NATIONAL BANK OF GREECE

Economic Analysis Division

Emerging Markets Analysis

Bi-Weekly Report

22 March – 4 April 2022

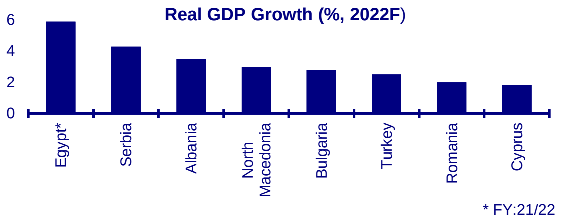
NBG - Economic Analysis Division
https://www.nbg.gr/en/the-group/press-office/e-spot/reports

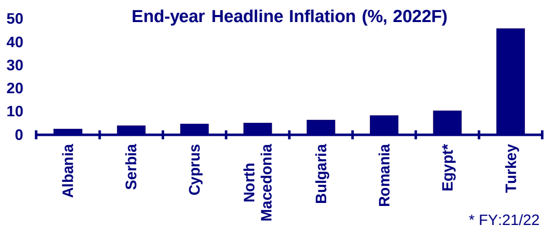
Emerging Markets Analysis

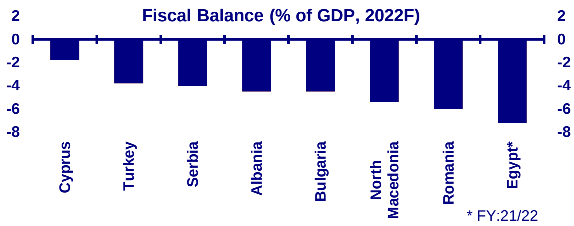
Head: Konstantinos Romanos-Louizos
☎ : +30 210 33 41 225
🖂 : romanos.louizos.k@nbg.gr

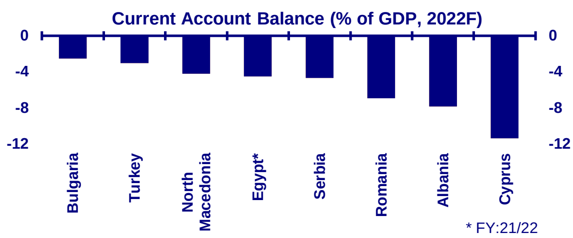
Louiza Troupi
☎ : +30 210 33 41 696
🖂 : troupi.louiza@nbg.gr

Georgios Ntinenis
🖂 : ntinenis.georgios@nbg.gr









Sources: National authorities & NBG estimates

ROMANIA 1

Heightened uncertainty and the impact of COVID-19-related disruptions in global supply chains held back economic activity in H2:21

Against the backdrop of a limited policy space, GDP growth should remain subdued in 2022, reflecting poor sentiment and high inflation, in the aftermath, *inter alia*, of the ongoing geopolitical tensions

Despite weakening sentiment, investment activity is set to gain momentum this year, bolstered by EU funding

BULGARIA 2

Bulgarian economy ended 2021 on a strong footing

Economic growth is set to lose momentum in 2022, reflecting the implications of the ongoing geopolitical tensions (especially in terms of higher inflation)

The slowdown in private consumption should be partly offset by a rebound in EU-funded investment activity

SERBIA 3

Following the April 3 triple elections -- (snap) parliamentary, presidential and local -- both incumbent President A. Vucic and his market friendly Serbian Progressive Party (SNS) will remain in power

In the wake of a strong post-COVID-19 rebound in FY:21, GDP growth is set to ease to a still robust 4.3% this year (versus 5.2% expected prior to the Russia-Ukraine crisis), with the surge in inflation and weaker external demand taking a relatively limited toll on economic activity

APPENDIX:

MACROECONOMIC INDICATORS 4

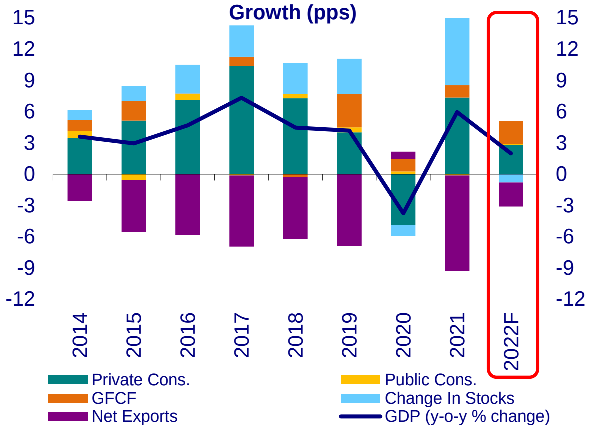
FINANCIAL MARKETS 7

Please see disclosures on page 7

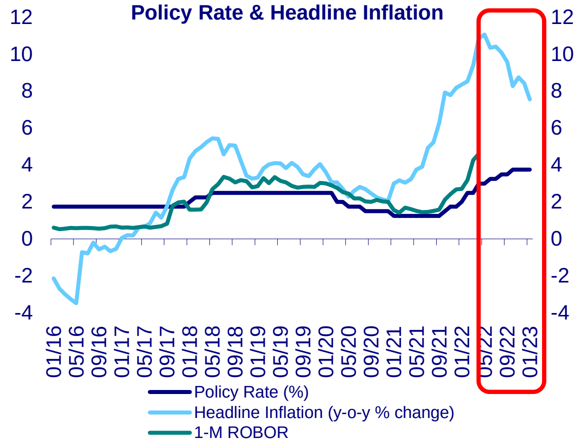
Romania

BBB- / Baa3 / BBB- (S&P / Moody's / Fitch)

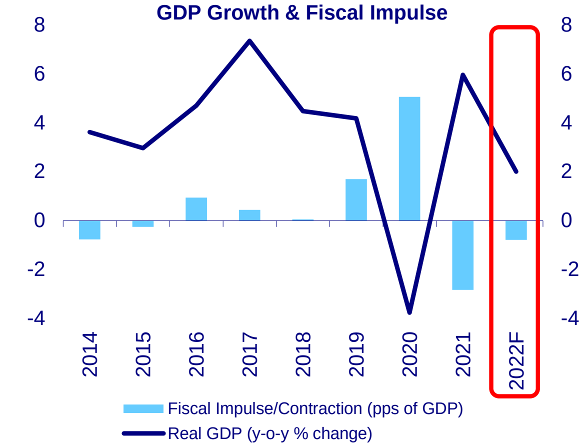
Contribution Rates to Annual Real GDP Growth (pps)



Policy Rate & Headline Inflation



GDP Growth & Fiscal Impulse



	4 Apr.	3-M F	6-M F	12-M F
1-m ROBOR (%)	4.5	4.9	5.3	5.0
RON/EUR	4.94	4.98	5.01	5.03
Sov. Spread (2024, bps)	57	85	100	115

	4 Apr.	1-W %	YTD %	2-Y %
BET-BK	2,404	1.8	-4.4	68.7

	2019	2020E	2021E	2022F	2023F
Real GDP Growth (%)	4.2	-3.8	6.0	2.0	4.7
Inflation (eop, %)	4.0	2.1	8.2	8.4	3.8
Cur. Acct. Bal. (% GDP)	-4.9	-5.0	-7.1	-7.0	-6.7
Fiscal Bal. (% GDP)	-4.6	-9.6	-6.8	-6.0	-4.6

Sources: Reuters, INSSE, NBR, Ministry of Finance & NBG estimates

Heightened uncertainty and the impact of COVID-19-related disruptions in global supply chains held back economic activity in H2:21. With the bulk of positive base effects from the reopening of the economy from COVID-19 shutdowns having dissipated, GDP growth decelerated further to 2.4% y-o-y in Q4:21 from 6.9% in Q3:21, pointing to a weakened underlying growth momentum. Indeed, on a sequential basis, GDP contracted marginally in Q4:21 against a rise of 0.4% in Q3:21, underperforming markedly compared with H1:21 (up 1.8% q-o-q s.a on average). In terms of expenditure, the negative surprise came from fixed investment, which dropped for a 2nd consecutive quarter. Regarding the supply side, the main driver behind this subdued performance was the industrial sector, which was severely affected by the disruptions in global supply chains (especially in automotive parts). Despite the weak H2:21 outcome, full-year GDP growth reached a significant 6.0%, leaving the economy well above pre-COVID-19 levels.

Against the backdrop of a limited policy space, GDP growth should remain subdued in 2022, reflecting poor sentiment and high inflation, in the aftermath, *inter alia*, of the ongoing geopolitical tensions. The jump in global commodity (especially energy) prices, following the escalation of the Russia-Ukraine crisis, should push (the already elevated) inflation figures even higher this year (to an average of 9.5% from 5.0% in FY:21, well above the 10-year historical average of c. 2.5%), biting seriously into households' (real) disposable income. This income effect and its adverse impact on consumer confidence cannot but weigh markedly on private consumption this year. On a positive note, record-high households' savings could provide some buffer against the inflation shock.

Importantly, despite weakening sentiment, investment activity is set to gain momentum this year, bolstered by EU funding, providing a critical contribution to economic growth. Note that Romania is eligible to receive grants and loans worth EUR 29.1bn or more than 12.0% of its FY:21 GDP under the EU Recovery & Resilience Facility in 2021-27, with the historical low EU funds absorption rate posing, however, serious challenges in this regard.

Against the backdrop of slowing economic growth in the EU, Romania's main trade partner, and persistent strains in global supply chains, net exports are unlikely to improve this year, despite weaker private consumption. In fact, the large import content of fixed investment, which is expected to overperform this year, means that imports would continue to expand at a relatively solid pace. Note that direct trade linkages with Russia and Ukraine are minimal, with combined exports to these countries accounting for less than 2.5% of total exports.

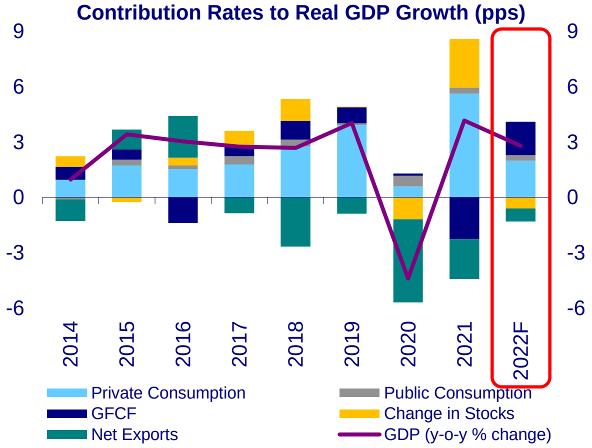
Worryingly, the scope for policies to support economic growth appears be limited this year. Indeed, with inflation rising rapidly and pressures on the RON building up, reflecting not only the impact of higher global energy prices on external accounts but also that of surging global risk aversion, the NBR cannot but continue tightening its stance, despite strong downside risks to economic growth. As a result, we see the key rate at 3.75% at end-2022, up from 3.0% currently and 1.75% at end-2021, with the effecting tightening projected to be much larger in terms of money market rates. At the same time, the need to reduce the (already high) structural budget deficit is tying the Government's hands, despite the temporary suspension of EU fiscal discipline rules.

All said, we see GDP growth easing to a mere 2.0% in FY:22, with risks clearly tilted to the downside, should the implications of the ongoing crisis turn out to be more severe than envisaged. Assuming a gradual de-escalation of geopolitical tensions over the next months, we project GDP growth rebounding strongly to 4.7% in FY:23.

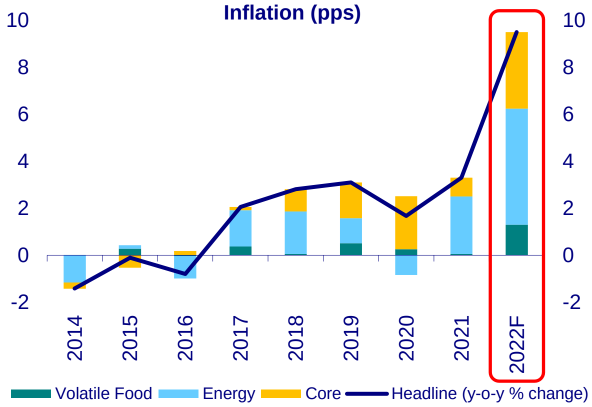
Bulgaria

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

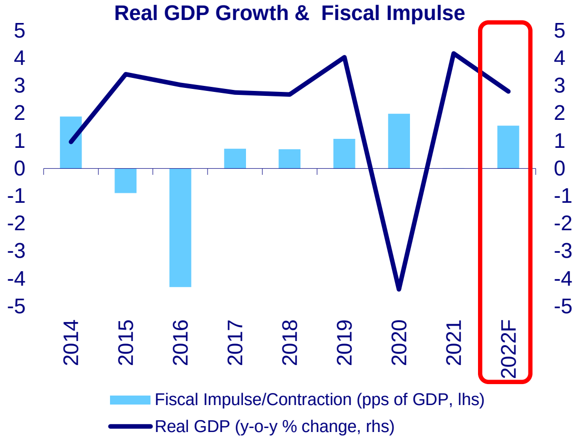
Contribution Rates to Real GDP Growth (pps)



Contribution to Average Headline CPI Inflation (pps)



Real GDP Growth & Fiscal Impulse



	4 Apr.	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)	67	72	78	85

	4 Apr.	1-W %	YTD %	2-Y %
SOFIX	636	4.2	0.1	50.3

	2019	2020	2021	2022F	2023F
Real GDP Growth (%)	4.0	-4.4	4.2	2.8	3.7
Inflation (eop, %)	3.8	0.1	7.8	6.5	3.5
Cur. Acct. Bal. (% GDP)	1.9	-0.3	-2.0	-2.5	-1.8
Fiscal Bal. (% GDP)	-1.0	-2.9	-2.9	-4.5	-3.6

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

Bulgarian economy ended 2021 on a strong footing. Despite fading (positive) base effects from the reopening of the economy, GDP growth firmed to a solid 5.6% y-o-y (up 1.0% q-o-q s.a.) in Q4:21 from 3.9% y-o-y (up 0.8% q-o-q s.a.) in Q3:21, driven by a rebound in exports (especially of services, including tourism) and stronger private consumption. The latter was sustained by improving labour market conditions and robust income growth, following increased social transfers and a significant hike in pensions in October (up 13%). In contrast, investment activity remained subdued, held back by high COVID-19-related uncertainty. All said, full-year GDP growth reached 4.2%, bringing the economy back to pre-COVID-19 levels.

Economic growth is set to lose momentum in 2022, reflecting the implications of the ongoing geopolitical tensions (especially in terms of higher inflation). Given the economy's' reliance on imports to cover its energy needs, the spike in global oil and gas prices and associated second-round effects should push the domestic inflation rate even further up from (already elevated) current levels in the period ahead. Indeed, we see headline inflation reaching a more-than-decade high of 9.5% on average in FY:22 from 3.3% in FY:21, eroding significantly households' (real) disposable income. This impact, together with weakening confidence, should hold back private consumption this year, despite increased state support (see below).

The slowdown in private consumption should be partly offset by a rebound in investment activity. Assuming that grants to Bulgaria under the EU Recovery & Resilience Fund (totaling c. 10% over 2021-27) are evenly distributed, we project (private and especially public) fixed investment to grow strongly in FY:22, providing a critical boost to overall growth (over 1.5 pps of GDP). Note, however, that, following the delay in the formation of a functioning Government, the country's RRF plan has yet to be approved by the EU. Worryingly, Bulgaria's historical low EU funds absorption rate adds challenges in this regard.

With economic growth in the EU weakening under the impact of the negative terms-of-trade shock from higher global commodity prices, net exports are likely to remain a drag on overall growth this year, reflecting, *inter alia*, the large import content of investment. Note that direct trade linkages with Russia and Ukraine are small, with combined exports of goods to these countries accounting for less than 2.5% of total exports. That said, the tourist sector appears to be somewhat more exposed, with combined tourist arrivals from these countries representing c. 8.5% of Bulgaria's total tourist arrivals in FY:21.

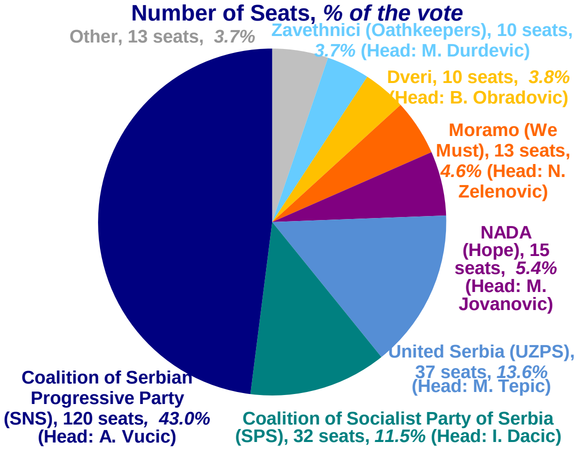
Importantly, the expansionary fiscal policy should help alleviate the impact of the crisis. Indeed, in view of the ample fiscal space available (Bulgaria's gross public debt stands at c. 27.0% of GDP, among the lowest in the EU), authorities stand ready to boost social spending this year, pushing up the budget deficit to 4.5% of GDP from 2.9% in FY:21. At the same time, monetary conditions are set to remain broadly accommodative throughout the year, despite the ECB's tightening bias.

All said, we expect GDP growth to moderate to 2.8% in FY:22. Assuming that geopolitical tensions ease gradually over the next months, we see GDP growth picking up to 3.7% in FY:23, underpinned by a strong carry-over effect. Our forecasts could be revised lower, should the implications of the crisis prove harsher or more long-lasting than currently envisaged. Importantly, the recent formation of a broad-based Government (led by the new centrist CC party and also including the BSP, ITN and DB parties), following months of political impasse, should help reduce political noise in the period ahead. A potential resurgence in COVID-19 inflections also poses a significant downside risk to our forecasts, given the very low vaccination coverage in country.

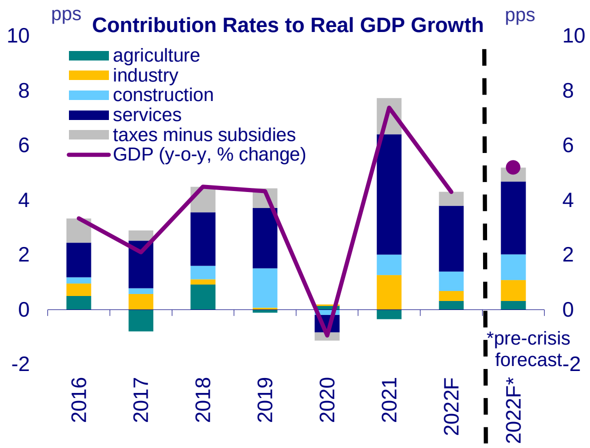
Serbia

BB+ / Ba2 / BB+ (S&P / Moody's / Fitch)

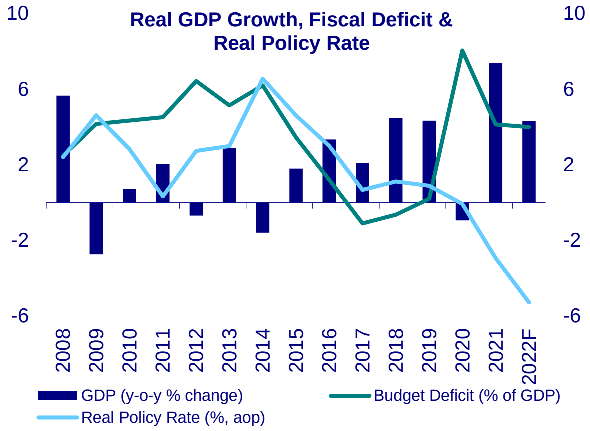
Preliminary Results of 2022 Parliamentary Elections
Number of Seats, *% of the vote*



Contribution Rates to Real GDP Growth



Real GDP Growth, Fiscal Deficit & Real Policy Rate



	4 April	3-M F	6-M F	12-M F
1-m BELIBOR (%)	1.0	1.5	2.0	2.5
RSD/EUR	117.6	117.5	117.5	117.5
Sov. Spread (2029, bps)	358	330	300	250

	4 April	1-W %	YTD %	2-Y %
BELEX-15	836	0.3	1.8	29.5

	2019	2020	2021	2022E	2023F
Real GDP Growth (%)	4.3	-0.9	7.4	4.3	4.5
Inflation (eop, %)	1.9	1.3	7.9	4.0	3.4
Cur. Acct. Bal. (% GDP)	-6.9	-4.1	-4.4	-4.8	-4.4
Fiscal Bal. (% GDP)	-0.2	-8.0	-4.1	-4.0	-2.5

Sources: Reuters, OPBC, Republic Electoral Commission & NBG estimates

Following the April 3 triple elections -- (snap) parliamentary, presidential and local -- both incumbent President A. Vucic and his market friendly Serbian Progressive Party (SNS) will remain in power. In a landslide victory, A. Vucic won the Presidential elections, securing 58.6% of votes in the 1st round and avoiding a run-off against the representative of the united opposition, Z. Ponos, who garnered just 18.4% of the vote. In our view, the economy's strong pre-COVID-19 performance along with the authorities' timely policy response to the pandemic shock, as well as the maintenance of close ties with both the EU and Russia were among the key factors boosting Vucic's popularity.

Moreover, in the (snap) legislative election held in conjunction with the presidential race, Vucic's SNS -- the senior party of the outgoing ruling coalition -- gained 43.0% of the vote (120 seats in the 250-seat assembly). Despite its high rating, the SNS did not manage to retain an absolute majority in the new assembly, following the entry of several opposition parties, which had boycotted the previous elections. United Serbia, a broad alliance of pro-EU parties, emerged as the main opposition party, yet lagging far behind, with 13.6% of the vote and 37 seats. The junior coalition partner in the outgoing Government, the Socialist Party of Serbia (SPS), came 3rd with 11.5% of the vote and 32 seats. Four more parties entered the parliament (together holding 48 seats), while minority parties secured 13 seats in the new assembly. Looking ahead, the SNS is likely to renew its market-friendly coalition with the SPS, continuing the reform effort, under the auspices, *inter alia*, of with the 30-month Policy Coordination Instrument with the IMF.

In the wake of a strong post-COVID-19 rebound in FY:21, GDP growth is set to ease to a still robust 4.3% this year (versus 5.2% expected prior to the Russia-Ukraine crisis), reflecting the impact of the surge in inflation and weaker external demand. From a sectoral point of view, the industrial sector is set to drive the slowdown in economic growth in FY:22. In fact, in view of persistent bottlenecks in global supply chains, on the one hand, and increased production (especially energy) costs and the envisaged slowdown in economic growth in Serbia's main trading partners, in the aftermath of the ongoing geopolitical tensions, on the other hand, industrial output (which dominates Serbia's exports, with the latter accounting for ½ of GDP) is set to grow only marginally this year. Note that Serbia's direct trade linkages with Russia and Ukraine are small (with combined exports accounting for a mere 4.6% of total exports in FY:21).

Growth in the services sector -- which was in any case expected to moderate, in line with a normalization in spending patterns in the post-COVID-19 era -- should be also affected by the implications of the Russia-Ukraine crisis. Indeed, domestic demand cannot but be hit by the steep hike in energy and food prices, which would, in turn, push inflation to a 9-year high of 7.3% on average in FY:22 from 4.1% in FY:21, biting into households' real disposable income. On a positive note, the extension of a loose incomes policy should help alleviate the impact of the shocks.

Importantly, the policy mix should remain accommodative. Indeed, following a sizeable narrowing in the budget deficit in FY:21, fiscal consolidation is expected to pause this year. At the same time, despite a strong tightening bias by several regional central banks, the NBS is set to proceed with only modest rate hikes (we see the key policy rate at 2.25% at end-2022 from 1.5% currently and 1.0% at end-2021).

All said, we revise downwards our FY:22 GDP growth forecast by 0.9 pps to a still robust 4.3%. Note that Serbia's terms of trade would be less affected by the implications of the Russia-Ukraine crisis than those of its peers, thanks to: i) the country's self-sufficiency in electricity generation (almost entirely relied on domestically mined coal); and ii) a 6-month gas import contract signed with Russia at end-2021 at preferential prices.

MACROECONOMIC INDICATORS

ROMANIA	2019	2020	2021	2022f	2023f
Real Sector					
Nominal GDP (EUR million)	223,269	219,004	239,762	264,356	287,051
GDP per capita (EUR)	11,506	11,287	12,358	13,626	14,797
GDP growth (real, %)	4.2	-3.8	6.0	2.0	4.7
Unemployment rate(ILO definition, %, aop)	4.9	6.1	5.6	5.3	4.9
Prices and Banking					
Inflation (%, eop)	4.0	2.1	8.2	8.4	3.8
Inflation (%, aop)	3.8	2.6	5.0	9.5	4.9
Loans to the Private Sector (% change, eop)	7.0	5.0	14.3		
Customer Deposits (% change, eop)	12.6	15.3	13.7		
Loans to the Private Sector (% of GDP)	24.6	25.9	26.4		
Retail Loans (% of GDP)	13.5	14.2	13.9		
Corporate Loans (% of GDP)	11.1	11.7	12.5		
Customer Deposits (% of GDP)	33.1	38.3	38.8		
Loans to Private Sector (% of Deposits)	74.4	67.8	68.1		
Foreign Currency Loans (% of Total Loans)	32.0	29.7	27.9		
External Accounts					
Merchandise exports (EUR million)	63,066	57,568	70,109	75,154	79,905
Merchandise imports (EUR million)	80,918	76,511	93,247	100,110	105,971
Trade balance (EUR million)	-17,852	-18,943	-23,138	-24,956	-26,066
Trade balance (% of GDP)	-8.0	-8.6	-9.7	-9.4	-9.1
Current account balance (EUR million)	-10,907	-10,977	-16,949	-18,394	-19,181
Current account balance (% of GDP)	-4.9	-5.0	-7.1	-7.0	-6.7
Net FDI (EUR million)	4,848	2,960	7,278	5,822	6,550
Net FDI (% of GDP)	2.2	1.4	3.0	2.2	2.3
International reserves (EUR million)	32,926	37,379	40,475	41,004	41,973
International reserves (Months[a])	4.0	4.9	4.4	4.1	4.0
Public Finance					
Primary balance (% of GDP)	-3.4	-8.2	-5.3	-4.6	-3.2
Fiscal balance (% of GDP)	-4.6	-9.6	-6.8	-6.0	-4.6
Gross public debt [b] (% of GDP)	35.0	46.9	50.0	51.5	52.1
External Debt					
Gross external debt (EUR million)	109,783	126,807	134,256	144,074	152,137
Gross external debt (% of GDP)	49.2	57.9	56.0	54.5	53.0
External debt service (EUR million)	17,442	16,840	15,968	17,000	17,250
External debt service (% of reserves)	53.0	45.1	39.5	41.5	41.1
External debt service (% of exports)	19.4	20.7	16.5	16.4	15.6
Financial Markets					
Policy rate (1-w repo rate, %, eop)	2.5	1.5	1.8	3.8	3.8
Policy rate (1-w repo rate, %, aop)	2.5	1.8	1.4	3.1	3.8
10-Y Bond Yield (%, eop)	4.5	3.1	5.1	6.0	5.8
Exchange rate: EUR (eop)	4,786	4,863	4,946	5,020	5,060
Exchange rate: EUR (aop)	4,743	4,835	4,919	4,983	5,040

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

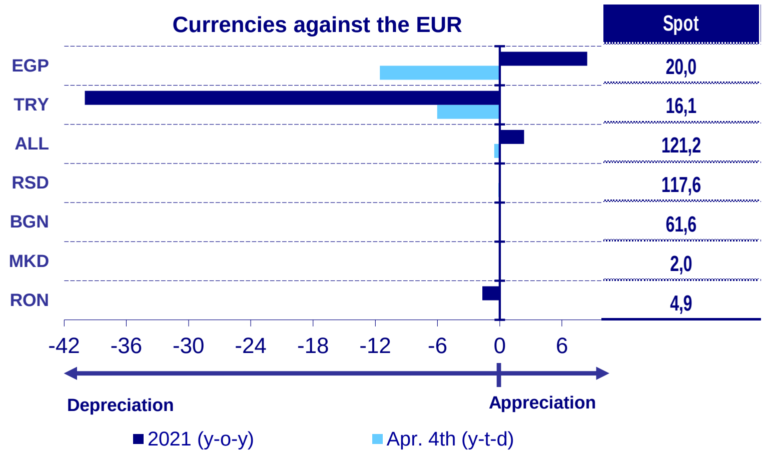
BULGARIA	2019	2020	2021f	2022f	2023f
Real Sector					
Nominal GDP (EUR million)	61,557	61,330	67,871	76,400	82,158
GDP per capita (EUR)	8,856	8,873	9,879	11,188	12,103
GDP growth (real, %)	4.0	-4.4	4.2	2.8	3.7
Unemployment rate(ILO definition, %, aop)	5.3	6.1	5.3	5.0	4.8
Prices and Banking					
Inflation (%, eop)	3.8	0.1	7.8	6.5	3.5
Inflation (%, aop)	3.1	1.7	3.3	9.5	3.7
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		
External Accounts					
Merchandise exports (EUR million)	29,119	27,272	34,205	36,497	37,498
Merchandise imports (EUR million)	32,028	29,217	37,574	40,380	41,440
Trade balance (EUR million)	-2,908	-1,945	-3,368	-3,883	-3,943
Trade balance (% of GDP)	-4.7	-3.2	-5.0	-5.1	-4.8
Current account balance (EUR million)	1,148	-0,161	-1,381	-1,925	-1,462
Current account balance (% of GDP)	1.9	-0.3	-2.0	-2.5	-1.8
Net FDI (EUR million)	1,238	2,116	0,857	1,028	1,182
Net FDI (% of GDP)	2.0	3.5	1.3	1.3	1.4
International reserves (EUR million)	24,836	30,848	34,597	34,850	36,570
International reserves (Months[a])	8.0	11.1	9.8	9.3	9.4
Public Finance					
Primary balance (% of GDP)	-0.4	-2.4	-2.5	-4.0	-3.1
Fiscal balance (% of GDP)	-1.0	-2.9	-2.9	-4.5	-3.6
Gross public debt [b] (% of GDP)	20.0	24.7	26.2	27.8	29.0
External Debt					
Gross external debt (EUR million)	37,716	39,627	41,529	42,784	43,626
Gross external debt (% of GDP)	61.3	64.6	61.2	56.0	53.1
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	19.4
External debt service (% of exports)	17.7	20.4	16.2	18.0	14.9
Financial Markets					
Base Interest Rate (%, eop)	0.0	0.0	0.0	0.0	0.0
Base Interest Rate (%, aop)	0.0	0.0	0.0	0.0	0.0
10-Y Bond Yield (%, eop)	0.4	0.4	0.7	1.0	1.3
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

SERBIA	2019	2020	2021	2022f	2023f
Real Sector					
Nominal GDP (EUR million)	46,052	46,822	53,351	59,712	64,578
GDP per capita (EUR)	6,631	6,787	7,723	8,678	9,423
GDP growth (real, %)	4.3	-0.9	7.4	4.3	4.5
Unemployment rate (%, aop)	11.2	9.7	11.1	9.5	9.1
Prices and Banking					
Inflation (%, eop)	1.9	1.3	7.9	4.0	3.4
Inflation (%, aop)	1.9	1.6	4.1	7.3	3.5
Loans to the Private Sector (% change, eop)	8.9	12.2	10.1		
Customer Deposits (% change, eop)	7.8	17.4	13.3		
Loans to the Private Sector (% of GDP)	44.3	49.0	47.4		
Retail Loans (% of GDP)	20.5	22.6	22.4		
Corporate Loans (% of GDP)	23.8	26.4	25.0		
Customer Deposits (% of GDP)	45.2	52.3	53.1		
Loans to Private Sector (% of Deposits)	98.0	93.6	89.2		
Foreign Currency Loans (% of Total Loans)	66.9	62.7	61.7		
External Accounts					
Merchandise exports (EUR million)	16,415	16,079	20,756	21,980	22,961
Merchandise imports (EUR million)	22,038	21,280	26,685	28,296	29,126
Trade balance (EUR million)	-5,623	-5,201	-5,929	-6,316	-6,165
Trade balance (% of GDP)	-12.2	-11.1	-11.1	-10.6	-9.5
Current account balance (EUR million)	-3,161	-1,929	-2,343	-2,839	-2,840
Current account balance (% of GDP)	-6.9	-4.1	-4.4	-4.8	-4.4
Net FDI (EUR million)	3,551	2,938	3,625	3,988	4,387
Net FDI (% of GDP)	7.7	6.3	6.8	6.7	6.8
International reserves (EUR million)	13,379	13,492	16,455	15,453	15,950
International reserves (Months[a])	5.7	6.1	6.0	5.3	5.3
Public Finance					
Primary balance (% of GDP)	1.8	-6.0	-2.4	-2.3	-0.7
Fiscal balance (% of GDP)	-0.2	-8.0	-4.1	-4.0	-2.5
Central Government debt (% of GDP)	52.8	57.9	57.2	57.5	56.1
External Debt					
Gross external debt (EUR million)	28,254	30,787	36,536	36,902	39,392
Gross external debt (% of GDP)	61.4	65.8	68.5	61.8	61.0
External debt service (EUR million)	6,400	3,900	4,600	4,900	4,900
External debt service (% of reserves)	47.8	28.9	28.0	31.7	30.7
External debt service (% of exports)	27.4	17.5	16.1	16.2	15.5
Financial Markets					
Policy rate (2-w repo rate, %, eop)	2.3	1.0	1.0	2.3	2.8
Policy rate (2-w repo rate, %, aop)	2.7	1.5	1.0	1.6	2.7
5-Y T-bill rate [b] (%, eop)	n.a.	2.6	2.1	3.2	3.5
Exchange rate: EUR (eop)	117.5	117.5	117.5	117.5	117.5
Exchange rate: EUR (aop)	117.7	117.5	117.5	117.5	117.5

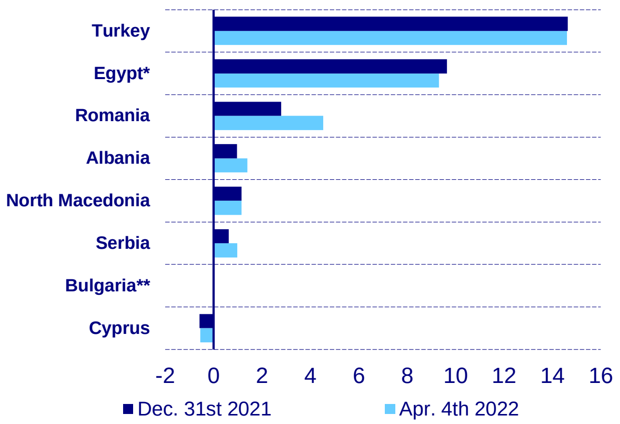
f: NBG forecasts; a: months of imports of GNFS; b: primary market

FINANCIAL MARKETS



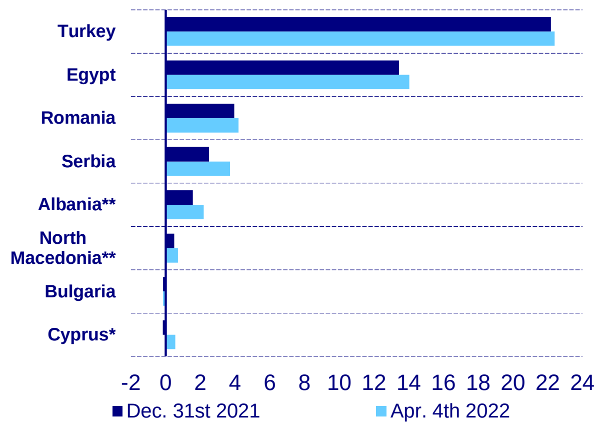
*: MKD and BGN are pegged to the EUR

Money Market Rates (1-month, %)



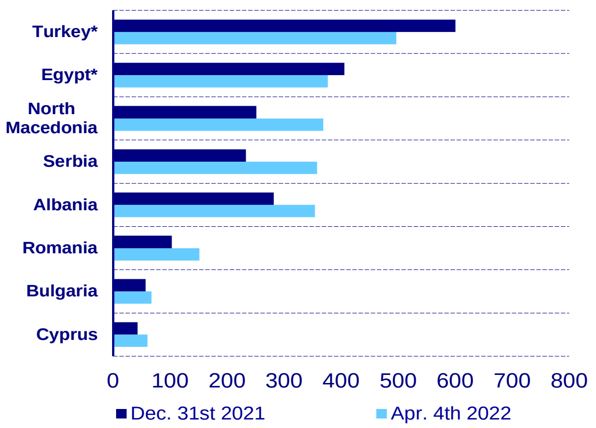
* Overnight Interbank Rate ** Base Interest Rate

Government Debt Yields (1-Year, %)



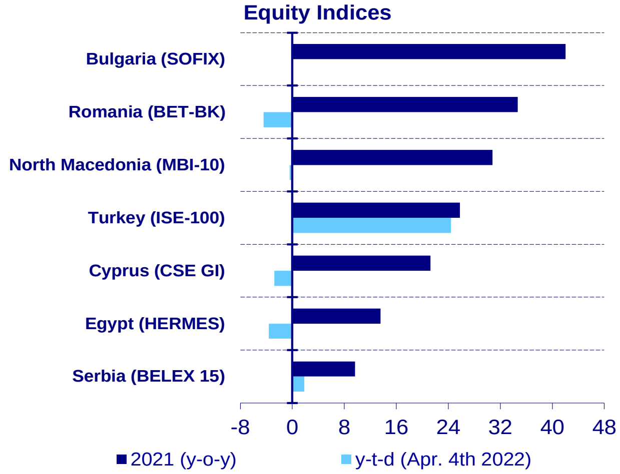
* 3-Year (%) ** Primary market yields

EUR-Denominated Sovereign Spreads (bps)



*Spread over US Treasuries

Equity Indices



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.*