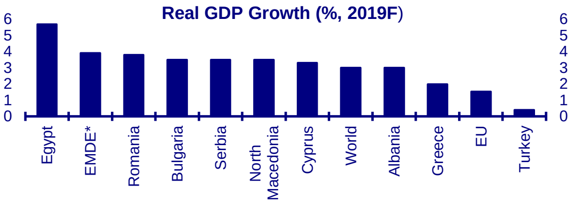
**NBG - Economic Analysis Division**
https://www.nbg.gr/en/the-group/press-office/e-spot/reports

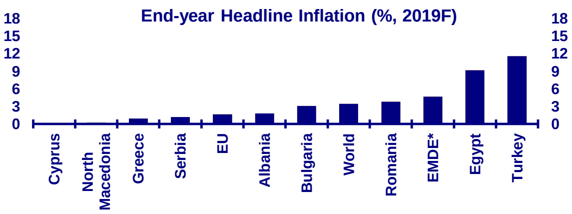
**Emerging Markets Analysis**

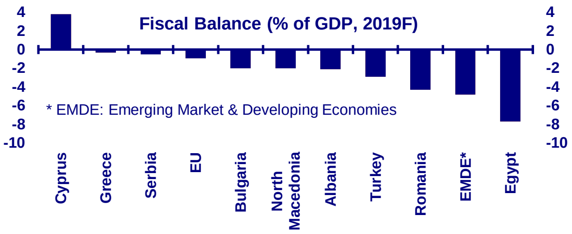
**Head: Konstantinos Romanos-Louizos**
☎ : +30 210 33 41 225
🖂 : romanos.louizos.k@nbg.gr

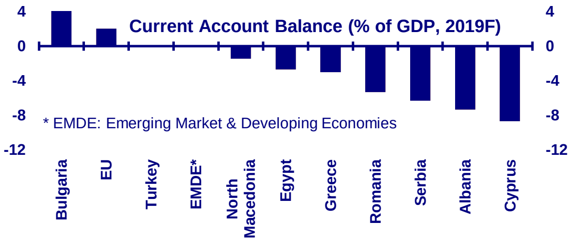
**Louiza Troupi**
☎ : +30 210 33 41 057
🖂 : troupi.louiza@nbg.gr

**Andromachi Papachristopoulou**
☎ : +30 210 33 41 696
🖂 : papachristopoulou.a@nbg.gr




Sources: National authorities, IMF & NBG estimates

# Economic Analysis Division

## Emerging Markets Analysis

## *Bi-Weekly Report*

*26 November – 9 December 2019*



- Albeit losing momentum on a quarterly basis, annual GDP growth returned in positive territory in Q3:19 (up 0.9% y-o-y), driven by domestic demand and favourable base effects
- Economic activity is set to improve on the back of monetary stimulus



- GDP growth moderated sharply in Q3:19, on the back of weaker private consumption and increased de-stocking
- With no help from fiscal policy, economic activity is set to slow further in FY:20



- Fiscal compliance weakened due to mid-year local elections
- The 2020 Budget is set to underperform its target of 1.6% of GDP by a wide margin, unless additional corrective fiscal measures are introduced



- The underlying profitability (excluding non-recurrent revenue) of the banking system is estimated to have turned positive in H1:19, following the negative impact on the bottom line from the cleaning-up of the sector's balance sheet in H2:18

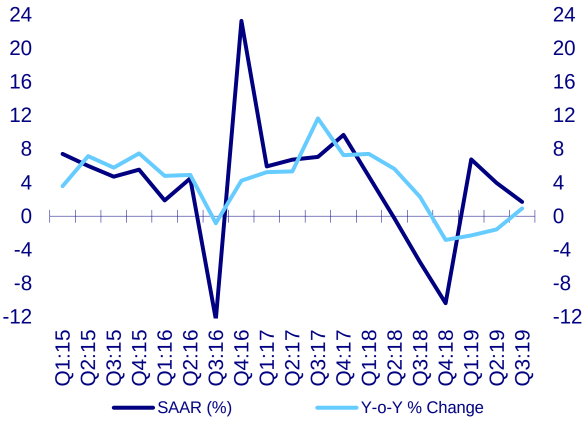


*Please see disclosures on page 10*

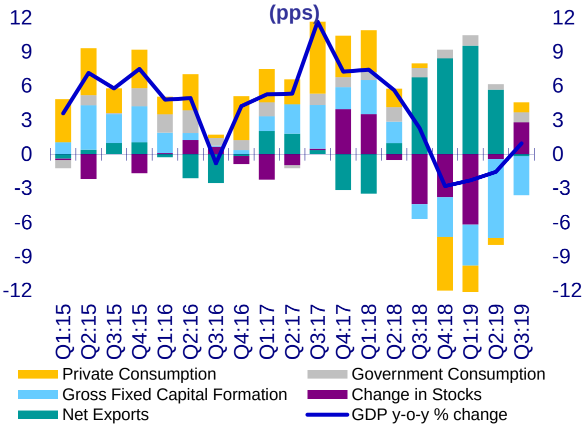
# Turkey

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

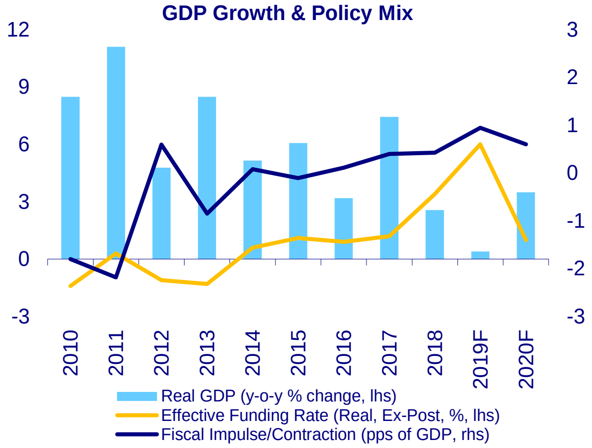
**Real GDP**




**Contributions to Annual Real GDP Growth (pps)**




**GDP Growth & Policy Mix**




| | 9 Dec. | 3-M F | 6-M F | 12-M F |
|---|---|---|---|---|
| **1-m TRIBOR (%)** | 13.0 | 13.0 | 12.5 | 11.5 |
| **TRY/EUR** | 6.42 | 6.45 | 6.65 | 7.25 |
| **Sov. Spread (2025, bps)** | 391 | 460 | 440 | 400 |

| | 9 Dec. | 1-W % | YTD % | 2-Y % |
|---|---|---|---|---|
| **ISE 100** | 108,786 | 0.7 | 20.3 | 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 | 11.6 | 9.5 |
| **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

**Albeit losing momentum on a quarterly basis, annual GDP growth retuned in positive territory in Q3:19 (up 0.9% y-o-y), driven by domestic demand and favourable base effects.** The annual pace of economic expansion picked up to 0.9% y-o-y in Q3:19 -- broadly in line with market expectations -- after 3 consecutive quarters of contraction that followed last year's currency crisis. Note, however, that economic momentum weakened slightly compared with the previous quarters, when increased government spending and a state-bank driven pick-up in lending boosted economic activity (seasonally-adjusted GDP rose by 0.4% q-o-q in Q3:19 against hikes of 1.0% in Q2:19 and 1.7% in Q1:19). Indeed, heightened uncertainty, following the re-run of the Istanbul elections in June and concerns over potential US sanctions, dented economic momentum in Q3:19, despite the continuing fiscal expansion.

Domestic demand emerged as the sole growth driver in Q3:19, suggesting a shift away from the net-export-driven growth path of the previous 4 quarters. Specifically, private consumption strengthened in Q3:19 (up 1.5% y-o-y -- adding 0.9 pps to overall growth -- against a decline of 1.0% in Q2:19), in line, *inter alia*, with rapidly easing inflationary pressures, amid a relatively more stable FX environment. At the same time, public consumption, which has consistently sustained domestic demand since mid-2007, expanded further (adding 0.9 pps to overall growth in Q3:19 against 0.5 pps in Q2:19).

On a negative note, fixed investment continued to decline in Q3:19, albeit at a slower pace (down 12.6% y-o-y -- shaving 3.4 pps off overall growth -- against a decline of 22.4% in Q2:19), reflecting increased corporate sector indebtedness amid high -- but falling -- real interest rates (6.0% in *ex-post* terms in Q3:19 against a peak of 7.8% in Q2:19). The drop in fixed investment was more than offset, however, by stock rebuilding (adding 2.8 pps to overall growth following 5 consecutive negative readings).

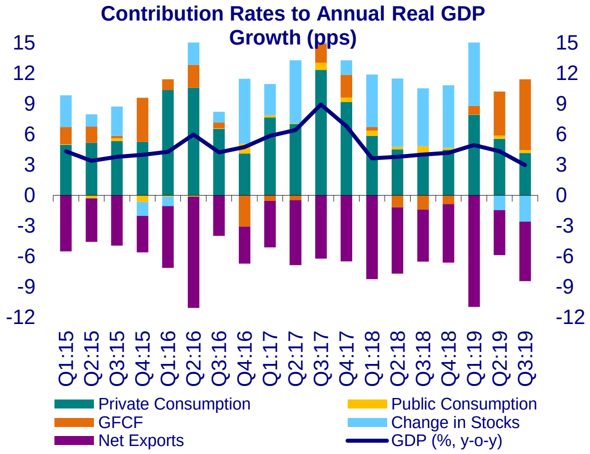
On the other hand, following large positive contributions during the previous 5 quarters, net exports were a drag on overall growth in Q3:19 (subtracting 0.2 pps), in line with the rebound in domestic demand. Indeed, import growth accelerated sharply in Q3:19 (up 7.6% y-o-y against a decline of 17.0% in Q2:19), outpacing solid -- but moderating -- export growth (up 5.1% y-o-y against a rise of 8.1% in Q2:19).

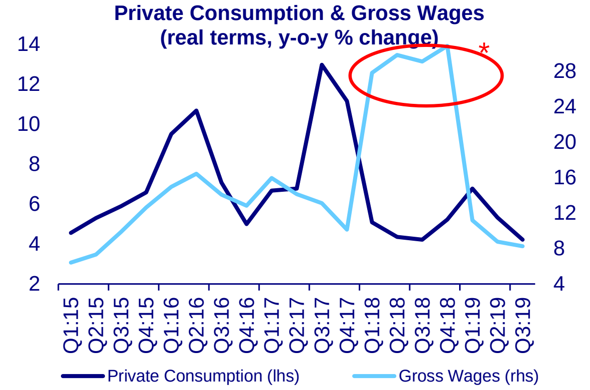
**Economic activity is set to improve on the back of monetary stimulus.** With limited room for further fiscal easing (adjusted for the "unbudgeted" transfer of the CBRT's accumulated profits from previous years, the 4-quarter rolling budget deficit rose to 3.3% of GDP in Q3:19 from 2.0% in Q4:18), authorities are now relying on monetary stimulus to support the economy. Indeed, we expect the CBRT to reduce further its key rate by 150 bps to 10.5% by end-2020, following a large 1200 bp cut since end-July. Note that, besides cutting rates, the CBRT has been trying to stimulate credit activity (especially in the corporate segment) by tying banks' required reserves ratios and related remuneration rates to loan growth. Overall, improving financing conditions together with easing inflationary pressures should help rebuild confidence in the economy, fostering domestic demand.

At the same time, net exports are unlikely to increase significantly their contribution to economic growth, in view of a weak global trade outlook and the waning effects of last year's sharp TRY depreciation on the one hand, and a further recovery in domestic demand on the other. All said, we see GDP growth reaching 0.4% in FY:19 (an implied 4.0% y-o-y in Q4:19, mostly due to strong base effects) and accelerating to 3.5% in FY:20, below the Government's ambitious 5% growth target. Risks to our forecast are tilted to the downside, reflecting geopolitical risks, a structurally weak labour market and large corporate balance sheet vulnerabilities.

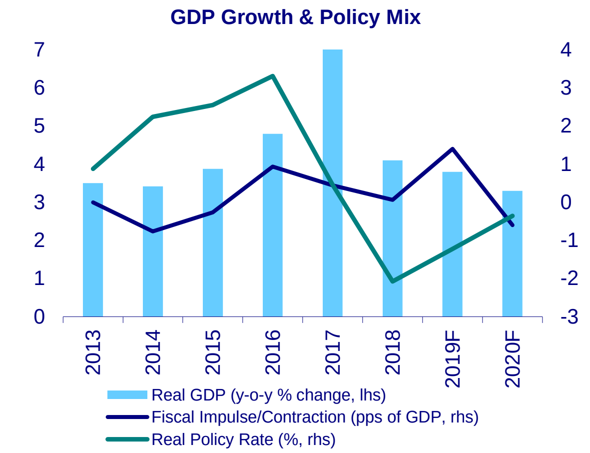
# Romania

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




* As of January 2018, gross wages were adjusted upwards to refelct the shift of social security contributions' burden soleley to eployees




| | 9 Dec. | 3-M F | 6-M F | 12-M F |
|---|---|---|---|---|
| **1-m ROBOR (%)** | 3.0 | 3.0 | 3.0 | 3.0 |
| **RON/EUR** | 4.78 | 4.80 | 4.82 | 4.85 |
| **Sov. Spread (2024, bps)** | 87 | 100 | 96 | 90 |

| | 9 Dec. | 1-W % | YTD % | 2-Y % |
|---|---|---|---|---|
| **BET-BK** | 1,871 | 0.0 | 28.5 | 14.1 |

| | 2016 | 2017 | 2018 | 2019F | 2020F |
|---|---|---|---|---|---|
| **Real GDP Growth (%)** | 4.8 | 7.0 | 4.1 | 3.8 | 3.3 |
| **Inflation (eop, %)** | -0.5 | 3.3 | 3.3 | 3.8 | 3.4 |
| **Cur. Acct. Bal. (% GDP)** | -1.4 | -2.8 | -4.4 | -5.1 | -5.5 |
| **Fiscal Bal. (% GDP)** | -2.4 | -2.8 | -2.9 | -4.4 | -3.9 |

Sources: Reuters, INSSE, NBR & NBG estimates

**GDP growth moderated sharply in Q3:19, on the back of weaker private consumption and increased de-stocking.** The economy lost momentum in Q3:19, with sequential GDP growth slowing to 0.6% q-o-q s.a. from 0.9% on average in Q1-Q2:19. As a result, the annual pace of economic expansion eased to 3.0% y-o-y -- well below market consensus (up 3.8%) -- from 4.6% in H1:19, still above the EU average (up 1.7%).

Economic growth was mainly sustained by fixed investment, which expanded strongly in Q3:19 (up 23.9% y-o-y following an increase of 12.2% in H1:19), driven by the construction sector (adding 0.9 pps to overall growth following 0.5 pps in H1:19). This overperformance is believed to be temporary and is mostly attributed to the fiscal changes introduced in early-2019, including tax incentives to construction firms to move away from the "grey" economy. The latter, together with good weather conditions, boosted construction activity in Q3:19.

The impact of stronger fixed investment was moderated, however, by the drawdown in stocks, which continued for a 2nd consecutive quarter in Q3:19 (incl. statistical discrepancies, shaving 2.6 pps off overall growth).

On the other hand, despite very tight labour market conditions (the LFS unemployment rate has remained flat at a historical low of 3.9% since end-2018), private consumption continued to weaken in Q3:19 (up 4.2% y-o-y against an increase of 6.0% in H1:19), in line with a moderation in real wage growth (to a still solid 8.3% y-o-y from 10.0% in H1:19) and weaker consumer confidence.

Unsurprisingly, amid weaker external demand, net exports continued to weigh on overall growth in Q3:19 (subtracting as much as 5.9 pps), albeit less so than in H1:19 (-7.4 pps). Indeed, export growth remained subdued in Q3:19 (at 2.8% y-o-y against 3.2% in H1:19), while import growth continued to expand strongly (up 7.5% y-o-y, a pace broadly similar to that observed in H1:19), despite the drawdown in stocks.

**With no help from fiscal policy, economic activity is set to moderate further in FY:20.** Under no policy change, the budget deficit is set to widen to over 5.0% of GDP in FY:20 from a projected 4.4% in FY:19, due to the impact of the controversial new pension law, which entails doubling pensions by 2022. However, with parliamentary elections due by end-2020, we believe that authorities will find it difficult to contain the budget deficit below the EU threshold of 3% of GDP, although we expect some corrective measures to be eventually adopted (note that Romania will most likely fall under the EC's Excessive Deficit Procedure). As a result, we see the budget deficit to narrowing to 3.9% of GDP in FY:20, above its reported target of 3.6%.

In this context, private consumption will be the main engine of growth, with its pace of expansion moderating, however, compared with previous quarters. Indeed, slower employment growth in a labour market close to full employment, together with the fading impact of past hikes in public sector wages, should weigh on private consumption. At the same time, in view of weakening business confidence, reflecting, *inter alia*, concerns over policy complacency ahead of a long pre-election period, private investment is unlikely to maintain momentum, despite accommodative financing conditions. In fact, GFCF should (once again) be sustained by rising EU fund absorption. Worryingly, amid weak global trade, net exports will remain a drag on overall growth, albeit by less than current levels. All said, we see GDP growth slowing to 3.3% in FY:20 from a projected 3.8% in FY:19, slightly above the economy's long-term potential of c. 3.0%.

Risks to our forecast are tilted to the downside. Indeed, an escalation in domestic political uncertainty and/or the authorities' failure to put public finances back on track could disrupt investor confidence, hurting economic growth.

# Albania

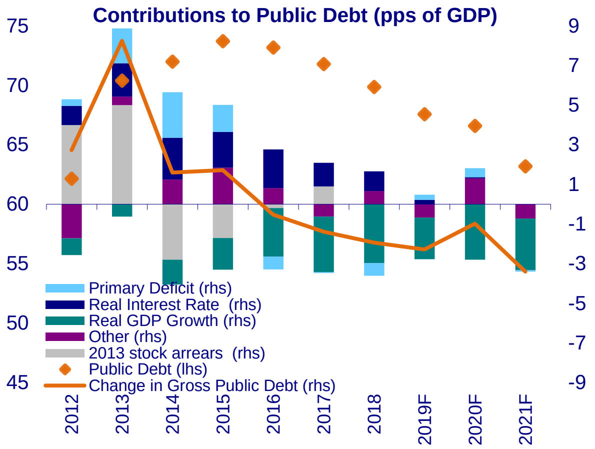
**B+ / B1 / NR (S&P / Moody's / Fitch)**

**Consolidated Fiscal Balance (% of GDP)**

| | 2018 | 10M:18 | 10M:19 | 2019 Revised Budget | NBG 2019F |
|---|---|---|---|---|---|
| Revenue | 27.6 | 22.7 | 22.5 | 28.5 | 27.4 |
| Tax Revenue | 25.7 | 21.3 | 21.2 | 26.3 | 25.7 |
| o/w VAT | 8.8 | 7.3 | 6.6 | 8.9 | 8.1 |
| Grants | 0.5 | 0.3 | 0.2 | 0.9 | 0.5 |
| Non-Tax Revenue | 1.3 | 1.2 | 1.1 | 1.3 | 1.3 |
| Expenditure | 29.2 | 22.6 | 22.8 | 30.5 | 29.6 |
| Current Expendit. | 24.4 | 19.5 | 20.0 | 25.1 | 25.1 |
| o/w interest | 2.2 | 1.8 | 1.7 | 2.4 | 2.2 |
| Capital Expendit. | 4.8 | 3.1 | 2.8 | 5.1 | 4.1 |
| Contingency | 0.0 | 0.0 | 0.0 | 0.2 | 0.4 |
| Fiscal Balance | -1.6 | 0.1 | -0.3 | -1.9 | -2.1 |
| Primary Balance | 0.6 | 1.9 | 1.4 | 0.4 | 0.1 |

**Consolidated Fiscal Balance (% of GDP)**

| | 2018 | 2019 Revised Budget | NBG 2019F | 2020 Budget | NBG 2020F |
|---|---|---|---|---|---|
| Revenue | 27.6 | 28.5 | 27.4 | 27.8 | 27.2 |
| Tax Revenue | 25.7 | 26.3 | 25.7 | 25.7 | 25.4 |
| o/w VAT | 8.8 | 8.9 | 8.1 | 8.4 | 7.9 |
| Grants | 0.5 | 0.9 | 0.5 | 0.9 | 0.7 |
| Non-Tax Revenue | 1.3 | 1.3 | 1.3 | 1.2 | 1.1 |
| Expenditure | 29.2 | 30.5 | 29.6 | 29.4 | 29.7 |
| Current Expendit. | 24.4 | 25.1 | 25.1 | 24.7 | 24.5 |
| o/w interest | 2.2 | 2.4 | 2.2 | 2.3 | 2.0 |
| Capital Expendit. | 4.8 | 5.1 | 4.1 | 4.6 | 4.1 |
| Contingency | 0.0 | 0.2 | 0.4 | 0.1 | 1.1 |
| Fiscal Balance | -1.6 | -1.9 | -2.1 | -1.6 | -2.5 |
| Primary Balance | 0.6 | 0.4 | 0.1 | 0.6 | -0.5 |




| | 9 Dec. | 3-M F | 6-M F | 12-M F |
|---|---|---|---|---|
| 1-m TRIBOR (mid, %) | 1.3 | 1.3 | 1.3 | 1.3 |
| ALL/EUR | 122.3 | 123.8 | 123.5 | 122.0 |
| Sov. Spread (bps) | 243 | 270 | 250 | 220 |

| | 9 Dec. | 1-W % | YTD % | 2-Y % |
|---|---|---|---|---|
| Stock Market | - - - | - - - | - - - | - - - |

| | 2016 | 2017 | 2018 | 2019F | 2020F |
|---|---|---|---|---|---|
| Real GDP Growth (%) | 3.3 | 3.8 | 4.1 | 3.0 | 4.2 |
| Inflation (eop, %) | 2.2 | 1.8 | 1.8 | 1.8 | 2.0 |
| Cur. Acct. Bal. (% GDP) | -7.6 | -7.5 | -6.7 | -7.3 | -7.1 |
| Fiscal Bal. (% GDP) | -1.8 | -2.0 | -1.6 | -2.1 | -2.5 |

Sources: Reuters, Ministry of Finance & NBG estimates

**Fiscal compliance weakened due to mid-year local elections.** The cumulative fiscal balance turned into a deficit of 0.3% of GDP in 10M:19 from a surplus of 0.1% in the same period a year ago, due to both lower revenue (down 0.2 pps of GDP y-o-y) and higher spending (up 0.2 pps of GDP y-o-y).

Specifically, the weaker revenue performance resulted from: i) markedly lower VAT revenue (down 0.6 pps of GDP y-o-y in 10M:19), due to the appreciation of the ALL, the introduction of sector specific VAT exemptions this year, as well as large (mainly outstanding) VAT refunds (up 0.2 pps of GDP); and ii) the annihilation of revenue from gambling (amounting to c. 0.2 pps of GDP in FY:18) following its ban. The revenue performance would have been worse in 10M:19 had new tax measures not been introduced (including an environmental tax and excise hikes, yielding 0.3 pps of GDP in FY:19) and had PIT revenues not increased sharply (up 0.5 pps of GDP y-o-y), reflecting not only strong economic activity and tighter labour market conditions, but also improved compliance following the halving of the dividend tax rate to 8% and its retroactive application to retained earnings generated in previous years.

On the other hand, outlays rose ahead of the June local elections, with primary current expenditure increasing by 0.6 pps of GDP y-o-y in 10M:19, mainly boosted by a looser incomes policy. The latter includes moderate increases in public sector wages and pensions and the introduction of "baby bonuses" (together adding an estimated 0.5 pps of GDP in FY:19). The cost of the looser incomes policy was partly offset, however, by: i) lower capital expenditure (down 0.3 pps of GDP y-o-y); and ii) the decline in interest payments (down 0.1 pp of GDP y-o-y), due to the declining stock of public debt and the ALL appreciation.

As a result, the 12-month rolling budget deficit widened to 2.0% of GDP in October from (a record low of) 1.6% at end-2018.

**The (revised) 2019 Budget is set to slightly miss its target of 1.9% of GDP, reflecting the emergency costs of the devastating earthquake that hit Albania at end-November.** Overall, we see the budget deficit widening to a 4-year high of 2.1% of GDP in FY:19.

Importantly, despite the expansionary fiscal stance, the public debt-to-GDP ratio is set to decline further, by 2.3 pps y-o-y to a 7-year low of 67.6% of GDP at end-2019 -- still the highest in SEE-5 -- mainly driven by robust real GDP growth and a stronger ALL (accounting for 2.1 pps and 0.7 pps of GDP of the decline, respectively, see chart).

**The 2020 Budget is set to underperform its target of 1.6% of GDP by a wide margin, unless additional corrective fiscal measures are introduced.** Indeed, budget spending is unlikely to remain within allocations, in view of the large (unbudgeted) reconstruction costs related to the recent earthquake. The implied spending slippage should be only partly compensated by lower interest payments, which are traditionally overstated in the budget.

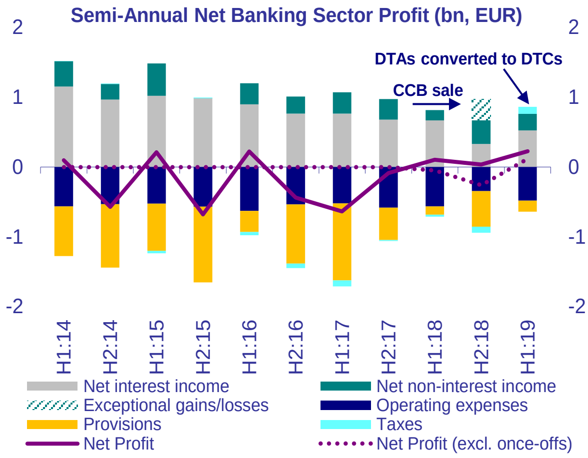
At the same time, without new measures and in view of the negative tax base effect stemming from the retroactive application of the reduced dividend tax rate in FY:19 (see above), the FY:20 budget revenue growth target (up 7.5% y-o-y against a nominal GDP growth of 6.0%) appears optimistic.

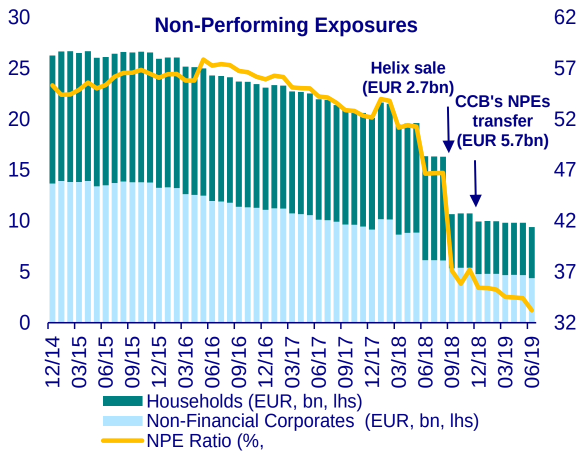
As a result, we see the FY:20 budget deficit widening further to 2.5% of GDP from the expected FY:19 outcome of 2.1% of GDP -- above its target of 1.6% of GDP.

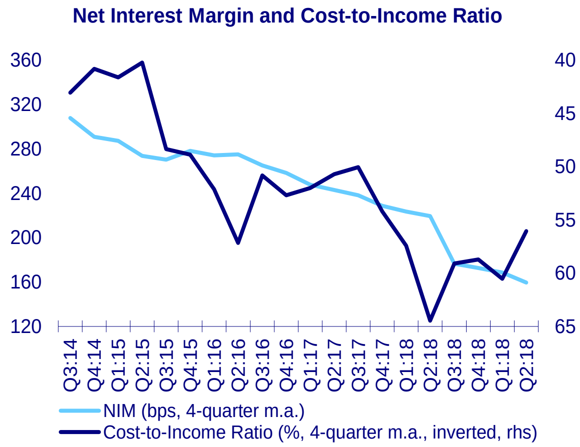
Importantly, the public debt-to-GDP ratio is set to remain on its downward trend, reaching an 8-year low of 66.5% of GDP at end-2020.

# Cyprus

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




| | 9 Dec. | 3-M F | 6-M F | 12-M F |
|---|---|---|---|---|
| **1-m EURIBOR (%)** | -0.45 | -0.45 | -0.45 | -0.45 |
| **EUR/USD** | 1.11 | 1.13 | 1.15 | 1.15 |
| **Sov. Spread (2025. bps)** | 80 | 110 | 105 | 100 |

| | 9 Dec. | 1-W % | YTD % | 2-Y % |
|---|---|---|---|---|
| **CSE Index** | 67 | 0.0 | 1.1 | -6.4 |

| | 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)** | 0.1 | 1.7 | -4.4 | 3.8 | 2.7 |

Sources: Reuters, Central Bank of Cyprus & NBG estimates

**The underlying profitability (excluding non-recurrent revenue) of the banking system is estimated to have turned positive in H1:19, following the negative impact on the bottom line from the cleaning-up of the sector's balance sheet in H2:18.** The banking sector posted profits of EUR 121.8mn (0.6% of GDP) in H1:19 (excluding Bank of Cyprus', BoC, exceptional gains of EUR 105mn, or 0.5% of GDP, following the adoption on March 1st of a law allowing the conversion of Deferred Tax Assets -- transferred after Laiki's resolution in 2013 -- to Deferred Tax Credits). Recall that profitability had fallen "into the red" in H2:18, following the closure of Cyprus Cooperative Bank (CCB) and the acquisition of its performing loans and deposits by Hellenic Bank (HB). The latter resulted in an exceptional accounting gain, "*negative goodwill*", of EUR 298mn, which is, however, excluded from our profitability calculation. As a result, the (annualised) ROAE and ROAA -- excluding the above-mentioned once-off gains -- are estimated to have returned to positive territory, standing at 5.4% and 0.4%, respectively, in H1:19 from -12.4% and -0.9% in H2:18, exceeding a corresponding 4.2% and 0.3% in H1:18.

**Low provisioning in H1:19 was in line with the continued sharp decline in the ratio of non-performing exposures (NPEs).** Indeed, banks' stock of NPEs almost halved on an annual basis to EUR 9.7bn (or 44.4% of GDP) at end-Q2:19 -- their lowest level since the inception of the database by the EBA in December 2014 and down 65.1% from their peak in February 2015. This positive performance was mainly due to: i) the transfer of CCB's NPEs (EUR 5.7bn) to a government-owned "residual entity" following its resolution in Q3:18 -- accounting for 80% of the annual decline in NPEs; as well as ii) write-offs, restructuring and repayments with cash (reinforced by rising employment and wages as well as the strengthening of the foreclosure framework in July 2018) and debt-for-asset swaps. As a result, the overall NPE ratio declined to 29.8% at end-Q2:19 from 40.3% a year earlier and a peak of 49.7% in May 2016. Against this backdrop, banks lowered sharply loan loss provisions, with the cost of risk declining to 95 bps in H1:19 from 295 bps in H2:18, yet still above 53 bps in H1:18. Nevertheless, the NPL coverage ratio remained high, at 45.9%, in line with the EU-average.

**A decline in operating expenses and strong net non-interest income (NNII) more than offset the negative impact of the weaker net interest income (NII) on pre-provision earnings in H1:19 (up 9.9% y-o-y).** NII declined by 21.1% y-o-y in H1:19 -- albeit at a slower pace compared with a decline of 51.3% y-o-y in H2:18 (that reflected the carve-out of CCB) and a decline of 12.8% y-o-y in H1:18. The continued fall in NII in H1:19 was due to: i) lower average interest-earning assets (down 10.1% y-o-y to 250% of GDP in H1:19), stemming from large sales of NPEs, write-offs and continued deleveraging; and ii) a narrowing NIM (down 32 bps y-o-y to 196 bps in H1:19, following an abrupt decline of 92 bps y-o-y in H2:18 and a more modest drop of 14 bps y-o-y in H1:18), amid a low interest rate environment and increasing competition for creditworthy borrowers.

The decline in NII was, however, more than offset by higher NNII and lower expenses. Indeed, NNII rose sharply in H1:19 (up 57.8% y-o-y), largely reflecting an exceptional accounting loss (of EUR 135mn, or 0.6% of GDP) in H1:18, related to the sale of NPEs (worth EUR 2.7bn) by the BoC to non-banking sector entities (Helix sale).

Moreover, in light of lower staff costs (down 10.2% y-o-y), following the closure of the CCB, operating expenses declined in H1:19 (down 14.4% y-o-y), despite the hike in social insurance contribution rates and the launch of health insurance contributions. With expenses declining at a faster pace than top-line revenue, the cost-to-income ratio fell by 5.6 pps y-o-y to 63.1% in H1:19, broadly in line with the EU-average.

## FOREIGN EXCHANGE MARKETS, DECEMBER 9TH 2019

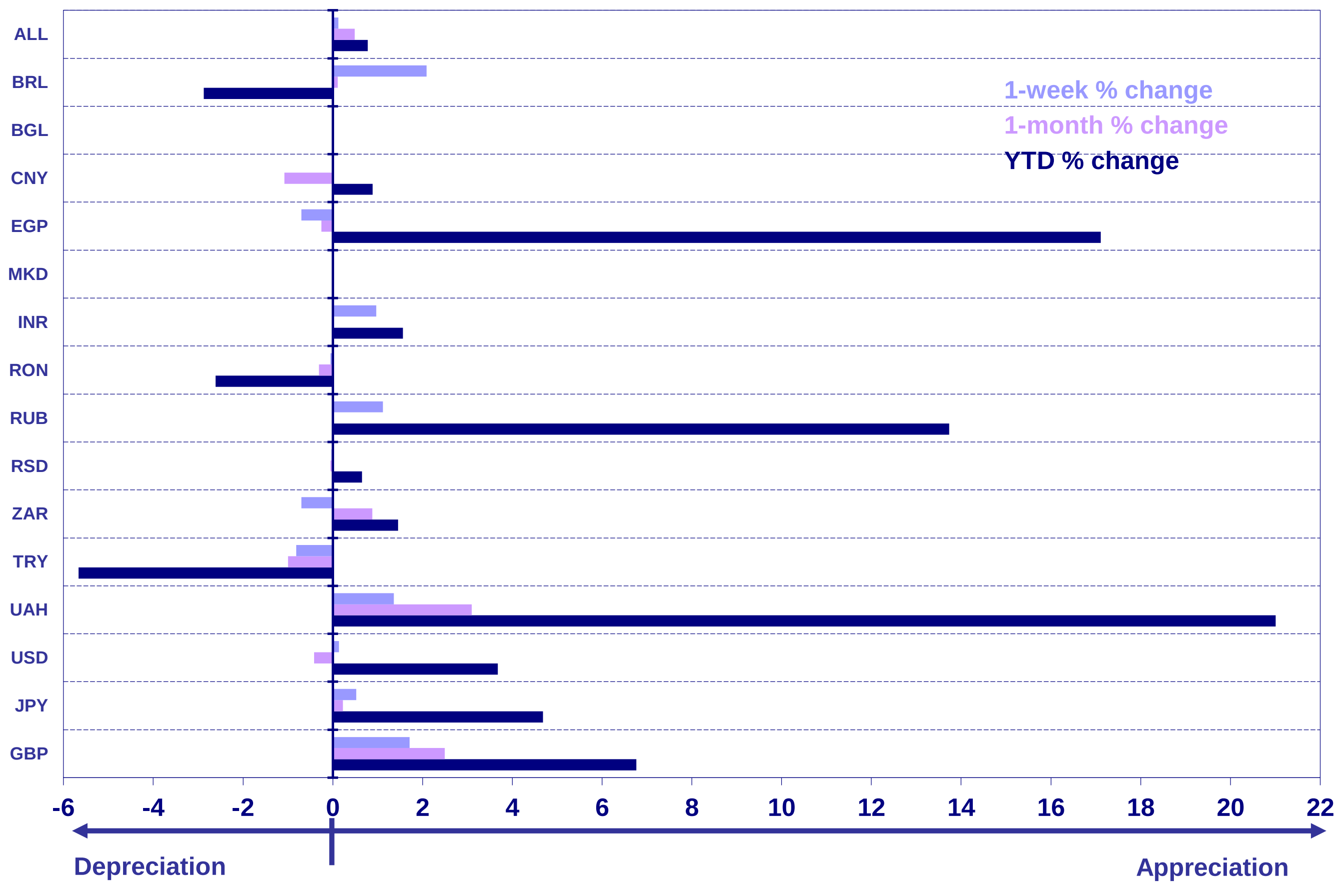
*Against the EUR*

| | Currency | 2019 SPOT | 2019 1-week %change | 2019 1-month %change | 2019 YTD %change* | 2019 1-year %change | 2019 Year-Low | 2019 Year-High | 2019 3-month Forward rate** | 2019 6-month Forward rate** | 2019 12-month Forward rate** | 2018 % change* | 2017 % change* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Albania** | ALL | 122.3 | 0.1 | 0.5 | 0.8 | 0.9 | 120,9 | 125,9 | 122.3 | 122.1 | 121.8 | 7.8 | 1.9 |
| **Brazil** | BRL | 4.58 | 2.1 | 0.1 | -2.9 | -2.9 | 4,16 | 4,71 | - - - | - - - | 4.80 | -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 | 7.79 | 0.0 | -1.1 | 0.9 | 0.6 | 7,49 | 7,97 | - - - | - - - | 8.05 | -0.8 | -6.0 |
| **Egypt** | EGP | 17.79 | -0.7 | -0.3 | 17.1 | 14.3 | 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 | 78.6 | 1.0 | 0.0 | 1.6 | 5.0 | 76,2 | 82,3 | - - - | - - - | - - - | -3.9 | -6.7 |
| **Romania** | RON | 4.78 | -0.1 | -0.3 | -2.6 | -2.7 | 4,65 | 4,81 | 4.82 | 4.86 | 4.95 | 0.6 | -3.0 |
| **Russia** | RUB | 70.3 | 1.1 | 0.0 | 13.7 | 7.7 | 69,9 | 80,1 | 71.5 | 72.7 | 75.0 | -13.4 | -6.8 |
| **Serbia** | RSD | 117.4 | 0.0 | -0.1 | 0.6 | 0.7 | 117,4 | 118,5 | 117.8 | 118.1 | - - - | 0.2 | 4.2 |
| **S. Africa** | ZAR | 16.2 | -0.7 | 0.9 | 1.5 | 0.6 | 15,16 | 17,31 | 16.5 | 16.8 | 17.4 | -9.9 | -2.7 |
| **Turkey** | YTL | 6.42 | -0.8 | -1.0 | -5.7 | -5.8 | 5,91 | 7,03 | 6.59 | 6.79 | 7.19 | -24.9 | -18.4 |
| **Ukraine** | UAH | 26.2 | 1.4 | 3.1 | 21.0 | 20.4 | 26,18 | 32,66 | - - - | - - - | - - - | 6.0 | -15.2 |
| | | | | | | | | | | | | | |
| **US** | USD | 1.11 | 0.1 | -0.4 | 3.7 | 2.6 | 1,1 | 1,2 | 1.11 | 1.12 | 1.13 | 4.6 | -12.4 |
| **JAPAN** | JPY | 120.1 | 0.5 | 0.2 | 4.7 | 7.2 | 115,9 | 127,5 | 120.2 | 120.2 | 120.3 | 7.5 | -8.9 |
| **UK** | GBP | 0.84 | 1.7 | 2.5 | 6.8 | 7.4 | 0,8 | 0,9 | 0.84 | 0.85 | 0.85 | -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 (December 9th 2019)




Sources: Reuters & NBG estimates

## MONEY MARKETS. DECEMBER 9TH 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 | 2.3 | - - - | 12.5 | - - - | - - - | 2.9 | 6.6 | - - - | 13.7 | 7.2 | 14.9 | - - - | 1.5 |
| **T/N** | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | 2.9 | 6.7 | 1.2 | - - - | 7.2 | - - - | - - - | - - - |
| **S/W** | 1.2 | 4.8 | - - - | 2.5 | -0.5 | - - - | 1.1 | - - - | - - - | 6.6 | 1.2 | - - - | 7.3 | 15.6 | -0.5 | 1.6 |
| **1-Month** | 1.3 | 4.5 | - - - | 2.8 | -0.5 | - - - | 1.2 | 5.6 | 3.0 | 6.6 | 1.4 | 13.0 | 7.0 | 16.7 | -0.5 | 1.7 |
| **2-Month** | - - - | 4.5 | - - - | - - - | - - - | - - - | - - - | - - - | - - - | 6.7 | 1.5 | 13.0 | 7.0 | - - - | - - - | 1.8 |
| **3-Month** | 1.5 | 4.4 | - - - | 3.0 | - - - | - - - | 1.5 | 5.7 | 3.1 | 6.9 | 1.7 | 13.0 | 7.0 | 17.3 | - - - | 1.9 |
| **6-Month** | 1.8 | 4.4 | - - - | 3.1 | - - - | - - - | 1.7 | - - - | 3.1 | 6.9 | 1.9 | 12.9 | 7.0 | - - - | - - - | 1.9 |
| **1-Year** | 2.3 | 4.6 | - - - | 3.1 | -0.1 | - - - | 2.0 | - - - | 3.2 | 6.5 | - - - | 12.8 | 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. DECEMBER 9TH 2019

| | Albania | Brazil | Bulgaria | China | Cyprus | Egypt | North Macedonia | India | Romania | Russia | Serbia | Turkey | S. Africa | Ukraine | EU | US |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **3-Month** | - - - | - - - | - - - | - - - | - - - | 15.5 | 1.6 | 5.1 | - - - | 6.3 | - - - | 10.9 | - - - | 13.1 | -0.7 | 1.6 |
| **6-Month** | - - - | - - - | - - - | - - - | - - - | 14.9 | 2.3 | 5.2 | 3.1 | 6.2 | 3.3 | 11.0 | - - - | 14.1 | -0.7 | 1.6 |
| **12-Month** | 1.7 | - - - | -0.2 | 2.7 | - - - | 14.6 | 2.6 | 5.6 | 3.5 | 5.8 | 2.0 | 11.7 | - - - | - - - | -0.6 | 1.6 |
| **2-Year** | - - - | - - - | - - - | 2.8 | - - - | - - - | 2.8 | 5.7 | 3.6 | 5.8 | - - - | 11.9 | 6.7 | - - - | -0.7 | 1.6 |
| **3-Year** | - - - | - - - | 0.0 | 2.8 | -0.1 | - - - | 2.7 | 6.3 | 3.9 | 5.9 | - - - | 11.8 | 7.1 | 12.4 | -0.6 | 1.6 |
| **5-Year** | - - - | 6.3 | - - - | 3.0 | 0.1 | 14.0 | 2.7 | 6.4 | 4.2 | 6.2 | 3.1 | 12.2 | 7.3 | - - - | -0.6 | 1.7 |
| **7-Year** | 4.2 | - - - | 0.3 | - - - | 0.3 | 13.9 | - - - | 6.9 | 4.4 | 6.3 | - - - | - - - | - - - | - - - | -0.5 | 1.8 |
| **10-Year** | - - - | 6.8 | 0.4 | 3.2 | - - - | 14.0 | 3.9 | 6.7 | 4.7 | 6.4 | - - - | 12.2 | 8.4 | - - - | -0.3 | 1.8 |
| **15-Year** | - - - | - - - | - - - | - - - | - - - | - - - | 4.3 | 7.2 | - - - | 6.6 | - - - | - - - | 9.9 | - - - | -0.1 | - - - |
| **25-Year** | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | - - - | 10.3 | - - - | - - - | - - - |
| **30-Year** | - - - | - - - | - - - | - - - | - - - | - - - | - - - | 7.2 | - - - | - - - | - - - | - - - | 10.2 | - - - | 0.2 | 2.3 |

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

## CORPORATE BONDS SUMMARY. DECEMBER 9TH 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 | 0.6 | 131 | 105 |
| **South Africa** | **FirstRand Bank Ltd 4.25% '20** | USD | BB/Baa3 | 30/4/2020 | 500 | 2.7 | 118 | 88 |
| | **FirstRand Bank Ltd 2.25% '20** | EUR | NA/NA | 30/1/2020 | 100 | 0.6 | 128 | 109 |
| **Turkey** | **Arcelik AS 3.875% '21** | EUR | BB+/NA | 16/9/2021 | 350 | 1.5 | 223 | 195 |
| | **Garanti Bank 5.25% '22** | USD | NA/Ba3 | 13/9/2022 | 750 | 4.9 | 323 | 320 |
| | **Turkiye Is Bankasi 6% '22** | USD | NA/B2 | 24/10/2022 | 1,000 | 6.0 | 443 | 437 |
| | **Vakifbank 5.75% '23** | USD | NA/B1 | 30/1/2023 | 650 | 6.3 | 464 | 455 |
| | **TSKB 5.5% '23** | USD | NA/B2 | 16/1/2023 | 350 | 6.2 | 458 | 448 |
| | **Petkim 5.875% '23** | USD | NA/B1 | 26/1/2023 | 500 | 6.1 | 441 | 435 |
| | **KOC Holding 5.25% '23** | USD | BBB-/Ba2 | 15/3/2023 | 750 | 4.7 | 304 | 303 |

## CREDIT DEFAULT SWAP SPREADS. DECEMBER 9TH 2019

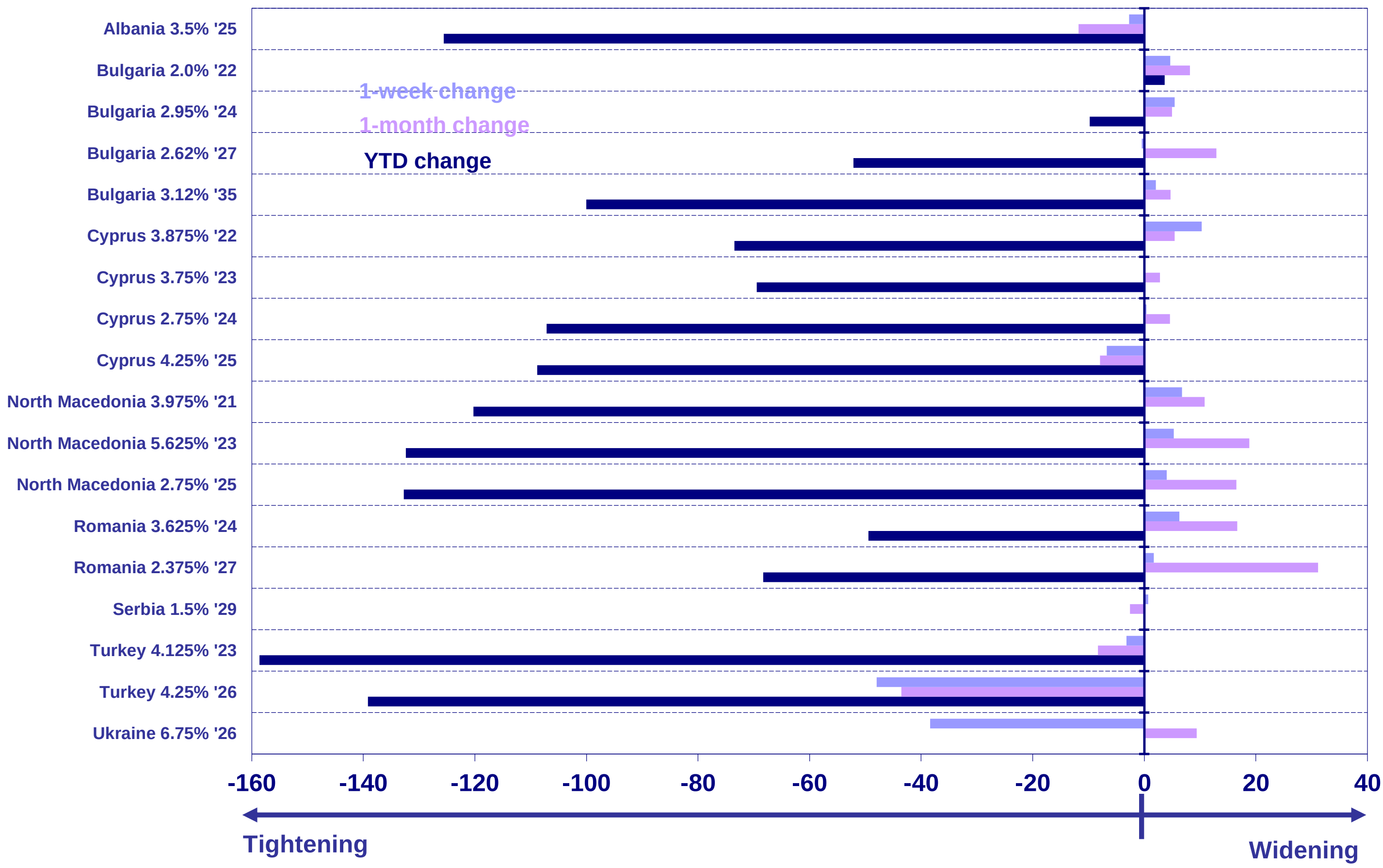
| | Albania | Brazil | Bulgaria | China | Cyprus | Egypt | North Macedonia | India | Romania | Russia | Serbia | Turkey | S. Africa | Ukraine |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **5-Year** | - - - | 116 | 105 | 40 | - - - | 371 | - - - | 75 | 126 | 127 | 98 | 303 | 184 | 494 |
| **10-Year** | - - - | 195 | 87 | 79 | 80 | 371 | - - - | 83 | 66 | 494 | 122 | 344 | 254 | 514 |

Sources: Reuters & NBG estimates

## EUR-Denominated Sovereign Eurobond Summary. December 9th 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 | 1.9 | 243 | 215 |
| **Bulgaria 2.0% '22** | EUR | BBB-/Baa2 | 26/3/2022 | 1,250 | -0.1 | 62 | 27 |
| **Bulgaria 2.95% '24** | EUR | BBB-/Baa2 | 3/9/2024 | 1,493 | 0.0 | 62 | 27 |
| **Bulgaria 2.62% '27** | EUR | BBB-/Baa2 | 26/3/2027 | 1,000 | 0.2 | 64 | 27 |
| **Bulgaria 3.12% '35** | EUR | BBB-/Baa2 | 26/3/2035 | 900 | 1.0 | 114 | 77 |
| **Cyprus 3.875% '22** | EUR | NA/Ba2 | 6/5/2022 | 1,000 | -0.1 | 61 | 27 |
| **Cyprus 3.75% '23** | EUR | NA/Ba2 | 26/7/2023 | 1,000 | 0.1 | 71 | 30 |
| **Cyprus 2.75% '24** | EUR | NA/Ba2 | 27/6/2024 | 850 | 0.1 | 71 | 37 |
| **Cyprus 4.25% '25** | EUR | NA/Ba2 | 4/11/2025 | 1,000 | 0.3 | 80 | 49 |
| **North Macedonia 3.975% '21** | EUR | BB-/NA | 24/7/2021 | 500 | 0.7 | 136 | 505 |
| **North Macedonia 5.625% '23** | EUR | BB-/NA | 26/7/2023 | 450 | 1.2 | 184 | 160 |
| **North Macedonia 2.75% '25** | EUR | BB-/NA | 18/1/2025 | 500 | 1.5 | 208 | 174 |
| **Romania 3.625% '24** | EUR | BBB-/BBB- | 24/4/2024 | 1,250 | 0.2 | 85 | 52 |
| **Romania 2.375% '27** | EUR | BBB-/BBB- | 19/4/2027 | 2,000 | 1.2 | 166 | 131 |
| **Serbia 1.5% '29** | EUR | BB/Ba3 | 26/6/2029 | 1,000 | 1.3 | 165 | 127 |
| **Turkey 4.125% '23** | EUR | NR/Ba3 | 11/4/2023 | 1,000 | 2.4 | 307 | 277 |
| **Turkey 5.2% '26** | EUR | NR/Ba3 | 16/2/2026 | 1,500 | 5.7 | 395 | 381 |
| **Ukraine 6.75% '26** | EUR | B-/Caa1 | 20/6/2026 | 1,000 | 4.9 | 541 | 525 |

### EUR-Denominated Eurobond Spreads (December 9th 2019)

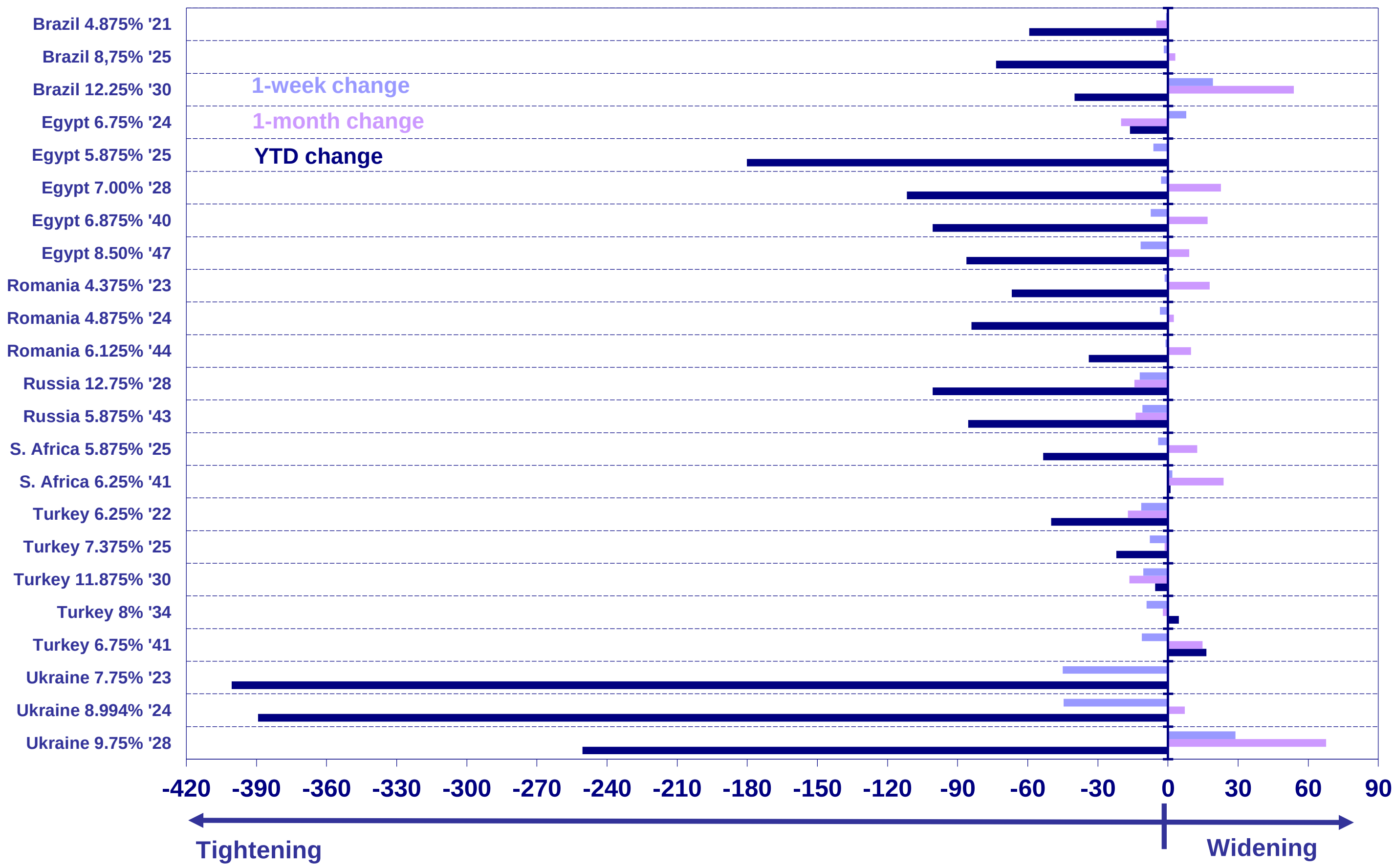



Sources: Reuters & NBG estimates

## USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY. DECEMBER 9TH 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 | 2.1 | 57 | 42 |
| **Brazil 8,75% '25** | USD | NA/Ba2 | 4/2/2025 | 688 | 2.9 | 129 | 150 |
| **Brazil 12.25% '30** | USD | NA/Ba2 | 6/3/2030 | 238 | 0.8 | 267 | 370 |
| **Egypt 6.75% '24** | USD | NA/B2 | 10/11/2024 | 1,320 | 5.2 | 357 | 368 |
| **Egypt 5.875% '25** | USD | B/B2 | 11/6/2025 | 1,500 | 5.0 | 330 | 334 |
| **Egypt 7.00% '28** | USD | NA/B2 | 10/11/2028 | 1,320 | 6.3 | 445 | 460 |
| **Egypt 6.875% '40** | USD | B/B2 | 30/4/2040 | 500 | 7.2 | 490 | 505 |
| **Egypt 8.50% '47** | USD | NA/B2 | 31/1/2047 | 2,500 | 7.9 | 562 | 613 |
| **Romania 4.375% '23** | USD | BBB-/BBB- | 22/8/2023 | 1,500 | 2.7 | 103 | 107 |
| **Romania 4.875% '24** | USD | BBB-/BBB- | 22/1/2024 | 1,000 | 2.5 | 87 | 95 |
| **Romania 6.125% '44** | USD | BBB-/BBB- | 22/1/2044 | 1,000 | 4.2 | 195 | 265 |
| **Russia 12.75% '28** | USD | BBB-/Baa3 | 24/6/2028 | 2,500 | 3.1 | 123 | 187 |
| **Russia 5.875% '43** | USD | BBB-/Baa3 | 16/9/2043 | 1,500 | 3.8 | 156 | 225 |
| **S. Africa 5.875% '25** | USD | BB/Baa3 | 16/9/2025 | 2,000 | 4.1 | 246 | 255 |
| **S. Africa 6.25% '41** | USD | BB/Baa3 | 8/3/2041 | 750 | 5.7 | 349 | 391 |
| **Turkey 6.25% '22** | USD | NR/Ba3 | 26/9/2022 | 2,500 | 4.7 | 304 | 309 |
| **Turkey 7.375% '25** | USD | NR/Ba3 | 5/2/2025 | 3,250 | 5.6 | 391 | 405 |
| **Turkey 11.875% '30** | USD | NR/Ba3 | 15/1/2030 | 1,500 | 6.3 | 451 | 560 |
| **Turkey 8% '34** | USD | NR/Ba3 | 14/2/2034 | 1,500 | 6.7 | 483 | 509 |
| **Turkey 6.75% '41** | USD | NR/Ba3 | 14/1/2041 | 3,000 | 6.9 | 459 | 454 |
| **Ukraine 7.75% '23** | USD | B-/Caa1 | 1/9/2023 | 1,355 | 5.6 | 397 | 410 |
| **Ukraine 8.994% '24** | USD | B-/Caa1 | 1/2/2024 | 750 | 5.9 | 424 | 450 |
| **Ukraine 9.75% '28** | USD | B-/Caa1 | 1/11/2028 | 1,600 | 7.4 | 559 | 611 |

### USD-Denominated Eurobond Spreads (December 9th 2019)

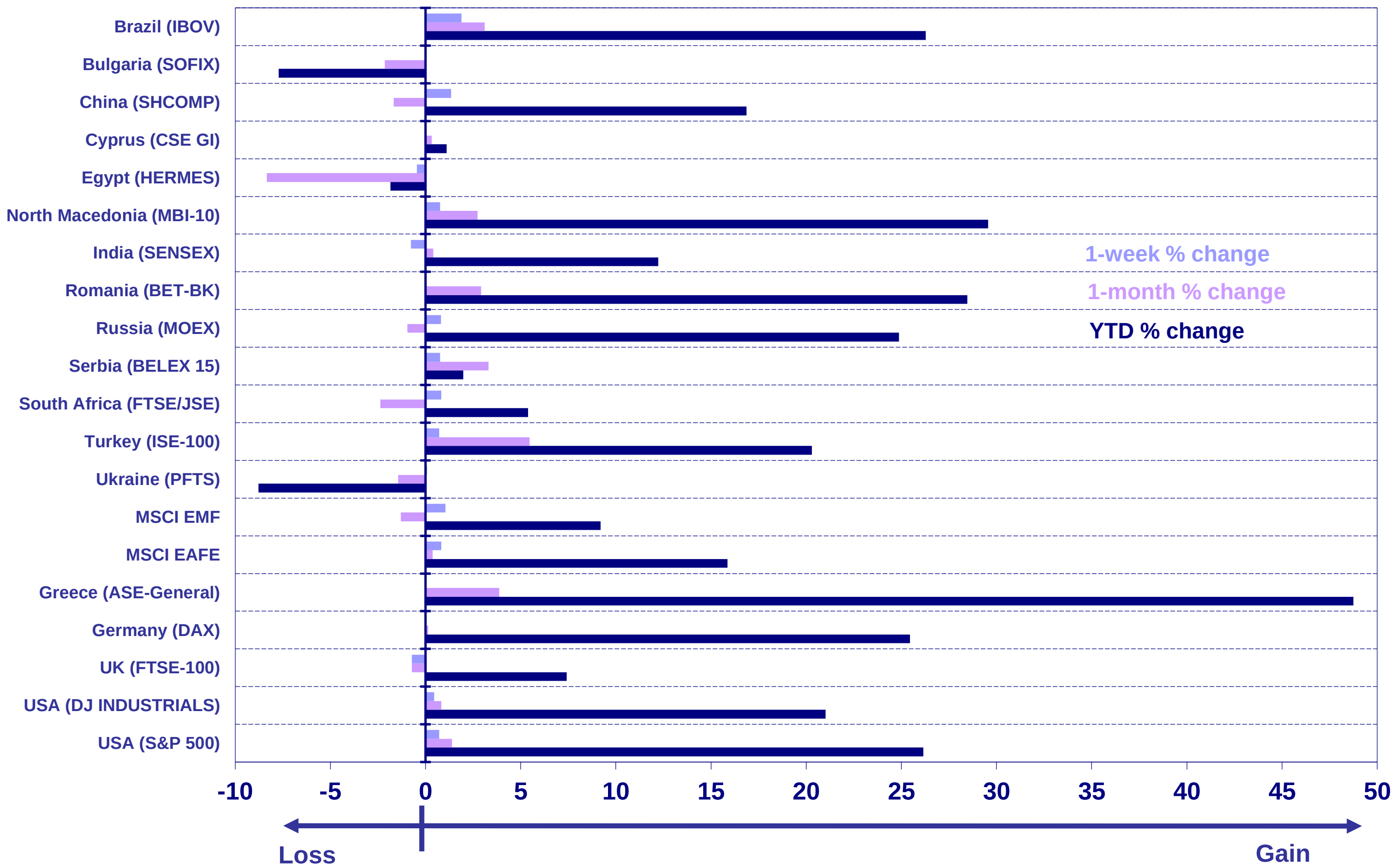



Sources: Reuters & NBG estimates

## STOCK MARKETS PERFORMANCE. DECEMBER 9TH 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) | 110,977 | 1.9 | 3.1 | 26.3 | 29.2 | 87.536 | 111.453 | 110.977 | 15.0 | 2.5 | 26.9 | 9.5 |
| Bulgaria (SOFIX) | 549 | 0.0 | -2.1 | -7.7 | -7.5 | 541 | 622 | 549 | -12.3 | -12.3 | 15.5 | 15.5 |
| China (SHCOMP) | 2,914 | 1.3 | -1.7 | 16.9 | 12.8 | 2.441 | 3.288 | 2.914 | -24.6 | -25.2 | 6.6 | -0.3 |
| Cyprus (CSE GI) | 67 | 0.0 | 0.3 | 1.1 | 2.0 | 60 | 74 | 67 | -3.9 | -3.9 | 4.7 | 4.7 |
| Egypt (HERMES) | 1,247 | -0.4 | -8.3 | -1.8 | 2.1 | 407 | 1.467 | 1.247 | -11.1 | -11.1 | 32.0 | 18.7 |
| North Macedonia (MBI) | 4,494 | 0.8 | 2.7 | 29.6 | 30.6 | 3.467 | 4.494 | 4.494 | 36.6 | 36.6 | 18.9 | 18.9 |
| India (SENSEX) | 40,487 | -0.8 | 0.4 | 12.2 | 15.8 | 35.011 | 41.164 | 40.487 | 5.9 | 1.6 | 27.9 | 19.3 |
| Romania (BET-BK) | 1,871 | 0.0 | 2.9 | 28.5 | 15.3 | 1.394 | 1.879 | 1.871 | -11.6 | -11.1 | 22.8 | 19.1 |
| Russia (MOEX) | 2,945 | 0.8 | -0.9 | 24.9 | 22.9 | 2.350 | 3.009 | 2.945 | 10.3 | -3.9 | -5.5 | -11.9 |
| Serbia (BELEX-15) | 777 | 0.8 | 3.3 | 2.0 | 4.8 | 668 | 781 | 777 | 0.2 | 0.5 | 5.9 | 10.3 |
| South Africa (FTSE/JSE) | 55,269 | 0.8 | -2.4 | 5.4 | 9.6 | 50.907 | 59.545 | 55.269 | -11.4 | -20.1 | 17.5 | 14.3 |
| Turkey (ISE 100) | 108,786 | 0.7 | 5.5 | 20.3 | 18.0 | 83.535 | 109.315 | 108.786 | -20.9 | -40.5 | 47.6 | 20.5 |
| Ukraine (PFTS) | 510 | 0.1 | -1.4 | -8.8 | -11.3 | 510 | 582 | 510 | 77.5 | 88.1 | 18.8 | 0.8 |
| MSCI EMF | 1,051 | 1.0 | -1.3 | 9.2 | 9.2 | 946 | 1.099 | 1.051 | -16.6 | -12.8 | 34.3 | 17.7 |
| MSCI EAFE | 1,984 | 0.8 | 0.4 | 15.9 | 14.5 | 1.709 | 1.985 | 1.984 | -16.1 | -12.3 | 21.8 | 6.7 |
| Greece (ASE-General) | 898 | 0.0 | 3.9 | 48.8 | 40.7 | 600 | 902 | 898 | -23.6 | -23.6 | 24.7 | 24.7 |
| Germany (XETRA DAX) | 13,246 | 0.0 | 0.1 | 25.5 | 24.7 | 10.387 | 13.374 | 13.246 | -18.3 | -18.3 | 12.5 | 12.5 |
| UK (FTSE-100) | 7,234 | -0.7 | -1.7 | 7.4 | 7.6 | 6.599 | 7.727 | 7.234 | -12.5 | -13.5 | 7.6 | 3.2 |
| USA (DJ INDUSTRIALS) | 27,910 | 0.5 | 0.8 | 21.0 | 14.3 | 21.713 | 28.175 | 27.910 | -5.6 | -1.3 | 25.1 | 9.6 |
| USA (S&P 500) | 3,136 | 0.7 | 1.4 | 26.2 | 18.9 | 2.444 | 3.154 | 3.136 | -6.2 | -1.9 | 19.4 | 4.7 |

### Equity Indices (December 9th 2019)




Sources: Reuters & NBG estimates