints of the recipient (including tax concerns) therefore investors should obtain individual financial advice. Before purchasing or selling financial instruments or engaging investment services, please examine the prospectuses, regulations, terms, agreements, notices, fee letters, and any other relevant documents regarding financial instruments or investment services described herein in order to be capable of making a well-advised investment decision. Please refer to your competent adviser for advice on the risks, fees, taxes, potential losses and any other relevant conditions before you make your investment decision regarding financial instruments or investment services described herein. OTP Bank Romania S.A. in compliance with the applicable law, assumes no responsibility, obligation, warranty or guarantee whatsoever for any direct or indirect damage (including losses arising from investments), or for the costs or expenses, detrimental legal consequences or other sanctions (including punitive and consequential damage) sustained by any natural or legal person as a result of the purchase or sale of financial instruments or engaging investment services described herein, even if OTP Bank Romania S.A. was warned of the possibility of such occurrences.

Figures described herein refer to the past and past performance is not a reliable indicator of future results. Investments in financial instruments carry a certain degree of risk (fluctuation of share prices, uncertainty of dividend, yields and / or profits, exchange rate fluctuations, etc.). The capital invested is not guaranteed, investment gains, usually assumed proportionate to risk, and past performance of financial instruments is not a guarantee for future performance.

Please note that the Internet is not a secure environment and OTP Bank Romania S.A. does not accept any liability for any loss caused by the result of using this report in a form altered or delayed by the wilful or accidental interception, corruption or virus infection.

All rights reserved – OTP Bank Romania S.A. (registered seat: Street Buzesti, no. 66-68, 1st district Bucharest, Romania; company registration number: J40/10296/1995, CUI RO 7926069.; NBR registration no RB-PJR-40-028/1999; for further information please refer to: <https://www.otpbank.ro/en>).

This document has been provided to the recipients upon their prior request. Your abovementioned permission may be withdrawn by an e-mail addressed to newsletters@otpbank.ro or a written mail addressed to OTP Bank Romania S.A , Buzesti Street, no. 66-68, 1st district, Bucharest, Romania. Please refer to your name and e-mail address in both cases.