otp Research

OTP Weekly Outlook

Next week:

- *Euro area Q4 GDP and January inflation, as well as US labour market data for January could be in the spotlight next week*

This week:

- *Weekly fall on major stock markets, on account of slow vaccination rollout and deteriorating growth outlook.*
- *The EUR/USD and long-term yields slightly fell in the risk-off environment; oil prices rose somewhat. The big winners are silver, steel and corn among commodities.*
- *Better-than-expected GDP data from Europe.*
- *No surprise from the Fed, solid Q4 growth in the USA*

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	3766.0	-2.0	0.3	US 2 year	0.12	-0.6	-0.6	Dollar index	90.492	0.3	0.6	Brent	56	1.2	8.3
Russel 2000	2117.9	-2.3	7.2	US 10 year	1.08	-0.5	16.8	EURUSD	1.215	-0.2	-0.6	WTI	53	1.2	9.0
Stoxx 600	398.4	-2.5	-0.2	DE 2 year	-0.74	-2.2	-2.0	USDJPY	104.70	-0.9	-1.4	Gold	1860	0.2	-2.0
DAX	13555.9	-2.3	-1.2	DE 10 Year	-0.51	0.1	5.9	GBPUSD	1.372	0.3	0.4	Silver	27	7.0	3.3
CAC40	5446.0	-2.0	-1.9	SP 10 year	0.10	-2.1	5.7	AUDUSD	0.769	-0.4	-0.1	Palladium	2286	-3.2	-6.7
FTSE100	6447.7	-3.7	-0.2	UK 10 year	0.32	1.3	12.7	USDCAD	1.274	-0.1	-0.1	Copper	359	-1.1	1.9
FTSE MIB	21733.2	-1.6	-2.2	IT 10 year	0.63	-11.6	9.3	USDCHF	0.889	-0.4	-0.5	Steel	1152	8.9	14.6
Nikkei 225	27663.4	-3.4	0.8	JP 10 year	0.05	1.3	3.2	NZDUSD	0.722	0.4	0.5	Wheat	648	2.0	1.1
CSI 300	5352.0	-3.9	2.7	CH 10 year	3.18	5.8	4.2	CNHUSD	6.443	0.8	0.9	Corn	538	7.4	11.1

Source: Bloomberg

Euro area Q4 GDP and January inflation, as well as US labour market data for January could be in the spotlight next week

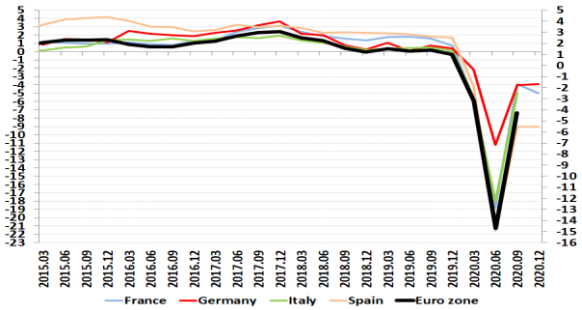
Next week we will learn more about the 2020Q4 economic performance of the euro area as a whole, and January inflation data for the region will be also published. The eurozone is likely to have contracted by about 1.8% QoQ in Q4, and hence lagged again behind the USA, which posted a solid 1% QoQ growth (not annualized). Still some larger economies like Germany, France and Spain held up better-than-expected, based on this week's data releases, which increases the chance of a small upside surprise in the GDP data for the whole area. January US labour market data will likely show a renewed increase in jobs amidst a good real economy start, based on indicators available so far. Meanwhile, possibly more details might be known about Joe Biden's USD 1,900 bn American Rescue Plan in terms of substance and whether it could survive Congressional debate in its current form. Still, special attention should be paid to the pandemic situation in Israel, where 17% of the population, has been fully vaccinated by now, while 33% has received already one shot. If vaccines work as originally thought, sooner or later we should see a sharp decline in hospitalization and daily cases in the country. Although there are already some encouraging signs based on local reports on hospitals, we still see only a slow decline in daily new cases, despite the strict lockdown.

We start the next week with **China's** *Caixin manufacturing PMI* for January. The indicator has been relatively stable around 52 since February 2020. China's manufacturing was supported by strong demand for medical and electronic equipment last year due to the pandemic. As the situation has not meaningfully changed so far, we think the sector could have kept up with a solid pace. The *services* sector part of the index is to be released on Wednesday only. This index has shown a continuous improvement from last February to November, and a slight deterioration for December. However, the 56.3 points for the last month of 2020 could still be considered very solid.

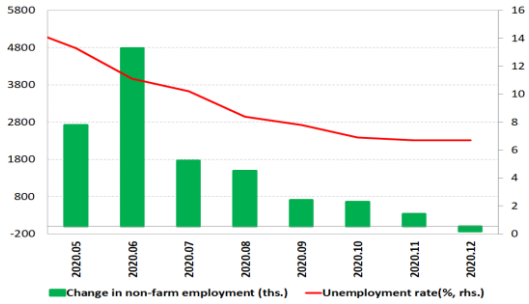
In the **euro area,** the Q4 *GDP* for the whole region will be published on Tuesday. The market expectation is -1.8% QoQ, but given this week's better-than-expected data for France, Spain, and to a minor extent Germany, there the statistics for the whole region may also surprise on the upside. This also depends on Italy's figure, which will be published on the same day. Still, this helps little in the current situation, as Q1 lockdowns are more stringent and longer in Europe than was thought a month ago. Another interesting data will be the eurozone's January inflation, to be published on Wednesday. This could also surprise on the upside, compared to the market expectation of 0.3%, as the German figure released this week, at 1.0%, was also surprisingly strong. The data was partly driven by reversing the temporary VAT cut, some reweighting of the CPI, which now adds more to the index than usually does, because the pandemic caused a significant change in the structure of consumer spending during the year. Still, there is a chance that underlying price increase was also somewhat stronger than usual, partly due to higher carbon prices and minimum wage. Retail sales and industry data from Germany, as well as retail sales from Italy will be also released, but these data will likely attract less interest, given that we will know Q4 GDP for both countries by then. Markets will probably ignore the January reading of the eurozone's unemployment data, as the statistics is heavily affected by Kurzarbeit schemes, and do no show the real underlying labour market situation.

As for the **USA,** our primary focus will be on the January batch of *labour market* data, although January *ISM purchasing managers' index* and some December hard data could also attract some interest. After the 140,000 fall in employment in December, now the market expects a moderate, 20,000 rebound in non-farm payrolls, and an almost flat unemployment rate of 6.8%. The likely improvement is underpinned by declining weekly jobless claims, strong business confidence data from January, as well as the fact that the Americans have probably received the USD 600 stimulus checks by now, which could have given a new boost to the economy.

Euro area GDP growth, YoY, SWDA



Indicators of US labour market



Source: Bloomberg, Refinitiv

What to watch next week

Data		Cd.	Event/Data	Period	Cons.	Prev.
2021	2. 1. 2 : 45	CN	Caixin Manufacturing PMI (points)	Jan	52.7	53.0
	8 : 00	DE	Retail sales (MoM, %)	Dec	-2.3	1.9
	9 : 45	IT	Markit/IHS Manufacturing PMI (prelim.)	Jan	52.4	52.8
	10 : 00	IT	Unemployment rate (%)	Dec	9.0	8.9
	11 : 00	EZ	Unemployment rate (%)		8.3	8.3
	16 : 00	US	Construction expenditure (MoM, %)	Dec	0.8	0.9
	16 : 00	US	ISM Manufacturing PMI (points)	Jan	59.5	60.7
	2. 10 : 00	IT	GDP (preliminary, QoQ, %)	Q4	-2.3	15.9
	11 : 00	EZ	GDP (preliminary, QoQ, %)	Q4	-1.8	12.5
	11 : 00	EZ	GDP (preliminary, YoY, %)	Q4	-6.0	-4.3
	3. 2 : 45	CN	Caixin Services PMI	Jan		56.3
	9 : 45	IT	Markit/IHS Services PMI (prelim.)	Jan	39.0	39.7
	11 : 00	EZ	CPI (flash, YoY, %)	Jan	0.4	-0.3
	11 : 00	EZ	Core CPI (flash, YoY, %)	Jan	0.7	0.2
	14 : 15	US	ADP non-farm employment (MoM, '000s)	Jan	40.0	-123.0
	16 : 00	US	ISM non-Manufacturing PMI (points)	Jan	56.5	57.2
	4. 11 : 00	EZ	Retail sales (MoM, %)	Dec	1.3	-6.1
	13 : 00	UK	Interest rate decision (%)	Feb	0.1	0.1
	14 : 30	US	Initial jobless claims ('000s)	weekly		847.0
	14 : 30	US	Continuing jobless claims ('000s)	weekly		4771.0
	16 : 00	US	Factory orders (MoM, %)	Dec	0.6	1.0
	5. 8 : 00	DE	Industrial orders (MoM, %)	Dec	-1.5	2.3
	10 : 00	IT	Retail sales (MoM, SA, %)	Dec		-6.9
	14 : 30	US	Non-farm payroll (MoM, '000s)	Jan	20.0	-140.0
	14 : 30	US	Unemployment rate (%)	Jan	6.8	6.7
	14 : 30	US	Average earnings (MoM, %)	Jan	0.3	0.8
	14 : 30	US	Average earnings (YoY, %)	Jan	5.1	5.1

Weekly fall on major stock markets, on account of slow vaccination rollout and deteriorating growth outlook. Slowly improving pandemic situation, slow vaccination, but more reassuring Q4 GDP figures

Pandemic situation: new cases decline almost everywhere in Europe and the USA, but death rates are still alarming in the USA, UK, and Ireland. Vaccination is very slow in the EU, somewhat quicker in the UK and USA.

The number of daily new cases continues to fall in the USA, while the daily new covid-related death count is still plateauing. In the UK and Ireland, daily new infections decrease rapidly, while the daily new death count have reached its peak. The infection rate and death counts reached record high numbers in Portugal this week, due the presence of the new UK variant. Spain also suffered from a new wave of infections. The daily new cases and deaths slowly rose in France this week, but most of the other Western European countries reported moderate infection rates. In the CEE region, Albania and Montenegro reported a sudden increase of new cases. While other countries in the region saw a drop in infection rates over the past month, this trend halted in the past few days.

Unfortunately, bot hopefully temporarily, vaccination is still very slow in the EU. In most countries of the EU, only 1%-3% of the population has received at least the first dose of the jab, while the share of fully vaccinated people is around 0.5% at best. Israel takes the lead in the world by vaccinating 33% of its population at least with the first shot, and 17% has been fully vaccinated already. This latter rate is 0.7% in the UK (which follows a strategy to vaccinate the biggest share of population by one dose first, currently at 11%), and near 1.2% in the USA (at least one dose 6.3%). The vaccine outlook in the EU has become bleaker after the strong disagreement between AstraZeneca and the EU Commission, over the drugmaker's contractual commitment. It cannot be ruled out that the drugmaker delivers only 25% of the volume it had promised in Q1.

Weekly fall on major stock markets as investors start to realize that the recovery could be further away than initially thought

Europe's major stock indices and markets in the USA closed the week with a non-negligible loss by Friday afternoon, despite better-than-expected Q4 GDP data in Europe and growth figures in line with expectations for the USA. Even more, most Q4 earnings reports were in line with, or even exceeding expectations. Markets were concerned about the slow rollout of vaccines in particular in continental Europe, a region hard hit by the Covid-19 virus, which has culminated in a spat between the European Union and drugmaker Astrazeneca over the distribution of limited supplies. The slow pace of vaccinations pushes the date of a meaningful recovery further into the future. The turmoil caused by small traders organising over online forums, such as Reddit, to force hedge funds to reverse short positions on a series of stocks also added to the decline. This latter has resulted in these funds dumping other equity holdings in order to raise liquidity.

In **Europe**, the *STOXX600* stood at -2.5% by Friday afternoon, and all major indices were in the red: the *DAX* –2.3%, CAC40 -2.0%, *FTSE100* -3.7%, *and the FTSE MIB -1*.6%. French indices were supported by stronger-than-expected GDP data, while political uncertainty was weighing on Italy. Among sectors, only telco (+1.5%) and real estate (+0.3%) could grow, while the rest of them all fell. In particular, cyclical sectors, like basic resources and energy, banks and insurance travel&leisure all posted fall around 4-4.5%.

In the **USA** the *S&P* fell by 2.0%, the small-cap index *Russell 2000 decined* by 2.3%. Only real estate (+0.8%) could increase, while energy (-3.8%), materials (-3.6%) and financials (-3.1%) performed the worst.

The EUR/USD and long-term yields slightly fell in the risk-off environment, oil prices could grow somewhat. The big winners are silver, steel and corn.

The *US dollar* edged slightly higher; safe haven currencies were in demand as risk sentiment took a hit on the back of turmoil in equity markets. Also helping the greenback was the release of some positive U.S. economic data on Thursday, with the weekly initial jobless claims falling more than expected. Fourth-quarter GDP, meanwhile, slowed sharply but stayed positive.

Long-term bond yields fell in most countries, including the USA, also supported by the dovish statement. Germany's 10Y bond was a minor exception (+0.1 bps), but yields in the euro periphery fell, in particular in Italy, probably because of the heavy involvement of ECB, as no reassuring news came from the country with the resignation of PM Giuseppe Conte.

O*il prices* could increase slightly as slowing demand for fuel was counterbalanced by Saudi Arabia's pending supply cut and lower U.S. oil inventories. Corn, steel, and silver were the best-performing commodities this week.

Better-than-expected GDP data from Europe, no surprise from the Fed, mixed data from the USA, but still a solid growth for Q4

GDP data for Q4 in the largest economies of the **euro area** turned out mostly better-than-expected. The 0.4% QoQ increase in Spain's GDP, as opposed to the expected decline; the 1.5% contraction in France (compared to a market expectation of 4.0% fall), and Germany's 0.1% uptick (as opposed to stagnation) all possibly suggest that lockdowns in the whole area not only scarred the economy less than in the spring, but also showed that the region was more resilient than could have been thought a few weeks earlier. However, both Germany's IFO, and the EU Commission's ESI index were sobering, and suggest that Q1 could be worse than Q4 for the area. Meanwhile, Germany's January inflation surprised to the upside at 1.0% instead of 0.7%. This surely reflects the effect of weight changes in the consumption basket on the one hand, as the pandemic forced households to change their consumptions structure more significantly than usual, but there is a chance that underlying price pressures also strengthened, on account of higher carbon tax and minimum wage.

2020Q4 *GDP* in the **USA** turned out at 4.0% at an annualized rate, fully in line with market expectations and slowing from a record 33.4% expansion in Q3 as the continued rise in covid-19 cases and restrictions on activity moderated consumer spending. The increases in exports, non-residential fixed investment, personal consumption expenditures, residential fixed investment, and private inventory investment were partly offset by decreases in state and local government spending and federal government spending. The US economy could keep up relatively well also in Q1 compared to Europe. However, this week's data sent more mixed signals than figures from the week before. While the Conference Board's consumer confidence edged up, Chcago PMI sky-rocketed, durable goods orders, and the leading index weakened. Although new home sales strengthened, they missed expectations. Consumer spending weakened in December, but less than expected, while income could even nudge higher.

As expected, the *Fed* made no change in actual policy on Wednesday and acknowledged in its post-FOMC meeting statement that the economic recovery weakened in the final couple of months of 2020. However, it balanced the near-term pessimism with greater optimism that vaccines had reduced the medium-term risks to the outlook. In his post-meeting press conference, Chair Powell was remarkably dovish. He rejected claims that the Fed's accommodative policy was responsible for surging asset values and stressed that, even if financial stability concerns did emerge, the Fed would prefer to address those using macroprudential policy rather than reining in monetary policy. He played down the risks of rising inflation, arguing that, given the disinflationary environment that has persisted for the past couple of decades, any rise in inflation should initially be treated as transitory. Overall, the market does not

expect the Fed to begin tapering its asset purchases until early next year and thinks the first rate hike could be delayed possibly until 2024.

Sectoral performance in the US and Europe

Performance of US sectors

Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
S&P500	SPX Index	3766.0	-2.0	0.3
IT	S5INFT Index	2315.4	-1.0	1.1
Health care	S5HLTH Index	1356.4	-1.1	2.4
Financials	S5FINL Index	488.4	-3.1	-0.4
Telco	S5TELS Index	220.7	-2.4	-0.5
Consumer discretionary	S5COND Index	1327.2	-3.0	1.9
Industrials	S5INDU Index	728.5	-2.7	-2.8
Consumer staples	S5CONS Index	669.5	0.0	-3.9
Utilities	S5UTIL Index	317.6	-0.7	-0.5
Energy	S5ENRS Index	305.4	-3.8	6.7
Real estate	S5RLST Index	231.1	0.8	1.4
Materials	S5MATR Index	451.6	-3.6	-0.9

Source: Bloomberg

Performance of Europe's sectors

Sector	Bloomberg ticker	Last price	1 week change (%)	YTD (%)
Stoxx 600	SXXP Index	398.4	-2.5	-0.2
Health care	SXDP Index	889.0	-2.7	1.1
Industrial goods & services	SXNP Index	627.8	-3.5	-0.2
Banks	SX7P Index	106.3	-3.9	-1.8
Personal & households goods	SXQP Index	904.0	-2.3	-3.1
Insurance	SXIP Index	267.1	-4.3	-4.3
Food and beverages	SX3P Index	696.7	-0.6	-2.6
Technology	SX8P Index	627.9	-2.3	4.0
Utilities	SX6P Index	381.6	-2.4	-0.6
Oil & gas	SXEP Index	240.7	-4.0	1.8
Chemicals	SX4P Index	1109.4	-0.7	-0.4
Construction & materials	SXOP Index	491.7	-3.4	-0.2
Telco	SXKP Index	214.2	1.5	4.1
Retail	SXRP Index	391.4	-1.6	-1.1
Financial services	SXFP Index	616.6	-1.3	1.7
Basic resources	SXPP Index	513.5	-4.6	2.8
Real estate	SX86P Index	165.1	0.3	-3.4
Auto & parts	SXAP Index	527.7	-1.6	0.1
Media	SXMP Index	284.9	-1.3	0.6
Travel & leisure	SXTP Index	215.7	-4.2	-3.8

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	3766	1.0	13.8	15.6	15.0	30.2	4.2	2.8	11.2	1.4	119.5	29.0	22.8
Europe	SXXP Index	398	-0.8	16.6	8.4	-5.0	51.4	1.9	1.4	4.2	1.1	194.1	5.8	34.6
Germany	DAX Index	13556	-1.5	16.9	5.7	1.6	65.3	1.8	1.1	3.3	1.2	133.5	200.9	30.7
France	CAC Index	5446	-3.0	19.2	9.8	-8.5	58.2	1.7	1.3	2.9	1.1	245.7	115.3	59.5
Poland	WIG20 Index	1956	-3.0	26.8	7.2	-6.8	30.7	1.1	0.9	3.0	1.1	56.0	46.4	18.4
Czechia	PX Index	1017	-1.3	19.9	12.5	-7.3	15.3	1.2	1.5	7.8	1.2	168.7	11.3	12.6
Hungary	BUX Index	43899	5.2	37.0	25.7	1.1	19.2	1.1	0.9	5.2	1.2	61.1	1229.1	47.7
Romania	BET Index	10333	6.1	20.8	20.5	2.8	12.6	1.1	1.5	8.8		33.0	91.4	
Bulgaria	SOFIX Index	499	11.8	17.8	14.0	-13.4	3.7	0.6	0.6	15.0	3.2	61.9		
Russia	IMOEX Index	3275	0.0	20.9	12.2	4.7	14.6	1.0	1.2	7.2	1.4	71.3	168.5	68.2
Ukraine	PFTS Index	514	1.2	2.5	2.7	1.6		0.8			0.8	10.4		
Slovenia	SBITOP Index	940	4.2	18.9	10.6	-2.6	8.5	0.9	0.6	9.9	1.6	28.9		
Croatia	CRO Index	1786	2.5	14.4	13.0	-11.8	88.9	1.0	1.1	1.1	1.4	53.4		
Serbia	BELEX15 Index	734	0.3	5.7	9.5	-9.0	16.1	0.6	0.8	4.3	1.7	20.6		
Montenegro	MNSE10 Index	728	5.4	11.8	4.6	-5.5	15.8	0.3	1.0	1.9	2.2	15.0		

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

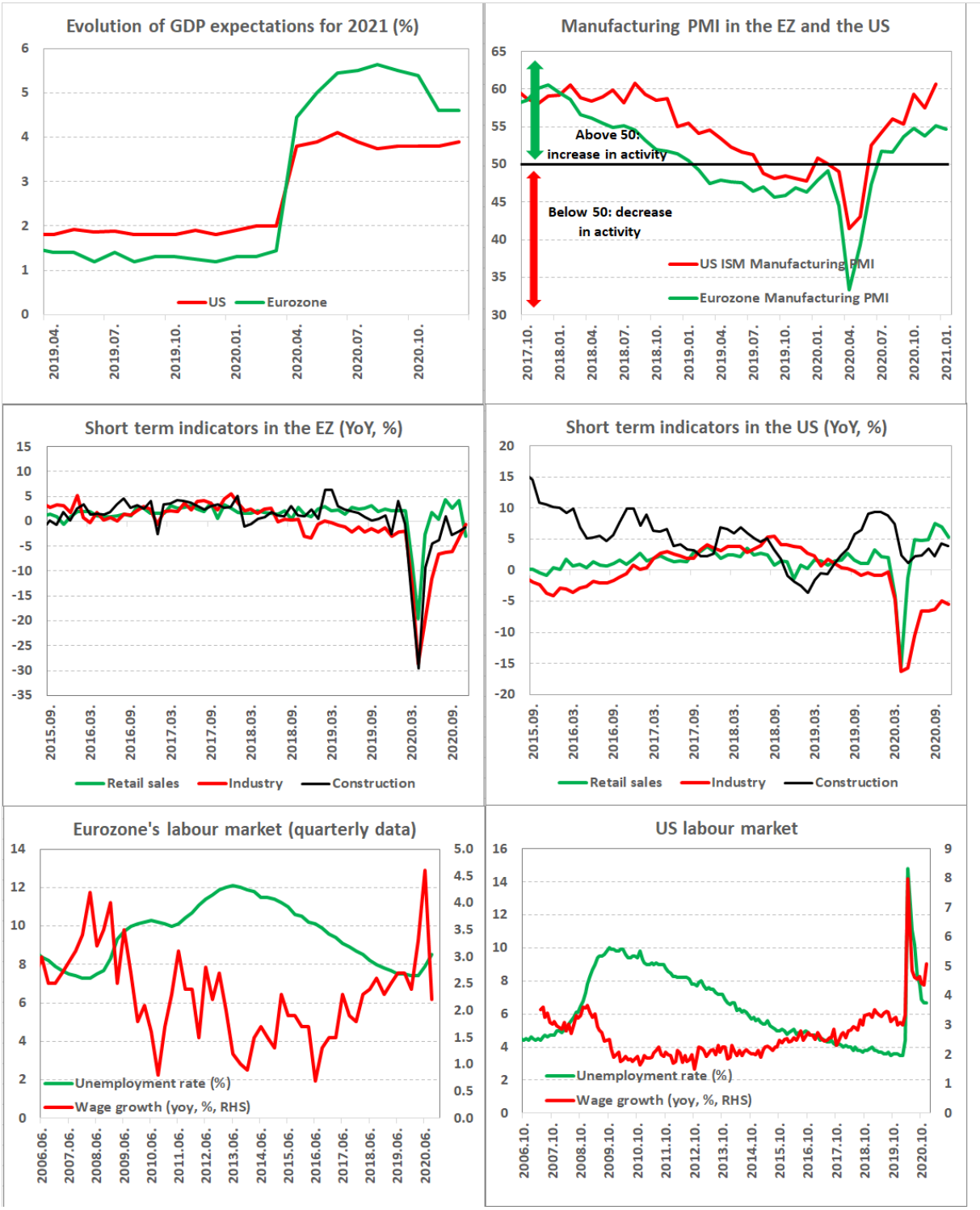
***Bear in mind that some of the country index could be very sector heavy (only a handful industry consists of the majority of the index),

***therefore direct comparision of only valuation metrics could be misleading.

Last week's data

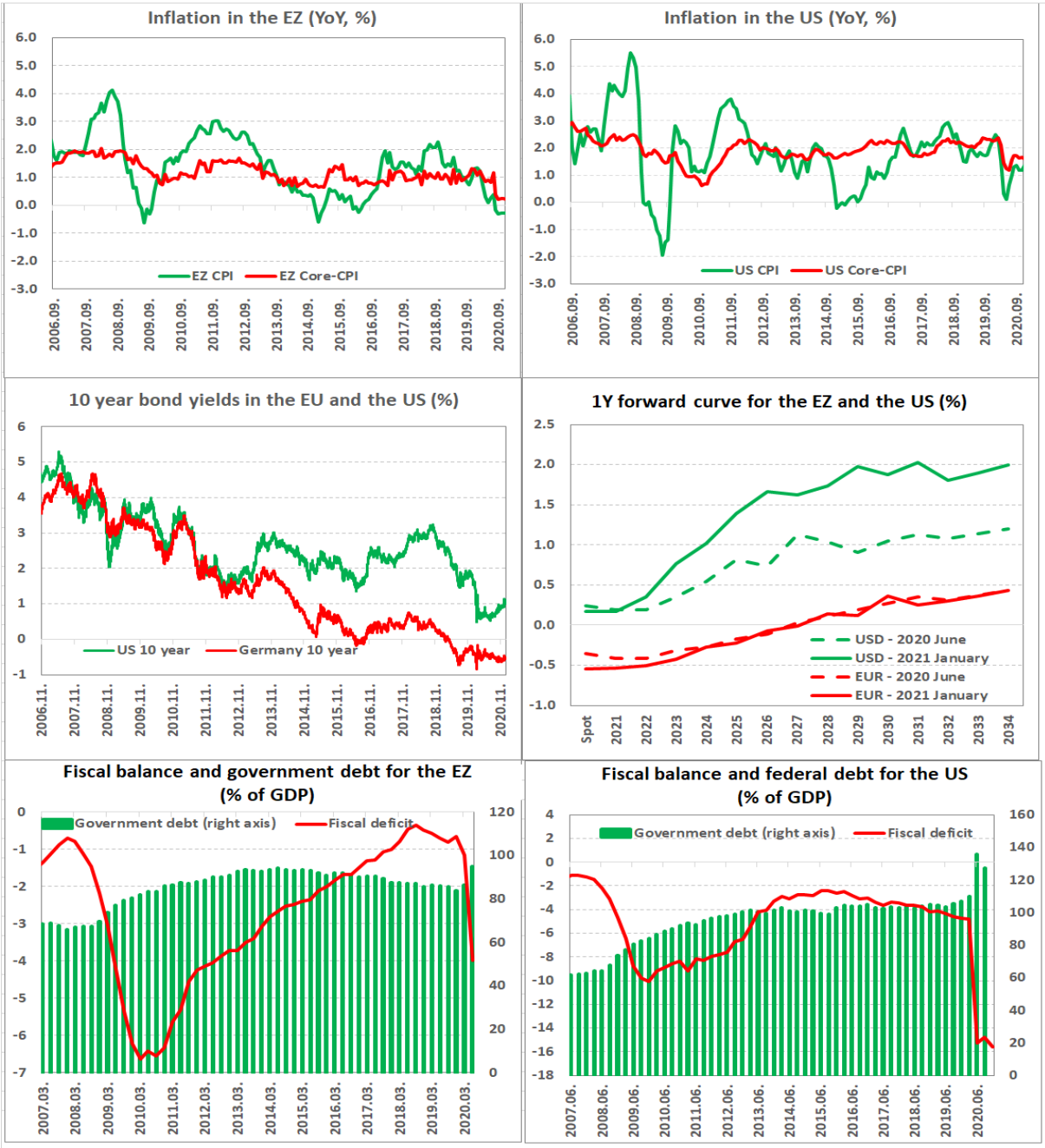
Data	Cd.	Event/Data	Period	Fact	Cons.	Prev.
2021 1. 25. 10 : 00	DE	IFO Economic sentiment index (points)	Jan	90.1	91.8	92.1
26. 8 : 00	UK	Unemployment rate (%)	Nov	5.0	5.1	4.9
15 : 00	US	Case-Shiller Home Price Index (YoY, %)	Nov	9.1	8.6	7.9
16 : 00	US	Consumer confidence (point)	Jan	89.3	89.0	88.6
27. 14 : 30	US	Durable goods orders (MoM, %)	Dec	0.2	0.9	1.2
20 : 00	US	Interest rate decision (%)	Jan	0-0,25	0-0,25	0-0,25
28. 10 : 00	IT	Consumer confidence (point)	Jan	100.7	100.5	101.1
11 : 00	EZ	EC Economic Sentiment Index (points)	Jan	91.5	89.5	92.4
14 : 00	DE	CPI (preliminary, YoY, %)	Jan	1.0	0.7	-0.3
14 : 30	US	GDP (preliminary, annualized QoQ, %)	Q4	4.0	4.0	33.4
14 : 30	US	Initial jobless claims ('000s)	weekly	847.0	875.0	914.0
14 : 30	US	Continuing jobless claims ('000s)	weekly	4771.0	5054.0	4974.0
16 : 00	US	Leading index (MoM, %)	Dec	0.3	0.3	0.7
16 : 00	US	New home sales (annualized monthly, '000s)	Dec	842.0	865.0	829.0
29. 7 : 30	FR	GDP (preliminary, QoQ, %)	Q4	-1.5	-4.0	18.7
9 : 00	ES	GDP (preliminary, QoQ, %)	Q4	0.4	-1.5	16.4
9 : 00	ES	Retail sales (YoY, %)	Dec	-1.5		-4.3
9 : 00	AT	GDP (preliminary, QoQ, %)	Q4	-4.3	-2.5	12.0
10 : 00	DE	GDP (QoQ, SA, preliminary, %)	Q4	0.1	0.0	8.5
10 : 00	DE	GDP (preliminary, YoY, %)	Q4	-3.9	-3.4	-3.9
14 : 30	US	Personal income (MoM, %)	Dec	0.6	0.1	-1.1
14 : 30	US	Personal consumption (adjusted, MoM, %)	Dec	-0.2	-0.4	-0.4
15 : 45	US	Chicago PMI (points)	Jan	63.8	58.5	59.5
16 : 00	US	Pending home sales (MoM, %)	Dec	-0.3	-0.1	-2.6

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	1.22	1.23	1.24	1.25	1.25	1.25	1.25
EURGBP	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
EURCHF	1.06	1.08	1.08	1.09	1.09	1.10	1.10	1.13	1.13	1.15
USDJPY	107.0	106.0	104.0	103.0	103.0	102.5	102.0	105.0	102.0	100.0

Source: Bloomberg

Regional macro forecast

Countries	GDP (yoy, %)					Countries	Fiscal balance (% of GDP)				
		OTP		Focus Economics				OTP		Focus Economics	
	2019	2020	2021	2020	2021		2019	2020	2021	2020	2021
Hungary	4.6	-6.3	4.6	-5.9	4.5	Hungary	-2.1	-9.0	-6.7	-8.2	-5.4
Romania	4.1	-5.5	4.0	-5.2	4.2	Romania	-4.4	-9.5	-7.0	-9.5	-6.9
Bulgaria	3.8	-4.3	2.0	-4.7	3.5	Bulgaria	1.9	-4.2	-3.2	-4.2	-3.2
Russia	1.3	-3.5	2.5	-3.8	3.0	Russia	1.8	-4.5	-2.6	-4.5	-2.4
Ukraine	3.2	-4.6	4.0	-5.1	3.9	Ukraine	-2.2	-7.5	-6.0	-6.4	-5.0
Slovenia	3.2	-5.4	5.0	-6.9	4.7	Slovenia	0.5	-6.3	-4.5	-8.5	-4.5
Croatia	2.9	-9.0	3.5	-8.6	4.8	Croatia	0.4	-8.5	-5.5	-8.1	-4.2
Serbia	4.2	-1.3	3.1	-1.7	4.6	Serbia	-0.2	-8.8	-3.0	-8.2	-3.1
Montenegro	4.1	-15.4	3.5	-13.4	6.2	Montenegro	-2.9	-9.9	-4.6	-9.9	-4.6
Albania	2.2	-4.0	4.0	-5.7	5.4	Albania	-1.9	-6.8	-4.7	-7.5	-5.1
Moldova	3.6	-7.3	4.9	-6.8	4.4	Moldova	-1.4	-7.5	-5.0	-7.1	-4.2
Countries	Inflation (average (yoy), %)					Countries	Unemployment (%)				
		OTP		Focus Economics				OTP		Focus Economics	
	2019	2020	2021	2020	2021		2019	2020	2021	2020	2021
Hungary	3.4	3.4	3.1	3.4	3.1	Hungary	3.4	4.7	4.0	4.4	4.5
Romania	3.8	2.6	2.4	2.7	2.7	Romania	3.9	5.0	5.0	5.0	5.6
Bulgaria	3.1	1.8	2.0	1.8	2.1	Bulgaria	4.2	5.1	5.0	5.6	6.2
Russia	4.5	3.4	4.7	3.4	3.8	Russia	4.6	5.8	5.0	5.9	5.5
Ukraine	7.9	2.7	6.2	2.7	5.9	Ukraine	8.2	9.9	9.2	9.9	9.3
Slovenia	1.7	-0.1	1.3	-0.1	1.2	Slovenia	4.5	4.9	4.6	5.0	5.9
Croatia	0.8	0.1	0.7	0.2	1.0	Croatia	7.9	7.0	7.0	9.4	9.0
Serbia	1.9	1.6	2.0	1.6	1.9	Serbia	10.4	10.0	9.7	8.9	10.3
Montenegro	0.4	0.0	1.0	0.0	1.0	Montenegro	15.1	17.0	15.2	17.0	15.2
Albania	1.4	1.6	1.8	1.7	2.0	Albania	11.6	12.4	11.8	13.2	12.7
Moldova	4.8	3.9	3.2	3.8	3.7	Moldova	2.9	4.0	3.9	5.3	5.0

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	362.0	360.0	360.0	358.0
Romania	EURRON (eop)	4.78	4.83	4.84	4.87	4.87	4.88	4.89	4.92	4.96
Russia	USDRUB (eop)	61.9	77.7	70.0	79.7	73.9	73.4	69.8	71.8	71.1
Ukraine	USDUAH (eop)	23.70	27.62	26.70	28.30	28.34	28.26	28.34	28.51	29.09
Croatia	EURHRK (eop)	7.4	7.6	7.6	7.6	7.6	7.5	7.5	7.6	7.6
Serbia	EURRSD (eop)	118.0	117.0	118.0	118.0	118.0	117.0	117.0	118.0	118.0
Montenegro	EURUSD (eop)	1.12	1.10	1.12	1.17	1.20	1.20	1.21	1.22	1.22

*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
+36 1 374 7273

Senior Economist
Mihály Kovács
Mihaly.Andras.Kovacs@otpbank.hu
+36 1 374 7276

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 01 February 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.