NATIONAL BANK OF GREECE

Economic Analysis Division

Emerging Markets Analysis

Bi-Weekly Report

August 20 – September 2 2019

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

Emerging Markets Analysis

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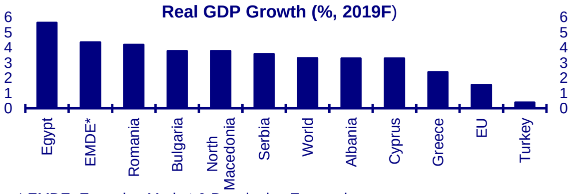
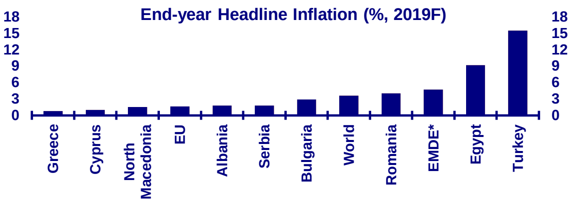
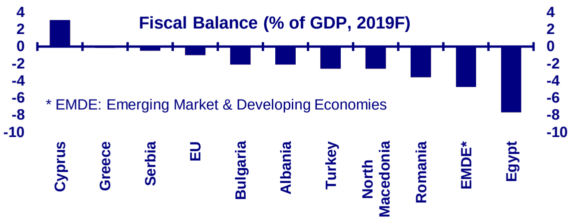
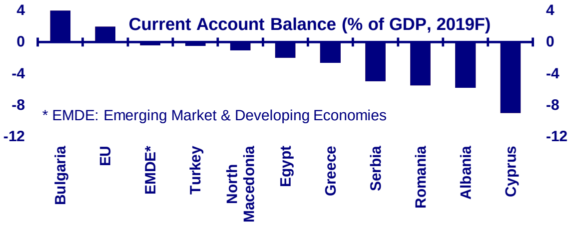


* EMDE: Emerging Market & Developing Economies



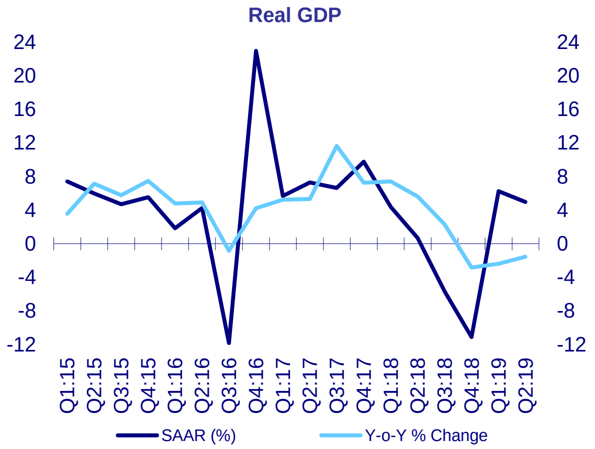


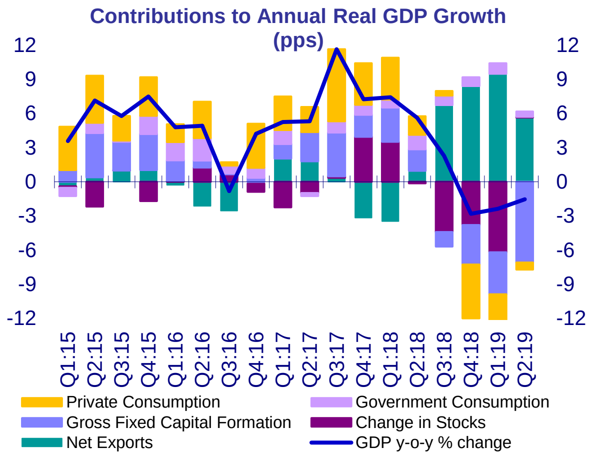


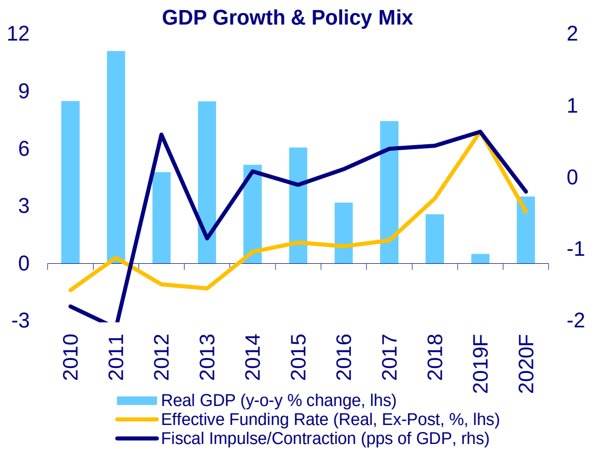
Sources: National authorities, IMF & NBG estimates

Turkey

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







	2 Sep.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	18.2	18.0	16.5	15.5
TRY/EUR	6.37	6.72	7.00	7.45
Sov. Spread (2025, bps)	524	520	460	400

	2 Sep.	1-W %	YTD %	2-Y %
ISE 100	98,343	1.3	8.7	-10.6

	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	15.5	12.0
Cur. Acct. Bal. (% GDP)	-3.8	-5.5	-3.5	-0.5	-2.0
Fiscal Bal. (% GDP)	-1.1	-1.5	-2.0	-2.6	-2.4

Sources: Reuters, TurkStat, CBRT & NBG estimates

The Turkish economy shrinks by less than expected in Q2:19 (down 1.5% y-o-y), supported by increasing net exports and inventory stabilization. The annual pace of GDP contraction decelerated to 1.5% y-o-y in Q2:19 -- beating market expectations (down 2.0%) -- from 2.4% in Q1:19. The continuing contraction in GDP is attributed to a still sizeable negative carry-over effect of c. 3.5% from H2:2018, when the currency crisis and subsequent monetary policy tightening hurt economic activity.

Importantly, on a quarterly (seasonally and calendar adjusted) basis, the Turkish economy expanded for a 2nd consecutive quarter in Q2:19 (up by a solid 1.2% q-o-q), albeit slowing slightly compared with Q1:19, when increased government spending and a state-bank driven pick-up in lending had boosted economic growth (up 1.6%). Indeed, renewed uncertainty, reflecting the decision to re-run the Istanbul elections in June and concerns over potential US sanctions, dented economic momentum in Q2:19, despite the continuing fiscal expansion.

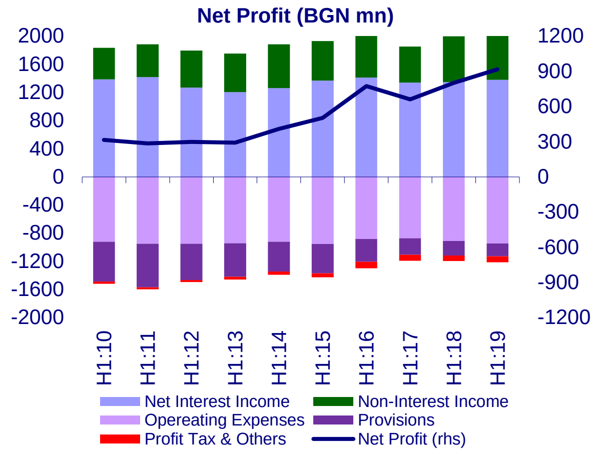
Encouragingly, the much-needed rebalancing of the economy continued in Q2:19, with domestic demand contracting further (subtracting 7.2 pps from overall growth against 11.9 pps in Q1:19 and a positive contribution of 7.6 pps on average in H1:18). Specifically, fixed investment declined sharply in Q2:19 (down 22.8% y-o-y following a drop of 12.4% in Q1:19), due to high real interest rates (6.2% in *ex-post* terms) and the brake in lending activity following a significant state-bank driven credit impulse in Q1:19. Moreover, amid a further deterioration in the labour market, private consumption continued to decline in Q2:19 (down 1.1% y-o-y), albeit at a slower pace compared with Q1:19 (down 4.8% y-o-y), in line, *inter alia*, with easing inflationary pressures. Public consumption, which has consistently sustained domestic demand since mid-2007, expanded in Q2:19 (adding 0.5 pps to overall growth following 0.9 pps in Q1:19).

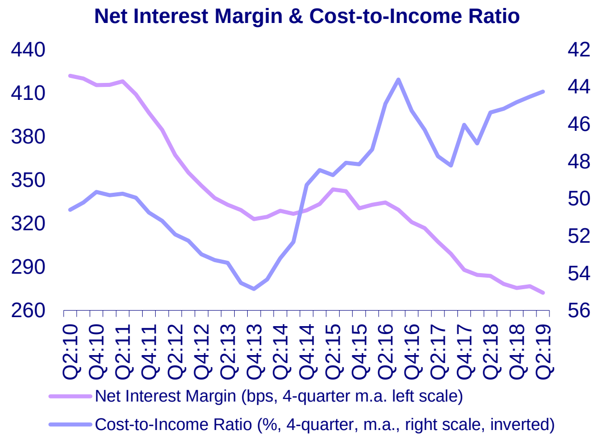
On the other hand, the contribution of net exports to overall growth remained positive (5.7 pps in Q2:19 against 9.5 pps in Q1:19 and a negative contribution of 1.1 pp on average in H1:18). Indeed, export growth remained strong in Q2:19, on the back of a sharp improvement in price competitiveness (the CPI-based REER was down 10.0% y-o-y in H1:19 following a drop of 25.0% in 2017-18). At the same time, against the backdrop of limited access to external financing, import growth remained highly negative, albeit less so than in Q1:19.

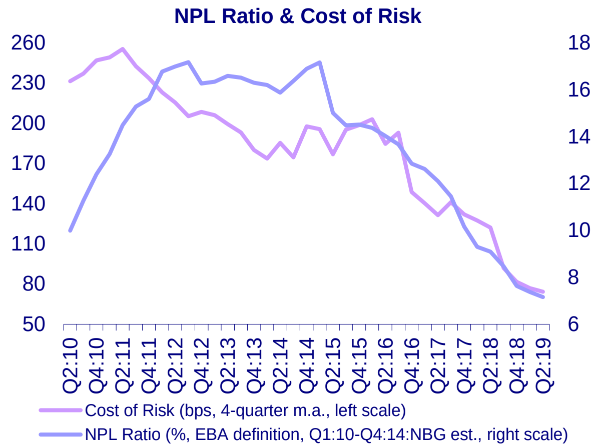
Economic activity is set to gain steam on the back of monetary stimulus and supportive base effects. With limited room for further fiscal easing (note that the 4-quarter rolling budget deficit widened to 2.6% of GDP in Q2:19 from 2.0% in Q4:18, above its FY:19 target of 1.8%), authorities are now relying on monetary stimulus to support the economy. Indeed, we expect the CBRT to reduce further its key rate by 175 bps to 18.0% by end-year, following a very large 425 bp cut at end-July. Assuming no inflation and/or exchange rate shock, a looser monetary policy would relieve households and corporates from the burden of one the highest real interest rates worldwide (currently standing at c. 4.5% in *ex-post* terms). At the same time, net exports will continue to sustain economic growth, albeit more modestly than in the previous quarters, reflecting, *inter alia*, a weak global trade outlook. All said, we see GDP growth rebounding to c. 3.0% y-o-y in H2:19, mostly due to supportive base effects, bringing FY:19 GDP growth to 0.4% in FY:19 against 2.8% in FY:18. For FY:20, we expect GDP growth to accelerate to 3.5%, as improving domestic financing conditions (we see the key rate declining further to 14.0% by end-year) and easing inflation would help rebuild confidence in the economy.

Bulgaria

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







	2 Sep.	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)	72	55	50	40

	2 Sep.	1-W %	YTD %	2-Y %
SOFIX	570	-0.8	-4.1	-19.8

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.9	3.8	3.1	3.8	3.3
Inflation (eop, %)	0.1	2.8	2.7	2.9	2.7
Cur. Acct. Bal. (% GDP)	2.6	3.1	4.6	4.0	3.0
Fiscal Bal. (% GDP)	1.6	0.8	0.1	-2.1	-0.5

Sources: Reuters, NSI & NBG estimates

ECB assessment finds capital shortfall at two domestically-owned banks in the run up to Bulgaria's participation in the European Banking Union (BU). The ECB at end-July released the results of the AQR and the stress tests on Bulgaria's three largest lenders and three domestically-owned banks (together accounting for 60% of the banking system's assets). The health check is part of Bulgaria's efforts to join the BU. Recall that, according to the roadmap agreed between euro area members and Bulgaria in mid-2018, the latter will need to join the BU before receiving an invitation to enter the Exchange Rate Mechanism II, a precursor to the adoption of the euro.

The AQR resulted in aggregate adjustments worth c. EUR 540mn (0.9% of GDP), mainly due to the reclassification of performing assets. In terms of capital adequacy, shortfalls worth EUR 263mn and EUR 52mn were found at First Investment Bank (FIB) and Investbank. Both banks have developed follow-up plans, with measures varying from reducing risk-weighted assets to capitalising profits and raising new capital. The remaining 4 banks, namely UniCredit Bulbank, DSK Bank, UBB and Central Cooperative Bank do not face any capital shortfall.

The banking system's profitability strengthened in H1:19, mainly due to lower provisioning. Banks' net profit (after tax) rose by 14.6% y-o-y in H1:19 to BGN 918mn (0.8% of GDP), with annualised ROAA and ROAE improving slightly to 13.1% and 1.7% at the same time.

A further decline in the NPL ratio prompted banks to cut provisioning in H1:19. The NPL ratio continued to fall, reaching 7.2% in June 2019 (still double the EU average) against 9.1% a year ago. As a result, provisioning declined further in H1:19 (down 12.2% y-o-y), albeit at a slower pace compared with FY:18 (down 34.6%), pushing down the cost of risk (to 58 bps -- down 13 bps y-o-y -- from 82 bps in FY:18). Importantly, the NPL coverage ratio stood at c. 61.0% in June 2019, significantly higher than the EU average (45.1%).

Stronger net interest income (NII) and net non-interest income (NNII) more than offset the rise in operating expenses (OpEx) in H1:19. NII continued to rise in H1:19 (up 2.4% y-o-y, a pace broadly similar to that observed in FY:18), as the expansion in average interest -earning assets (up 8.1% y-o-y) more than offset the impact of the lower net interest rate margin (264 bps in H1:19 -- down 14 bps y-o-y -- against 276 bps in FY:18). The latter is attributed to the drop in lending rates, reflecting tight competition for market share against the backdrop of increased liquidity in the system (the loan-to-deposit ratio stood at 76% in mid-2019 against its peak of 146% in mid-2009).

NNII also strengthened in H1:19 (up 15.9% y-o-y following an increase of 22.2% in FY:18), due, *inter alia*, to higher trading gains.

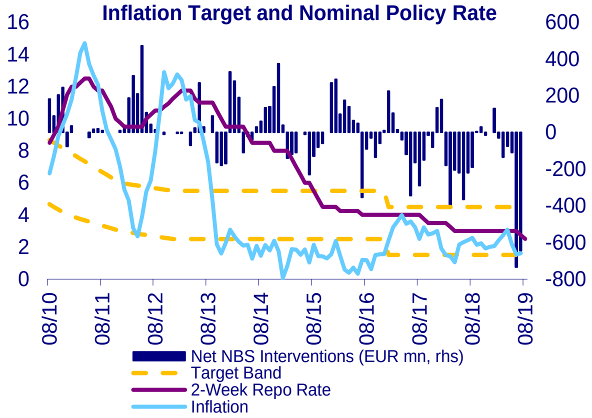
On a negative note, OpEx continued to rise in H1:19 (up 4.0% y-o-y), albeit at a slower pace compared with FY:18 (up 5.8%), on higher general & administrative costs as well as personnel expenses. Note that, against the backdrop of a tight labour market, gross wage growth in the sector accelerated in H1:19 (to 12.0% y-o-y from 6.7% in FY:18). Overall, the efficiency of the banking system improved, with the cost-to-income ratio falling by 1.2 pps y-o-y to 44.5% in H1:19, far lower than the EU average (66.3%).

AQR adjustments are set to constrain FY:19 profitability. We estimate that the implementation of the adjustments produced by the AQR will shave c. 6.0 pps from FY:19 ROAE (mainly through higher provisioning). On a positive note, the increased transparency in the aftermath of the AQR, together with abundant liquidity in the banking system and the negative interest rates imported from the ECB, should encourage banks to increase lending. All said, we see ROAE declining to c. 8.0% in FY:19 from 12.7% in FY:18.

Serbia

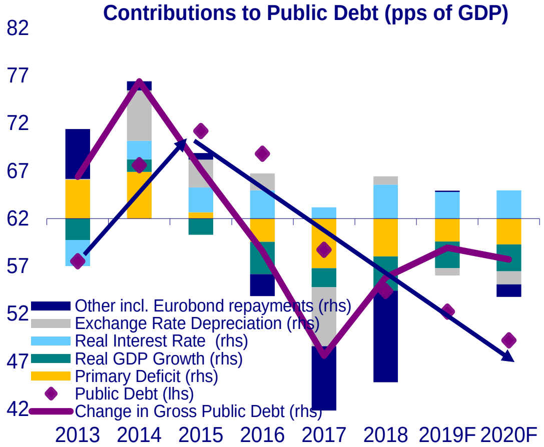
BB / Ba3 / BB (S&P / Moody's / Fitch)

NBS Interventions, Headline Inflation, Inflation Target and Nominal Policy Rate



Consolidated Fiscal Balance (% of GDP)					
	2018	H1:18	H1:19	2019 Budget	2019F NBG
Revenue	41.6	19.8	20.2	39.9	41.4
Tax Revenue	36.0	17.3	17.9	35.4	36.6
o/w PIT	3.5	1.6	1.8	3.5	3.7
VAT	9.9	4.7	4.8	9.6	10.2
Soc. Contrib.	12.2	5.8	6.0	12.0	12.3
Non-Tax Rev.	5.3	2.4	2.2	4.3	4.6
Grants	0.3	0.1	0.1	0.2	0.3
Expenditure	41.0	19.1	19.8	40.4	41.9
Current Exp.	36.5	17.5	18.0	36.1	37.4
Int. Payments	2.1	1.3	1.3	1.8	2.1
Capital Exp.	3.9	1.4	1.7	3.9	4.2
Activated Guarant.	0.4	0.2	0.1	0.2	0.2
Net Lending	0.1	0.1	0.0	0.1	0.1
Fiscal Balance	0.6	0.7	0.3	-0.5	-0.5
Primary Balance	2.8	1.9	1.6	1.3	1.6

Contributions to Public Debt (pps of GDP)



	2 Sep.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	1.8	2.0	2.2	2.3
RSD/EUR	117.4	116.5	116.0	115.0
Sov. Spread (2021, bps)	175	180	175	170

	2 Sep.	1-W %	YTD %	2-Y %
BELEX-15	746	-0.1	-2.0	3.0

	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

Sources: Reuters, NBS, OPBC & Ministry of Finance

Easing inflation and strong appreciation pressures on the RSD strengthened the NBS' hand to lower its key rate by an additional 25 bps to 2.5%. Following a 25 bp cut at its meeting in July, the NBS lowered its 2-week repo rate by a further 25 bps in August to a record low of 2.5%. The resumption of the easing policy in July, after a pause of more than a year, was supported by muted inflationary pressures (with headline inflation standing at 1.6% y-o-y in July, i.e. the lower bound of the NBS' target range of 3±1.5%), and sustained appreciation pressures on the RSD. The latter prompted the NBS to buy (net) a sizeable EUR 1.4bn (12.3% of end-2018 FX reserves) in June-July, following (net) purchases of EUR 350mn between February-May. Easing global financing conditions provided the NBS with additional scope to loosen its stance. With the latest cut, we expect the NBS to have ended the cycle of monetary policy loosening.

The fiscal balance deteriorated in H1:19. The cumulative consolidated fiscal surplus narrowed by 0.4 pps to 0.3% of GDP in H1:19, reflecting higher expenditure (up 0.7 pps of GDP y-o-y) that more than offset the rise in revenue (up 0.4 pps of GDP y-o-y).

The positive revenue performance was solely due to higher tax revenue (up 0.6 pps of GDP y-o-y in H1:19). Indeed, proceeds from personal income tax, VAT and social contributions increased in H1:19, in line with the sustained improvement in employment, wages and consumption. The rise in revenue from social contributions would have been larger had a 0.75% unemployment benefit contribution not been abolished (with a fiscal impact of 0.2 pps of GDP in FY:19). On the other hand, half of the rise in spending in H1:19 resulted from higher capital expenditure (up 0.3 pps of GDP y-o-y). Moreover, personnel and pension expenditure rose (together by 0.3 pps of GDP y-o-y), following 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 in FY:19).

The planned expansionary fiscal stance in FY:19 will not reverse the downward trend of the public debt-to-GDP ratio. After 3 years of significant consolidation under the IMF programme (2015-17), the 2019 Budget envisages a fiscal loosening for a 2nd successive year, targeting a fiscal deficit of 0.5% of GDP -- 1.1 pp above the FY:18 outcome. Despite modest (compared with the 2019 Budget) fiscal slippage in H1:19, we expect the FY:19 fiscal outcome to be close to target.

The bulk of the envisaged fiscal deterioration in H2:19 should come from non-tax revenue, which is projected to weaken on an annual basis (down 0.5 pps of GDP y-o-y), mainly due to unsupportive base effects (unusually large dividend payments from state-owned companies and other once-offs in FY:18).

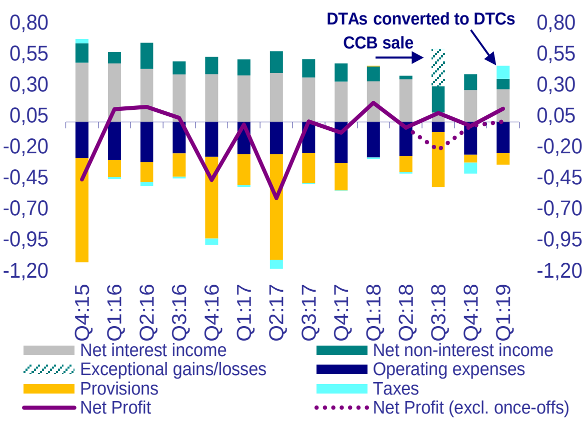
At the same time, we expect expenditure to pick up on an annual basis in H2:19 (up 0.3 pps of GDP y-o-y), reflecting: i) the abolishment of the temporary pension reductions and a rise in public sector wages this year (see above); and ii) the once-off (unbudgeted) expenses related to the law envisaging the conversion of CHF-indexed mortgage loans into EUR (with an estimated total fiscal cost of RSD 12bn, or 0.2% of GDP). The fiscal cost of the aforementioned factors should be partly offset by lower assistance to state-owned companies, savings from the ongoing public sector employment ban and lower interest payments.

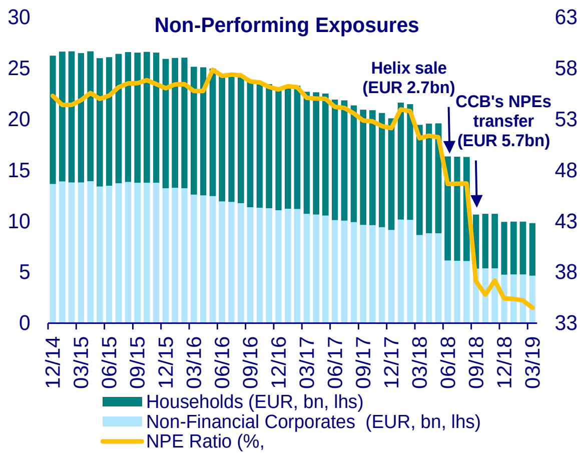
Importantly, despite the expansionary fiscal stance, the public debt-to-GDP ratio is set to ease further, for a 4th successive year to (an 8-year low of) 52.3% of GDP in FY:19 from 54.5% in FY:18 and a 12-year high of 71.2% at end-2015.

Cyprus

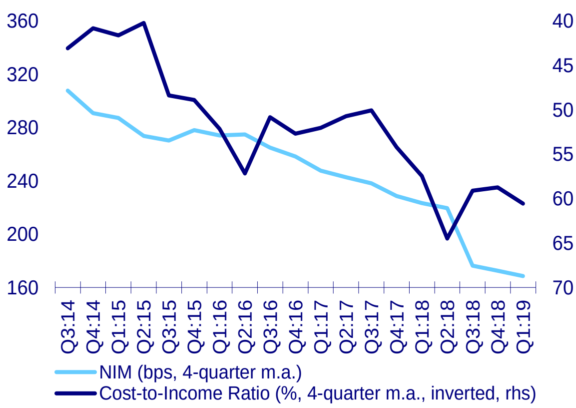
BBB- / Ba2 / BBB- (S&P / Moody's / Fitch)

Quarterly Net Banking Sector Profit (bn, Euro)





Net Interest Margin and Cost-to-Income Ratio



	2 Sep.	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.43	-0.45	-0.45	-0.45
EUR/USD	1.10	1.13	1.15	1.15
Sov. Spread (2025. bps)	110	110	105	100

	2 Sep.	1-W %	YTD %	2-Y %
CSE Index	70	0.0	6.7	-8.0

	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, CBC & NBG estimates

The underlying profitability (excluding non-recurrent revenue) of the banking system is estimated to have turned marginally positive in Q1:19, following the negative impact on the bottom line from the cleaning-up of the sector's balance sheet in H2:18. The banking sector posted profits of just EUR 2mn (virtually 0.0% of GDP) in Q1:19 (excluding Bank of Cyprus', BoC, exceptional gains of EUR 105mn, or 0.5% of GDP, following the adoption in Q1:19 of a law allowing the conversion of Deferred Tax Assets -- transferred after Laiki's resolution in 2013 -- to Deferred Tax Credits). Recall that profitability had fallen "into the red" in H2:18, following the closure of Cyprus Cooperative Bank (CCB) and the acquisition of its performing loans and deposits by Hellenic Bank (HB). The latter resulted in an exceptional accounting gain, "*negative goodwill*", of EUR 298mn, which is, however, excluded from our profitability calculation. As a result, the (annualised) ROAE and ROAA -- excluding the above-mentioned once-off gains -- are estimated to have returned to positive territory, standing at 0.2% and 0.0%, respectively, in Q1:19 from -12.4% and -0.9% in H2:18, yet still below a corresponding 4.1% and 0.3% in H1:18.

Low provisioning in Q1:19 was in line with the continued sharp decline in the ratio of non-performing exposures (NPEs). Indeed, banks' stock of NPEs almost halved on an annual basis to EUR 10.1bn (or 47.1% of GDP) at end-Q1:19 -- their lowest level since the inception of the database by the EBA in December 2014 and down 63.5% from their peak in February 2015. This positive performance was mainly due to: i) the transfer of CCB's NPEs (EUR 5.7bn) to a government-owned "residual entity" following its resolution in Q3:18 -- accounting for 60% of the annual decline in NPEs; and ii) the sale of NPEs (worth EUR 2.7bn) by the BoC to non-banking sector entities (Helix sale) -- accounting for 30% of the annual decline (see chart). The remaining 10% of the annual decline in NPEs was due to write-offs, restructuring and repayments with cash (reinforced by rising wages as well as the strengthening of the foreclosure framework in July 2018) and debt-for-asset swaps. As a result, the overall NPE ratio declined to 30.6% at end-Q1:19 from 43.0% a year earlier and a peak of 49.7% in May 2016. Against this backdrop, banks lowered sharply loan loss provisions, with the cost of risk declining to 114 bps in Q1:19 from 265 bps in H2:18, yet still above 53 bps in H1:18. Nevertheless, the NPL coverage ratio remained high, at 45.9% in Q1:19, broadly in line with the EU-average.

A weaker top line continued to drag down pre-provision earnings in Q1:19. Net interest income (NII) declined by 19.5% y-o-y in Q1:19 -- albeit at a slower pace, compared with a drop of 51.3% y-o-y in H2:18 (that reflected the carve-out of CCB) and a decline of 12.8% y-o-y in H1:18. The continued decline in NII in Q1:19 was due to: i) lower average interest-earning assets (down 12.7% y-o-y to 250% of GDP in Q1:19), stemming from large sales of NPEs, write-offs and continued deleveraging; and ii) a narrowing NIM (down 17 bps y-o-y to 196 bps in Q1:19, following an abrupt decline of 94 bps y-o-y in H2:18 a more modest drop of 19 bps y-o-y in H1:18), amid a low interest rate environment and increasing competition for creditworthy borrowers.

Net non-interest income (NNII) also declined in Q1:19 (down 29.3% y-o-y), reflecting, *inter alia*, lower gains from the disposal of real estate assets held for sale as part of customers' debt settlement, FX losses (against gains in Q1:18) and lower net fees & commission income.

The deterioration in pre-provision earnings in Q1:19 was tempered by the decline in operating expenses (down 13.3% y-o-y), mainly reflecting lower staff costs (down 12.5% y-o-y), following the closure of the CCB in Q3:18. Nevertheless, with top-line revenue declining at a faster pace than expenses, banking sector efficiency deteriorated, with the cost-to-income ratio increasing by 7.2 pps y-o-y to 71.8%, above the EU-average of 66.3%.

FOREIGN EXCHANGE MARKETS, SEPTEMBER 2ND 2019

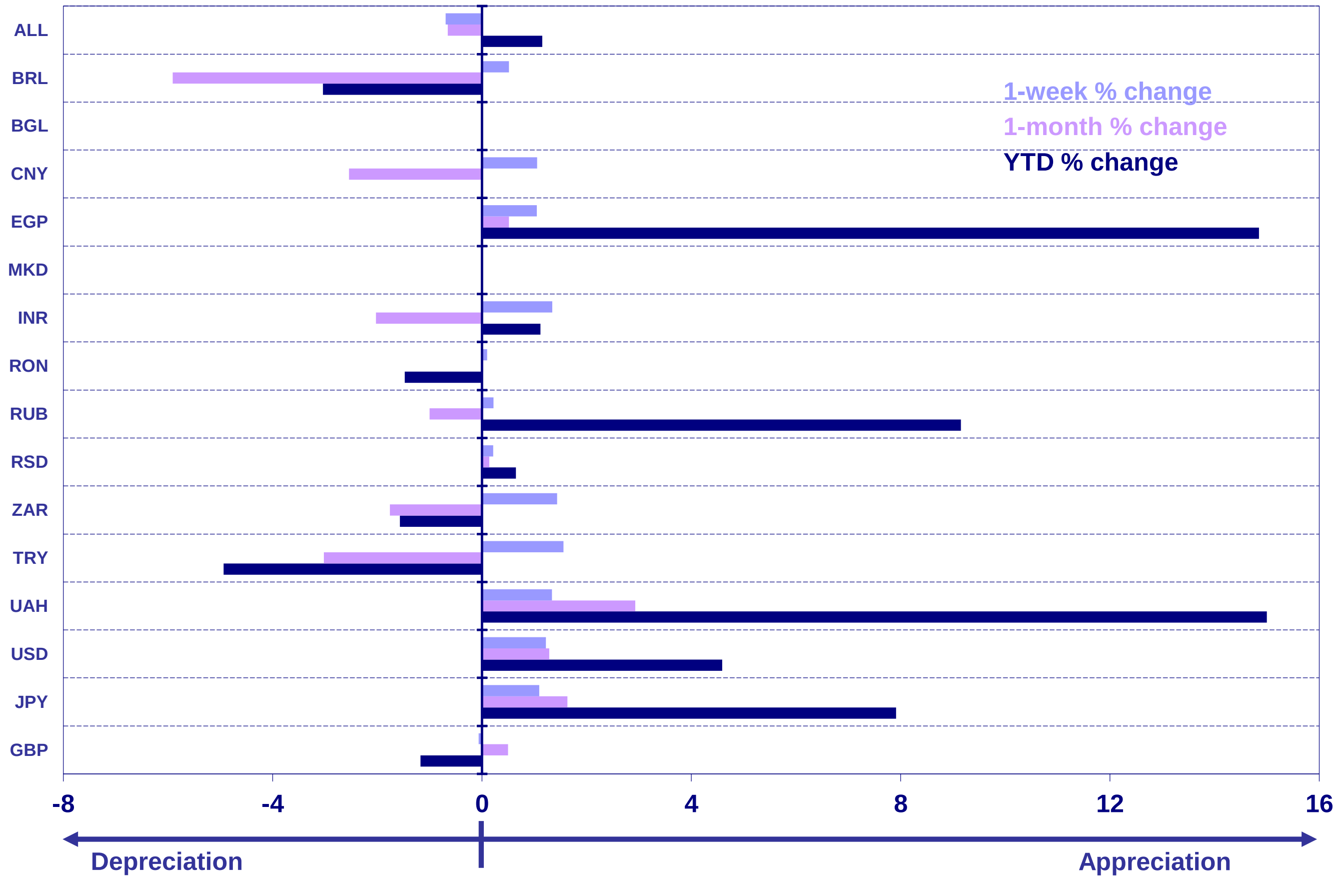
Against the EUR

	Currency	2019										2018	2017
		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	121.9	-0.7	-0.7	1.1	3.5	121.0	125.9	121.8	121.7	121.1	7.8	1.9
Brazil	BRL	4.59	0.5	-5.9	-3.0	5.3	4.16	4.65	- - -	- - -	4.84	-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	7.86	1.1	-2.5	0.0	0.8	7.49	7.97	- - -	- - -	8.11	-0.8	-6.0
Egypt	EGP	18.14	1.0	0.5	14.8	14.9	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	78.9	1.3	-2.0	1.1	4.7	76.2	82.3	- - -	- - -	- - -	-3.9	-6.7
Romania	RON	4.72	0.1	0.0	-1.5	-1.9	4.71	4.78	4.76	4.80	4.88	0.6	-3.0
Russia	RUB	73.2	0.2	-1.0	9.2	8.0	70.0	80.1	74.6	76.0	78.8	-13.4	-6.8
Serbia	RSD	117.4	0.2	0.1	0.6	0.5	117.6	118.5	117.6	117.6	- - -	0.2	4.2
S. Africa	ZAR	16.7	1.4	-1.8	-1.6	3.1	15.16	17.31	17.0	17.3	17.9	-9.9	-2.7
Turkey	YTL	6.37	1.6	-3.0	-4.9	21.1	5.91	7.03	6.63	6.88	7.39	-24.9	-18.4
Ukraine	UAH	27.5	1.3	2.9	15.0	19.7	27.48	32.66	- - -	- - -	- - -	6.0	-15.2
US	USD	1.10	1.2	1.3	4.6	6.0	1.1	1.2	1.10	1.11	1.12	4.6	-12.4
JAPAN	JPY	116.5	1.1	1.6	7.9	10.8	115.9	127.5	116.6	116.6	116.8	7.5	-8.9
UK	GBP	0.91	-0.1	0.5	-1.2	-0.7	0.8	0.9	0.91	0.91	0.92	-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 (September 2nd 2019)



Sources: Reuters & NBG estimates

MONEY MARKETS, SEPTEMBER 2ND 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.1	5.9	0.0	2.6	- - -	14.4	- - -	- - -	2.7	7.2	- - -	19.2	7.8	16.9	- - -	2.1
T/N	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	2.7	7.3	1.4	- - -	7.0	- - -	- - -	- - -
S/W	1.1	5.9	- - -	2.7	-0.4	- - -	1.1	- - -	- - -	7.3	1.4	- - -	7.4	17.1	-0.4	2.1
1-Month	1.3	5.7	- - -	2.7	-0.4	- - -	1.2	- - -	2.8	7.4	1.8	18.2	7.0	18.3	-0.4	2.1
2-Month	- - -	5.6	- - -	- - -	- - -	- - -	- - -	- - -	- - -	7.5	1.9	17.8	6.9	- - -	- - -	2.1
3-Month	1.5	5.5	- - -	2.7	- - -	- - -	1.5	6.7	3.1	7.4	2.0	17.2	6.9	18.7	- - -	2.1
6-Month	1.8	5.3	- - -	2.8	- - -	- - -	1.7	- - -	3.1	7.4	2.1	16.5	6.9	- - -	- - -	2.0
1-Year	2.3	5.4	- - -	3.1	-0.1	- - -	2.0	- - -	3.2	7.6	- - -	16.5	7.0	- - -	-0.1	1.9

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

LOCAL DEBT MARKETS, SEPTEMBER 2ND 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	- - -	- - -	- - -	- - -	- - -	16.5	- - -	5.7	- - -	7.0	- - -	16.3	- - -	16.5	-0.7	2.1
6-Month	1.9	- - -	- - -	- - -	- - -	16.5	- - -	5.9	2.8	7.0	3.3	16.6	- - -	16.3	-0.8	2.1
12-Month	2.3	- - -	-0.2	2.5	- - -	16.2	0.8	5.9	3.1	6.7	2.2	16.7	- - -	16.0	-0.8	2.0
2-Year	2.2	- - -	- - -	2.7	- - -	- - -	- - -	6.0	3.3	6.8	- - -	15.7	6.6	16.5	-0.9	1.8
3-Year	2.3	- - -	0.1	2.8	-0.1	- - -	- - -	6.2	3.5	6.8	- - -	15.7	7.1	16.3	-1.0	1.8
5-Year	- - -	7.0	- - -	3.0	0.0	14.9	1.7	6.3	3.8	6.8	3.1	15.7	7.2	- - -	-1.0	1.8
7-Year	- - -	- - -	0.4	- - -	0.2	14.7	- - -	6.5	3.9	7.0	- - -	- - -	- - -	- - -	-0.9	1.9
10-Year	- - -	7.4	0.4	3.1	- - -	14.6	- - -	6.4	4.1	7.1	- - -	15.4	8.2	- - -	-0.7	2.1
15-Year	- - -	- - -	- - -	- - -	- - -	- - -	3.2	6.8	- - -	7.3	- - -	- - -	9.9	- - -	-0.5	- - -
25-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	9.9	- - -	- - -	- - -
30-Year	- - -	- - -	- - -	- - -	- - -	- - -	4.3	6.9	- - -	- - -	- - -	- - -	9.9	- - -	-0.2	2.6

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

CORPORATE BONDS SUMMARY, SEPTEMBER 2ND 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	0.8	170	140
South Africa	**FirstRand Bank Ltd 4.25% '20**	USD	BB/Baa3	30/4/2020	500	3.2	127	121
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.6	136	105
Turkey	**Arcelik AS 3.875% '21**	EUR	BB+/NA	16/9/2021	350	2.2	314	282
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	6.3	483	472
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	8.3	687	656
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	8.2	680	646
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	8.0	661	627
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	7.0	558	544
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	5.8	435	432

CREDIT DEFAULT SWAP SPREADS, SEPTEMBER 2ND 2019

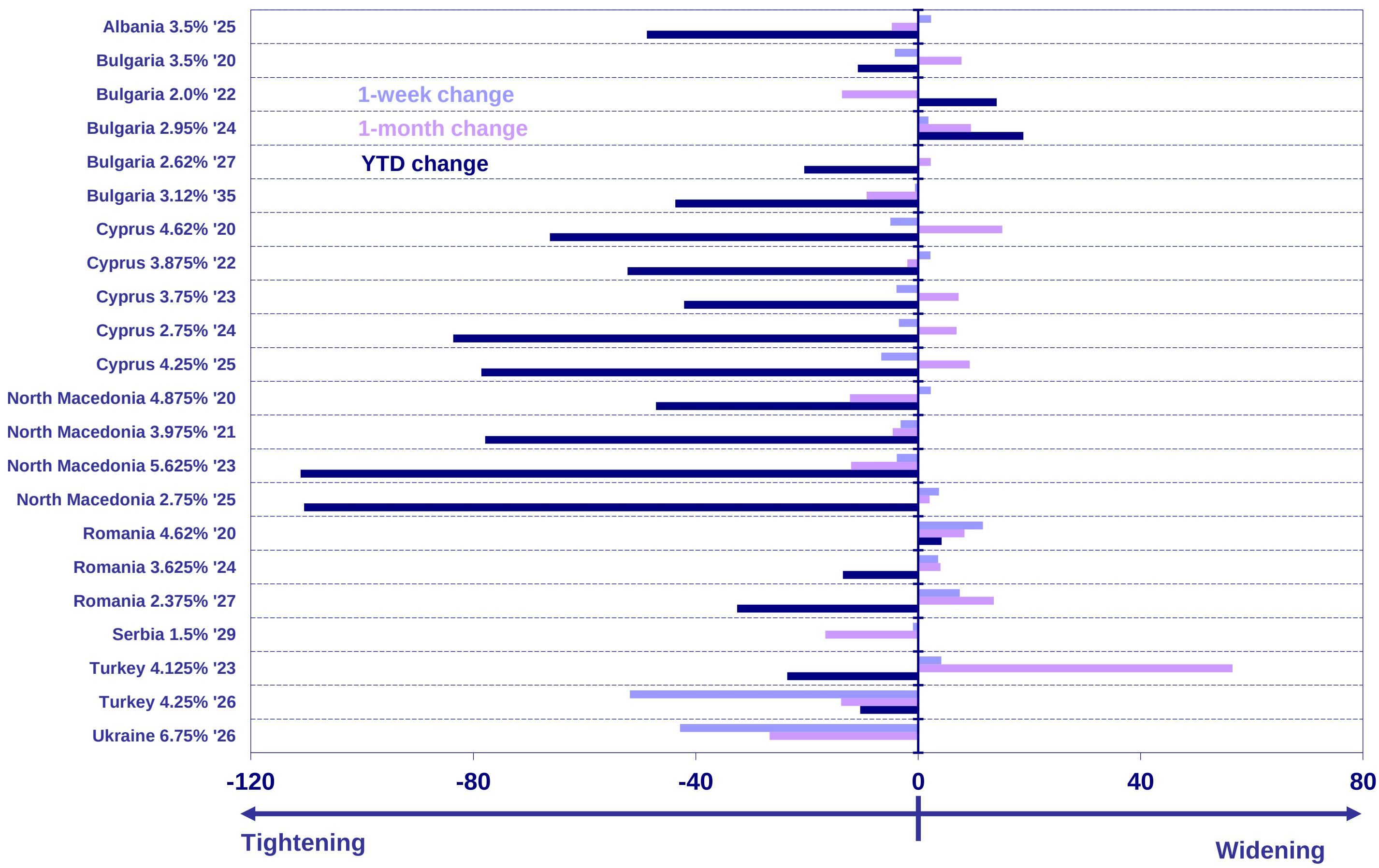
	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	- - -	134	76	47	90	306	- - -	78	88	99	105	420	178	490
10-Year	- - -	213	104	88	103	358	- - -	87	128	161	132	453	246	513

Sources: Reuters & NBG estimates

EUR-Denominated Sovereign Eurobond Summary, September 2nd 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	2.3	320	285
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.3	47	13
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	-0.2	72	34
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	-0.1	90	53
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	0.1	95	60
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	1.2	170	139
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	0.0	78	45
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1,000	-0.1	83	47
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1,000	0.0	98	67
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0.0	94	57
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	0.2	110	76
North Macedonia 4.875% '20	EUR	BB-/NA	1/12/2020	178	0.4	128	103
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	0.9	179	537
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	1.1	205	181
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	1.4	231	193
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	-0.2	68	37
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	0.3	121	87
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	1.2	202	167
Serbia 1.5% '29	EUR	BB/Ba3	26/6/2029	1,000	1.0	175	135
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	3.5	442	404
Turkey 5.2% '26	EUR	NR/Ba3	16/2/2026	1,500	6.7	524	489
Ukraine 6.75% '26	EUR	B-/Caa1	20/6/2026	1,000	5.2	606	586

EUR-Denominated Eurobond Spreads (September 2nd 2019)

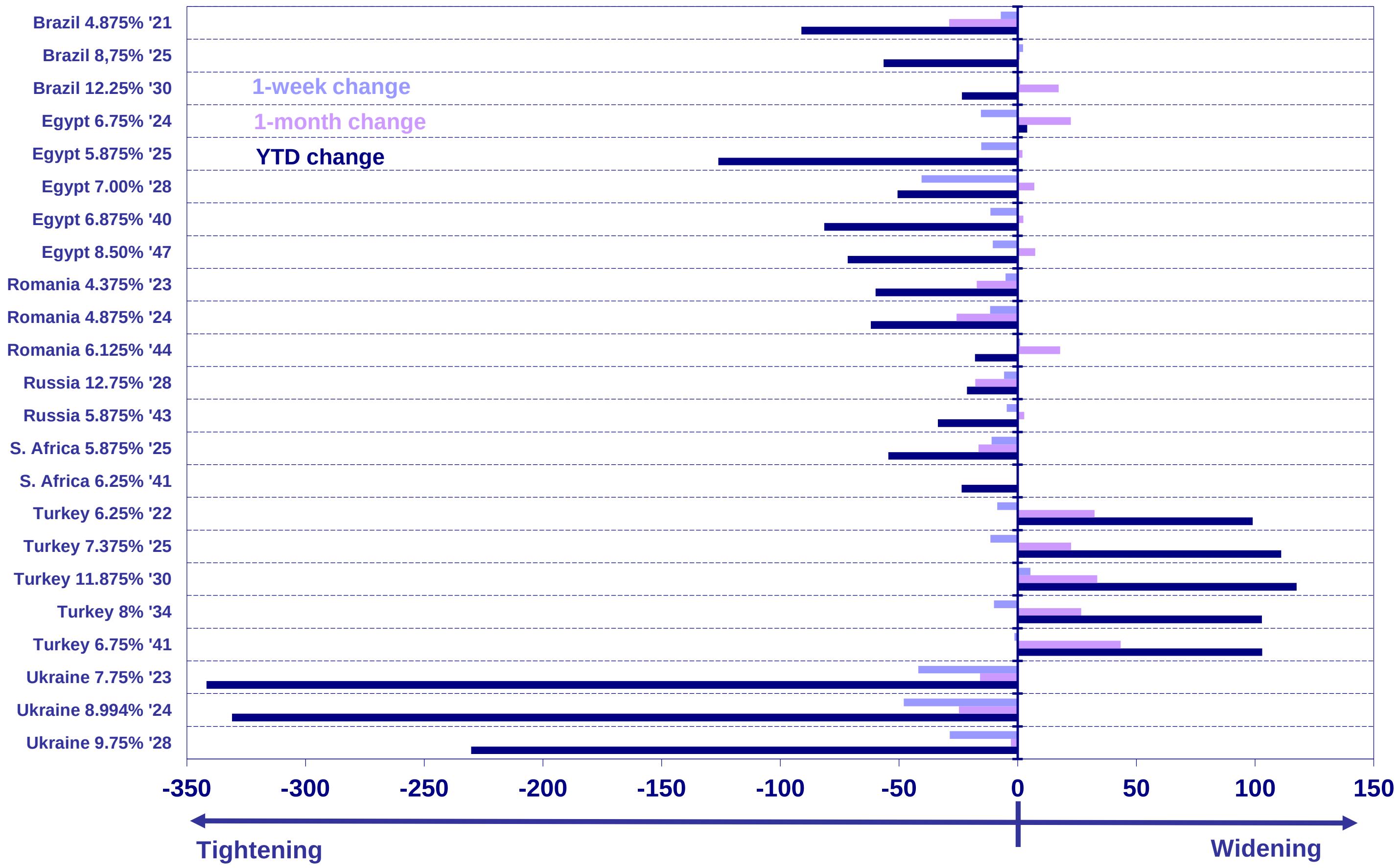


Sources: Reuters & NBG estimates

USD-Denominated Sovereign Eurobond Summary, September 2nd 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	2.0	25	37
Brazil 8,75% '25	USD	NA/Ba2	4/2/2025	688	2.9	146	175
Brazil 12.25% '30	USD	NA/Ba2	6/3/2030	240	2.3	283	401
Egypt 6.75% '24	USD	NA/B2	10/11/2024	1,320	5.2	377	394
Egypt 5.875% '25	USD	B/B2	11/6/2025	1,500	5.2	384	392
Egypt 7.00% '28	USD	NA/B2	10/11/2028	1,320	6.6	506	520
Egypt 6.875% '40	USD	B/B2	30/4/2040	500	7.1	509	537
Egypt 8.50% '47	USD	NA/B2	31/1/2047	2,500	7.7	577	646
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	2.5	110	122
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	2.5	109	120
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	4.1	211	300
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	3.5	202	296
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	4.0	208	291
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	3.9	245	270
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	5.2	324	393
Turkey 6.25% '22	USD	NR/Ba3	26/9/2022	2,500	6.0	453	452
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	6.6	524	533
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	7.2	574	690
Turkey 8% '34	USD	NR/Ba3	14/2/2034	1,500	7.3	581	597
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	7.4	545	521
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	5.9	456	470
Ukraine 8.994% '24	USD	B-/Caa1	1/2/2024	750	6.2	483	510
Ukraine 9.75% '28	USD	B-/Caa1	1/11/2028	1,600	7.3	579	640

USD-Denominated Eurobond Spreads (September 2nd 2019)

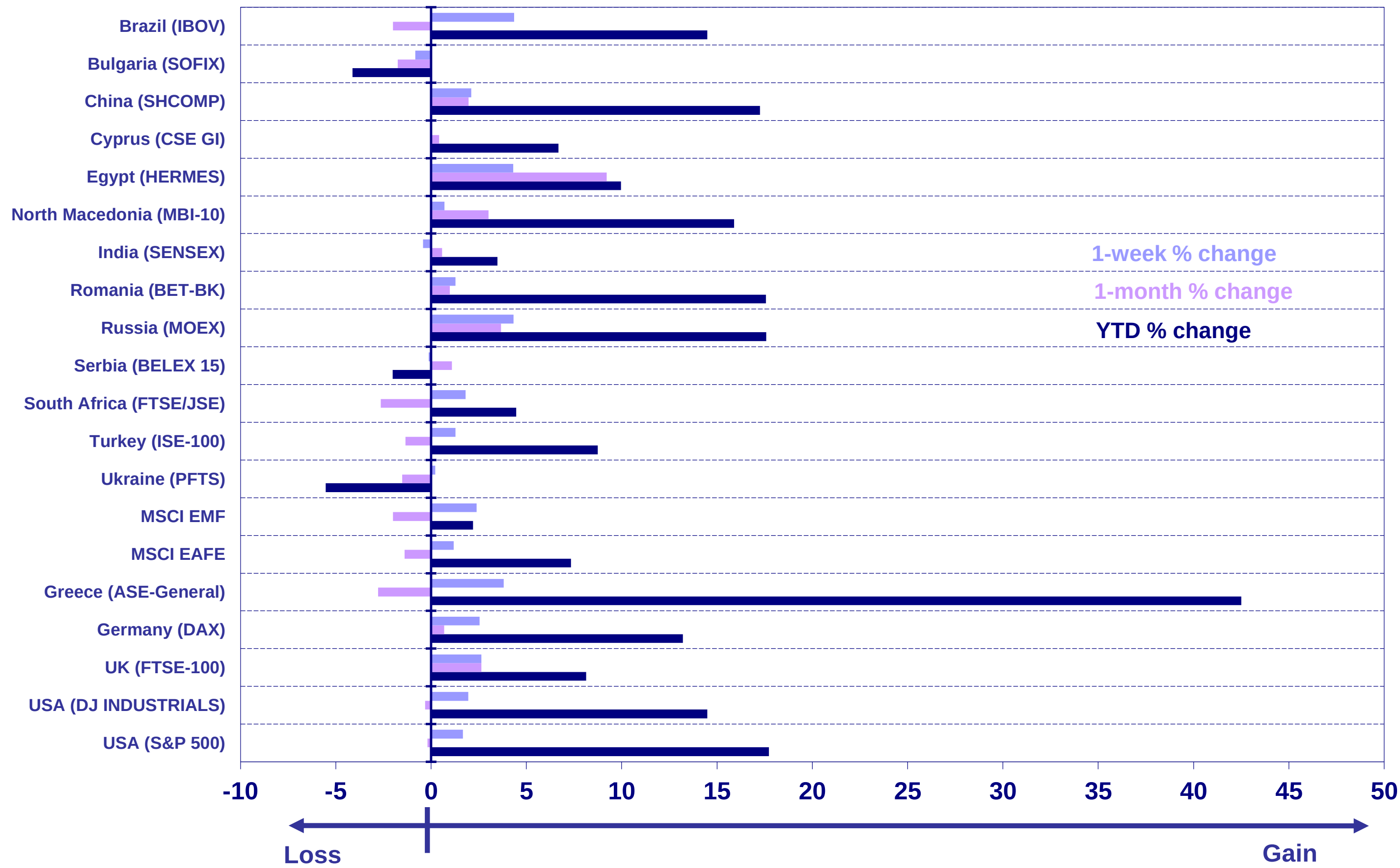


Sources: Reuters & NBG estimates

STOCK MARKETS PERFORMANCE, SEPTEMBER 2ND 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)	100,626	4.4	-2.0	14.5	32.1	87,536	106,650	10.8	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	570	-0.8	-1.8	-4.1	-9.5	560	622	-4.1	-12.3	-12.3	15.5	15.5
China (SHCOMP)	2,924	2.1	2.0	17.3	7.5	2,441	3,288	17.3	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	70	0.0	0.4	6.7	-4.9	60	74	6.7	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,397	4.3	9.2	10.0	-8.5	1,255	1,467	22.8	-11.1	-11.1	32.0	18.7
North Macedonia (MBI)	4,020	0.7	3.0	15.9	18.9	3,467	4,020	15.9	36.6	36.6	18.9	18.9
India (SENSEX)	37,333	-0.4	0.6	3.5	-2.6	33,292	40,312	5.4	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,712	1.3	1.0	17.6	5.5	1,394	1,718	15.9	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,773	4.3	3.7	17.6	18.2	2,350	2,848	27.7	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	746	-0.1	1.1	-2.0	2.5	668	765	-1.5	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	54,785	1.8	-2.6	4.5	-6.7	50,907	59,545	3.1	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	98,343	1.3	-1.3	8.7	4.7	83,535	105,930	2.8	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	528	0.2	-1.5	-5.5	0.1	527	582	8.7	77.5	88.1	18.8	0.8
MSCI EMF	984	2.4	-2.0	2.2	-6.1	946	1,099	6.6	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,838	1.2	-1.4	7.3	-6.1	1,709	1,950	11.9	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	861	3.8	-2.8	42.5	18.5	600	902	42.5	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	11,954	2.5	0.7	13.2	-3.2	10,387	12,656	13.2	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,282	2.6	-1.7	8.1	-3.0	6,599	7,727	7.2	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	26,403	1.9	-0.3	14.5	1.7	21,713	27,399	19.1	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,926	1.7	-0.2	17.7	0.9	2,444	3,028	22.5	-6.2	-1.9	19.4	4.7

Equity Indices (September 2nd 2019)



Sources: Reuters & NBG estimates