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Emerging Markets Analysis

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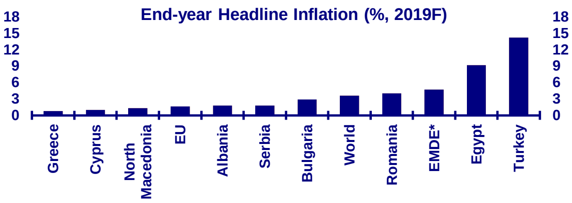
Economic Analysis Division

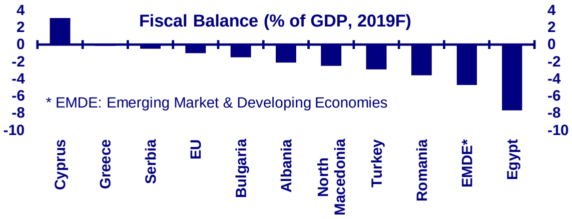
Emerging Markets Analysis

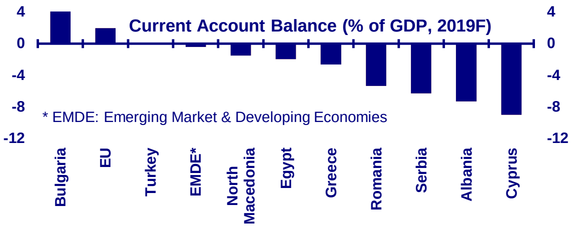
Bi-Weekly Report

1 – 14 October 2019

* EMDE: Emerging Market & Developing Economies







Sources: National authorities, IMF & NBG estimates

US imposes (“soft”) sanctions on Turkey over its military operation in Syria

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A centre-right PNL- led Government is expected to take office following the collapse of the PSD Government

The NBR maintained its 2-week repo rate unchanged at 2.5% for a 17th consecutive month

EC-ECB and IMF missions confirmed the country’s strong macroeconomic performance, while stressing the need to address the remaining challenges

Tourist activity weakened further in 8M:19, dragged down by the EU markets, including the main source country, the UK

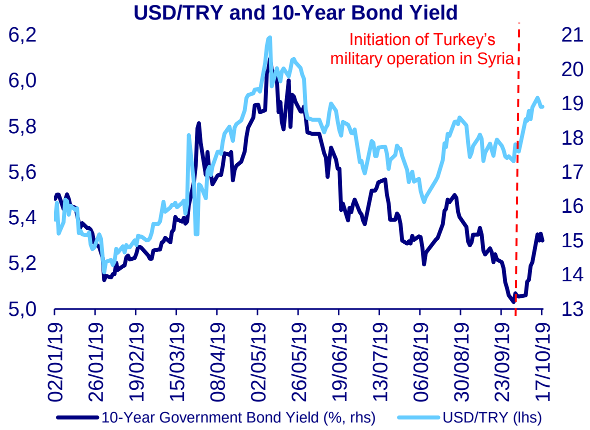
The CBE cut its key policy rates by an additional 100 bps in September, due to a sharp easing in inflation and EGP appreciation

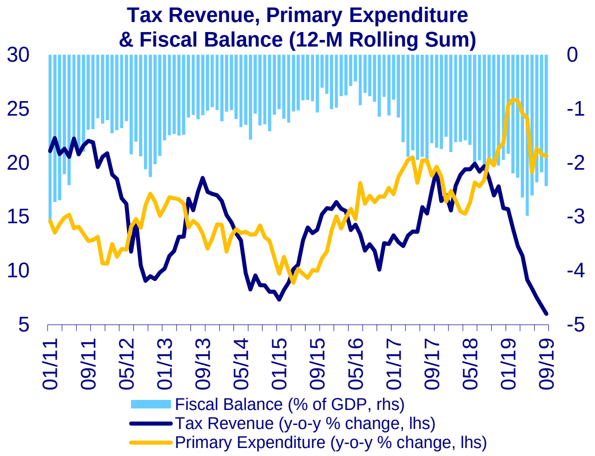
Weaker support from Suez Canal receipts (SCR) to the current account in FY:18/19 fiscal year (that ended in June)

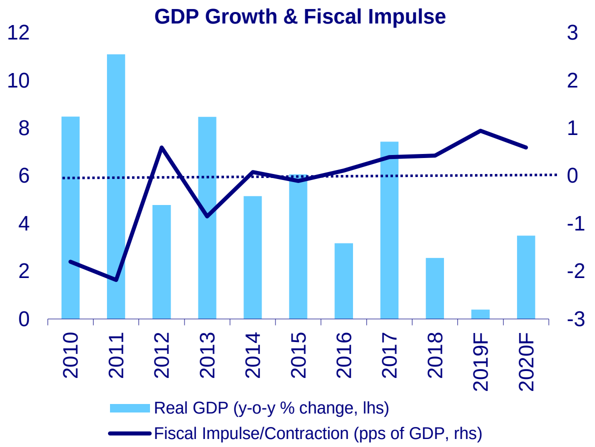
1 - 14 October 2019

Turkey

BB- / B1 / BB- (S&P/ Moody's / Fitch)







	14 Oct.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	16.5	16.0	15.0	12.5
TRY/EUR	6.53	6.72	6.90	7.35
Sov. Spread (2025, bps)	509	500	450	400

	14 Oct.	1-W %	YTD %	2-Y %
ISE 100	93,981	-8.7	3.9	-11.5

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.2	7.5	2.8	0.4	3.5
Inflation (eop, %)	8.5	11.9	20.3	14.2	11.0
Cur. Acct. Bal. (% GDP)	-3.8	-5.5	-3.5	-0.2	-1.7
Fiscal Bal. (% GDP)	-1.1	-1.5	-1.9	-2.9	-3.5

Sources: Reuters, TurkStat, Ministries of Finance and Tourism & NBG estimates

US imposes ("soft") sanctions on Turkey over its military operation in Syria. More than a week after the initiation of Turkey's military operation in Syria, and amid international criticism, the US called on its NATO ally to cease fire and begin negotiations with the Kurdish forces. At the same time, the US imposed a series of sanctions, which include: i) halting talks over a pact aimed at raising bilateral trade to USD 100bn (from USD 21bn currently); ii) doubling tariffs on imports of steel to 50%; and iii) imposing sanctions on 3 senior Government officials and the defense and energy ministries (which involves the freezing of their assets in the US and banning US-related transactions with them). Note that the US Congress stands ready to broaden the scope of sanctions to include arms sales to Turkey and country's energy sector.

The economic impact of the sanctions announced so far is estimated to be negligible. Indeed, steel exports to the US amounted to just USD 157mn in 8M:19 (equivalent to an annualised 0.03% of GDP).

In our view, the main risk for Turkey comes from a potential deepening of sanctions, especially on financial institutions, and related expectational effects. In the event, the Turkish economy, which is already struggling to recover from a recession fueled by a currency crisis last year, would suffer a fresh blow. Note that Turkish banks must rollover c. USD 60bn (7.9% of GDP) of FX financing over the next 12 months. Another risk is the possibility of sanctions from the EU, Turkey's largest trade partner.

All said, the softer-than-expected US sanctions brought some relief to the market after the turmoil of the previous days. Indeed, the USD/TRY stabilized to 5.89, still down 3.3% since the initiation of Turkey's operation in Syria and 10.2% y-t-d, while the 10-year bond yield declined slightly to 15.0%, still up 164 bps over the past 10 days but down 83 bps y-t-d.

The "unbudgeted" transfer of the CBRT's excess "legal reserves" to the Treasury helped reduce the 12-month rolling budget deficit to 2.4% of GDP in September from a 8-year high of 3.0% in May -- still above the FY:18 outcome of 1.9%. In another unconventional move, the Government cut the share of the CBRT's profits channeled to its "legal reserves" from 20% to 10%, enabling the transfer of the accumulated "excess" reserves from previous years (0.9% of GDP) to the Treasury. "Legal reserves" are considered as funding of a "last resort" for the Government and are separate from the CBRT's FX reserves.

Recall that the budget has already benefited from a higher-than-budgeted profit transfer from the CBRT (0.8% of GDP against 0.5% included in the FY:19 budget and the FY:18 outcome of 0.3%). Adjusting for these two transfers, the fiscal slippage would have been much larger in 9M:19 (1.9 pps of GDP versus the actual 0.5 pps).

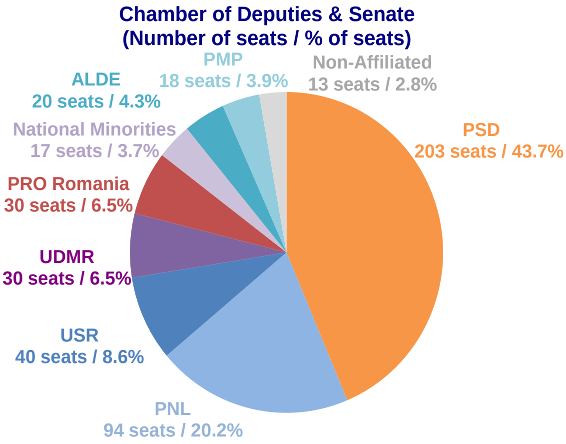
Indeed, tax revenue deteriorated in 9M:19 (down 1.1 pp of GDP y-o-y), largely reflecting the impact of recession, while current spending accelerated (up 0.9 pps of GDP y-o-y), on the back of higher personnel expenses, social spending and interest payments.

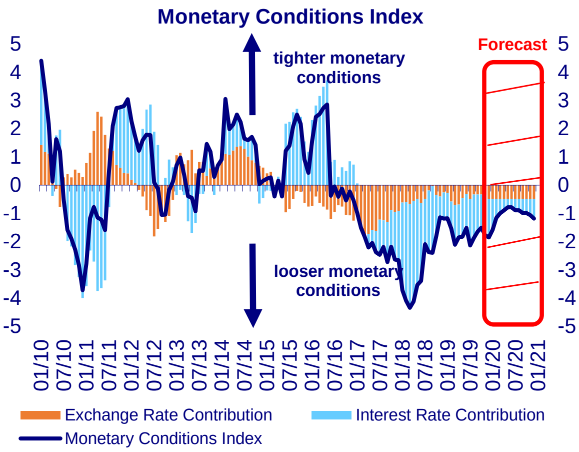
The budget deficit is set to widen to 2.9% of GDP in FY:19. Despite hikes in some minor taxes, tax revenue is set to remain under pressure during the remainder of the year, mainly due to unsupportive base effects. Indeed, the tax and illegal construction amnesties, together with the paid military service law, yielded an impressive tax revenue of 1.4% of GDP in H2:18, not all of which will recur in FY:19. At the same time, amid a fragile economic recovery, authorities will find difficult to contain current spending, especially in view of the increased expenses related to the ongoing military operation in Syria. All said, we see the FY:19 budget deficit at 2.9% of GDP, in line with the upwardly revised target set under the New Economic Programme (originally 1.9% of GDP).

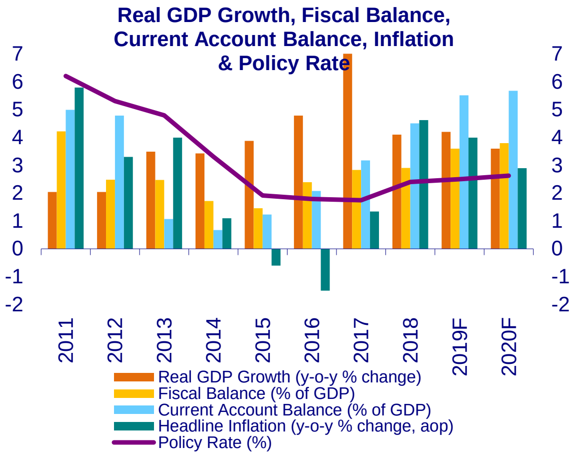
In view of the once-off nature of the transfers from the CBRT, the budget deficit is set to widen to over 3.5% of GDP in FY:20 against the NEP's target of 2.9%, should authorities fail to adopt corrective measures.

Romania

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







	14 Oct.	3-M F	6-M F	12-M F
1-m ROBOR (%)	2.8	3.0	3.0	3.0
RON/EUR	4.75	4.80	4.82	4.85
Sov. Spread (2024, bps)	98	110	105	100

	14 Oct.	1-W %	YTD %	2-Y %
BET-BK	1,756	0.1	20.6	6.1

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	4.8	7.0	4.1	4.2	3.6
Inflation (eop, %)	-0.5	3.3	3.3	4.0	3.5
Cur. Acct. Bal. (% GDP)	-2.1	-3.2	-4.5	-5.5	-5.7
Fiscal Bal. (% GDP)	-2.4	-2.8	-2.9	-3.6	-3.8

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

A centre-right PNL-led Government is expected to take office following the collapse of the PSD Government. PM V. Dancila's Government was toppled by a vote of no confidence one month before a presidential election and a year before the expiration of its term. Recall that the Government lost its Parliamentary majority in August, when the junior coalition partner, the liberal ALDE, withdrew support, citing policy disagreements. Earlier, the centre-left PSD had suffered a severe blow with the imprisonment of its leader and "real power" behind PM Dancila's Government on corruption charges and its defeat in the European Parliamentary elections in May.

Following consultations with political parties, the President gave the mandate to form a new Government to L. Orban, leader of the main opposition party, the centre-right PNL. Orban must now secure the support of the Parliament. Should he fail to win a vote of confidence, the President can make one more nomination before early elections are called.

While we expect a PNL-led Government to eventually take office, we believe that its effectiveness could be limited, as the opposition is highly fragmented. This could prove to be a problem, in view of the challenges the new Government will have to deal with, including the drafting of a tight FY:20 budget. Recall that, under no policy change, the budget deficit is set to widen further to 3.8% of GDP in FY:20 from a projected 3.6% in FY:19, remaining above the EU threshold of 3.0% of GDP for a 2nd consecutive year. All said, we see an increased chance of early elections before the end of the current parliamentary term at end-2020.

The NBR maintained its 2-week repo rate unchanged at 2.5% for a 17th consecutive month. Recall that the NBR raised its key rate by 75 bps in H1:18 and has remained on hold since then, engaging, at the same time, in active liquidity management (incl. money market operations and unsterilized FX interventions on both sides of the market), mainly with a view to containing RON fluctuations. The latter has come under appreciation pressure lately -- barring the period of political turmoil -- reflecting the significant nominal interest rate differential between domestic and foreign assets, amid easing global financing conditions. Before that, however, the RON suffered losses (down 6.5% against the EUR between September 2016 and May 2019), mainly due to investor concerns over the ballooning twin deficits. All said, in real *ex-post* terms, market rates remain relatively low (-0.6% on a 1-month basis against a historical average of 0.5%), suggesting that monetary conditions are still loose.

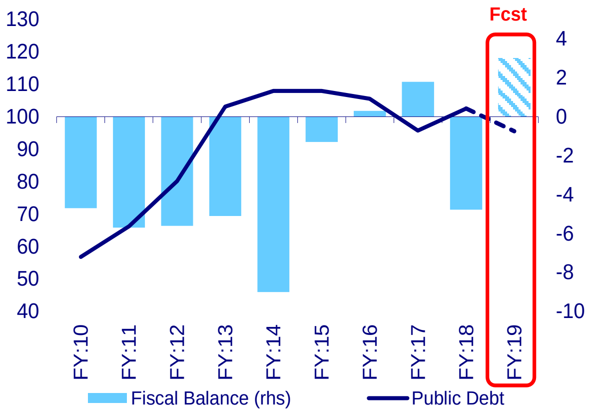
The NBR is set to remain on hold for longer, despite overheating concerns. The economy appears overheated, with GDP growth above its long-term potential (of 3.0%) for a 7th consecutive year, inflation hovering above the upper bound of the NBR's target range (2.5±1%) and the current account deficit up sharply (see table). More worryingly, FX reserves are close to critical levels (covering slightly less than 4 months of GNFS imports and 135% of short-term external debt, excl. trade credits). At the same time, fiscal policy remains expansionary.

Against this backdrop, the NBR appears to be behind the curve. Our "Taylor rule" suggests that rates should be raised to 4.5% from 2.5% currently to address these challenges. However, the NBR appears reluctant to proceed with aggressive rate hikes, especially at a time when major central banks have taken a dovish turn, so as to prevent an unwanted appreciation of the RON, which would weigh further on external imbalances. All said, the NBR is set to maintain its key rate unchanged at 2.5% over the coming period. We expect the first rate hike to be delivered in late 2020 (up 50 bps to 3.0%). Monetary policy tightening could come earlier than expected, should prolonged political uncertainty distort fiscal policy.

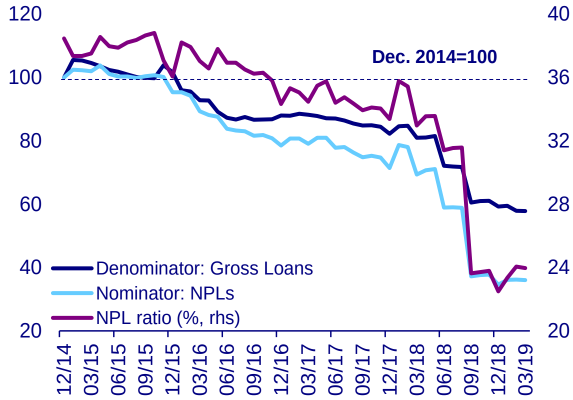
Cyprus

BBB- / Ba2 / BBB- (S&P / Moody's / Fitch)

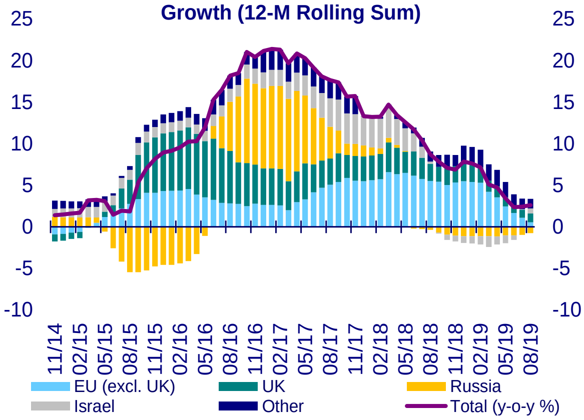
Fiscal Balance and Public Debt (% of GDP)



Non-Performing Loans Ratio (Private Sector)



Contributions to Annual Tourist Arrivals Growth (12-M Rolling Sum)



	14 Oct.	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.47	-0.45	-0.45	-0.45
EUR/USD	1.10	1.13	1.15	1.15
Sov. Spread (2025. bps)	94	110	105	100

	14 Oct.	1-W %	YTD %	2-Y %
CSE Index	66	1.0	0.4	-9.0

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	4.8	4.5	3.9	3.3	3.0
Inflation (eop. %)	-0.3	-0.6	1.7	1.0	1.2
Cur. Acct. Bal. (% GDP)	-5.1	-8.4	-7.0	-9.0	-7.2
Fiscal Bal. (% GDP)	0.3	1.8	-4.8	3.1	3.0

Sources: Reuters, CYSTAT, IMF, EC & NBG estimates

EC-ECB and IMF missions confirmed the country's strong macroeconomic performance, while stressing the need to address the remaining challenges. Staff concluding statements following the EC/ECB's 7th Post-Programme Surveillance (PPS) and the IMF's Article IV missions to Cyprus reconfirmed the economy's strong macroeconomic stability. In fact, GDP growth remains robust (up 3.1% y-o-y in H1:19), albeit moderating from the record high growth rates witnessed in 2016-18 (a CAGR of 4.4%). At the same time, fiscal performance remains strong, with a sizeable fiscal surplus (3.5% of GDP) expected in FY:19 -- for a 4th successive year -- and smaller surpluses envisaged for 2020-21, reflecting the gradual reversal of public wage and pension cuts and higher public health expenditure. This gradual easing should ensure the continued decline in the (still high) public debt-to-GDP ratio in the medium term. Moreover, the missions recognised the significant progress made towards the stabilisation of the banking system through its consolidation, reduction of NPEs (by ⅔ from a post-crisis peak, to a still high 30.6% of total loans, see below), and enhancement of NPL resolution policy through the adoption of laws aimed at improving payment discipline and the launch of the "*Estia*" NPL subsidy scheme. The missions recommended:

i) a further reduction in NPLs -- 2nd highest in the euro area. In this regard, it was underlined that the amendments to the foreclosure framework approved in August 2019 (currently reviewed by the Supreme Court) reverse key elements of the NPL-related reform adopted in July 2018, which was an important step in improving payment discipline. Moreover, the missions stressed the need for the swift finalisation of the state-owned asset management company.

ii) strict spending discipline, to reduce slippage risks stemming from the health reform, the upcoming court rulings on the constitutionality of the crisis-era wage and pension cuts, and remaining contingent liabilities.

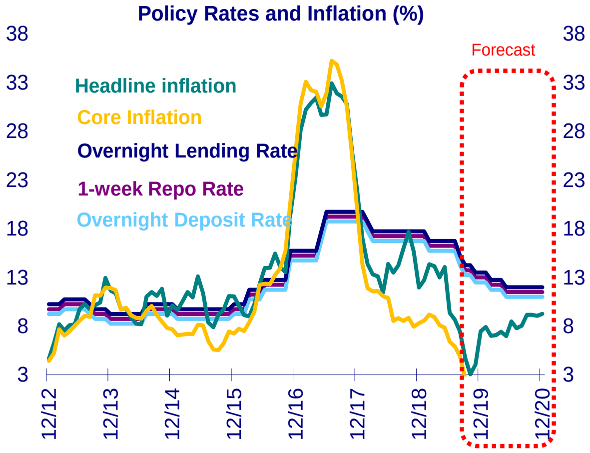
iii) the acceleration of structural reforms to support growth. Specifically, the missions emphasized the importance of addressing swiftly the long-overdue reform of the title deeds issuance and transfer system in enhancing NPL-related legislation and improving the investment climate. Moreover, they underlined the need to complete the judicial reform, accelerate public administration overhaul and privatisations, simplify procedures to obtain building permits and introduce fast track approval of strategic investments.

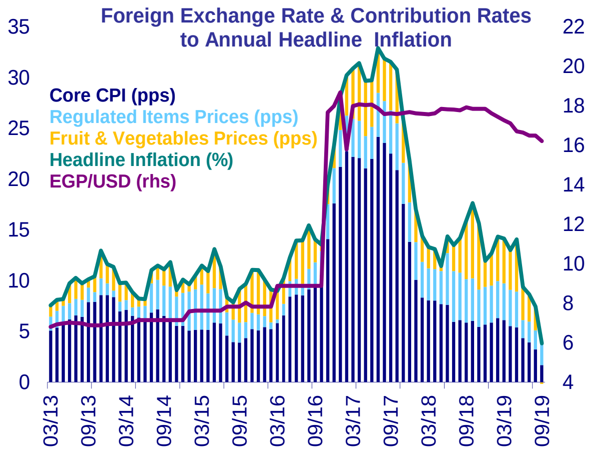
Tourist activity weakened further in 8M:19, dragged down by the EU markets, including the main source country, the UK. Growth in tourist arrivals slowed to just 2.6% y-o-y on a 12-month rolling basis in August from 7.8% in December 2018. In terms of source countries, the main drag came from the EU, including the UK (shaving 5.9 pps off overall growth). The main reasons behind this performance were: i) the economic slowdown in EU-27 and the UK (for a 2nd successive year in FY:19); ii) increased Brexit-related uncertainty (with British visitors accounting for more than ⅓ of the island's tourists); iii) stronger competition from neighbouring countries -- Turkey and Egypt -- due to easing domestic security concerns and more competitive prices; and iv) the recent bankruptcies of several airlines servicing the island (including Germania airline in February and Cobalt Air in mid-Q4:18). The moderation in tourist arrivals, together with lower spending per tourist, led to a slight drop in tourist receipts (down by 0.2% y-o-y on a 12-month rolling basis in July against a rise of 2.7% at end-2018).

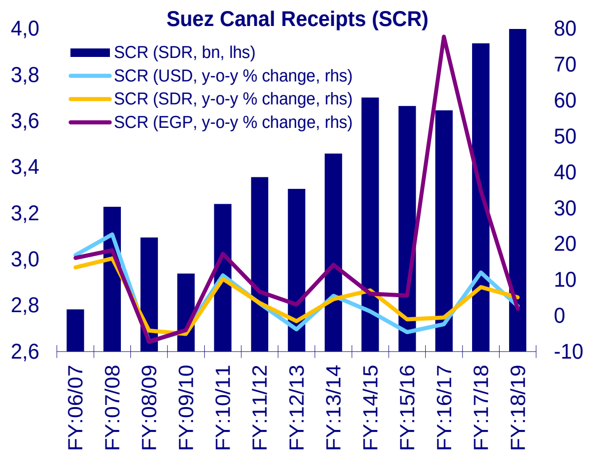
Looking ahead, we expect tourist arrivals to rise, by only 1.5% y-o-y (to a record high of 4.0mn visitors) in FY:19 down from 7.8% in FY:18, as the recent bankruptcy of Thomas Cook (accounting for 6.5% of tourist arrivals), slowing tourism demand and more intense competition will continue to take their toll.

Egypt

B / B2 / B+ (S&P / Moody's / Fitch)







	14 Oct.	3-M F	6-M F	12-M F
O/N Interbank Rate (%)	13.4	15.5	14.0	12.0
EGP/USD	16.2	16.4	16.5	16.8
Sov. Spread (2025, bps)	394	350	330	290

	14 Oct.	1-W %	YTD %	2-Y %
HERMES 100	1,306	-1.8	2.8	0.0

	15/16	16/17	17/18	18/19e	19/20F
Real GDP Growth (%)	4.3	4.2	5.3	5.6	5.8
Inflation (eop. %)	14.0	29.8	14.4	9.0	8.5
Cur. Acct. Bal. (% GDP)	-6.0	-6.1	-2.4	-2.4	-1.6
Fiscal Bal. (% GDP)	-12.5	-10.9	-9.7	-8.2	-7.2

Sources: Reuters, CBE, SCA & NBG estimates

The CBE cut its key policy rates by an additional 100 bps in September, due to a sharp easing in inflation and EGP appreciation. Following a 150 bp cut at the previous rate decision meeting, the CBE lowered its overnight deposit, 1-week repo, and overnight lending rates by a further 100 bps to 13.25%, 13.75%, and 14.25%, respectively, at its September 26th MPC meeting -- still among the highest in emerging markets and above their levels before the 2016 EGP depreciation. The move occurred despite elevated political noise, after a rare break-up of anti-Government protests on September 20th-21st, and brought total policy rates cuts to 550 bps since the start of the cycle of monetary policy loosening in February 2018.

The CBE's decision was motivated by the ease of inflationary pressures and the appreciation of the EGP. Indeed, headline inflation returned to single digits, declining -- albeit temporarily, due to base effects -- to (a 7-year low of) 4.8% y-o-y in September from 12.0% at end-2018, with core inflation (excluding fruit & vegetables and regulated items) easing to 2.6% y-o-y in September (its lowest level since Q1:06) from 8.3% in December 2018, in the absence of demand side pressures. At the same time, the EGP has appreciated by 10.1% to a 3-year high of EGP 16.2 per USD since end-2018, largely to higher portfolio inflows, following the rebound in global appetite for debt of less vulnerable emerging market economies, amid easing global financing conditions.

The CBE is likely to cut its key policy rates by an additional 75 bps by end-2019 and 150 bps in H1:20. Further rate cuts are on the cards, in view of a benign inflation outlook (with headline inflation set to reach the mid-point of the CBE's Q4:20 target range of 9±3%), sustained fiscal consolidation and a relatively stable domestic currency (anchored by the expected continued cooperation with the IMF through a 2-year non-financing PCI, after the expiration of the current programme next month). In fact, assuming dissipating political uncertainty, we expect the CBE to proceed with cuts of 75 bps by end-2019 and 150 bps in H1:20, bringing down the overnight deposit, 1-week repo, and overnight lending rates to 11.0%, 11.5%, and 12.0%, respectively, at end-2020 (gradually reaching *ex post*, real and compounded rates of 2.2%, 2.7% and 3.2%, respectively, at end-2020 from a corresponding 5.6%, 6.1% and 6.6% at end-2018).

The aggressive monetary policy easing should help: i) lower LC lending rates (already down to 16.3% in August from an average of 18.3% in FY:18), that could boost LC lending; as well as ii) reduce sharply the funding cost of domestic public debt (with interest payments accounting for the largest part of public spending -- more than ⅓ -- and surpassing 10.0% of GDP). Indeed, the average yield of 12-month T-bills declined to 15.0% in October from an average 18.1% in FY:18.

Weaker support from Suez Canal receipts (SCR) to the current account in FY:18/19 fiscal year (that ended in June). SCR remained broadly stable in FY:18/19 (July 2018-June 2019) -- up by a weak 0.4% y-o-y to a record high of USD 5.7bn, after having risen sharply by 15.4% y-o-y in FY:17/18, according to balance of payments data. The significant moderation in SCR was due to the slowdown in global trade amid an escalating global trade war (growth of world trade volume of goods eased to 3.6% in 2018/19 from 4.8% in 2017/18, according to the latest IMF World Economic Outlook, October 2019). All said, the weaker SCR performance weighed on the current account balance by 0.4 pps of GDP in FY:18/19. The latter is projected to remain broadly unchanged compared with FY:17/18 at a deficit of 2.4% of GDP.

Looking ahead, SCR performance is unlikely to improve in the next fiscal year, in view of the poor global trade outlook (up 3.6% in volume terms in FY:19/20, as in FY:18/19, according to the IMF).

FOREIGN EXCHANGE MARKETS, OCTOBER 14TH 2019

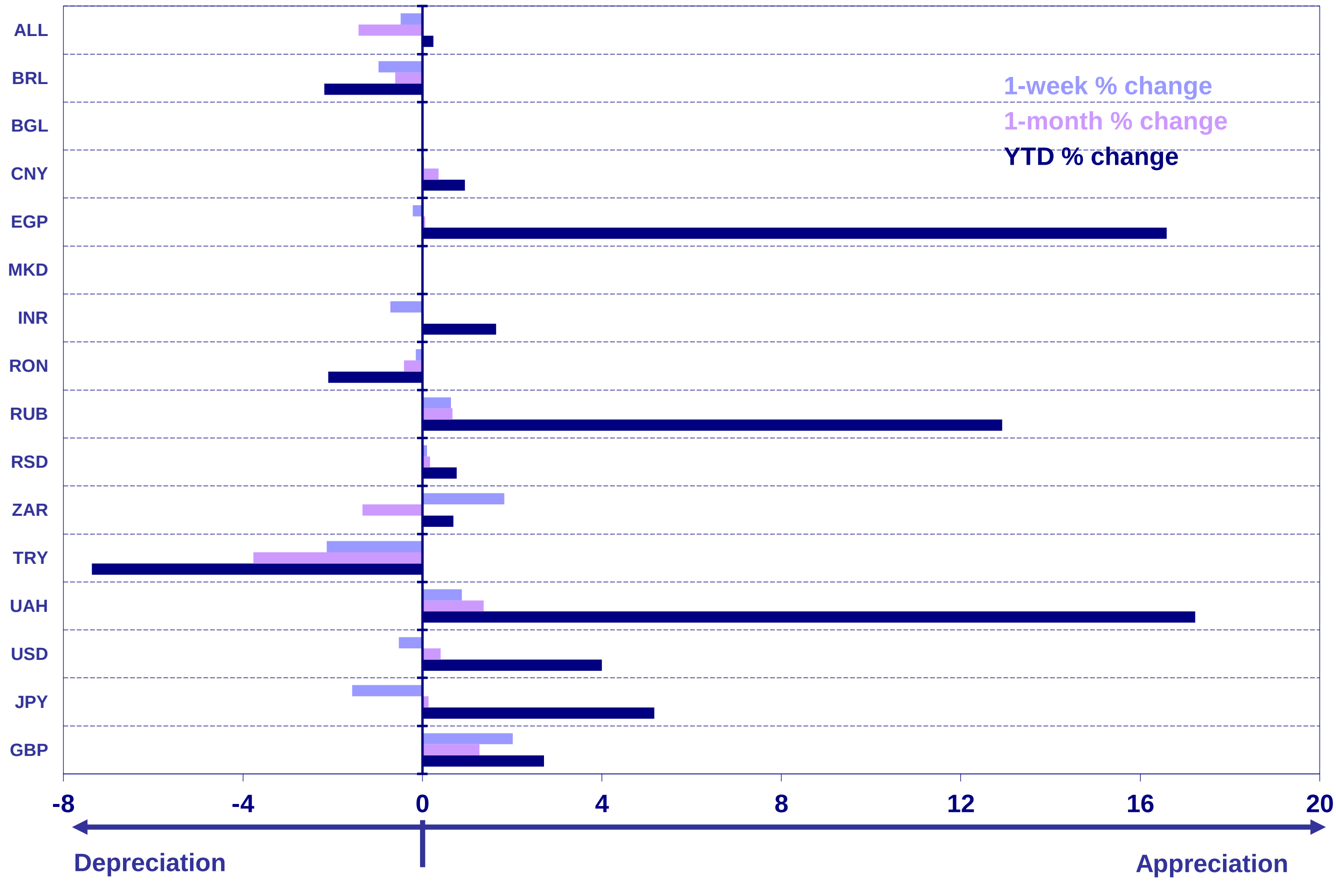
Against the EUR

	Currency	SPOT	1-week %change	1-month %change	YTD %change*	1-year %change	Year-Low	Year-High	3-month Forward rate**	6-month Forward rate**	12-month Forward rate**	2018 % change*	2017 % change*
		2019											
Albania	ALL	123.0	-0.5	-1.4	0.2	1.7	120.9	125.9	122.9	122.8	122.5	7.8	1.9
Brazil	BRL	4.55	-1.0	-0.6	-2.2	-4.9	4.16	4.65	- - -	- - -	4.76	-10.7	-13.9
Bulgaria	BGL	1.96	0.0	0.0	0.0	0.0	1.96	1.96	1.96	1.96	1.96	0.0	0.0
China	CNY	7.79	0.0	0.4	0.9	2.8	7.49	7.97	- - -	- - -	8.04	-0.8	-6.0
Egypt	EGP	17.86	-0.2	0.1	16.6	15.5	17.70	21.16	- - -	- - -	- - -	0.0	-9.4
North Macedonia	MKD	61.3	0.0	0.0	0.0	0.0	61.3	61.3	61.3	61.3	61.3	0.0	0.0
India	INR	78.5	-0.7	0.0	1.6	8.7	76.2	82.3	- - -	- - -	- - -	-3.9	-6.7
Romania	RON	4.75	-0.1	-0.4	-2.1	-1.9	4.71	4.78	4.79	4.83	4.92	0.6	-3.0
Russia	RUB	70.8	0.6	0.7	12.9	7.4	69.9	80.1	72.1	73.3	75.7	-13.4	-6.8
Serbia	RSD	117.3	0.1	0.2	0.8	0.7	117.5	118.5	117.7	118.1	- - -	0.2	4.2
S. Africa	ZAR	16.3	1.8	-1.3	0.7	1.7	15.16	17.31	16.6	16.9	17.5	-9.9	-2.7
Turkey	YTL	6.53	-2.1	-3.8	-7.4	2.7	5.91	7.03	6.82	7.09	7.65	-24.9	-18.4
Ukraine	UAH	27.0	0.9	1.4	17.2	19.4	26.25	32.66	- - -	- - -	- - -	6.0	-15.2
US	USD	1.10	-0.5	0.4	4.0	5.0	1.1	1.2	1.11	1.12	1.13	4.6	-12.4
JAPAN	JPY	119.5	-1.6	0.1	5.2	8.3	115.9	127.5	119.5	119.5	119.6	7.5	-8.9
UK	GBP	0.87	2.0	1.3	2.7	0.7	0.8	0.9	0.88	0.88	0.88	-1.1	-4.1

* Appreciation (+) / Depreciation (-)

** Forward rates have been calculated using the uncovered interest rate parity for Brazil. China. Egypt. India and Ukraine

Currencies against the EUR (October 14th 2019)



Sources: Reuters & NBG estimates

Money Markets. October 14th 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.1	5.4	0.0	2.6	- - -	13.4	- - -	- - -	2.5	7.1	- - -	16.4	7.2	- - -	- - -	1.8
T/N	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	2.5	7.0	1.4	- - -	7.3	- - -	- - -	- - -
S/W	1.1	5.4	- - -	2.7	-0.5	- - -	1.1	- - -	- - -	7.2	1.4	- - -	7.5	- - -	-0.5	1.9
1-Month	1.3	5.3	- - -	2.7	-0.5	- - -	1.2	5.6	2.8	7.2	1.7	16.5	7.0	17.8	-0.5	1.9
2-Month	- - -	5.0	- - -	- - -	- - -	- - -	- - -	- - -	- - -	7.2	1.9	16.5	7.0	- - -	- - -	2.0
3-Month	1.5	4.9	- - -	2.7	- - -	- - -	1.5	5.9	3.1	7.3	2.0	16.3	7.0	18.4	- - -	2.0
6-Month	1.8	4.6	- - -	2.8	- - -	- - -	1.7	- - -	3.1	7.3	2.2	16.0	7.0	- - -	- - -	2.0
1-Year	2.3	4.5	- - -	3.0	-0.1	- - -	2.0	- - -	3.2	6.8	- - -	15.8	7.1	- - -	-0.1	2.0

*For Bulgaria. the Base Interest Rate (BIR) is reported. For Egypt. The O/N Interbank Rate is reported.

Local Debt Markets. October 14th 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	- - -	- - -	- - -	- - -	- - -	15.9	- - -	5.2	- - -	6.7	- - -	14.2	- - -	- - -	-0.6	1.8
6-Month	- - -	- - -	- - -	- - -	- - -	15.8	- - -	5.3	2.8	6.7	3.3	14.3	- - -	15.7	-0.6	1.8
12-Month	2.3	- - -	-0.2	2.7	- - -	15.3	0.7	5.6	3.2	6.4	2.2	14.6	- - -	15.1	-0.6	1.8
2-Year	- - -	- - -	- - -	2.8	- - -	- - -	- - -	5.7	3.4	6.4	- - -	15.4	6.6	15.4	-0.7	1.6
3-Year	- - -	- - -	0.0	2.9	-0.1	- - -	- - -	6.0	3.6	6.4	- - -	15.4	7.1	- - -	-0.8	1.6
5-Year	- - -	6.1	- - -	3.0	0.1	14.5	- - -	6.3	3.9	6.5	3.0	15.3	7.3	- - -	-0.7	1.6
7-Year	- - -	- - -	0.3	- - -	0.3	14.4	- - -	6.8	4.1	6.6	- - -	- - -	- - -	- - -	-0.6	1.6
10-Year	2.8	6.7	0.4	3.2	- - -	14.4	- - -	6.7	4.2	6.7	- - -	15.2	8.2	- - -	-0.5	1.7
15-Year	- - -	- - -	- - -	- - -	- - -	- - -	3.1	7.0	- - -	6.9	- - -	- - -	9.9	- - -	-0.3	- - -
25-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	9.8	- - -	- - -	- - -
30-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	7.2	- - -	- - -	- - -	- - -	9.8	- - -	0.0	2.1

*For Albania. North Macedonia and Ukraine primary market yields are reported

Corporate Bonds Summary. October 14th 2019

		Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Bulgaria	**Bulgaria Energy Hold 4.875% '21**	EUR	NA/NA	2/8/2021	550	0.7	138	119
South Africa	**FirstRand Bank Ltd 4.25% '20**	USD	BB/Baa3	30/4/2020	500	2.9	118	95
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.6	123	103
Turkey	**Arcelik AS 3.875% '21**	EUR	BB+/NA	16/9/2021	350	1.9	284	262
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	6.0	441	430
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	7.7	618	590
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	8.0	645	610
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	8.0	641	604
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	7.0	539	520
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	5.5	390	383

Credit Default Swap Spreads. October 14th 2019

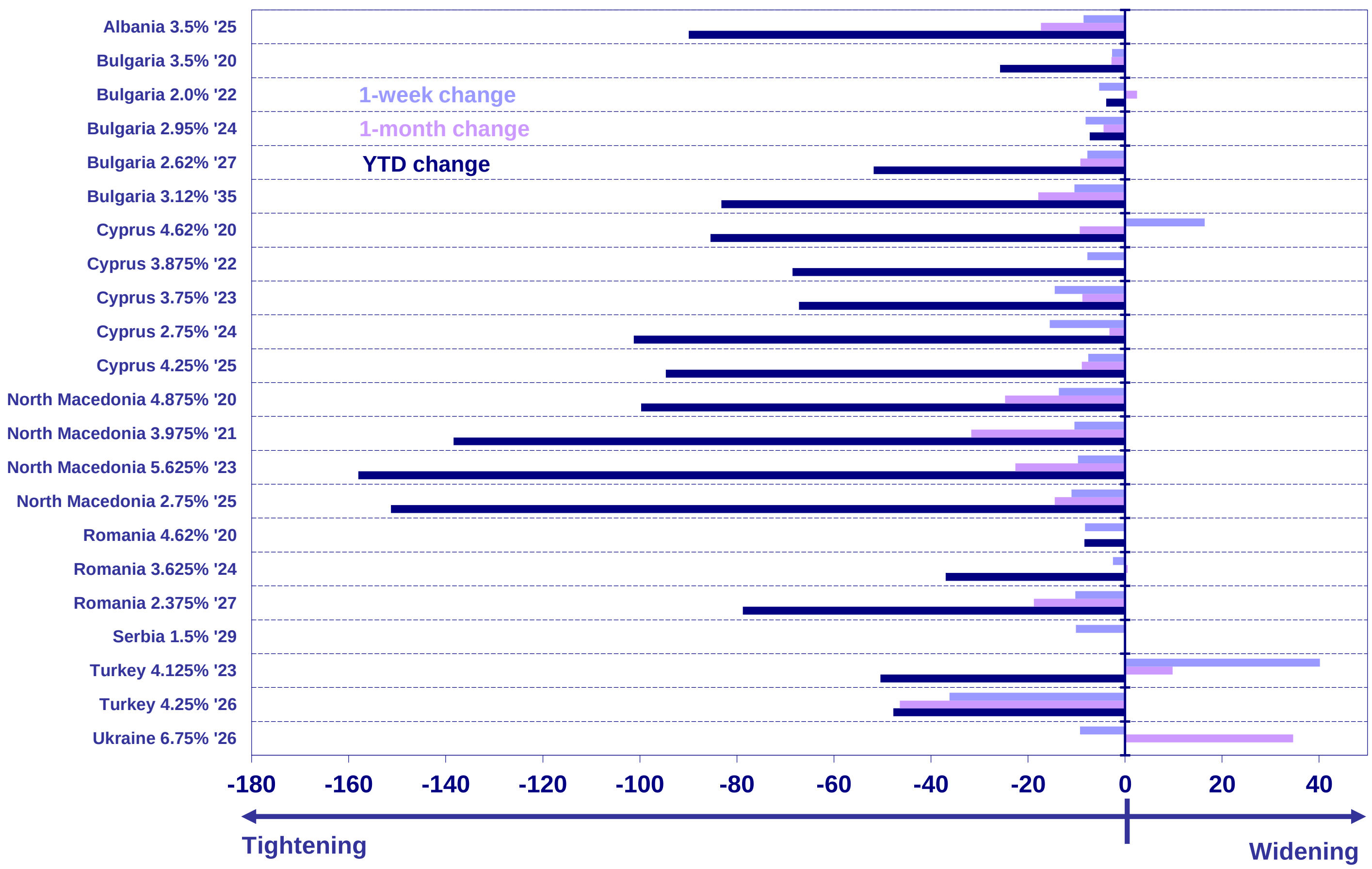
	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	- - -	133	81	45	100	327	- - -	75	91	86	109	404	188	494
10-Year	- - -	211	105	83	113	371	- - -	83	126	145	133	444	256	514

Sources: Reuters & NBG estimates

EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY. OCTOBER 14TH 2019

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Albania 3.5% '25	EUR	B+/B1	9/10/2025	450	2.1	279	248
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.3	32	19
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	-0.2	54	20
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	-0.1	64	30
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	0.1	64	29
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	1.0	131	93
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	0.1	59	41
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1,000	-0.1	66	32
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1,000	0.0	73	49
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0.1	76	44
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	0.3	94	62
North Macedonia 4.875% '20	EUR	BB-/NA	1/12/2020	178	0.1	75	60
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	0.5	118	522
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	0.9	158	136
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	1.2	190	157
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	-0.1	55	37
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	0.3	98	68
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	1.0	156	123
Serbia 1.5% '29	EUR	BB/Ba3	26/6/2029	1,000	1.1	155	117
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	3.4	415	383
Turkey 5.2% '26	EUR	NR/Ba3	16/2/2026	1,500	6.5	486	452
Ukraine 6.75% '26	EUR	B-/Caa1	20/6/2026	1,000	5.2	588	569

EUR-Denominated Eurobond Spreads (October 14th 2019)

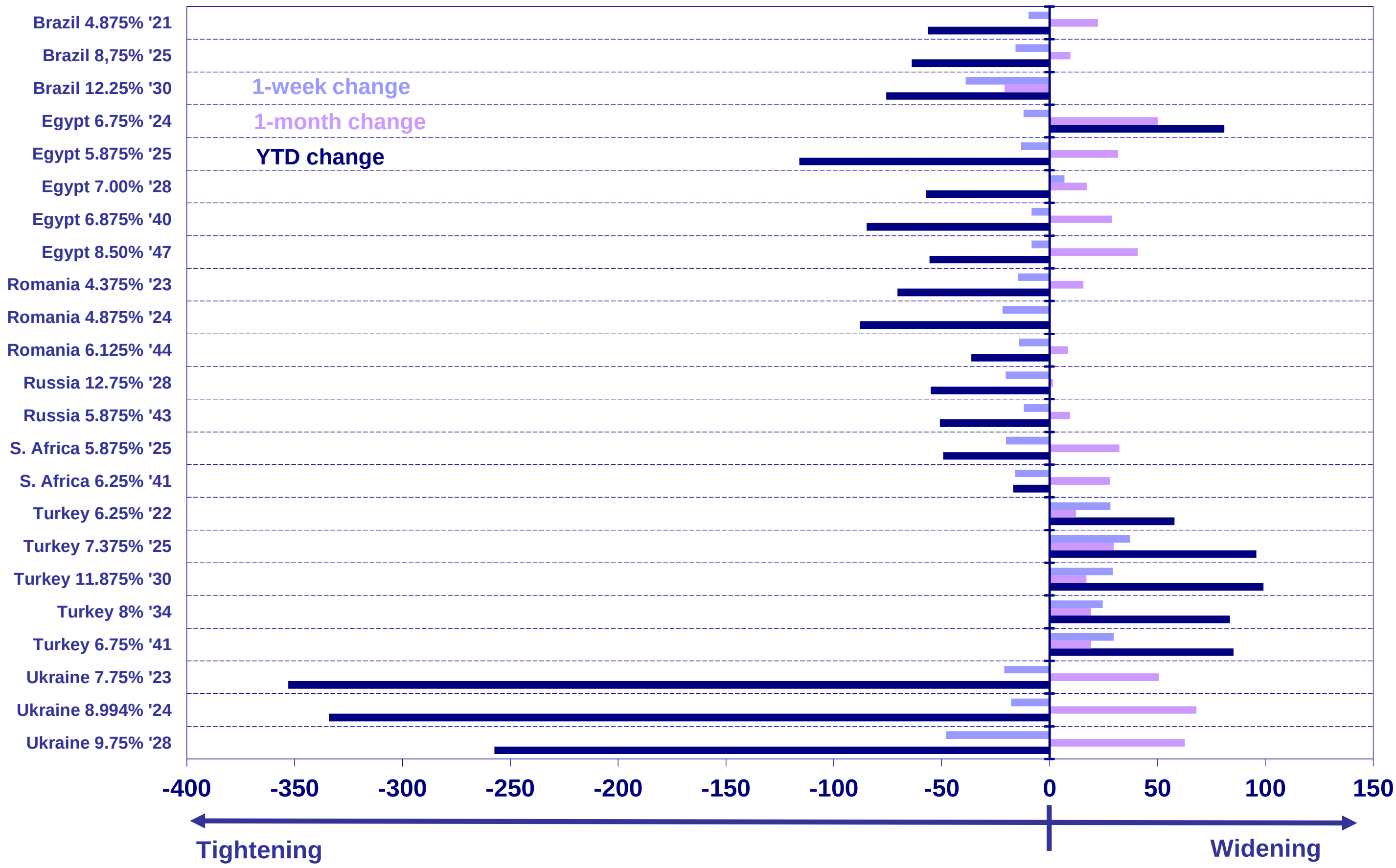


Sources: Reuters & NBG estimates

USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY. OCTOBER 14TH 2019

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Brazil 4.875% '21	USD	NA/Ba2	4/2/2025	2,713	2.3	60	52
Brazil 8.75% '25	USD	NA/Ba2	4/2/2025	688	2.9	139	158
Brazil 12.25% '30	USD	NA/Ba2	6/3/2030	240	3.0	231	330
Egypt 6.75% '24	USD	NA/B2	10/11/2024	1,320	6.1	454	454
Egypt 5.875% '25	USD	B/B2	11/6/2025	1,500	5.5	394	392
Egypt 7.00% '28	USD	NA/B2	10/11/2028	1,320	6.7	499	507
Egypt 6.875% '40	USD	B/B2	30/4/2040	500	7.3	506	522
Egypt 8.50% '47	USD	NA/B2	31/1/2047	2,500	8.1	593	638
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	2.6	100	103
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	2.4	83	87
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	4.1	193	272
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	3.4	169	248
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	4.1	191	264
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	4.1	250	259
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	5.5	331	386
Turkey 6.25% '22	USD	NR/Ba3	26/9/2022	2,500	5.7	412	407
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	6.6	509	510
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	7.3	555	663
Turkey 8% '34	USD	NR/Ba3	14/2/2034	1,500	7.4	562	572
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	7.5	528	499
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	6.0	444	454
Ukraine 8.994% '24	USD	B-/Caa1	1/2/2024	750	6.4	480	499
Ukraine 9.75% '28	USD	B-/Caa1	1/11/2028	1,600	7.3	552	607

USD-Denominated Eurobond Spreads (October 14th 2019)

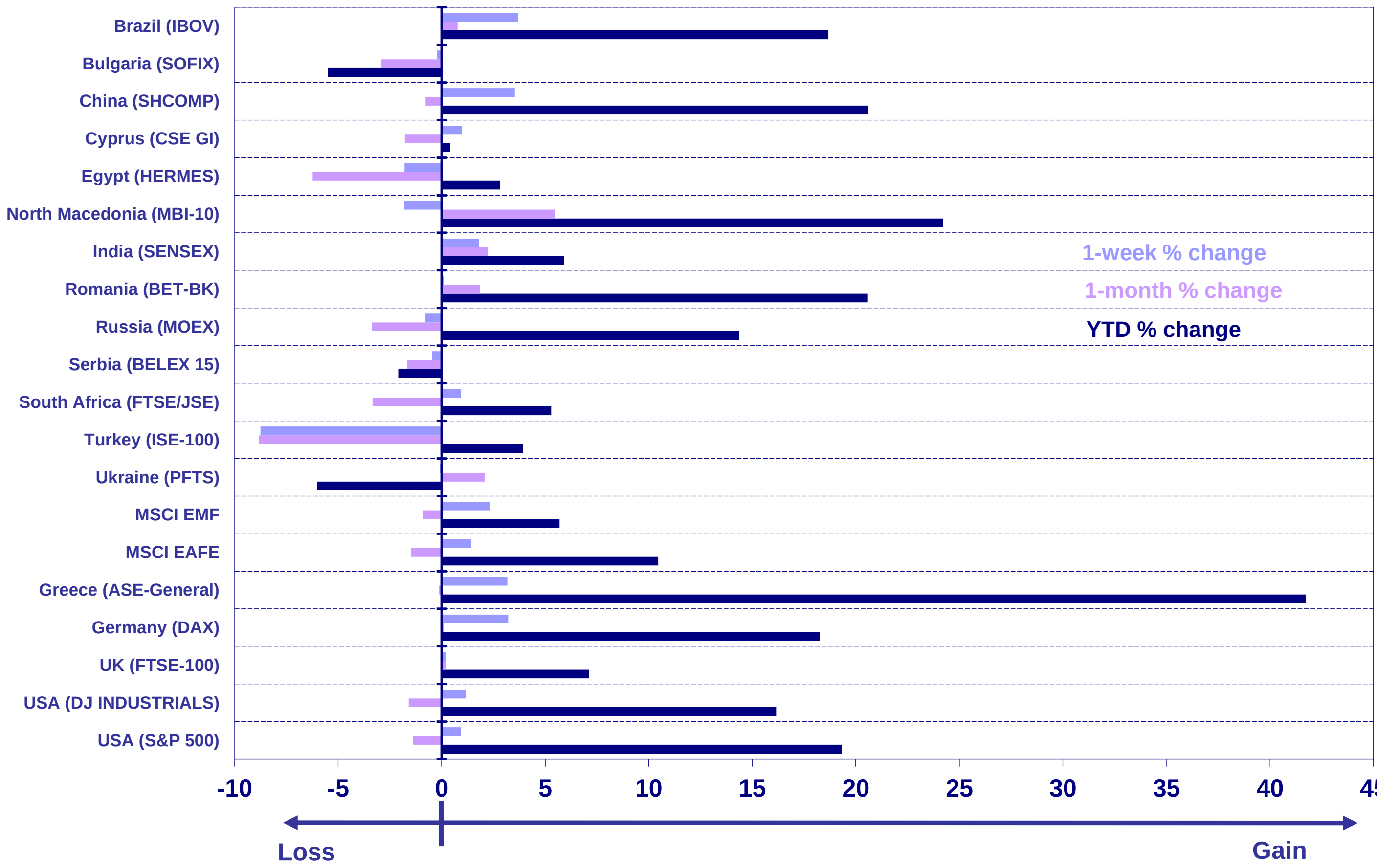


Sources: Reuters & NBG estimates

STOCK MARKETS PERFORMANCE. OCTOBER 14TH 2019

	2019								2018		2017	
	Local Currency Terms							EUR Terms	Local Currency Terms	EUR terms	Local Currency terms	EUR terms
	Level	1-week % change	1-month % change	YTD % change	1-year % change	Year-Low	Year-High	YTD % change	% change		% change	
Brazil (IBOV)	104,302	3.7	0.8	18.7	25.1	87,536	106,650	15.8	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	562	-0.2	-2.9	-5.5	-8.0	557	622	-5.5	-12.3	-12.3	15.5	15.5
China (SHCOMP)	3,008	3.5	-0.8	20.6	17.1	2,441	3,288	21.8	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	66	1.0	-1.8	0.4	-1.9	60	74	0.4	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,306	-1.8	-6.2	2.8	2.3	1,217	1,467	16.6	-11.1	-11.1	32.0	18.7
North Macedonia (MBI)	4,309	-1.8	5.5	24.2	28.8	3,467	4,452	24.2	36.6	36.6	18.9	18.9
India (SENSEX)	38,214	1.8	2.2	5.9	9.6	33,292	40,312	7.9	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,756	0.1	1.8	20.6	9.2	1,394	1,779	18.1	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,697	-0.8	-3.4	14.4	12.9	2,350	2,848	28.5	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	746	-0.5	-1.7	-2.1	1.0	668	765	-1.4	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	55,219	0.9	-3.3	5.3	5.2	50,907	59,545	6.3	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	93,981	-8.7	-8.8	3.9	-4.7	83,535	105,930	-4.2	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	526	-0.1	2.1	-6.0	-5.1	513	582	10.5	77.5	88.1	18.8	0.8
MSCI EMF	1,017	2.3	-0.9	5.7	4.7	946	1,099	9.6	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,891	1.4	-1.5	10.5	2.3	1,709	1,950	14.5	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	856	3.2	-0.1	41.7	34.9	600	902	41.7	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	12,487	3.2	0.1	18.3	7.5	10,387	12,656	18.3	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,213	0.2	-2.1	7.1	2.6	6,599	7,727	10.4	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	26,787	1.2	-1.6	16.2	6.1	21,713	27,399	20.4	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,966	0.9	-1.4	19.3	7.8	2,444	3,028	23.7	-6.2	-1.9	19.4	4.7

Equity Indices (October 14th 2019)



Sources: Reuters & NBG estimates