



Economic Analysis Division Emerging Markets Analysis

Bi-Weekly Report June 25 - July 28 2019



NBG - Economic Analysis Division

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

Emerging Markets Analysis

Konstantinos Romanos-Louizos

☎ : +30 210 33 41 225

✉ : romanos.louizos.k@nbg.gr

Louiza Troupi

☎ : +30 210 33 41 696

✉ : troupi.louiza@nbg.gr

TURKEY 1

President R. T. Erdoğan dismisses central bank Governor over policy disagreement

Headline inflation eased for a 4th consecutive month to a 12-month low of 15.7% y-o-y in June from 18.7% in May

BULGARIA 2

Solid private consumption, together with strongly supportive base effects, pushed up GDP growth to a post-crisis high of 4.8% y-o-y in Q1:19

NORTH MACEDONIA 3

Fitch upgraded North Macedonia's long-term sovereign credit rating by 1 notch to "BB+" (1 notch below investment grade) with a stable outlook

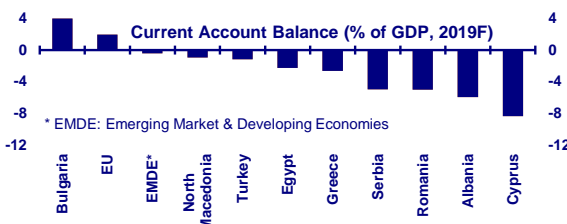
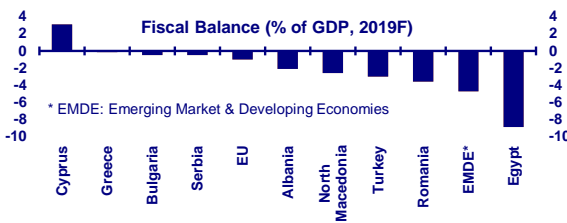
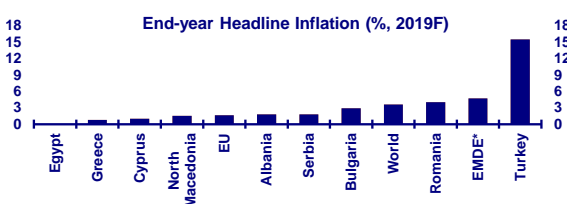
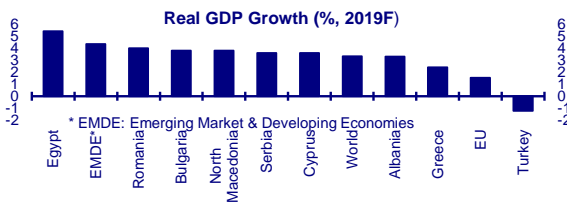
GDP growth accelerated to a 9-quarter high of 4.1% y-o-y in Q1:19, driven by gross capital formation

ALBANIA 4

The June 30th local elections deepened the rift between the Government and the opposition

The pace of GDP growth moderated to 2.2% y-o-y in Q1:19, as the impact from the past year's spike in energy production fades

APPENDIX: FINANCIAL MARKETS 5

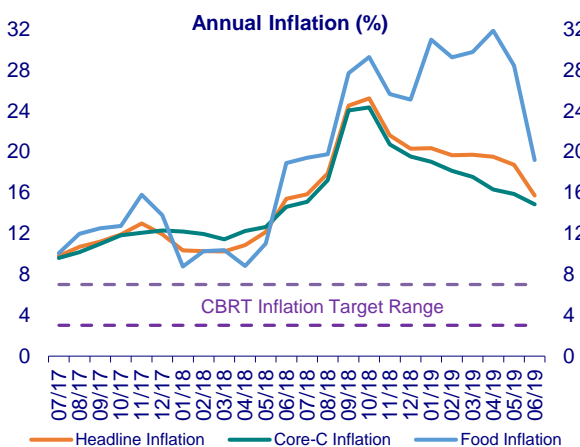
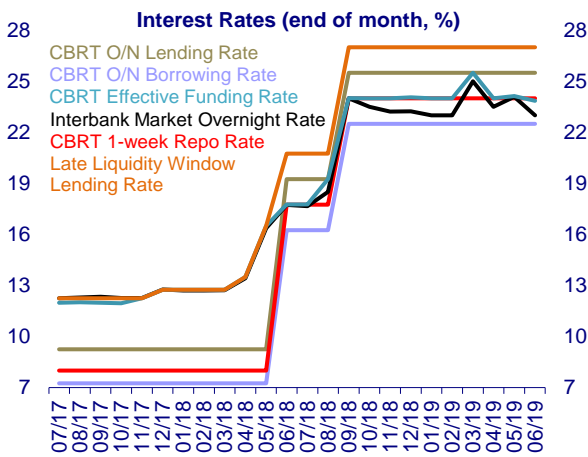
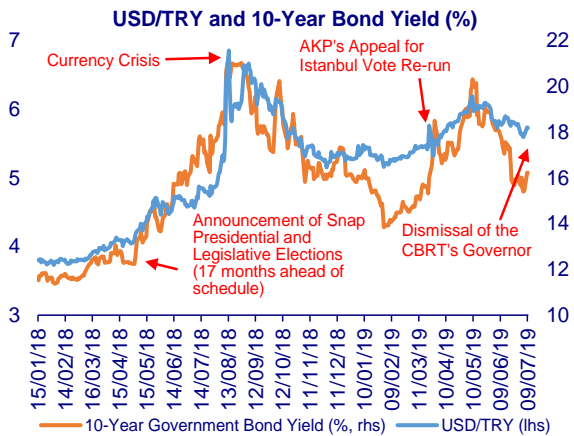


Sources: National authorities, IMF & NBG estimates



Turkey

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



	8 July	3-M F	6-M F	12-M F
1-m TRIBOR (%)	24.1	24.0	22.0	19.5
TRY/EUR	6.42	6.70	6.75	6.80
Sov. Spread (2025, bps)	494	540	480	400

	8 July	1-W %	YTD %	2-Y %
ISE 100	98,695	-1.0	9.1	-1.4

	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	-1.9	-3.0	-3.0

President R. T. Erdoğan dismisses central bank Governor over policy disagreement. In a surprising move, President Erdoğan removed M. Cetinkaya from the helm of the CBRT a year before the end of his 4-year term. Cetinkaya's dismissal was reportedly the result of his refusal to adhere to the government line by cutting interest rates. Note that, under Turkey's all-powerful executive presidency, Erdoğan does not need Parliamentary approval to change the central bank's Governor. Cetinkaya was replaced by his deputy, M Uysal, who is considered to be more dovish.

President's Erdoğan intervention raises fresh concerns over the independence of the CBRT, eroding its hard-won credibility. Recall that Cetinkaya was criticized by markets for acting slowly during the August 2018 currency crisis. In fact, it was only in mid-September and after the sharp decline in the TRY by c. 25.0% against the USD that the CBRT moved to raise its key rate by 625 bps to 24.0%. Rates have remained unchanged ever since, enabling headline inflation to come down from its October 2018 peak of 25.2% (see below).

As expected, markets reacted negatively to the removal of the CBRT's Governor, with the TRY depreciating against the USD by 1.5%, ending its world-beating rally since May, the 10-year bond rising by 0.7 pps to 16.5% and the spread of the 2025 (USD) Eurobond widening by c. 30 bps to 494bps.

Looking ahead, weakening confidence in the central bank, together with concerns over potential US sanctions, are expected to maintain pressure on the TRY. As a result, we believe that the scope for an aggressive rate cutting campaign has narrowed. Note that before President Erdoğan's intervention in the central bank and the concomitant shift in risk perception by investors, we were expecting a 300 bp cut to the key rate to 21.0% by end-year. In this context, the outcome of the next monetary policy meeting, scheduled for July 25th, is seen as a litmus test for the credibility of the central bank. Worryingly, 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 (currently standing at USD 73.5bn, covering c. 4.0 months of GNFS imports and 110% of short-term external debt, excluding trade credits).

Headline inflation eased for a 4th consecutive month to a 12-month low of 15.7% y-o-y in June from 18.7% in May. The improvement was across the board, with the biggest contribution coming from food inflation, which slowed sharply to 19.2% y-o-y in June from 28.4% in May, mainly reflecting a strong positive base effect related to supply shortages in fresh fruit and vegetables a year ago. Moreover, energy inflation moderated in June (to 15.1% y-o-y from 16.3% in May), in line with developments in global oil prices and a milder depreciation of the TRY. The latter, together with weak domestic demand, on the back, *inter alia*, of tight financing conditions, and improving expectations pushed down core inflation (CPI-C) to 15.9% y-o-y in June from 14.9% in May.

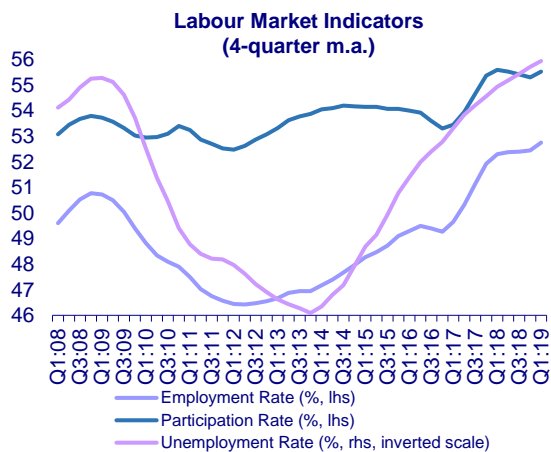
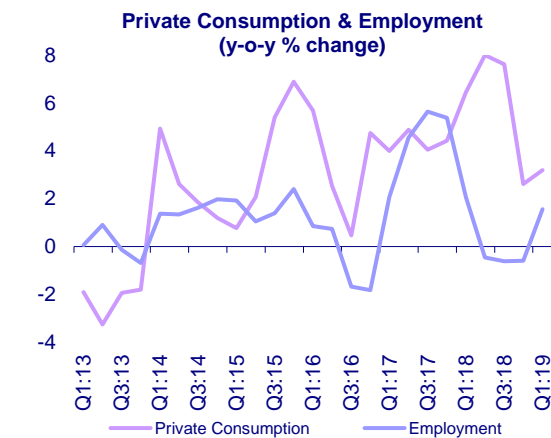
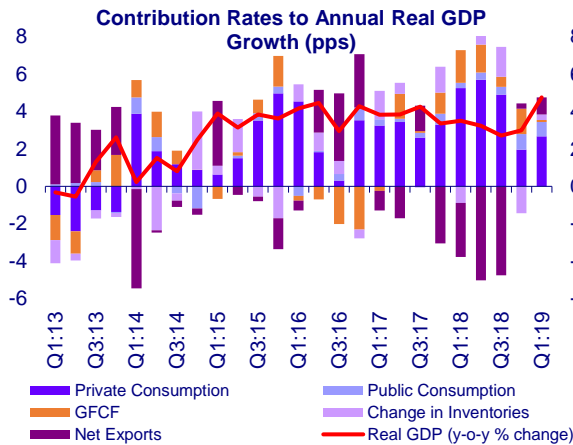
Headline inflation is set to end the year at 15.5% y-o-y, below its end-2018 outcome of 20.3%. The expiration of the temporary tax cuts on white goods and cars, together with the hike in electricity prices, could push up headline inflation to over 17.0% y-o-y in July. Thereafter, barring an exchange rate shock, disinflation is set to resume, underpinned by: i) a gradual normalization in agricultural production; and ii) weak demand-side pressures. All said, we see headline inflation falling as low as c. 11.0% y-o-y in September and October, due to strong base effects, but then reversing to 15.5% y-o-y at end-year.

Sources: Reuters, Bloomberg, CBRT & NBG estimates



Bulgaria

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



	8 July	3-M F	6-M F	12-M F
Base Interest Rate (%)	0.0	0.0	0.0	0.1
BGN/EUR	1.96	1.96	1.96	1.96
Sov. Spread (2022, bps)	87	50	45	40

	8 July	1-W %	YTD %	2-Y %
SOFIX	583	0.0	-1.9	-17.7

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

Solid private consumption, together with strongly supportive base effects, pushed up GDP growth to a post-crisis high of 4.8% y-o-y in Q1:19. GDP rose by 1.2% q-o-q s.a. in Q1:19 against a broadly steady sequential pace of expansion of 0.8% over the past 8 quarters. As a result, annual GDP growth rose sharply to a high of 4.8% y-o-y in Q1:19 from 3.0% in Q4:18. Note that economic activity in Q1:19 was significantly supported by a positive base effect from the temporary shutdown in the country's largest oil refinery in Q1:18 (estimated to have added c. 0.5 pps to overall growth) as well as a calendar effect.

In this context, private consumption strengthened in Q1:19 (up 3.2% y-o-y in Q1:19 against 2.6% in Q4:18), in line with a looser incomes policy (public sector wages rose by 10% in January, with the education sector receiving an additional 10% raise) and its spillover to the private sector, amid very tight labour market conditions (employment grew by 1.6% y-o-y in Q1:19 against a decline of 0.6% in Q4:19, pushing down the LFS unemployment rate to a historical low of 4.7%). The acceleration in consumer lending (up 12.3% y-o-y in real terms in Q1:19 against increases of 11.3% in Q4:18 and just 2.7% in Q1:18) and a strong wealth effect (housing prices have gained c. 20% in real terms over the past 3 years) also underpinned private consumption.

On the other hand, gross fixed capital formation lost steam in Q1:19 (up 0.6% y-o-y against a rise of 6.0% in Q4:18), dragged down by the construction sector. The slowdown in GFCF growth was more than offset, however, by the build-up in inventories (including statistical discrepancies, adding 0.3 pps to overall growth in Q1:19 against a negative contribution of 1.4 pps in Q4:18).

Importantly, net exports improved in Q1:19 (adding 0.9 pps to headline growth against 0.3 pps in Q4:18), reflecting not only positive base effects from higher energy exports, but also the normalization in export growth to Bulgaria's non-EU trade partners after its contraction in the previous year, due, *inter alia*, to the appreciation of the EUR to which the BGN is linked (the latter has increased by c. 6.0% in CPI-based REER terms over the past 2 years).

Domestic demand should remain the main driver of economic growth during the remainder of the year, but with a shift from private consumption to investment. Against the backdrop of rising capacity utilization rate in the industrial sector (currently at 78% against a historical average of c. 70%) and the low investment-to-GDP ratio (currently at 19% against a pre-crisis high of 32%), fixed investment is due to strengthen during the remainder of the year, in line with favorable domestic liquidity conditions (the loan-to-deposit ratio stands at 75%), still low interest rates and better absorption of EU funds.

At the same time, despite the looser incomes policy (in addition to the hike in public sector wages, pensions will rise by 5.7% in July), private consumption is unlikely to improve much, as the labour market approaches full employment (see chart). Indeed, with the labour force declining (down 1.0% p.a. over the past 8 years), due to ageing and migration, and in view of persistent rigidities and skills mismatches in the labour market, employment growth is set to slow in the period ahead.

On a negative note, net exports are expected to deteriorate, reflecting the slowdown in the EU economy, Bulgaria's main trade partner.

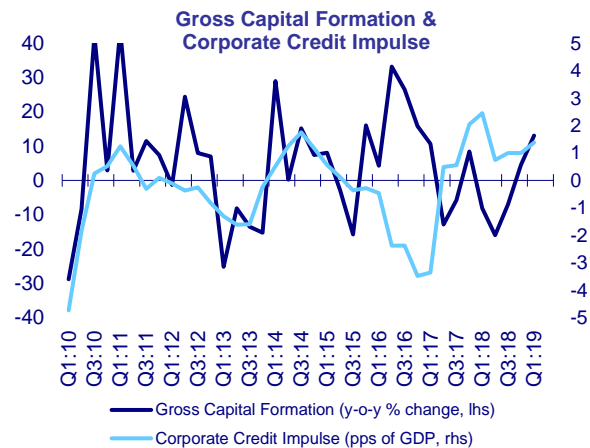
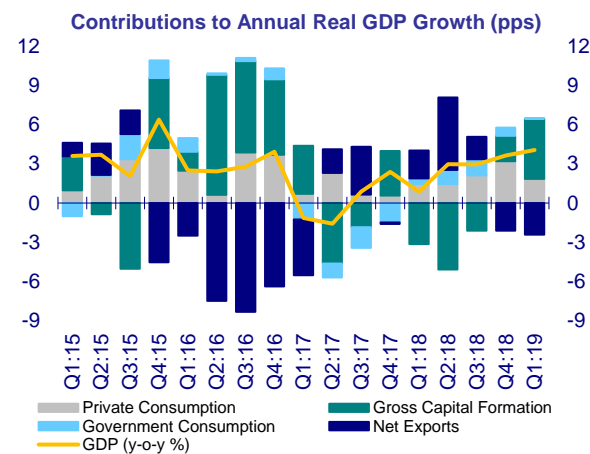
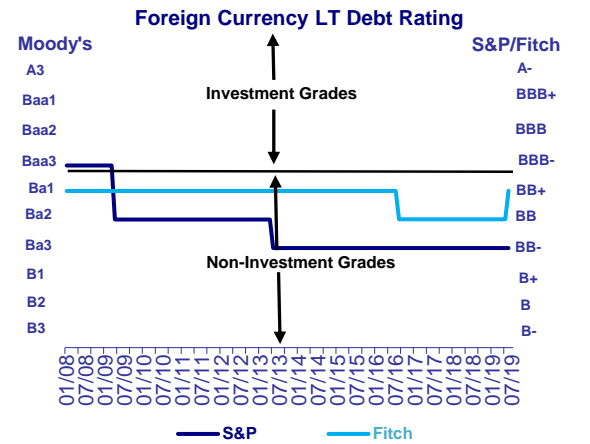
All said, with the aforementioned positive base effects playing out over the next quarters and new negative base effects kicking in (including an 1-month shutdown in the country's largest copper smelter), we expect economic growth to normalize during the remainder of the year. Nevertheless, we see GDP growth at a high of 3.8% in FY:19, well above the FY:18 outcome of 3.1% and the economy's long-term potential of c. 3.0%.

Sources: Reuters, NSI & NBG estimates



North Macedonia

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



Fitch upgraded North Macedonia's long-term sovereign credit rating by 1 notch to "BB+" (1 notch below investment grade) with a stable outlook. Fitch's rating is now 2 notches higher than that of S&P. According to Fitch, the upgrade was prompted by the more conducive political environment, reflecting improved governance standards and progress in the EU and NATO accession processes in the aftermath of the resolution of the country's name dispute with Greece. Moreover, the Agency praised the authorities for the ongoing fiscal reform (see below), which has reduced the downside risks to public finances. The latter, together with prudent monetary and financial policies, strengthen further the country's longstanding exchange rate peg to the euro.

GDP growth accelerated to a 9-quarter high of 4.1% y-o-y in Q1:19, driven by gross capital formation (GCF). GDP growth picked up in Q1:19, reaching 4.1% y-o-y against 3.7% in Q4:18 and 3.0% on average in Q2-Q3:18. The main engine of growth was GCF (including gross fixed capital formation, changes in inventories and statistical discrepancies), which increased strongly in Q1:19 (up 13.1% y-o-y against a rise of 4.5% in Q4:18 and a contraction of 11.5% on average in Q2-Q3:18), despite a lower contribution from the public sector (according to budget execution data, public investment was down 0.1 pp of GDP y-o-y in Q1:19). In fact, GFC growth was supported by improved business confidence, reflecting lower political risk (see above), and the expansion in corporate lending (up 5.8% y-o-y in real terms in Q1:19 following increases of 4.0% in Q4:18 and just 1.4% on average in Q2-Q3:18), in an environment of low interest rates.

At the same time, growth in private consumption moderated (to 2.6% y-o-y in Q1:19, broadly the same pace as in Q2-Q3:18) from its Q4:18 peak (up 4.6% y-o-y), in the aftermath, *inter alia*, of the fiscal changes implemented at the beginning of the year (including a higher personal income tax rate for top earners and hikes in pension and health insurance contribution rates).

Unsurprisingly, net exports weakened slightly in Q1:19 (subtracting 2.4 pps from headline growth against 2.1 pps in Q4:18 and a positive contribution of 3.6 pps on average in Q2-Q3:18), in line with weaker external demand from the EU (absorbing 80% of the country's exports) on the one hand, and stronger domestic demand on the other.

GDP growth is set to maintain its pace during the remainder of the year, on strong domestic demand. Amid improved business confidence, GFC should continue to drive economic growth, reflecting accommodative financing conditions and the extension of a state incentive scheme to support investment. Importantly, the public sector's contribution to GFC growth is expected to increase, following the clearance of "*administrative obstacles*" to the resumption of key infrastructure projects (mainly road construction). Private consumption should also strengthen, underpinned by robust retail lending expansion and tight labour market conditions. Indeed, we see the unemployment rate falling sharply to a low of 17.5% in FY:19 from 20.7% in FY:18, with employment rising by 3.0% at the same time against an increase of 1.8% in the previous year, benefiting, *inter alia*, from government-subsidised programmes.

Worryingly, amid weak external demand, net exports could remain a drag on overall growth, not only due to strong domestic demand, but also to supply constraints of foreign companies operating in the country (accounting for more than 50% of the country's exports). All said, we see GDP growth stabilizing at 3.8% in FY:19 against 2.7% in FY:18, above the economy's long-term potential (slightly above 3.0%).

	8 July	3-M F	6-M F	12-M F
1-m SKIBOR (%)	1.3	1.8	2.3	2.8
MKD/EUR	61.3	61.3	61.3	61.3
Sov. Spread (2021. bps)	209	210	190	160

	8 July	1-W %	YTD %	2-Y %
MBI 100	3,823	-0.2	10.2	68.5

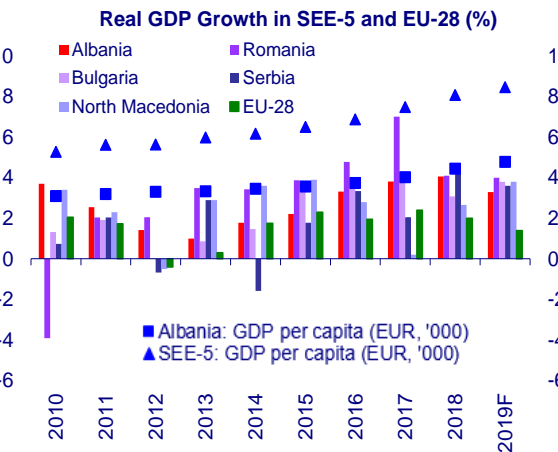
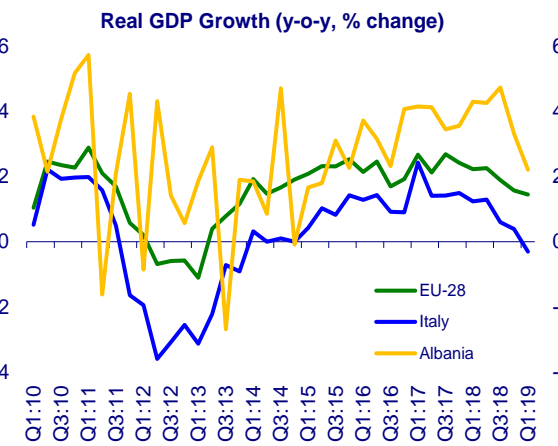
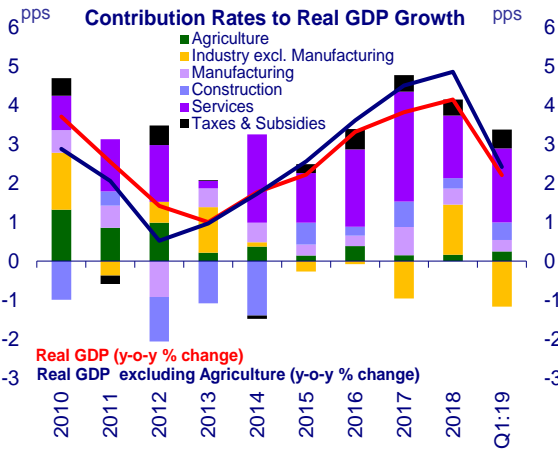
	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	2.8	0.2	2.7	3.8	4.0
Inflation (eop. %)	-0.2	2.4	0.9	1.5	1.7
Cur. Acct. Bal. (% GDP)	-2.8	-1.0	-0.3	-0.9	-1.5
Fiscal Bal. (% GDP)	-2.7	-2.7	-1.8	-2.6	-2.7

Sources: Reuters, Bloomberg, State Statistical Office & NBG estimates



Albania

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



	8 July	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.3	2.2	2.2	2.2
ALL/EUR	121.6	123.8	123.5	122.0
Sov. Spread (bps)	308	215	200	180

Stock Market	8 July	1-W %	YTD %	2-Y %
	---	---	---	---

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.3	3.8	4.1	3.3	4.2
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, Instat, Eurostat & NBG estimates

The June 30th local elections deepened the rift between the Government and the opposition. The 30th June local elections proceeded as scheduled, despite the opposition's boycott and threats to block voter participation. Not surprisingly, the ruling Socialist Party of PM Edi Rama won, by a significant margin, in all but two of the 61 municipalities. Amid a low turnout (23.0% against 47.8% in 2015 local elections), however, the opposition (which considers the vote unconstitutional) does not recognise the results, and refuses to leave office.

Recall that the opposition -- that has seen its support waning in 2015 local and 2017 parliamentary elections -- 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. President I. Meta -- at odds with the PM -- had initially moved to cancel the election and then rescheduled it, prompting the ruling Socialist Party to launch a vote of "no confidence" on the grounds of unconstitutionality.

In view of the fact 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, political uncertainty will remain, thus jeopardising confidence. The EU and the US have repeatedly urged the opposition to return to Parliament and hold talks with PM Rama to resolve the political deadlock.

The pace of GDP growth moderated to 2.2% y-o-y in Q1:19, as the impact from the past year's spike in energy production fades. GDP growth slowed to 2.2% y-o-y in Q1:19 from (a post-global crisis high of) 4.1% in FY:18, due to the normalization in electricity production, following exceptionally high output in 9M:18.

Specifically, industrial output growth turned negative in Q1:19, falling by 6.1% y-o-y (subtracting 0.9 pps from overall growth), after growing by 14.1% in FY:18 (contributing a sizeable 1.7 pps to FY:18 GDP growth). The deterioration is estimated to have been driven by the sharp decline in electricity generation (fully based on hydroelectric production) in Q1:19, following a strong rebound in FY:18 due to abundant rainfall. Indeed, electricity production fell by 60.1% y-o-y to 1.3GWh in Q1:19 following a sharp rise of 89.0% in FY:18 (subtracting an estimated 1.7 pps from GDP growth in Q1:19, after contributing 1.3 pps in FY:18).

Economic activity was, however, supported by the acceleration in construction sector (up 5.9% y-o-y in Q1:19 against 2.8% in FY:18, and contributing 0.5 pps to overall GDP growth in Q1:19 against 0.3 pps in FY:18). Note, however, that the construction sector's contribution to overall growth in FY:18 was negatively affected by the completion of two large energy projects (i.e. TAP and two hydropower plants) in 2017.

Moreover, activity was boosted by the strengthening in the services sector (accounting for 60% of GDP, up by 4.0% y-o-y in Q1:19 against 3.3% in FY:18), despite the negative impact from the ban in betting operations imposed at end-2018. Note that the performance of services sector in FY:18 was also constrained by the fade out of the spill-overs of the aforementioned energy projects (including the slowdown in transportation, storage, consultancy and engineering services).

GDP growth to slow to a still solid 3.3% in FY:19 from (a 10-year high of) 4.1% in FY:18. The slowdown is mostly due to the normalization in electricity production and weaker external demand. All said, we revise downward our FY:19 GDP growth forecast (by 0.5 pps), in view of the weaker-than-expected Q1:19 outcome, prolonged political uncertainty and a sharper-than-expected slowdown in Italy (FY:19 GDP growth was lowered to 0.1% in the EC's Spring report from 1.2% in Autumn 2018), Albania's main trading partner (accounting for 48% of total exports).



FOREIGN EXCHANGE MARKETS, JULY 8TH 2019

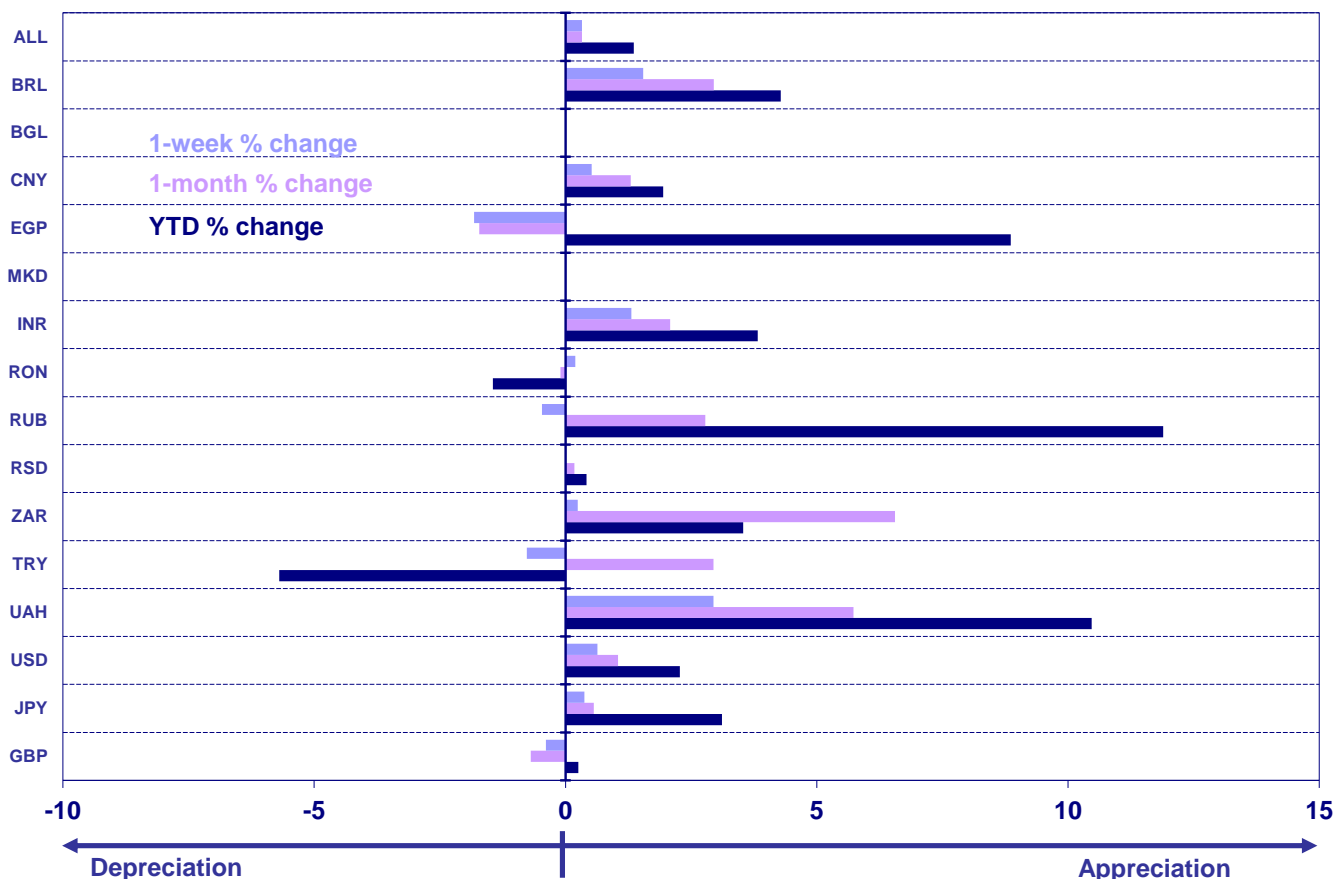
Against the EUR

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	121.6	0.3	0.3	1.4	3.3	121.7	125.9	121.9	121.8	120.8	7.8	1.9
Brazil	BRL	4.27	1.5	3.0	4.3	6.6	4.16	4.60	---	---	4.52	-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	0.5	1.3	1.9	0.8	7.49	7.88	---	---	7.96	-0.8	-6.0
Egypt	EGP	19.13	-1.8	-1.7	8.9	9.6	18.67	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	76.9	1.3	2.1	3.8	5.0	76.8	82.3	---	---	---	-3.9	-6.7
Romania	RON	4.72	0.2	-0.1	-1.4	-1.3	4.71	4.78	4.76	4.80	4.90	0.6	-3.0
Russia	RUB	71.4	-0.5	2.8	11.9	2.6	71.0	80.1	72.7	74.1	76.8	-13.4	-6.8
Serbia	RSD	117.7	0.0	0.2	0.4	0.2	117.7	118.5	118.1	118.4	---	0.2	4.2
S. Africa	ZAR	15.9	0.2	6.6	3.5	-0.9	15.16	17.08	16.2	16.5	17.1	-9.9	-2.7
Turkey	YTL	6.42	-0.8	2.9	-5.7	-13.2	5.91	7.03	6.78	7.11	7.75	-24.9	-18.4
Ukraine	UAH	28.7	2.9	5.7	10.5	7.4	28.47	32.66	---	---	---	6.0	-15.2
US	USD	1.12	0.6	1.0	2.3	4.8	1.1	1.2	1.13	1.14	1.15	4.6	-12.4
JAPAN	JPY	121.9	0.4	0.6	3.1	6.8	118.8	127.5	122.0	121.9	122.1	7.5	-8.9
UK	GBP	0.90	-0.4	-0.7	0.3	-1.1	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 8th 2019)



Sources: Reuters & NBS estimates



MONEY MARKETS, JULY 8TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.1	6.4	0.0	1.4	---	15.8	---	---	2.3	7.7	---	24.1	7.8	16.5	---	2.4
T/N	---	---	---	---	---	---	---	---	2.3	8.0	2.2	---	7.1	---	---	---
SW	1.2	6.4	---	2.4	-0.4	---	1.1	---	---	7.9	2.2	---	7.0	17.1	-0.4	2.4
1-Month	1.3	6.4	---	2.5	-0.4	---	1.3	6.3	2.9	7.6	2.5	24.1	7.0	18.4	-0.4	2.4
2-Month	---	6.2	---	---	---	---	---	---	---	7.8	2.7	23.4	7.0	---	---	2.4
3-Month	1.4	6.1	---	2.6	---	---	1.5	6.7	3.2	7.8	2.9	23.4	7.0	19.2	---	2.3
6-Month	1.5	5.8	---	2.7	---	---	1.8	---	3.4	7.6	3.0	23.4	7.5	---	---	2.3
1-Year	1.7	5.6	---	3.1	-0.1	---	2.1	---	3.5	7.5	---	23.4	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, JULY 8TH 2019

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

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

CORPORATE BONDS SUMMARY, JULY 8TH 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	1.3	204	178
South Africa	FirstRand Bank Ltd 4.25% '20	USD	BB/Baa3	30/4/2020	500	3.4	136	118
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.7	138	101
Turkey	Arcelik AS 3.875% '21	EUR	BB+/NA	16/9/2021	350	2.7	341	309
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	6.4	457	441
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	8.9	703	659
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	8.4	662	620
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	8.5	669	622
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	6.9	510	492
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	5.8	400	390

CREDIT DEFAULT SWAP SPREADS, JULY 8TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	---	143	76	43	90	317	---	95	88	111	105	392	166	490
10-Year	---	224	104	82	103	370	---	104	128	173	132	410	235	513

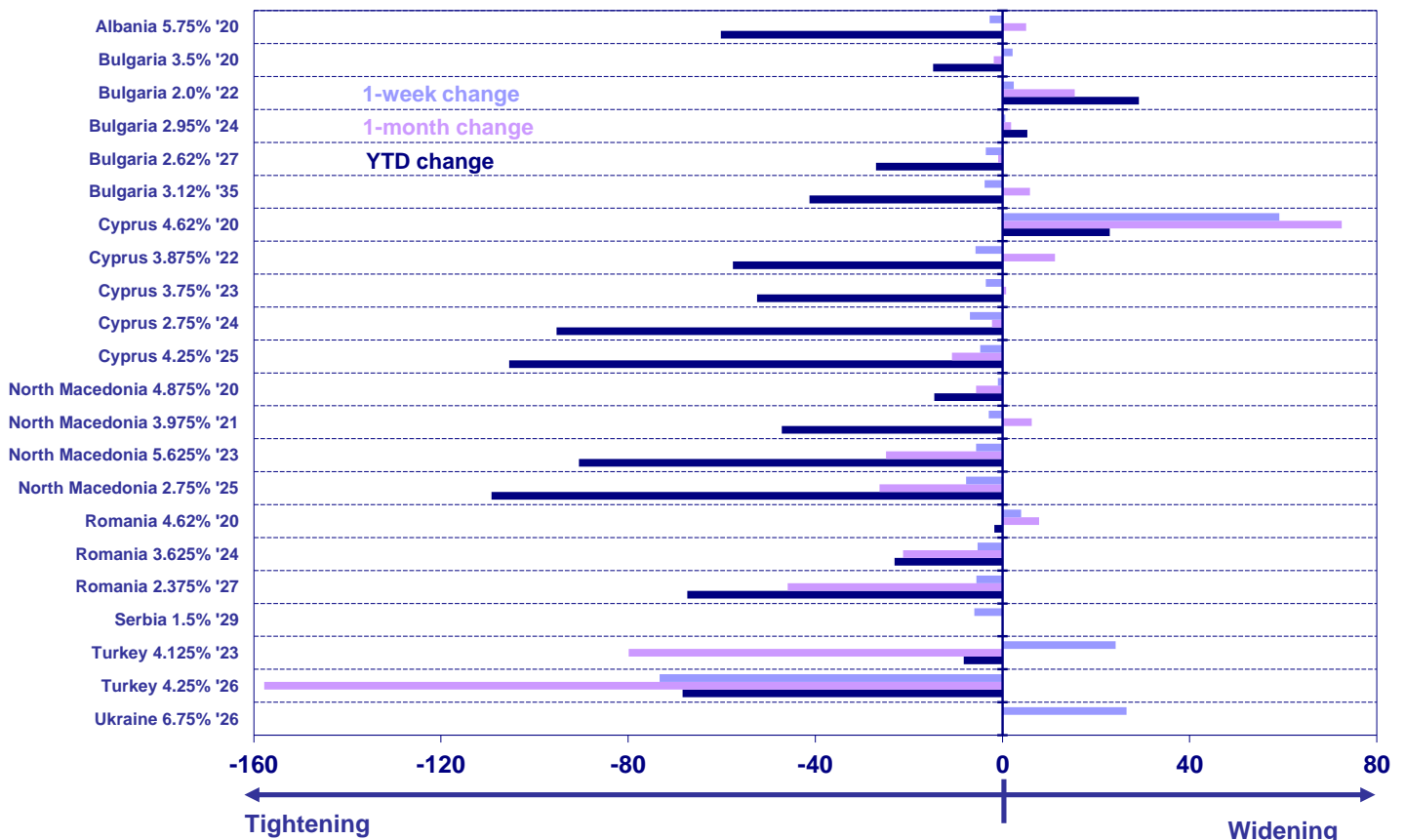
Sources: Reuters & NBG estimates



EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY, JULY 8TH 2019

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Albania 5.75% '20	EUR	B+/B1	12/11/2020	450	2.5	308	274
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.2	43	19
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	0.1	87	51
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	51
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	1.6	173	130
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	0.9	167	143
Cyprus 3.875% '22	EUR	NA/Baa2	6/5/2022	1,000	0.0	77	42
Cyprus 3.75% '23	EUR	NA/Baa2	26/7/2023	1,000	0.1	88	43
Cyprus 2.75% '24	EUR	NA/Baa2	27/6/2024	850	0.2	82	45
Cyprus 4.25% '25	EUR	NA/Baa2	4/11/2025	1,000	0.2	83	49
North Macedonia 4.875% '20	EUR	BB-/NA	11/12/2020	178	0.9	160	133
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	1.4	209	484
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	1.5	226	202
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	1.7	232	196
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	-0.1	62	37
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	0.4	111	79
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	1.2	167	129
Turkey 4.125% '23	EUR	NR/Baa3	11/4/2023	1,000	1.5	184	135
Ukraine 6.75% '26	EUR	B-/Caa1	20/6/2026	1,000	3.8	457	416

EUR-Denominated Eurobond Spreads (July 8th 2019)



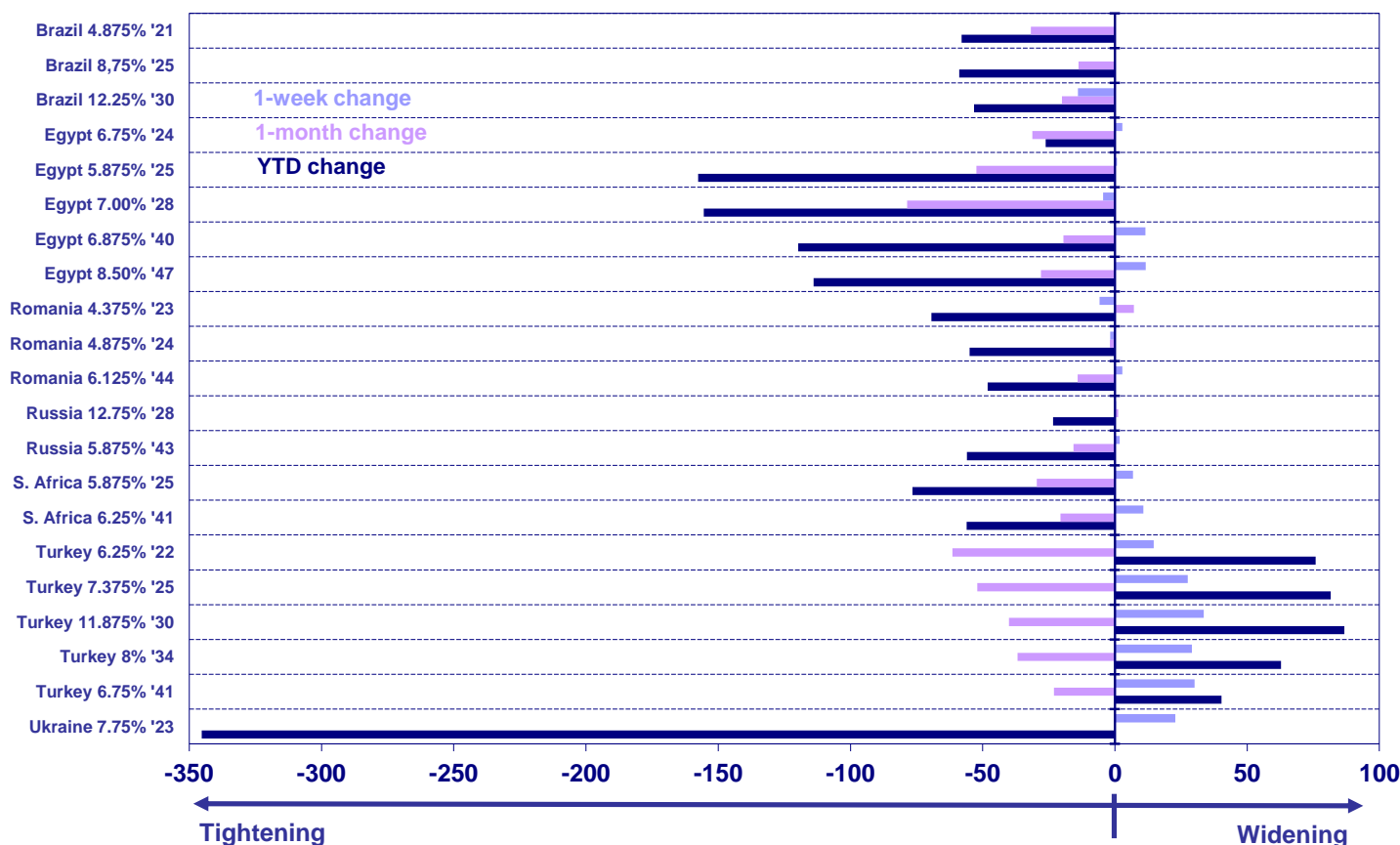
Sources: Reuters & NBG estimates



USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY, JULY 8TH 2019

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Brazil 12.75% '20	USD	NA/Ba2	15/1/2020	87	2.5	58	48
Brazil 4.875% '21	USD	NA/Ba2	22/1/2021	2,713	3.3	144	165
Brazil 8.75% '25	USD	NA/Ba2	4/2/2025	688	2.4	254	351
Egypt 5.75% '20	USD	B/B2	29/4/2020	1,000	5.3	347	356
Egypt 6.75% '24	USD	NA/B2	10/11/2024	1,500	5.4	352	352
Egypt 5.875% '25	USD	B/B2	11/6/2025	500	6.0	401	418
Egypt 7.00% '28	USD	NA/B2	10/11/2028	1,000	7.2	471	484
Egypt 6.875% '40	USD	B/B2	30/4/2040	1,500	7.9	534	586
Egypt 8.50% '47	USD	NA/B2	31/1/2047	500	2.9	101	106
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	3.0	116	122
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	4.3	181	247
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	4.0	200	284
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	4.4	186	246
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	4.2	223	239
Serbia 4.875% '20	USD	BB/Baa3	25/2/2020	1,500	5.4	292	341
Serbia 7.25% '21	USD	BB/Baa3	28/9/2021	2,000	6.1	430	423
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	6.8	494	494
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	7.5	543	641
Turkey 7.00% '20	USD	NR/Ba3	5/6/2020	2,000	7.4	541	541
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	7.3	483	457
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	6.4	452	460
Turkey 8.00% '34	USD	NR/Ba3	14/2/2034	1,500	2.5	58	48
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	3.3	144	165
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	2.4	254	351

USD-Denominated Eurobond Spreads (July 8th 2019)



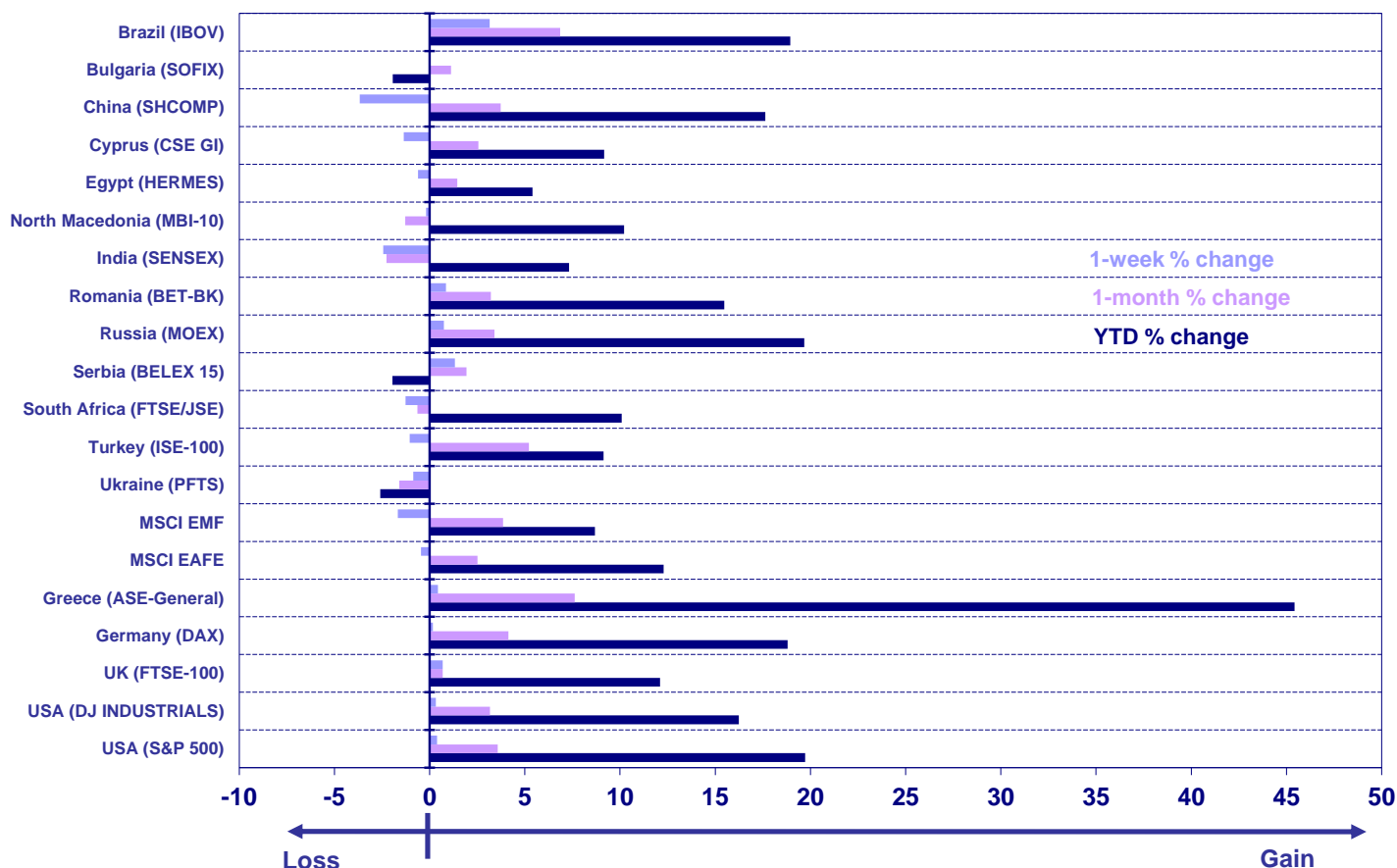
Sources: Reuters & NBG estimates



STOCK MARKETS PERFORMANCE, JULY 8TH 2019

	2019							2018		2017		
	Local Currency Terms							EUR Terms	Local Currency Terms	EUR terms	Local Currency terms	EUR terms
	Level	1-week % change	1-month % change	YTD % change	1-year % change	Year-Low	Year-High	YTD % change	% change	% change	% change	% change
Brazil (IBOV)	104,530	3.1	6.9	18.9	39.4	87,536	104,176	23.7	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	583	0.0	1.1	-1.9	-7.2	560	622	-1.9	-12.3	-12.3	15.5	15.5
China (SHCOMP)	2,933	-3.7	3.7	17.6	4.2	2,441	3,288	19.9	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	72	-1.4	2.6	9.2	-4.1	60	74	9.2	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,339	-0.6	1.4	5.4	-12.2	1,290	1,467	11.5	-11.1	-11.1	32.0	18.7
North Macedonia (MBI)	3,823	-0.2	-1.3	10.2	14.3	3,467	3,943	10.2	36.6	36.6	18.9	18.9
India (SENSEX)	38,721	-2.4	-2.3	7.3	7.8	33,292	40,312	11.7	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,681	0.9	3.2	15.5	6.2	1,394	1,692	13.9	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,823	0.8	3.4	19.7	18.9	2,350	2,848	33.2	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	747	1.3	1.9	-2.0	2.0	668	760	-1.6	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	57,731	-1.3	-0.6	10.1	-0.8	50,907	59,545	14.3	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	98,695	-1.0	5.2	9.1	-0.6	83,535	105,930	2.4	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	545	-0.9	-1.6	-2.6	11.8	530	582	7.7	77.5	88.1	18.8	0.8
MSCI EMF	1,046	-1.7	3.9	8.7	-2.7	946	1,099	10.8	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,923	-0.5	2.5	12.3	-3.1	1,709	1,950	14.5	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	878	0.4	7.6	45.4	17.1	600	900	45.4	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	12,544	0.2	4.1	18.8	0.0	10,387	12,656	18.8	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,549	0.7	3.0	12.1	-1.8	6,599	7,623	12.7	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	26,806	0.3	3.2	16.2	8.2	21,713	26,966	18.5	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,976	0.4	3.6	19.7	6.9	2,444	2,996	22.1	-6.2	-1.9	19.4	4.7

Equity Indices (July 8th 2019)



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.*