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**Emerging Markets Analysis**

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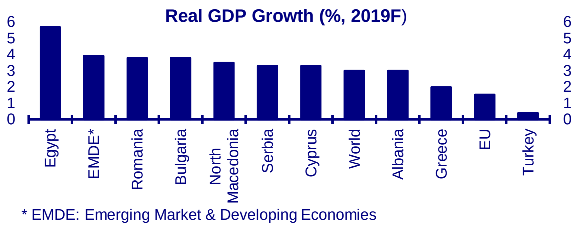
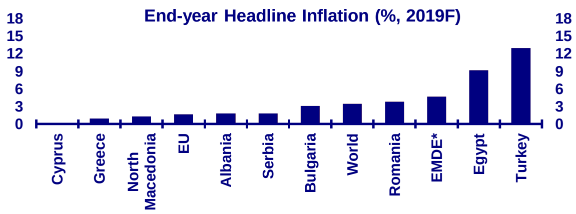
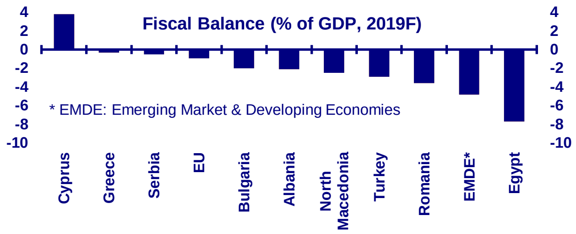
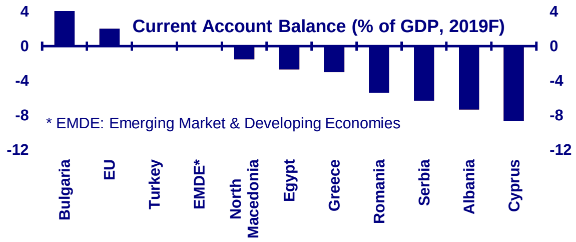



Sources: National authorities, IMF & NBG estimates

*Please see disclosures on page 10*

# Economic Analysis Division

## Emerging Markets Analysis

# *Bi-Weekly Report*

*12 – 25 November 2019*



External rebalancing continued for a 16th consecutive month in September, with the 12-month rolling current account balance moving into a surplus of 0.8% of GDP (the highest in almost 20 years) from a deficit of 7.1% in June (the highest in 6 years)



Adjusted for the purchase of military equipment (worth 1.8% of GDP), the (underlying) government budget surplus widened by 0.4 pps y-o-y to 2.8% of GDP in 9M:19, due to tighter current spending controls and higher EU grants

Bulgaria's already low gross public debt is set to decline further in FY:20, on the back of healthy GDP growth negative *ex-post* real interest rates and a primary surplus



Easing inflation and strong appreciation pressures on the RSD strengthened the NBS' hand to lower its key rate by a further 25 bps to 2.25%

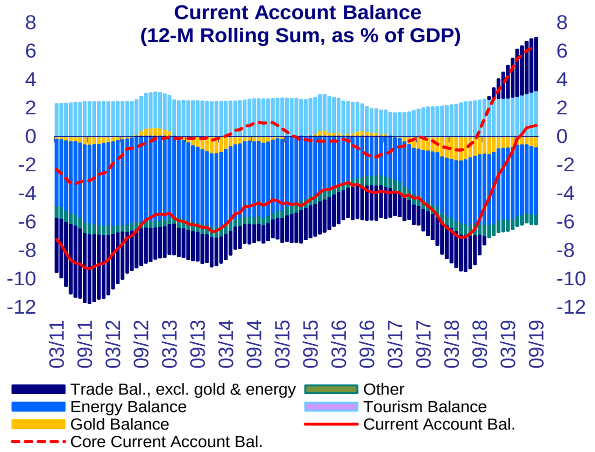
A smaller-than-initially-expected fiscal deterioration in 9M:19 provides room for a (higher-than-budgeted) increase in expenditure in Q4:19

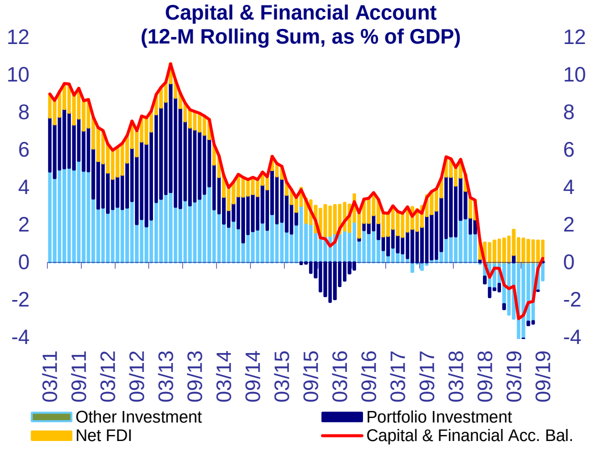


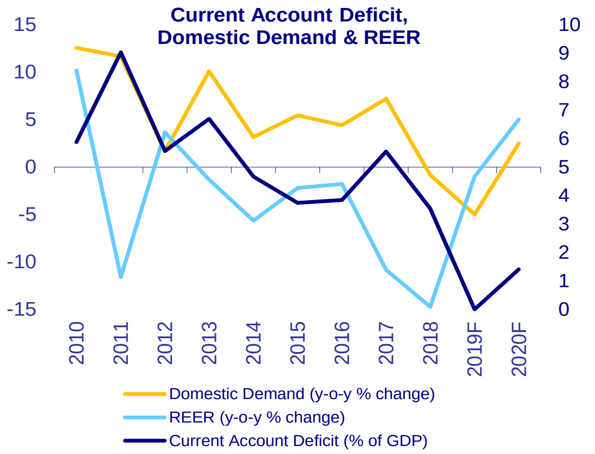
Fiscal prudence continued in 9M:19, with the budget surplus reaching a post-crisis high of 4.2% of GDP, on a 12-month rolling basis, in September from 3.5% in FY:18 (excluding the once-off impact of the sale of the Cyprus Cooperative Bank)

# Turkey

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




| | 25 Nov. | 3-M F | 6-M F | 12-M F |
|---|---|---|---|---|
| 1-m TRIBOR (%) | 13.4 | 14.0 | 13.0 | 11.5 |
| TRY/EUR | 6.33 | 6.45 | 6.65 | 7.25 |
| Sov. Spread (2025, bps) | 391 | 480 | 450 | 400 |

| | 25 Nov. | 1-W % | YTD % | 2-Y % |
|---|---|---|---|---|
| ISE 100 | 105,382 | -1.4 | 16.5 | 0.8 |

| | 2016 | 2017 | 2018 | 2019F | 2020F |
|---|---|---|---|---|---|
| Real GDP Growth (%) | 3.2 | 7.5 | 2.8 | 0.4 | 3.5 |
| Inflation (eop, %) | 8.5 | 11.9 | 20.3 | 13.0 | 10.0 |
| Cur. Acct. Bal. (% GDP) | -3.8 | -5.5 | -3.5 | 0.0 | -1.4 |
| Fiscal Bal. (% GDP) | -1.1 | -1.5 | -1.9 | -2.9 | -3.5 |

Sources: Reuters, CBRT, TurkStat & NBG estimates

**External rebalancing continued for a 16th consecutive month in September, with the 12-month rolling current account balance (CAB) moving into a surplus of 0.8% of GDP (the highest in almost 20 years) from a deficit of 7.1% in June (the highest in 6 years).** The improvement in the 12-month rolling CAB since June 2018 (7.8 pps of GDP) was driven by the narrowing in the core trade deficit (excluding oil and gold, down 6.2 pps to a surplus of 3.7% 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). The shrinkage in the gold balance deficit (by 0.8 pps of GDP on a 12-month rolling basis since June 2018), following a normalization in gold imports, together with the widening in the services surplus (up 1.2 pps of GDP on a 12-month rolling basis since June 2018), mainly on the back of strong tourism activity, also helped in narrowing external imbalances.

**The 12-month rolling capital & financial account (CFA) has been improving steadily over recent months, suggesting growing confidence in the Turkish economy**. The 12-month rolling CFA rebounded to a surplus of 0.3% of GDP in September from a trough of 3.0% in April, still less than the surplus of 3.5% recorded in June 2018, i.e. prior to the currency crisis.

This improvement was mainly driven by a deceleration in deposit outflows from banks (down 2.4 pps of GDP on a 12-month rolling basis since April against an increase of 3.0 pps between June 2018 and April 2019), amid signs of economic stabilization and easing political risk after the highly contested March and June local elections. At the same time, deleveraging halted (net lending to the private sector rose by 0.1 pp of GDP on a 12-month rolling basis since April against a decline of 3.2 pps between June 2018 and April 2019), boding well for a pick up in economic activity.

All said, the overall balance improved sharply (up 3.0 pps of GDP on a 12-month rolling basis since April, following broadly no change between June 2018 and April 2019) to a surplus of 1.4% of GDP in September, with net FX reserves (excluding gold) reaching USD 75.2bn (up USD 2.3bn since April and broadly unchanged compared with June 2018). At their current level, FX reserves cover c. 4 months of GNFS imports and c. 110% of short-term external debt, excluding trade credits (still close to the critical levels of 3 months and 100% of short-term external debt).

**The CAB is set to turn into a deficit of 1.4% of GDP in FY:20 from a projected balanced position in FY:19, in line with the economic recovery**. Looking ahead, we expect the external adjustment to gradually reverse course, since the prospective recovery in economic activity will be accompanied by higher import spending (we see GDP expanding by 3.5% in FY:20 against a weak 0.4% in FY:19).

Filling the external financing gap should not be a problem, in view of improving confidence in the Turkish economy and accommodative global financing conditions. Under our baseline scenario, we see net FX reserves rising further, albeit slowly, by USD 3bn -- following a projected increase by USD 2.1bn in FY:19 -- to USD 78bn by end-2020. We underline, however, that there are significant downside risks to our forecast as large gross external financing needs (projected at c. 25% of GDP in FY:20), a still precarious net FX reserves position and persistent geopolitical risks leave the economy vulnerable to adverse shifts in investor sentiment.

The improvement in Turkey's external position and favourable prospects was recently confirmed by Fitch, which upgraded the country's outlook to stable from negative, while keeping its credit rating at "BB-".

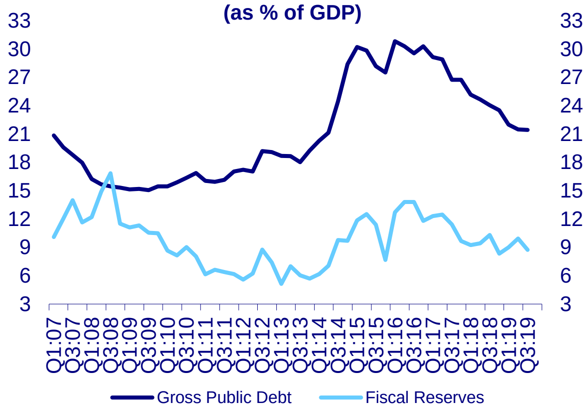
# Bulgaria

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

| Consolidated Budget (% of GDP) | | | | | |
|---|---|---|---|---|---|
| | 2018 Outcome | 9M:18 | 9M:19 | Revised 2019 Budget | 2019 NBG Forecast |
| Total Revenue | 36.1 | 26.6 | 27.2 | 36.1 | 36.2 |
| Tax Revenue | 29.4 | 21.9 | 21.7 | 29.0 | 29.1 |
| Non-Tax Rev. | 4.8 | 3.5 | 4.1 | 5.3 | 5.3 |
| Grants | 1.9 | 1.2 | 1.5 | 1.8 | 1.8 |
| Total Expenditure | 36.0 | 24.1 | 26.1 | 38.1 | 38.2 |
| Current Spending | 31.2 | 22.2 | 22.3 | 31.5 | 31.5 |
| o/w Wages | 8.0 | 5.8 | 6.0 | 8.1 | 8.2 |
| Consumption | 4.0 | 2.5 | 2.4 | 3.9 | 3.9 |
| Subsidies | 2.7 | 1.6 | 2.1 | 3.3 | 3.3 |
| Social Spending | 14.7 | 10.9 | 10.5 | 14.3 | 14.4 |
| Interest Payments | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 |
| Capital Expend. | 4.8 | 2.0 | 3.8 | 6.6 | 6.6 |
| Fiscal Balance | 0.1 | 2.4 | 1.0 | -2.0 | -2.0 |

| Consolidated Budget (% of GDP) | | | | |
|---|---|---|---|---|
| | 2018 Outcome | 2019 NBG Forecast | 2020 Budget | 2020 NBG Forecast |
| Total Revenue | 36.1 | 36.2 | 36.4 | 36.7 |
| Tax Revenue | 29.4 | 29.1 | 29.1 | 29.4 |
| Non-Tax Rev. | 4.8 | 5.3 | 5.2 | 5.2 |
| Grants | 1.9 | 1.8 | 2.1 | 2.1 |
| Total Expenditure | 36.0 | 38.2 | 36.4 | 36.7 |
| Current Spending | 31.2 | 31.6 | 31.3 | 31.6 |
| o/w Wages | 8.0 | 8.2 | 8.3 | 8.4 |
| Goods &Services | 4.0 | 3.9 | 3.9 | 3.9 |
| Subsidies | 2.7 | 3.3 | 2.9 | 3.1 |
| Social Spending | 14.7 | 14.4 | 14.3 | 14.4 |
| Interest Payments | 0.6 | 0.5 | 0.5 | 0.5 |
| Capital Expend. | 4.8 | 6.6 | 5.1 | 5.1 |
| Fiscal Balance | 0.1 | -2.0 | 0.0 | 0.0 |

**Gross Public Debt & Fiscal Reseves (as % of GDP)**




| | 25 Nov. | 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 (2024, bps) | 60 | 58 | 55 | 50 |

| | 25 Nov. | 1-W % | YTD % | 2-Y % |
|---|---|---|---|---|
| SOFIX | 549 | -1.3 | -7.7 | -17.8 |

| | 2016 | 2017 | 2018 | 2019F | 2020F |
|---|---|---|---|---|---|
| Real GDP Growth (%) | 3.8 | 3.5 | 3.1 | 3.8 | 3.3 |
| Inflation (eop, %) | 0.1 | 2.8 | 2.7 | 2.9 | 2.7 |
| Cur. Acct. Bal. (% GDP) | 3.2 | 3.5 | 5.4 | 7.2 | 5.2 |
| Fiscal Bal. (% GDP) | 1.6 | 0.8 | 0.1 | -2.0 | 0.0 |

Sources: Reuters, Ministry of Finance & NBG estimates

**Adjusted for the purchase of military equipment (worth 1.8% of GDP), the (underlying) budget surplus widened by 0.4 pps y-o-y to 2.8% of GDP in 9M:19, due to tighter current spending controls and higher EU grants**. Indeed, despite a looser incomes policy (public sector wages rose by 10% in January, with the education sector receiving an additional 10% raise), current spending (excluding subsidies, see below) was curtailed in 9M:19 (down 0.3 pps of GDP y-o-y), reflecting tighter spending controls amid unexpectedly strong nominal GDP growth. Grants from the EU also increased in 9M:19 (up 0.3 pps of GDP y-o-y), but have not yet translated into higher public investment (adjusted for the purchase of military equipment, broadly unchanged compared with 9M:18).

The improvement in the budget balance would have been larger had tax revenue not dropped in 9M:19 (down 0.2 pps of GDP y-o-y), suggesting weakening revenue mobilization, especially in indirect taxes.

Note that non-tax revenue rose markedly in 9M:19, but this was solely due to a base effect from the change in the mechanism of revenue collection and redistribution under the budget of the Electricity System Security Fund (EPSF), effective since mid-2018. This change is budget neutral, as both non-tax revenue and subsidies are raised equally.

Looking ahead, the fiscal performance in set to deteriorate slightly in Q4:19, mainly driven by a pick-up in capital spending and higher current spending. The latter should be fueled by the ongoing easing in incomes policy (pensions rose by c. 6% in July) and the need to close the financing gap of the pension and healthcare systems. All said, we see the FY:19 budget surplus (adjusted for once-offs) at 0.2% of GDP (or -2.0% in unadjusted terms), broadly unchanged compared with its FY:18 outcome and in line with its revised budget target.

**The budget is set to remain broadly balanced for a 3rd consecutive year in FY:20**. The FY:20 budget envisages a broadly neutral fiscal stance, targeting a balanced position. In our view, this target appears to be within reach, albeit with some effort.

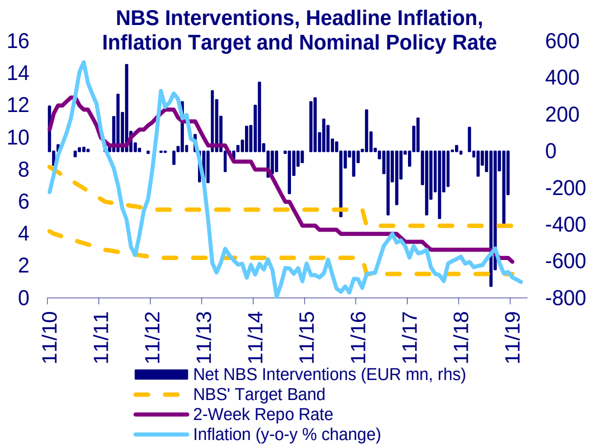
Specifically, the FY:20 budget envisages a slowdown in current spending (down 0.3 pps of GDP against the projected FY:19 outcome), mainly due to a cut in subsidies. However, the latter is not completely explained by underlying policy plans. Moreover, personnel expenses and social spending are unlikely to remain contained, as planned, in view of a further easing in incomes policy. Note that public sector wages will rise by another 10% in January (with the education sector receiving an additional 7% raise) and pensions will increase by c. 7% in July.

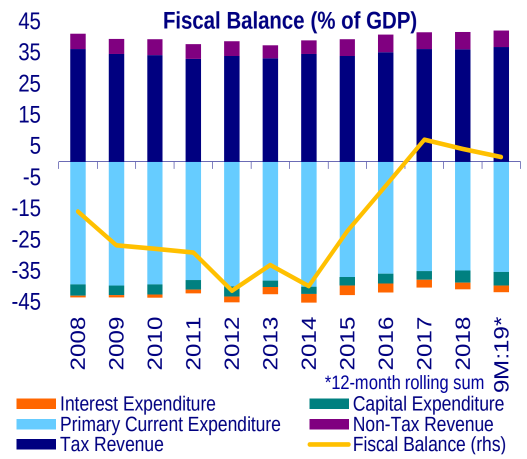
The implied slippage in current spending (c. 0.3 pps of GDP) should be broadly offset, however, by the overperformance in tax revenue. Indeed, the introduction of a toll fee and electronic vignette (projected to yield 0.2 pps of GDP), combined with the authorities' efforts to reduce the sizeable tax gap (estimated at over 8.0% of GDP against an EU average of c. 5.0%), is set to push tax revenue above its FY:20 budget target.

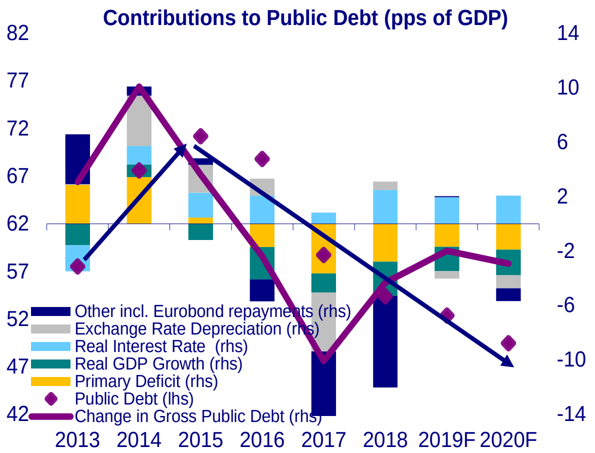
**Bulgaria's already low gross public debt is set to decline further in FY:20, on the back of healthy GDP growth negative *ex-post* real interest rates and a primary surplus**. Bulgaria's gross financing needs are estimated at c. 1.0% of GDP in FY:20. The budget law allows for new debt issuance worth up to 1.7% of GDP, suggesting that the authorities are unlikely to resort to the use of fiscal reserves (currently at 8.7% of GDP). All said, in view of positive debt dynamics (*ex-post* real interest rates are negative -- currently at c. -2.0% for the 10-year tenure -- while the primary balance is projected to turn into a small surplus in FY:20), gross public debt is set to drop further to 20.2% of GDP at end-2020 from a projected 21.3% at end-2019, remaining among the lowest in the EU (where the average stands at c. 85%).

# Serbia

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




| | 25 Nov. | 3-M F | 6-M F | 12-M F |
|---|---|---|---|---|
| 1-m BELIBOR (%) | 1.4 | 1.4 | 1.3 | 1.3 |
| RSD/EUR | 117.5 | 116.5 | 116.0 | 115.0 |
| Sov. Spread (2021, bps) | 170 | 155 | 152 | 150 |

| | 25 Nov. | 1-W % | YTD % | 2-Y % |
|---|---|---|---|---|
| BELEX-15 | 765 | -0.2 | 0.4 | 3.4 |

| | 2016 | 2017 | 2018 | 2019F | 2020F |
|---|---|---|---|---|---|
| Real GDP Growth (%) | 3.3 | 2.0 | 4.3 | 3.3 | 3.6 |
| Inflation (eop, %) | 1.6 | 3.0 | 2.0 | 1.2 | 1.7 |
| Cur. Acct. Bal. (% GDP) | -2.9 | -5.3 | -5.2 | -6.3 | -5.9 |
| Fiscal Bal. (% GDP) | -1.2 | 1.1 | 0.6 | -0.5 | -0.5 |

Sources: Reuters, NBS, OPBC & MoF & NBG estimates

**Easing inflation and strong appreciation pressures on the RSD strengthened the NBS' hand to lower its key rate by a further 25 bps to 2.25%.** Following two cuts in Q3:19, by a cumulative 50 bps, the NBS proceeded with an additional 25 bp cut to its 2-week repo rate, at its November meeting, to a record low of 2.25%. The move was prompted by a sharper-than-expected decline in headline inflation (to a 3-year low of 1.0% y-o-y in October, undershooting the lower bound of the NBS' target range of 3±1.5%) and sustained appreciation pressures on the RSD. The latter prompted the NBS to buy (net) a sizeable EUR 2.1bn (18.8% of end-2018 FX reserves) in June-October, following (net) purchases of EUR 350mn between February-May. Easing global financing conditions provided the NBS with additional scope to loosen its stance. Against this backdrop, and with inflation projected to remain below the lower bound of the NBS target band throughout 9M:20, we expect the NBS to proceed with additional rate cuts, totalling 50 bps, by end-Q2:20, to an all-time low of 1.75%.

**A smaller-than-initially-expected fiscal deterioration in 9M:19 provides room for an (unbudgeted) increase in expenditure in Q4:19.** The cumulative consolidated fiscal surplus narrowed by 0.4 pps y-o-y to 0.7% of GDP in 9M:19, significantly overperforming, however, the IMF quantitative target of a deficit of 0.1% of GDP.

The narrowing of the budget surplus was mainly attributed to higher expenditure (up 1.0 pp of GDP y-o-y). Indeed, personnel and pension expenses rose markedly in 9M:19 (together up 0.4 pps of GDP y-o-y), following the abolishment of the temporary pension reductions (introduced in 2014) and a 7%-12% rise in public sector wages, while capital expenditure also picked up strongly (up 0.4 pps of GDP y-o-y).

The rise in budget expenditure was partly offset by stronger revenue (up 0.5 pps of GDP y-o-y in 9M:19 against its initial FY:19 budget target of a decline of 1.5 pps of GDP). The key driver was tax revenue, which improved across the board in 9M:19 (up 0.8 pps of GDP y-o-y), reflecting a much-stronger-than-initially-envisaged tightening in the labour market and better tax collection.

In view of the 9M:19 budget overperformance, the Government agreed with the IMF to use the available fiscal space (c. 0.9 pps of GDP) for an (unbudgeted) expenditure hike, while maintaining unchanged the FY:19 deficit target (of 0.5% of GDP). The latter will be channeled to: i) capital spending (0.4 pps of GDP); ii) a bonus for pensioners and a 9.5% rise in public sector wages (0.2 pps); and iii) subsidies for the solution of CHF-indexed mortgage loans (0.2 pps of GDP).

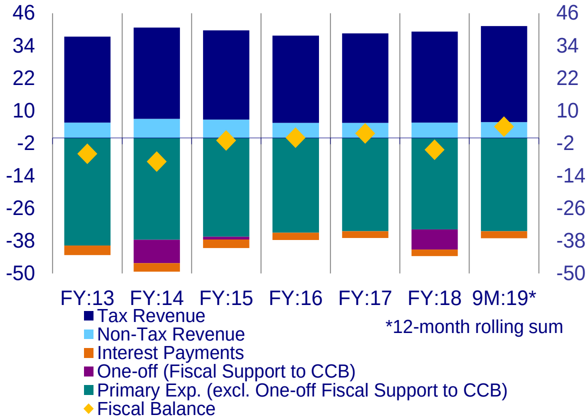
**The FY:20 Budget envisages a neutral fiscal stance, targeting a deficit of 0.5% of GDP.** Specifically, budget spending is set to be contained in FY:20 (down 0.5 pps of GDP), as a cut in subsidies together with lower interest payments should more than offset the impact of a looser incomes policy (in addition to the end-2019 hike in public sector wages, pensions are set to increase by 5% in January). Lower budget spending should broadly compensate for the decline in revenue (down 0.6 pps of GDP). In fact, tax revenue could come under pressure in FY:20 (down 0.2 pps of GDP), in line with the rise in the non-taxable income threshold and the cut in employers' contribution rate for pension insurance. Non-tax revenue is also set to drop next year (down 0.3 pps of GDP), mostly due to a negative base effect from the concession of the N. Tesla airport in FY:19.

Overall, the FY:20 Budget deficit target (of 0.5% of GDP) appears attainable. Importantly, upside risks to our forecast, stemming from the upcoming parliamentary elections (due by April) are very limited. Indeed, with Vucic's ruling party remaining a strong favourite, any fiscal slippage ahead of the elections is expected to be addressed rapidly in H2:20.

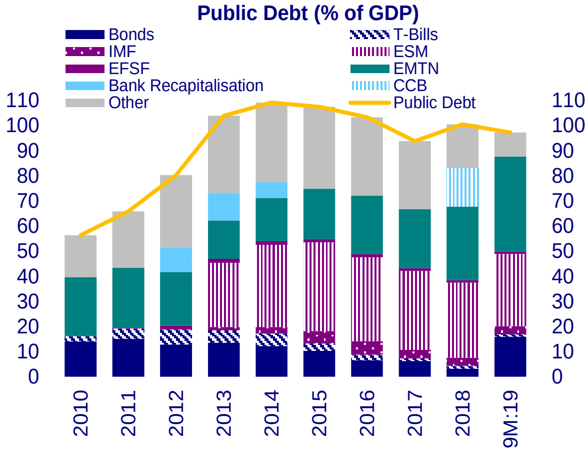
# Cyprus

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

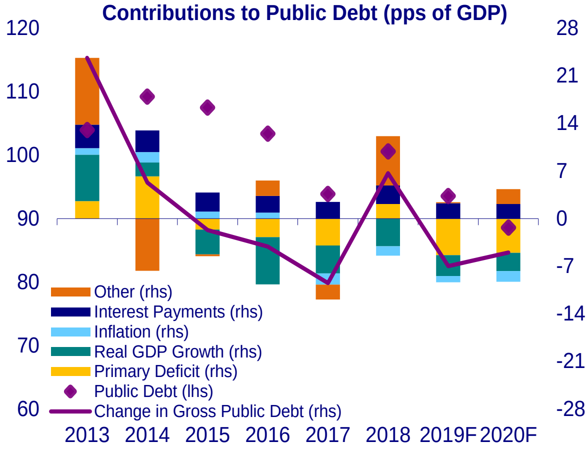
**Fiscal Performance (% of GDP)**




**Public Debt (% of GDP)**




**Contributions to Public Debt (pps of GDP)**




| | 11 Nov. | 3-M F | 6-M F | 12-M F |
|---|---|---|---|---|
| 1-m EURIBOR (%) | -0.45 | -0.45 | -0.45 | -0.45 |
| EUR/USD | 1.10 | 1.13 | 1.15 | 1.15 |
| Sov. Spread (2025. bps) | 91 | 110 | 105 | 100 |

| | 11 Nov. | 1-W % | YTD % | 2-Y % |
|---|---|---|---|---|
| CSE Index | 67 | -1.3 | 1.1 | -6.2 |

| | 2016 | 2017 | 2018 | 2019F | 2020F |
|---|---|---|---|---|---|
| Real GDP Growth (%) | 6.7 | 4.4 | 4.1 | 3.3 | 3.0 |
| Inflation (eop. %) | -0.3 | -0.6 | 1.7 | 0.1 | 0.4 |
| Cur. Acct. Bal. (% GDP) | -4.2 | -5.1 | -4.4 | -8.7 | -8.0 |
| Fiscal Bal. (% GDP) | 0.3 | 1.7 | -4.7 | 3.8 | 2.7 |

Sources: Reuters, MoF & NBG estimates

**Fiscal prudence continued in 9M:19, with the budget surplus reaching a post-crisis high of 4.2% of GDP, on a 12-month rolling basis, in September from 3.5% in FY:18 (excluding the once-off impact of the sale of the Cyprus Cooperative Bank, CCB).** The fiscal balance (adjusted for the EUR 1.7bn, or 8.0% of GDP, fiscal burden from the CCB sale in September 2018) improved significantly, by 0.7 pps y-o-y to a surplus of 4.3% of GDP in 9M:19.

The bulk of the improvement was attributed to a (once-off) surplus of 0.5% of GDP in the budget of the National Health System (NHS) in 9M:19. The latter was solely due to the 3-month lag between the initiation of collection of health insurance contributions (March) and State payments to the NHS (June).

The remaining improvement was due to buoyant tax revenue that more than offset higher spending. Indeed, tax revenue strengthened in 9M:19 (up 1.2 pps of GDP y-o-y), mainly driven by the increase in social contributions (excluding NHS). The latter was the result of: i) the hike in social security contribution rates from January 1st (with a fiscal impact of 0.5 pps of GDP in FY:19); and ii) improving labour market conditions (employment and wages rose by 5.0% and 1.3% y-o-y, respectively, in H1:19). The rise in tax revenue also reflects higher revenue from corporate and personal income taxes as well as VAT (together up 0.4 pps of GDP y-o-y in 9M:19), on the back of improved collection efficiency, solid economic activity and the recovery in corporate profitability.

On the other hand, expenditure increased in 9M:19 (excluding NHS outlays, up 1.0 pp of GDP y-o-y), due to: i) higher personnel expenses (up 0.5 pps of GDP y-o-y), reflecting the gradual reversal (as of July 1st, 2018) of wage cuts implemented during the crisis; and ii) higher interest payments (up 0.2 pps of GDP y-o-y), following the spike in public debt in FY:18 (see below).

**The upwardly revised FY:19 Budget surplus target of 3.8% of GDP -- the largest in EU -- is likely to be met.** The upward revision to the consolidated budget surplus target (from 3.1% previously) was prompted by the emergence of previously unforeseen surpluses in the budgets of the NHS (0.5% of GDP) and the state-owned asset management company, KEDIPES (0.1% of GDP, due to property sales). All said, despite the envisaged fiscal deterioration in Q4:19 (by 0.4 pps of GDP y-o-y), mainly stemming from higher personnel outlays (see above), we expect the FY:19 budget surplus target to be met.

**The fiscal stance is set to turn expansionary next year, with the FY:20 Budget envisaging a 1.1 pp of GDP decline in the fiscal surplus to 2.7% of GDP.** The narrowing of the budget surplus will mainly be the result of: i) the elimination of the NHS budget surplus, as a further increase in health insurance contribution rates as of March 1st 2020 (expected to yield 0.7 pps of GDP) will be offset by increases spending in public health; ii) a neutral impact of KEDIPES (against a surplus of 0.1% in FY:19); iii) a further reversal of wage cuts (projected to cost of 0.3 pps of GDP); and iv) the payment of subsidies under the "Estia" scheme (projected at 0.1 pp of GDP).

Overall, we foresee the fiscal surplus narrowing by 1.1 pp y-o-y to a still sizeable 2.7% of GDP -- in line with its target.

Importantly, following a spike in FY:18 due to the support to CCB, the public debt-to-GDP ratio is expected to resume its downward trend, falling below 100%, to 93.6% at end-2019 and 86.6% at end-2020, after reaching a peak of 100.6% at end-2018. The debt reduction should be supported by large primary surpluses this year and next, historically low interest rates and a large debt-decreasing snowball effect (see chart).

## FOREIGN EXCHANGE MARKETS, NOVEMBER 25TH 2019

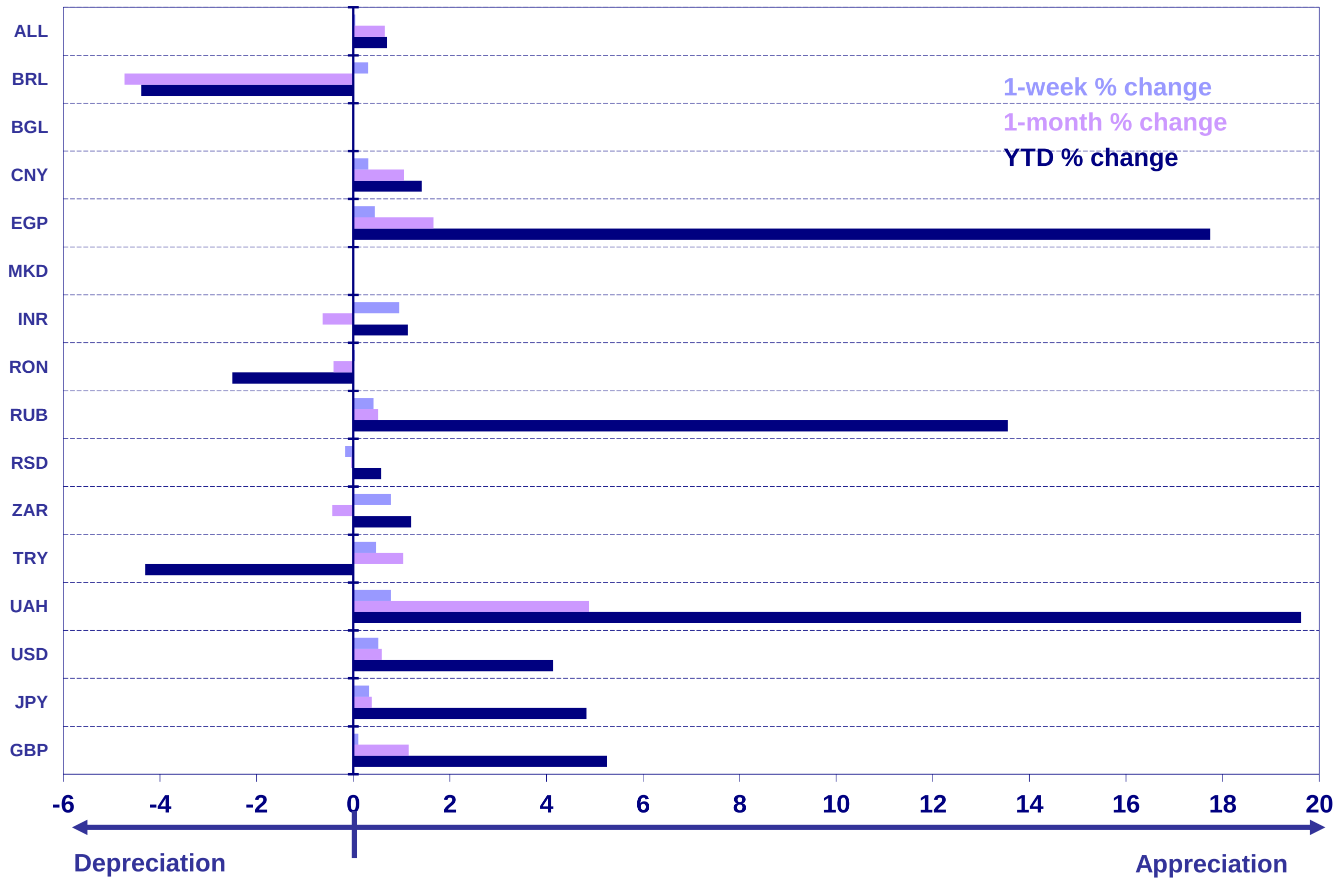
*Against the EUR*

| | 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 | 122.4 | 0.0 | 0.7 | 0.7 | 1.6 | 120,9 | 125,9 | 122.4 | 122.2 | 121.9 | 7.8 | 1.9 |
| **Brazil** | BRL | 4.65 | 0.3 | -4.7 | -4.4 | -4.1 | 4,16 | 4,67 | - - - | - - - | 4.88 | -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 | 7.75 | 0.3 | 1.0 | 1.4 | 1.4 | 7,49 | 7,97 | - - - | - - - | 8.00 | -0.8 | -6.0 |
| **Egypt** | EGP | 17.69 | 0.4 | 1.7 | 17.7 | 14.4 | 17,70 | 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 | 1.0 | -0.6 | 1.1 | 1.5 | 76,2 | 82,3 | - - - | - - - | - - - | -3.9 | -6.7 |
| **Romania** | RON | 4.77 | 0.0 | -0.4 | -2.5 | -2.4 | 4,65 | 4,78 | 4.81 | 4.85 | 4.94 | 0.6 | -3.0 |
| **Russia** | RUB | 70.4 | 0.4 | 0.5 | 13.6 | 8.0 | 69,9 | 80,1 | 71.7 | 72.9 | 75.2 | -13.4 | -6.8 |
| **Serbia** | RSD | 117.5 | -0.2 | 0.0 | 0.6 | 0.7 | 117,4 | 118,5 | 117.8 | 118.1 | - - - | 0.2 | 4.2 |
| **S. Africa** | ZAR | 16.3 | 0.8 | -0.4 | 1.2 | -3.2 | 15,16 | 17,31 | 16.6 | 16.9 | 17.5 | -9.9 | -2.7 |
| **Turkey** | YTL | 6.33 | 0.5 | 1.0 | -4.3 | -6.0 | 5,91 | 7,03 | 6.51 | 6.68 | 7.04 | -24.9 | -18.4 |
| **Ukraine** | UAH | 26.5 | 0.8 | 4.9 | 19.6 | 19.2 | 26,25 | 32,66 | - - - | - - - | - - - | 6.0 | -15.2 |
| | | | | | | | | | | | | | |
| **US** | USD | 4.65 | 0.3 | -4.7 | -4.4 | -4.1 | 4,16 | 4,67 | - - - | - - - | 4.88 | 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 | 7.75 | 0.3 | 1.0 | 1.4 | 1.4 | 7,49 | 7,97 | - - - | - - - | 8.00 | -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 (November 25th 2019)




Sources: Reuters & NBG estimates

## MONEY MARKETS. NOVEMBER 25TH 2019

| | Albania | Brazil | Bulgaria | China | Cyprus | Egypt | North Macedonia | India | Romania | Russia | Serbia | Turkey | S. Africa | Ukraine | EU | US |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **O/N** | 1.1 | 4.9 | 0.0 | 2.2 | - - - | 12.5 | - - - | - - - | 2.8 | 6.6 | - - - | 13.6 | 7.7 | 15.0 | - - - | 1.5 |
| **T/N** | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | 2.8 | 6.7 | 1.2 | - - - | 7.7 | - - - | - - - | - - - |
| **S/W** | 1.1 | 4.9 | - - - | 2.6 | -0.5 | - - - | 1.1 | - - - | - - - | 6.9 | 1.2 | - - - | 7.6 | 15.8 | -0.5 | 1.6 |
| **1-Month** | 1.3 | 4.7 | - - - | 2.8 | -0.5 | - - - | 1.2 | 5.6 | 2.8 | 6.6 | 1.4 | 13.4 | 7.0 | 16.9 | -0.5 | 1.7 |
| **2-Month** | - - - | 4.6 | - - - | - - - | - - - | - - - | - - - | - - - | - - - | 6.7 | 1.5 | 13.3 | 7.0 | - - - | - - - | 1.8 |
| **3-Month** | 1.4 | 4.5 | - - - | 3.0 | - - - | - - - | 1.5 | 5.8 | 3.0 | 6.7 | 1.7 | 13.2 | 7.0 | 17.6 | - - - | 1.9 |
| **6-Month** | 1.6 | 4.4 | - - - | 3.1 | - - - | - - - | 1.7 | - - - | 3.1 | 6.7 | 1.9 | 13.0 | 7.0 | - - - | - - - | 1.9 |
| **1-Year** | 2.1 | 4.6 | - - - | 3.1 | -0.1 | - - - | 2.0 | - - - | 3.2 | 6.6 | - - - | 12.9 | 7.1 | - - - | -0.1 | 1.9 |

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

## LOCAL DEBT MARKETS. NOVEMBER 25TH 2019

| | Albania | Brazil | Bulgaria | China | Cyprus | Egypt | North Macedonia | India | Romania | Russia | Serbia | Turkey | S. Africa | Ukraine | EU | US |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **3-Month** | - - - | - - - | - - - | - - - | - - - | 15.5 | - - - | 5.0 | - - - | 6.3 | - - - | 11.1 | - - - | 14.0 | -0.6 | 1.6 |
| **6-Month** | - - - | - - - | - - - | - - - | - - - | 15.2 | - - - | 5.1 | 3.1 | 6.2 | 3.3 | 11.1 | - - - | 14.1 | -0.6 | 1.6 |
| **12-Month** | - - - | - - - | -0.2 | 2.7 | - - - | 14.7 | 0.6 | 5.4 | 3.4 | 5.9 | 2.0 | 11.9 | - - - | 13.5 | -0.6 | 1.6 |
| **2-Year** | 2.4 | - - - | - - - | 2.8 | - - - | - - - | - - - | 5.6 | 3.5 | 5.9 | - - - | 11.7 | 6.8 | 13.5 | -0.6 | 1.6 |
| **3-Year** | - - - | - - - | 0.0 | 2.8 | 0.0 | - - - | - - - | 6.0 | 3.7 | 5.9 | - - - | 11.6 | 7.1 | 13.1 | -0.7 | 1.6 |
| **5-Year** | 4.2 | 6.4 | - - - | 3.0 | 0.1 | 14.0 | - - - | 6.3 | 4.1 | 6.2 | 3.1 | 12.2 | 7.5 | - - - | -0.6 | 1.6 |
| **7-Year** | - - - | - - - | 0.3 | - - - | 0.3 | 13.9 | - - - | 6.7 | 4.1 | 6.3 | - - - | - - - | - - - | - - - | -0.5 | 1.7 |
| **10-Year** | - - - | 6.8 | 0.4 | 3.2 | - - - | 13.9 | - - - | 6.5 | 4.5 | 6.4 | - - - | 12.2 | 8.5 | - - - | -0.4 | 1.8 |
| **15-Year** | - - - | - - - | - - - | - - - | - - - | - - - | 3.0 | 7.1 | - - - | 6.6 | - - - | - - - | 9.9 | - - - | -0.2 | - - - |
| **25-Year** | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | 10.3 | - - - | - - - | - - - |
| **30-Year** | - - - | - - - | - - - | - - - | - - - | - - - | - - - | 7.2 | - - - | - - - | - - - | - - - | 10.3 | - - - | 0.1 | 2.2 |

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

## CORPORATE BONDS SUMMARY. NOVEMBER 25TH 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 | 0.7 | 130 | 111 |
| **South Africa** | **FirstRand Bank Ltd 4.25% '20** | USD | BB/Baa3 | 30/4/2020 | 500 | 2.8 | 120 | 93 |
| | **FirstRand Bank Ltd 2.25% '20** | EUR | NA/NA | 30/1/2020 | 100 | 0.6 | 120 | 106 |
| **Turkey** | **Arcelik AS 3.875% '21** | EUR | BB+/NA | 16/9/2021 | 350 | 1.5 | 212 | 191 |
| | **Garanti Bank 5.25% '22** | USD | NA/Ba3 | 13/9/2022 | 750 | 5.0 | 331 | 334 |
| | **Turkiye Is Bankasi 6% '22** | USD | NA/B2 | 24/10/2022 | 1,000 | 6.8 | 515 | 507 |
| | **Vakifbank 5.75% '23** | USD | NA/B1 | 30/1/2023 | 650 | 6.5 | 490 | 480 |
| | **TSKB 5.5% '23** | USD | NA/B2 | 16/1/2023 | 350 | 6.3 | 472 | 463 |
| | **Petkim 5.875% '23** | USD | NA/B1 | 26/1/2023 | 500 | 6.2 | 458 | 453 |
| | **KOC Holding 5.25% '23** | USD | BBB-/Ba2 | 15/3/2023 | 750 | 4.7 | 314 | 315 |

## CREDIT DEFAULT SWAP SPREADS. NOVEMBER 25TH 2019

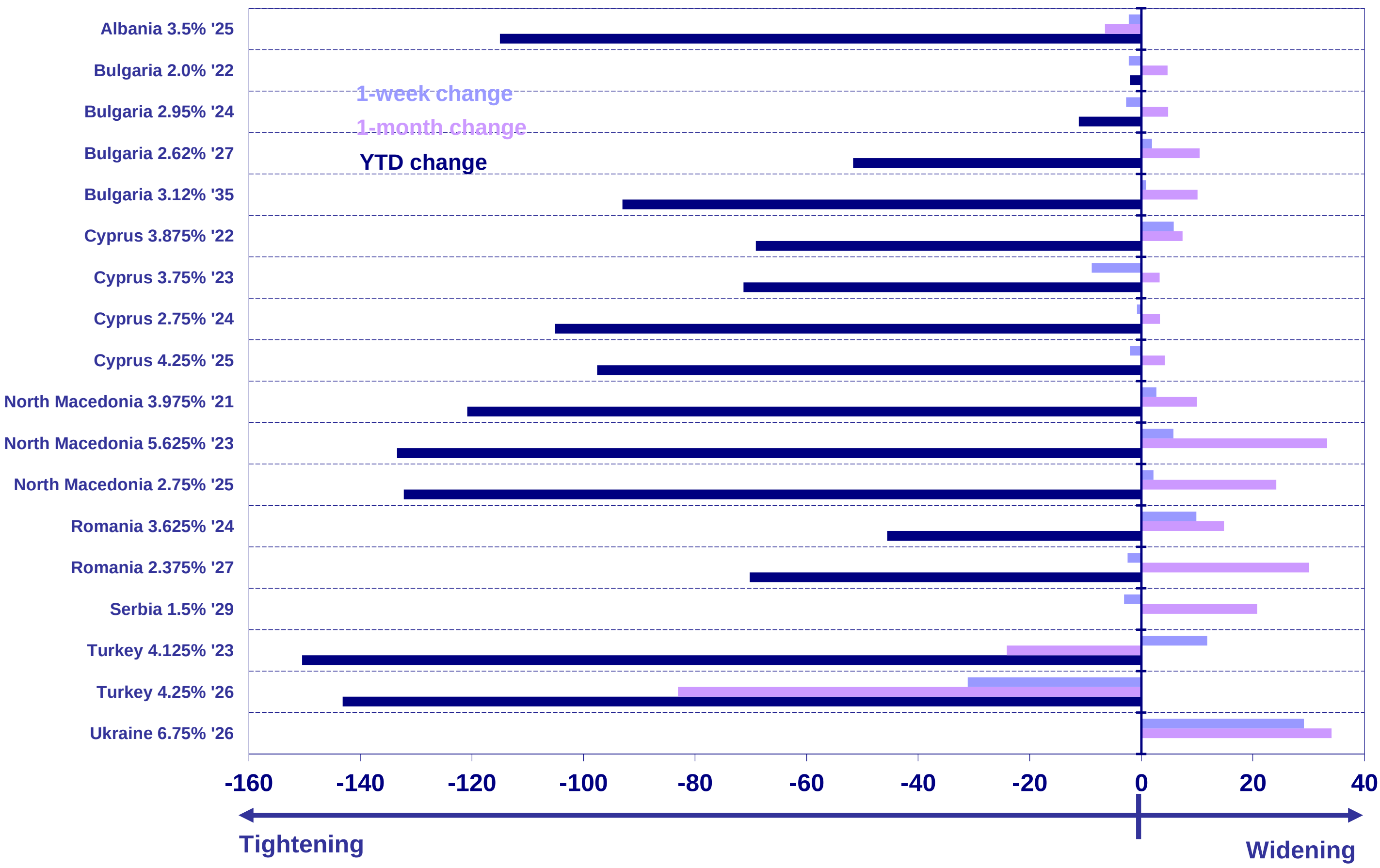
| | Albania | Brazil | Bulgaria | China | Cyprus | Egypt | North Macedonia | India | Romania | Russia | Serbia | Turkey | S. Africa | Ukraine |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **5-Year** | - - - | 124 | 80 | 40 | 100 | 312 | - - - | 75 | 89 | 70 | 98 | 306 | 185 | 494 |
| **10-Year** | - - - | 202 | 105 | 79 | 113 | 371 | - - - | 83 | 127 | 131 | 122 | 347 | 253 | 514 |

Sources: Reuters & NBG estimates

## EUR-Denominated Sovereign Eurobond Summary. November 25th 2019

| | Currency | Rating S&P / Moody's | Maturity | Amount Outstanding (in million) | Bid Yield | Gov. Spread | Asset Swap Spread |
|---|---|---|---|---|---|---|---|
| **Albania 3.5% '25** | EUR | B+/B1 | 9/10/2025 | 450 | 2.0 | 254 | 224 |
| **Bulgaria 2.0% '22** | EUR | BBB-/Baa2 | 26/3/2022 | 1,250 | -0.1 | 56 | 26 |
| **Bulgaria 2.95% '24** | EUR | BBB-/Baa2 | 3/9/2024 | 1,493 | 0.0 | 60 | 27 |
| **Bulgaria 2.62% '27** | EUR | BBB-/Baa2 | 26/3/2027 | 1,000 | 0.2 | 64 | 30 |
| **Bulgaria 3.12% '35** | EUR | BBB-/Baa2 | 26/3/2035 | 900 | 1.0 | 121 | 82 |
| **Cyprus 3.875% '22** | EUR | NA/Ba2 | 6/5/2022 | 1,000 | 0.0 | 66 | 34 |
| **Cyprus 3.75% '23** | EUR | NA/Ba2 | 26/7/2023 | 1,000 | 0.1 | 69 | 42 |
| **Cyprus 2.75% '24** | EUR | NA/Ba2 | 27/6/2024 | 850 | 0.1 | 73 | 40 |
| **Cyprus 4.25% '25** | EUR | NA/Ba2 | 4/11/2025 | 1,000 | 0.3 | 91 | 60 |
| **North Macedonia 3.975% '21** | EUR | BB-/NA | 24/7/2021 | 500 | 0.7 | 136 | 518 |
| **North Macedonia 5.625% '23** | EUR | BB-/NA | 26/7/2023 | 450 | 1.2 | 183 | 162 |
| **North Macedonia 2.75% '25** | EUR | BB-/NA | 18/1/2025 | 500 | 1.5 | 209 | 175 |
| **Romania 3.625% '24** | EUR | BBB-/BBB- | 24/4/2024 | 1,250 | 0.2 | 89 | 60 |
| **Romania 2.375% '27** | EUR | BBB-/BBB- | 19/4/2027 | 2,000 | 1.2 | 164 | 131 |
| **Serbia 1.5% '29** | EUR | BB/Ba3 | 26/6/2029 | 1,000 | 1.4 | 170 | 130 |
| **Turkey 4.125% '23** | EUR | NR/Ba3 | 11/4/2023 | 1,000 | 2.5 | 315 | 288 |
| **Turkey 5.2% '26** | EUR | NR/Ba3 | 16/2/2026 | 1,500 | 5.6 | 391 | 381 |
| **Ukraine 6.75% '26** | EUR | B-/Caa1 | 20/6/2026 | 1,000 | 5.1 | 566 | 549 |

### EUR-Denominated Eurobond Spreads (November 25th 2019)

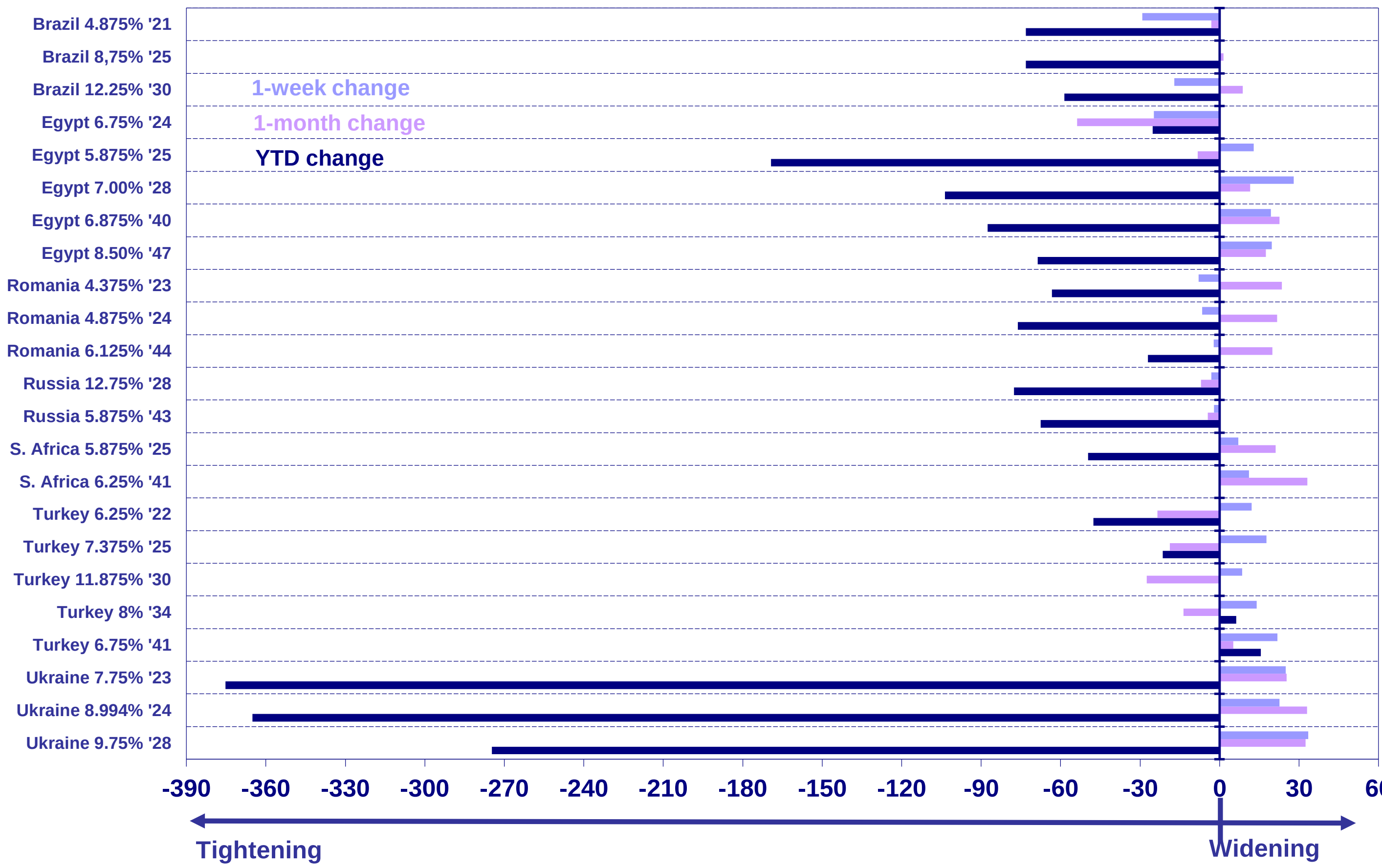



Sources: Reuters & NBG estimates

## USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY. NOVEMBER 25TH 2019

| | Currency | Rating S&P / Moody's | Maturity | Amount Outstanding (in million) | Bid Yield | Gov. Spread | Asset Swap Spread |
|---|---|---|---|---|---|---|---|
| **Brazil 4.875% '21** | USD | NA/Ba2 | 4/2/2025 | 2,713 | 2.0 | 43 | 29 |
| **Brazil 8,75% '25** | USD | NA/Ba2 | 4/2/2025 | 688 | 2.9 | 130 | 155 |
| **Brazil 12.25% '30** | USD | NA/Ba2 | 6/3/2030 | 238 | 2.3 | 248 | 352 |
| **Egypt 6.75% '24** | USD | NA/B2 | 10/11/2024 | 1,320 | 5.1 | 348 | 363 |
| **Egypt 5.875% '25** | USD | B/B2 | 11/6/2025 | 1,500 | 5.0 | 341 | 348 |
| **Egypt 7.00% '28** | USD | NA/B2 | 10/11/2028 | 1,320 | 6.3 | 453 | 471 |
| **Egypt 6.875% '40** | USD | B/B2 | 30/4/2040 | 500 | 7.2 | 503 | 518 |
| **Egypt 8.50% '47** | USD | NA/B2 | 31/1/2047 | 2,500 | 8.0 | 580 | 629 |
| **Romania 4.375% '23** | USD | BBB-/BBB- | 22/8/2023 | 1,500 | 2.7 | 107 | 115 |
| **Romania 4.875% '24** | USD | BBB-/BBB- | 22/1/2024 | 1,000 | 2.6 | 95 | 105 |
| **Romania 6.125% '44** | USD | BBB-/BBB- | 22/1/2044 | 1,000 | 4.2 | 202 | 277 |
| **Russia 12.75% '28** | USD | BBB-/Baa3 | 24/6/2028 | 2,500 | 3.2 | 146 | 219 |
| **Russia 5.875% '43** | USD | BBB-/Baa3 | 16/9/2043 | 1,500 | 3.9 | 174 | 247 |
| **S. Africa 5.875% '25** | USD | BB/Baa3 | 16/9/2025 | 2,000 | 4.1 | 250 | 263 |
| **S. Africa 6.25% '41** | USD | BB/Baa3 | 8/3/2041 | 750 | 5.7 | 348 | 396 |
| **Turkey 6.25% '22** | USD | NR/Ba3 | 26/9/2022 | 2,500 | 4.7 | 306 | 312 |
| **Turkey 7.375% '25** | USD | NR/Ba3 | 5/2/2025 | 3,250 | 5.5 | 391 | 410 |
| **Turkey 11.875% '30** | USD | NR/Ba3 | 15/1/2030 | 1,500 | 6.3 | 456 | 570 |
| **Turkey 8% '34** | USD | NR/Ba3 | 14/2/2034 | 1,500 | 6.6 | 484 | 515 |
| **Turkey 6.75% '41** | USD | NR/Ba3 | 14/1/2041 | 3,000 | 6.8 | 458 | 459 |
| **Ukraine 7.75% '23** | USD | B-/Caa1 | 1/9/2023 | 1,355 | 5.8 | 422 | 437 |
| **Ukraine 8.994% '24** | USD | B-/Caa1 | 1/2/2024 | 750 | 6.1 | 449 | 476 |
| **Ukraine 9.75% '28** | USD | B-/Caa1 | 1/11/2028 | 1,600 | 7.1 | 535 | 594 |

### USD-Denominated Eurobond Spreads (November 25th 2019)

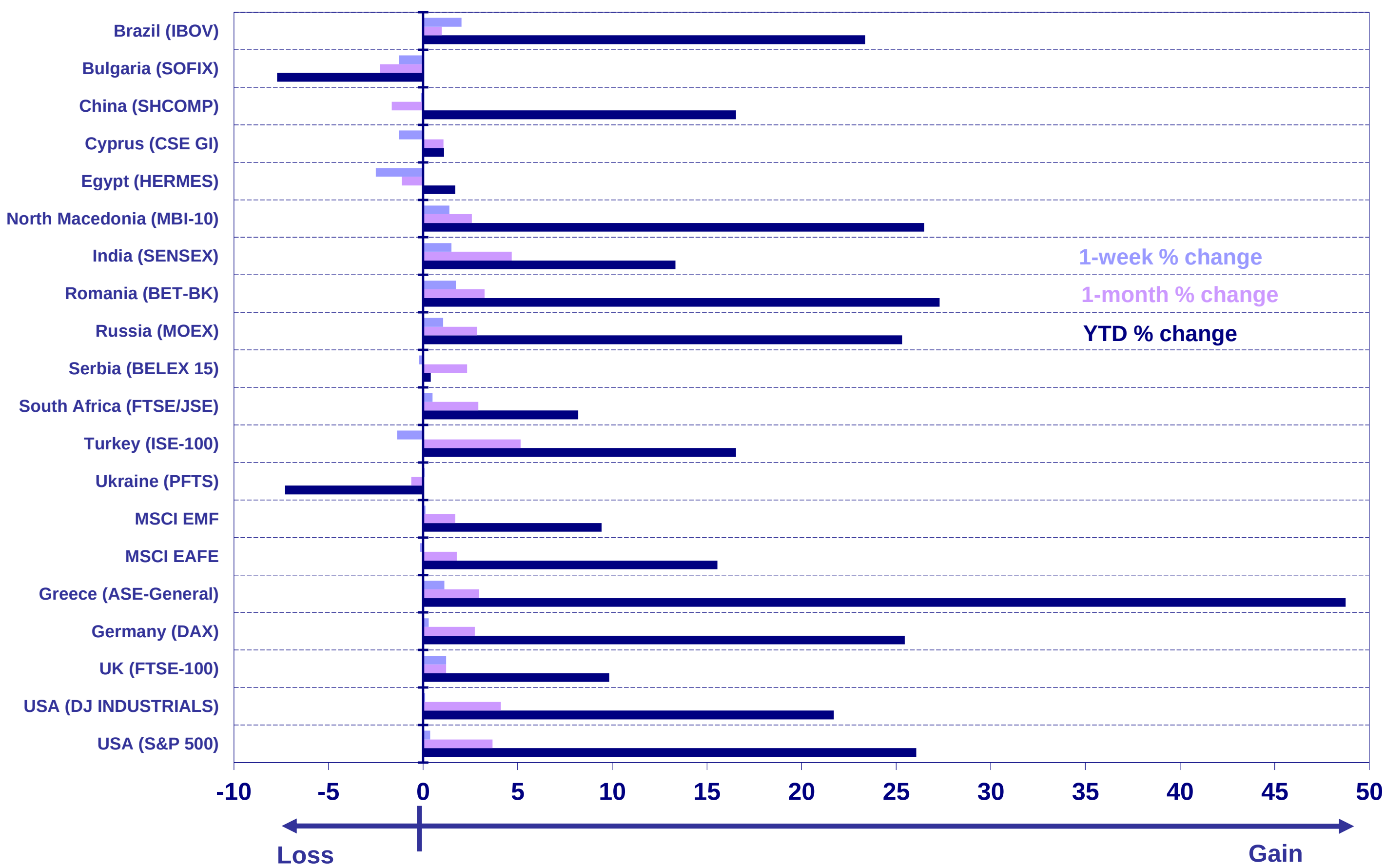



Sources: Reuters & NBG estimates

## STOCK MARKETS PERFORMANCE. NOVEMBER 25TH 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 | |
| **Brazil (IBOV)** | 108,424 | 2.0 | 1.0 | 23.4 | 26.7 | 87.536 | 109.672 | 17.7 | 15.0 | 2.5 | 26.9 | 9.5 |
| **Bulgaria (SOFIX)** | 549 | -1.3 | -2.3 | -7.7 | -6.2 | 547 | 622 | -7.7 | -12.3 | -12.3 | 15.5 | 15.5 |
| **China (SHCOMP)** | 2,906 | -0.1 | -1.7 | 16.5 | 12.8 | 2.441 | 3.288 | 18.3 | -24.6 | -25.2 | 6.6 | -0.3 |
| **Cyprus (CSE GI)** | 67 | -1.3 | 1.1 | 1.1 | 0.5 | 60 | 74 | 1.1 | -3.9 | -3.9 | 4.7 | 4.7 |
| **Egypt (HERMES)** | 1,291 | -2.5 | -1.1 | 1.7 | 1.6 | 407 | 1.467 | 16.4 | -11.1 | -11.1 | 32.0 | 18.7 |
| **North Macedonia (MBI)** | 4,388 | 1.4 | 2.6 | 26.5 | 25.6 | 3.467 | 4.452 | 26.5 | 36.6 | 36.6 | 18.9 | 18.9 |
| **India (SENSEX)** | 40,889 | 1.5 | 4.7 | 13.3 | 15.7 | 34.426 | 40.932 | 14.8 | 5.9 | 1.6 | 27.9 | 19.3 |
| **Romania (BET-BK)** | 1,854 | 1.7 | 3.3 | 27.3 | 14.2 | 1.394 | 1.854 | 24.2 | -11.6 | -11.1 | 22.8 | 19.1 |
| **Russia (MOEX)** | 2,955 | 1.1 | 2.9 | 25.3 | 28.0 | 2.350 | 3.009 | 41.6 | 10.3 | -3.9 | -5.5 | -11.9 |
| **Serbia (BELEX-15)** | 765 | -0.2 | 2.3 | 0.4 | 2.1 | 668 | 773 | 0.9 | 0.2 | 0.5 | 5.9 | 10.3 |
| **South Africa (FTSE/JSE)** | 56,748 | 0.5 | 2.9 | 8.2 | 9.8 | 50.907 | 59.545 | 9.8 | -11.4 | -20.1 | 17.5 | 14.3 |
| **Turkey (ISE 100)** | 105,382 | -1.4 | 5.2 | 16.5 | 12.2 | 83.535 | 108.142 | 10.9 | -20.9 | -40.5 | 47.6 | 20.5 |
| **Ukraine (PFTS)** | 519 | 0.1 | -0.6 | -7.3 | -10.5 | 513 | 582 | 11.0 | 77.5 | 88.1 | 18.8 | 0.8 |
| **MSCI EMF** | 1,053 | 0.1 | 1.7 | 9.4 | 7.9 | 946 | 1.099 | 13.6 | -16.6 | -12.8 | 34.3 | 17.7 |
| **MSCI EAFE** | 1,979 | -0.2 | 1.8 | 15.6 | 9.6 | 1.709 | 1.982 | 20.0 | -16.1 | -12.3 | 21.8 | 6.7 |
| **Greece (ASE-General)** | 898 | 1.1 | 3.0 | 48.8 | 48.9 | 600 | 902 | 48.8 | -23.6 | -23.6 | 24.7 | 24.7 |
| **Germany (XETRA DAX)** | 13,246 | 0.3 | 2.7 | 25.5 | 16.7 | 10.387 | 13.374 | 25.5 | -18.3 | -18.3 | 12.5 | 12.5 |
| **UK (FTSE-100)** | 7,396 | 1.2 | 1.0 | 9.8 | 5.1 | 6.599 | 7.727 | 15.9 | -12.5 | -13.5 | 7.6 | 3.2 |
| **USA (DJ INDUSTRIALS)** | 28,066 | 0.1 | 4.1 | 21.7 | 13.9 | 21.713 | 28.090 | 26.4 | -5.6 | -1.3 | 25.1 | 9.6 |
| **USA (S&P 500)** | 3,134 | 0.4 | 3.7 | 26.1 | 17.2 | 2.444 | 3.128 | 30.9 | -6.2 | -1.9 | 19.4 | 4.7 |

### Equity Indices (November 25th 2019)




Sources: Reuters & NBG estimates