NATIONAL BANK OF GREECE

Economic Analysis Division

Emerging Markets Analysis

Bi-Weekly Report

26 March – 8 April 2019

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

Emerging Markets Analysis

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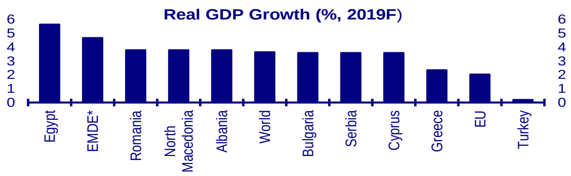
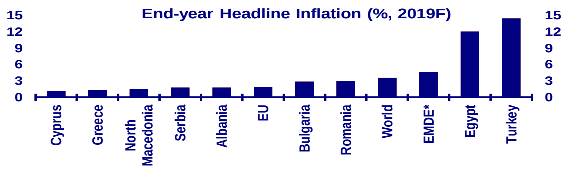


* EMDE: Emerging Market & Developing Economies



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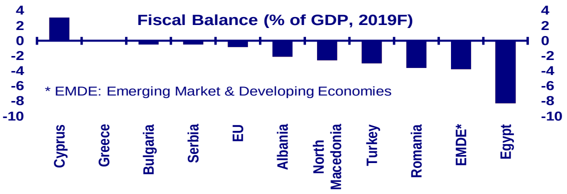
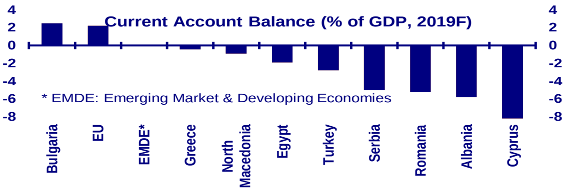
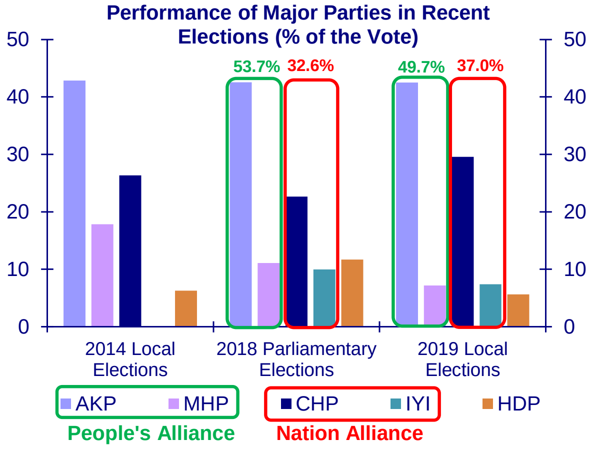
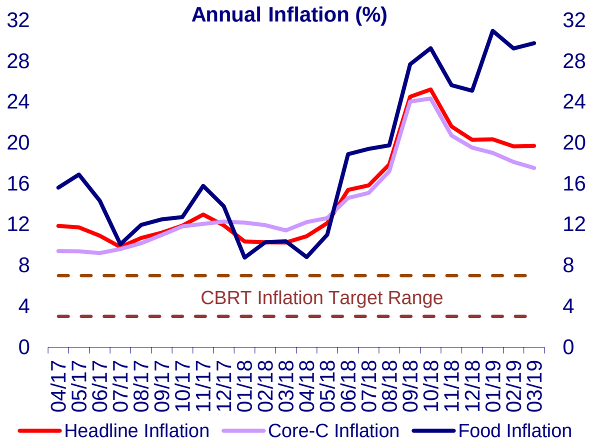


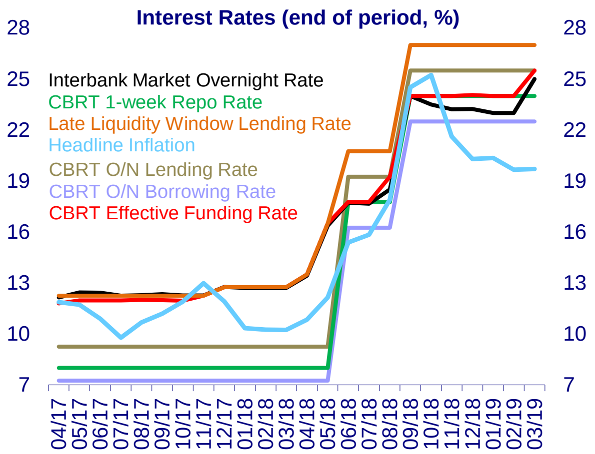


Turkey

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







	8 Apr.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	26.1	23.5	22.0	18.5
TRY/EUR	6.41	6.30	6.60	6.80
Sov. Spread (2025, bps)	484	420	380	340

	8 Apr.	1-W %	YTD %	2-Y %
ISE 100	96,978	3.1	7.2	9.6

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.2	7.4	2.6	0.2	3.0
Inflation (eop, %)	8.5	11.9	20.3	14.5	11.5
Cur. Acct. Bal. (% GDP)	-3.8	-5.6	-3.6	-2.8	-3.6
Fiscal Bal. (% GDP)	-1.1	-1.5	-1.9	-3.0	-3.0

The AKP-led Alliance secures a majority in the local elections amid an adverse economic backdrop. The People's Alliance (PA), consisting of President Erdoğan's Justice and Development Party (AKP) and the Nationalist Movement Party (MHP), secured 49.7% of the vote, far ahead of the opposition bloc, the Nation Alliance (NA), comprising the Republican People's Party (CHP) and the Good Party (IYI), which gained 37.0%.

Importantly, compared with the June 2018 Parliamentary elections, the PA's popularity weakened by 4.0 pps, while that of the NA strengthened by 4.4 pps. Moreover, the AKP lost mayoral elections in the largest city, Istanbul, and the capital, Ankara. However, the overall results are widely viewed as a victory for the PA, in view of the fact that the economy slipped into its first recession in a decade and inflation and unemployment reached multi-year highs.

Encouragingly, the ruling and opposition blocs have committed to hold the next elections on time in 2023, allowing President Erdoğan to carry out long-awaited reforms necessary to support the economy.

Annual headline inflation continued to fluctuate at c. 20.0% for a fourth consecutive month in March. Annual headline inflation remained unchanged at 19.7% in March, as a decline in core inflation was offset by an acceleration in food prices and an increase in energy inflation. Indeed, the CBRT's favourite core inflation measure, CPI-C, moderated to a 5-month low of 17.5% y-o-y in March from 18.1% in February, due to a lack of demand-pull pressures, a stable exchange rate (until the final week of March) and a tight monetary policy stance. Energy inflation rose to 16.4% y-o-y in March from 14.6% in February, reflecting mainly higher global oil prices. Food inflation increased to 29.8% y-o-y in March from 29.3% in February, due to the sharp rise in prices of fruit & vegetables (up 70.7% y-o-y in March).

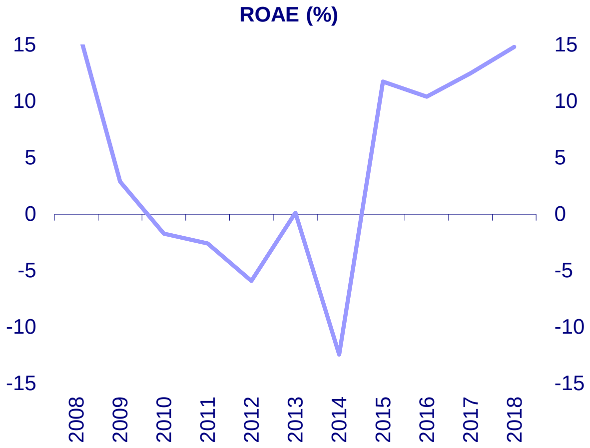
Looking ahead, we expect headline inflation to end this year at 14.5% y-o-y -- below the end-2018 outcome of 20.3% and broadly in line with the CBRT's latest forecast of 14.6% -- mainly supported by: i) a gradual normalization in agricultural production; ii) a milder depreciation of the TRY; iii) favourable global oil prices; and iv) a tight monetary policy stance. Note, however, that by the end of the year, annual headline inflation is set to continue to fluctuate at around 20.0% until May before falling to a trough of 10.0% in October, mainly due to strong base effects (inflation rose sharply to 24.5% a year earlier).

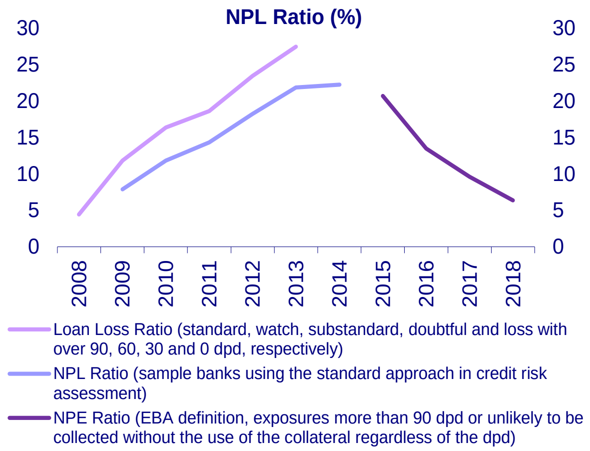
The CBRT proceeded with a temporary hike in its effective funding rate (by 150 bps to 25.5%) in response to heightened volatility in the FX market ahead of the end-March local elections. Indeed, in its efforts to dampen strong depreciation pressures on the TRY in the final week of March, the CBRT tightened unexpectedly liquidity conditions by ceasing the funding of the banking system through the cheap 1-week repo facility (at a rate of 24.0%), leading banks to cover their financing needs through the expensive overnight facility (at a rate of 25.5%) and raising the CBRT's effective funding rate for the first time since September to 25.5% from 24.0%.

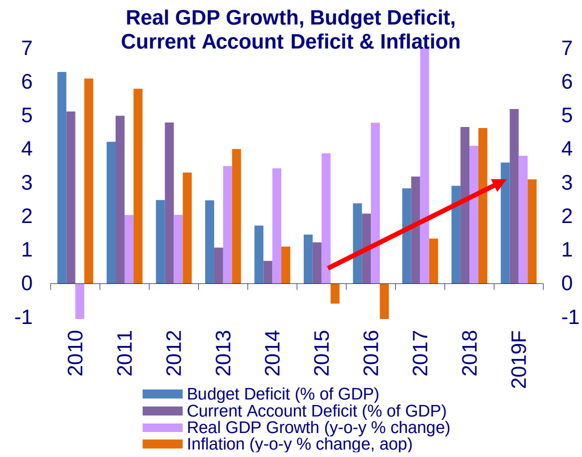
Looking ahead, with annual inflation likely to continue to fluctuate at c. 20.0% until May, the CBRT is set to maintain its key rates unchanged until then, in a bid to contain eventual depreciation pressures on the TRY, re-anchor inflation expectations and preserve its hard-won credibility. However, it could soon return to a single-policy framework -- the 1-week repo facility -- provided that depreciation pressures ease on the TRY. From June, when inflation is expected to embark on a downward trend, the CBRT is set to start a new cycle of monetary policy loosening, cutting its 1-week repo rate gradually by 600 bps to 18.0% by December.

Romania

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







	8 Apr.	3-M F	6-M F	12-M F
1-m ROBOR (%)	3.3	3.0	3.0	3.0
RON/EUR	4.75	4.80	4.82	4.85
Sov. Spread (2024, bps)	151	130	120	110

	8 Apr.	1-W %	YTD %	2-Y %
BET-BK	1,578	1.2	8.3	2.6

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	4.8	7.0	4.1	3.8	3.4
Inflation (eop, %)	-0.5	3.3	3.3	3.0	2.8
Cur. Acct. Bal. (% GDP)	-2.1	-3.2	-4.7	-5.2	-5.5
Fiscal Bal. (% GDP)	-2.4	-2.8	-2.9	-3.6	-3.8

The banking sector's bottom line improved sharply in FY:18, due to a slowdown in provisioning and, to a lesser extent, higher NII. Net profit after tax rose by 35.3% to RON 7.2bn (EUR 1.5bn or 0.8% of GDP) in FY:18. As a result, ROAA and ROAE rose to post-crisis highs of 1.6% and 14.9%, respectively, from 1.3% and 12.5% in FY:17.

The positive performance in FY:18 is largely attributed to a slowdown in provisioning, in line with: i) the reversal of provisions made by banks under the Debt Settlement Law (effectively a no-recourse framework) following the Constitutional Court's ruling that precludes its retroactive application; and ii) the continuing -- albeit at a slower pace -- decline in NPLs. Indeed, the NPL ratio fell by 1.5 pps in FY:18 (to 5.0% at end-year) against a drop of 3.2 pps in FY:17. This was due, *inter alia*, to lower NPL sales in the aftermath of fiscal changes, limiting the tax deductibility of expenditure related to NPLs sold by banks to third parties to 30% (from 100% previously). That being said, however, the NPL coverage ratio reached c. 57.0% -- among the highest in the EU.

Pre-provision income (PPI) likely also strengthened in FY:18, on the back of higher net interest income (NII). The latter was underpinned by rapid credit expansion (up 6.5% on average in FY:18 against 4.4% in FY:17), as well as a higher net interest margin (NIM). Indeed, banks passed on the higher funding costs to customers (recall that the NBR raised its key rate by 75 bps to 2.5% in FY:18, with ROBOR rates rising by c. 110 bps at the same time). PPI would have been stronger, had operating expenses not increased, due to the upgrade of banks' IT systems and higher personnel costs, amid a tight labour market. All said, the cost-to-income ratio fell to 53.5% in FY:18 from 55.1% in FY:17 -- lower than the EU average (over 60%).

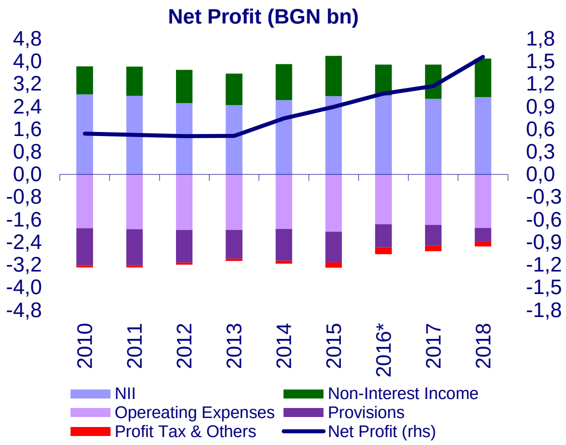
The Government waters down the controversial bank tax. Following sharp criticism from banks, the NBR and the EU, and under the threat of a downgrade to the country's credit rating outlook, the Government proceeded with the overhaul of the controversial tax on banks' financial assets. The changes include lowering the levy to 0.2% for banks with a market share of less than 1% and to 0.4% for banks with a share of more than 1%, while excluding, at the same time, NPLs, government bonds, state guaranteed loans, deposits with the NBR and interbank loans from the tax base. The tax burden could be reduced by 50%, if banks: a) expand their loan portfolio by 8%; or b) cut the NIM by 8% (or keep it below 4.0 pps). The tax will be waived for banks who meet both requirements. Loss-making banks are exempted from the tax. Initially, the tax was to be applied to total financial assets, with its rate rising from 0.4% to 2.0%, based on the upward deviation of the average 3M & 6M ROBOR from the reference rate, set at 2.0% (different from the policy rate, currently at 2.5%).

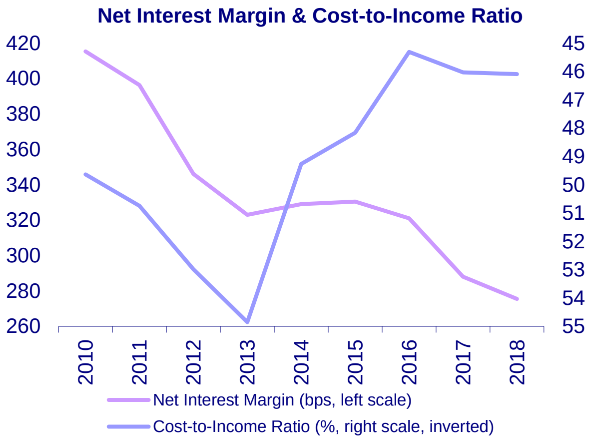
Besides its much smaller impact on bank profitability (estimated at less than RON 1bn, *ceteris paribus*) compared with the initial tax (RON 5.5bn), the revised tax preserves financial stability, as it largely removes the incentive for banks to reduce their balance sheet. More importantly, the decoupling of the bank tax from the evolution of ROBOR gives the NBR room for manoeuvre regarding monetary policy. Against this backdrop, and in view of the need to counterbalance the ongoing easing in fiscal policy, so as to alleviate overheating pressures (see chart), we expect the NBR to resume its tightening cycle, raising its key rate by 50 bps to 3.0% by end-year.

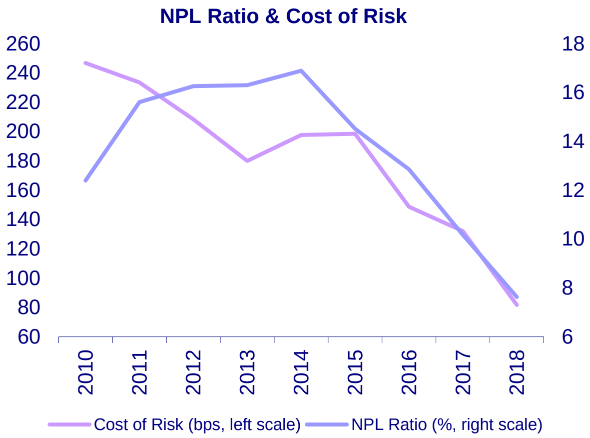
All said, NII could come under pressure in FY:19, due to the impact of the bank tax and tighter monetary conditions. Importantly, in light of the high NPL coverage and the relatively low NPL ratio, provisioning should remain subdued. As a result, we see ROAE declining slightly to a still outstanding 12.0% in FY:19 from 14.9% in FY:18.

Bulgaria

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







	8 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)	66	45	43	40

	8 Apr.	1-W %	YTD %	2-Y %
SOFIX	583	0.4	-1.9	-11.4

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.9	3.8	3.1	3.6	3.2
Inflation (eop, %)	0.1	2.8	2.7	2.9	2.7
Cur. Acct. Bal. (% GDP)	2.6	6.5	4.6	2.5	1.8
Fiscal Bal. (% GDP)	1.6	0.8	0.1	-0.5	-0.5

The profitability of the banking system improved sharply in FY:18, mainly due to lower provisioning. The banking system's net profit (after tax, adjusted for large once-off gains made by one of the leading banks in the sector through its subsidiary) was up by 33% in FY:18 to BGN 1.6bn (EUR 799mn or 1.4% of GDP). As a result, ROAA and ROAE rose to 1.5% and 11.8%, respectively, in FY:18 from 1.2% and 9.5% in FY:17.

A further decline in the NPL ratio prompted banks to cut provisioning in FY:18. The NPL ratio continued to decline, reaching 7.6% at end-2018 against 10.2% at end-2017 -- still more than double the EU average (slightly over 3.0%). As a result, provisioning declined further in FY:18 (down 34.6% following a drop of 9.6% in FY:17), pushing down the cost of risk to a post-crisis low of 82 bps at the same time from 132 bps in FY:17.

Importantly, the NPL coverage ratio stood at 60.2% at end-2018 against 52.8% at end-2017. This sharp improvement is attributed to the implementation of the new tighter IFRS-9 accounting standards. Recall that IFRS-9 moves from the concept of incurred loss to that of expected loss, thus requiring banks to raise provisions. Note, however, that the implied impact is directly on equity and does not affect profits. As a result, the common equity tier 1 (CET 1) ratio declined to 19.0% at end-2018 from 20.4% at end-2017 -- still far above the minimum threshold of 10.0%-10.5% (up by 50-75 pps in FY:19).

Stronger net interest income (NII) and net non-interest income (NNII) helped offset the increase in operating expenses (OpEx) in FY:18. NII rebounded in FY:18 (up 2.5% against a decline of 4.6% in FY:17), as the expansion in average interest earning assets (up 8.1%) more than offset the impact of the slightly lower net interest rate margin (276 bps in FY:18 against 288 bps in FY:17). The latter is mainly attributed to the decline in lending rates, reflecting tighter competition among banks for market share against the backdrop of increased liquidity in the system (the loan-to-deposit ratio stabilized at 75.4% at end-2018 against its peak of 146.7% in mid-2009). NNII also improved in FY:18 (up 12.6% following an increase of 11.4% in FY:17), due, *inter alia*, to higher net fees and commissions income.

On the other hand, OpEx rose sharply in FY:18 (up 5.8% against a rise of 1.5% in FY:17), on the back of higher general & administrative costs and personnel expenses, amid tight labour market conditions (gross wage growth in the sector accelerated to 6.7% in FY:18 from 3.8% in FY:17). All said, the efficiency of the banking system remained strong, with the cost-to-income ratio remaining broadly flat at a low of 46.0% in FY:18 -- far below the EU average (over 60.0%).

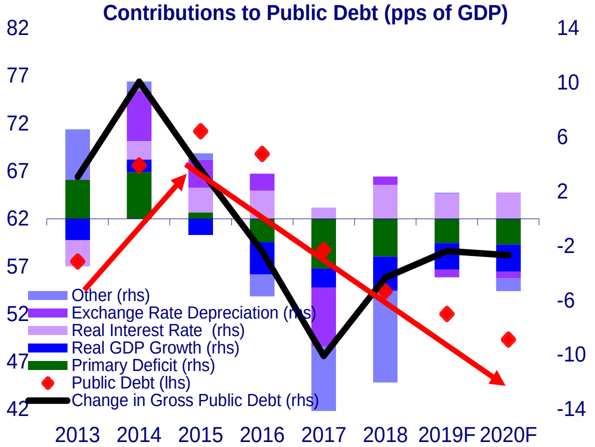
Stronger pre-provision income, together with lower provisioning, is set to sustain profitability in 2019. Looking ahead, we expect pre-provision income to strengthen, driven by the pick-up in credit activity (up 8.5% on average in FY:19 against 5.5% in FY:18). Indeed, against the backdrop of increased liquidity in the system and improved asset quality, the pace of credit expansion should pick up, reflecting solid economic growth and strong demand for real estate (prices are currently up 7.5% y-o-y). At the same time, assuming no negative surprises from the ongoing AQR, ahead of the country's bid to join the SSM, provisioning should remain subdued, reflecting the high NPL coverage and the continuing drop in NPLs (to 6.5% by end-2019), as well as rising collateral value. All said, we see ROAE improving to 14.0% in FY:19 from 11.8% in FY:18.

Importantly, the banking system's favourable prospects were confirmed by Fitch, which recently revised Bulgaria's credit rating outlook to positive from stable, while affirming its "BBB" rating.

Serbia

BB / Ba3 / BB (S&P / Moody's / Fitch)

Consolidated Fiscal Balance (% of GDP)	2017	2018	2019 Budget	2019F NBG
Revenue	41.5	41.6	40.0	40.4
Tax Revenue	36.1	36.0	35.5	35.6
PIT	3.5	3.5	3.5	3.6
CIT	2.4	2.2	2.3	2.2
VAT	10.1	9.9	9.7	9.6
Excises	5.9	5.7	5.7	5.8
Customs	0.8	0.9	0.9	0.9
Other taxes	1.5	1.5	1.4	1.5
Soc. Contrib.	11.9	12.2	12.0	12.0
Non-Tax Rev.	5.2	5.3	4.3	4.5
Grants	0.2	0.3	0.2	0.3
Expenditure	40.4	41.0	40.5	40.8
Current Exp.	36.7	36.5	36.2	36.3
Personnel	9.0	9.3	9.3	9.3
Goods & Services	6.3	6.8	6.7	6.8
Subsidies	2.4	2.2	2.3	2.2
Social Assist.	15.1	14.7	14.8	14.8
o/w Pensions	10.5	10.4	10.4	10.4
Other	1.3	1.4	1.3	1.3
Int. Payments	2.5	2.1	1.8	1.9
Capital Exp.	2.8	3.9	3.9	4.3
Activated Guarant.	0.6	0.4	0.2	0.2
Net Lending	0.3	0.1	0.2	0.1
Fiscal Balance	1.1	0.6	-0.5	-0.5
Primary Balance	3.6	2.8	1.3	1.4



	8 Apr.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	2.6	2.7	2.8	3.0
RSD/EUR	117.8	116.5	116.0	115.0
Sov. Spread (2021, bps)	125	125	118	110

	8 Apr.	1-W %	YTD %	2-Y %
BELEX-15	6.2	-0.5	-3.5	5.7

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.3	2.0	4.3	3.6	3.8
Inflation (eop, %)	1.6	3.0	2.0	1.8	2.0
Cur. Acct. Bal. (% GDP)	-2.9	-5.3	-5.2	-5.0	-4.5
Fiscal Bal. (% GDP)	-1.2	1.1	0.6	-0.5	-0.4

The fiscal balance deteriorated in FY:18, but remained in surplus for a second consecutive year (0.6% of GDP). The fiscal stance turned expansionary in FY:18 for the first time in 4 year years. Indeed, the fiscal balance deteriorated by 0.5 pps to a surplus of 0.6% of GDP after having improved uninterruptedly from a deficit of 6.2% in FY:14 to a surplus of 1.1% in FY:17. The fiscal loosening in FY:18 was the result of a large fiscal space following stronger-than-expected consolidation under the IMF programme in 2015-17, that led to a structural adjustment of 6.0 pps of GDP against 4.0 pps projected under the programme. The fiscal easing in FY:18 was exclusively driven by higher expenditure.

Specifically, revenue increased marginally (up 0.1 pp of GDP in FY:18), supported by higher social contributions (up 0.3 pps of GDP) in line with the improvement in employment and increasing wages (reinforced by the 10% rise in the minimum wage). Nevertheless, revenue was held back by a drop in excise duties and lower VAT revenue (each down by 0.2 pps of GDP), reflecting a base effect (from improved collection efficiency in FY:17), RSD appreciation and large VAT refunds (including postponed 2017 refund payments of RSD 12bn, or 0.2% of GDP). The revenue performance was also affected by the negative impact from the drop in the non-taxable salary (by RSD 3.2k to RSD 15.0k as of January 2018, with an estimated cost of 0.3 pps of GDP in FY:18).

On the other hand, spending rose by 0.5 pps of GDP in FY:18, largely due to a sharp increase in capital expenditure (up by a sizeable 1.1 pp, reaching a 12-year high of 3.9% of GDP in FY:18, in view of the country's large infrastructure needs). Expenditure was also boosted by a rise in personnel expenditure (up by 0.3 pps of GDP), due to the targeted 5-10% hike in public sector wages (with a fiscal impact of 0.5 pps of GDP in FY:18). The rise in outlays was, however, held back by: i) lower interest payments (down 0.4 pps of GDP), due to the decline in public debt, lower interest rates and a stronger RSD; and ii) lower assistance to state-owned companies (subsidies, activated guarantees and net lending together fell by 0.6 pps of GDP in FY:18).

The FY:18 fiscal surplus, along with the repayment of a USD 1.0bn Eurobond (or 2.0% of GDP) and the early repayment of the EUR 138.8mn (0.3% of GDP) London Club debt, helped reduce the public debt-to-GDP ratio for a 3rd successive year to (a 7-year low of) 54.4% of GDP from 58.7% in FY:17 and a 12-year high of 71.2% at end-2015.

The planned expansionary fiscal stance in FY:19 will not reverse the downward trend of the public debt-to-GDP ratio. The 2019 Budget envisages a further fiscal loosening, targeting a fiscal deficit of 0.5% of GDP -- 1.1 pp above the FY:18 outcome. In our view, the FY:19 deficit target is attainable, in view of the related realistic overall revenue and expenditure growth targets (of 2.2% and 4.9%, respectively, with respect to the FY:18 outcomes).

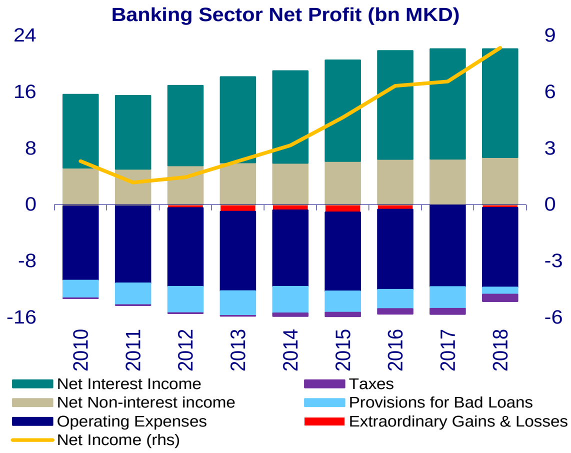
Specifically, the FY:19 tax revenue growth target (of 4.8%) -- adjusted for the abolition of the 0.75% unemployment benefit contribution (with a fiscal impact of 0.2 pps of GDP) -- is broadly in line with our nominal GDP growth forecast of 5.3%, while non-tax revenue is set to decline by a sizeable 0.8 pps of GDP, due to unsupportive base effects (large dividend payments and other once-offs in FY:18).

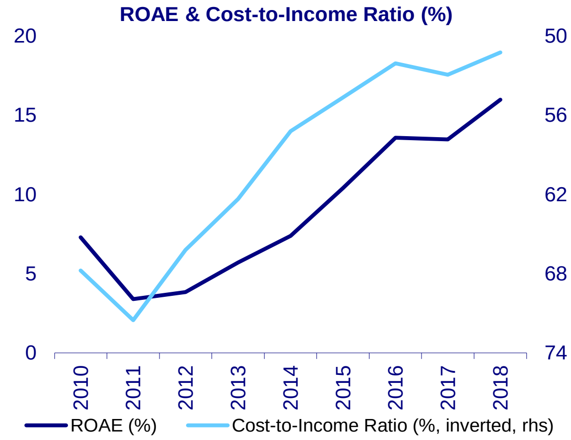
Moreover, the FY:19 expenditure growth target is inflated by the impact of the abolishment of the temporary pension reductions (introduced in 2014) and a 7%-12% rise in public sector wages this year (each with an estimated fiscal impact of 0.6% of GDP).

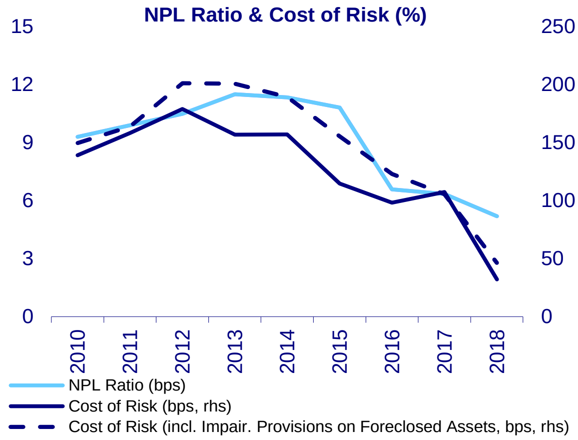
Importantly, despite the expansionary fiscal stance, the public debt-to-GDP ratio is set to ease further to c. 51.5% of GDP in FY:19.

North Macedonia

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







	8 Apr.	3-M F	6-M F	12-M F
1-m SKIBOR (%)	1.2	1.8	2.3	2.8
MKD/EUR	61.3	61.3	61.3	61.3
Sov. Spread (2021. bps)	182	210	190	160

	8 Apr.	1-W %	YTD %	2-Y %
MBI 100	3,641	-0.7	5.0	60.6

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	2.8	0.2	2.7	3.8	4.0
Inflation (eop. %)	-0.2	2.4	0.9	1.5	1.7
Cur. Acct. Bal. (% GDP)	-2.8	-1.0	-0.3	-0.9	-1.5
Fiscal Bal. (% GDP)	-2.7	-2.7	-1.8	-2.6	-2.7

Banking sector ROAE reached an all-time high of 16.0% in FY:18, mainly on the back of a significant decline in the cost of risk. Banking sector net profits rose by 27.4% to a record high of MKD 8.4bn (EUR 136.3mn or 1.3% of GDP) in FY:18. The impressive performance was mainly due to a sharp decline in banks' loan loss provisions (down 68.0%, contributing 28.9 pps to the overall net profit increase), which pushed down the cost of risk by a sizeable 75 bps to a low of 32 bps in FY:18. As a result, ROAE and ROAA rose to 16.0% and 1.7%, respectively, in FY:18, from 13.5% and 1.4% in FY:17.

The cost of risk declined significantly in FY:18, on the back of continued negative NPL formation and a sizeable reversal of provisions for bad loans. Indeed, the NPL ratio dropped to a multi-year low of 5.2% in FY:18 from 6.3% in FY:17 and a peak of 12.3% in mid-2013, supported, *inter alia,* by a 2016 Central Bank regulation requiring banks to write off their fully-provisioned loans held in "loss" category for more than two years. The decline in the overall NPL ratio in FY:18 was almost exclusively driven by the corporate segment (the NPL ratio for corporates dropped by 2.0 pps to 7.8%), reflecting not only a large-scale provision reversal (see below) but also lower credit risk in view of an improving operating environment. Moreover, a marked reversal of provisions for bad corporate loans was registered in the largest bank, Kommercijalna, contributing 20% to the rise of the overall ROAE and 10% to the decline of the cost of risk in FY:18.

Pre-provision income (PPI, before tax) rose modestly, by 3.8% in FY:18, mainly on the back of lower deposit insurance premium and higher net fees and commissions. Net interest income (NII) fell slightly in FY:18 (down 1.6%), as the rise in average interest-earning assets (AIEA, up 6.8%) was more than offset by the compression of the NIM (down 28 bps to 331 bps). The weaker NIM reflects a drop in both: i) core NIM, as the decline in the blended lending rate (down 42 bps to 554 bps) outpaced that of the blended deposit rate (down 12 bps to 145 bps); and ii) non-core NIM, in line with moderating domestic debt yields (the 12-month T-bill rate fell to 1.0% in FY:18 from 1.9% in FY:17). On the other hand, the rise in AIEA was mainly driven by robust credit growth to households (up 10.2%).

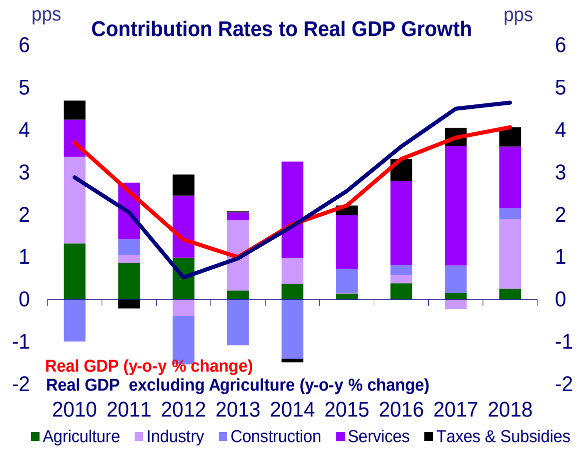
The improved FY:18 PPI (before tax) performance resulted, in fact, from both higher net non-interest income (NNII) and lower operating expenses. NNII rose by 4.4% in FY:18, underpinned by higher gains from foreign exchange operations and stronger income from fees and commissions (up 6.3%), as banks seek to diversify their income sources amid declining interest rates and fierce competition for market shares. On the other hand, operating expenses fell by 3.1% in FY:18, mainly due to lower payments of deposit insurance premiums (absorbing 5.7% of pre-provision earnings in FY:18, against 10.1% in FY:17), reflecting a cut in the deposit insurance premium rate by 0.15 pps to 0.25 pps on January 1st 2018.

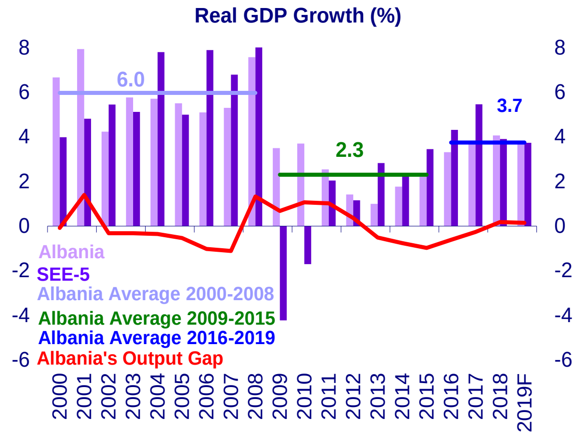
The rise in the FY:18 banking sector bottom line would have been stronger had it not been for extraordinary losses linked to banks' foreclosed assets. According to the Central Bank's regulation imposing to banks a haircut on the net value of their foreclosed property assets, as a means to incentivize their sale within 5 years after foreclosure, the banking sector experienced extraordinary losses in FY:18, shaving 0.8 pps from the FY:18 ROAE increase.

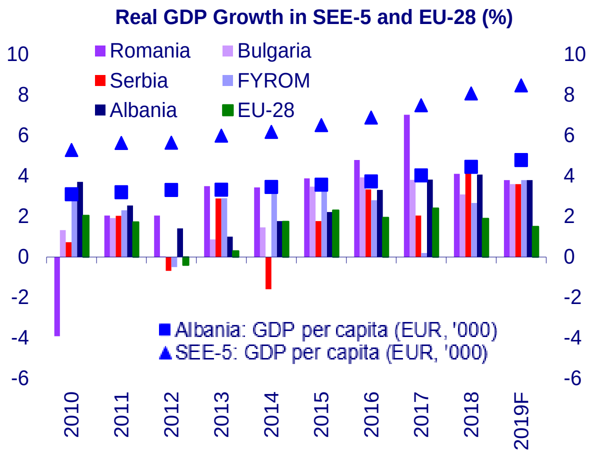
Banking sector ROAE is likely to remain broadly unchanged at c. 15.0% this year. We see the banking sector bottom line posting a robust growth rate this year, underpinned by continued improvement in banks' loan books and a pick-up in lending activity, reflecting stronger economic prospects ahead of the opening of the EU accession talks.

Albania

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







	8 Apr.	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.3	2.2	2.2	2.2
ALL/EUR	124.7	123.8	123.5	122.0
Sov. Spread (bps)	193	215	200	180

	8 Apr.	1-W %	YTD %	2-Y %
Stock Market	- - -	- - -	- - -	- - -

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.3	3.8	4.1	3.8	4.0
Inflation (eop, %)	2.2	1.8	1.8	1.8	2.0
Cur. Acct. Bal. (% GDP)	-7.6	-7.5	-6.7	-5.8	-5.6
Fiscal Bal. (% GDP)	-1.8	-2.0	-1.6	-2.1	-2.1

Economic growth reached a post-global crisis high of 4.1% in FY:18 -- up from 3.8% in FY:17 -- largely due to exceptionally high electricity production. GDP growth accelerated in 2018, for a 5th successive year, to 4.1% from 3.8% in FY:17, recording the fastest pace in a decade and exceeding its long-term potential of 4.0%. This was due to a weather-related spike in electricity production, which more than offset the negative impact from the completion of two large energy projects. Note that Albania experienced the second highest FY:18 GDP growth in SEE-5 (after Serbia), while the output gap is estimated to have turned positive (0.2% in FY:18 against -0.3% in FY:17) for the first time in 6 years in FY:18.

Specifically, the robust performance in FY:18 mainly reflected the strengthening in industrial output, expanding by (a 5-year high of) 13.6% (contributing a sizeable 1.6 pps to GDP growth in FY:18) compared with a drop of 1.8% in FY:17. The improvement is estimated to have been largely driven by the strong rebound in electricity generation (which is fully based on hydroelectric production), following a drought-induced decline throughout FY:17 and abundant rainfall in FY:18. In fact, electricity production reached a record high of 8.6GWh in FY:18 -- almost double its level in FY:17 -- after having declined sharply by 36.6% in FY:17 (it is estimated to have contributed 1.5 pps to overall GDP growth in FY:18 after subtracting 1.1 pp in FY:17).

The expansion in economic activity in FY:18 was, however, held back by the slowdown in the construction sector (up 2.7% in FY:18 against a strong rise of 7.0% in FY:17, contributing just 0.3 pps to overall GDP growth in FY:18 compared with 0.6 pps in FY:17). This is largely attributed to the completion of the largest part of two major energy projects (i.e. TAP and the Statkraft/Devoll hydropower plant) in FY:17.

Activity in FY:18 was, also, constrained by the moderation in the services sector, accounting for 60% of GDP, to 3.2% in FY:18 from 5.5% in FY:17, due to: i) the fade out of the spill-overs of the large energy projects as they approach their completion (including the slowdown in transportation, storage, consultancy and engineering services); and ii) the contractionary fiscal stance (the consolidated fiscal deficit narrowed by 0.4 pps of GDP in FY:18 after rising by 0.2 pps in FY:17).

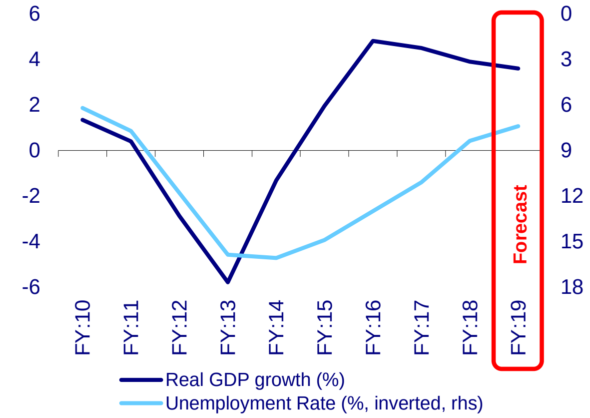
The pace of GDP growth is set to moderate slightly, to a still high 3.8% in FY:19, as the impact from the past year's spike in energy production fades. For 2019, we expect a moderation in activity to a still solid pace of 3.8%, due to: i) a normalization in electricity production, following a (weather-related) strong supply shock in FY:18; and ii) a slowdown in the country's main trading partners, Italy and Spain (accounting for a corresponding 48% and 8% of total exports in FY:18, which are expected to post growth rates of just 0.2% and 2.1%, respectively, in FY:19 moderating from 1.0% and 2.5% in FY:18, according to the latest EC forecasts). Nevertheless, activity is set to be underpinned this year by services, on the back of: i) stronger consumption, on the back of the rebound in credit activity and the continued improvement in the labour market; ii) an accommodative policy mix; and iii) a continued rise in tourism inflows. Activity in FY:19 should also be supported by the authorities' strong commitment to economic reforms and the continued engagement with the IMF under the Post-Programme Monitoring (PPM) process.

Downside risks to our forecast arise from weakening confidence in the domestic economy, due to persisting anti-Government protests -- started in early-December – and the resignation of opposition MPs from Parliament in February, which could delay the opening of EU membership negotiations and hinder the reform drive.

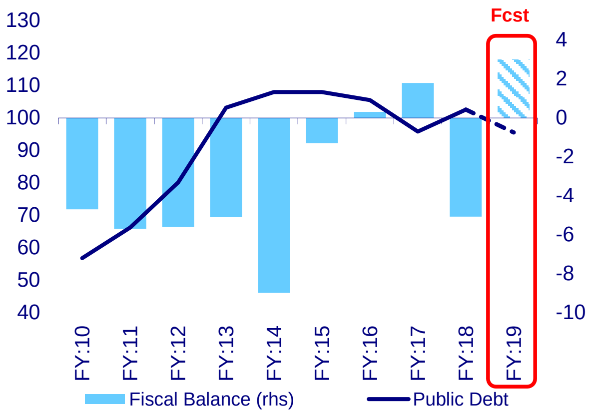
Cyprus

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

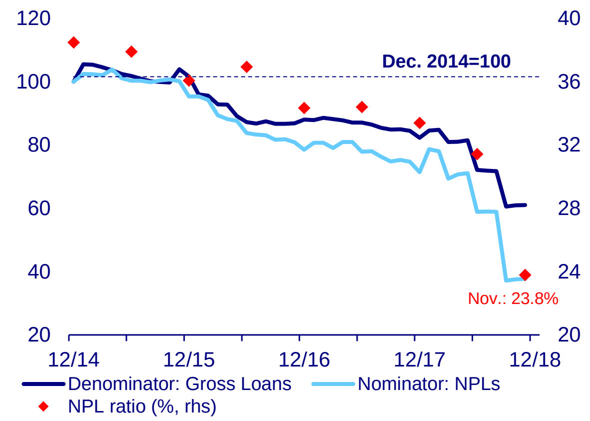
Real GDP Growth & Unemployment Rate (%)



Fiscal Balance and Public Debt (% of GDP)



Non-Performing Loans Ratio (Private Sector)



	8 Apr.	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.37	-0.37	-0.37	-0.37
EUR/USD	1.13	1.22	1.24	1.26
Sov. Spread (2025. bps)	130	130	120	100

	8 Apr.	1-W %	YTD %	2-Y %
CSE Index	67	3.3	2.1	-1.7

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	4.8	4.5	3.9	3.6	3.2
Inflation (eop. %)	-0.3	-0.6	1.7	1.2	1.4
Cur. Acct. Bal. (% GDP)	-5.1	-8.4	-7.0	-8.2	-7.5
Fiscal Bal. (% GDP)	0.3	1.8	-4.8	3.1	3.0

EC-ECB and IMF missions welcomed the country's strong macroeconomic performance and progress on reforms, while stressing the need for continued efforts to address the remaining challenges. Staff concluding statements following the EC/ECB's 6th Post-Programme Surveillance (PPS) and IMF's 3rd Post-Programme Monitoring (PPM) missions to Cyprus underlined: i) the country's "*remarkably strong*" GDP growth rates (a CAGR of 4.4% during 2016-18), which supported a continued large fiscal surplus (3.2% of GDP in FY:18, excluding the one-off financial support to Cyprus Cooperative Bank -- CCB) and a decline in the unemployment rate to single digits; ii) the significant progress made in consolidating the banking sector and reducing NPLs; and iii) the need for continued efforts to tackle the remaining vulnerabilities from still large NPLs, high public and private debt, elevated fiscal risks and the less favourable external environment. The missions recommended:

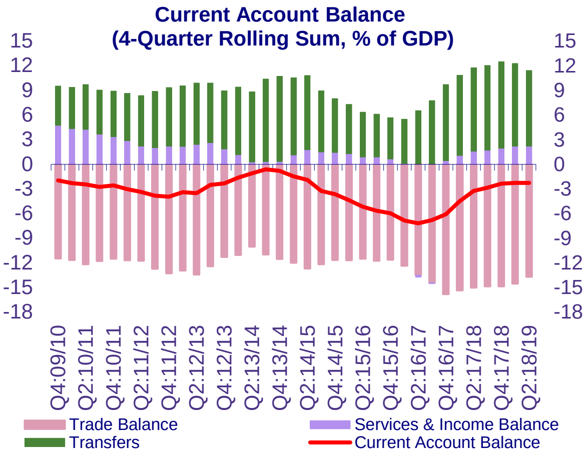
i) the acceleration of the clean-up of banks' loan books and the improvement in debt payment discipline. Recall that in July 2018, in an effort to facilitate a faster and sustainable reduction of banks' NPLs, Parliament approved, *inter alia*, targeted amendments to the insolvency and foreclosure frameworks and the adoption of a loan securitization framework and a secondary market for sales of loans. According to the EC-ECB and IMF missions, a steadfast implementation of these measures is key to sustaining the downward trend of the NPL ratio. The latter declined to 23.8% in November from 33.4% at end-2017, mainly due to the once-off carve-out of CCB's NPLs to an asset management company owned and financed by the State. Moreover, the missions underlined the need for: i) enhancing borrowers' debt repayment discipline by enforcing compliance with the eligibility criteria of the recently-adopted "*Estia*" subsidy scheme (aimed at "vulnerable" distressed borrowers with loans secured with their primary residence); and ii) establishing an effective governance and supervision framework in the asset management company.

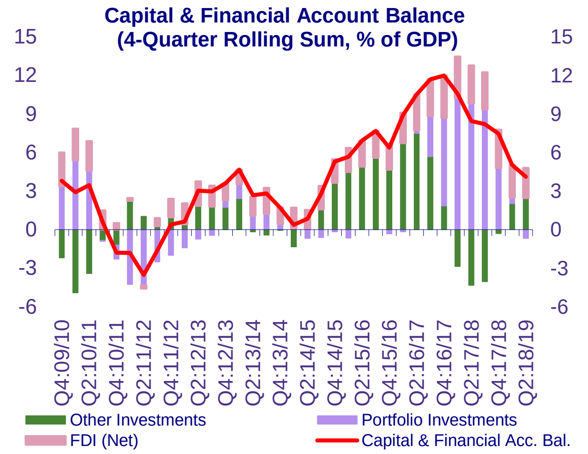
ii) a prudent fiscal stance to reduce slippage risks from the financial and healthcare sectors and contingent hikes in public sector wages and pensions. The missions expect the fiscal performance to remain sound over the medium term, facilitating a steady decline in the public debt-to-GDP ratio from its end-2018 peak of 102.5% -- reflecting the issue of government bonds to CCB. However, they stressed the need to maintain fiscal prudence and build up buffers against a sharper-than-currently-expected moderation in economic growth and eventual court rulings on full reimbursement of crisis-era pensions and public sector wage cuts. Note that, in June 2018, Parliament approved the gradual reversal of public sector wage cuts over a 4½-year period starting in July 2018. Moreover, the missions reiterated the importance of reducing fiscal risks from the provision of State guarantees to CCB (amounting to EUR 2.6bn) and the rollout of the National Health Insurance System.

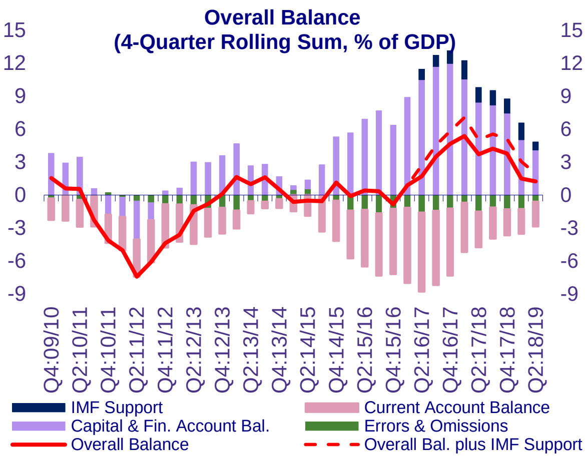
iii) the acceleration of structural reforms to sustain economic growth in the medium term, improve competitiveness and help diversify investment to sectors other than construction and tourism -- currently the key drivers of growth. Specifically, the missions emphasized the importance of completing the judicial reform and addressing swiftly the long-overdue reform of the title deeds issuance and transfer system in enhancing the effectiveness of the NPL-related legislation and improving the investment climate. Moreover, they underlined the need to accelerate public administration reforms, including improvements in the governance of state-owned enterprises, the Central Bank of Cyprus and local governments.

Egypt

B / B3 / B+ (S&P / Moody's / Fitch)







	8 Apr.	3-M F	6-M F	12-M F
O/N Interbank Rate (%)	16.0	15.5	14.0	12.0
EGP/USD	17.3	17.6	17.8	18.0
Sov. Spread (2025, bps)	362	350	330	290

	8 Apr.	1-W %	YTD %	2-Y %
HERMES 100	1,447	0.2	14.0	23.4

	15/16	16/17	17/18E	18/19F	19/20F
Real GDP Growth (%)	4.3	4.2	5.3	5.5	5.8
Inflation (eop. %)	14.0	29.8	14.4	12.5	9.0
Cur. Acct. Bal. (% GDP)	-6.0	-6.0	-2.4	-2.0	-1.8
Fiscal Bal. (% GDP)	-12.5	-10.9	-9.7	-8.6	-8.0

External adjustment continued in H1:18/19, with the 4-quarter rolling current account deficit (CAD) narrowing further to 2.3% of GDP from a 3½-decade high of 7.2% in Q2:16/17. The CAD continued on its downward trend started in Q3:16/17, declining by 0.1 pp y-o-y to 1.3% of GDP in H1:18/19 (July-December 2018), supported by the flotation of the domestic currency in mid-Q2:16/17, a rebound in hydrocarbon production and improved security conditions.

Specifically, tourist receipts rose by 0.3 pps y-o-y to an 8-year high of 2.3% of GDP in H1:18/19, due not only to more competitive prices (the EGP had depreciated against the USD by c. 50.0% since the flotation), but also to a significant improvement in security conditions.

Moreover, the overall trade deficit narrowed by 1.1 pp y-o-y to a 3-year low of 6.4% of GDP in H1:18/19, mainly on the back of a favourable energy trade balance. The latter turned into a surplus of 0.1% of GDP in H1:18/19, for the first time in 5 years, from a deficit of 0.8% in H1:17/18, mainly supported by the start of production in the large natural gas field Zohr at end-H1:17/18.

Not surprisingly, workers' remittances declined by 1.2 pps y-o-y to 3.9% of GDP in H1:18/19, on the back of a strong base effect. Indeed, remittances through the banking sector posted an impressive CAGR of c. 40.0% in the 4 quarters that followed the mid-Q2:16/17 Central Bank decision to float the EGP, after having been hindered by very attractive rates in the parallel FX market.

The capital and financial account (CFA) balance, excluding IMF support, turned temporarily into a deficit in H1:18/19, mainly on the back of the withdrawal of foreign investors from the domestic debt market. The CFA balance, excluding IMF support, posted a deficit of 0.1% of GDP in H1:18/19 against a surplus of 2.9% of GDP in H1:17/18, mainly due to a sharp decline in foreign holdings of T-Bills (net sales of c. USD 6.0bn or 2.0% of GDP in H1:18/19 against net purchases of c. USD 8.0bn or 3.2% of GDP in H1:18/19) amid a broader global sell-off in emerging markets. Encouragingly, foreign holdings of Egyptian T-bills reversed their downward trend in January (net purchases of USD 5.0bn in January and February against net sales of USD 10.5bn in the previous 9 months), due to the rebound in global appetite for debt of less vulnerable emerging market economies.

Reflecting the current account and the CFA developments and (positive) net errors & omissions (0.6% of GDP), the overall balance recorded a deficit of 1.3% of GDP in H1:18/19. This gap was covered by the disbursement of the fourth tranche of the IMF loan (USD 2.0bn or 0.7% of GDP) and a drawdown in FX reserves (USD 1.8bn or 0.6% of GDP). As a result and accounting for valuation effects, FX reserves declined slightly by USD 1.7bn y-t-d to a still comfortable level of USD 42.6bn at end-H1:18/19 (7.2 months of imports of GNFS).

Looking ahead, we expect the external adjustment to continue throughout the rest of the fiscal year, with the further improvement in the energy trade balance and tourist receipts more than compensating for the continued normalization in workers' remittances and higher repatriation of profits and dividends. Overall, we see the CAD declining to a 5-year low of 2.0% of GDP in FY:18/19 from 2.4% in FY:17/18.

Moreover, we see the country's external position strengthening in H2:18/19, more than offsetting the deterioration in H1:18/19. The expected improvement in H2:18/19 should result from a further decline in the CAD, the return of foreign investors to the domestic debt market, the release of the fifth tranche of the IMF loan of USD 2.0bn in early-February and the issuance of 3 Eurobonds worth USD 4.0bn in late-February. Overall, we see FX reserves rising to a record high of USD 46.5bn at end-2018/19 from USD 44.3bn at end-2017/18.

FOREIGN EXCHANGE MARKETS, APRIL 8TH 2019

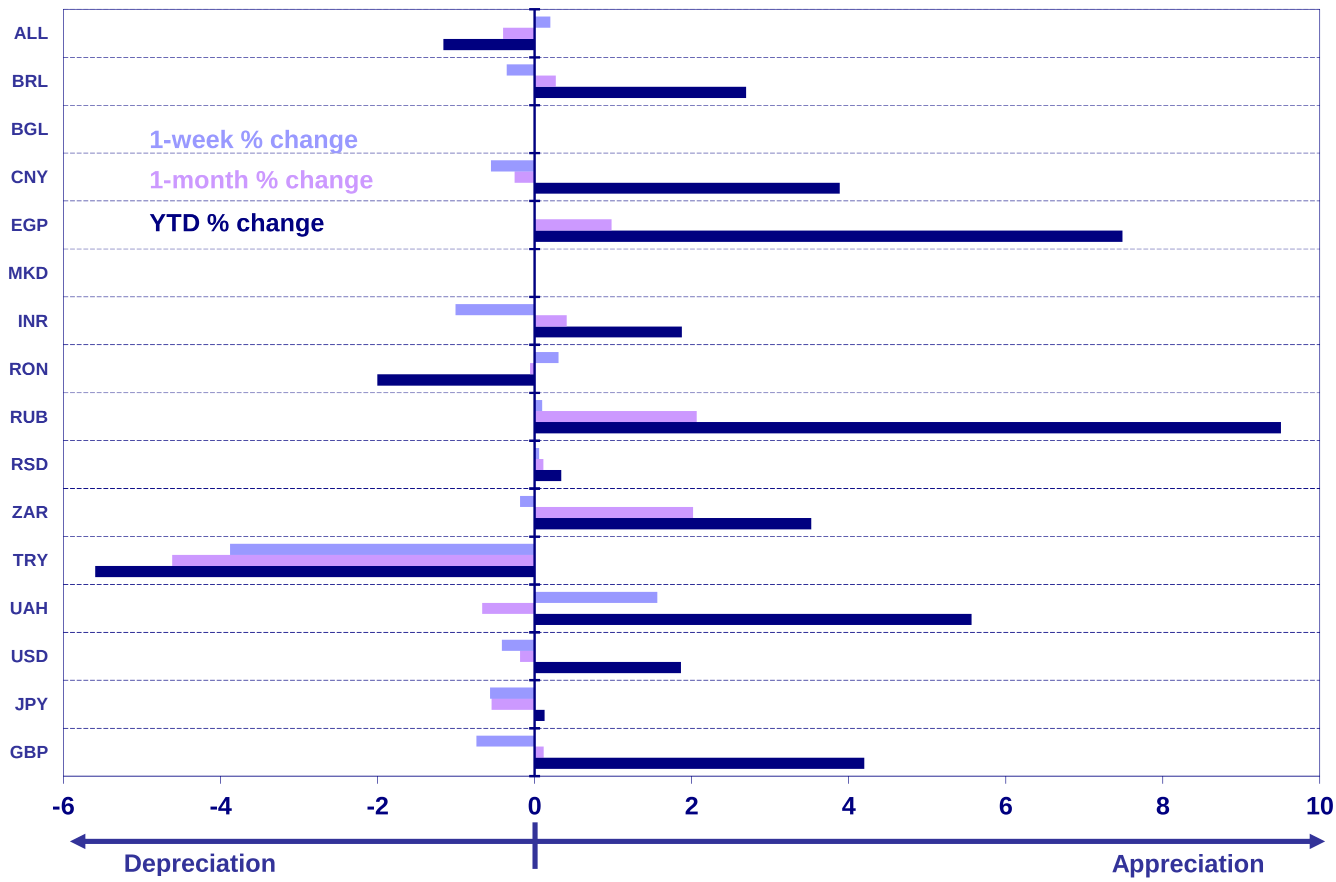
Against the EUR

		2019										2018	2017
	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**	% change*	% change*
Albania	ALL	124.7	0.2	-0.4	-1.2	3.2	123.6	125.9	125.0	124.8	123.5	7.8	1.9
Brazil	BRL	4.33	-0.4	0.3	2.7	-2.8	4.16	4.51	- - -	- - -	- - -	-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	7.57	-0.6	-0.3	3.9	2.7	7.51	7.88	- - -	- - -	- - -	-0.8	-6.0
Egypt	EGP	19.38	0.0	1.0	7.5	11.2	19.47	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	78.3	-1.0	0.4	1.9	2.0	76.8	82.3	- - -	- - -	- - -	-3.9	-6.7
Romania	RON	4.75	0.3	-0.1	-2.0	-1.8	4.66	4.78	4.80	4.85	4.95	0.6	-3.0
Russia	RUB	73.0	0.1	2.1	9.5	2.2	72.3	80.1	74.5	76.0	78.9	-13.4	-6.8
Serbia	RSD	117.8	0.1	0.1	0.3	0.2	117.9	118.5	118.2	118.5	- - -	0.2	4.2
S. Africa	ZAR	15.9	-0.2	2.0	3.5	-6.3	15.16	16.66	16.2	16.5	17.1	-9.9	-2.7
Turkey	YTL	6.41	-3.9	-4.6	-5.6	-21.7	5.91	6.60	6.85	7.30	8.20	-24.9	-18.4
Ukraine	UAH	30.0	1.6	-0.7	5.6	6.4	29.55	32.66	- - -	- - -	- - -	6.0	-15.2
US	USD	1.13	-0.4	-0.2	1.9	9.4	1.1	1.2	1.13	1.14	1.16	4.6	-12.4
JAPAN	JPY	125.6	-0.6	-0.5	0.1	4.8	118.8	127.5	125.6	125.6	125.7	7.5	-8.9
UK	GBP	0.86	-0.7	0.1	4.2	1.1	0.8	0.9	0.86	0.87	0.87	-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 (April 8th 2019)



Money Markets, April 8th 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.1	6.4	- - -	1.4	- - -	16.0	- - -	- - -	3.3	7.7	- - -	26.1	7.4	17.1	- - -	2.4
T/N	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	3.3	8.2	2.3	- - -	7.4	- - -	- - -	- - -
S/W	1.1	6.4	- - -	2.5	-0.4	- - -	1.1	- - -	- - -	8.1	2.3	- - -	7.3	17.6	-0.4	2.4
1-Month	1.3	6.4	0.0	2.7	-0.4	- - -	1.2	6.7	3.3	8.4	2.6	26.1	7.3	19.1	-0.4	2.5
2-Month	- - -	6.4	- - -	- - -	- - -	- - -	- - -	- - -	- - -	8.3	2.7	26.1	7.1	- - -	- - -	2.5
3-Month	1.4	6.4	- - -	2.8	- - -	- - -	1.5	6.9	3.3	8.2	3.0	26.2	7.1	19.6	- - -	2.6
6-Month	1.4	6.5	- - -	2.8	- - -	- - -	1.7	- - -	3.4	8.2	3.1	25.7	7.6	- - -	- - -	2.6
1-Year	1.6	6.5	- - -	3.0	-0.1	- - -	2.0	- - -	3.5	8.5	- - -	25.7	8.3	- - -	-0.1	2.7

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

Local Debt Markets, April 8th 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	- - -	- - -	- - -	- - -	- - -	17.4	- - -	6.2	- - -	7.7	- - -	21.1	- - -	- - -	-0.5	2.4
6-Month	0.9	- - -	- - -	- - -	- - -	17.4	- - -	6.3	3.2	7.8	3.3	21.6	- - -	- - -	-0.5	2.5
12-Month	1.1	- - -	-0.1	2.4	- - -	17.2	0.9	6.5	3.3	7.5	3.0	22.2	- - -	19.2	-0.5	2.4
2-Year	1.6	- - -	- - -	2.7	- - -	- - -	1.3	6.6	3.5	7.7	- - -	22.0	6.9	- - -	-0.6	2.4
3-Year	- - -	- - -	0.0	2.9	0.2	- - -	- - -	7.0	3.9	8.0	- - -	20.8	7.1	18.0	-0.6	2.3
5-Year	2.8	8.1	- - -	3.1	0.7	16.6	- - -	7.1	4.3	8.0	3.7	19.9	7.7	- - -	-0.4	2.3
7-Year	3.8	- - -	0.4	- - -	1.0	16.5	- - -	7.4	4.5	8.2	- - -	- - -	- - -	- - -	-0.3	2.4
10-Year	5.2	9.0	0.7	3.3	- - -	16.4	- - -	7.4	5.0	8.3	- - -	16.9	8.5	- - -	0.0	2.5
15-Year	- - -	- - -	- - -	- - -	- - -	- - -	3.0	7.7	- - -	8.5	- - -	- - -	9.9	- - -	0.2	- - -
25-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	9.7	- - -	- - -	- - -
30-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	7.7	- - -	- - -	- - -	- - -	9.6	- - -	0.6	2.9

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

Corporate Bonds Summary, April 8th 2019

		Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Bulgaria	**Bulgaria Energy Hld 4.875% '21**	EUR	NA/NA	2/8/2021	550	1.7	232	199
South Africa	**FirstRand Bank Ltd 4.25% '20**	USD	BB/Baa3	30/4/2020	500	4.0	159	142
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.9	143	114
Turkey	**Arcelik AS 3.875% '21**	EUR	BB+/NA	16/9/2021	350	3.3	385	343
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	7.0	466	438
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	9.5	717	657
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	8.6	625	577
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	9.2	691	627
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	8.1	582	543
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	6.2	388	371

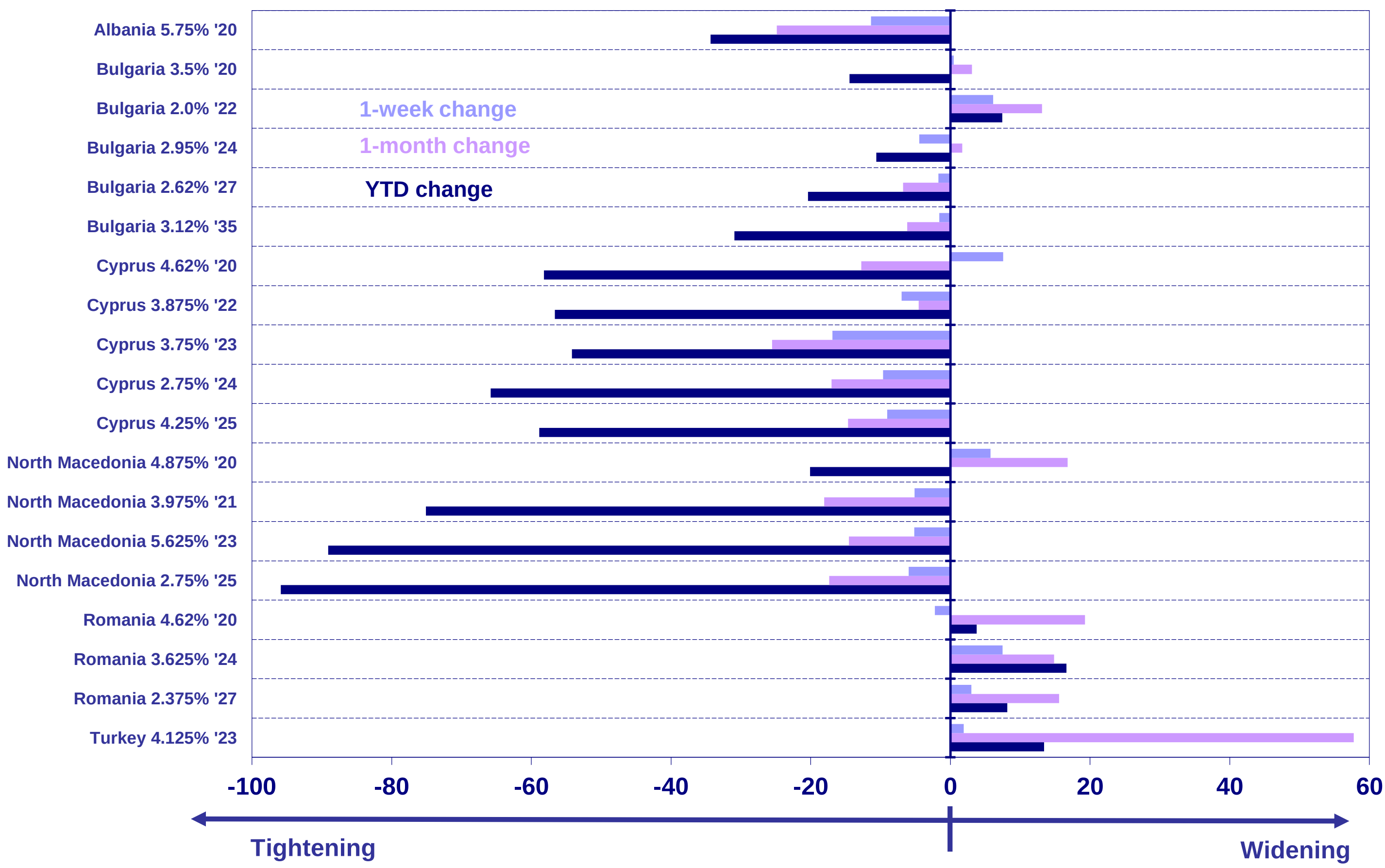
Credit Default Swap Spreads. April 8th 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	- - -	170	76	44	105	315	- - -	95	110	131	121	400	180	651
10-Year	- - -	248	104	83	118	381	- - -	104	146	186	148	442	244	673

EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY. APRIL 8TH 2019

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Albania 5.75% '20	EUR	B+/B1	12/11/2020	450	1.3	193	169
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.1	44	12
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	0.1	66	22
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	0.2	61	20
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	0.8	95	52
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	2.1	183	126
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	0.3	86	56
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1,000	0.2	78	35
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1,000	0.4	86	52
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0.7	112	66
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	1.0	130	93
North Macedonia 4.875% '20	EUR	BB-/NA	1/12/2020	178	1.0	155	128
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	1.2	182	458
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	1.8	227	203
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	2.1	245	199
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	0.1	67	38
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	1.1	151	110
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	2.3	243	192
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	4.2	479	423

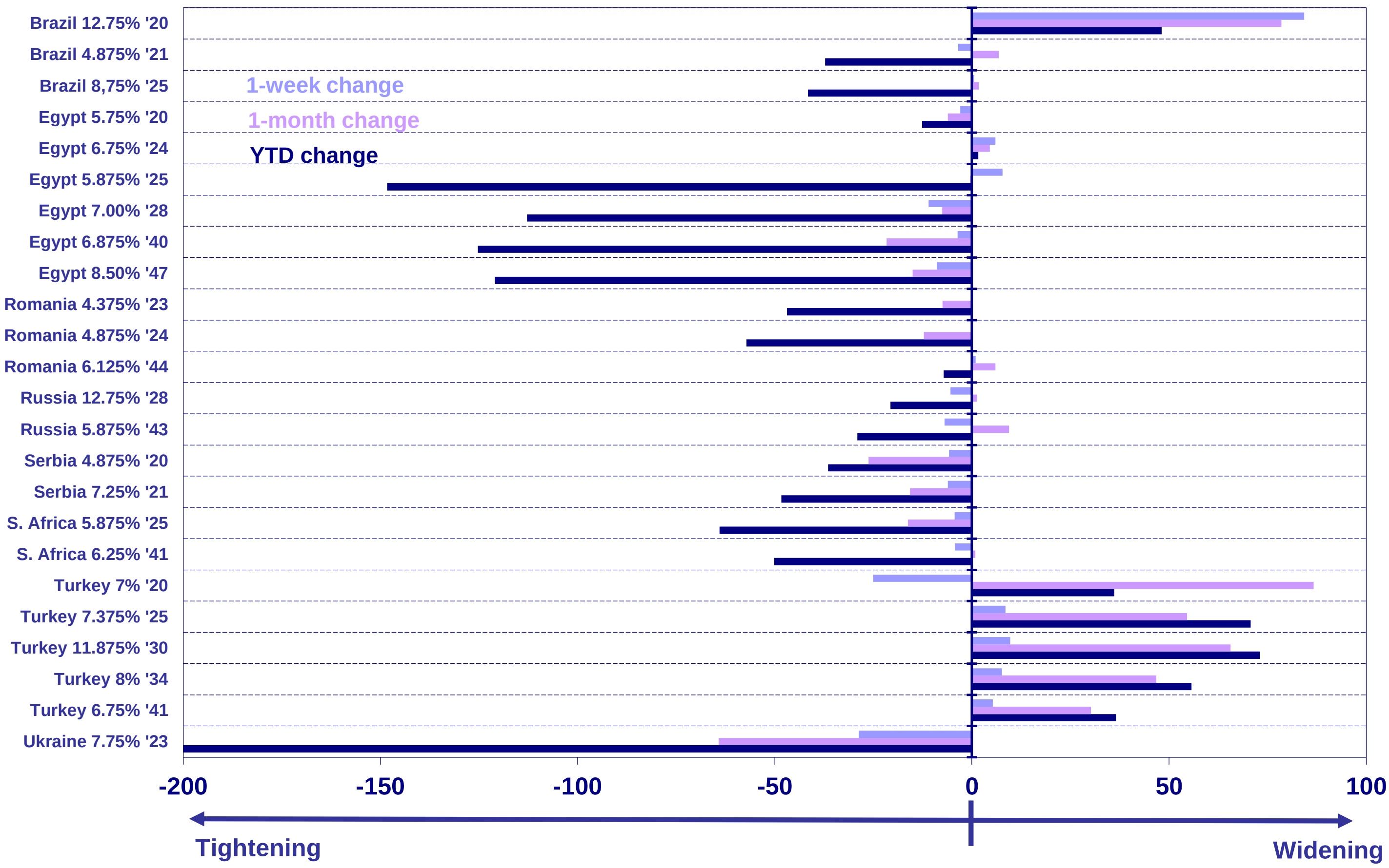
EUR-Denominated Eurobond Spreads (April 8th 2019)



USD-Denominated Sovereign Eurobond Summary. April 8th 2019

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Brazil 12.75% '20	USD	NA/Ba2	15/1/2020	87	3.7	125	114
Brazil 4.875% '21	USD	NA/Ba2	22/1/2021	2,713	3.1	79	66
Brazil 8.75% '25	USD	NA/Ba2	4/2/2025	688	3.9	161	175
Egypt 5.75% '20	USD	B/B3	29/4/2020	1,000	4.7	231	214
Egypt 6.75% '24	USD	NA/B3	10/11/2024	1,500	6.1	375	370
Egypt 5.875% '25	USD	B/B3	11/6/2025	500	6.0	362	357
Egypt 7.00% '28	USD	NA/B3	10/11/2028	1,000	6.9	443	440
Egypt 6.875% '40	USD	B/B3	30/4/2040	1,500	7.6	465	458
Egypt 8.50% '47	USD	NA/B3	31/1/2047	500	8.2	527	556
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	3.6	123	120
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	3.5	114	113
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	5.1	222	265
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	4.5	203	278
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	5.1	213	252
Serbia 4.875% '20	USD	BB/Ba3	25/2/2020	1,500	3.6	111	95
Serbia 7.25% '21	USD	BB/Ba3	28/9/2021	2,000	3.6	125	118
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	4.8	235	241
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	5.9	298	327
Turkey 7.00% '20	USD	NR/Ba3	5/6/2020	2,000	5.8	335	320
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	7.2	484	473
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	7.8	529	613
Turkey 8.00% '34	USD	NR/Ba3	14/2/2034	1,500	7.9	534	520
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	7.7	479	434
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	8.1	573	556

USD-Denominated Eurobond Spreads (April 8th 2019)



Stock Markets Performance. April 8th 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)	97,369	1.4	2.1	10.8	16.9	87,536	100,439	13.5	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	583	0.4	0.1	-1.9	-11.5	560	622	-1.9	-12.3	-12.3	15.5	15.5
China (SHCOMP)	3,245	2.3	9.3	30.1	3.4	2,441	3,288	35.4	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	67	3.3	7.7	2.1	0.5	60	68	2.1	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,447	0.2	0.8	14.0	-12.9	1,290	1,467	19.1	-11.1	-11.1	32.0	18.7
North Macedonia (MBI)	3,641	-0.7	-1.0	5.0	29.9	3,467	3,708	5.0	36.6	36.6	18.9	18.9
India (SENSEX)	38,701	-0.4	5.5	7.3	14.5	33,292	39,270	9.6	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,578	1.2	3.1	8.3	-11.0	1,394	1,578	6.2	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,560	1.5	3.4	8.5	22.4	2,350	2,560	18.3	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	733	-0.5	5.4	-3.8	-1.1	668	760	-3.5	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	57,986	1.5	4.5	10.6	3.4	50,907	58,102	14.8	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	96,978	3.1	-4.5	7.2	-14.3	87,399	105,930	0.7	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	564	0.3	1.2	0.9	55.7	544	582	6.6	77.5	88.1	18.8	0.8
MSCI EMF	1,089	1.7	5.7	13.1	-6.4	946	1,085	14.9	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,915	1.0	4.1	11.8	-5.4	1,709	1,917	13.6	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	754	1.7	8.2	24.8	-5.9	600	758	24.8	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	11,963	2.4	4.4	13.3	-2.4	10,387	12,029	13.3	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,452	1.8	4.9	10.7	3.6	6,599	7,461	15.7	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	26,341	0.3	3.5	14.2	9.8	21,713	26,952	16.0	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,896	1.0	5.6	16.5	10.8	2,444	2,893	18.3	-6.2	-1.9	19.4	4.7

Equity Indices (April 8th 2019)