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Emerging Markets Analysis

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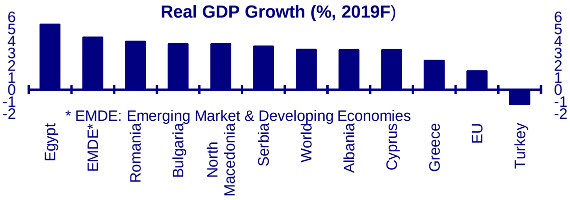
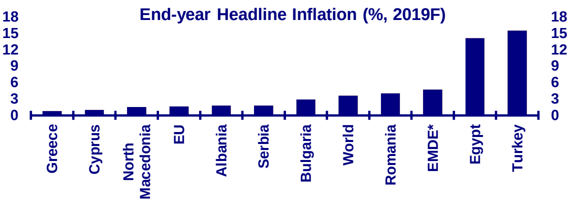
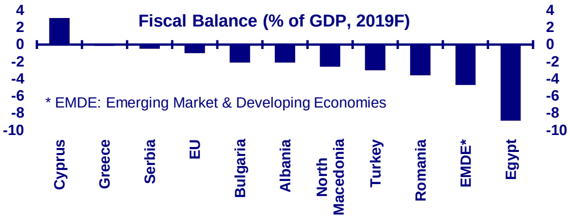
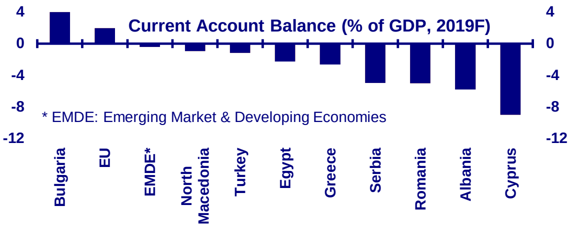








Sources: National authorities, IMF & NBG estimates

Economic Analysis Division

Emerging Markets Analysis

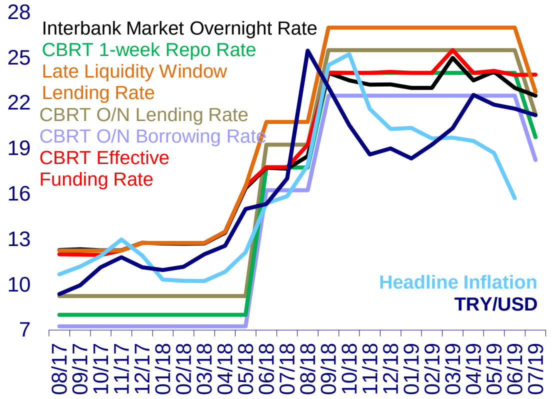
Bi-Weekly Report

July 9 - 22 2019

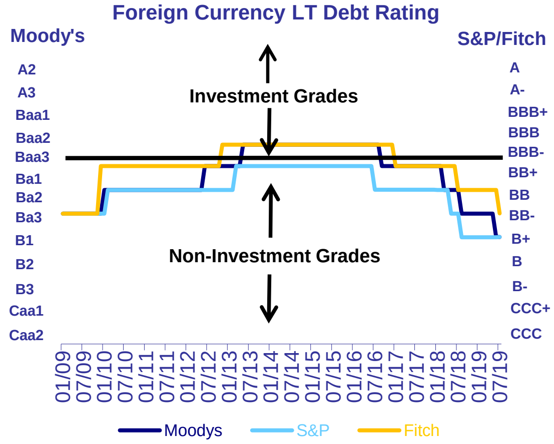
Turkey

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

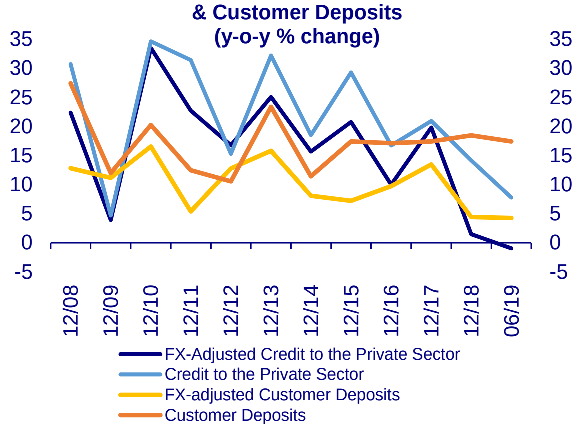
Interest Rates, Headline Inflation and the Exchange Rate (end of period, %)



Foreign Currency LT Debt Rating



Credit to the Private Sector & Customer Deposits (y-o-y % change)



	22 July	3-M F	6-M F	12-M F
1-m TRIBOR (%)	21.4	21.0	18.5	16.0
TRY/EUR	6.36	6.70	6.75	6.80
Sov. Spread (2025, bps)	473	540	480	400

	22 July	1-W %	YTD %	2-Y %
ISE 100	101,089	4.1	11.8	-5.4

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.2	7.4	2.6	-1.2	2.6
Inflation (eop, %)	8.5	11.9	20.3	15.5	12.0
Cur. Acct. Bal. (% GDP)	-3.8	-5.6	-3.5	-1.2	-2.5
Fiscal Bal. (% GDP)	-1.1	-1.5	-2.0	-3.0	-3.0

Sources: Reuters, CBRT, TurkStat, BDDK & NBG estimates

The CBRT cut aggressively its 1-week repo rate by 425 bps to 19.75%. The reduction was much larger than expected by consensus (250bps). Recall that the central bank had hiked its key rate by 6.25 pps in September 2018 to support the TRY in the face of a currency crisis that brought the economy into recession. The main factors behind the CBRT decision were easing inflationary pressures (headline inflation fell to a 12-month low of 15.7% y-o-y in June from its peak of 25.2% in October), together with the stabilization of the TRY against the USD (down 7.3% y-t-d but up 8.5% since early-May) and the dovish turn by major central banks.

The cut in rates came 3 weeks after the dismissal of the CBRT Governor, M. Centinkaya, and his replacement by his deputy, M. Uysal, who is considered to be more dovish. The move prompted Fitch to downgrade Turkey's long-term sovereign credit rating by 1 notch to "BB-" (3 notches below investment grade, but still 1 notch higher than that of S&P and Moody's -- see chart), while maintaining a negative outlook, citing "*a deterioration in institutional independence*".

Looking ahead, we believe that there is some scope for further cuts to the CBRT's key rate, in view of its relatively high level in real terms (currently at c. 4.0%, still above most of its emerging market peers and its neutral rate -- c. 3.0%). In light of Turkey's fragile external position, however, any further easing in monetary policy should be made cautiously and in small steps, mainly with a view to containing TRY volatility. Indeed, in the event of renewed financial turmoil, the CBRT's ability to defend the TRY would be limited, in view of depleted net FX reserves. The latter currently stand at USD 73.5bn, covering 4 months of GNFS imports (against 5 months in FY:17 -- the last calm year for Turkey -- and the critical level of 3 months) and 110% of short-term external debt, excluding trade credits (against 125% in FY:17 and the critical level of 100%). All said, we see the CBRT cutting its rate by an additional 125 bps to 18.5% by end-year, albeit the probability of a larger reduction has now increased.

FX-adjusted lending growth turned negative in Q2:19, for the first time since mid-2009, despite a boost from state-owned banks. FX-adjusted credit to the private sector fell by 1.0% y-o-y in June against increases of 1.5% at end-2018 and 19.7% at end-2017. The contraction in FX-adjusted credit would have been sharper had state-owned banks not expanded their lending base (up 11.9% y-o-y in June against a rise of 12.6% at end-2018), partly compensating for a sharper decline in private banks' lending (down 8.2% y-o-y in June against a decline of 5.2% at end-2018).

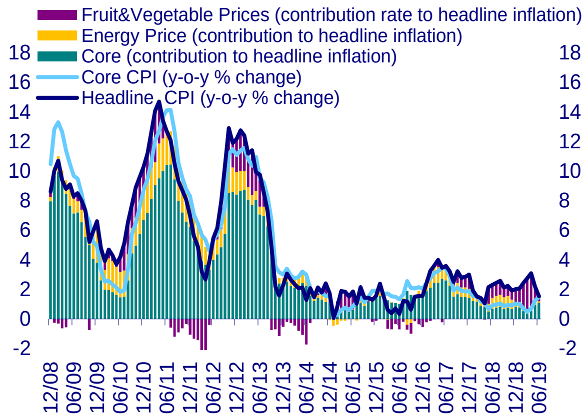
Specifically, private banks scaled back their lending activity, due to limited access to external financing, tighter liquidity conditions (the loan-to-deposit ratio stood at 121% in June), higher domestic borrowing costs (the CBRT's average effective funding rate rose by 10 pps y-o-y to 24.2% in H1:19) and a rising NPL ratio (up 1.4 pps y-o-y to an 8¾-year high of 4.4% in June). On the other hand, state-owned banks expanded their lending in H1:19, as they were urged by the Government to offer cheaper loans in a bid to contain the recession. Worryingly, lending at inappropriate low interest rates and maturities significantly exceeding the term of the deposit base could undermine state banks' solvency.

Looking ahead, despite the further expansion of state loan guarantees (a new loan package to corporates, worth 0.6% of GDP, was announced in June following two packages, worth 1.3% of GDP, earlier this year) and a looser monetary policy stance, overall FX-adjusted lending growth is set to remain weak this year, providing little support to economic activity. In our view, a sustained recovery in lending activity is unlikely before tackling corporate balance sheet vulnerabilities, including high leverage (51.0% of GDP) and large currency and maturity mismatches.

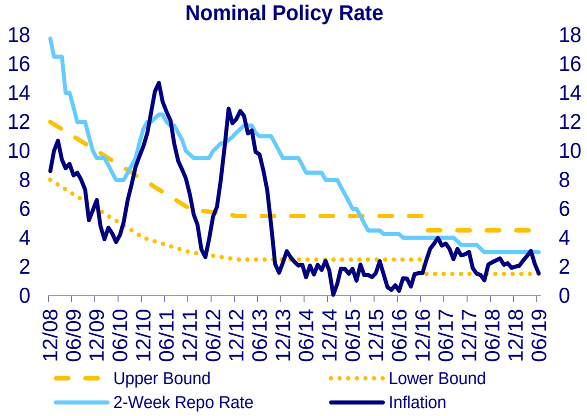
Serbia

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

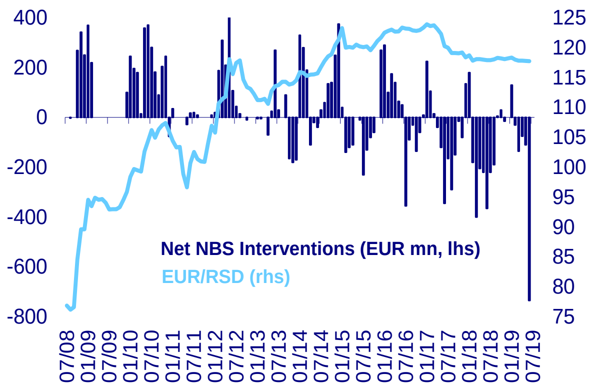
Annual Inflation



Headline Inflation, Inflation Target and Nominal Policy Rate



NBS Interventions & Exchange Rate



	22 Jul.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	2.3	2.3	2.3	2.3
RSD/EUR	117.6	116.5	116.0	115.0
Sov. Spread (2029, bps)	184	180	175	170

	22 Jul.	1-W %	YTD %	2-Y %
BELEX-15	748	-1.5	-1.8	5.2

	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

Headline inflation declined to a 14-month low of 1.5% y-o-y in June from 2.0% in December, hitting the lower end of the NBS target range (of 3±1.5%). Inflation has embarked on a sharp downward trend since May, moderating to 1.5% y-o-y in June from a high of 3.1% in April, which was solely due to unfavourable vegetable prices. In fact, (volatile) fruit & vegetable inflation eased markedly to 3.8% y-o-y in June from a peak of 25.4% in April and 11.0% at end-2018 (contributing 0.3 pps to June inflation against 2.5 pps in April and 0.9 pps in December). The normalization in vegetable prices came after the combined impact of an unfavourable base effect from a bumper harvest in early-2018 and a negative supply-side effect from adverse weather conditions in Q1:19. Energy inflation also moderated (contributing 0.1 pp to June inflation against 0.3 pps at end-2018), in line with the drop in global oil prices.

The slowdown in inflation would have been larger had core inflation (excluding prices of fruit & vegetables and energy, and accounting for 78% of the CPI basket) not accelerated, to a 16-month high of 1.5% y-o-y in June from 1.0% at end-2018 solely due to a rise in non-volatile food prices (contributing 0.2 pps to June inflation against 0.0 pps at end-2018). Indeed, non-food core inflation remained broadly stable, suggesting subdued demand-side pressures, flat non-energy regulated prices and RSD stability.

Headline inflation to end the year at 1.8% y-o-y -- well within its target band. Looking ahead, inflation is set to reach a trough of 1.1% y-o-y in August mainly due to a normalization in volatile prices of fruit & vegetables. We expect inflation to increase gradually, thereafter, due to hikes in regulated prices (adding 0.3 pps to inflation) and strengthening demand-side pressures amid significant fiscal easing, ending the year at 1.8% y-o-y, slightly below the end-2018 outcome of 2.0%, but still within its target range.

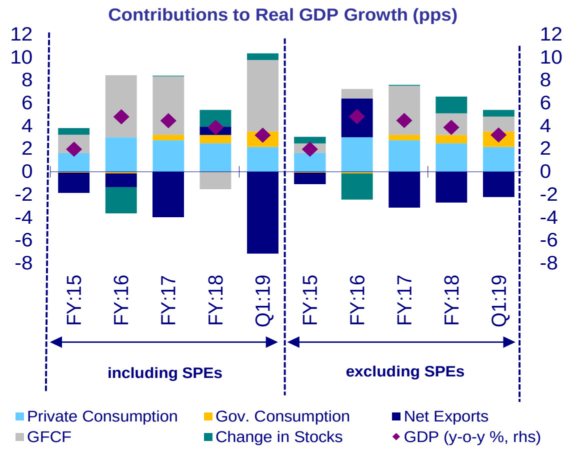
Easing inflation and strong appreciation pressures on the RSD strengthened the NBS' hand to lower its key rate by 25 bps to 2.75%. The NBS proceeded with a 25 bp cut of its 2-week repo rate at its July meeting, to a record low of 2.75%, after keeping it unchanged for more than a year. The decision was motivated by the sharp decline in headline inflation (see above), as well as sustained appreciation pressures on the RSD, amid improved fundamentals, that have prompted sizeable NBS interventions. In fact, the NBS bought (net) EUR 735mn (or 6.5% of end-2017 FX reserves) in June following (net) purchases of EUR 350mn between February-May.

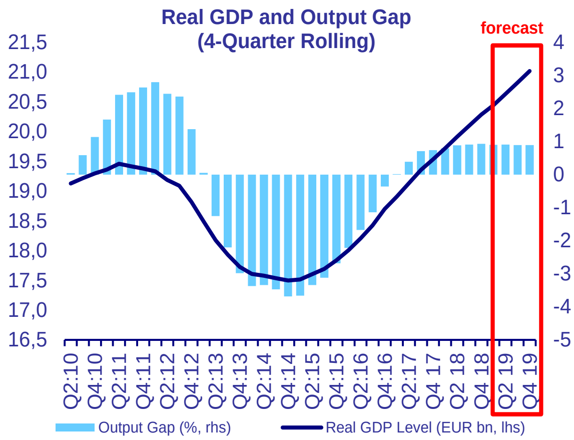
Going forward, amid easing global financing conditions, and in view of muted inflationary pressures in H2:19 and moderating economic activity (to 3.6% in FY:19 from 4.3% in FY:18), we expect the NBS to proceed with an additional 25 bp cut to its 2-week repo rate by end-Q3:19, to an all-time low of 2.5%. Should our forecast materialise, the *ex post* policy rate, in real and compounded terms, should stand at 0.7% at end-2019, down from 1.0% at end-2018.

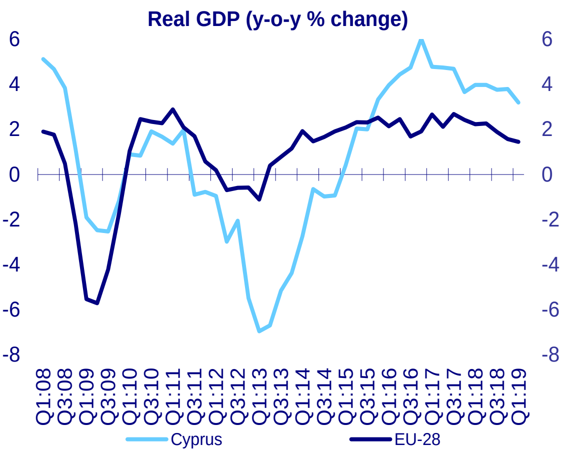
Serbia issued its first ever euro-denominated sovereign bond, worth EUR 1.0bn (2.2% of GDP). The 10-year 1.5% Eurobond -- the first issuance since 2013 – was raised at a surprisingly favourable yield of 1.619% or 140 bps over mid-swaps taking advantage of the very favourable conditions in the euro area sovereign debt market and improved investor confidence in the domestic economy. This was just 35 bps above Croatia's bond issued a week earlier (note that Croatia is rated one notch above Serbia according to Moody's and two notches above Serbia according to S&P and Fitch). The issue being more than six times oversubscribed. The proceeds from the issue were used for the early (partial) repayment of two higher-yield USD-denominated Eurobonds worth USD 1.1bn in total (4.875% 2020s and 7.25% 2021s).

Cyprus

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







	22 Jul.	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.41	-0.37	-0.37	-0.37
EUR/USD	1.12	1.22	1.24	1.26
Sov. Spread (2025. bps)	102	110	105	100

	22 Jul.	1-W %	YTD %	2-Y %
CSE Index	70	-2.5	5.5	-8.4

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

Sources: Reuters, CYSTAT, Eurostat & NBG estimates

GDP growth slowed to a still solid 3.2% y-o-y in Q1:19 from 3.9% in FY:18. After 3 years of strong growth (up 3.9% in FY:18, 4.5% in FY:17 and a post-crisis peak of 4.8% in FY:16), the pace of economic expansion moderated to 3.2% y-o-y in Q1:19, still comparing favourably with the EU-28 Q1:19 outcome of 1.9% y-o-y. Excluding the registration of ships by special purpose entities (SPEs affect investment, imports and exports statistics, but have only limited impact on GDP), the deceleration in GDP growth was exclusively due to a modest slowdown in domestic demand (up by a robust 5.0% y-o-y in Q1:19 against 7.9% in FY:18).

In this regard, growth in private consumption eased to a still strong 3.1% y-o-y in Q1:19 from 3.7% in FY:18 and 4.1% in FY:17 (with its contribution to overall growth declining to 2.2 pps from 2.5 pps in FY:18 and 2.7 pps in FY:17). We believe that the slowdown in private consumption is attributed to: i) increased use of household disposable income for debt servicing purposes, following the adoption of laws in mid-2018, strengthening the foreclosure and insolvency framework and facilitating NPEs securitization and sale; and ii) increased payments for social security following the hike in the underlying rates at the beginning of the year. In fact, private consumption fundamentals remained strong, as reflected in robust employment and wage growth (up 6.0% y-o-y and 2.5% y-o-y in Q1:19, respectively, against 5.6% and 2.2% in FY:18) and subdued inflation.

Moreover, growth in gross fixed capital formation (GFCF), excluding shipping-related transactions, moderated to a still strong 8.0% y-o-y in Q1:19 (contributing 1.3 pps to overall growth), reflecting unfavourable base effects following a boom in previous years (double-digit growth of 11.6% in FY:18 and 33.5% in FY:17). The latter was due to increased residential construction (supported by the Citizenship by Investment scheme) and tourism infrastructure investment.

The deceleration in domestic demand would have been sharper had public consumption not increased in Q1:19 (up 9.4% y-o-y against 4.4% in FY:18 and 3.1% in FY:17, contributing a sizeable 1.3 pps to overall GDP growth against a mere 0.7 pps and 0.5 pps in FY:18 and FY:17, respectively).

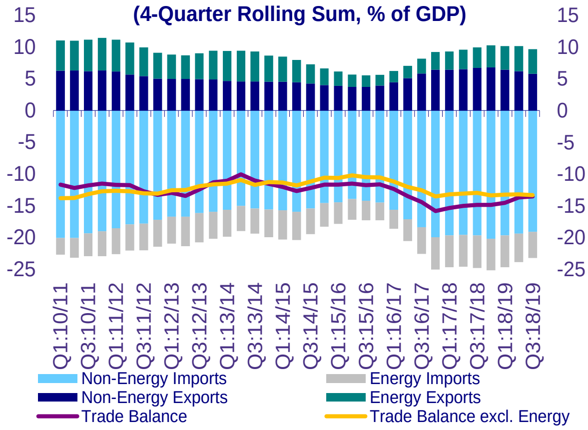
Importantly, the drag of net exports, excluding ships, on overall growth moderated further in Q1:19 (to -2.2 pps of GDP from -2.7 pps in FY:18 and -3.1 pps in FY:17). In fact, the sharper decline in exports (down 3.1% y-o-y in Q1:19 following a decline of 2.7% in FY:18), mainly due to a weaker tourism sector, was offset by the slowdown in imports (up 1.4% y-o-y in Q1:19 against 1.9% in FY:18), on the back of moderating domestic absorption and a slowdown in the build-up of inventories (contributing 0.6 pps to overall growth against 1.5 pps in FY:18).

GDP growth is expected to ease further to a still strong 3.3% this year. We expect GDP growth to moderate to 3.3% y-o-y in Q2-Q4:19 from 3.8% in Q2-Q4:18, driven by weaker external demand, due to softer economic activity in the EU -- the country's main trading partner and source of tourists -- as well as the continued normalization in GFCF from the previous years' peak highs. Private consumption is also set to weaken further over the next quarters, due to an intensification in households' loan servicing (in view of the imminent implementation of the "*Estia*" NPL subsidy scheme), and the introduction of health insurance contributions as of March 2019. Overall, in view of the weaker-than-expected Q1:19 outcome and a sharper-than-expected slowdown in the EU (note that FY:19 GDP growth was lowered to 1.4% in the EC's Spring report from 1.9% in Autumn 2018), we revise down our FY:19 GDP growth projection by 0.3 pps to 3.3% -- still well above its long-term potential (c. 2.0%) and the EU average (1.4%).

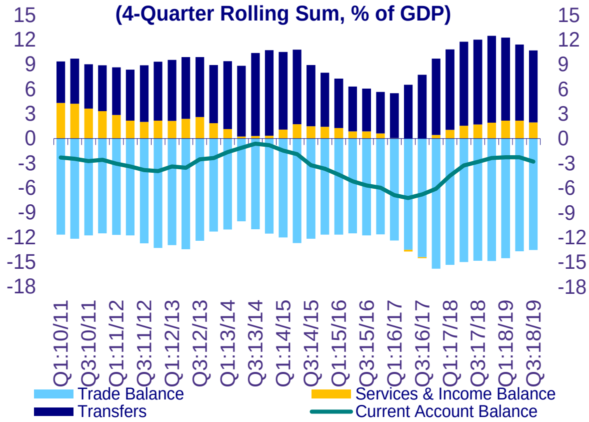
Egypt

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

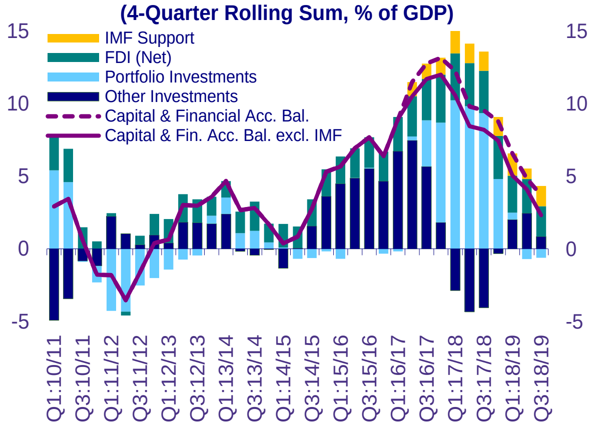
External Trade (4-Quarter Rolling Sum, % of GDP)



Current Account Balance (4-Quarter Rolling Sum, % of GDP)



Capital & Financial Account Balance (4-Quarter Rolling Sum, % of GDP)



	22 Jul.	3-M F	6-M F	12-M F
O/N Interbank Rate (%)	15.8	15.5	14.0	12.0
EGP/USD	16.6	17.6	17.8	18.0
Sov. Spread (2025, bps)	335	350	330	290

	22 Jul.	1-W %	YTD %	2-Y %
HERMES 100	1,296	0.7	2.0	5.0

	15/16	16/17	17/18	18/19e	19/20F
Real GDP Growth (%)	4.3	4.2	5.3	5.5	5.8
Inflation (eop. %)	14.0	29.8	14.4	9.4	9.0
Cur. Acct. Bal. (% GDP)	-6.0	-6.1	-2.4	-2.4	-1.6
Fiscal Bal. (% GDP)	-12.5	-10.9	-9.7	-8.2	-7.2

Sources: Reuters & CBE

The current account deficit (CAD) is estimated to have stabilised at 2.4% of GDP in FY:18/19 (July 2018-June 2019), following a significant adjustment over the past 1½ years. The CAD widened by 0.3 pps y-o-y to 2.5% of GDP in 9M:18/19 (July 2018-March 2019), reversing the downward trend started in Q3:16/17. The latter was supported by a strong recovery in tourism, prompted by improved security conditions and the flotation of the EGP in mid-Q2:16/17, as well as a once-off hike in workers' remittances and a rebound in hydrocarbon production.

In 9M:18/19, the deterioration in the CAD was largely due to the decline in workers' remittances by a sizeable 1.7 pps y-o-y to 6.1% of GDP, on the back of a strong base effect. Recall that remittances through the banking sector posted an impressive 34.0% growth in the 4 quarters that followed the mid-Q2:16/17 CBE decision to float the EGP, after having been hindered by very attractive rates in the parallel FX market.

The CAD would have been much larger had the energy deficit not narrowed markedly by 1.4 pps y-o-y to just 0.1% of GDP in 9M:18/19, due to a rebound in hydrocarbon production, mainly supported by the increase in production in the large Zohr gas field. This has not only boosted energy exports (by 41.6% y-o-y in 9M:18/19), but also prompted a drop in energy imports (by 6.3% y-o-y in 9M:18/19), reflecting the substitution of gas imports with domestic production.

For Q4:18/19, we estimate that the CAD improved by 0.3 pps y-o-y, offsetting the deterioration in 9M:18/19, with the continued improvement in the energy trade balance and higher tourist receipts more than compensating for the normalization in workers' remittances.

The overall external balance is estimated to have turned into a deficit in FY:18/19, which was, however, covered by the IMF disbursement. The capital and financial account surplus, excluding the IMF disbursement, narrowed to 1.9% of GDP in 9M:18/19 from 6.3% of GDP in 9M:17/18, mainly due to markedly weaker foreign holdings of T-Bills (net sales of USD 1.8bn or 0.6% of GDP in 9M:18/19 against net purchases of USD 11.5bn or 4.6% of GDP in 9M:17/18) amid Fed rate hikes and a broader global sell-off in emerging markets. Encouragingly, foreign holdings of Egyptian T-bills reversed their downward trend in Q1:19 (with net purchases of USD 3.7bn against net sales of USD 10.5bn in Q2-Q4:18), following the rebound in global appetite for debt of less vulnerable emerging market economies. We expect this trend to have strengthened further in Q4:18/19, amid easing global financing conditions. At the same time, the issuance of 2 Eurobonds worth EUR 2bn in April boosted net portfolio investment. All said, we estimate the overall balance to have deteriorated by 3.7 pps to a deficit of 0.7% of GDP in FY:18/19. The latter was covered, however, by the disbursement of USD 2.0bn under the IMF programme. As a result, FX reserves stood at USD 44.4bn in June 2019 (covering an estimated 7.3 months of GNFS imports), broadly unchanged compared with June 2018 – well above the pre-Revolution high of USD 36.0bn in Q4:10.

The CAD is set to narrow to a 6-year low of 1.6% of GDP in FY:19/20. The external adjustment in FY:19/20 should be driven by a further improvement in the energy bill and tourist receipts, as well as a stronger non-energy trade balance, on the back of lower investment-related imports. Regarding its financing, the CAD should be more than covered by FDI inflows, leading to a positive basic balance (CAD and FDI) of 0.6% of GDP in FY:19/20. According to our baseline scenario, projecting negative (net) capital inflows of -1.1% of GDP in FY:19/20 (as in FY:18/19), we see an external financing gap (of 0.5% of GDP) that should be fully covered by the release of the last tranche of the IMF loan (worth 0.6% of GDP).

FOREIGN EXCHANGE MARKETS, JULY 22ND 2019

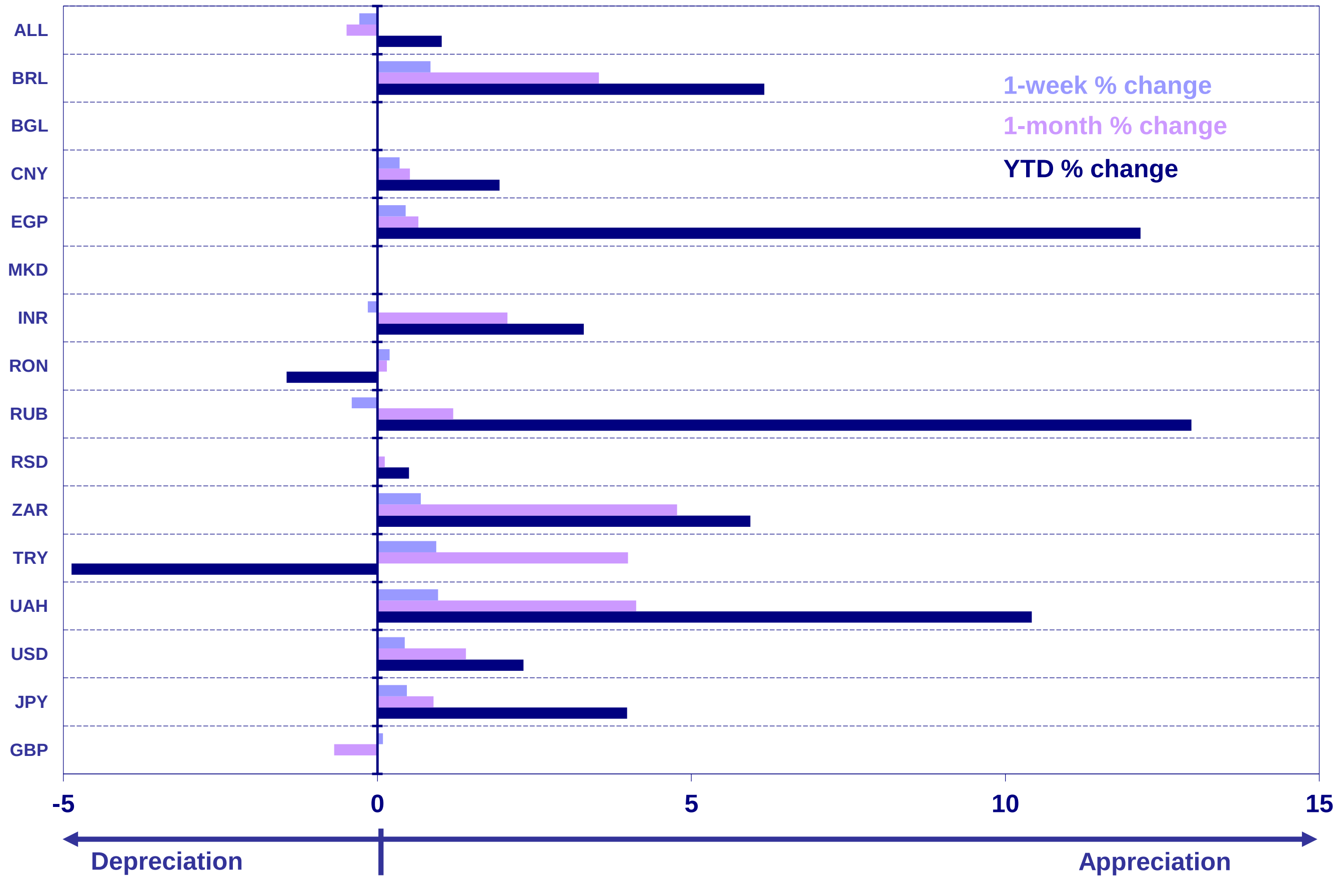
Against the EUR

	Currency	SPOT	1-week %change	1-month %change	YTD %change*	1-year %change	Year-Low	Year-High	3-month Forward rate**	6-month Forward rate**	12-month Forward rate**	2018 % change*	2017 % change*
		2019											
Albania	ALL	122.0	-0.3	-0.5	1.0	3.0	121.7	125.9	122.3	122.2	121.2	7.8	1.9
Brazil	BRL	4.19	0.8	3.5	6.2	5.5	4.16	4.60	- - -	- - -	4.43	-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	7.71	0.4	0.5	1.9	3.0	7.49	7.88	- - -	- - -	7.96	-0.8	-6.0
Egypt	EGP	18.57	0.4	0.7	12.2	12.5	18.66	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	77.3	-0.2	2.1	3.3	4.3	76.8	82.3	- - -	- - -	- - -	-3.9	-6.7
Romania	RON	4.72	0.2	0.2	-1.4	-1.6	4.71	4.78	4.75	4.80	4.89	0.6	-3.0
Russia	RUB	70.8	-0.4	1.2	13.0	4.2	70.4	80.1	72.0	73.4	76.1	-13.4	-6.8
Serbia	RSD	117.6	0.0	0.1	0.5	0.2	117.7	118.5	118.0	118.3	- - -	0.2	4.2
S. Africa	ZAR	15.5	0.7	4.8	5.9	1.2	15.16	17.08	15.8	16.1	16.7	-9.9	-2.7
Turkey	YTL	6.36	0.9	4.0	-4.9	-12.9	5.91	7.03	6.67	6.96	7.53	-24.9	-18.4
Ukraine	UAH	28.7	1.0	4.1	10.4	8.0	28.47	32.66	- - -	- - -	- - -	6.0	-15.2
US	USD	1.12	0.4	1.4	2.3	4.3	1.1	1.2	1.13	1.14	1.15	4.6	-12.4
JAPAN	JPY	120.9	0.5	0.9	4.0	7.7	118.8	127.5	120.9	121.0	121.1	7.5	-8.9
UK	GBP	0.90	0.1	-0.7	0.0	-0.7	0.8	0.9	0.90	0.90	0.91	-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 (July 22nd 2019)



Sources: Reuters & NBG estimates

MONEY MARKETS, JULY 22ND 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.0	6.4	0.0	2.7	- - -	15.8	- - -	- - -	1.8	7.7	- - -	23.9	7.7	16.4	- - -	2.4
T/N	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	1.8	7.6	1.9	- - -	7.7	- - -	- - -	- - -
S/W	1.1	6.4	- - -	2.7	-0.4	- - -	1.1	- - -	- - -	7.7	1.9	- - -	7.0	16.6	-0.4	2.4
1-Month	1.3	6.2	- - -	2.6	-0.4	- - -	1.2	6.2	2.8	7.5	2.3	21.4	6.7	18.6	-0.4	2.3
2-Month	- - -	6.1	- - -	- - -	- - -	- - -	- - -	- - -	- - -	8.7	2.4	21.4	6.8	- - -	- - -	2.3
3-Month	1.4	6.0	- - -	2.6	- - -	- - -	1.5	6.7	3.1	7.8	2.6	21.1	6.9	19.3	- - -	2.3
6-Month	1.5	5.6	- - -	2.7	- - -	- - -	1.7	- - -	3.3	7.9	2.7	20.5	7.4	- - -	- - -	2.2
1-Year	1.8	5.5	- - -	3.1	-0.1	- - -	2.0	- - -	3.4	7.4	- - -	20.6	7.2	- - -	-0.1	2.2

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

LOCAL DEBT MARKETS, JULY 22ND 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	- - -	- - -	- - -	- - -	- - -	17.7	- - -	5.8	- - -	7.2	- - -	18.3	- - -	17.0	-0.5	2.1
6-Month	- - -	- - -	- - -	- - -	- - -	17.5	- - -	5.9	2.9	7.1	3.3	18.7	- - -	17.2	-0.6	2.1
12-Month	1.9	- - -	-0.2	2.6	- - -	17.1	0.8	5.9	3.1	6.9	3.0	18.6	- - -	17.7	-0.7	1.9
2-Year	2.2	- - -	- - -	2.8	- - -	- - -	- - -	6.1	3.7	7.1	- - -	17.0	6.3	17.7	-0.8	1.8
3-Year	- - -	- - -	0.0	2.9	0.1	- - -	- - -	6.3	3.8	7.1	- - -	16.6	7.1	16.8	-0.8	1.8
5-Year	4.2	6.8	- - -	3.0	0.2	15.9	1.7	6.4	4.0	7.2	3.1	15.7	7.2	- - -	-0.7	1.8
7-Year	- - -	- - -	0.4	- - -	0.4	15.8	- - -	6.6	4.4	7.3	- - -	- - -	- - -	- - -	-0.6	1.9
10-Year	5.5	7.3	0.5	3.2	- - -	15.8	- - -	6.4	4.6	7.3	- - -	15.6	8.0	- - -	-0.3	2.0
15-Year	- - -	- - -	- - -	- - -	- - -	- - -	3.2	6.8	- - -	7.5	- - -	- - -	9.9	- - -	-0.2	- - -
25-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	9.6	- - -	- - -	- - -
30-Year	- - -	- - -	- - -	- - -	- - -	- - -	4.3	6.7	- - -	- - -	- - -	- - -	9.6	- - -	0.2	2.6

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

CORPORATE BONDS SUMMARY, JULY 22ND 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	1.2	199	174
South Africa	**FirstRand Bank Ltd 4.25% '20**	USD	BB/Baa3	30/4/2020	500	3.3	136	118
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.7	136	106
Turkey	**Arcelik AS 3.875% '21**	EUR	BB+/NA	16/9/2021	350	3.0	378	346
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	6.5	472	455
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	9.0	723	677
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	8.6	685	639
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	8.6	683	635
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	7.1	537	516
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	6.2	436	423

CREDIT DEFAULT SWAP SPREADS, JULY 22ND 2019

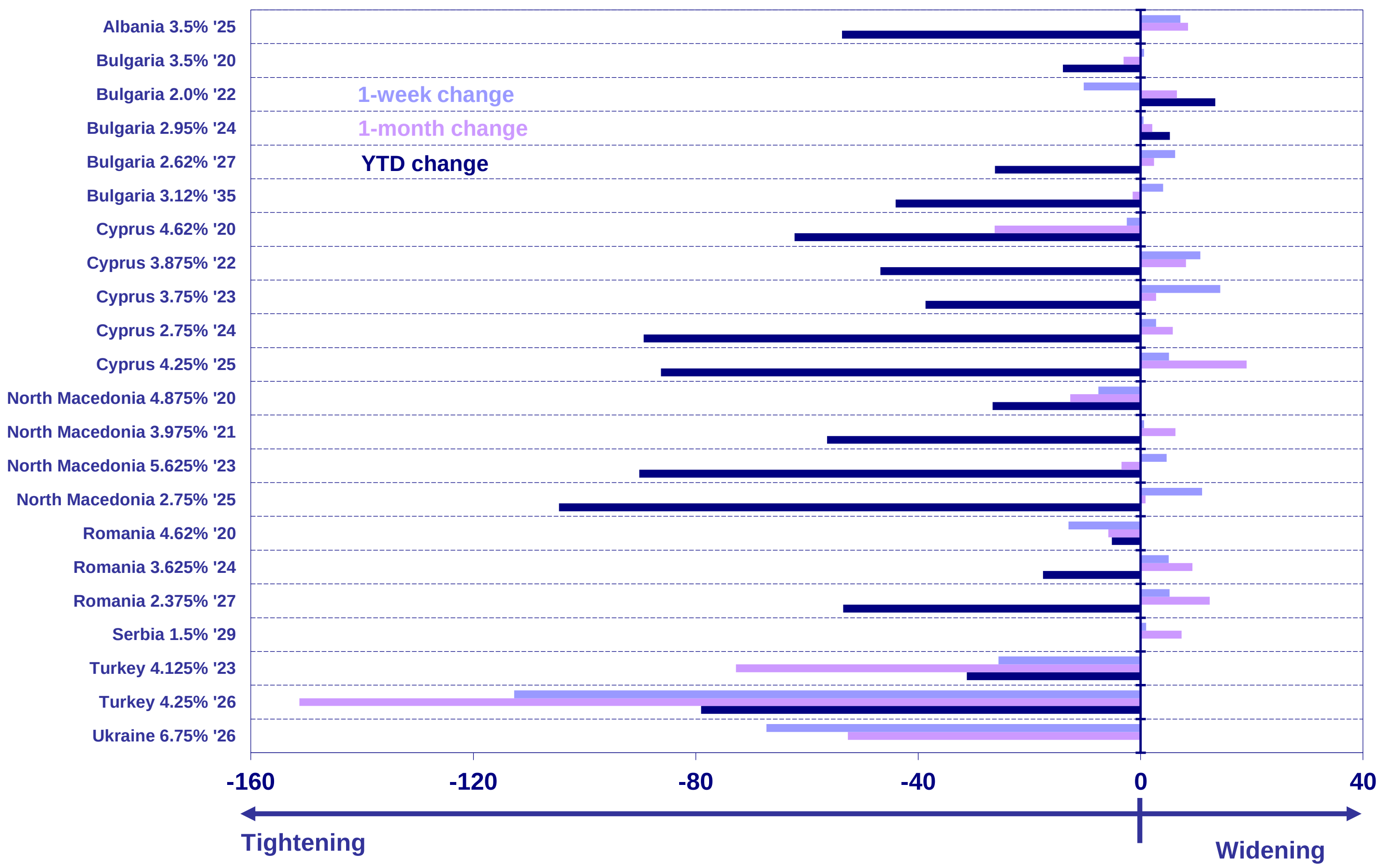
	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	- - -	127	76	43	90	312	- - -	85	89	104	105	367	157	490
10-Year	- - -	208	104	82	103	362	- - -	94	129	166	132	385	225	513

Sources: Reuters & NBG estimates

EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY, JULY 22ND 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	2.5	315	277
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.2	44	21
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	-0.1	72	36
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	0.1	77	39
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	0.4	89	52
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	1.5	170	125
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	0.1	82	49
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1,000	0.1	88	54
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1,000	0.3	101	70
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0.2	88	52
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	0.4	102	66
North Macedonia 4.875% '20	EUR	BB-/NA	1/12/2020	178	0.8	148	131
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	1.2	200	476
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	1.5	226	204
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	1.7	237	197
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	-0.1	58	35
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	0.5	117	85
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	1.3	181	143
Serbia 1.5% '29	EUR	BB/Ba3	26/6/2029	1,000	1.5	184	139
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	3.6	434	397
Turkey 5.2% '26	EUR	NR/Ba3	16/2/2026	1,500	6.5	455	423
Ukraine 6.75% '26	EUR	B-/Caa1	20/6/2026	1,000	5.2	582	559

EUR-Denominated Eurobond Spreads (July 22nd 2019)

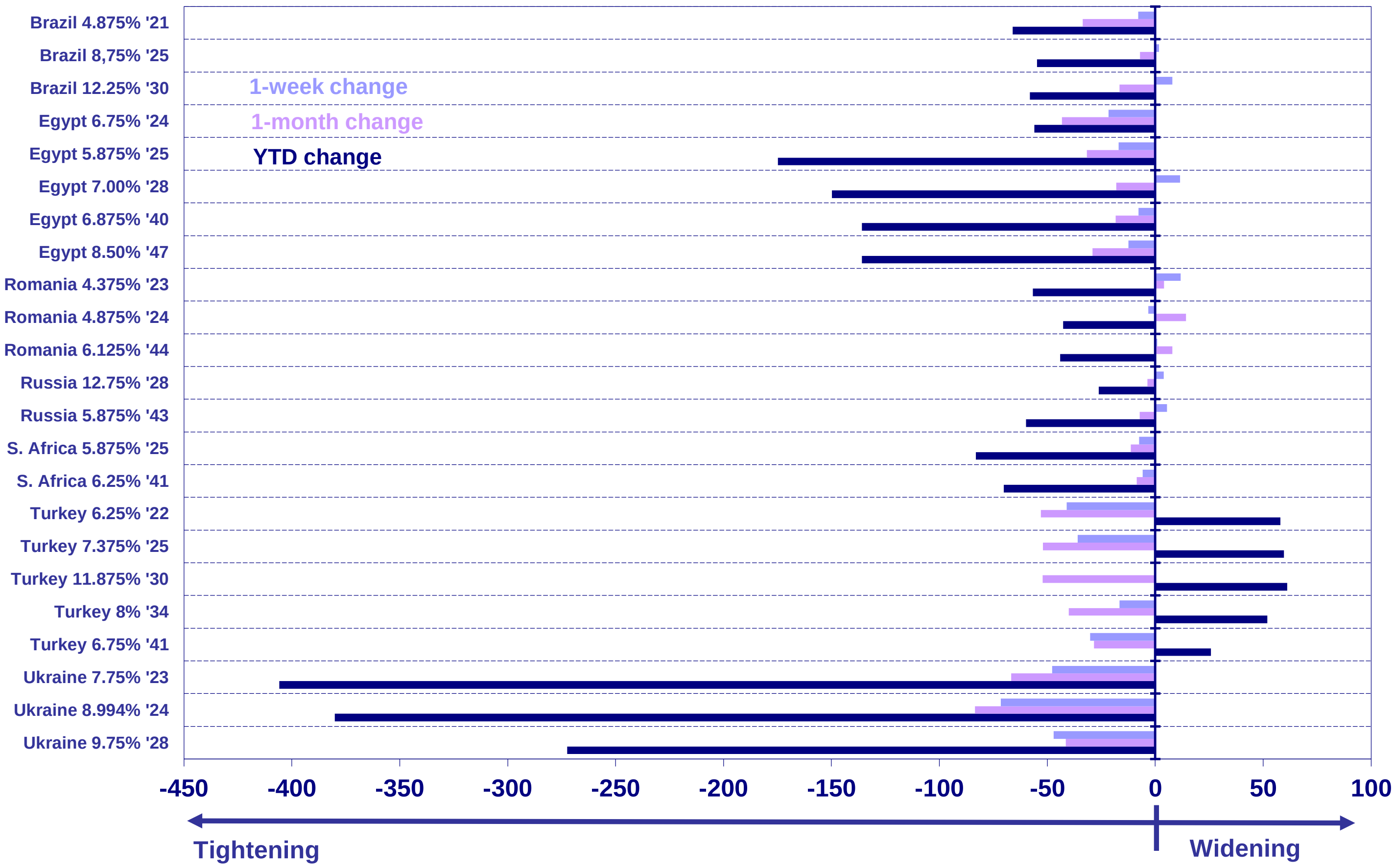


Sources: Reuters & NBG estimates

USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY, JULY 22ND 2019

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Brazil 4.875% '21	USD	NA/Ba2	4/2/2025	2,713	2.3	50	40
Brazil 8,75% '25	USD	NA/Ba2	4/2/2025	688	3.3	148	167
Brazil 12.25% '30	USD	NA/Ba2	6/3/2030	240	2.6	249	347
Egypt 6.75% '24	USD	NA/B2	10/11/2024	1,320	5.0	317	327
Egypt 5.875% '25	USD	B/B2	11/6/2025	1,500	5.2	335	335
Egypt 7.00% '28	USD	NA/B2	10/11/2028	1,320	6.1	406	424
Egypt 6.875% '40	USD	B/B2	30/4/2040	500	7.1	455	476
Egypt 8.50% '47	USD	NA/B2	31/1/2047	2,500	7.7	512	574
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	2.9	114	119
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	3.1	128	134
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	4.4	185	254
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	4.0	198	284
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	4.4	182	246
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	4.1	216	234
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	5.3	277	334
Turkey 6.25% '22	USD	NR/Ba3	26/9/2022	2,500	5.9	412	408
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	6.5	473	475
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	7.2	517	620
Turkey 8% '34	USD	NR/Ba3	14/2/2034	1,500	7.3	530	534
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	7.2	468	451
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	5.7	392	405
Ukraine 8.994% '24	USD	B-/Caa1	1/2/2024	750	6.1	434	457
Ukraine 9.75% '28	USD	B-/Caa1	1/11/2028	1,600	7.4	537	588

USD-Denominated Eurobond Spreads (July 22nd 2019)

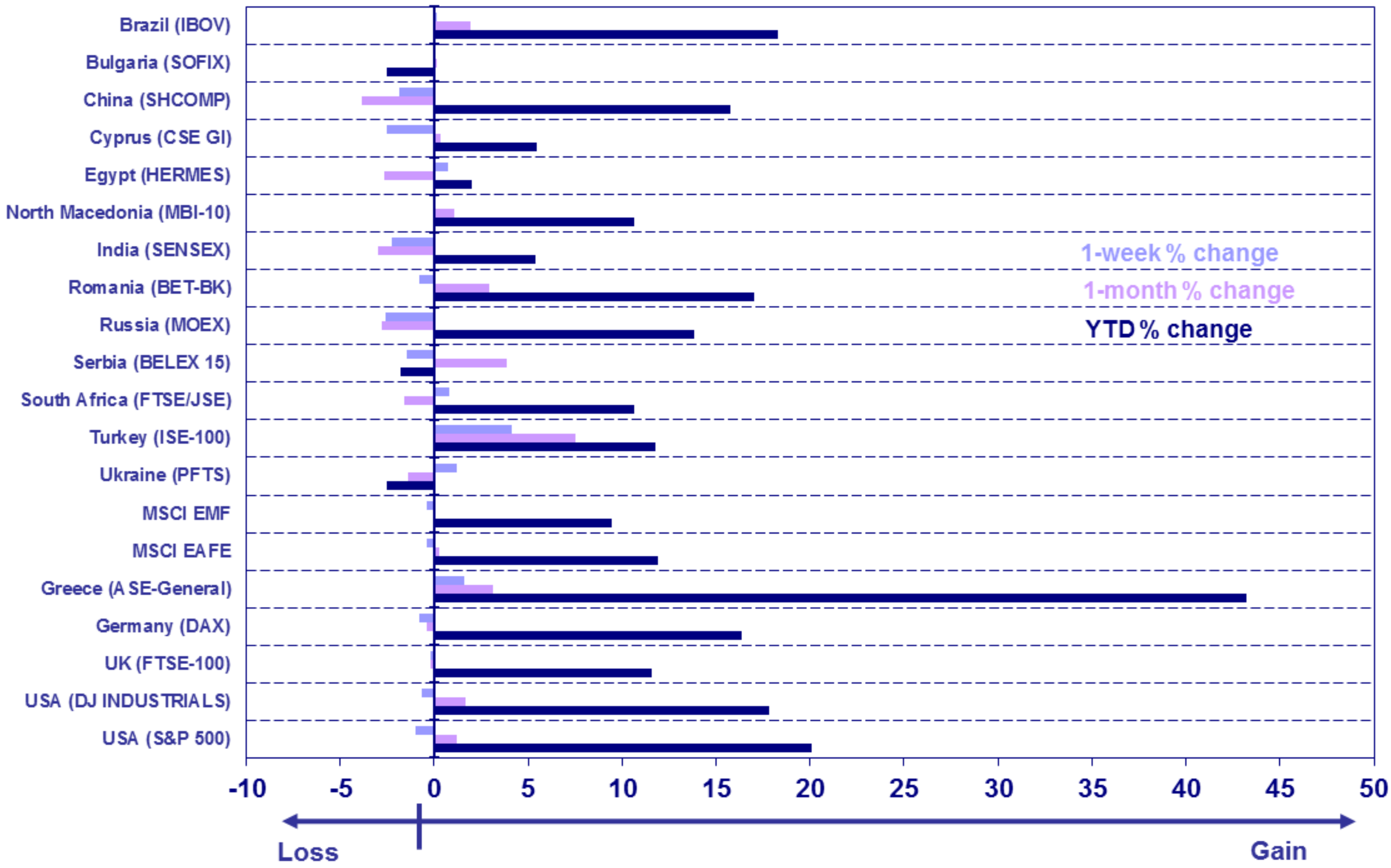


Sources: Reuters & NBG estimates

STOCK MARKETS PERFORMANCE, JULY 22ND 2019

	2019 Local Currency Terms Level	2019 Local Currency Terms 1-week % change	2019 Local Currency Terms 1-month % change	2019 Local Currency Terms YTD % change	2019 Local Currency Terms 1-year % change	2019 Local Currency Terms Year-Low	2019 Local Currency Terms Year-High	2019 EUR Terms YTD % change	2018 Local Currency Terms % change	2018 EUR terms % change	2017 Local Currency terms % change	2017 EUR terms % change
Brazil (IBOV)	103,949	0.1	1.9	18.3	33.3	87,536	106,650	25.3	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	579	-0.1	0.1	-2.5	-8.5	560	622	-2.5	-12.3	-12.3	15.5	15.5
China (SHCOMP)	2,887	-1.9	-3.8	15.8	1.0	2,441	3,288	18.1	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	70	-2.5	0.3	5.5	-8.1	60	74	5.5	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,296	0.7	-2.6	2.0	-13.0	1,278	1,467	11.2	-11.1	-11.1	32.0	18.7
North Macedonia (MBI)	3,837	-0.1	1.0	10.6	15.2	3,467	3,943	10.6	36.6	36.6	18.9	18.9
India (SENSEX)	38,031	-2.2	-3.0	5.4	3.6	33,292	40,312	9.2	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,704	-0.8	2.9	17.0	7.7	1,394	1,718	15.4	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,684	-2.6	-2.8	13.8	18.7	2,350	2,848	27.9	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	748	-1.5	3.9	-1.8	3.0	668	764	-1.4	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	58,015	0.8	-1.6	10.6	2.6	50,907	59,545	-34.7	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	101,089	4.1	7.5	11.8	6.1	83,535	105,930	5.8	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	545	1.2	-1.4	-2.5	8.6	530	582	6.7	77.5	88.1	18.8	0.8
MSCI EMF	1,054	-0.4	0.1	9.5	-1.5	946	1,099	11.7	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,917	-0.4	0.3	11.9	-3.2	1,709	1,950	14.2	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	865	1.6	3.1	43.2	15.1	600	900	43.2	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	12,289	-0.8	-0.4	16.4	-2.1	10,387	12,656	16.4	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,515	-0.2	1.5	11.6	-1.8	6,599	7,623	11.9	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	27,172	-0.7	1.7	17.8	8.5	21,713	27,399	20.2	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,985	-1.0	1.2	20.1	6.3	2,444	3,018	22.5	-6.2	-1.9	19.4	4.7

Equity Indices (July 22nd 2019)



Sources: Reuters & NBG estimates