



Economic Analysis Division Emerging Markets Analysis

Bi-Weekly Report June 11 - 24 2019



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Emerging Markets Analysis

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TURKEY 1

President Erdoğan’s AK party suffered a serious defeat in the Istanbul election re-run

Moody’s cut Turkey’s long-term sovereign credit rating by 1 notch to “B1” (4 notches below investment grade), while maintaining a negative outlook

External rebalancing continued for a 10th consecutive month in April, with the 12-month rolling current account deficit declining to a 9½-year low of 1.1% of GDP from 3.5% in December and a 6-year high of 7.1% in June

ROMANIA 2

GDP growth reached a 5-quarter high of 5.0% y-o-y in Q1:19

Macroeconomic imbalances are intensifying, calling for a policy response

SERBIA 3

The European Commission (EC) reiterated that the pace of Serbia’s EU accession depends on intense progress in two key areas: i) a more intense pace of reform on Rule of Law; and ii) normalization of its relations with Kosovo

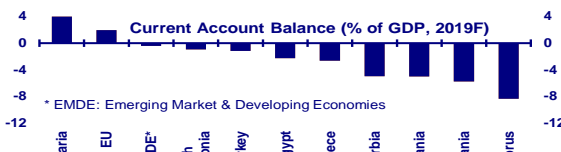
GDP growth moderated to a still robust 2.5% y-o-y in Q1:19

ALBANIA 4

Political tensions heighten ahead of the June 30th local elections

The European Commission (EC) repeated its recommendation for the launch of EU membership talks with Albania

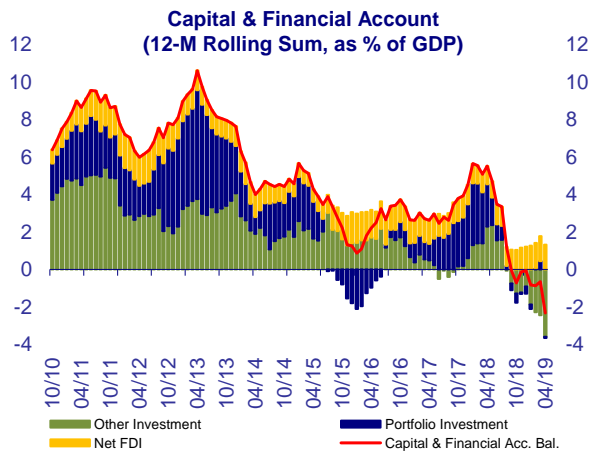
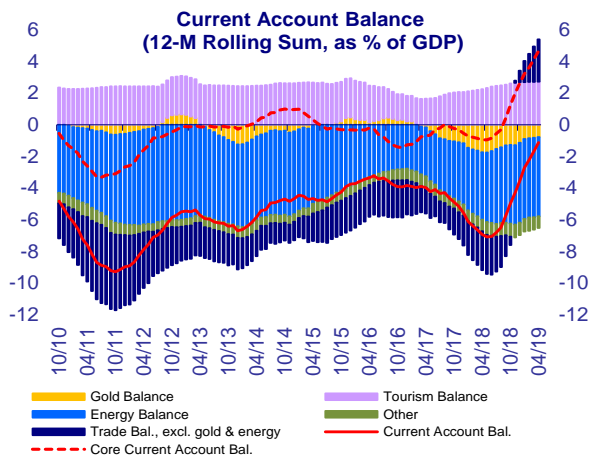
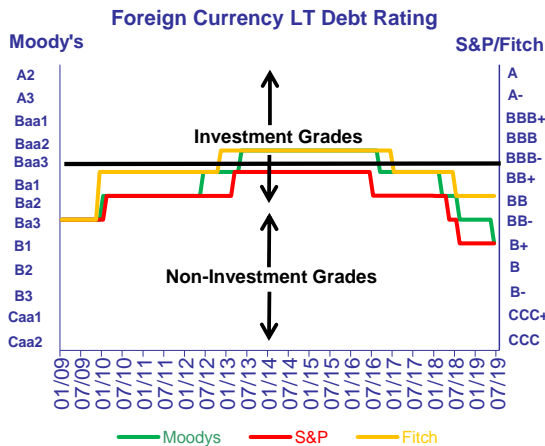
APPENDIX: FINANCIAL MARKETS 5





Turkey

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



	24 June	3-M F	6-M F	12-M F	
1-m TRIBOR (%)	24.7	24.0	22.0	19.5	
TRY/EUR	6.62	6.70	6.75	6.80	
Sov. Spread (2025, bps)	525	540	480	400	
	24 June	1-W %	YTD %	2-Y %	
ISE 100	95,182	3.2	5.2	-4.5	
	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	16.5	12.5
Cur. Acct. Bal. (% GDP)	-3.8	-5.6	-3.5	-1.2	-2.5
Fiscal Bal. (% GDP)	-1.1	-1.5	-1.9	-3.0	-3.0

President Erdoğan's AK party suffered a serious defeat in the Istanbul election re-run. E. Imamoglu of the opposition CHP secured 54.2% of the vote, a significantly wider margin of victory than the original vote in March. The latter was annulled after the AKP challenged the results over voting irregularities, with the decision prompting one of the sharpest sell-offs of Turkish assets since the August currency crisis.

The election outcome, which marks the first defeat for the AKP in Istanbul after more than two decades, is expected to raise pressure on President Erdoğan and could trigger a cabinet reshuffle. Nevertheless, the AKP remains the dominant force on the political stage, having secured 42.5% of the vote (or 49.7% together with its ally, the MHP) in the March 2019 elections, far ahead of the main opposition party, the CHP, which gained 29.6% (or 37.0% together with its ally, the IYI).

All said, following the completion of the prolonged election cycle, and with the next elections due in 2023, we would expect the authorities to deliver a more consistent policy mix and carry out long-awaited reforms necessary to stabilise the economy and attract foreign investors. Worryingly, however, uncertainty is unlikely to ease in the short term, reflecting concerns over potential US and EU sanctions.

Moody's cut Turkey's long-term sovereign credit rating by 1 notch to "B1" (4 notches below investment grade), while maintaining a negative outlook. Moody's rating is now in line with that of S&P and 2 notches lower than that of Fitch. The main reason behind the downgrade was an increasing risk of a balance of payments crisis. Moreover, the Agency criticised the Government for adopting initiatives, including a state-bank-driven pick-up in lending, that undermine the tighter fiscal-monetary stance, eroding the resilience of the economy and its banking system to external shocks.

External rebalancing continued for a 10th consecutive month in April, with the 12-month rolling current account deficit (CAD) declining to a 9½-year low of 1.1% of GDP from 3.5% in December and a 6-year high of 7.1% in June. The decline in the 12-month rolling CAD since June 2018 (by 6.0 pps of GDP) was driven by the narrowing in the core trade deficit (excl. oil and gold, down 5.1 pps to a surplus of 2.7% of GDP), due to weaker domestic demand and a sharp improvement in external competitiveness (the CPI-based REER is down 25% over the past 3 years). Not surprisingly, the energy deficit widened further (by 0.5 pps of GDP), in line with developments in global oil prices and TRY depreciation. This deterioration was more than offset, however, by a shrinkage in the gold balance deficit (up 0.9 pps of GDP), following a normalization in gold imports.

Turkey's external position is expected to stabilize in H2:19, since the prospective recovery in economic activity will be accompanied by higher import spending (we project GDP to expand by 1.0% y-o-y at that time against a contraction of 3.3% in H1:19). Overall, we see the CAD at 1.2% of GDP in FY:19 against 3.5% in FY:18.

The deterioration in the capital & financial account (CFA) continued, reflecting tighter external financing conditions and weak investor sentiment. The deterioration in the 12-month CFA since June (down 6.2 pps to a deficit of 0.8% of GDP) was driven by higher net debt repayment (especially by banks) and the acceleration in deposit outflows from the banking system, amid protracted uncertainty (August currency crisis, March and June local elections). As a result, the 12-month rolling overall balance deteriorated marginally (by 0.2 pps) to a deficit of 1.9% of GDP, with net FX reserves (excl. gold) reaching USD 72.2bn in April (down USD 3.3bn since June, but only down USD 0.7bn since end-2018). At their current level, FX reserves cover an acceptable 3.9 months of GNFS imports and c. 110% of short-term external debt, excluding trade credits.

Sources: Reuters, Bloomberg, CBRT & NBG estimates



Romania

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

GDP growth reached a 5-quarter high of 5.0% y-o-y in Q1:19. Economic activity gained momentum in Q1:19, with GDP rising by a solid 1.3% q-o-q s.a. against 1.0% in Q4:17. As a result, the annual pace of economic expansion rose sharply to 5.0% y-o-y in Q1:19 from 4.1% in Q4:18.

Stronger private consumption, together with a pick-up in investment and the continuing build-up in inventories, boosted economic growth in Q1:19. Growth in private consumption strengthened in Q1:19 (to 6.7% y-o-y from 5.1% in Q4:18), reflecting the ongoing easing in incomes policy (public sector wages rose by 20% in January, following an increase of c. 25% in FY:18), amid tight labour market conditions (the LFS unemployment rate fell to a historical low of 3.9% in Q1:19).

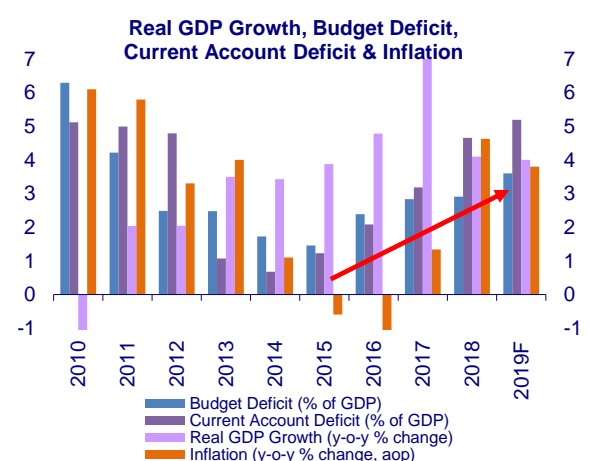
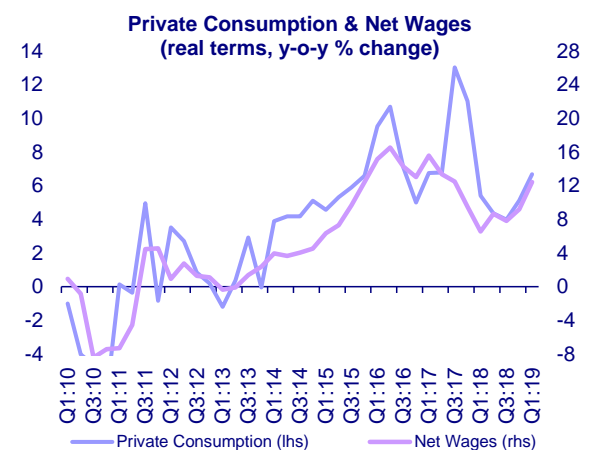
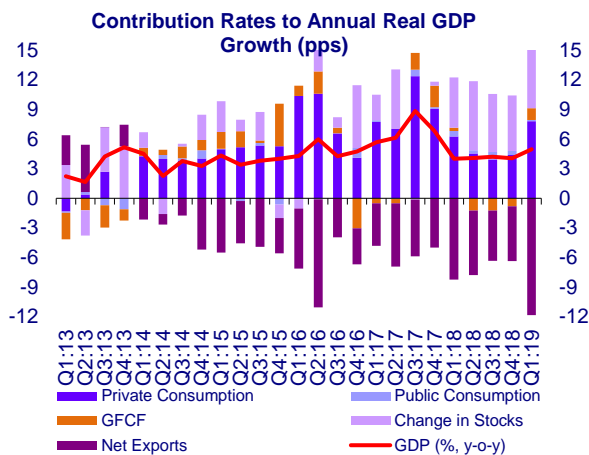
Moreover, following 3 quarters of negative growth, fixed investment expanded in Q1:19 (up 5.4% y-o-y). Indeed, the fiscal changes introduced at the beginning of the year, including tax incentives to the construction sector, which motivated many firms to move away from the “grey” economy, together with good weather conditions, boosted construction activity in Q1:19 (adding 0.3 pps to overall growth against a negative contribution of 0.5 pps in Q4:18). The build-up in inventories also sustained economic growth in Q1:19 (incl. statistical discrepancies, adding a sizeable 7.7 pps).

Unsurprisingly, net exports continued to weigh on overall growth in Q1:19 (shaving as much as 11.9 pps off headline growth against 5.6 pps in Q4:18), in line with robust domestic demand.

Economic growth is set to slow gradually during the remainder of the year. Looking ahead, weak business and consumer confidence, reflecting concerns over fiscal and legislative instability ahead of a long pre-election period (presidential and legislative elections are scheduled for end-2019 and mid-2020, respectively), should take a toll on economic activity. In this context, we expect private consumption to remain the main engine of growth, supported by the ongoing easing in incomes policy (in addition to the hikes in public sector wages, pensions are set to increase by 15% in September). Nevertheless, its pace of expansion should moderate, in line with slower employment growth in a labour market close to full employment. At the same time, in view of rapidly rising labour costs, and with little help from the public sector, growth in fixed investment is unlikely to improve further, despite strong base effects. Worryingly, net exports will remain a large drag on overall growth, reflecting, *inter alia*, weak external demand from the EU, Romania’s main trading partner. All said, we see FY:19 GDP growth at 4.0%, broadly unchanged compared with FY:18.

Macroeconomic imbalances are intensifying, calling for a policy response. The economy still appears overheated, with GDP growth above its long-term potential (of 3.0%) for a 7th consecutive year, and the current account deficit up sharply (to 5.0% of GDP in FY:19 from a low of 0.7% in FY:14). At the same time, fiscal policy is expansionary (the budget deficit is set to widen to 3.6% of GDP in FY:19, above the EU threshold of 3.0%, from 2.9% in FY:18 and a low of 1.5% in FY:15).

Against this backdrop, the NBR appears to be behind the curve -- albeit broadly aligned with monetary policy trends globally. Our “Taylor rule” estimates suggest that rates should be raised to 4.5% from 2.5% currently to address these challenges. Importantly, following the decoupling of the bank tax from the evolution of ROBOR, the NBR has room for manoeuvre in monetary policy. However, in view of the authorities’ reluctance to proceed with aggressive rate hikes, especially in the context of limited or no tightening by other central banks in the region, we expect the NBR to adhere to tight liquidity management and adjust its key rate only gradually (up 50 bps to 3.0% by end-2019).



	24 June	3-M F	6-M F	12-M F
1-m ROBOR (%)	3.0	3.0	3.0	3.0
RON/EUR	4.72	4.80	4.82	4.85
Sov. Spread (2024, bps)	108	128	120	110

	24 June	1-W %	YTD %	2-Y %
BET-BK	1,645	1.2	13.0	2.5

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	4.8	7.0	4.1	4.0	3.6
Inflation (eop, %)	-0.5	3.3	3.3	3.8	3.2
Cur. Acct. Bal. (% GDP)	-2.1	-3.2	-4.5	-5.0	-5.4
Fiscal Bal. (% GDP)	-2.4	-2.8	-2.9	-3.6	-3.8

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



Serbia

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

The European Commission (EC) reiterated that the pace of Serbia's EU accession depends on intense progress in two key areas.

In its annual progress report, the EC confirmed the country's commitment to EU accession reforms that resulted in the opening of four more Chapters in EU accession negotiations over the past year. This brought the number of opened Chapters of the *acquis* to 16 (out of a total of 35) since the formal launch of accession talks in January 2014, with two having been provisionally completed.

According to the EC, the pace of Serbia's EU accession hinges on substantial progress in two key areas: i) a more intense pace of reform on Rule of Law; and ii) normalization of its relations with Kosovo. Regarding the Rule of Law criteria, the EC urged for further progress on (an independent) judiciary, the depoliticisation of the public administration, a stronger fight against corruption and the improvement of media freedom. Moreover, the EC called all political parties to engage in talks to resolve the political turmoil. Recall that weekly protests over the Government's influence in media have been ongoing since end-2018, while several opposition parties have been boycotting Parliament over the past four months, demanding the resignation of the Government and the President, and refusing, at the same time, to participate in any future elections unless their call for free elections is met. Note that, according to recent polls, the pro-presidential ruling party retains strong public support, with a sizeable lead over the (rather disparate) alliance formed by several opposition parties.

The EC also confirmed Serbia's engagement in the EU-facilitated dialogue with Kosovo, although progress was limited this year due to heightened tensions. In fact, talks between Kosovo and Serbia were halted in November, after Kosovo: i) imposed a 100% tariff on imports from Serbia in retaliation to the latter's refusal to endorse its membership in Interpol; and ii) transformed its security force into a regular army.

Although Serbia still has a long and bumpy road before joining the EU, membership talks will continue to strengthen the reform momentum.

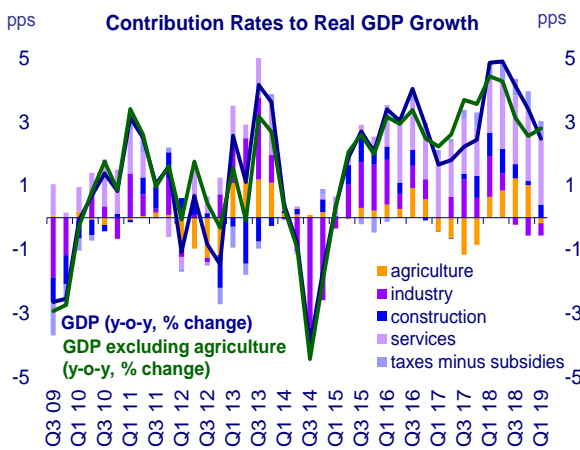
GDP growth moderated to a still robust 2.5% y-o-y in Q1:19. GDP grew at a solid pace of 2.5% y-o-y in Q1:19, albeit easing from 3.8% in H2:18 and a post-global crisis high of 4.9% in H1:18. The slowdown was mainly driven by a normalization in agricultural output. In fact, growth in agricultural production turned negative in Q1:19 (subtracting 0.2 pps from real GDP growth), after reaching double digits in FY:18 (contributing 0.9 pps) following a drought-related decline in FY:17.

Even excluding agriculture, GDP growth moderated, albeit at a slower pace, to 2.8% y-o-y in Q1:19 from 2.9% in H2:18 and 4.4% in H1:18, due to the decline in industrial production. The latter came on the back of weaker external demand, reflecting: i) the slowdown in GDP growth in the EU (to 1.5% y-o-y in Q1:19 from 2.1% in FY:18), Serbia's main trade partner (absorbing 2/3 of the country's exports); and ii) the imposition by Kosovo of a 100% tariff on imports from Serbia in Q4:18, effectively halting trade with Kosovo (the latter accounts for 3.0% of Serbia's exports, mainly food).

Economic activity should gain momentum during the rest of the year on a looser fiscal stance.

Economic activity is expected to be supported in Q2-Q4:19 by: i) stronger private consumption, on the back of a looser incomes policy (including a 5-25% rise in pensions and a 9.0% hike in public sector wages) and its spill-over to the private sector amid tightening labour market conditions; ii) improved confidence in the domestic economy, on the back of strong fundamentals and continued engagement with the IMF; and iii) the increased production in the copper mine, RTB Bor, following its acquisition from the Chinese company, Zijin, at end-2018. As a result, we see FY:19 GDP growth at 3.6%, broadly in line with above its long-term potential (of 3.5%).

Key Dates in Serbia's Path towards EU Membership	
10 December 2018	Negotiations opened on Chapter 17 Economic and monetary policy and Chapter 18 Statistics
25 June 2018	Negotiations opened on Chapter 13 Fisheries and Chapter 33 Financial and budgetary provisions
11 December 2017	Negotiations opened on Chapter 6 Company Law and Chapter 30 External Relations
20 June 2017	Negotiations opened on Chapter 7 Intellectual Property Law and Chapter 29 Customs Union
27 February 2017	Negotiations opened on Chapter 20 Enterprise and Industrial policy and Chapter 26* Education and Culture
13 December 2016	Negotiations opened on Chapter 5 Public procurement and Chapter 25 Science and research
18 July 2016	Negotiations opened on "Rule of Law" Chapters (Chapter 23 on Judiciary and fundamental rights and Chapter 24 on Justice, freedom and security)
14 December 2015	Negotiations opened on two Chapters of the <i>acquis</i> : Chapter 32 on Financial control and Chapter 35 on the Normalization of relations with Kosovo
21 January 2014	Opening of Accession Negotiations
1 September 2013	The Stabilisation and Association Agreement (SAA) between the EU and Serbia enters into force
1 March 2012	The European Council grants Serbia EU candidate status
12 October 2011	European Commission (EC) recommends the status of EU candidate for Serbia
1 February 2010	Entry into force of the Interim Agreement on Trade
19 December 2009	Entry into force of the Visa liberalisation with Serbia
29 April 2008	Signing of the SAA



	24 June	3-M F	6-M F	12-M F
1-m BELIBOR (%)	2.5	2.7	2.8	3.0
RSD/EUR	117.8	116.5	116.0	115.0
Sov. Spread (2021, bps)	102	116	113	110

	24 June	1-W %	YTD %	2-Y %
BELEX-15	720	-0.3	-5.4	2.1

	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, OPBC, EC & NBG estimates



Albania

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

Key Dates in Albania's Path towards EU Membership	
Jun. 2019	European Commission (EC) recommends the opening of accession negotiations
Apr. 2018	EC recommends the opening of accession negotiations
Nov. 2016	EC grants a conditional recommendation for the opening of accession negotiations, subject to concrete progress on the enactment of the judicial reform, especially the re-evaluation of judges and prosecutors.
Jun. 2014	European Council grants Albania the status of candidate country for EU membership
Oct. 2013	EC identifies 5 key priorities for opening accession negotiations
Oct. 2013	EC recommends Tirana EU candidate status on the understanding that Albania continues to take action in the fight against organised crime and corruption
Oct. 2012	EC recommends Tirana EU candidate status subject to completion of key measures in certain areas
Oct. 2011	EC again denies Tirana EU candidate status
Dec. 2010	Entry into force of the Visa liberalisation
Nov. 2010	EC denies Tirana EU candidate status
May 2010	EC starts "Opinion process" on Albania's EU membership application
Apr. 2010	Albania files the questionnaire on its readiness to join the EU
Dec. 2009	EC hands Albania questionnaire in order to assess country's readiness for EU membership
Nov. 2009	EU Foreign Ministers agree to proceed with Albania's membership application
Apr. 2009	Albania submits its application for EU membership
Apr. 2009	Entry into force of the SAA
June 2006	Signing of the SAA
Jan. 2003	EC launches the negotiations for a SAA between the EU and Albania
2001	EC recommends the start of negotiations on Stabilisation and Association Agreement (SAA) with Albania

IPA II indicative allocations for 2014-2020				
(EUR mn)	Democracy & Governance	Rule of Law & Fundamental Rights	Competitiveness & Growth	Total
2014-2017	157.2	69.0	127.0	353.2
2018-2020	66.3	28.0	202.0	296.3
Total	223.5	97.0	329.0	649.4

	24 June	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.3	2.2	2.2	2.2
ALL/EUR	121.7	123.8	123.5	122.0
Sov. Spread (bps)	176	215	200	180

	24 June	1-W %	YTD %	2-Y %
Stock Market	---	---	---	---

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

Sources: Reuters, EC & NBG estimates

Political tensions heighten ahead of the June 30th local elections.

The ruling Socialist Party launched a vote of no confidence against President I. Meta in mid-June. The move comes after Meta's decision to indefinitely postpone the date of local elections (scheduled for June 30th), due to the opposition's boycott. The Parliament passed a resolution, criticising the President's decision as unconstitutional (note that the Constitutional Court, which has the final say on the issue, is not functioning after most of its judges were dismissed due to the "vetting", see below). Recall that the opposition, with very limited exceptions, had initially boycotted Parliament and then relinquished *en bloc* their mandate in February. Since then, it has been leading anti-government protests, demanding early elections over corruption allegations. The opposition has also refused to run in the local elections, threatening to block voter participation.

The EU and the US have repeatedly urged the opposition -- that has seen its support waning since the 2017 parliamentary elections -- to return to Parliament and hold talks with PM Rama to resolve the turmoil.

The European Commission (EC) repeated its recommendation for the launch of EU membership talks with Albania. The EC made a new recommendation for the opening of EU accession negotiations with Albania -- a candidate country since mid-2014 -- following significant progress on the implementation of 5 key priorities, i.e.:

i) the enactment of a profound judicial reform, by steadily advancing the unprecedented assessment of property holdings and professional efficiency of 800 judges and prosecutors ("vetting"), resulting in the resignation and dismissal of several high ranking judges and prosecutors. Moreover, major self-governing justice bodies have been established -- a crucial step in reinforcing the independence of the judiciary.

ii) progress in the fight against corruption, by launching the establishment of anti-corruption institutions, improving public procurement procedures and strengthening the track record of investigations, prosecutions and convictions.

iii) determined efforts in fighting organised crime, with intensified large-scale police operations, aimed at dismantling criminal groups, and leading to multiple arrests and convictions. Albania also remained committed in reducing drug cultivation. Meanwhile, the pending implementation of the "vetting" of police officers has already resulted in (voluntary) resignations of several officers.

iv) continued implementation of public administration reform, with steps towards promoting a (depoliticised) merit-based recruitment system and enhancing efficiency, transparency and quality of public services.

v) the respect of fundamental rights, with the adoption of a new law on social housing of minorities and the approval of measures aimed at reinforcing children's rights and tackling domestic violence.

In addition to the progress in the implementation of the 5 key priorities, the EC acknowledged Albania's continued progress towards full alignment of its legislation with that of the EU, and the continued smooth implementation of the SAA -- that came into effect in April 2009.

The EC also praised Albania for maintaining full alignment with the EU foreign policy, and its collaboration with the EU in strengthening border controls (including the deployment of EU's border security force).

Against the backdrop, *inter alia*, of the domestic political turmoil, the European Council postponed, at its June summit, the decision on granting Albania a starting date for EU membership negotiations until October. Even if the European Council finally endorses the opening of talks, Albania has a long way to go before joining the EU. Nevertheless, the initiation of the accession process should provide an important policy anchor.



FOREIGN EXCHANGE MARKETS, JUNE 24TH 2019

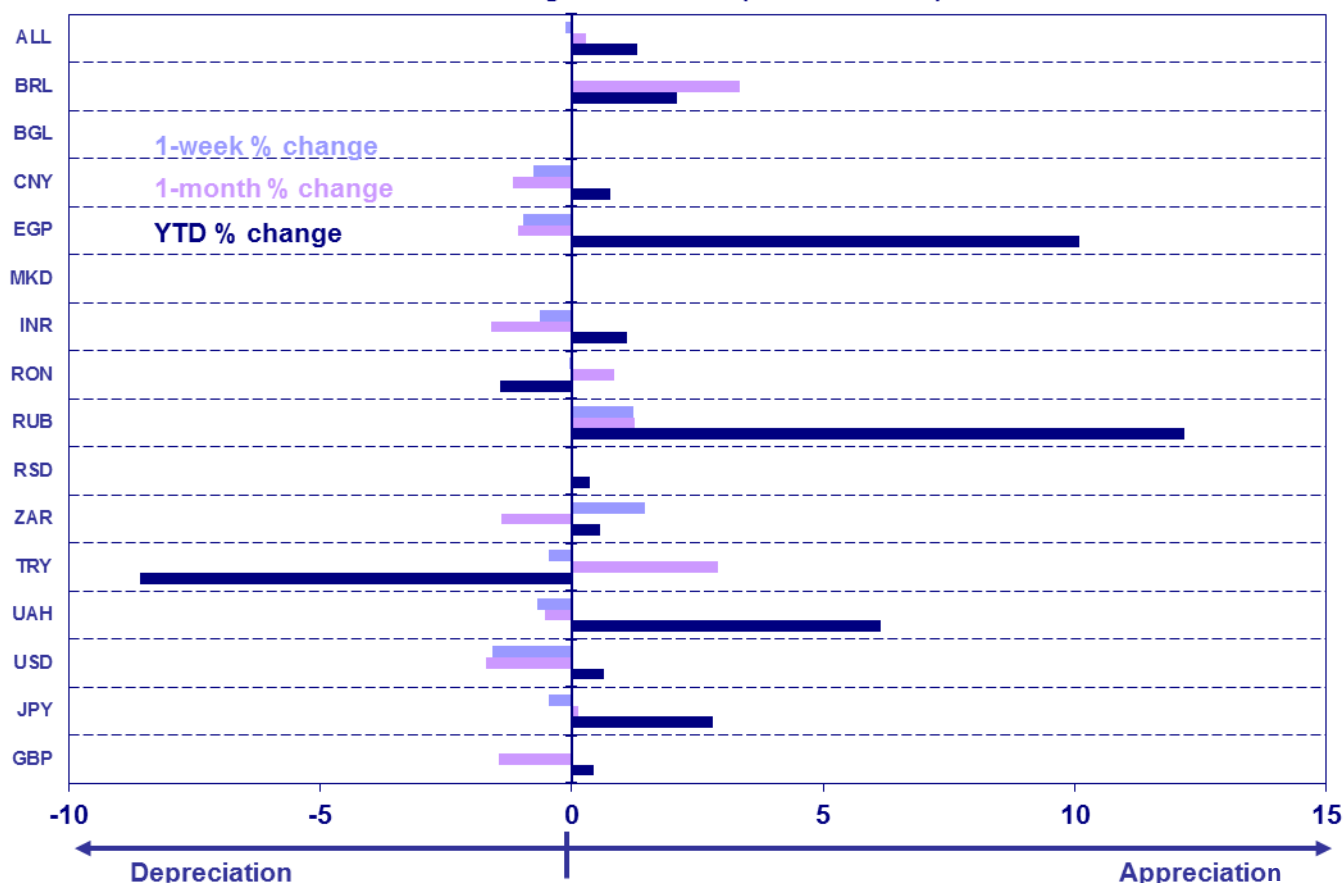
Against the EUR

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	121.7	-0.1	0.3	1.3	3.4	121.7	125.9	121.9	121.8	120.8	7.8	1.9
Brazil	BRL	4.36	0.0	3.3	2.1	1.3	4.16	4.60	---	---	4.63	-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	7.80	-0.8	-1.2	0.8	-1.9	7.49	7.88	---	---	8.06	-0.8	-6.0
Egypt	EGP	18.92	-1.0	-1.1	10.1	10.1	18.71	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	-0.6	-1.6	1.1	0.9	76.8	82.3	---	---	---	-3.9	-6.7
Romania	RON	4.72	0.0	0.8	-1.4	-1.2	4.72	4.78	4.76	4.80	4.90	0.6	-3.0
Russia	RUB	71.3	1.2	1.2	12.2	3.1	71.0	80.1	72.7	74.1	76.8	-13.4	-6.8
Serbia	RSD	117.8	0.0	0.0	0.4	0.2	117.9	118.5	118.2	118.4	---	0.2	4.2
S. Africa	ZAR	16.4	1.5	-1.4	0.6	-3.2	15.16	17.08	16.7	17.0	17.6	-9.9	-2.7
Turkey	YTL	6.62	-0.5	2.9	-8.6	-17.2	5.91	7.03	7.00	7.36	8.07	-24.9	-18.4
Ukraine	UAH	29.8	-0.7	-0.5	6.1	2.9	29.09	32.66	---	---	---	6.0	-15.2
US	USD	121.7	-0.1	0.3	1.3	3.4	121.7	125.9	121.9	121.8	120.8	4.6	-12.4
JAPAN	JPY	1.96	0.0	0.0	0.0	0.0	1.96	1.96	1.96	1.96	1.96	7.5	-8.9
UK	GBP	7.80	-0.8	-1.2	0.8	-1.9	7.49	7.88	---	---	8.06	-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 (June 24th 2019)





MONEY MARKETS, JUNE 24TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.1	6.4	---	1.8	---	15.9	---	---	2.7	7.7	---	25.2	7.0	16.8	---	2.3
T/N	---	---	---	---	---	---	---	---	2.7	7.8	2.2	---	6.9	---	---	---
S/W	1.1	6.4	---	2.6	-0.4	---	1.1	---	---	8.4	2.2	---	7.4	17.3	-0.4	2.4
1-Month	1.3	6.4	0.0	2.9	-0.4	---	1.2	6.3	3.1	7.9	2.6	25.9	7.2	18.4	-0.4	2.4
2-Month	---	6.4	---	---	---	---	---	---	---	8.2	2.7	26.2	7.2	---	---	2.4
3-Month	1.4	6.4	---	2.9	---	---	1.5	6.7	3.2	8.0	3.0	26.7	7.2	19.2	---	2.4
6-Month	1.5	6.3	---	3.0	---	---	1.7	---	3.4	7.9	3.1	27.2	7.6	---	---	2.3
1-Year	1.7	6.1	---	3.2	-0.1	---	2.0	---	3.5	8.5	---	27.7	7.8	---	-0.1	2.3

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

LOCAL DEBT MARKETS, JUNE 24TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	---	---	---	---	---	17,7	---	6,0	---	7,5	---	20,9	---	18,0	-0,5	2,1
6-Month	1,0	---	---	---	---	17,7	---	6,1	3,5	7,5	3,3	20,9	---	18,4	-0,6	2,1
12-Month	1,7	---	-0,1	2,7	---	17,2	0,8	6,1	3,3	7,0	2,7	21,3	---	18,5	-0,7	1,9
2-Year	1,5	---	---	2,8	---	---	---	6,2	3,4	7,2	---	19,0	6,4	18,0	-0,7	1,7
3-Year	2,3	---	0,0	2,9	0,1	---	---	6,5	3,8	7,2	---	17,5	7,1	17,0	-0,7	1,7
5-Year	---	7,2	---	3,1	0,2	16,2	1,7	6,7	4,1	7,4	3,4	16,9	7,3	15,8	-0,6	1,8
7-Year	3,8	---	0,4	---	0,3	16,0	---	6,8	4,3	7,4	---	---	---	---	-0,6	1,9
10-Year	---	7,7	0,6	3,3	---	15,8	---	6,9	4,5	7,4	---	15,6	8,2	---	-0,3	2,0
15-Year	---	---	---	---	---	---	3,2	7,1	---	7,5	---	---	9,9	---	-0,1	---
25-Year	---	---	---	---	---	---	---	---	---	---	---	---	10,0	---	---	---
30-Year	---	---	---	---	---	---	4,3	7,1	---	---	---	---	10,0	---	0,3	2,5

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

CORPORATE BONDS SUMMARY, JUNE 24TH 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	1.4	212	183
South Africa	FirstRand Bank Ltd 4.25% '20	USD	BB/Baa3	30/4/2020	500	3.1	115	103
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.8	140	101
Turkey	Arcelik AS 3.875% '21	EUR	BB+/NA	16/9/2021	350	2.8	353	318
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	6.7	500	480
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	9.9	817	752
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	9.0	729	675
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	9.2	753	690
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	7.4	572	546
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	5.9	425	412

CREDIT DEFAULT SWAP SPREADS, JUNE 24TH 2019

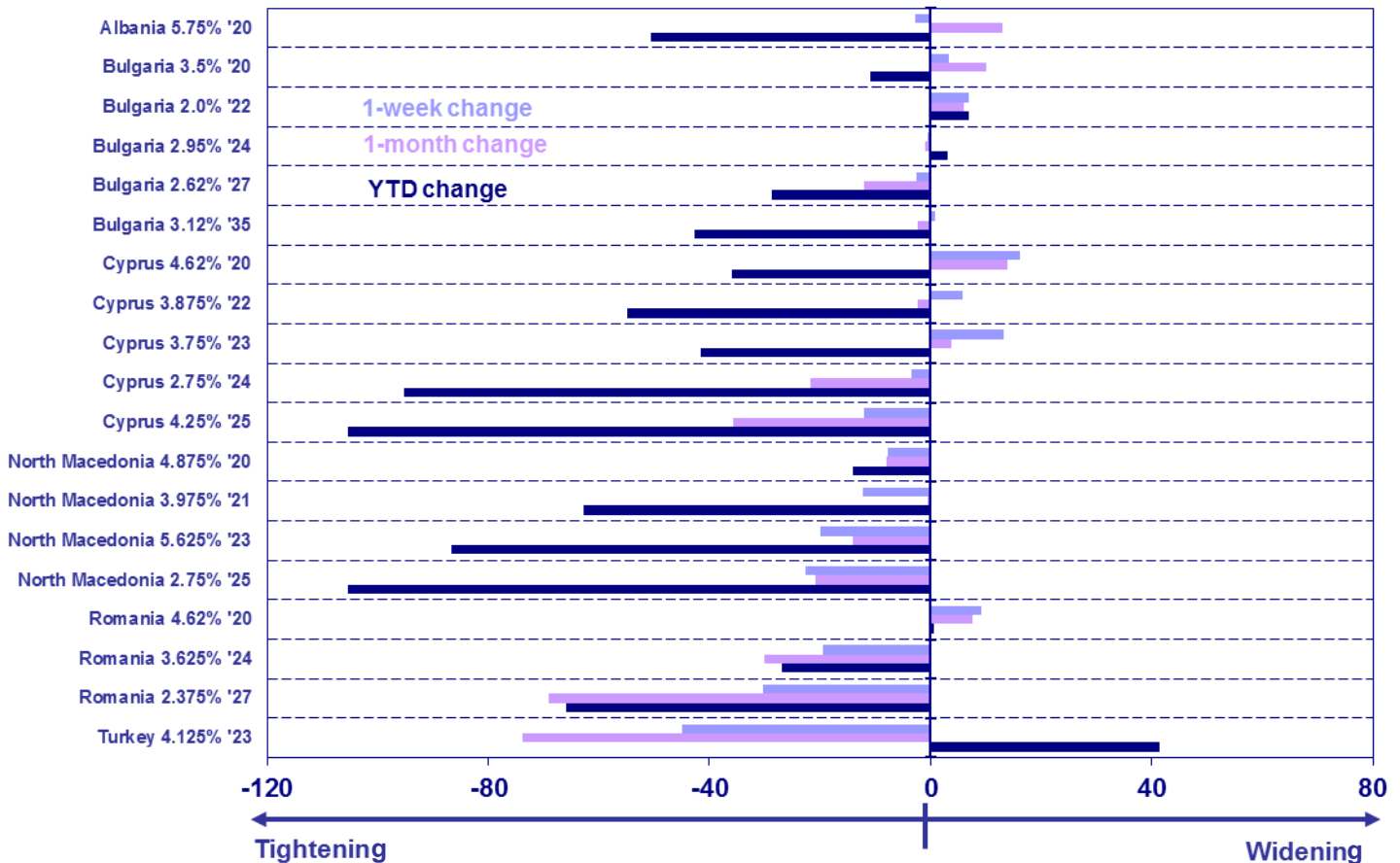
	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	---	150	76	44	90	320	---	95	89	113	121	427	173	520
10-Year	---	231	104	82	103	370	---	104	128	175	148	445	239	542



EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY, JUNE 24TH 2019

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Albania 5.75% '20	EUR	B+/B1	12/11/2020	450	1.0	176	148
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.1	47	23
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	-0.1	65	27
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	0.1	74	32
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	0.4	87	46
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	1.6	171	120
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	0.5	108	73
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1,000	0.1	80	43
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1,000	0.3	99	55
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0.2	83	41
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	0.3	83	45
North Macedonia 4.875% '20	EUR	BB-/NA	1/12/2020	178	0.9	161	131
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	1.2	194	487
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	1.6	230	202
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	1.7	236	195
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	-0.1	64	33
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	0.4	108	71
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	1.2	169	127
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	4.4	507	457

EUR-Denominated Eurobond Spreads (June 24th 2019)

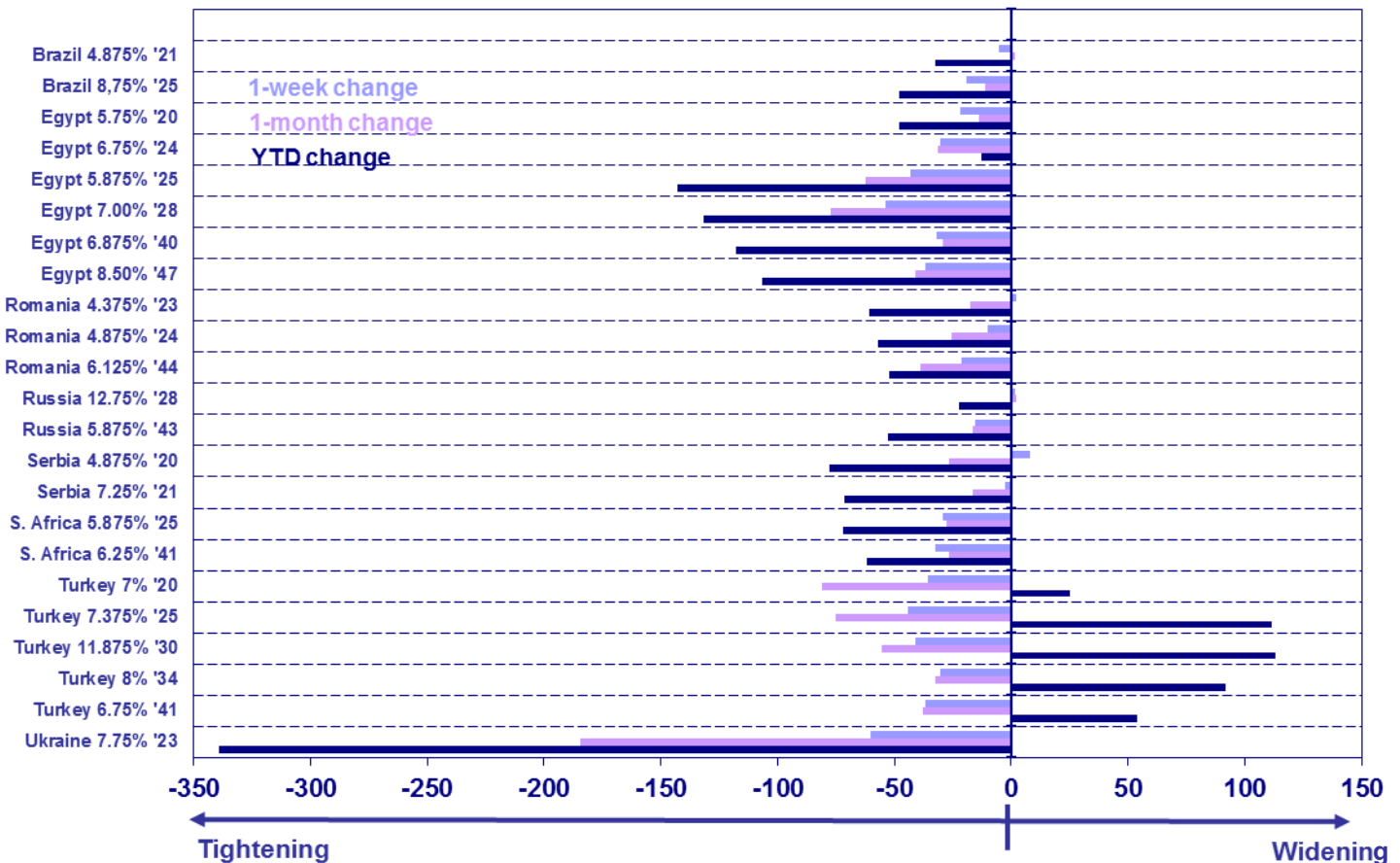




USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY, JUNE 24TH 2019

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Brazil 12.75% '20	USD	NA/Ba2	15/1/2020	87	2.7	---	---
Brazil 4.875% '21	USD	NA/Ba2	22/1/2021	2,713	2.6	84	75
Brazil 8.75% '25	USD	NA/Ba2	4/2/2025	688	3.3	155	176
Egypt 5.75% '20	USD	B/B2	29/4/2020	1,000	3.9	195	185
Egypt 6.75% '24	USD	NA/B2	10/11/2024	1,500	5.4	361	368
Egypt 5.875% '25	USD	B/B2	11/6/2025	500	5.5	367	375
Egypt 7.00% '28	USD	NA/B2	10/11/2028	1,000	6.3	424	439
Egypt 6.875% '40	USD	B/B2	30/4/2040	1,500	7.3	473	487
Egypt 8.50% '47	USD	NA/B2	31/1/2047	500	8.0	541	591
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	2.9	109	117
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	2.9	114	121
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	4.3	177	248
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	4.0	201	290
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	4.4	189	252
Serbia 4.875% '20	USD	BB/Baa3	25/2/2020	1,500	2.8	69	65
Serbia 7.25% '21	USD	BB/Baa3	28/9/2021	2,000	2.8	102	107
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	4.2	228	246
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	5.4	286	341
Turkey 7.00% '20	USD	NR/Ba3	5/6/2020	2,000	5.2	324	317
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	7.0	525	521
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	7.7	569	668
Turkey 8.00% '34	USD	NR/Ba3	14/2/2034	1,500	7.7	570	562
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	7.5	496	466
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	6.3	458	469

USD-Denominated Eurobond Spreads (June 24th 2019)

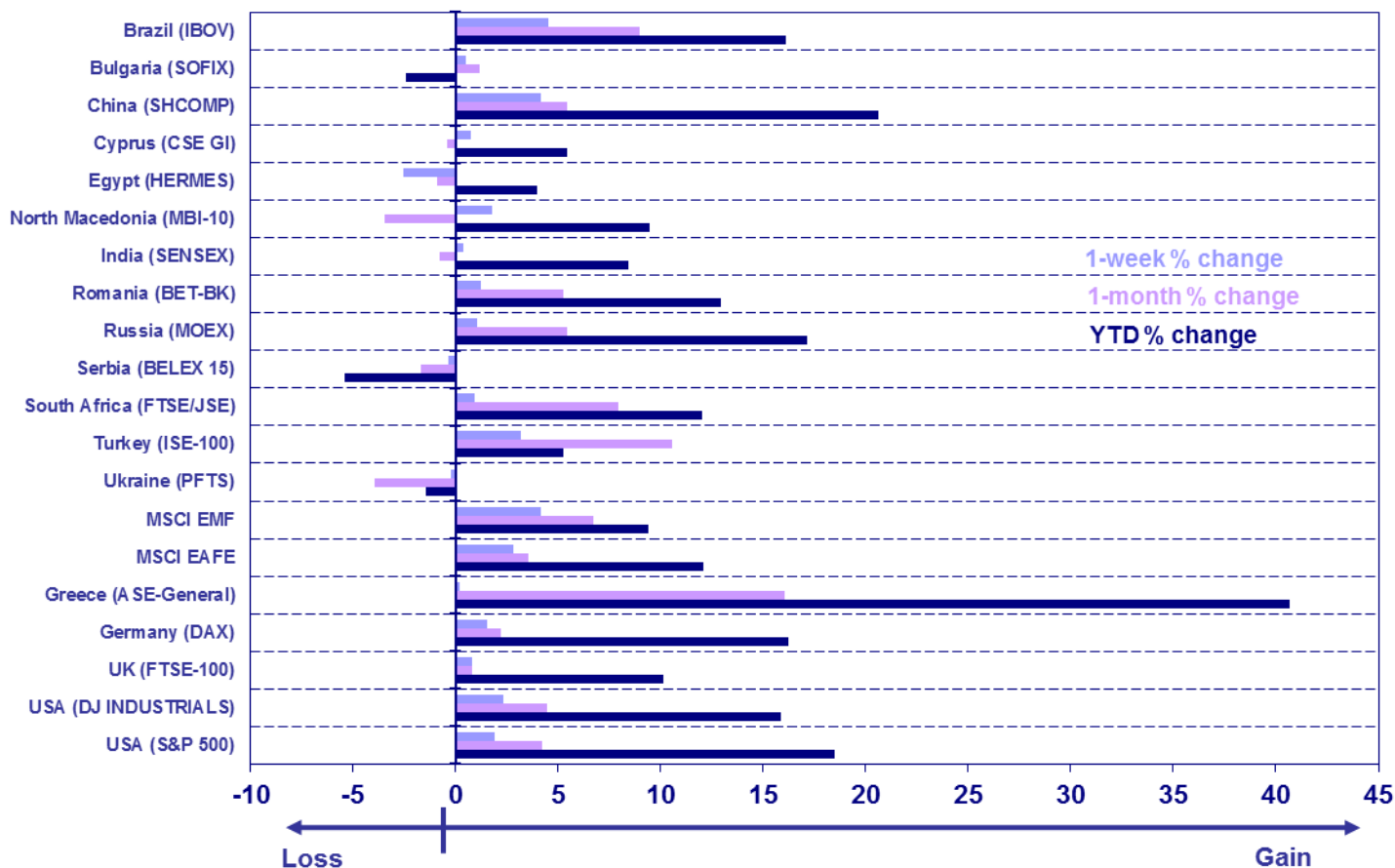




STOCK MARKETS PERFORMANCE, JUNE 24TH 2019

	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	% change	% change
Brazil (IBOV)	102,062	4.5	9.0	16.1	43.8	87,536	102,617	18.3	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	580	0.5	1.2	-2.4	-8.3	560	622	-2.4	-12.3	-12.3	15.5	15.5
China (SHCOMP)	3,008	4.2	5.4	20.6	5.2	2,441	3,288	21.1	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	70	0.8	-0.4	5.5	0.3	60	71	5.5	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,321	-2.5	-0.9	4.0	-17.1	1,290	1,467	11.3	-11.1	-11.1	32.0	18.7
North Macedonia (MBI)	3,797	1.8	-3.4	9.5	8.7	3,467	3,943	9.5	36.6	36.6	18.9	18.9
India (SENSEX)	39,123	0.4	-0.8	8.4	10.3	33,292	40,312	9.9	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,645	1.2	5.3	13.0	3.2	1,394	1,656	11.4	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,763	1.0	5.5	17.1	23.5	2,350	2,788	30.7	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	720	-0.3	-1.7	-5.4	-1.2	668	760	-5.1	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	58,756	1.0	8.0	12.0	5.1	50,907	59,545	13.0	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	95,182	3.2	10.6	5.2	1.2	83,535	105,930	-4.3	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	551	-0.2	-3.9	-1.4	20.3	530	582	4.7	77.5	88.1	18.8	0.8
MSCI EMF	1,053	4.2	6.7	9.4	-1.7	946	1,099	9.8	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,919	2.8	3.5	12.1	-1.8	1,709	1,928	12.5	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	849	0.2	16.0	40.7	9.3	600	856	40.7	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	12,275	1.6	2.2	16.2	0.0	10,387	12,438	16.2	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,417	0.8	1.9	10.1	-1.2	6,599	7,529	11.0	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	26,728	2.4	4.5	15.9	10.2	21,713	26,952	16.3	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,945	1.9	4.2	18.5	8.4	2,444	2,964	18.9	-6.2	-1.9	19.4	4.7

Equity Indices (June 24th 2019)



Sources: Reuters & NBG estimates



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