

Economic Analysis Division

Emerging Markets Analysis

Bi-Weekly Report

28 May – June 10 2019

NBG - Economic Analysis Division
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Emerging Markets Analysis

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TURKEY 1

The contraction in GDP slowed to -2.6% y-o-y in Q1:19 from -3.0% in Q4:18, due to a temporary boost from pre-election stimulus measures

Headline inflation eased to an 8-month low of 18.7% y-o-y in May from 19.5% in April, mainly due to more favourable food prices

The CBRT would remain on hold until Q3:19, before initiating a new cycle of monetary policy easing

NORTH MACEDONIA 2

The European Commission (EC) recommends the opening of accession negotiations with North Macedonia

CYPRUS 3

The ruling Democratic Rally party (DISY) narrowly secures a victory in the European Parliamentary (EP) elections

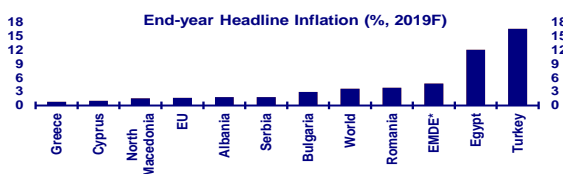
Tourist activity weakened further in Q1:19, dragged down by the main source countries (the UK and Israel) and unsupportive base effects

EGYPT 4

Economic growth strengthened further in H1:18/19, reaching a record high of 5.4% y-o-y, with a significant rebalancing from consumption towards investment and exports

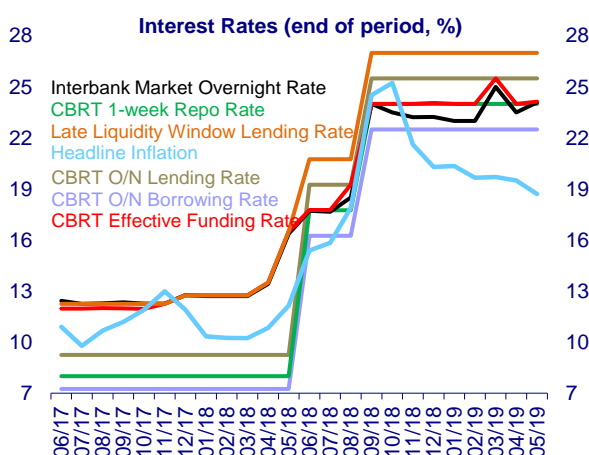
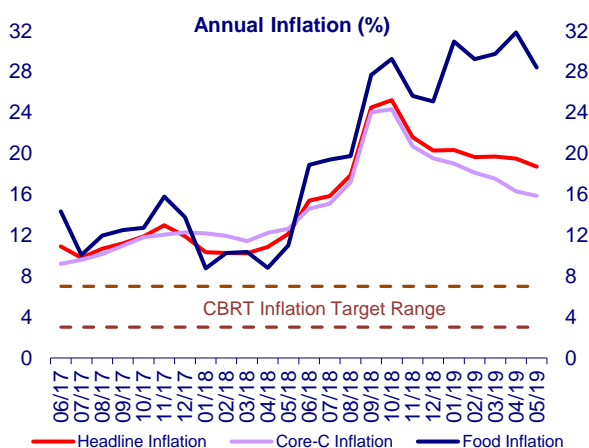
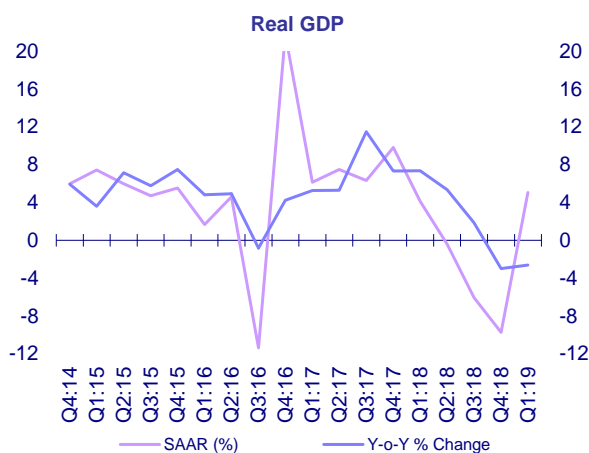
GDP growth is on track to reach an 11-year high of 5.5% this fiscal year (ending in June 2019)

APPENDIX: FINANCIAL MARKETS 5



Turkey

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



	10 June	3-M F	6-M F	12-M F
1-m TRIBOR (%)	25.9	24.0	22.0	19.5
TRY/EUR	6.53	6.70	6.75	6.80
Sov. Spread (2025, bps)	546	540	480	400

	10 June	1-W %	YTD %	2-Y %
ISE 100	94,103	4.2	4.1	-4.9

	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

The contraction in GDP slowed to -2.6% y-o-y in Q1:19 from -3.0% in Q4:18, due to a temporary boost from pre-election stimulus measures. Following two consecutive quarters of negative sequential growth, GDP expanded by a solid 1.3% q-o-q in Q1:19, boosted by government spending and a state-bank-driven pick-up in lending in the run-up to the March local elections. As a result, the annual pace of GDP contraction moderated to -2.6% y-o-y in Q1:19 from -3.0% in Q4:18. The still negative annual GDP growth rate is partly due to the negative carry-over from H2:18 (c. -4.0 pps), when the currency crisis and subsequent monetary policy tightening hurt economic activity.

Importantly, the much-needed rebalancing of the economy continued in Q1:19. Indeed, net exports' contribution to overall growth rose further in Q1:19 (to 9.5 pps from 8.4 pps in Q4:18 and -3.5 pps in Q1:18), as export growth accelerated, on the back of a sharp improvement in prices competitiveness, while import growth declined sharply, due to limited access to external funding and weaker domestic demand.

At the same time, domestic demand contracted further in Q1:19 (subtracting 12.2 pps from overall growth against 11.4 pps in Q4:18 and a positive contribution of 10.9 pps in Q1:18). Specifically, private consumption declined by 4.7% y-o-y in Q1:19, albeit at a slower pace compared with Q4:18 (down 8.9% y-o-y), while fixed investment remained depressed (down 13.0% y-o-y for a 2nd consecutive quarter) and inventories shrank further. Public consumption was the only component with a positive contribution in domestic demand (adding 1.0 pp to overall growth against just 0.1 pp in Q4:18).

The economy is set to lose momentum again in Q2:19. Indeed, protracted uncertainty, reflecting the controversial decision to re-run the Istanbul elections and concerns over potential US sanctions, increased pressure on the TRY in April-May and caused confidence indicators to reach their lowest levels since the currency crisis at end- Q3:18. While pressure on the domestic currency has eased lately, uncertainty remains. Looking ahead, with limited room for further fiscal policy easing, the recovery of the economy hinges on a sustainable improvement in external financing conditions. All said, we see GDP declining by 1.2% in FY:19 against an expansion of 2.6% in FY:18, with GDP growth in H2:19 averaging 1.0% y-o-y.

Headline inflation eased to an 8-month low of 18.7% y-o-y in May from 19.5% in April, mainly due to more favourable food price developments. Food inflation slowed modestly to 28.4% y-o-y from a multi-year high of 31.9% in April, following the Government's initiative to provide cheaper fruit & vegetables through municipalities and tighter on-the-spot price checks. At the same time, core inflation (CPI-C) decelerated slightly to 15.9% y-o-y from 16.3% in April, due to a lack of demand-side pressures and a milder depreciation of the TRY.

Headline inflation set to end the year at 16.5% y-o-y, below its end-2018 outcome of 20.3%. Disinflation will likely be underpinned by: i) a gradual normalization in agricultural production; ii) a broadly stable exchange rate; iii) relatively favourable global oil prices; and iv) weak domestic demand, on the back, *inter alia*, of tight financing conditions.

The CBRT would remain on hold until Q3:19, before initiating a new cycle of monetary policy easing. As expected, at its June 12th meeting, the CBRT maintained unchanged its 1-week repo rate at 24.0%, despite the recent easing in pressures on inflation and the TRY. In fact, the CBRT is unlikely to materially change its stance in the next few months, in a bid to re-anchor inflation expectations and preserve its hard-won credibility. However, from September, when inflation is expected to have stabilized at lower levels, the CBRT could start a new cycle of monetary policy loosening, cutting its key rate by 300 bps to 21.0% by December.

North Macedonia

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

Key Dates in North Macedonia's Path towards EU Membership	
May 2019	The European Commission (EC) recommends the opening of accession negotiations with North Macedonia
Feb. 2019	The EC is notified officially about the entry into force of the Prespa Agreement
June 2018	The European Council sets out the path towards opening accession negotiations with the country in June 2019, depending on progress made
Apr. 2018	The EC recommends that the European Council decides that accession negotiations be opened with FYROM in light of the progress achieved
Nov. 2015	The EC makes its recommendation conditional on the continued implementation of the Przino Agreement and substantial progress in the implementation of the "Urgent Reform Priorities"
Jul. 2015	Przino Agreement reached between the four main political leaders
Jun. 2015	The EC presents "Urgent Reform Priorities" to address the underlying rule of law issues
Mar. 2012	The EC launches High-Level Accession Dialogue with FYROM
Dec. 2009	Visa-free travel to the Schengen area for citizens of FYROM
Oct. 2009	The EC recommends for the first time the opening of accession negotiations
Feb. 2008	The European Council adopts Accession Partnership for FYROM
Dec. 2005	FYROM is granted the status of candidate country
Apr. 2004	The Stabilisation and Association Agreement (SAA) enters into force
Mar. 2004	FYROM applies for EU membership

IPA II indicative allocations for 2014-2020				
(EUR mn)	Preparation for EU Membership	Socio-Economic & Regional Development	Other	Total
2014-2017	120.1	163.7	77.3	361.1
2018-2020	85.8	135.1	82.2	303.1
Total	205.9	298.8	159.5	664.2

	10 June	3-M F	6-M F	12-M F
1-m SKIBOR (%)	1.2	1.8	2.3	2.8
MKD/EUR	61.3	61.3	61.3	61.3
Sov. Spread (2021. bps)	203	210	190	160

	10 June	1-W %	YTD %	2-Y %
MBI 100	3,866	-0.1	11.4	68.8

	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

The European Commission (EC) recommends the opening of accession negotiations with North Macedonia. The decision reflects the EC's positive assessment of the country's progress in implementing EU-related structural reforms, as well as the resolution of its name dispute with Greece. Recall that, as envisaged by the Prespa Agreement, the country's name has been officially changed to "the Republic of North Macedonia" from "the Former Yugoslav Republic of Macedonia", as of February 2019.

Specifically, regarding the political criteria, the EC commended the country's achievements in the key areas identified in the June 2018 European Council Conclusions such as the judiciary, fight against corruption and organized crime, reform of public administration and intelligence services, as well as recognizing the steps taken by the authorities to strengthen democracy and the rule of law. According to the EC, the authorities' efforts must now focus, *inter alia*, on: i) enhancing the accountability of the administration and preventing its politicization; ii) reforming the judicial management bodies (Judicial Council, Council of Public Prosecutors) and improving the court case management system; and iii) securing the independence of all institutions involved in the fight against corruption and organized crime and providing them with the necessary human and financial resources.

Concerning the economic criteria, the EC underlined the improvement in public finance management and the reform of income taxation and the pension system, but stressed the need to accelerate fiscal consolidation, in order to put public finances on a sustainable path. At the same time, it called on the authorities to address the large investment gap in public infrastructure and the persisting structural problems in the labour market (skills mismatches, declining labour force, low activity rates), which keep the unemployment rate persistently high (c. 21.0% in 2018, albeit down from 31.0% in 2012). Efforts should also be made to reduce the large size of the informal economy (estimated at c. 18% of GDP) and improve contract enforcement. Worryingly, the convergence with EU income levels is slow (real GDP per capita rose to 37% of the EU-28 average in 2018 from 34% in 2012).

Finally, as regards the country's ability to assume the obligations of EU membership (*acquis* alignment), the EC found a relatively good level of preparation in most areas, including customs union, company law, transport and energy, and trans-European networks. Shortcomings were identified in the areas of free movement of workers and financial and budgetary provisions. The EC also praised North Macedonia for improving its alignment with EU foreign and security policy.

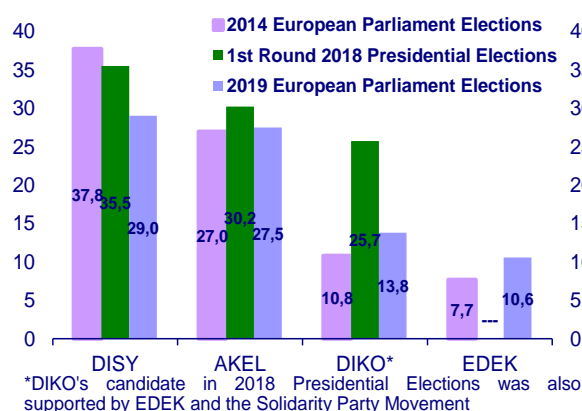
The next step in the process is the endorsement of the EC's recommendation by the European Council. The latter (initially expected in June) may be delayed, however, following the deferral by the German Government of the relevant approval at least until October. Importantly, the opening of accession negotiations with the country should provide an important policy anchor and a strong incentive to accelerate reforms. Note, however, that in the event the European Council opens accession negotiations, they could last 6-7 years, based on the experience from Croatia, while the ratification by all member states could take up to a further 2 years, implying that North Macedonia is not expected to join the EU before 2028.

Importantly, North Macedonia will continue to benefit from EU financial assistance under the Instrument for Pre-Accession Assistance II (IPA II), receiving EUR 303.1mn (equivalent to 2.7% of GDP) in 2018-20. Recall that the country has already been granted EUR 361.1mn in 2014-17, and another EUR 501.9mn under the IPA 2007-13.

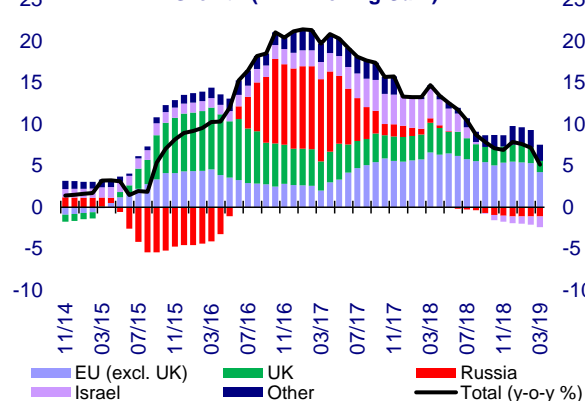
Cyprus

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

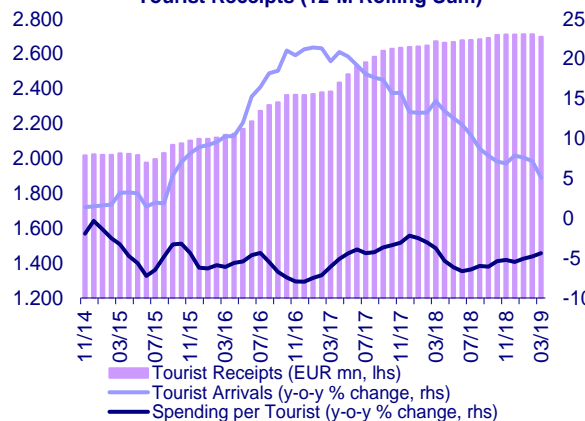
Election Results (% of votes)



Contributions to Annual Tourist Arrivals Growth (12-M Rolling Sum)



Tourist Receipts (12-M Rolling Sum)



The ruling Democratic Rally party (DISY) narrowly secures a victory in the European Parliamentary (EP) elections. The conservative DISY of the recently re-elected President N. Anastasiades won the EP elections, garnering 29.0% of the vote (securing 2 out of 6 EP seats). The main opposition party, the leftist Progressive Party of Working People (AKEL), came a close second, with 27.5% of the vote (2 seats in the EP). Regarding the other political parties, the centre-right Democratic Party (DIKO) ranked third, with 13.8% of the vote followed by the socialist Movement for Social Democracy party (EDEK), with 10.6% of the vote (each securing 1 seat in the EP).

Despite its victory, DISY saw its popularity fall compared with the 2018 Presidential elections (when it gained 35.5% of the vote in the 1st round) and the 2014 EP elections (37.8%). Moreover, its lead over AKEL narrowed further (to just 1.5 pps from 5.2 pps in the 1st round of the 2018 Presidential elections and 10.8 pps in the 2014 EP elections). Indeed, it appears that the Government's image has been (negatively) affected by the collapse of the Cooperative Bank, which led the Minister of Finance to pre-announce his resignation at the end of the year. The public outcry over the police's handling of a serial killer investigation, which led to the resignation of the Justice Minister, also took its toll. The main beneficiaries of the DISY's declining popularity were DIKO and, to a lesser extent, the far-right National Popular Front (ELAM), which, although failing to secure a seat in the EP elections, saw its support rise markedly (garnering 8.3% of the vote compared with 5.6% in the 2018 Presidential elections and 2.7% in 2014 EP elections).

Note that AKEL benefited from the Turkish Cypriot (TC) votes (adding an estimated 1.5 pps to the party's support), following the nomination of the academic N. Kizilyurek, who became the first TC ever elected to public office.

Tourist activity weakened further in Q1:19, dragged down by the main source countries (the UK and Israel) and unsupportive base effects. Growth in tourist arrivals slowed to 5.1% y-o-y on a 12-month rolling basis in March from 7.8% in December 2018 and 13.3% in December 2017. In terms of source countries, the main drag came from the EU, including the UK (shaving 2.0 pps off overall growth), and Israel (subtracting 0.5 pps from overall growth). The main factors behind this performance were: i) unfavourable base effects from the past year's early Easter holiday; ii) the economic slowdown in EU-27 and the UK (for a 2nd successive year in FY:19); iii) increased Brexit-related uncertainty (with British visitors accounting for more than 1/3 of the island's tourists); iv) stronger competition from neighbouring countries -- Turkey and Egypt -- due to easing domestic security concerns and more competitive prices (following the sharp depreciation of the TRY and EGP over the past two years); and v) the recent bankruptcies of several airlines servicing the island (including Germania airline in February and Cobalt Air in mid-Q4:18).

On a negative note, the moderation in tourist arrivals, together with lower spending per tourist (down 4.4% y-o-y in Q1:19), led to a slowdown in tourist receipts (up by just 1.0% y-o-y on a 12-month rolling basis in March from 2.7% at end-2018 and 11.7% at end-2017).

Looking ahead, we expect tourist arrivals to rise by c. 3.0% (to a record high of 4.0mn visitors) in FY:19 down from 7.8% in FY:18, as weaker support from the UK and Russia in the core months of the tourist season (on the back of the significant depreciation of the RUB against the EUR over the two past years) should take its toll. Importantly, the establishment of a dedicated Deputy Ministry of Tourism in January, together with the ongoing increase in the island's accommodation capacity, should support tourism activity in the long term.

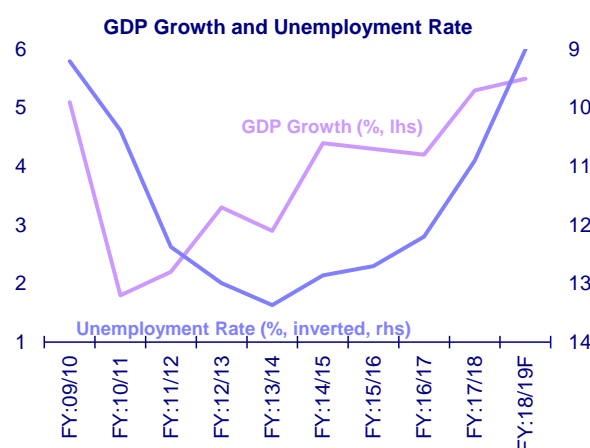
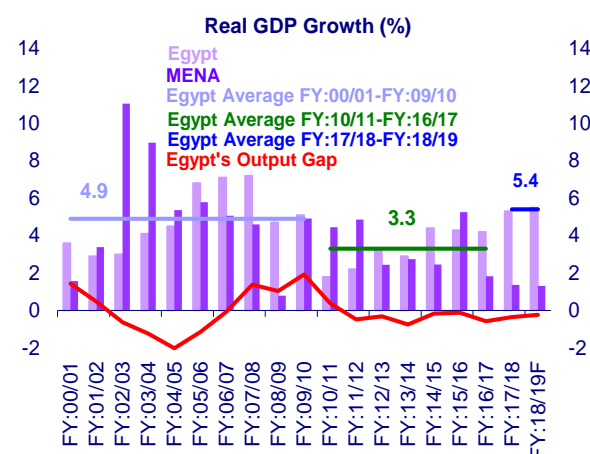
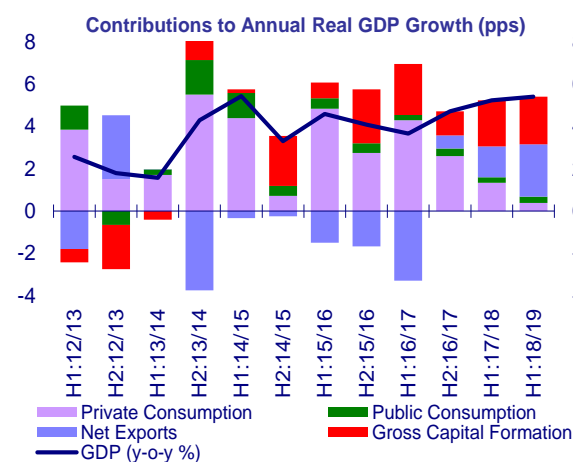
	10 Jun.	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.38	-0.37	-0.37	-0.37
EUR/USD	1.13	1.22	1.24	1.26
Sov. Spread (2025. bps)	94	120	110	100

CSE Index	10 Jun.	1-W %	YTD %	2-Y %
	70	-1.3	5.7	-8.7

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	4.8	4.5	3.9	3.6	3.2
Inflation (eop. %)	-0.3	-0.6	1.7	1.0	1.2
Cur. Acct. Bal. (% GDP)	-5.1	-8.4	-7.0	-8.4	-7.8
Fiscal Bal. (% GDP)	0.3	1.8	-4.8	3.1	3.0

Egypt

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



	10 Jun.	3-M F	6-M F	12-M F
O/N Interbank Rate (%)	15.9	15.5	14.0	12.0
EGP/USD	16.7	17.6	17.8	18.0
Sov. Spread (2025, bps)	405	350	330	290

	10 Jun.	1-W %	YTD %	2-Y %
HERMES 100	1,356	2.8	6.8	11.0

	15/16	16/17	17/18E	18/19F	19/20F
Real GDP Growth (%)	4.3	4.2	5.3	5.5	5.8
Inflation (eop. %)	14.0	29.8	14.4	12.5	9.0
Cur. Acct. Bal. (% GDP)	-6.0	-6.0	-2.4	-2.0	-1.8
Fiscal Bal. (% GDP)	-12.5	-10.9	-9.7	-8.6	-8.0

Economic growth strengthened further in H1:18/19, reaching a record high of 5.4% y-o-y, with a significant rebalancing from consumption towards investment and exports. GDP growth accelerated slightly to 5.4% y-o-y in H1:18/19 (July-December 2018) from 5.2% a year earlier, underpinned by the return of confidence in the Egyptian economy, following the steady implementation of the 3-year USD 12bn IMF arrangement -- signed in November 2016.

Importantly, the ongoing adjustment programme continued to shift the structure of economic growth from consumption towards exports and investments (see chart), which bodes well for strong and sustainable growth in the coming years. The main measures of this programme are: i) the flotation of the domestic currency; ii) (gradual) cuts in fuel and gas subsidies; iii) the introduction of the long-awaited VAT and the increase in other taxes; and iv) the containment of the wage bill (through a new civil service law).

Specifically, private consumption growth slowed to 0.5% y-o-y in H1:18/19 from 1.5% a year earlier (contributing just 0.4 pps to overall GDP growth in H1:18/19 down from 1.3 pps in H1:17/18 and a sizeable 3.2 pps on average in FY:12/13-FY:16/17, before the implementation of the IMF programme). The slowdown in consumption is mainly due to a restrictive monetary policy stance, a tight incomes policy (see above-mentioned austerity measures), the sharp depreciation of the EGP following its flotation in mid-Q2:16/17 (by c. 50%), weak job creation and high inflation. Public consumption growth accelerated slightly (up 4.3% y-o-y in H1:18/19 from 2.6% a year earlier), but remained low (contributing just 0.4 pps to overall growth in H1:18/19, broadly unchanged from H1:17/18), in line with a tighter fiscal policy stance.

The softening in domestic consumption was more than offset, however, by strong investment and the recovery in net exports. In fact, growth in gross capital formation (GFCF) decelerated to a still strong 12.1% y-o-y in H1:18/19 from 15.1% a year earlier (contributing a still sizeable 1.9 pps to overall growth in H1:18/19, slightly below the 2.2 pps in H1:17/18). Sustained growth in GFCF was due to large investments (especially in the oil and natural gas sector), reflecting the return of foreign investor confidence, due to improved security conditions and the ongoing structural reforms.

Net exports remained a key driver of overall growth, contributing 2.7 pps to headline growth in H1:18/19 up from 1.5 pps H1:17/18, after having been a drag for several years (subtracting an average 1.3 pps in FY:13/14-FY:16/17, before the implementation of the IMF-supported programme). The positive (net) exports performance reflects buoyant activity in the tourism sector (with the number of nights spent by tourists rising sharply by 36.4% in H1:18/19, on the back of the cheap domestic currency and improved security conditions) and rising production of natural gas at the Zohr field. The strong performance in net exports also reflects subdued domestic demand and improved competitiveness after the mid-2016 FX market liberalisation that removed the EGP's peg.

GDP growth is on track to reach an 11-year high of 5.5% this fiscal year (ending in June 2019). Looking ahead, projecting continued strong implementation of the ongoing IMF-supported programme, we expect GDP growth to reach 5.5% in FY:18/19 (in line with the latest IMF forecast) from 5.3% in FY:17/18, remaining above Egypt's GDP potential (of 4.5%) for a 2nd successive year. Should our GDP growth forecast materialise, the FY:18/19 unemployment rate would return to single digits, reaching a post-Revolution (January 2011) low of 9.8%, down from 10.9% in FY:17/18 and a peak of 13.4% in FY:13/14.

FOREIGN EXCHANGE MARKETS, JUNE 10TH 2019

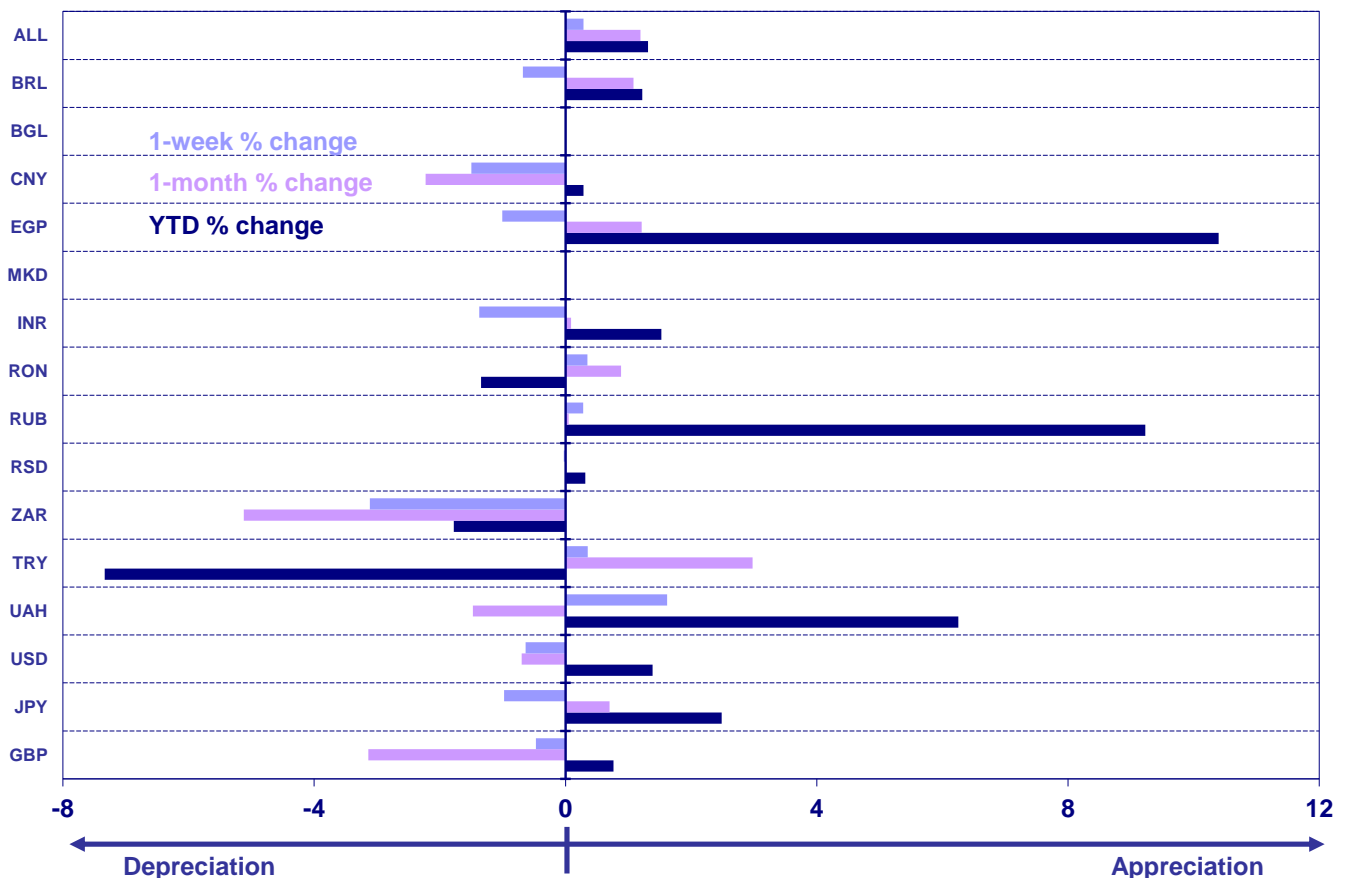
Against the EUR

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	0.3	1.2	1.3	4.7	122.1	125.9	121.9	121.7	120.7	7.8	1.9
Brazil	BRL	4.40	-0.7	1.1	1.2	-0.6	4.16	4.60	---	---	4.67	-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	7.84	-1.5	-2.2	0.3	-3.6	7.49	7.88	---	---	8.10	-0.8	-6.0
Egypt	EGP	18.87	-1.0	1.2	10.4	10.8	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	78.6	-1.4	0.1	1.5	1.3	76.8	82.3	---	---	---	-3.9	-6.7
Romania	RON	4.71	0.3	0.9	-1.3	-1.1	4.72	4.78	4.76	4.81	4.91	0.6	-3.0
Russia	RUB	73.2	0.3	0.1	9.2	1.2	71.4	80.1	74.7	76.1	78.8	-13.4	-6.8
Serbia	RSD	117.8	0.0	0.0	0.3	0.2	117.9	118.5	118.3	118.5	---	0.2	4.2
S. Africa	ZAR	16.8	-3.1	-5.1	-1.8	-7.5	15.16	17.08	17.1	17.4	18.0	-9.9	-2.7
Turkey	YTL	6.53	0.4	3.0	-7.3	-18.4	5.91	7.03	6.92	7.31	8.12	-24.9	-18.4
Ukraine	UAH	29.8	1.6	-1.5	6.3	3.1	29.09	32.66	---	---	---	6.0	-15.2
US	USD	1.13	-0.6	-0.7	1.4	4.2	1.1	1.2	1.14	1.15	1.16	4.6	-12.4
JAPAN	JPY	122.7	-1.0	0.7	2.5	5.7	118.8	127.5	122.7	122.7	122.8	7.5	-8.9
UK	GBP	0.89	-0.5	-3.1	0.8	-1.2	0.8	0.9	0.89	0.90	0.90	-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 10th 2019)



MONEY MARKETS, JUNE 10TH 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 10TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	---	---	---	---	---	17.7	1.6	5.9	---	7.5	---	23.4	---	---	-0.6	2.3
6-Month	1.0	---	---	---	---	17.6	2.3	6.0	3.5	7.5	3.3	22.9	---	---	-0.5	2.2
12-Month	1.4	---	-0.1	2.5	---	17.3	2.6	6.2	3.3	7.4	2.7	24.3	---	19.2	-0.6	2.0
2-Year	1.6	---	---	2.8	---	---	2.8	6.3	3.6	7.4	---	21.7	6.6	---	-0.6	1.9
3-Year	1.8	---	-0.2	2.9	0.0	---	2.7	6.6	3.9	7.4	---	20.7	7.1	18.0	-0.7	1.9
5-Year	3.0	7.7	---	3.1	0.3	16.4	2.7	6.9	4.2	7.6	3.6	20.2	7.4	16.0	-0.5	1.9
7-Year	3.8	---	0.4	---	0.5	16.2	---	7.0	4.4	7.7	---	---	---	---	-0.4	2.0
10-Year	5.2	8.2	0.6	3.3	---	16.1	3.9	7.1	4.7	7.7	---	17.6	8.4	---	-0.1	2.1
15-Year	---	---	---	---	---	---	4.3	7.3	---	7.8	---	---	9.9	---	0.1	---
25-Year	---	---	---	---	---	---	---	---	---	---	---	---	10.0	---	---	---
30-Year	---	---	---	---	---	---	---	7.3	---	---	---	---	9.9	---	0.5	2.6

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

CORPORATE BONDS SUMMARY, JUNE 10TH 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	1.5	214	185
South Africa	FirstRand Bank Ltd 4.25% '20	USD	BB/Baa3	30/4/2020	500	3.2	115	98
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.8	140	104
Turkey	Arcelik AS 3.875% '21	EUR	BB+/NA	16/9/2021	350	3.3	396	358
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	7.2	532	503
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	10.3	845	768
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	9.5	761	695
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	10.2	836	750
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	7.9	604	568
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	6.6	477	454

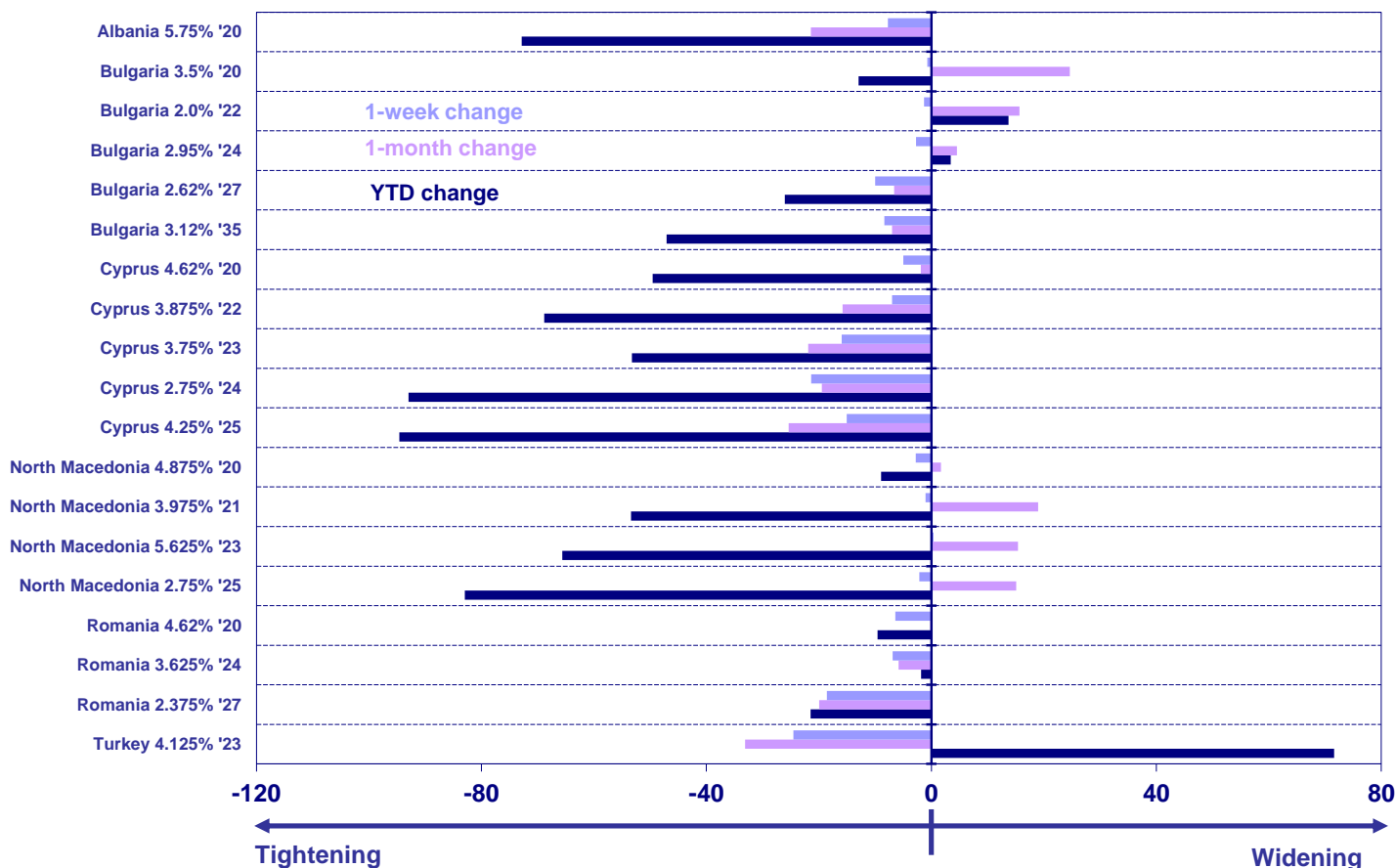
CREDIT DEFAULT SWAP SPREADS, JUNE 10TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	---	167	76	52	90	330	---	95	88	125	121	459	196	651
10-Year	---	247	104	90	103	384	---	104	126	187	148	470	260	674

EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY, JUNE 10TH 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	0.9	154	131
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.1	45	18
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	0.0	72	33
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	0.2	75	31
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	0.5	90	46
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	1.7	167	116
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	0.4	94	68
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1,000	0.0	66	28
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1,000	0.2	87	48
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0.3	85	43
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	0.5	94	56
North Macedonia 4.875% '20	EUR	BB-/NA	1/12/2020	178	1.0	166	142
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	1.4	203	487
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	1.8	251	222
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	2.0	258	214
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	0.0	54	32
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	0.7	133	96
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	1.8	213	167
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	4.7	537	481

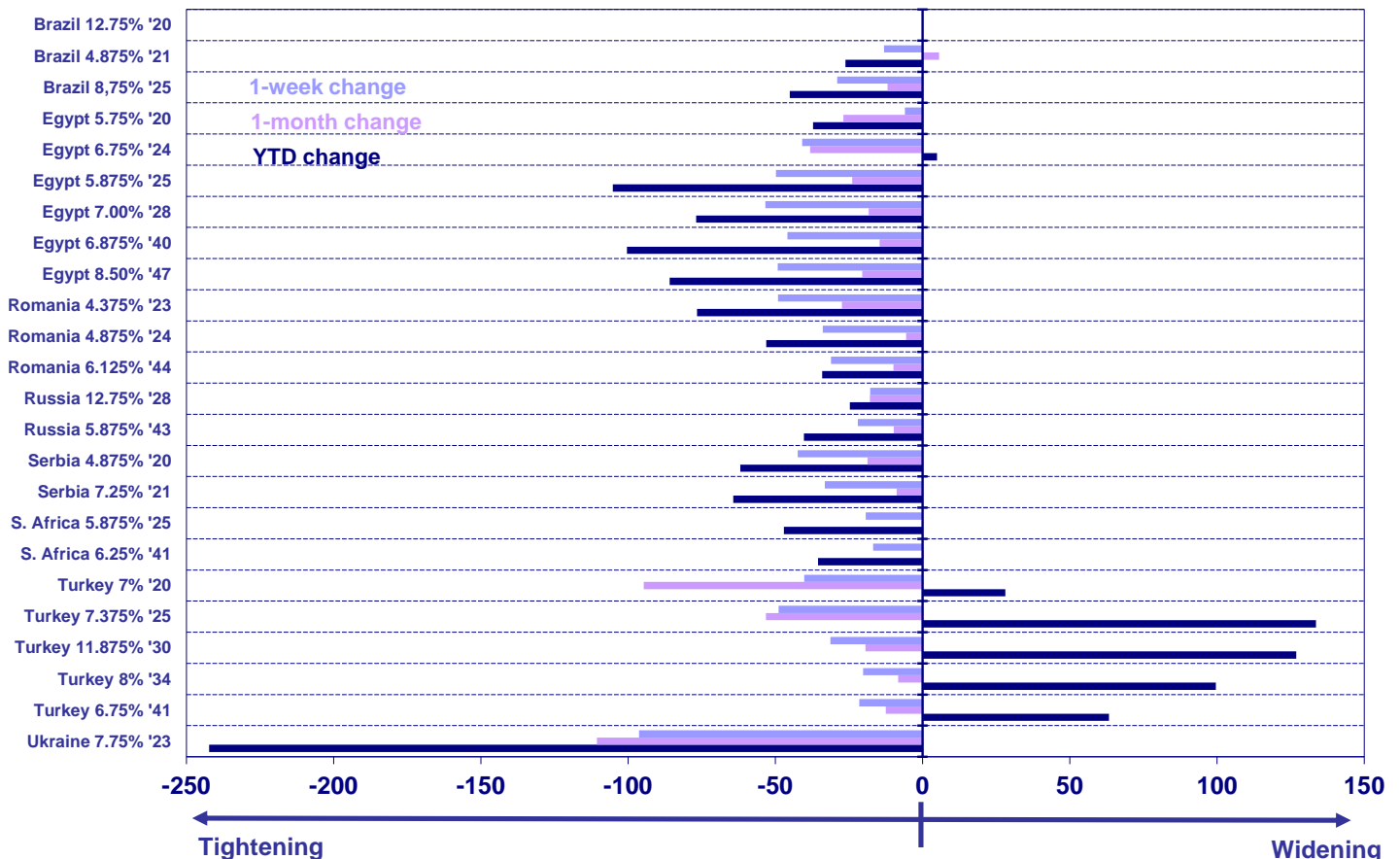
EUR-Denominated Eurobond Spreads (June 10th 2019)



USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY, JUNE 10TH 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	1.9	---	---
Brazil 4.875% '21	USD	NA/Ba2	22/1/2021	2,713	2.8	90	77
Brazil 8.75% '25	USD	NA/Ba2	4/2/2025	688	3.5	158	173
Egypt 5.75% '20	USD	B/B2	29/4/2020	1,000	4.1	206	189
Egypt 6.75% '24	USD	NA/B2	10/11/2024	1,500	5.7	378	378
Egypt 5.875% '25	USD	B/B2	11/6/2025	500	6.1	405	401
Egypt 7.00% '28	USD	NA/B2	10/11/2028	1,000	6.9	479	477
Egypt 6.875% '40	USD	B/B2	30/4/2040	1,500	7.5	490	487
Egypt 8.50% '47	USD	NA/B2	31/1/2047	500	8.2	562	591
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	2.9	94	95
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	3.1	118	120
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	4.6	195	252
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	4.1	199	278
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	4.6	202	253
Serbia 4.875% '20	USD	BB/Baa3	25/2/2020	1,500	3.1	85	78
Serbia 7.25% '21	USD	BB/Baa3	28/9/2021	2,000	3.0	110	109
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	4.6	252	264
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	5.7	312	349
Turkey 7.00% '20	USD	NR/Ba3	5/6/2020	2,000	5.3	327	312
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	7.4	546	533
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	8.0	583	671
Turkey 8.00% '34	USD	NR/Ba3	14/2/2034	1,500	7.9	578	559
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	7.7	506	462
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	7.4	555	550

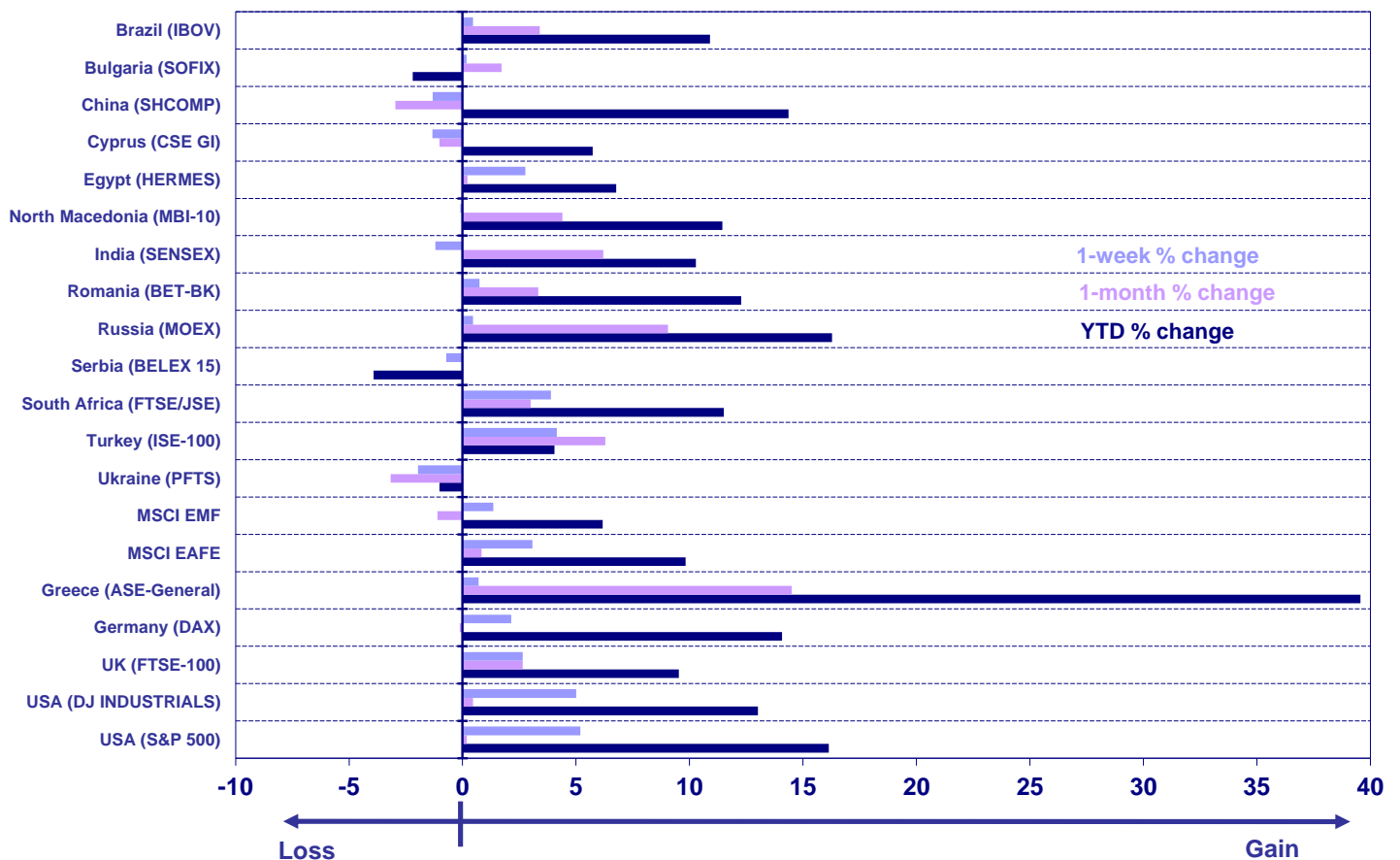
USD-Denominated Eurobond Spreads (June 10th 2019)



STOCK MARKETS PERFORMANCE, JUNE 10TH 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)	97,467	0.5	3.4	10.9	34.8	87,536	100,439	12.0	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	581	0.2	1.7	-2.2	-7.7	560	622	-2.2	-12.3	-12.3	15.5	15.5
China (SHCOMP)	2,852	-1.3	-3.0	14.4	-6.6	2,441	3,288	14.8	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	70	-1.3	-1.0	5.7	0.9	60	71	5.7	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,356	2.8	0.2	6.8	-12.9	1,290	1,467	14.6	-11.1	-11.1	32.0	18.7
North Macedonia (MBI)	3,866	-0.1	4.4	11.4	22.6	3,467	3,943	11.4	36.6	36.6	18.9	18.9
India (SENSEX)	39,785	-1.2	6.2	10.3	12.1	33,292	40,312	12.2	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,635	0.7	3.3	12.3	1.1	1,394	1,636	10.8	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,743	0.5	9.1	16.3	20.7	2,350	2,747	26.4	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	732	-0.7	0.0	-3.9	-0.1	668	760	-3.7	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	58,481	3.9	3.0	11.5	0.6	50,907	59,545	9.8	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	94,103	4.2	6.3	4.1	-2.6	83,535	105,930	-4.1	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	554	-2.0	-3.2	-1.0	26.8	530	582	5.2	77.5	88.1	18.8	0.8
MSCI EMF	1,022	1.4	-1.1	6.2	-10.3	946	1,099	7.3	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,881	3.1	0.8	9.8	-7.1	1,709	1,928	11.0	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	843	0.7	14.5	39.6	11.0	600	847	39.6	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	12,045	2.1	-0.1	14.1	-6.2	10,387	12,436	14.1	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,376	2.7	2.4	9.5	-4.7	6,599	7,529	10.7	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	26,063	5.0	0.5	13.0	2.9	21,713	26,952	14.2	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,887	5.2	0.2	16.1	3.8	2,444	2,954	17.4	-6.2	-1.9	19.4	4.7

Equity Indices (June 10th 2019)



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