



# Economic Analysis Division Emerging Markets Analysis

## Bi-Weekly Report 4 - 17 February 2020



### NBG - Economic Analysis Division

<https://www.nbg.gr/en/the-group/press-office/e-spot/reports>

#### Emerging Markets Analysis

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### TURKEY ..... 1

The current account balance (CAB) turned into a surplus of 0.2% of GDP in FY:19 (the best outcome in 20 years) from a deficit of 3.7% in FY:18

However, the CAB is set to revert to a deficit of 1.4% of GDP in FY:20, along with recovery in domestic demand

### SERBIA ..... 2

The pro-Presidential ruling Serbian Progressive Party (SNS) is set to secure a landslide victory in the upcoming parliamentary elections (due by end-April)

Broader political continuity is expected after the elections

### NORTH MACEDONIA ..... 3

The resolution of political uncertainties is pivotal to the near-term economic outlook

The FY:19 budget deficit widened slightly by 0.2 pps to 2.0% of GDP, yet outperforming its target of 2.6%, mainly due to under-executed capital spending

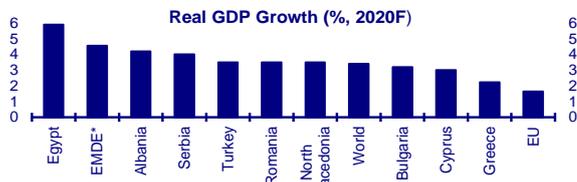
### CYPRUS ..... 4

Customer deposits remained stable in FY:19 after a small decline in the previous year (down 1.9%)

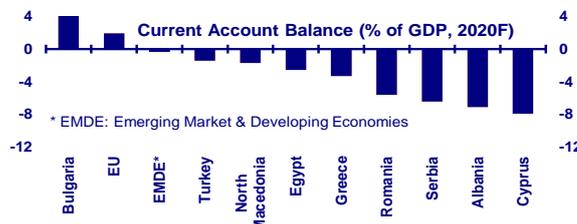
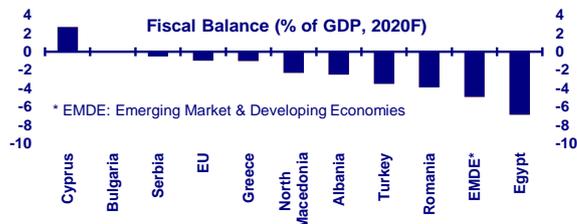
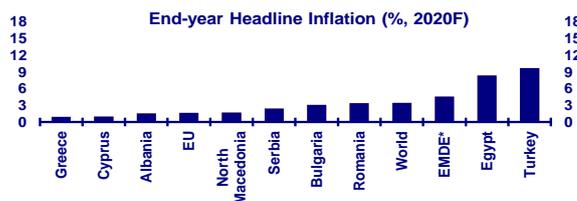
Credit to the private sector continued to decline in FY:19, albeit at a much slower pace compared with FY:18, reflecting continued efforts by banks to clean up their loan books

Tourist activity weakened further in FY:19 (with receipts contracting by c. 1.0%) -- dragged down by the EU and the UK

### APPENDIX: FINANCIAL MARKETS ..... 5



\* EMDE: Emerging Market & Developing Economies

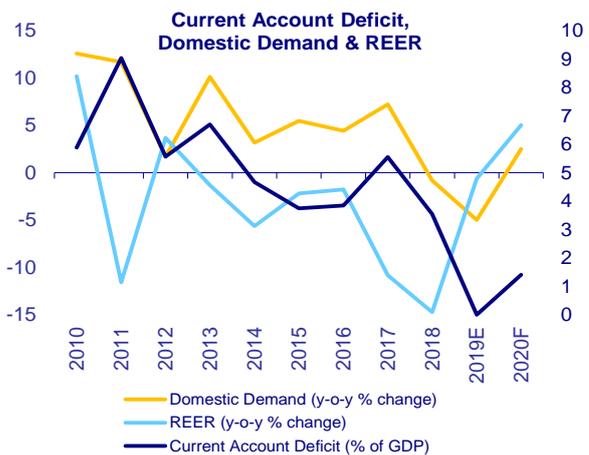
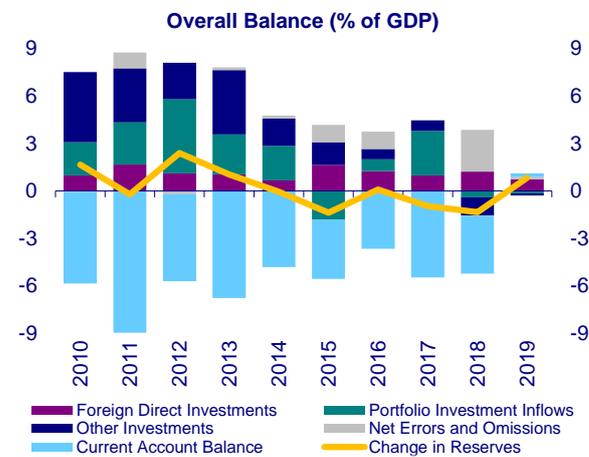
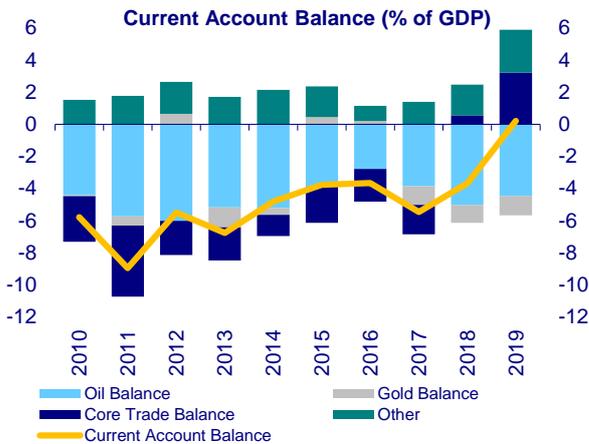


Sources: National authorities, IMF & NBG estimates



# Turkey

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



	17 Feb.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	10.5	10.3	10.2	10.0
TRY/EUR	6.55	6.77	6.93	7.19
Sov. Spread (2025, bps)	337	300	290	260

	17 Feb.	1-W %	YTD %	2-Y %
ISE 100	120.792	2.1	5.6	3.7

	2017	2018	2019E	2020F	2021F
Real GDP Growth (%)	7.5	2.8	0.4	3.5	3.8
Inflation (eop, %)	11.9	20.3	11.8	9.7	9.2
Cur. Acct. Bal. (% GDP)	-5.5	-3.7	0.2	-1.4	-2.2
Fiscal Bal. (% GDP)	-1.5	-1.9	-2.9	-3.5	-3.0

Sources: Reuters, CBRT, TurkStat & NBG estimates

The current account balance (CAB) turned into a surplus of 0.2% of GDP in FY:19 (the best outcome in 20 years) from a deficit of 3.7% in FY:18. The improvement in the FY:19 CAB (3.9 pps of GDP) was driven by a respective improvement in the core trade deficit (excluding oil and gold, down 3.8 pps to a surplus 3.2% of GDP), due to weaker domestic demand and a sharp increase in external competitiveness (the CPI-based REER is down c. 20% over the past 3 years). The shrinkage in the energy balance deficit (by 0.5 pps of GDP), mostly reflecting favourable developments in global oil markets, together with the widening in the services surplus (up 0.7 pps of GDP), mainly on the back of strong tourism activity, also helped in narrowing external imbalances. Note that external rebalancing appears to have stalled during the last quarter of the year, suggesting a nascent turnaround in domestic demand (see below).

The capital & financial account (CFA) balance improved to a surplus of 0.4% of GDP in FY:19 from a deficit of 0.3% in FY:18 (the first since the 2001 liquidity crisis), pointing to a gradual return of confidence in the Turkish economy. The improvement was mainly driven by the pick-up in trade credits (up 1.5 pps of GDP in FY:19) and the return of deposits to domestic banks (up 0.5 pps of GDP), amid signs of economic stabilization and easing political risk after the highly contested March and June local elections.

These factors more than compensated for the increased deleveraging from the private sector (net lending to the latter declined by 1.0 pp of GDP in FY:19). On a negative note, net FDI inflows remained subdued in FY:19 (at 0.7% of GDP, slightly below the admittedly low historical average of c. 1.0% of GDP), reflecting, *inter alia*, the country's long-standing structural issues (including red tape and an unstable legal and regulatory environment).

All said, the overall balance improved sharply (up 2.1 pps) to a surplus of 0.8% of GDP at end-2019, with net FX reserves (excluding gold) returning to their pre-Q3:18 currency crisis level of USD 78.6bn at the same time. At this level, FX reserves cover c. 4 months of GNFS imports and 110% of short-term external debt, excluding trade credits (compared with the critical levels of 3 months and 100% of short-term external debt).

The CAB is set to revert to a deficit of 1.4% of GDP in FY:20 from a surplus of 0.2% in FY:19, along with the recovery in domestic demand. Looking ahead, we expect the external adjustment to reverse course, since the prospective recovery in economic activity will be accompanied by higher import spending (we see GDP expanding by 3.5% in FY:20 against a weak 0.4% in FY:19). At the same time, exports are unlikely to improve significantly, in view of sluggish global trade and the waning effects of the sharp depreciation of the TRY in FY:18.

Filling the external financing gap should not be a major problem, in view of accommodative global financing conditions. Under our baseline scenario, we foresee net FX reserves rising further by USD 2bn -- following an increase of USD 5.7bn in FY:19 -- to USD 80.6bn by end-2020. We underline, however, that there are significant downside risks to our forecasts, as large gross external financing needs (projected at c. 25% of GDP in FY:20), a still precarious net FX reserves position and persistent geopolitical risks leave the economy vulnerable to adverse shifts in investor sentiment. To this end, it is important that the CBRT maintain a prudent stance and soften its easing bias (note that, following this week's 50 bp cut (to 10.75%), Turkey's real *ex-post* policy rate is estimated to have been pushed deeper into negative territory -- -2.0%, well below that of its EM peers -- c. 2.0%).



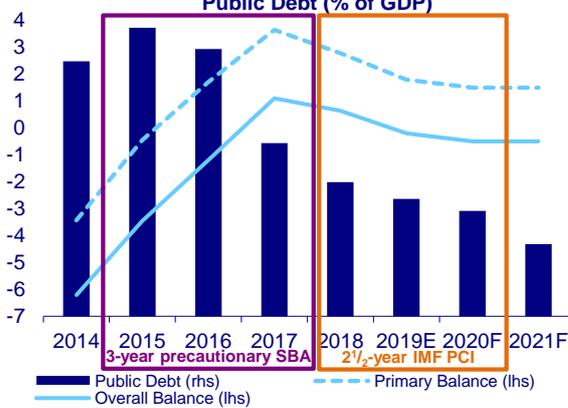
# Serbia

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

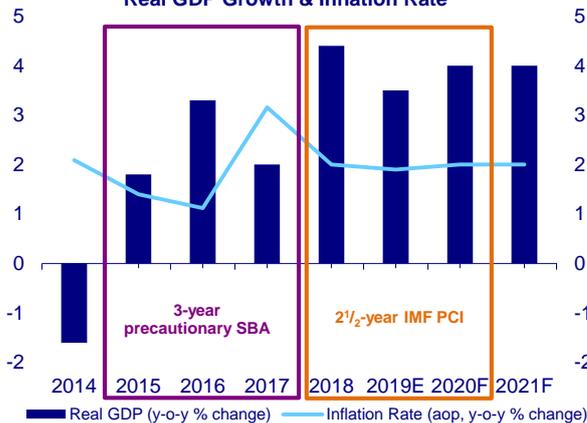
Factor Plus Opinion Poll Results, ahead of the 2020 Parliamentary Elections



Overall & Primary Fiscal Balances and Public Debt (% of GDP)



Real GDP Growth & Inflation Rate



	17 Feb.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	1.3	1.1	1.1	1.1
RSD/EUR	117.5	117.4	117.1	116.8
Sov. Spread (2021, bps)	147	155	152	150

	17 Feb.	1-W %	YTD %	2-Y %
BELEX-15	817	0.6	2.0	7.4

	2017	2018	2019F	2020F	2021F
Real GDP Growth (%)	2.0	4.4	4.0	4.0	3.7
Inflation (eop, %)	3.0	2.0	1.9	2.4	2.6
Cur. Acct. Bal. (% GDP)	-5.3	-5.2	-6.8	-6.4	-6.3
Fiscal Bal. (% GDP)	1.1	0.6	-0.2	-0.5	-0.5

Sources: Reuters, IMF & NBG estimates

**The pro-Presidential ruling Serbian Progressive Party (SNS) is set to secure a landslide victory in the upcoming parliamentary elections (due by end-April).** According to the latest opinion polls ahead of the legislative elections (set to be held in conjunction with local elections), President Vucic's SNS -- the senior party in the ruling coalition -- enjoys strong public support (with approval ratings of c. 53.0%, above the 48.3% secured in the 2016 election), despite sharp criticism from the opposition for deteriorating standards of media freedom and corruption allegations. Recall that the latter had led to months of protests in early-2019. In fact, the SNS appears to have capitalised on: i) Serbia's strong macroeconomic performance, reflected in robust economic growth, low inflation, RSD stability and the sharp drop in the unemployment rate (to below pre-crisis levels); and ii) its pro-EU agenda (that led to the opening of 18 negotiating Chapters out of 35 since end-2015), while retaining close ties with Russia. The recent easing in incomes policy (including sizeable pension and public sector wage increases and tax cuts) appears also to have boosted the SNS's popularity. All said, in light of the overwhelming support for the SNS, we expect it will remain in power for another 4-year term, while maintaining 72an absolute majority in the new 250-seat assembly. Note that, even with 68an outright majority, the SNS would likely renew its coalition with the 64 Socialist Party of Serbia (SPS), as was the case in the 2016 election. 60 The latter, led by the first deputy PM and Foreign Minister, I. Dacic, 56 enjoys around 10.0% of the intention of the vote (broadly unchanged 52 from the 11.0% secured in the last election).

On the other hand, the opposition parties lag far behind the SNS, with the new Alliance for Serbia (SZS), headed by former Belgrade mayor, D. Dilas, enjoying around 10.0% of intention of the vote. Note that the SZS 44 is a rather loose alliance, gathering together several opposition parties 40 with different political platforms. At the same time, the Movement of Free Citizens (PSG) -- led by the former Ombudsman, S. Jankovic, who emerged second in the 2017 presidential race -- has marginally passed 5 the 5% election threshold, with around 6.0% of the intention of the vote.

It is important to note that, if no more than four parties manage to enter parliament, the SNS could secure a constitutional majority (two-thirds of seats), which they narrowly missed in the 2016 election.

Worryingly, despite EU appeals and the European Parliament-mediated cross-party talks on improving election conditions, the SZS and the PSG have announced their intention to boycott the upcoming elections (with the former also boycotting parliament since early 2019), demanding free and fair elections. In response to the opposition's boycott threat, and in an attempt to protect election legitimacy, the Government announced its intention to lower the 5% election threshold to 3% in the upcoming election.

**Broader political continuity is expected after the elections.** The strong mandate should enable the SNS to continue the widely commended policy, including the implementation of IMF-supported structural reforms and fiscal discipline. At the same time, the Government, with the strong support of the new Parliament, should accelerate a wide-range of EU-related reforms and proceed with normalizing Serbia's relations with Kosovo, a *sine qua non* condition for the successful completion of the EU accession talks. Note that EU-mediated talks between Serbia and Kosovo have been stalled since the imposition by Kosovo of a 100% tariff on Serbia's imports at end-2018. Nevertheless, following US-mediated talks, a series of agreements were reached in January and February 2020 on the resumption of air and railway links (pending Kosovo's lifting of tariffs), signalling Serbia's strong commitment to the dialogue with Kosovo.



# North Macedonia

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

Consolidated Budget (% of GDP)				
	2018 Outcome	2019 Outcome	2020 Budget	2020 NBG Forecast
Total Revenue	28.6	29.6	30.6	30.3
Tax Revenue	26.0	26.0	27.1	26.8
o/w PIT	2.7	2.7	2.8	2.7
CIT	2.2	1.7	2.2	2.0
VAT	7.5	7.6	7.7	7.7
Excise Duties	3.8	3.8	4.0	3.9
Soc. Sec. Contr.	8.6	9.0	9.2	9.3
Non-Tax Revenue	2.7	3.6	2.5	2.5
Total Expenditure	30.4	31.6	32.9	32.6
Current Spending	28.5	29.0	29.7	29.9
o/w Wages	4.0	4.0	4.2	4.3
Social Spending	15.3	15.7	15.8	16.0
Goods & Services	2.2	2.4	2.8	2.7
Other Transfers	5.9	5.7	5.8	5.8
Interest Payments	1.2	1.2	1.1	1.1
Capital Expend.	1.9	2.6	3.2	2.7
Fiscal Balance	-1.8	-2.0	-2.3	-2.3
Primary Balance	-0.6	-0.8	-1.2	-1.2

**The resolution of political uncertainties is pivotal to the near-term economic outlook.** Parliament was dissolved in the past week, paving the way for early elections on April 12<sup>th</sup>, 8 months ahead of schedule. Recall that the resort to early elections was prompted by the resignation of PM Z. Zaev in October, following the EU's failure to open accession talks with the country for a third time.

The latest opinion polls show a neck-to-neck race between the ruling centre-left SDSM and the opposition right-wing VMRO/DPMNE party. In this context, the pro ethnic-Albanian parties could act as a kingmaker in the formation of the next Government.

All said, an inconclusive outcome in the upcoming elections would prolong political uncertainty, hampering policymaking and affecting economic sentiment. Importantly, however, with all political parties committed to the country's EU path, we expect no backtracking on EU-related reforms. On a more positive note, the ongoing reform of the EU accession process should remove any remaining objections by EU member states towards a further enlargement of the bloc, eventually leading to the opening of accession negotiations with North Macedonia, maybe as soon as next month.

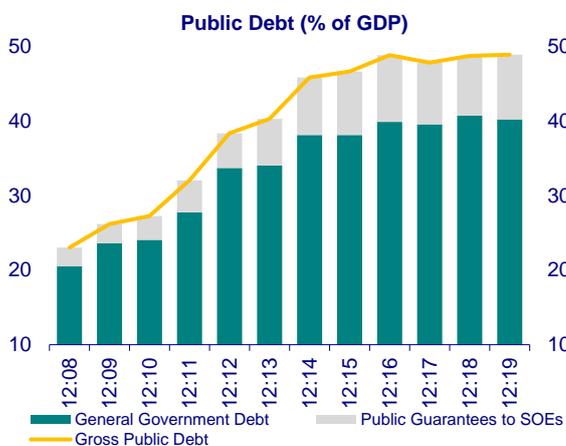
**The FY:19 budget deficit widened slightly by 0.2 pps to 2.0% of GDP, yet outperforming its target of 2.6%, mainly due to under-executed capital spending.** Specifically, current spending accelerated in FY:19 (up 0.5 pps of GDP), mainly on the back of higher social spending, following the reform of social assistance policy, and higher public consumption, due to increased clearance of arrears ahead of the forthcoming election. At the same time, following the removal of "administrative obstacles" to the resumption of key infrastructure projects, public investment rose sharply (by 0.7 pps of GDP), yet underperformed its initial target (by 0.7 pps of GDP). The increase in budget spending was almost compensated by higher non-tax revenue (up 0.9 pps of GDP), following the collection of a postponed concession fee.

**Modest fiscal slippage in sight for FY:20.** The FY:20 budget targets a deficit of 2.3% of GDP against the FY:19 outcome of 2.0%. In our view, the budget target appears difficult to attain, without additional measures.

Indeed, current spending is unlikely to remain within budget allocation in FY:20, in view of the implementation of a series of expansionary incomes policy measures. Specifically, on top of the 5% increase in public sector wages in September 2019, the authorities proceeded with hikes in wages in the health and education sectors (up 5-25% and 10%, respectively, at a cost of 0.3 pps of GDP). Moreover, they altered the CPI-only indexation of pensions to allow for higher increases (up 6.3%, i.e. 3.5 pps more than initially envisaged, at a cost of 0.3 pps of GDP).

On the other hand, tax revenue is unlikely to improve in FY:20. Indeed, the suspension of the PIT reform (introducing progressive tax rates in place of the prior flat 10% rate), together with the full-year impact of the VAT reimbursement scheme for individuals -- implemented in late-2019 -- are set to shave 0.5 pps of GDP off tax revenue this year. This slippage should be partly offset by the revenue impact of the hikes in pension and health insurance contribution rates (up 0.1 pp and 0.4 pps, respectively, to 7.5% and 18.8%) and improving tax compliance.

Under no policy change, we estimate that attaining this year's budget deficit target of 2.3% of GDP will require the containment of otherwise essential capital spending by c. 0.5 pps of GDP. Assuming that the authorities meet the budget target, the public debt-to-GDP ratio should rise slightly to 49.6% of GDP at end-2020 -- in line with that of the country's peers. The slow pace of debt expansion is mainly attributed to a strong "snowball" effect, reflecting historically low interest rates and solid GDP growth.



	17 Feb.	3-M F	6-M F	12-M F
1-m SKIBOR (%)	1.1	1.3	1.5	2.0
MKD/EUR	61.3	61.3	61.3	61.3
Sov. Spread (2021. bps)	153	168	165	160

	17 Feb.	1-W %	YTD %	2-Y %
MBI 100	5,000	0.9	7.6	81.0

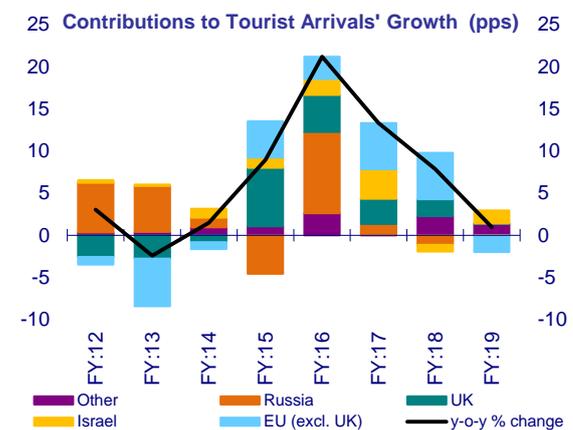
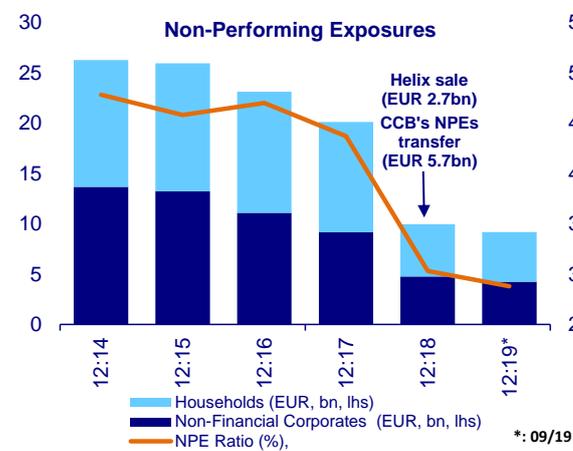
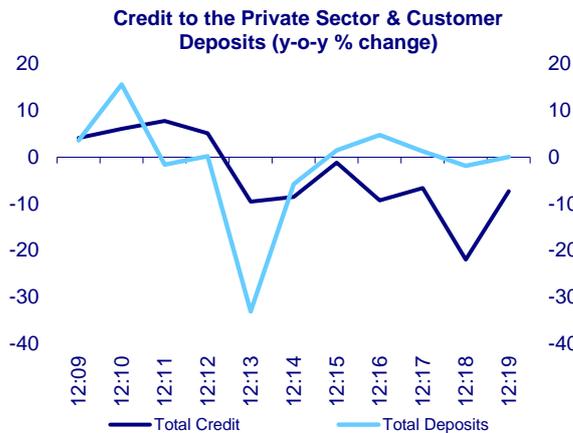
	2017	2018	2019F	2020F	2021F
Real GDP Growth (%)	1.1	2.7	3.5	3.5	3.3
Inflation (eop. %)	2.4	0.9	0.4	1.7	2.2
Cur. Acct. Bal. (% GDP)	-1.0	-0.1	-1.1	-1.7	-2.0
Fiscal Bal. (% GDP)	-2.7	-1.8	-2.0	-2.3	-2.0

Sources: Reuters, Ministry of Finance & NBG estimates



# Cyprus

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



**Customer deposits remained stable in FY:19 after a small decline in the previous year (down 1.9%).** This slight improvement was driven by residents' deposits (accounting for c. 84% of total deposits), which picked up (by 2.2% y-o-y at end-2019 against 0.4% at end-2018), in line with solid GDP growth. Growth in residents' deposits remained positive for a 5<sup>th</sup> successive year -- gradually approaching pre-2013 bail-in levels -- despite the declining remuneration rates, reflecting the ECB's accommodative monetary policy and easing liquidity conditions (see below). The increase in resident deposits more than compensated for the continuing decline in non-residents' deposits (down 9.7% y-o-y at end-2019 against a drop of 10.8% y-o-y at end-2018), on the back of strengthened anti-money laundering (AML) efforts.

**Credit to the private sector continued to decline in FY:19, albeit at a much slower pace compared with FY:18, reflecting continued efforts by banks to clean up their loan books.** Private sector loans dropped by 7.3% y-o-y at end-2019 following a sharp decline of 22.0% at end-2018, the bulk of which was attributed to the carve-out of the Cyprus Cooperative Bank's NPEs (EUR 5.7bn, or 13.5% of the end-2017 stock of loans), following a sales agreement on its healthy assets and liabilities with Hellenic Bank. As a result, the pace of deleveraging is now at the levels witnessed in FY:16-17, reflecting the continuing clean-up of banks' balance sheets through sales (including NPEs worth EUR 2.7bn, or 8.2% of the end-2018 stock of loans, by the Bank of Cyprus), write-offs and debt-for-asset swaps. Note that, adjusted for the impact of the clean-up of banks' balance sheets, new lending increased in 2019 (up 8.7% y-o-y at end-year against a drop of 8.9% in 2018), in line with: i) solid GDP growth (up 3.3% in FY:19, above its long-term potential of 2.0% for a 5<sup>th</sup> year in a row); ii) the sharp decline in the NPE ratio (to 28.8% at end-Q3:19 from a peak of 49.7% in May 2016); and iii) abundant liquidity (the loan-to-deposit ratio improved further to 74.0% at end-2019 from a peak of 133.0% at end-2013, comparing favourably with the EU-average of 116.1% in Q3:19). Importantly, new lending activity is driven by corporate loans (accounting for 2/3 of new loans, up 13.1% y-o-y at end-2019 against a mild rise of 1.8% for retail loans at the same time).

**Tourist activity weakened further in FY:19 (with receipts contracting by c. 1.0%) -- dragged down by the EU and the UK.** Growth in tourist arrivals moderated to just 1.0% in FY:19 (3.98mn visitors) from 7.8% in FY:18. In terms of source countries, the main drag came from the EU-27 (shaving 1.9 pps off overall growth in FY:19 against a positive contribution of 5.5 pps in FY:18) and the UK (adding just 0.1 pp to overall growth in FY:19 against 2.0 pps in FY:18). This deterioration was attributed to: i) the economic slowdown in the EU and the UK; ii) Brexit-related uncertainty that affected most part of the tourism season; iii) stronger competition from neighbouring countries -- Turkey and Egypt -- due to easing domestic security concerns and more competitive prices; and iv) the bankruptcy of several airlines servicing the island (including Germania in Q1:19 and Cobalt Air in Q4:18). Tourist activity would have been weaker, had arrivals from Russia and Israel not increased (together adding 3.4 pps to total arrival growth).

With growth in tourist arrivals slowing and spending per tourist declining for a 6<sup>th</sup> consecutive year (down by an estimated 2.2% in FY:19 following a drop of 5.5% in FY:18), tourist receipts are estimated to have contracted by c. 1.0% in FY:19 against a modest rise of 2.7% in FY:18.

For this year, tourist activity is unlikely to improve significantly as the recent bankruptcy of the tour operator, Thomas Cook (accounting for 6.5% of tourist arrivals in FY:18), together with slowing tourism demand, against the backdrop, *inter alia*, of the coronavirus outbreak, and more intense regional competition will continue to take their toll.

	17 Feb.	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.48	-0.48	-0.48	-0.45
EUR/USD	1.08	1.13	1.13	1.15
Sov. Spread (2020. bps)	75	108	105	100

	17 Feb.	1-W %	YTD %	2-Y %
CSE Index	67	1.4	2.7	-4.4

	2017	2018	2019E	2020F	2021F
Real GDP Growth (%)	4.4	4.1	3.3	3.0	2.9
Inflation (eop. %)	-0.6	1.7	0.7	1.0	1.3
Cur. Acct. Bal. (% GDP)	-5.1	-4.4	-8.7	-7.9	-6.8
Fiscal Bal. (% GDP)	1.7	-4.4	3.8	2.7	2.7

Sources: Reuters, CBC, CYSTAT & NBG estimates



**FOREIGN EXCHANGE MARKETS. FEBRUARY 17<sup>TH</sup> 2020**

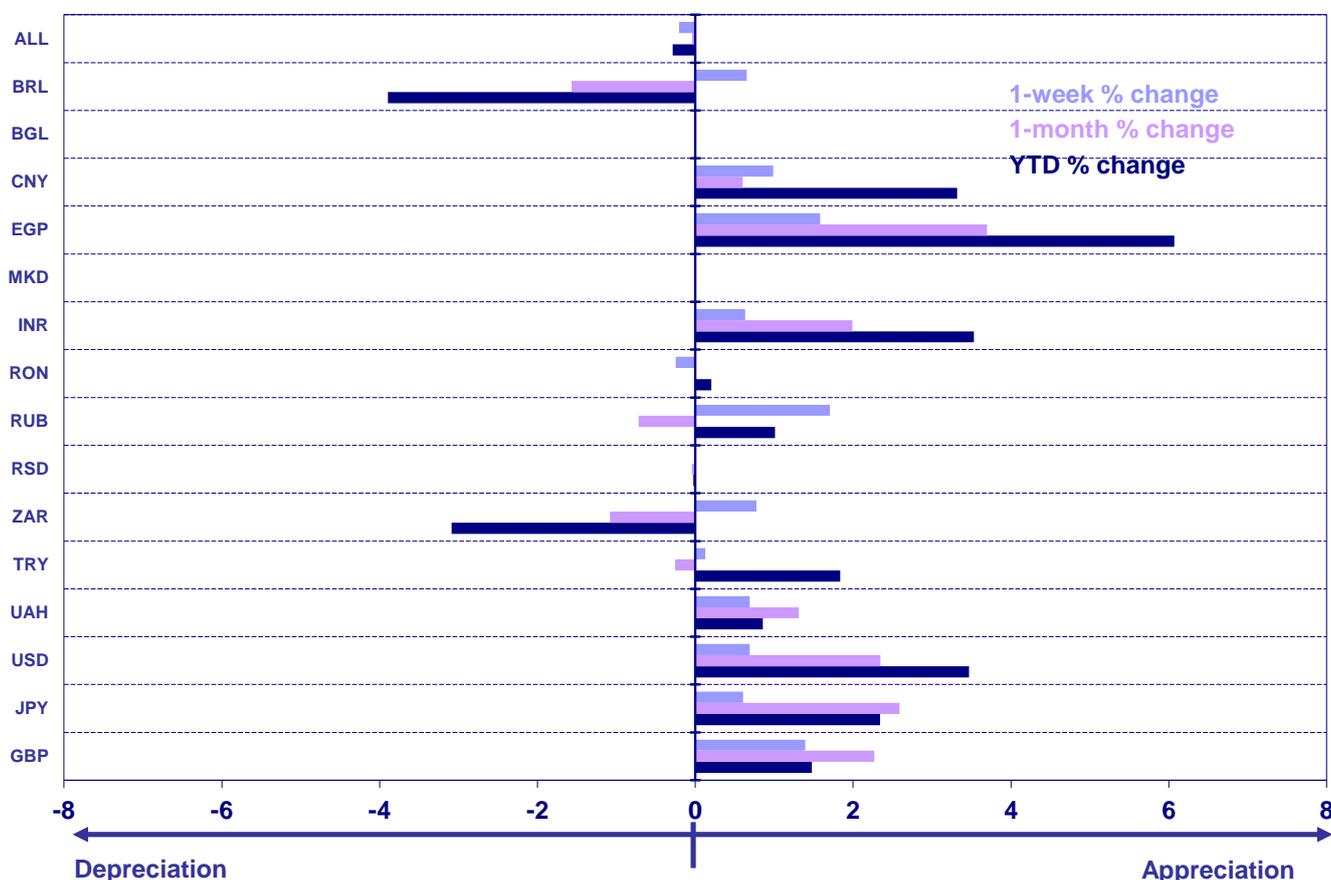
*Against the EUR*

Currency		2020										2019	2018
		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	122.0	-0.2	0.0	-0.3	1.6	121.9	122.4	122.0	122.1	122.2	1.4	7.8
Brazil	BRL	4.69	0.7	-1.6	-3.9	-9.9	4.48	4.76	---	---	4.90	-1.2	-10.7
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	7.56	1.0	0.6	3.3	1.0	7.56	7.83	---	---	7.78	0.6	-0.8
Egypt	EGP	16.89	1.6	3.7	6.1	17.1	16.99	18.14	---	---	---	16.2	0.0
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	77.3	0.6	2.0	3.5	4.4	77.3	80.6	---	---	---	-0.3	-3.9
Romania	RON	4.78	-0.2	0.0	0.2	-0.7	4.76	4.79	4.81	4.85	4.94	-2.8	0.6
Russia	RUB	68.8	1.7	-0.7	1.0	8.9	67.7	71.0	69.8	70.9	73.0	15.1	-13.4
Serbia	RSD	117.5	0.0	0.0	0.0	0.3	117.5	117.6	118.2	118.9	---	0.6	0.2
S. Africa	ZAR	16.2	0.8	-1.1	-3.1	-1.5	15.61	16.67	16.5	16.8	17.4	4.8	-9.9
Turkey	YTL	6.55	0.1	-0.3	1.8	-8.5	6.51	6.70	6.76	6.96	7.40	-9.2	-24.9
Ukraine	UAH	26.5	0.7	1.3	0.9	16.1	26.35	27.82	---	---	---	18.6	6.0
US	USD	0.7	2.3	3.5	4.4	1.1	1.1	1.09	1.10	1.11	2.3	4.6	0.7
JAPAN	JPY	0.6	2.6	2.3	5.1	118.7	122.9	119.1	119.2	119.3	3.2	7.5	0.6
UK	GBP	1.4	2.3	1.5	5.0	0.8	0.9	0.84	0.84	0.84	6.3	-1.1	1.4

\* Appreciation (+) / Depreciation (-)

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

**Currencies against the EUR (February 17<sup>th</sup> 2020)**



Sources: Reuters & NBG estimates



**MONEY MARKETS. FEBRUARY 17<sup>TH</sup> 2020**

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.1	4.2	0.0	1.4	---	12.5	---	---	2.6	6.0	---	10.9	8.0	11.0	---	1.6
T/N	---	---	---	---	---	12.3	---	---	2.6	6.1	---	---	7.8	---	---	---
S/W	1.1	4.2	---	2.3	-0.5	---	1.0	---	---	6.1	---	---	7.7	11.2	-0.5	1.6
1-Month	1.3	4.2	---	2.4	-0.5	---	1.1	5.5	2.9	6.1	1.3	10.5	7.0	13.7	-0.5	1.6
2-Month	---	4.1	---	---	---	---	---	---	---	6.2	1.4	10.5	7.0	---	---	1.6
3-Month	1.5	4.2	---	2.5	---	---	1.3	5.8	3.1	7.4	1.6	10.4	7.0	14.7	---	1.7
6-Month	1.8	4.1	---	2.7	---	---	1.5	---	3.2	7.4	1.8	10.5	7.0	---	---	1.7
1-Year	2.2	4.3	---	2.8	-0.1	---	1.8	---	3.3	6.0	---	10.7	7.1	---	-0.1	1.8

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

**LOCAL DEBT MARKETS. FEBRUARY 17<sup>TH</sup> 2020**

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	---	---	---	---	---	14.3	---	5.1	---	5.8	---	10.2	---	9.5	-0.6	1.6
6-Month	---	---	---	---	---	13.8	---	5.2	3.2	5.7	3.3	10.4	---	9.6	-0.6	1.6
12-Month	---	---	-0.3	2.2	---	14.0	0.5	5.4	3.2	5.3	2.0	11.1	---	9.5	-0.6	1.5
2-Year	2.3	---	---	2.4	---	---	---	5.5	3.3	5.5	---	10.8	6.7	10.0	-0.7	1.4
3-Year	---	---	0.0	2.5	-0.1	---	---	5.8	3.4	5.5	---	11.0	7.1	10.0	-0.7	1.3
5-Year	---	5.9	---	2.6	0.0	13.8	---	6.0	3.6	5.8	2.7	11.3	8.0	---	-0.6	1.3
7-Year	---	---	0.2	---	0.3	13.8	---	6.5	3.7	5.9	---	---	---	---	-0.6	1.4
10-Year	---	6.5	0.3	2.9	---	13.7	---	6.4	4.0	6.1	---	11.0	8.9	---	-0.4	1.5
15-Year	---	---	---	---	---	---	2.9	6.8	---	6.2	---	---	9.9	---	-0.3	---
25-Year	---	---	---	---	---	---	---	---	---	---	---	---	10.2	---	---	---
30-Year	---	---	---	---	---	---	4.0	6.9	---	---	---	---	10.2	---	0.1	2.0

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

**CORPORATE BONDS SUMMARY. FEBRUARY 17<sup>TH</sup> 2020**

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread	
Bulgaria	Bulgaria Energy Hold EAD 4.875% '21	EUR	NA/NA	2/8/2021	550	0.4	107	88
Romania	Banca Transylvania SA 3.419% '28	EUR	NA/NA	28/6/2028	285	0.6	110	105
South Africa	Standard Bank of S. Africa Ltd '23	EUR	BB/Baa3	15/8/2023	7	2.8	123	113
	Arcelik AS 3.875% '21	EUR	BB+/NA	16/9/2021	350	1.3	193	174
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	4.1	263	264
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	4.9	347	347
Turkey	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	5.0	363	359
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	5.1	369	366
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	5.0	364	362
	Koc Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	3.9	252	254

**CREDIT DEFAULT SWAP SPREADS. FEBRUARY 17<sup>TH</sup> 2020**

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	---	93	41	34	100	298	---	75	75	59	98	259	168	323
10-Year	---	169	91	69	113	359	---	83	120	120	122	310	239	344

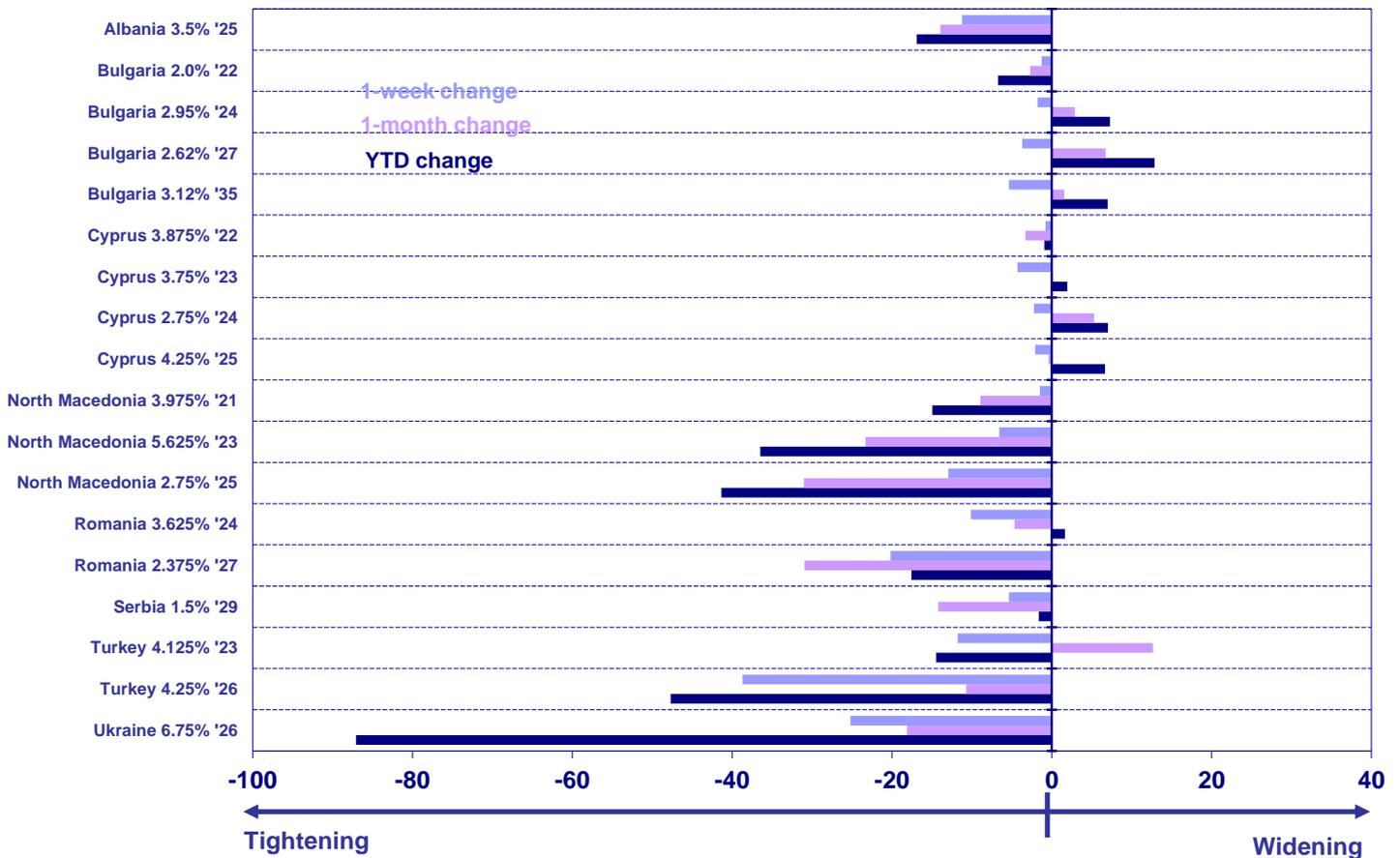
Sources: Reuters & NBG estimates



**EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY. FEBRUARY 17<sup>TH</sup> 2020**

	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	500	1.5	207	183
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	-0.2	41	14
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	-0.1	54	25
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	0.1	63	30
Bulgaria 1.12% '35	EUR	BBB-/Baa2	26/3/2035	900	0.8	107	74
Cyprus 1.875% '22	EUR	NA/Ba2	6/5/2022	1,000	-0.1	52	25
Cyprus 1.75% '23	EUR	NA/Ba2	26/7/2023	1,000	-0.1	60	31
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0.0	63	35
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	0.1	75	47
FYROM 1.975% '21	EUR	BB-/NA	24/7/2021	500	0.4	102	484
FYROM 5.625% '23	EUR	BB-/NA	26/7/2023	450	0.7	135	113
FYROM 2.75% '25	EUR	BB-/NA	18/1/2025	500	0.9	153	126
Romania 1.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	0.1	76	50
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	0.7	122	91
Serbia 1.5% '29	EUR	BB/Ba3	26/6/2029	1,550	1.0	147	111
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	2.0	270	246
Turkey 5.2% '26	EUR	NA/Ba3	16/2/2026	1,500	5.1	358	351
Ukraine 6.75% '26	EUR	B-/Caa2	20/6/2026	1,000	3.4	405	405

**EUR-Denominated Eurobond Spreads (February 17<sup>th</sup> 2020)**



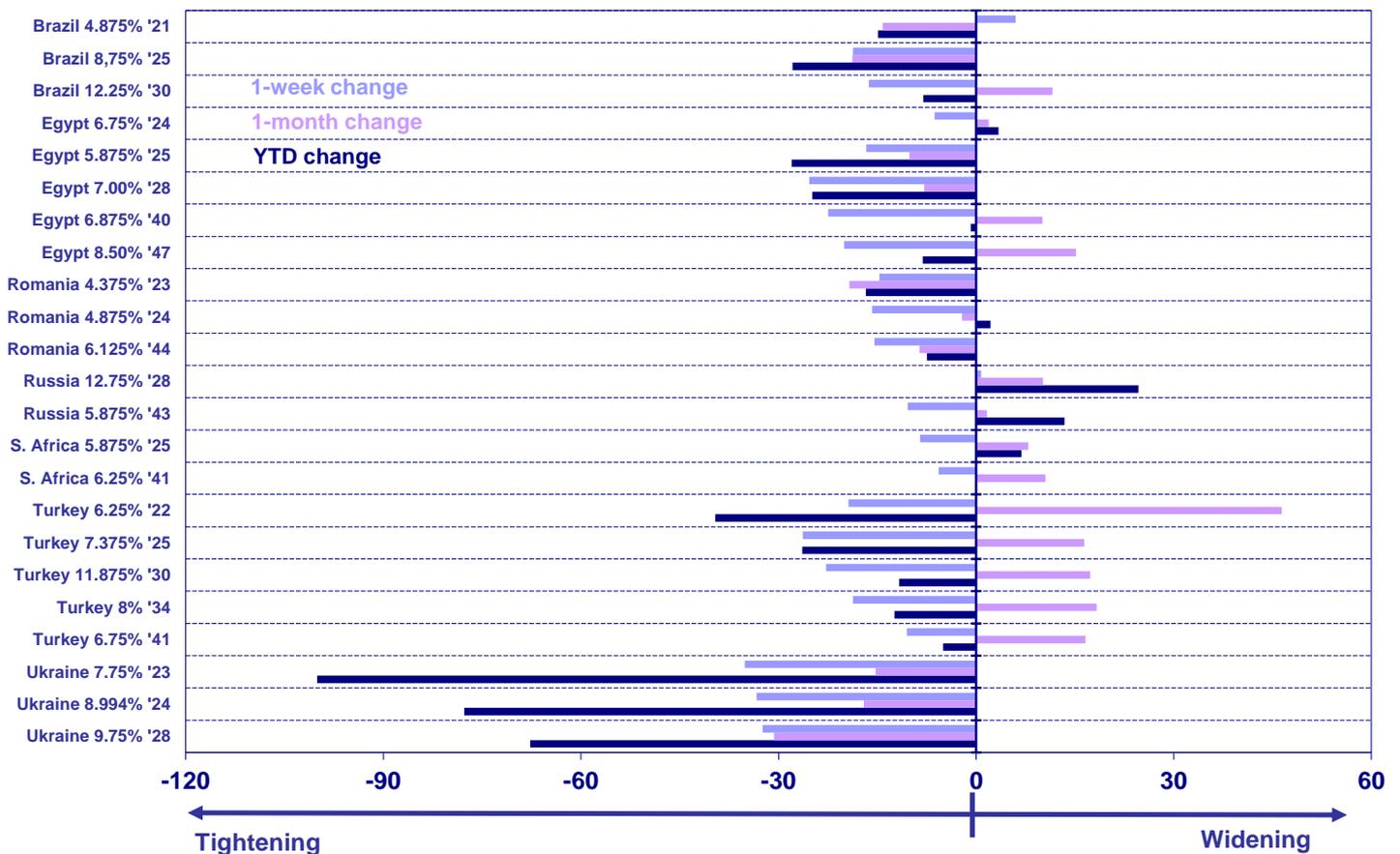
Sources: Reuters & NBG estimates



**USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY. FEBRUARY 17<sup>TH</sup> 2020**

	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	1.9	38	28
Brazil 8,75% '25	USD	NA/Ba2	4/2/2025	688	2.3	86	99
Brazil 12.25% '30	USD	NA/Ba2	6/3/2030	238	N/A	219	312
Egypt 6.75% '24	USD	NA/B2	10/11/2024	1,320	4.2	275	288
Egypt 5.875% '25	USD	B/B2	11/6/2025	1,500	4.0	258	266
Egypt 7.00% '28	USD	NA/B2	10/11/2028	1,320	5.3	375	403
Egypt 6.875% '40	USD	B/B2	30/4/2040	500	6.5	444	484
Egypt 8.50% '47	USD	NA/B2	31/1/2047	2,500	7.1	508	592
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	2.1	69	70
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	2.1	68	70
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	3.8	175	252
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	2.8	131	185
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	3.5	145	217
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	3.7	229	238
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	5.4	341	392
Turkey 6.25% '22	USD	NR/Ba3	26/9/2022	2,500	3.9	259	260
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	4.8	337	354
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	5.7	407	518
Turkey 8% '34	USD	NR/Ba3	14/2/2034	1,500	6.0	441	480
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	6.3	419	437
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	4.0	263	276
Ukraine 8.994% '24	USD	B-/Caa1	1/2/2024	750	4.5	306	329
Ukraine 9.75% '28	USD	B-/Caa1	1/11/2028	1,600	5.7	411	479

**USD-Denominated Eurobond Spreads (February 17<sup>th</sup> 2020)**



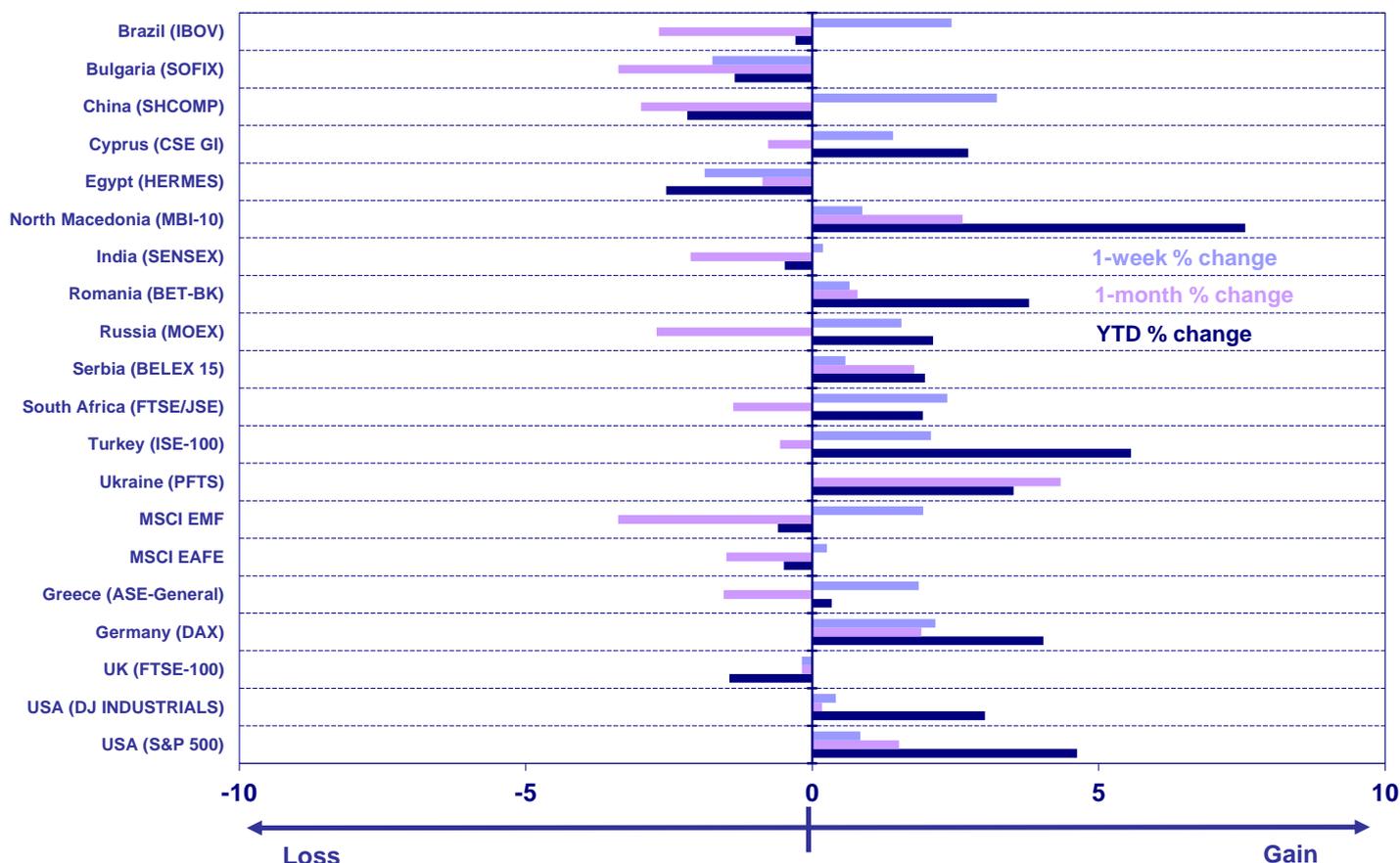
Sources: Reuters & NBG estimates



**STOCK MARKETS PERFORMANCE. FEBRUARY 17<sup>TH</sup> 2020**

	2020							2019		2018		
	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)	115,309	2.4	-2.7	-0.3	19.5	112,134	119,593	-4.3	31.6	0.8	15.0	2.5
Bulgaria (SOFIX)	560	-1.7	-3.4	-1.4	-3.1	557	587	-1.4	-4.4	-4.4	-12.3	-12.3
China (SHCOMP)	2,984	3.2	-3.0	-2.2	8.3	2,685	3,127	0.9	22.3	0.8	-24.6	-25.2
Cyprus (CSE GI)	67	1.4	-0.8	2.7	9.3	65	68	2.7	-2.6	-2.6	-3.9	-3.9
Egypt (HERMES)	1,250	-1.9	-0.9	-2.5	-14.3	1,190	1,290	3.4	0.4	0.8	-11.1	-11.1
North Macedonia (MBI)	5,000	0.9	2.6	7.6	37.1	4,635	5,007	7.6	34.0	34.0	36.6	36.6
India (SENSEX)	41,056	0.2	-2.1	-0.5	15.7	35,714	42,274	3.0	14.4	0.9	5.9	1.6
Romania (BET-BK)	1,964	0.6	0.8	3.8	28.1	1,394	1,972	3.9	29.7	0.9	-11.6	-11.1
Russia (MOEX)	3,110	1.6	-2.7	2.1	25.8	3,049	3,227	3.1	30.8	0.8	10.3	-3.9
Serbia (BELEX-15)	817	0.6	1.8	2.0	19.3	783	818	2.0	5.3	0.8	0.2	0.5
South Africa (FTSE/JSE)	58,188	2.4	-1.4	1.9	5.3	55,529	59,105	-1.2	8.2	0.9	-11.4	-20.1
Turkey (ISE 100)	120,792	2.1	-0.6	5.6	18.7	110,746	124,537	7.5	25.4	0.9	-20.9	-40.5
Ukraine (PFTS)	528	0.0	4.3	3.5	-5.9	504	528	3.6	-8.9	0.8	77.5	88.1
MSCI EMF	1,108	1.9	-3.4	-0.6	6.9	1,051	1,151	2.9	15.4	0.9	-16.6	-12.8
MSCI EAFE	2,027	0.3	-1.5	-0.5	9.3	1,986	2,058	3.0	18.4	0.9	-16.1	-12.3
Greece (ASE-General)	920	1.9	-1.5	0.3	37.8	897	949	0.3	49.5	49.5	-23.6	-23.6
Germany (XETRA DAX)	13,784	2.1	1.9	4.0	22.0	12,948	13,795	4.0	25.5	25.5	-18.3	-18.3
UK (FTSE-100)	7,433	-0.2	-3.1	-1.4	3.0	7,275	7,690	0.0	12.1	0.9	-12.5	-13.5
USA (DJ INDUSTRIALS)	29,398	0.4	0.2	3.0	13.6	24,681	29,569	6.6	22.3	0.9	-5.6	-1.3
USA (S&P 500)	3,380	0.8	1.5	4.6	21.8	3,215	3,385	8.3	28.9	0.9	-6.2	-1.9

**Equity Indices (February 17<sup>th</sup> 2020)**



Sources: Reuters & NBG estimates



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