

OTP Weekly Outlook

Next week's spotlight:

- PMIs, consumer confidence and ECB minutes from Europe
- PMIs, housing data and FOMC minutes from the US

This week:

- Euro area industrial data turned out better-than-foreseen
- US retail sales rebounded, but industrial production fell behind
- China's October real economy data disappointed
- Comments from major central bank officers have moved bond and stock markets this week.
- 10Y yields dropped this week with Treasury yields decreasing 3bps and bund-yield falling 15bps.
- European and US stocks may end the week mixed, cyclical sectors are underperforming.
- The EURUSD remained flat at 1.03, the British pound strengthened.
- Crude oil prices plunged as demand concerns overshadowed supply-side fears, WTI and Brent plunged 10 and 12%, respectively.
- The TTF gas 1M future price surged 15% this week, to 112 EUR/MWh on Friday.

**In the spotlight: PMIs, consumer confidence and ECB minutes from Europe;
PMIs, housing data and FOMC minutes from the US**

Date*		Cd.	Event/ Data	Period	Cons.	Prev.	
2022 11. 22.	16 :00	EZ	Consumer confidence (point)	Nov	-26.0	-27.6	
	23.	9 :15	FR	S&P GlobalM anufacturing PM I (points)	Nov	47.0	47.2
		9 :15	FR	S&P GlobalService PM I (points)	Nov	50.6	51.7
		9 :30	DE	S&P GlobalService PM I (points)	Nov	46.4	46.5
		9 :30	DE	S&P GlobalM anufacturing PM I (points)	Nov	45.2	45.1
		10 :00	EZ	S&P GlobalM anufacturing PM I (points)		46.0	46.4
		10 :00	EZ	S&P GlobalService PM I (points)	Nov	48.1	48.6
		14 :30	US	Durable goods orders M oM ,%)	Oct	0.4	0.4
		14 :30	US	Initial jobless claim s (000s)	weekly		222
		14 :30	US	Continuing jobless claim s (000s)	weekly		1507
		15 :45	US	S&P GlobalM anufacturing PM I (points)	Nov	49.8	50.4
		15 :45	US	S&P GlobalService PM I (points)	Nov	47.7	47.8
		16 :00	US	New hom e sales (annualized m onthly, thousand)	Oct	570	603
		20 :00	US	FOMC M inutes	Nov	-	-
24.	10 :00	DE	IFO Econom ic sentim ent index (points)	Nov	85	84	
		13 :30	EZ	ECB M inutes	Oct	-	-
25.	8 :00	DE	GDP (detailed, QoQ ,%)	Q3	0.3	0.3	
		9 :00	IT	Consumer confidence (point)	Nov		90.1

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

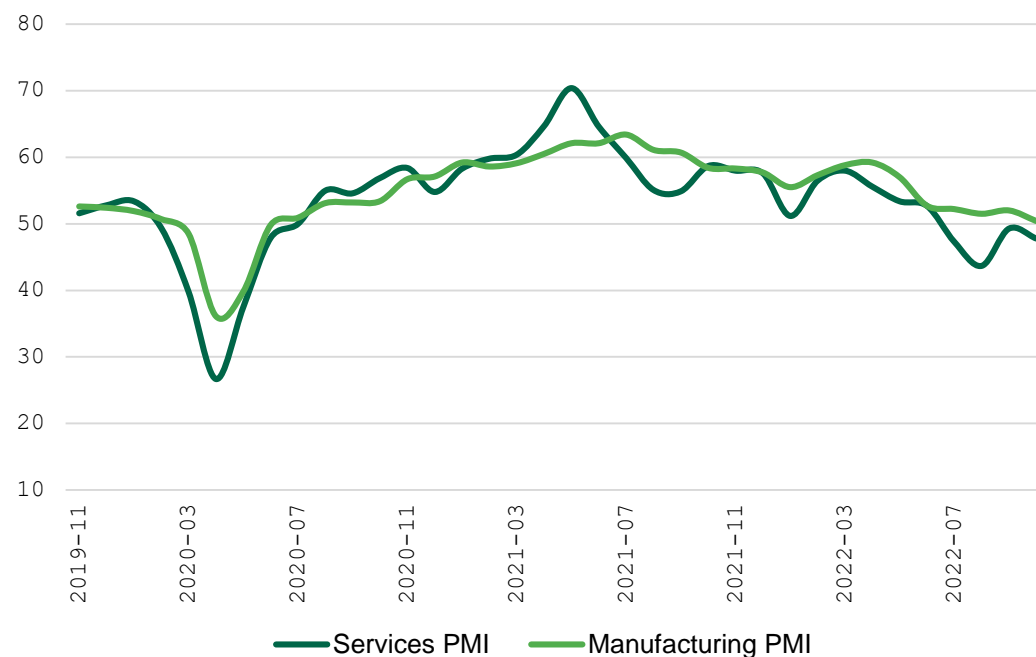
US: PMI's will be in the spotlight; minutes of the FOMC's November meeting is also coming

Date		Cd.	Event/ Data	Period	Cons.	Prev.
2022.11.23	14:30	US	Durable goods orders (M oM, %)	Oct	0.4	0.4
	15:45	US	S&P Global M anufacturing PMI (points)	Nov	49.8	50.4
	15:45	US	S&P Global Service PMI (points)	Nov	47.7	47.8
	16:00	US	New home sales (annualized monthly, 000s)	Oct	570	603
	20:00	US	FOMC Minutes	Nov		-

Key highlights

- Manufacturing and services sector PMI's will be published** in the US. The previous month's data confirmed concerns about a slowdown in the economy. There was weakening activity compared to September, as the services sector fell below the 50-point level, - which indicates an outright fall - while manufacturing remained just above it.
- We are not expecting a considerable pick-up in November and a further slowdown in activity could raise serious concerns about the growth outlook for Q4, which is currently 4.2% (QoQ, annualized) according to Atlanta Fed's nowcast.
- The FOMC will release the minutes of its November rate decision meeting**, when the base rate was raised again by 75 basis points, to 3.75-4.0%. The press conference after the meeting and inflation data for October suggest that the pace of interest rate hike will slow down for the last meeting of the year, but the rate peak could nevertheless reach or even exceed 5%.

Services & Manufacturing PMI (point)



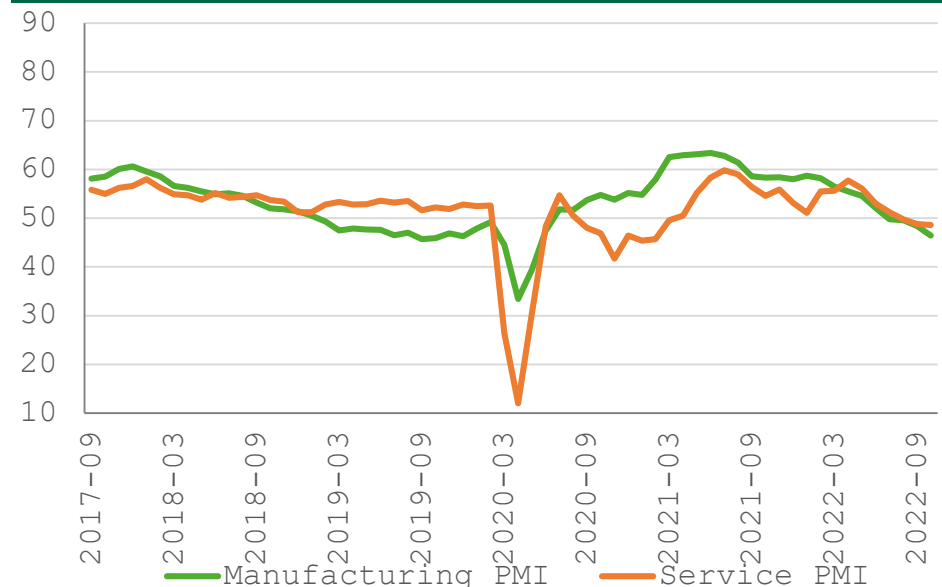
In the spotlight in the euro area: PMIs, consumer confidence and ECB minutes

Date	Cd.	Event/ Data	Period	Cons.	Prev.
2022 11. 22. 16 :00	EZ	Consumer confidence (point)	Nov	-26.0	-27.6
23. 9 :15	FR	S&P Global Manufacturing PMI (points)	Nov	47.0	47.2
9 :15	FR	S&P Global Service PMI (points)	Nov	50.6	51.7
9 :30	DE	S&P Global Service PMI (points)	Nov	46.4	46.5
9 :30	DE	S&P Global Manufacturing PMI (points)	Nov	45.2	45.1
10 :00	EZ	S&P Global Manufacturing PMI (points)		46.0	46.4
10 :00	EZ	S&P Global Service PMI (points)	Nov	48.1	48.6
24. 10 :00	DE	IFO Economic sentiment index (points)	Nov	85.0	84.3
13 :30	EZ	ECB Minutes	Oct	-	-
25. 8 :00	DE	GDP (detailed, QoQ, %)	Q3	0.3	0.3
9 :00	IT	Consumer confidence (point)	Nov		90.1

Key highlights

- The week starts with **consumer confidence data**, which has hit all time low in recent months. This is hardly surprising as inflation is at record high level, real wages are falling. However interestingly, retail sales has held up relatively well until September. Another very negative print could reinforce the expectation that consumer spending is soon to set to fall deeply. A further interesting data could be **the Global S&P PMIs**, where the composite index has been in the negative territory for the fourth month in a row. Still GDP in the area expanded by 0.2% QoQ in Q3, although the details are not yet available. Detailed **German GDP** data will help to reveal these latter. Finally, the **ECB minutes** will shed light on the assessment of policy makers of October's 75 bips hike.

Euro area PMIs (points)



This week's data: euro area industrial data better-than-foreseen; US retail sales rebounded, but industrial production fell behind; China's October real

Date*	Cd.	Event/ Data	Period	Fact	Cons.	Prev.
2022 11. 14.	11 :00 EZ	Industrial production MoM (%)	Sept	0.9	0.3	2.0
	15. 3 :00 CN	Infrastructural spending YoY (%)	Oct	5.8	5.9	5.9
	3 :00 CN	Industrial production YoY (%)	Oct	5.0	5.2	6.3
	3 :00 CN	Retail sales YoY (%)	Oct	-0.5	1.0	2.5
	11 :00 DE	ZEW Economic Sentiment points)	Nov	-36.7	-52.5	-59.2
	11 :00 EZ	GDP preliminary, YoY (%)	Q3	2.1	2.1	2.1
	11 :00 EZ	GDP preliminary, QoQ (%)	Q3	0.2	0.2	0.2
	14 :30 US	New York Fed Manufacturing index points)	Nov	4.5	-7.0	-9.1
16.	14 :30 US	Retail sales MoM (%)	Oct	1.3	0.9	0.0
	15 :15 US	Industrial production MoM (%)	Oct	-0.1	0.2	0.4
	16 :00 US	Business inventories MoM (%)	Sept	0.4	0.5	0.8
17.	14 :30 US	Building permits (annualized monthly, 000s)	Oct	1526	1515	1564
	14 :30 US	Housing starts (annualized monthly, 000s)	Oct	1425	1410	1488
	14 :30 US	Initial jobless claims (000s)	weekly	222	225	226
	14 :30 US	Continuing jobless claims (000s)	weekly	1507	1500	1494
18.	16 :00 US	Existing home sales (annualized monthly, 000s)	Oct	4430	4400	4710
	16 :00 US	Leading index MoM (%)	Oct	-0.8	-0.4	-0.4

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

Key highlights

- In the **euro industrial production** expanded above expectations, largely due to the rebound in vehicles production. The **Zew index** from Germany came out also above the consensus, the expectations component improved in particular, although remained at a low level. Second release of euro area flash **GDP** was confirmed at 0.2% QoQ.
- **US retail sales** in October seemed more resilient than foreseen, by posting the strongest growth in 8 months, but **industrial production** fell slightly, below expectations.
- October release of **China's** key data proved disappointing. In particular, **retail sales** fell by 0.5% YoY due to covid lockdowns, compared to an expectation of 1% growth.

Comments from major central bank officers have been moving bond and stock markets this week. European and US stocks may end the week mixed, cyclical sectors are underperforming. The EURUSD remained flat at 1.03, the British pound strengthened. Crude oil prices plunged, the TTF gas 1M future price surged to 112 EUR/MWh.

Indices	Last price	1week change (%)	YTD (%)	Interest rates	Last price	1week change (bps)	YTD (bps)	FX rates	Last price	1week change (%)	YTD (%)	Commodity	Last price	1week change (%)	YTD (%)
S&P500	3967	-0.7	-16.8	US 2 year	4.46	13.1	373.1	Dollar index	106.887	0.6	11.7	Brent	86.4	-10.0	11.0
Nasdaq Comp.	11164	-1.4	-28.6	US 10 year	3.79	-2.7	227.6	EURUSD	1.0336	-0.1	-9.1	WTI	78.3	-12.0	4.1
Dow Jones	33637	-0.3	-7.4	DE 2 year	2.07	-12.3	270.1	USDJPY	139.92	-0.8	-17.8	NatGas (TTF, front month)*	112.1	15.0	71.1
Russel2000	1858	-1.3	-17.2	DE 10 Year	2.01	-15.2	218.7	GBPUSD	1.1892	0.5	-12.1	Gold	1752.8	-1.0	-4.2
Stoxx 600	433	0.2	-11.2	FR 10 year	2.48	-19.1	228.0	AUDUSD	0.6676	-0.4	-8.1	Silver	21.0	-3.3	-10.0
DAX	14398	1.2	-9.4	SP 10 year	3.00	-19.6	243.3	USDCAD	1.339	-0.9	-5.6	Palladium	1959.7	-4.4	2.9
CAC40	6641	0.7	-7.2	IT 10 year	3.90	-30.2	272.7	USDCHF	0.9541	-1.3	-4.3	Copper	364.5	-6.9	-18.3
FTSE100	7383	0.9	0.0	UK 10 year	3.24	-11.8	226.6	NZDUSD	0.6153	0.8	-9.9	Steel	663.0	0.2	-53.8
FTSEMIB	24614	0.6	-10.0	CH 10 year	1.00	-7.1	114.8	CNHUSD	7.1287	-0.5	-10.8	W heat	803.3	-1.3	4.2
Nikkei225	27900	-1.3	-3.1	JP 10 year	0.25	0.8	17.9	USDTRY	18.6167	-0.2	-28.5	Com	668.5	1.6	12.7
CSI300	3801.6	0.3	-23.1	CN 10 year	2.83	7.2	3.6	USDBRL	5.3759	-0.9	3.7	Electricity (APX)*	200.2	15.5	114.1

Source: Bloomberg

*In EUR/MWh

Key highlights: Comments from major central bank officers have moved bond and stock markets this week. European and US stocks may end the week mixed, cyclical sectors are underperforming. The EURUSD remained flat at 1.03, the British pound strengthened. Crude oil prices plunged, the TTF gas 1M future price surged to near 112 EUR/MWh.

- Messages from central bank officials had the biggest roles in moving the equity and bond markets this week with Fed speakers revealing mostly hawkish comments and ECB's Christine Lagarde warning to keep raising interest rates even at the cost of restricting economic activity in the eurozone. However, price movements weren't so harsh than the week before. Investors in the US quickly moved on higher-than-forecast figure of Monday's consumer inflation expectation and cheered the better-than-expected PPI after slowing October CPI figure released last week.
- On Thursday, the trend of decreasing bond yields in the previous days reversed after St. Louis Fed President James Bullard said the Federal Reserve still needs to rise rates to at least a range between 5.00% and 5.25% from the current level of just below 4.00% to be "sufficiently restrictive" to curb inflation. On a weekly basis the **US and German 10Y yields are still heading for a weekly drop again** (10Y Treasury yields are in for a 3bps weekly decrease and 10Y Bund yield is expected to fall 15bps w/w), though further Fed speeches are yet to come on Friday.
- **In the FX market**, the euro could retain its strength, the EUR/USD jumped even over 1.044 this week, though correction arrived soon. In a weekly horizon, the EUR/USD remained practically flat, by Friday it stands at 1.033 or -0.1% w/w. The British pound could gain momentum this week, especially on Friday after better-than-forecast October retail sales statistics had arrived. The GBP/USD climbed near 1.19 and the pound is heading for an 0.5% gain.
- In the developed stock markets, corporate earnings and M&A news also affected the market sentiment, beside the comments from central bankers. **European stock indices** are on track of another weekly gains though much more limited than last week. The Stoxx600 is in for a modest 0.2% weekly gain, while the DAX may overperform with about 1.2% increase thanks to the rally of Bayer, Infineon, Rheinmetall and Siemens. **In the US**, major equity indices are heading for some weekly drop with the Dow decreasing 0.3% w/w, while the S&P500 and the Nasdaq Composite falling 0.7 and 1.4%, respectively.
- In terms of **sector performances**, investors have been cautious this week and preferred - especially in Europe - mostly non-cyclical sectors. Among Stoxx600 sectors utilities, banks and insurance (benefiting from the environment of rising interest rates) gained the most, while real estate, construction & materials and auto & parts declined the most. With regards to weekly sector performances in the USA, majority of the sectors are in the red with energy and consumer discretionary sectors declining the most, and consumer staples led the gainers.
- **Crude oil** prices plunged this week as rising covid cases unnerved investors of further strict covid restrictions to be reintroduced in China. WTI is in for about 12% weekly loss, while Brent declined 10% by Friday afternoon as a weakening demand outlook overshadowed the supply-side concerns. Traders remained also cautious about a highly uncertain supply outlook, with the EU setting to ban Russian crude flows from December, while OPEC is expected to keep oil markets tight. Front-month **TTF gas** futures stand at 112 EUR/MWh (+15% w/w), though gas price jumped to 127 EUR/MWh on Tuesday, after Russian-made missile hit Poland. The market calmed in the following days as no signs of deliberate attack emerged and the situation finally haven't escalated.

Stock market and sector performance

Performance of US sectors			
Sector	Last price	1week change (%)	YTD (%)
S&P500	3967	-0.7	-16.8
IT	2306	-0.9	-24.5
Health care	1560	0.6	-5.1
Financials	587	-1.4	-9.7
Telco	167	0.4	-37.5
Consumer discretionary	1095	-3.1	-32.0
Industrials	837	-0.4	-6.4
Consumer staples	775	1.2	-3.6
Utilities	345	-0.2	-5.3
Energy	692	-3.3	63.8
Real estate	238	-2.1	-26.8
Materials	501	-1.9	-12.0
Key US Tech companies			
Company	Last price	1week change (%)	YTD (%)
Alphabet	98	2.0	-32.1
Amazon	95	-5.7	-43.0
Apple	151	1.0	-14.8
Meta	113	0.2	-66.3
Microsoft	241	-2.4	-28.3
Tesla	181	-7.5	-48.5

Source: Bloomberg

Performance of Europe's sectors			
Sector	Last price	1week change (%)	YTD (%)
Stoxx 600	433	0.2	-11.2
Health care	988	0.1	-8.7
Industrial goods & services	660	-0.3	-17.2
Banks	136	2.2	-5.9
Personal & household goods	979	0.9	-11.1
Insurance	317	1.9	-1.5
Food and beverages	761	1.0	-12.5
Technology	631	1.6	-21.8
Utilities	365	2.5	-10.0
Oil & gas	341	-1.3	23.3
Chemicals	1208	-1.3	-11.6
Construction & materials	528	-2.9	-18.3
Telco	201	-0.5	-12.5
Retail	297	-2.0	-33.2
Financial services	606	-1.5	-19.6
Basic resources	609	-2.1	1.4
Real estate	123	-3.4	-37.3
Auto & parts	547	-2.3	-17.1
Media	332	1.1	-11.0
Travel & leisure	201	-1.9	-13.7

Source: Bloomberg

Summary of regional stock markets' performance

Name		Performance				Valuation**				Fundamentals				
Country	Index	Last Price	1M change (%)	3M change (%)	6M change (%)	12M change (%)	P/E*	P/B	P/S	ROE (%)	Current Ratio	Debt to equity (%)	Change in EPS growth in the last 4 week (%)	Change in EPS growth in the last 3 month (%)
1264075														
Europe	SXXP Index	433	8.3	-1.8	-0.2	-11.2	14.7	1.8	1.3	14.0	1.1	176.5	-0.3	-0.7
Germany	DAX Index	14398	12.8	5.1	2.8	-11.2	13.1	1.5	0.9	12.7	1.1	110.2	7.1	2.6
France	CAC Index	6641	9.5	1.3	4.5	-7.0	13.8	1.7	1.2	15.3	1.1	217.5	-7.5	1.5
Poland	WIG20 Index	1710	19.8	0.6	-5.1	-24.7	6.3	1.0	0.5	16.0	1.2	55.6	-2.0	-10.4
Czechia	PX Index	1246	8.9	0.6	-4.9	-9.9	7.6	1.1	1.1	14.1		166.9	3.9	10.6
Hungary	BUX Index	44448	8.6	3.1	3.6	-14.5	4.7	0.8	0.5	17.9	1.4	54.5	631.2	16.2
Romania	BET Index	11708	6.9	-7.6	-3.2	-8.2	6.0	1.0	0.8	25.3	1.4	53.5	1051.0	77.8
Bulgaria	SOFIX Index	593	2.3	-3.3	-3.7	-1.8	5.8	0.7	0.6	11.9	2.7	51.8		
Russia	MOEX Index	2206	8.5	0.5	-9.8	-46.1	3.8	0.7	0.7	19.1	1.3	76.5	1.4	3.1
Ukraine	PFTS Index	519	0.0	0.0	0.0	-0.8	5.2	1.3	0.3	28.7	0.6	3.6		
Slovenia	SBITOP Index	1099	11.5	-5.9	-2.8	-11.4	6.3	0.9	0.4	14.0	1.5	35.2		0.2
Croatia	CRO Index	1903	-1.9	-5.5	-8.5	-4.5	8.0	0.9	1.0	12.1	1.7	32.1		
Serbia	BELEX15 Index	807	-0.2	-4.6	-1.6	-0.3	362.8	54.0	36.1	15.9	1.8	15.8	0.0	185.5
Montenegro	MNSE10 Index	919	8.6	11.9	14.9	19.8	28.1	0.3	0.7	0.9	2.1	10.5		

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

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

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

FX outlook

FX pair	2021.Q4	2022.Q1	2022.Q2	2022.Q3	2022.Q4	2023.Q4	2024.Q4
EURUSD	1.14	1.12	1.06	1.01	0.99	1.05	1.1
EURGBP	0.84	0.83	0.85	0.85	0.88	0.88	0.89
EURCHF	1.06	1.05	1.03	0.97	0.98	1.00	1.06
USDJPY	130	129.5	136	136	144	142	132

Source: Bloomberg

Country	FX pair	2021.Q4	2022.Q1	2022.Q2	2022.Q3	2022.Q4	2023.Q1	2023.Q2	2023.Q3	2023.Q4
Hungary	EURHUF (€op)	369	367	396	423	416	412	411	409	406
Romania	EURRON (€op)	4.95	4.94	4.95	4.95	4.98	4.98	5.04	5.04	5.03
Russia	USDRUB (€op)	75	82.4	54.8	61.1	63.9	67.2	70.8	74.4	75.8
Ukraine	USDUAH (€op)	27.3	29.5	29.4	36.9	37.3	38.6	39.4	39.6	40.5
Croatia	EURHRK (€op)	7.52	7.57	7.53	7.52	7.53	7.53	7.53	7.53	7.53
Serbia	EURRSD (€op)	117.6	117.7	117.3	117.3	117.5	117.5	117.5	117.5	117.5

*No forecast available for Moldova and Albania

Source: Focus Economics

Macro outlook in the region

Countries	GDP (yoy, %)				
	OTP			Focus Economics	
	2021	2022	2023	2022	2023
Hungary	7.1	4.9	-0.9	5.0	0.5
Romania	5.9	4.7	2.5	5.5	2.3
Bulgaria	7.6	2.9	1.2	2.9	1.8
Russia	4.7	-3.8	-2.3	-4.8	-3.5
Ukraine	3.4	-36.7	6.1	-33.4	6.8
Slovenia	8.2	6.5	1.5	5.4	1.8
Croatia	13.1	6.5	2.1	5.4	1.7
Serbia	7.4	3.0	2.5	3.1	2.4
Montenegro	13.0	6.1	2.4	5.1	3.1
Albania	8.5	3.8	2.4	3.2	2.7
Moldova	13.9	-3.8	-1.8	-0.5	2.0

Countries	Fiscal balance (%of GDP)				
	OTP			Focus Economics	
	2021	2022	2023	2022	2023
Hungary	-7.1	-5.5	-4.8	-5.6	-4.5
Romania	-7.1	-6.5	-5.5	-6.2	-5.1
Bulgaria	-4.1	-3.4	-3.9	-3.6	-3.4
Russia	0.4	-2.0	-2.0	-2.2	-2.8
Ukraine	-3.5	-25.0	-20.0	-22.5	-19.2
Slovenia	-4.7	-3.3	-4.8	-4.3	-3.8
Croatia	-2.6	-2.0	-3.0	-2.5	-2.6
Serbia	-4.1	-4.0	-5.0	-3.3	-2.7
Montenegro	-2.1	-3.1	-3.3	-5.3	-4.7
Albania	-4.5	-2.7	-3.0	-3.4	-3.2
Moldova	-2.6	-8.0	-6.0	-6.3	-4.9

Countries	Inflation (average (yoy), %)				
	OTP			Focus Economics	
	2021	2022	2023	2022	2023
Hungary	5.1	14.0	16.5	13.8	13.3
Romania	5.0	13.6	9.4	13.5	9.5
Bulgaria	3.3	15.3	9.6	14.9	8.5
Russia	6.7	13.8	5.3	13.9	7.7
Ukraine	3.3	15.3	9.6	20.8	19.7
Slovenia	1.9	8.6	5.1	9.2	6.7
Croatia	2.6	10.8	7.8	10.5	6.3
Serbia	4.0	11.9	8.5	11.4	7.8
Montenegro	2.4	12.6	6.5	12.0	6.7
Albania	2.0	6.9	5.2	6.7	4.7
Moldova	5.3	28.0	15.0	28.4	11.8

Countries	Unemployment (%)				
	OTP			Focus Economics	
	2021	2022	2023	2022	2023
Hungary	4.1	3.4	4.1	3.6	4.0
Romania	5.6	5.6	5.8	5.4	5.4
Bulgaria	5.3	4.7	5.7	4.8	4.8
Russia	4.8	4.7	6.0	5.1	5.5
Ukraine	10.6	31.2	27.6	22.2	15.7
Slovenia	4.8	4.2	4.4	4.4	4.3
Croatia	7.6	6.5	6.5	7.0	7.5
Serbia	10.2	11.0	12.0	10.0	9.7
Montenegro	16.7	15.1	16.1	16.6	15.9
Albania	12.0	11.7	12.5	11.4	11.2
Moldova	3.9	3.5	4.4	3.1	3.6

Source: Focus Economics, OTP Research Center

Gergely Tardos

Chief Economist

tardosg@otpbank.hu

**Mihály András
Kovács**

Analyst

Mihaly.Andras.Kovacs@otpbank.hu

Gergely Rezessy

Analyst

Gergely.Gabor.Rezessy@otpbank.hu

Orsolya Rátkay

Analyst

Orsolya.Ratkay@otpbank.hu

Beáta Váradi

Analyst

Beata.Varadi@otpbank.hu

OTP Bank Romania Global Markets 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

corina.bejan@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

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