



## Economic Analysis Division

# Southeastern Europe & Mediterranean Emerging Market Economies



## Bi-Weekly Report

26 April – 9 May 2022

Countries in Focus in this Issue:  
**Bulgaria, Albania & Cyprus**

### **BULGARIA** ..... 1

Russia suspends natural gas deliveries to Bulgaria

The evolving geopolitical and energy crisis weighs on Bulgaria's economic outlook

### **ALBANIA** ..... 2

Following an outstanding performance in FY:21 (GDP, up 8.5%), economic growth is set to moderate to (a still sound) 3.0% this year, reflecting the implications of the Russia-Ukraine crisis, as well as the elimination of favourable base effects related to post-2019 earthquake reconstruction activity and COVID-19 recovery as well as the previous year's (weather-induced) spike in renewable energy production

Amid mounting inflationary pressures, the BoA proceeded with a 50 bp hike in its 1-week repo rate (to 1.0%), bringing it back to pre-COVID-19 levels

### **CYPRUS** ..... 3

The banking sector remained in "the red" in FY:21, with losses, however, decreasing compared with FY:20, in line with lower -- yet still sizeable (due to the continuing cleaning-up of the sector's balance sheet) -- provisioning charges

Banks' profitability should remain under pressure in FY:22, in view of the challenging economic outlook

### **APPENDIX:**

#### **DETAILED MACROECONOMIC DATA** ..... 4

#### **REGIONAL SNAPSHOT: MACROECONOMIC INDICATORS** .. 7

#### **FINANCIAL MARKETS** ..... 8

#### **NBG - Economic Analysis Division**

<https://www.nbg.gr/en/group/studies-and-economic-analysis>

#### **Emerging Markets Analysis**

##### **Head:**

**Konstantinos Romanos-Louizos**

☎ : +30 210 33 41 225

✉ : [romanos.louizos.k@nbg.gr](mailto:romanos.louizos.k@nbg.gr)

##### **Louiza Troupi**

☎ : +30 210 33 41 696

✉ : [troupi.louiza@nbg.gr](mailto:troupi.louiza@nbg.gr)

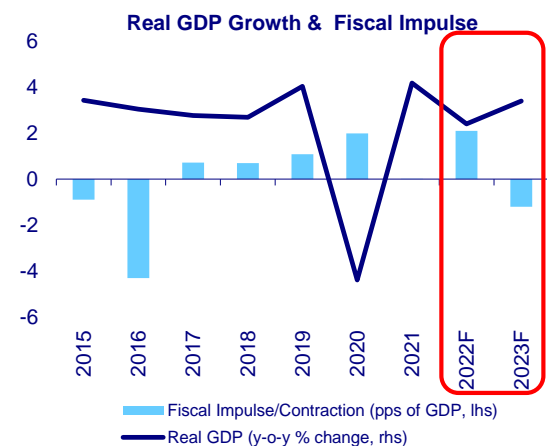
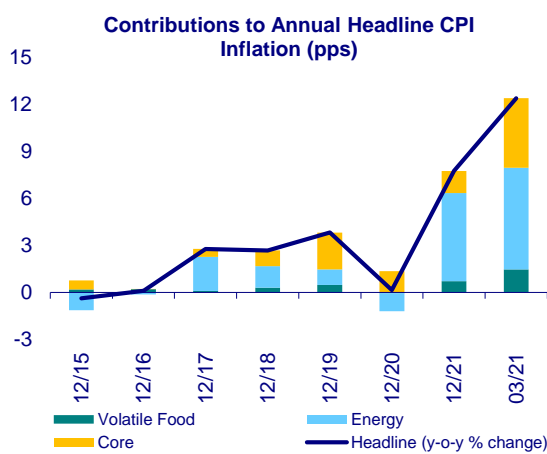
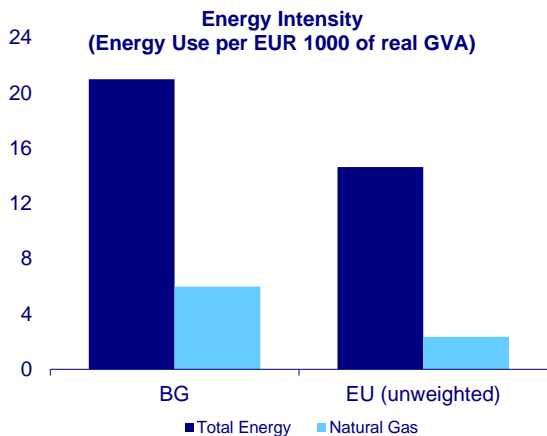
##### **Georgios Ntinenis**

✉ : [ntinenis.georgios@nbg.gr](mailto:ntinenis.georgios@nbg.gr)



# Bulgaria

BBB / Baa2 / BBB (S&P / Moody's / Fitch)



**Russia suspends natural gas deliveries to Bulgaria.** Russia's stated-owned energy giant Gazprom halted natural gas flows to Bulgargaz, Bulgaria's state-owned gas company, as of April 27<sup>th</sup>, citing domestic authorities' refusal to pay in rubles. Recall that the ruble-for-gas scheme has been put forward by Russian authorities in response to the sanctions levied by the West over its "military operation" in Ukraine. According to Bulgaria and the EU, the terms of this new scheme are in breach of the existing contract. Bulgargaz's 10-year contract with Gazprom was due to expire at end-2022, with domestic authorities having declared their intention not to renew it.

Note that Bulgaria is highly dependent on Russian gas supply, meeting c. 90% of its needs (equivalent to 3 bcm, which, in turn, accounts for c. 15% of Bulgaria's primary energy consumption) with imports via the Turk Stream pipeline.

According to the Government, no restrictions on gas consumption are required for the time being, given, *inter alia*, that the end of the heating season is approaching. Worryingly, however, Bulgaria's gas reserves are currently low, at c. 18% of full capacity (equivalent to 1 month of consumption) against a 5-year average of 26% at this time of the year.

In a bid to mitigate the impact of the cut-off in gas flows from Russia, Bulgaria stands ready to import liquified natural gas (LNG) -- which is much costlier, however, than pipeline gas -- through neighbouring Greece and Turkey. Note that Bulgaria agreed to purchase two shipments of LNG from the US for June at favourable prices and has started talks with the supplier for a long-term contract. At the same time, Bulgaria seeks to step up deliveries of Azerian gas. The latter is temporarily flowing at a reduced rate via the Trans Adriatic Pipeline, with full service expected later in the year, when the Interconnector Greece-Bulgaria would start operating. The latter's construction is expected to be completed by July 1. Bulgargaz has a 25-year agreement with Azerbaijan's state-owned SOCAR for the supply of 1 bcm/year of gas (equivalent to 1/3 of the country's needs). Nevertheless, in light of developments, we expect Bulgaria authorities to renegotiate the contract with SOCAR so as to secure higher gas supplies.

**The evolving geopolitical and energy crisis weighs on Bulgaria's economic outlook.** The immediate need to secure gas from alternative sources should bring about an increase in the price of imported gas. The latter, together with the economy's very high energy dependence (with the domestic manufacturing sector ranking 1<sup>st</sup> (2<sup>nd</sup>) in the EU in terms of gas (total energy) used per unit of real Gross Value Added, see chart), led us to revise upwards our end-year headline inflation forecast to 10.5% y-o-y (12.3% on average, way above the 10-year historical average of just 1.5%) from 9.0% (9.5% on average) previously. At the same time, we revised our (already conservative) FY:22 GDP growth forecast further downwards, to 2.4% from 2.8% previously, to reflect the impact of higher inflation in real disposable income. Still, risks to our forecasts remain skewed to the downside, especially in view of the EU's intention to ban oil imports from Russia. Note that Bulgaria's only oil refinery, Neftochim Burgas, is owned by Russia's LUKOIL.

The expansionary fiscal policy should help alleviate the impact of the inflation shock on economic activity. Indeed, in view of the ample fiscal space available (with the public debt-to-GDP ratio standing at c. 27.0%, among the lowest in the EU), authorities stand ready to boost spending this year, widening the budget deficit to 5.0% of GDP from 2.9% in FY:21. Assuming that geopolitical tensions ease gradually by the end of the year, driving a correction in commodity prices, we see headline inflation moderating to 3.6% at end-2023 (5.1% on average) and GDP growth picking up to 3.4% in FY:23, above its long-term potential of c. 3.0%, underpinned by a strong carry-over effect.

	9 May	3-M F	6-M F	12-M F
Base Interest Rate (%)	0.0	0.0	0.0	0.1
BGN/EUR	1.96	1.96	1.96	1.96
Sov. Spread (2022, bps)	110	100	90	75

	9 May	1-W %	YTD %	2-Y %
SOFIX	604	-2.4	-5.0	34.6

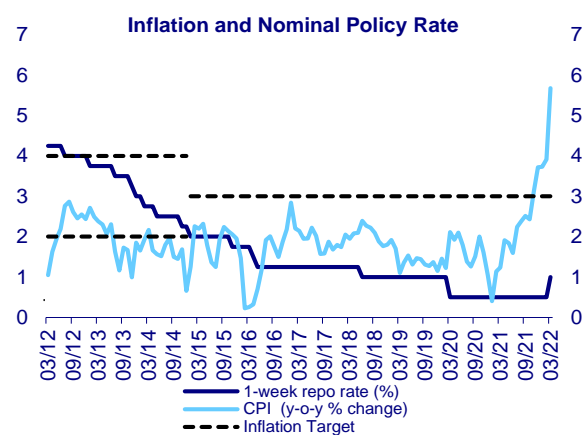
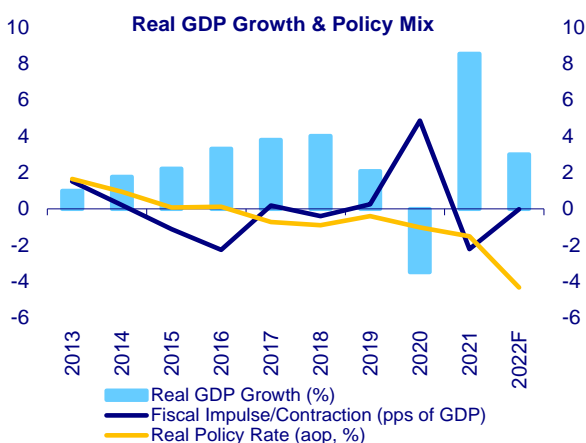
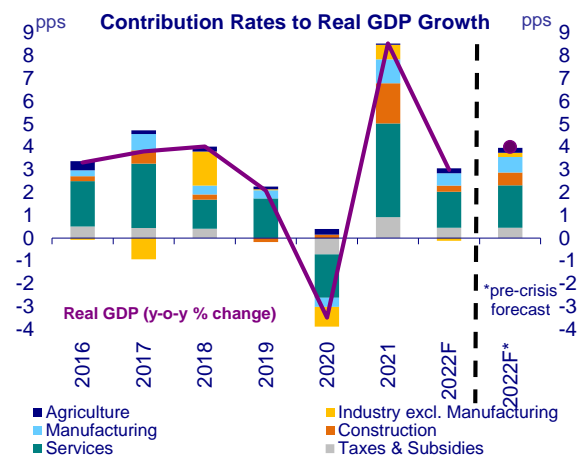
	2019	2020	2021	2022F	2023F
Real GDP Growth (%)	4.0	-4.4	4.2	2.4	3.4
Inflation (eop, %)	3.8	0.1	7.8	10.5	3.6
Cur. Acct. Bal. (% GDP)	1.9	-0.1	-0.4	-1.1	-0.7
Fiscal Bal. (% GDP)	-1.0	-2.9	-2.9	-5.0	-3.8

Sources: Reuters, NSI, Eurostat, Ministry of Finance & NBG estimates



# Albania

B+ / B1 / NR (S&P / Moody's / Fitch)



	9 May	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.4	1.5	1.7	2.0
ALL/EUR	120.4	121.5	122.5	123.0
Sov. Spread (bps)	394	380	360	320

Stock Market	9 May	1-W %	YTD %	2-Y %
	---	---	---	---

	2019	2020	2021	2022F	2023F
Real GDP Growth (%)	2.1	-3.5	8.5	3.0	4.0
Inflation (eop, %)	1.1	1.1	3.7	5.2	3.3
Cur. Acct. Bal. (% GDP)	-7.9	-8.7	-7.7	-8.5	-7.6
Fiscal Bal. (% GDP)	-1.9	-6.7	-4.5	-4.5	-3.2

Sources: Reuters, InStat, BoA & NBG estimates

Following an outstanding performance in FY:21 (GDP, up 8.5%), economic growth is set to moderate to (a still sound) 3.0% this year, reflecting the implications of the Russia-Ukraine crisis, as well as the elimination of favourable base effects related to post-2019 earthquake reconstruction activity and COVID-19 recovery as well as the previous year's (weather-induced) spike in renewable energy production. From a sectoral point of view, the services sector is expected to remain the main growth driver in FY:22, with its contribution, however, narrowing compared with FY:21, reflecting not only a normalization in spending patterns in the post-COVID-19 era, but also the adverse impact of higher inflation on disposable income. Indeed, the steep hike in global energy and food prices (together with implied strong second-round effects) should push domestic prices to record-high levels this year (see below), forcing a rebalancing of consumption away of services (excluding utilities). On a positive note, the loose incomes policy (including a 6.7% hike in the minimum wage), higher remittances (including income from seasonal employees, whose movement was restricted during the pandemic) and spillovers from strong activity in the tourism & related sectors should help alleviate the impact of the inflation shock. Note that tourism activity, which primarily relies on inflows from neighbouring countries, is set to return to its pre-COVID-19 level this year, after bouncing back strongly (to 89% of its FY:19 level) in FY:21.

The industrial sector's contribution to overall growth is also set to remain positive this year, albeit smaller than that of FY:21. Indeed, the envisaged normalization in hydroelectric power production (following a weather-induced surge in FY:21), together with the impact of rising production costs and the weaker-than-initially expected economic growth in the EU (Albania's main trade partner), due to the implications of the Russia-Ukraine crisis, cannot but weigh on industrial output. Within the sector, the construction materials and metal industries (accounting for c. 20% of industrial output) should overperform, benefiting from the EU's decoupling from Russian supplies. Note that direct trade linkages with Russia and Ukraine are negligible.

Importantly, the policy mix should continue to support growth. Indeed, fiscal consolidation is set to pause this year (following a sizeable tightening of 2.2 pps of GDP in FY:21). At the same time, monetary conditions are set to remain broadly accommodative (see below). All said, we expect GDP growth to moderate to 3.0% in FY:22 (versus 4.0% expected prior to the outbreak of the Russia-Ukraine crisis), slightly below its long-term potential (of c. 3<sup>3</sup>/<sub>4</sub>%).

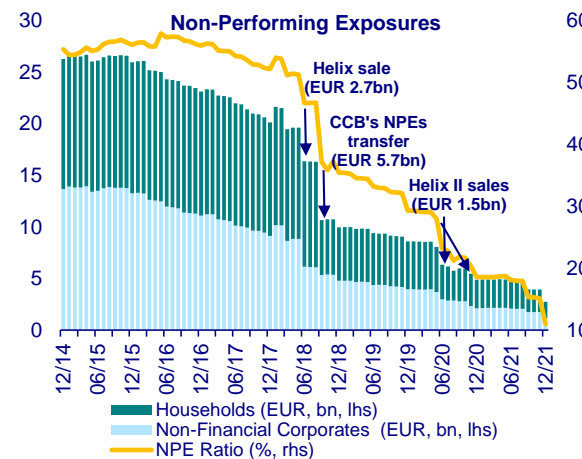
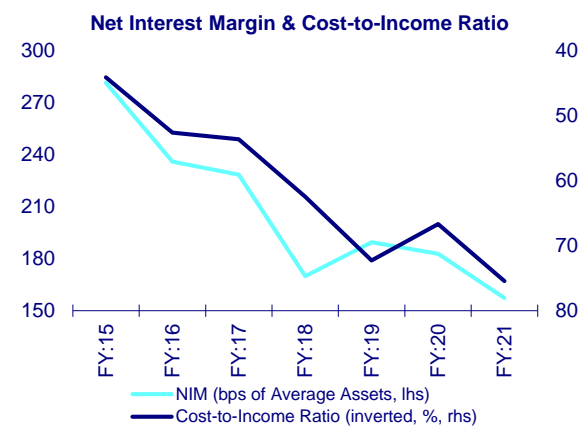
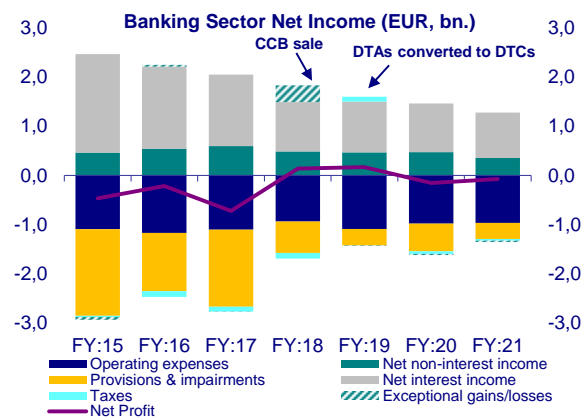
**Amid mounting inflationary pressures, the BoA proceeded with a 50 bp hike in its 1-week repo rate (to 1.0%), bringing it back to pre-COVID-19 levels.** The BoA's tightening move, which was the first to come since 2011, was prompted by the jump in inflation (to a record high 5.7% y-o-y in March from 3.7% in December and a low of 0.4% in January 2021, overshooting the BoA's target of 3.0% for the first time in 12 years). The increase in inflation was attributed not only to higher food and energy prices, in the aftermath, *inter alia*, of the Russia-Ukraine crisis, and their related second round effects, but also to strong demand side pressures (with the BoA hinting at a tight labour market, intensified by shortages of skilled labour).

Looking ahead, with inflation projected to sustainably fall below the 3.0% target not earlier than in early-2024, the BoA cannot but continue tightening its policy. Nevertheless, in view of the strong downside risks to the economic outlook, we expect the BoA to proceed with hiking rates only at a slow and measured pace (bringing the key policy rate to 2.25% by end-2023). Importantly, Albania's limited portfolio flows with the rest of the world and BoA's strong FX reserve position should help the authorities to accommodate such a stance.



# Cyprus

BBB- / Ba1 / BBB- (S&P / Moody's / Fitch)



	9 May	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.53	-0.45	-0.20	0.10
EUR/USD	1.06	1.06	1.09	1.12
Sov. Spread (2025. bps)	94	95	90	80

	9 May	1-W %	YTD %	2-Y %
CSE Index	69	-0.5	0.5	41.4

	2019	2020	2021	2022F	2023F
Real GDP Growth (%)	5.3	-5.0	5.5	1.8	3.2
Inflation (eop. %)	0.7	-1.1	4.8	6.8	2.3
Cur. Acct. Bal. (% GDP)	-5.7	-10.1	-7.3	-9.3	-6.2
Fiscal Bal. (% GDP)	1.3	-5.6	-1.8	-1.8	-1.2

Sources: Reuters, Cystat & NBG estimates

The banking sector remained in “the red” in FY:21, with losses, however, decreasing compared with FY:20, in line with lower -- yet still sizeable (due to the continuing cleaning-up of the sector’s balance sheet) -- provisioning charges. The banking sector recorded losses of EUR 70.3mn in FY:21 (0.3% of GDP), yet half those of FY:20, as lower provisioning only partly offset the squeeze in top line revenue. As a result, ROAE and ROAA improved, but remained negative, at -1.6% and -0.1%, respectively, in FY:21 from -3.9% and -0.3% in FY:20.

**Pre-provision income recorded a double-digit drop in FY:21 (down 35.5%), driven by a squeeze in top line revenue.** Despite a favourable base effect from the expiry of the (first) debt moratorium scheme (with high take-up, covering more than 40.0% of loans) at end-2020, net interest income (NII) dropped for a 2<sup>nd</sup> successive year in FY:21 (down 7.3%), reflecting: i) divergent trends between loans (down 5.0% y-o-y at end-2021, due to the continuing cleaning-up of banks’ balance sheets) and deposits (up 5.6% y-o-y at end-2021, with the latter accounting for 150% of loans); and ii) a further narrowing in the NIM (down 25 bps to 157 bps), amid low interest rates and increasing competition for creditworthy borrowers. Weaker net non-interest income (NNII, down 24.2% in FY:21), mainly arising from FX losses, also weighed on pre-provision earnings. Note that the drop in NNII was contained by stronger net fees and commission income (up 12.0% in FY:21), following the hike in charges & fees (in February 2021) and the increase in electronic transactions.

The drop in top line revenue drove a sharp deterioration in the banking sector’s efficiency in FY:21 (with the cost-to-income ratio rising by 8 pps to 75.4%), despite subdued operating expenses (down 1.3%).

**The cost of risk dropped sharply in FY:21, amid strong post-COVID-19 economic recovery.** Against the backdrop of strong GDP growth (up 5.5% in FY:21), the NPE ratio (adjusted for sales and write-offs) declined by 1 pp to 16.9% at end-2021), despite the expiry of the CBC’s forbearance measures, leading banks to contain provisioning charges (down 42.2%). Still, the latter remain significant, reflecting the continuing cleaning-up of the sector’s balance sheet, involving sizeable NPL sales by the country’s two largest lenders, namely the Bank of Cyprus (BoC) and the Hellenic CCB (HB). All said, the cost of risk fell by 84 bps to 116 bps in FY:21. At the same time, the NPE provision coverage eased abruptly to 30.6% in FY:21 -- below the EU average of 44.5% -- from 44.3% in FY:20, due to the write-offs of NPEs that had been fully provided for.

**Banks’ profitability should remain under pressure in FY:22, in view of the challenging economic outlook.** Economic activity is set to moderate sharply this year (to an 8-year low of 1.8%), in the aftermath of the Russia-Ukraine conflict, with surging inflation seriously testing the private sector’s repayment capacity. Against this backdrop, we expect provisioning charges to remain relatively elevated, especially in view of banks’ large exposure to the sectors most affected by the impact of the Russia-Ukraine conflict (such as the tourism and accommodation & transport sectors, the loans to which account for 9.0% and 14.2%, respectively, of banks’ loan book). Note that banks’ direct exposure to Russia and Ukraine is limited (according to the CBC, combined accounting for 1.0% of total loans and 4.7% of total deposits at end-2021). Moreover, RCB -- a subsidiary of Russia’s state bank VTB, accounting for 8.5% of Cyprus’ banking sector assets -- ceased banking operations in March, with part of its performing loan portfolio acquired by the HB.

At the same time, pre-provision income should remain constrained by structural challenges, emanating from: i) low revenue diversification; ii) high operational costs; iii) excess liquidity and low credit demand (largely due to high private sector indebtedness and a small, saturated market); and iv) low margins. Importantly, the system remains well-capitalised, with a CAR of 20.5%, providing a line of defense against potential losses.



## DETAILED MACROECONOMIC DATA

<b>BULGARIA</b>					
	2019	2020	2021	2022f	2023f
<b>Real Sector</b>					
Nominal GDP (EUR million)	61,557	61,330	67,871	78,048	84,818
GDP per capita (EUR)	8,856	8,867	9,872	11,421	12,486
GDP growth (real, %)	4.0	-4.4	4.2	2.4	3.4
Unemployment rate(ILO definition, %, aop)	5.3	6.1	5.3	5.1	4.9
<b>Prices and Banking</b>					
Inflation (% eop)	3.8	0.1	7.8	10.5	3.6
Inflation (% aop)	3.1	1.7	3.3	12.3	5.1
Loans to the Private Sector (% change, eop)	7.4	4.5	8.3		
Customer Deposits (% change, eop)	10.7	10.2	9.0		
Loans to the Private Sector (% of GDP)	48.6	51.0	49.9		
Retail Loans (% of GDP)	19.4	20.9	21.5		
Corporate Loans (% of GDP)	29.2	30.0	28.4		
Customer Deposits (% of GDP)	66.4	73.5	72.3		
Loans to Private Sector (% of Deposits)	73.2	69.4	68.9		
Foreign Currency Loans (% of Total Loans)	32.4	31.1	27.7		
<b>External Accounts</b>					
Merchandise exports (EUR million)	29,119	27,272	34,278	36,572	37,576
Merchandise imports (EUR million)	32,028	29,213	37,573	40,498	41,709
Trade balance (EUR million)	-2,908	-1,941	-3,296	-3,925	-4,133
Trade balance (% of GDP)	-4.7	-3.2	-4.9	-5.0	-4.9
Current account balance (EUR million)	1,148	-0,041	-0,271	-0,839	-0,600
Current account balance (% of GDP)	1.9	-0.1	-0.4	-1.1	-0.7
Net FDI (EUR million)	1,238	2,785	1,139	1,366	1,571
Net FDI (% of GDP)	2.0	4.5	1.7	1.8	1.9
International reserves (EUR million)	24,836	30,848	34,597	34,875	36,146
International reserves (Months <sup>a</sup> )	8.0	11.1	9.8	9.2	9.2
<b>Public Finance</b>					
Primary balance (% of GDP)	-0.4	-2.4	-2.5	-4.5	-3.3
Fiscal balance (% of GDP)	-1.0	-2.9	-2.9	-5.0	-3.8
Gross public debt <sup>b</sup> (% of GDP)	20.0	24.7	25.1	26.6	28.2
<b>External Debt</b>					
Gross external debt (EUR million)	37,716	39,627	41,529	43,551	44,614
Gross external debt (% of GDP)	61.3	64.6	61.2	55.8	52.6
External debt service (EUR million)	6,957	7,041	7,000	8,200	7,100
External debt service (% of reserves)	28.0	22.8	20.2	23.5	19.6
External debt service (% of exports)	17.7	20.4	16.1	17.8	14.8
<b>Financial Markets</b>					
Base Interest Rate (% eop)	0.0	0.0	0.0	0.0	0.3
Base Interest Rate (% aop)	0.0	0.0	0.0	0.0	0.2
10-Y Bond Yield (% eop)	0.4	0.4	0.7	1.5	1.8
Exchange rate: EUR (eop)	1.956	1.956	1.956	1.956	1.956
Exchange rate: EUR (aop)	1.956	1.956	1.956	1.956	1.956

f: NBG forecasts; a: months of imports of GNFS; b: ESA 2010



<b>ALBANIA</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022f</b>	<b>2023f</b>
<b>Real Sector</b>					
Nominal GDP (EUR million)	13,786	13,319	15,464	16,865	17,827
GDP per capita (EUR)	4,830	4,693	5,405	5,905	6,253
GDP growth (real, %)	2.1	-3.5	8.5	3.0	4.0
Unemployment rate (% aop)	12.0	12.2	12.1	11.8	11.4
<b>Prices and Banking</b>					
Inflation (% eop)	1.1	1.1	3.7	5.2	3.3
Inflation (% aop)	1.4	1.6	2.0	5.7	3.3
Loans to the Private Sector (% change, eop)	6.1	8.9	8.6		
Customer Deposits (% change, eop)	3.2	8.0	9.2		
Loans to the Private Sector (% of GDP)	31.5	35.3	33.3		
Retail Loans (% of GDP)	11.7	13.0	13.1		
Corporate Loans (% of GDP)	19.8	22.3	20.2		
Customer Deposits (% of GDP)	58.5	65.0	61.7		
Loans to Private Sector (% of Deposits)	53.8	54.3	54.0		
Foreign Currency Loans (% of Total Loans)	49.0	48.1	47.5		
<b>External Accounts</b>					
Merchandise exports (EUR million)	0,907	0,794	1,265	1,303	1,374
Merchandise imports (EUR million)	4,050	3,776	5,094	5,598	5,817
Trade balance (EUR million)	-3,144	-2,982	-3,829	-4,296	-4,442
Trade balance (% of GDP)	-22.8	-22.4	-24.8	-25.5	-24.9
Current account balance (EUR million)	-1,089	-1,153	-1,186	-1,441	-1,362
Current account balance (% of GDP)	-7.9	-8.7	-7.7	-8.5	-7.6
Net FDI (EUR million)	1,036	0,894	0,990	1,089	1,198
Net FDI (% of GDP)	7.5	6.7	6.4	6.5	6.7
International reserves (EUR million)	3,360	3,942	4,972	4,820	4,866
International reserves (Months <sup>a</sup> )	6.5	9.6	8.8	7.7	7.4
<b>Public Finance</b>					
Primary balance (% of GDP)	0.2	-4.6	-2.6	-2.7	-1.4
Fiscal balance (% of GDP)	-1.9	-6.7	-4.5	-4.5	-3.2
Gross public debt (% of GDP)	67.3	77.2	80.6	80.0	78.0
<b>External Debt</b>					
Gross external debt (EUR million)	8,246	8,548	9,740	10,040	10,340
Gross external debt (% of GDP)	59.8	64.2	63.0	59.5	58.0
External debt service (EUR million)	0,221	0,517	0,306	0,328	0,352
External debt service (% of reserves)	6.6	13.1	6.1	6.8	7.2
External debt service (% of exports)	5.0	13.3	4.9	5.1	5.2
<b>Financial Markets</b>					
Policy rate (1-week repo rate, % eop)	1.0	0.5	0.5	1.5	2.3
Policy rate (1-week repo rate, % aop)	1.0	0.6	0.5	1.1	2.1
1-Y T-bill rate <sup>b</sup> (% eop)	1.8	1.8	2.0	2.5	2.9
Exchange rate: EUR (eop)	121.6	123.4	120.6	122.5	123.5
Exchange rate: EUR (aop)	122.7	123.4	122.2	121.5	123.0

f: NBG forecasts; a: months of imports of GNFS; b: primary market



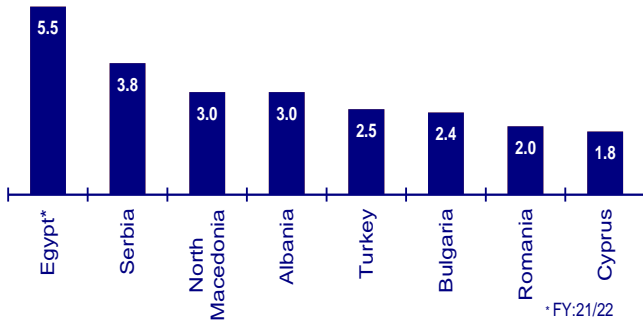
<b>CYPRUS</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022f</b>	<b>2023f</b>
<b>Real Sector</b>					
Nominal GDP (EUR million)	23,010	21,618	23,353	25,524	27,172
GDP per capita (EUR)	26.267	24.399	26.063	28.172	29.631
GDP growth (real, %)	5.3	-5.0	5.5	1.8	3.2
Unemployment rate (% aop)	7.1	7.6	7.5	7.7	6.9
<b>Prices and Banking</b>					
Inflation (% eop)	0.7	-1.1	4.8	6.8	2.3
Inflation (% aop)	0.3	-0.6	2.4	7.3	3.1
Loans to the Private Sector (% change, eop)	-7.4	-5.6	-5.0		
Customer Deposits (% change, eop)	0.0	-0.6	5.4		
Loans to the Private Sector (% of GDP)	133.1	133.7	117.6		
Retail Loans (% of GDP)	61.3	61.9	52.3		
Corporate Loans (% of GDP)	71.7	71.7	65.3		
Customer Deposits (% of GDP)	180.0	190.4	185.9		
Loans to Private Sector (% of Deposits)	73.9	70.2	63.3		
Foreign Currency Loans (% of Total Loans)	---	---	---		
<b>External Accounts</b>					
Merchandise exports (EUR million)	3,080	2,967	3,587	3,902	3,938
Merchandise imports (EUR million)	7,711	7,118	7,879	8,454	8,373
Trade balance (EUR million)	-4,631	-4,151	-4,292	-4,551	-4,435
Trade balance (% of GDP)	-20.1	-19.2	-18.4	-17.8	-16.3
Current account balance (EUR million)	-1,308	-2,177	-1,696	-2,368	-1,672
Current account balance (% of GDP)	-5.7	-10.1	-7.3	-9.3	-6.2
Net FDI (EUR million)	-0,082	3,864	2,226	2,894	3,690
Net FDI (% of GDP)	-0.4	17.9	9.5	11.3	13.6
International reserves (EUR million)	---	---	---	---	---
International reserves (Months <sup>a</sup> )	---	---	---	---	---
<b>Public Finance</b>					
Primary balance <sup>b</sup> (% of GDP)	3.5	-3.5	0.1	0.1	0.6
Fiscal balance <sup>b</sup> (% of GDP)	1.3	-5.6	-1.8	-1.8	-1.2
Gross public debt (% of GDP)	91.1	115.0	103.9	96.0	94.2
<b>External Debt</b>					
Gross external debt (EUR million)	194,036	190,427	192,715	188,500	186,500
Gross external debt (% of GDP)	843.3	880.9	825.2	738.5	686.4
External debt service (EUR million)	---	---	---	---	---
External debt service (% of reserves)	---	---	---	---	---
External debt service (% of exports)	---	---	---	---	---
<b>Financial Markets</b>					
Policy rate (ECB refinancing rate, % eop)	0,0	0,0	0,0	0,0	0,5
Policy rate (ECB refinancing rate, % aop)	0,0	0,0	0,0	0,0	0,3
3-Y T-bill rate (% eop)	-0,1	-0,1	-0,3	0,9	1,1
Exchange rate: USD (eop)	1,121	1,221	1,137	1,090	1,150
Exchange rate: USD (aop)	1,119	1,142	1,183	1,085	1,120

f: NBG forecasts; a: months of imports of GNFS; b: cash basis

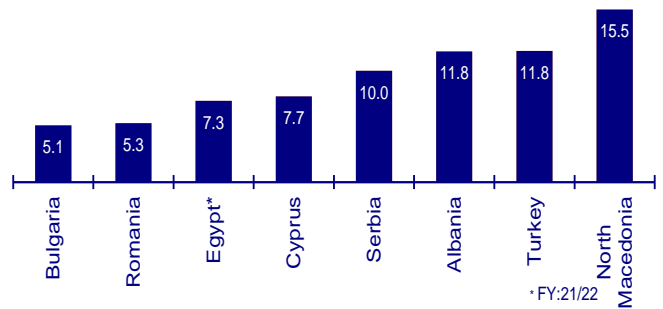


## REGIONAL SNAPSHOT: MACROECONOMIC INDICATORS

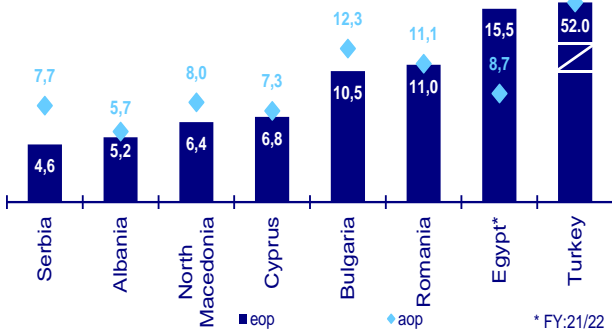
Real GDP Growth (% , 2022F)



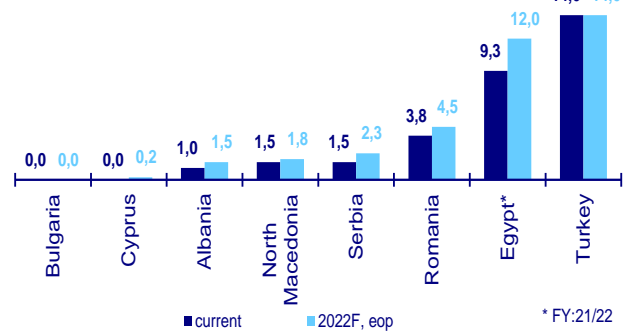
Unemployment (% , 2022F, aop)



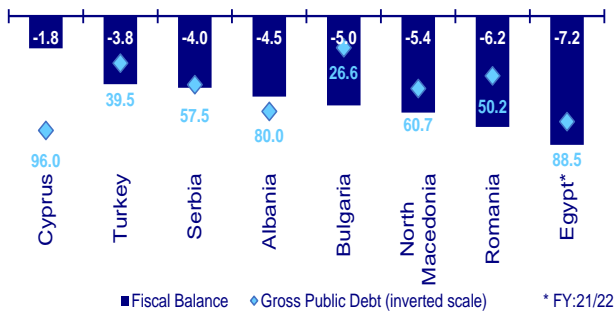
Headline inflation (% , 2022F)



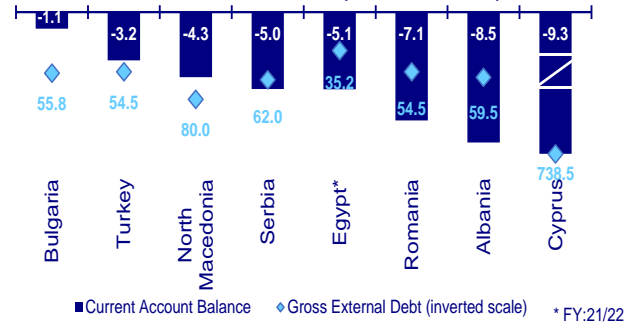
Policy rates (%)



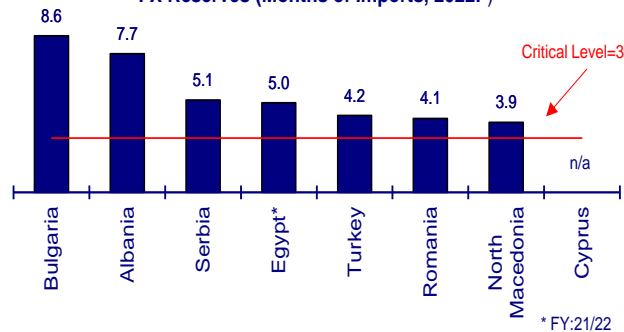
Public Finance (% of GDP, 2022F)



External Accounts (% of GDP, 2022F)



FX Reserves (Months of Imports, 2022F)

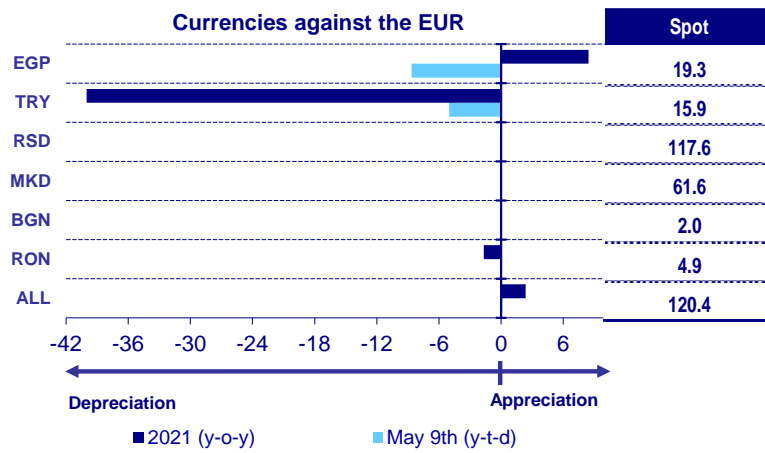


Sources: National Sources & NBG estimates

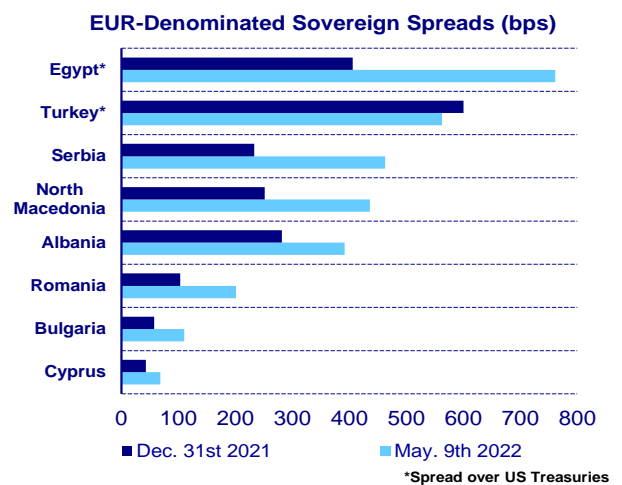
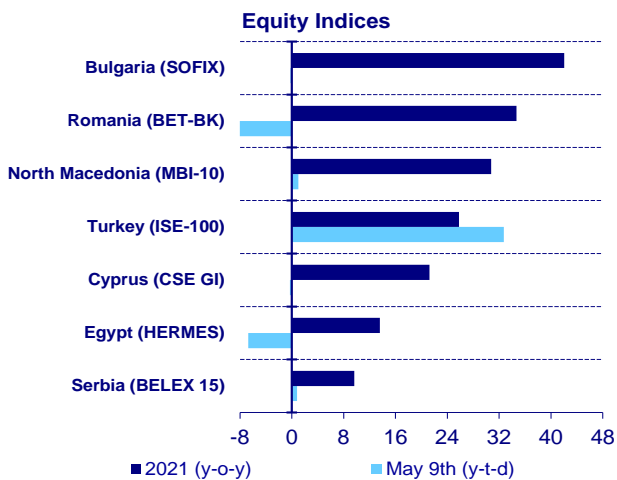
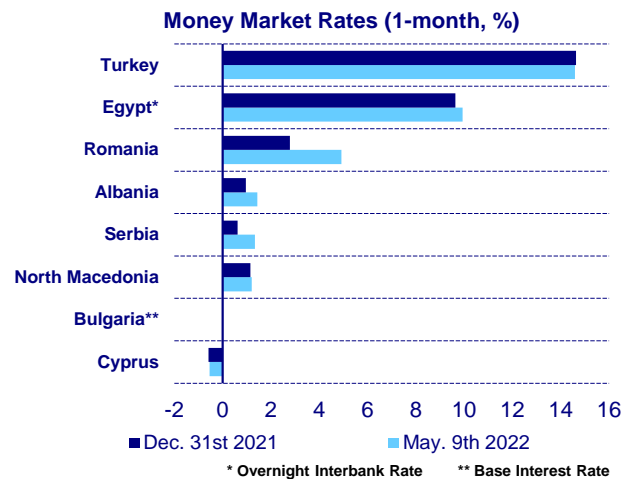
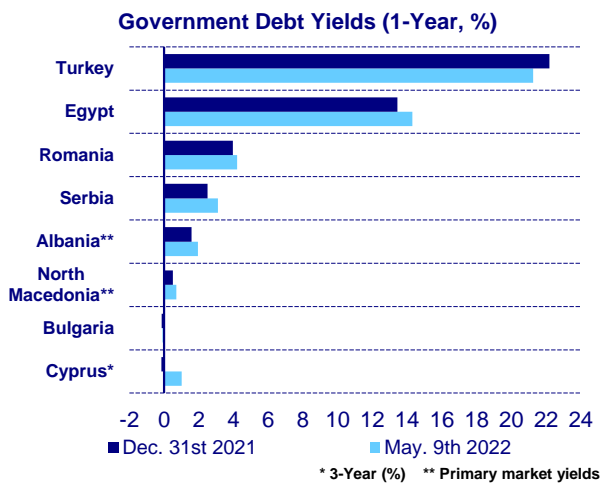




## REGIONAL SNAPSHOT: FINANCIAL MARKETS



\*: MKD and BGN are pegged to the EUR



Sources: Reuters & NBG estimates



**DISCLOSURES:** *This report has been produced by the Economic Analysis Division of the National Bank of Greece, which is regulated by the Bank of Greece, and is provided solely for the information of professional investors who are expected to make their own investment decisions without undue reliance on its contents, i.e. only after effecting their own independent enquiry from sources of the investors' sole choice. The information contained in this report does not constitute the provision of investment advice and under no circumstances is it to be used or considered as an offer or an invitation to buy or sell or a solicitation of an offer or invitation to buy or sell or enter into any agreement with respect to any financial asset, service or investment. Any data provided in this report has been obtained from sources believed to be reliable but have to be not been independently verified. In accordance with the Republic of Serbia's national sources, data related to AP Kosovo and Metohia are outside the scope of coverage this report. Because of the possibility of error on the part of such sources, National Bank of Greece does not guarantee the accuracy, timeliness or usefulness of any information. The National Bank of Greece and its affiliate companies, its representatives, its managers and/or its personnel or other persons related to it, accept no liability for any direct or consequential loss arising from any use of this report. The final investment decision must be made by the investor and the responsibility for the investment must be taken by the investor. This report is not directed to nor intended for distribution to use or used by any person or entity that is a citizen or resident of or located in any locality, state, country or other jurisdiction where such a distribution, publication, availability or use would be contrary to any law, regulation or rule. The report is protected under intellectual property laws and may not be altered, reproduced or redistributed, to any other party, in whole or in part, without the prior written consent of the National Bank of Greece.*