



Economic Analysis Division Emerging Markets Analysis

Bi-Weekly Report 29 October – 11 November 2019



NBG - Economic Analysis Division

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

Emerging Markets Analysis

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TURKEY 1

Credit expansion picked up in October, driven by state-owned banks

Growth in customer deposits strengthened in October, suggesting growing confidence in the economy and improving macroeconomic trends

Tourism activity, albeit moderating, remained solid in 9M:19

ROMANIA 2

A minority PNL Government takes office following the collapse of the PSD Government

Incumbent President K. Iohannis wins the first round of Presidential elections, and appears set to triumph in the run-off

Favourable energy prices kept headline inflation contained at 3.4% y-o-y in October, broadly unchanged compared with end-2018, despite stronger domestic demand and tax hikes

CYPRUS 3

The current account deficit widened markedly to a 9-year high of 7.6% of GDP, on a 4-quarter rolling basis, in Q2:19, as a less favourable external environment weighed on both goods and services balances

Headline inflation returned to negative territory, mainly due to the drop in energy prices

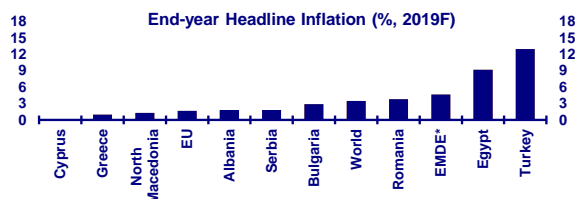
EGYPT 4

The current account deficit widened slightly to 2.7% of GDP in FY:18/19 (July 2018-June 2019), following a significant adjustment over the past 1½ years

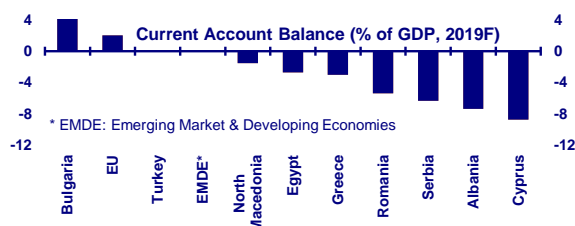
APPENDIX: FINANCIAL MARKETS 5



* EMDE: Emerging Market & Developing Economies



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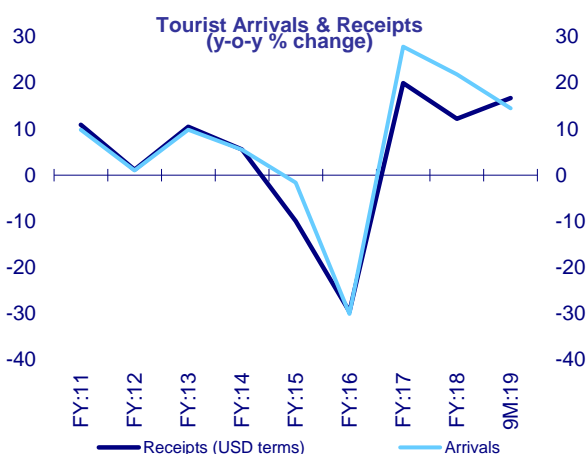
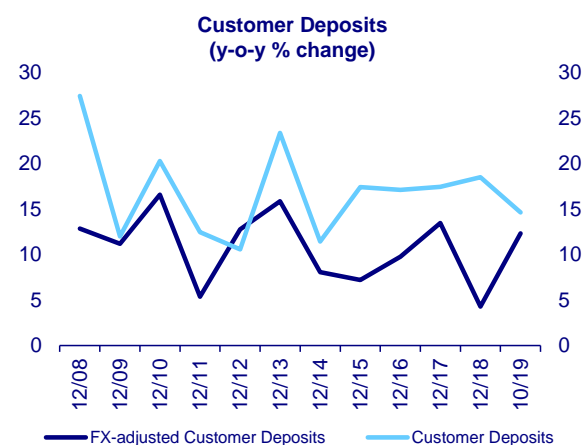
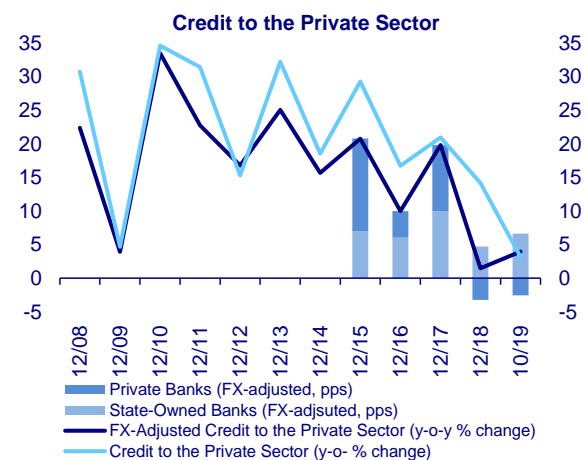
* EMDE: Emerging Market & Developing Economies

Sources: National authorities, IMF & NBG estimates



Turkey

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



| | 11 Nov. | 3-M F | 6-M F | 12-M F |
|-------------------------|---------|-------|-------|--------|
| 1-m TRIBOR (%) | 13.7 | 14.0 | 13.0 | 11.5 |
| TRY/EUR | 6.36 | 6.72 | 6.90 | 7.35 |
| Sov. Spread (2025, bps) | 392 | 470 | 440 | 400 |

| | 11 Nov. | 1-W % | YTD % | 2-Y % |
|---------|---------|-------|-------|-------|
| ISE 100 | 103,118 | 3.0 | 14.0 | -5.4 |

| | 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, BDDK, KTB & NBG estimates

Credit expansion picked up in October, driven by state-owned banks. FX-adjusted credit to the private sector increased by 4.0% y-o-y in October against a rise of 1.5% at end-2018.

The boost in lending activity came mainly from state-owned banks (their loan portfolio expanded by 16.4% y-o-y in October following a rise of 12.6% at end-2018), as they were urged by the Government to offer cheaper loans in a bid to contain the recession. Worryingly, lending at inappropriate low interest rates and maturities exceeding the term of the deposit base could exert pressure on banks' funding and liquidity position and create risks for their profitability and solvency in the medium term.

On the other hand, private banks continued to scale back lending (down 4.3% y-o-y in October against a decline of 5.2% at end-2018), due to limited access to external financing, tight liquidity conditions (albeit easing, the loan-to-deposit ratio remains above the 100% threshold -- 114% in October), high, but declining, borrowing costs and a rising NPL ratio (up 1.7 pps y-o-y to a 9½-year high of 5.2% in October). The drag on credit expansion by private banks would have been larger had the CBRT not incentivized lending by tying banks' required reserve ratios and related remuneration rates to loan growth.

Looking ahead, we expect credit expansion to accelerate gradually, providing some support to the economic recovery. The key drivers include the ongoing easing in monetary policy (the CBRT has cut its key rate by 10 bps since July) and the expansion of state loan guarantees (3 loan packages to corporates, worth 2.0% of GDP, have been announced so far this year). The increased transparency in the wake of the ongoing clean-up of banks' balance sheets should also help. Note that the banking watchdog has urged banks to reclassify as NPLs TRY 46bn worth of debt (increasing their stock by c. 35% and pushing up the underlying ratio to 6.5%) by end-year and to set aside loss reserves.

Growth in customer deposits strengthened in October, suggesting growing confidence in the economy and improving macroeconomic trends. FX-adjusted growth in customer deposits accelerated to 12.3% y-o-y in October from 4.3% at end-2018. Indeed, amid easing political and economic uncertainty, and despite the declining remuneration rates, deposit growth picked up, driven by the corporate segment. On a positive note, following the more modest depreciation of the TRY against the USD (down 8% y-t-d against a drop of 28% in FY:18), (FX-adjusted) deposit dollarization declined to 31.4% in October from a peak of 33.3% in mid-year, still higher than its end-2018 level of c. 30%.

Tourism activity, albeit moderating, remained solid in 9M:19. Tourist arrivals rose by 14.5% y-o-y in 9M:19 against 21.8% in FY:18. At the same time, tourist receipts increased by 16.7% y-o-y against 12.2% in FY:18, suggesting that spending per tourist is stabilising following its sharp decline in FY:18, due to a weaker TRY.

Regarding tourist arrivals, the slowdown in comparison to 2018 is mainly due to: i) the economic slump in the EU (accounting for 42% of arrivals in FY:18); ii) the normalization in tourist flows from Russia (accounting for 15% of arrivals) after 2 outstanding years that followed the removal of the sanctions imposed by the latter over the downing of one of its jets; and iii) the drop in arrivals from Saudi Arabia (accounting for c. 2% of arrivals), in the aftermath of heightened diplomatic tensions between the latter and Turkey since end-2018. Nevertheless, Turkey's performance is better than that of its neighbouring competitors, namely Greece (up 3.6% y-o-y in 8M:19) and Bulgaria (up 0.7% y-o-y in 9M:19), and only lags behind that of Egypt (up by an estimated 30% y-o-y in 9M:19).

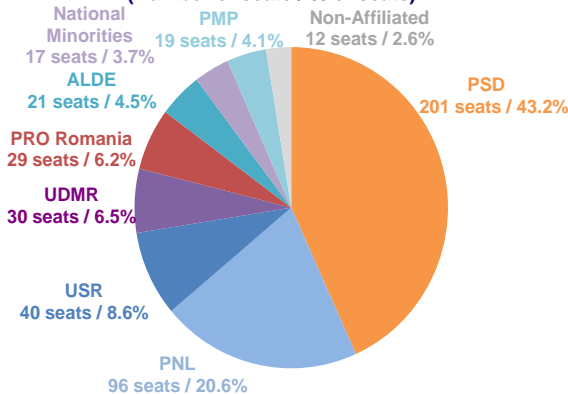
Looking ahead, barring renewed domestic security concerns, tourist activity should remain strong, supporting GDP growth and the external adjustment. The impact of the collapse of tour operator Thomas Cook (accounting for c. 2.0% of arrivals in FY:18) is estimated to be minimal.



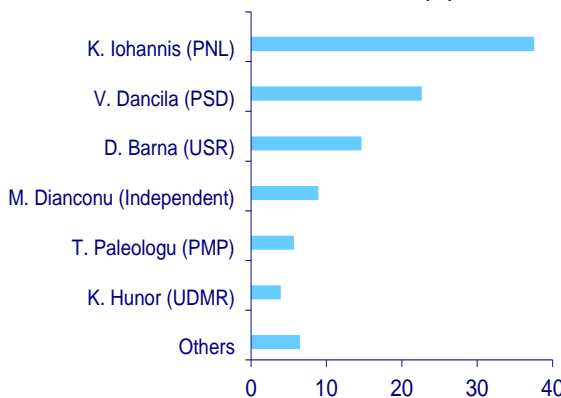
Romania

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

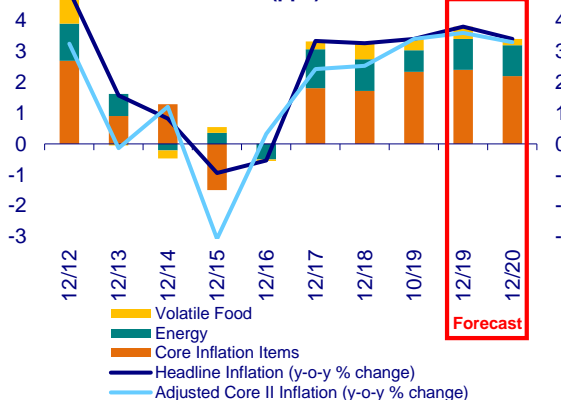
**Chamber of Deputies & Senate
(Number of seats / % of seats)**



Presidential Election Results (%)



Contributions to Annual Headline Inflation (pps)



A minority PNL Government takes office following the collapse of the PSD Government. The centre-right PNL Government, headed by L. Orban, won a Parliamentary vote of confidence in the past week, securing 240 votes, i.e. 7 more than required. Besides the PNL (which holds just 96 out of 465 seats), the new Government was backed by the also centre-right USR and PMP parties, the liberal ALDE, the Hungarian minority party, UDMR, and other national minorities and independent MPs. Recall that the outgoing PSD-led Government lost its majority in August, when ALDE withdrew support, citing policy disagreements, and was eventually toppled by a no-confidence vote 1½ months later.

Worryingly, we believe that the effectiveness of the new Government could be limited, as its supporting parties are highly fragmented. This could be a problem, in view of the challenges facing the Government, including the drafting of a tight FY:20 budget. Note that under no policy change, the budget deficit is set to widen to 5.0% of GDP in FY:20 from a projected 3.6% in FY:19, due to the impact of the controversial 2018 pension law. According to the latter, pensions are set to increase by an additional 40% in 2020 (at a cost of c. 2.0 pps of GDP) following a rise of 15% this year. All said, we see an increased chance of early elections before the end of the current parliamentary term at end-2020.

Incumbent President K. Iohannis wins the first round of Presidential elections, and appears set to triumph in the run-off. The PNL's dominance on the political stage was confirmed in the first round of Presidential elections, where its candidate, incumbent President K. Iohannis, garnered an overwhelming 37.8% of the vote. He was followed by V. Dancila of the PSD and D. Barna of the USR with 22.3% and 14.9% of the vote, respectively. We expect Iohannis to comfortably win the run-off against Dancila, scheduled for November 24th, albeit by a smaller margin than that of the first round. Note that under Romania's semi-presidential system, the President's powers are limited to steering foreign policy and nominating the PM and other senior officials.

Favourable energy prices kept headline inflation contained at 3.4% y-o-y in October, broadly unchanged compared with end-2018, despite stronger domestic demand and tax hikes. Adjusted core II inflation picked up in October (to 3.4% y-o-y from 2.5% at end-2018), reflecting: i) a looser incomes policy and its spillover to the private sector amid a tight labour market (overall wage growth remained in double digits – up c. 15.0% -- for a 4th consecutive year); and ii) the hike in telecommunication and TV service prices, following the levy of a turnover tax on telecoms. The impact of stronger core inflation was broadly offset, however, by the sharp moderation in energy inflation (to 1.3% y-o-y from 4.6% at end-2018), on the back of a favourable base effect from the rise on global oil prices a year ago, amid concerns over global supply.

Headline inflation is set to move temporarily outside the NBR's target range (2.5±1%) by end-2019, but then reverse course and settle close to its upper-end. With the elimination of positive base effects from the past year's spike in global oil prices, energy inflation is set to revive modestly by end-year. At the same time, core inflation should continue to strengthen in line, *inter alia*, with the upward shift in inflation expectations. As a result, we see headline inflation rebounding to 3.8% y-o-y at end-year, higher than its end-2018 outcome of 3.3%.

Headline inflation is expected to ease modestly next year, but mostly due to favourable base effects. The latter include the impact of the hike in tobacco, phone and TV service prices in FY:19 (adding 0.7 pps to headline inflation) and should more than compensate for the further easing in incomes policy. The envisaged normalization in volatile food prices, after a relatively poor FY:19 agricultural year, should also sustain disinflation. All said, we see headline inflation easing to 3.4% y-o-y at end-2020, slightly lower than the upper-end of the NBR's target range.

| | 11 Nov. | 3-M F | 6-M F | 12-M F |
|-------------------------|---------|-------|-------|--------|
| 1-m ROBOR (%) | 2.8 | 3.0 | 3.0 | 3.0 |
| RON/EUR | 4.76 | 4.80 | 4.82 | 4.85 |
| Sov. Spread (2024, bps) | 68 | 100 | 96 | 90 |

| | 11 Nov. | 1-W % | YTD % | 2-Y % |
|--------|---------|-------|-------|-------|
| BET-BK | 1,815 | 1.0 | 24.6 | 10.0 |

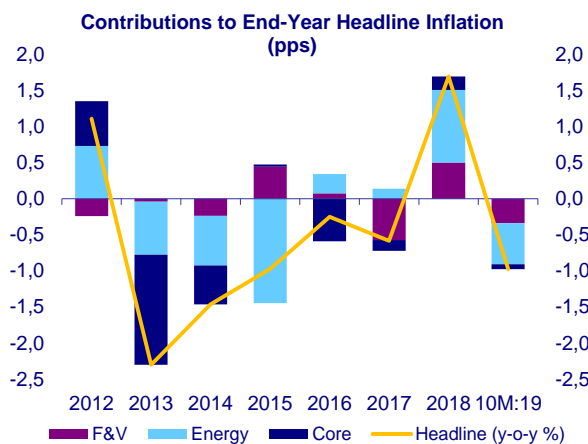
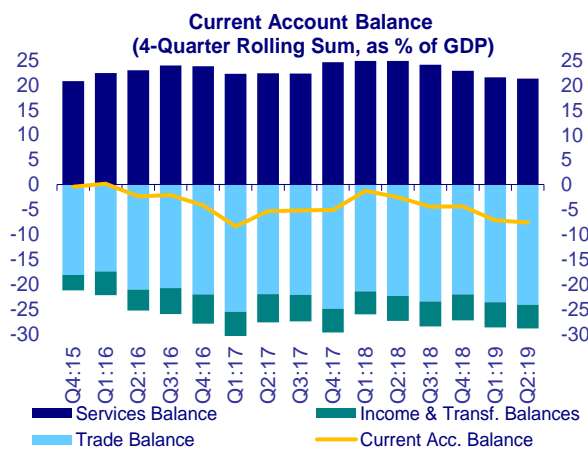
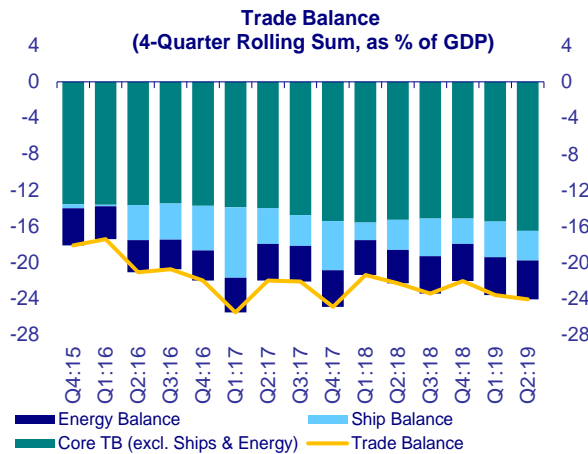
| | 2016 | 2017 | 2018 | 2019F | 2020F |
|-------------------------|------|------|------|-------|-------|
| Real GDP Growth (%) | 4.8 | 7.0 | 4.1 | 4.2 | 3.6 |
| Inflation (eop, %) | -0.5 | 3.3 | 3.3 | 3.8 | 3.4 |
| Cur. Acct. Bal. (% GDP) | -2.1 | -3.2 | -4.5 | -5.4 | -5.6 |
| Fiscal Bal. (% GDP) | -2.4 | -2.8 | -2.9 | -3.6 | -4.0 |

Sources: INSSE, NBR, Parliament. AEP & NBR estimates



Cyprus

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



The current account deficit (CAD) widened markedly, to a 9-year high of 7.6% of GDP, on a 4-quarter rolling basis, in Q2:19, as a less favourable external environment weighed on both goods and services balances. The CAD increased by a sizeable 3.3 pps y-o-y to 3.6% of GDP in H1:19, driven by: i) a narrowing services surplus (down 1.5 pps of GDP y-o-y); ii) a widening core trade deficit (up 1.4 pps of GDP y-o-y); and iii) a weaker ship and energy (non-core) trade balance (down 0.7 pps of GDP y-o-y).

Regarding the core trade balance, half of its deterioration in H1:19 came on the back of weaker exports, due to the slowdown in the EU (Cyprus' main trading partner, accounting for 1/2 of its exports). The remainder was due to higher imports, in line with stronger domestic demand, especially import-intensive investments.

On the other hand, the narrowing in the services surplus was largely led by a slowdown in receipts from: i) tourism (down by 0.4 pps of GDP y-o-y in H1:19), reflecting the economic slowdown in EU-28, increased Brexit uncertainty and strong competition from neighbouring countries; ii) financial services (down 0.3 pps of GDP y-o-y), following the extension of an EU regulation restricting the trading of specific financial products; and iii) transport services (down 0.2 pps of GDP y-o-y), mainly marine transport, as a result of large ship de-registrations in FY:18.

Lastly, the deterioration in the non-core trade balance in H1:19 came on the back of: i) a weaker ship trade balance (down 0.5 pps of GDP y-o-y), mainly due to a sharp drop in (volatile) exports of ships (implying a slowdown in ship de-registration); and ii) a higher energy trade deficit (up 0.2 pps of GDP y-o-y). Excluding ships and energy (together accounting for 1/3 of the trade deficit), the core current account balance deteriorated at a slower pace in H1:19 (down 2.5 pps y-o-y to a deficit of 1.5% of GDP -- 0.0% of GDP on a 4-quarter rolling basis).

Assuming: i) an improvement in the energy balance, in line with developments in global oil markets; and ii) the fade-out of the negative base effect on financial services following the lifting of the aforementioned restriction, we expect the CAD to widen further during the remainder of the year, albeit at a slower pace (up 1.1 pp of GDP y-o-y in H2:19), bringing the FY:19 CAD to a 9-year high of 8.7%.

For 2020, the overall CAD is set to narrow by 0.8 pps y-o-y to 7.8% of GDP, partly reversing the FY:19 deterioration. The external adjustment in FY:20 should be driven by an improvement in the core trade balance stemming from softer domestic demand, as the (mostly imported) investment boom dissipates and private consumption slows, driven, *inter alia*, by increased household debt servicing.

Headline inflation returned to negative territory, mainly due to the drop in energy prices. Headline inflation reached a 3-year low of -1.0% y-o-y in October against 1.7% in December. The improvement was across the board, with energy prices declining abruptly (subtracting 0.6 pps from October inflation after contributing 1.0 pp in December), in line with developments in global oil price markets. At the same time, volatile fruit & vegetable prices declined (F&V, subtracting 0.3 pps from October inflation after adding 0.5 pps in December), and core inflation (excl. volatile food and energy prices) remained subdued (subtracting 0.1 pp from October inflation after adding 0.2 pps in December), supported by low imported inflation and lacklustre consumption.

Looking ahead, inflation is set to embark on an upward trend, ending the year in marginally positive territory (up 0.1% y-o-y, still below the end-2018 outcome of 1.7%), reflecting the fade-out of the positive base effect from the sharp increase in the past year's oil prices. Assuming a normalization in F&V prices from this year's low level, we see end-2020 inflation rising slightly to 0.4%.

| | 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) | 88 | 110 | 105 | 100 |

| | 11 Nov. | 1-W % | YTD % | 2-Y % |
|-----------|---------|-------|-------|-------|
| CSE Index | 66 | 1.3 | 0.2 | -9.1 |

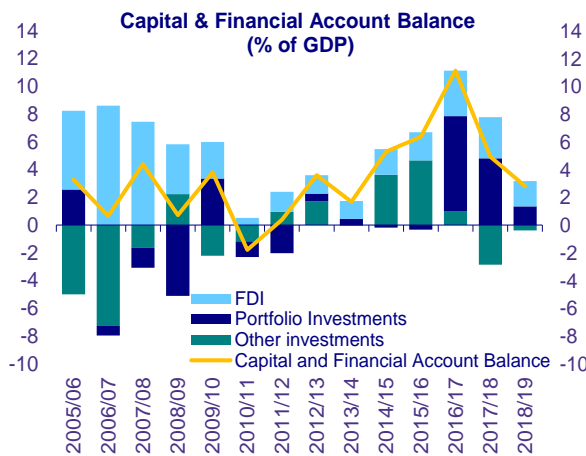
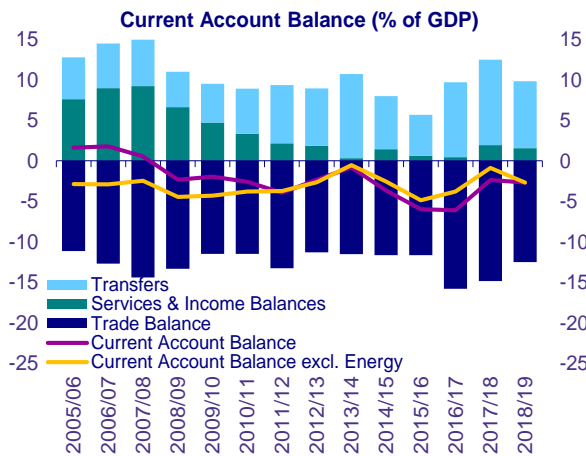
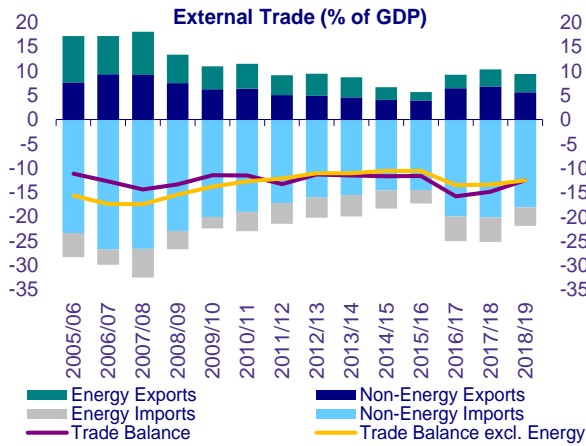
| | 2016 | 2017 | 2018 | 2019F | 2020F |
|-------------------------|------|------|------|-------|-------|
| Real GDP Growth (%) | 6.7 | 4.4 | 4.1 | 3.3 | 3.0 |
| Inflation (eop. %) | -0.3 | -0.6 | 1.7 | 0.1 | 0.4 |
| Cur. Acct. Bal. (% GDP) | -4.2 | -5.1 | -4.4 | -8.7 | -8.0 |
| Fiscal Bal. (% GDP) | 0.1 | 1.7 | -4.7 | 3.6 | 2.6 |

Sources: Reuters, CBC, CYSTAT & NBG estimates



Egypt

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



The current account deficit (CAD) widened slightly to 2.7% of GDP in FY:18/19 (July 2018-June 2019), following a significant adjustment over the past 1½ years. The CAD widened by 0.3 pps y-o-y to 2.7% of GDP in FY:18/19, reversing the downward trend started in FY:17/18.

In FY:18/19, the deterioration in the CAD was largely due to the decline in workers' remittances by a sizeable 2.3 pps y-o-y to 8.3% of GDP, on the back of a strong base effect. Recall that remittances through the banking sector posted an impressive 34.0% growth in the 4 quarters that followed the mid-Q2:16/17 CBE decision to float the EGP, after having been hindered by very attractive rates in the parallel FX market.

The CAD would have been much larger had the energy and non-energy trade balances not improved markedly. In fact, the former moved into a virtual surplus in FY:18/19 (with the country becoming a net oil and gas exporter for the first time since 2012/13) from a sizeable deficit of 1.5% of GDP in FY:17/18, due to a rebound in hydrocarbon production, mainly supported by the increase in production in the Zohr gas field. This has not only boosted energy exports (by 31.7% y-o-y in FY:18/19), but also prompted a decline in energy imports (by 7.5% y-o-y in FY:18/19), reflecting the substitution of gas imports with domestic production. At the same time, the non-energy trade deficit narrowed by 0.9 pps y-o-y to 12.5% of GDP in FY:18/19, mainly on the back of weakening private consumption.

The overall balance turned into a deficit in FY:18/19, which was, however, fully covered by the IMF disbursement. The capital and financial account surplus, excluding the IMF, narrowed to 2.1% of GDP in FY:18/19 from 6.7% of GDP in FY:17/18, mainly due to markedly weaker foreign holdings of T-Bills (net purchases diminished to USD 0.2bn or 0.1% of GDP in FY:18/19 from USD 6.6bn or 2.6% of GDP in FY:17/18) amid Fed rate hikes and a broader global sell-off in emerging markets. Encouragingly, following the dovish turn by major central banks and improving appetite for debt of less vulnerable emerging market economies, foreign holdings of Egyptian T-bills have reversed their downward trend lately (with net purchases of 1.6% of GDP in H1:19 against net sales of 1.8% of GDP in H2:18).

As a result, the overall balance (excluding IMF) deteriorated by 3.7 pps to a deficit of 0.7% of GDP in FY:18/19. The latter was fully covered, however, by the disbursement of USD 2.0bn under the IMF programme. Thus, FX reserves stood at USD 44.4bn in June 2019 (covering 7.5 months of GNFS imports), broadly unchanged compared with June 2018 -- well above the pre-Revolution high of USD 36.0bn in Q4:10.

For the current fiscal year (FY:19/20), the CAD is set to remain broadly stable. Looking ahead, we expect a further improvement in the energy bill, following the expansion of the capacity of the Zohr gas field. Tourist receipts are also set to increase, as security conditions stabilise. These factors should compensate for: i) the widening in the non-energy trade deficit, on the back of stronger domestic demand; and ii) somewhat lower remittances from Gulf countries. Regarding its financing, the CAD should be largely covered by FDI inflows, leading to a slightly negative basic balance (CAD & FDI) of 0.3% of GDP in FY:19/20. According to our baseline scenario, projecting negative (net) capital inflows of -0.2% of GDP in FY:19/20 (against inflows of 0.3% of GDP in FY:18/19), we see an external financing gap of 0.6% of GDP that should be fully covered by the release of the last tranche of the IMF loan. Note that the expected continued cooperation with the IMF through a 2-year non-financing Policy Coordination Instrument, after the expiration of the current programme this month, provides a buffer against external shocks and reinforces investor confidence.

| | 11 Nov. | 3-M F | 6-M F | 12-M F |
|-------------------------|---------|-------|-------|--------|
| O/N Interbank Rate (%) | 13.5 | 15.5 | 14.0 | 12.0 |
| EGP/USD | 16.1 | 16.4 | 16.5 | 16.8 |
| Sov. Spread (2025, bps) | 330 | 350 | 330 | 290 |

| | 11 Nov. | 1-W % | YTD % | 2-Y % |
|------------|---------|-------|-------|-------|
| HERMES 100 | 1,357 | 0.7 | 6.8 | 0.1 |

| | 15/16 | 16/17 | 17/18 | 18/19e | 19/20F |
|-------------------------|-------|-------|-------|--------|--------|
| Real GDP Growth (%) | 4.3 | 4.2 | 5.3 | 5.6 | 5.8 |
| Inflation (eop. %) | 14.0 | 29.8 | 14.4 | 9.4 | 9.0 |
| Cur. Acct. Bal. (% GDP) | -6.0 | -6.1 | -2.4 | -2.7 | -2.7 |
| Fiscal Bal. (% GDP) | -12.5 | -10.9 | -9.7 | -8.2 | -7.2 |

Sources: Reuters, CBE & NBG estimates



FOREIGN EXCHANGE MARKETS, NOVEMBER 11TH 2019

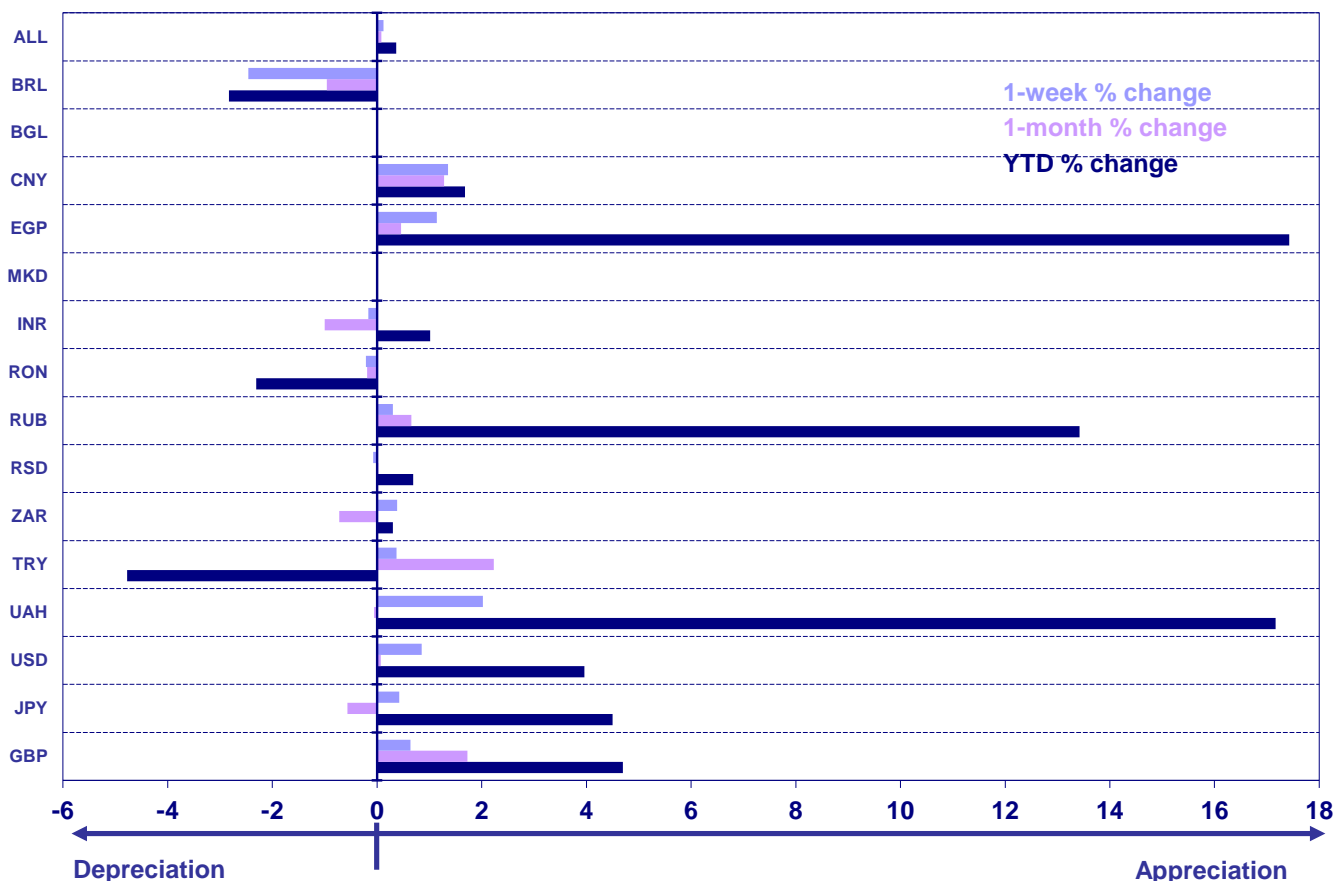
Against the EUR

| 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 | 122.8 | 0.1 | 0.1 | 0.4 | 1.1 | 120,9 | 125,9 | 122.7 | 122.6 | 122.3 | 7.8 | 1.9 |
| Brazil | BRL | 4.58 | -2.5 | -1.0 | -2.8 | -7.7 | 4,16 | 4,65 | --- | --- | 4.79 | -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 | 7.73 | 1.4 | 1.3 | 1.7 | 1.0 | 7,49 | 7,97 | --- | --- | 7.98 | -0.8 | -6.0 |
| Egypt | EGP | 17.74 | 1.1 | 0.5 | 17.4 | 13.8 | 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 | 79.0 | -0.2 | -1.0 | 1.0 | 3.8 | 76,2 | 82,3 | --- | --- | --- | -3.9 | -6.7 |
| Romania | RON | 4.76 | -0.2 | -0.2 | -2.3 | -2.3 | 4,71 | 4,78 | 4.80 | 4.84 | 4.92 | 0.6 | -3.0 |
| Russia | RUB | 70.5 | 0.3 | 0.7 | 13.4 | 8.1 | 69,9 | 80,1 | 71.7 | 72.8 | 75.1 | -13.4 | -6.8 |
| Serbia | RSD | 117.4 | -0.1 | 0.0 | 0.7 | 0.7 | 117,4 | 118,5 | 117.4 | 117.4 | --- | 0.2 | 4.2 |
| S. Africa | ZAR | 16.4 | 0.4 | -0.7 | 0.3 | -1.1 | 15,16 | 17,31 | 16.7 | 17.0 | 17.6 | -9.9 | -2.7 |
| Turkey | YTL | 6.36 | 0.4 | 2.2 | -4.8 | -3.5 | 5,91 | 7,03 | 6.55 | 6.73 | 7.11 | -24.9 | -18.4 |
| Ukraine | UAH | 27.0 | 2.0 | -0.1 | 17.2 | 15.8 | 26,25 | 32,66 | --- | --- | --- | 6.0 | -15.2 |
| US | USD | 4.58 | -2.5 | -1.0 | -2.8 | -7.7 | 4,16 | 4,65 | --- | --- | 4.79 | 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 | 7.73 | 1.4 | 1.3 | 1.7 | 1.0 | 7,49 | 7,97 | --- | --- | 7.98 | -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 11th 2019)



Sources: Reuters & NBS estimates



MONEY MARKETS. NOVEMBER 11TH 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 | 2.0 | --- | 13.5 | --- | --- | 2.5 | 6.8 | --- | 13.7 | 6.8 | 14.9 | --- | 1.5 |
| T/N | --- | --- | --- | --- | --- | --- | --- | --- | 2.5 | 6.9 | --- | --- | 7.1 | --- | --- | --- |
| SW | 1.2 | 4.9 | --- | 2.6 | -0.5 | --- | 1.1 | --- | --- | 6.9 | --- | --- | 7.2 | 15.7 | -0.5 | 1.6 |
| 1-Month | 1.3 | 4.8 | --- | 2.8 | -0.5 | --- | 1.2 | 5.6 | 2.8 | 6.8 | --- | 13.7 | 7.0 | 16.9 | -0.5 | 1.8 |
| 2-Month | --- | 4.7 | --- | --- | --- | --- | --- | --- | --- | 6.9 | 1.9 | 13.7 | 7.0 | --- | --- | 1.8 |
| 3-Month | 1.5 | 4.6 | --- | 3.0 | --- | --- | 1.5 | 5.9 | 3.0 | 6.9 | 2.0 | 13.6 | 7.0 | 17.6 | --- | 1.9 |
| 6-Month | 1.7 | 4.5 | --- | 3.0 | --- | --- | 1.7 | --- | 3.1 | 6.9 | 2.2 | 13.2 | 7.0 | --- | --- | 1.9 |
| 1-Year | 2.1 | 4.5 | --- | 3.1 | -0.1 | --- | 2.0 | --- | 3.2 | 6.5 | --- | 13.0 | 7.1 | --- | -0.1 | 2.0 |

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

LOCAL DEBT MARKETS. NOVEMBER 11TH 2019

| | Albania | Brazil | Bulgaria | China | Cyprus | Egypt | North Macedonia | India | Romania | Russia | Serbia | Turkey | S. Africa | Ukraine | EU | US |
|-----------------|---------|--------|----------|-------|--------|-------|-----------------|-------|---------|--------|--------|--------|-----------|---------|------|-----|
| 3-Month | --- | --- | --- | --- | --- | 16.0 | --- | 5.1 | --- | 6.3 | --- | 11.3 | --- | 14.4 | -0.6 | 1.6 |
| 6-Month | --- | --- | --- | --- | --- | 15.9 | --- | 5.2 | 3.1 | 6.2 | 3.3 | 11.8 | --- | --- | -0.6 | 1.7 |
| 12-Month | 1.9 | --- | -0.2 | 2.7 | --- | 15.1 | 0.6 | 5.5 | 3.2 | 5.9 | 2.2 | 12.3 | --- | 14.0 | -0.6 | 1.6 |
| 2-Year | --- | --- | --- | 2.9 | --- | --- | --- | 5.6 | 3.5 | 5.9 | --- | 12.0 | 6.7 | --- | -0.6 | 1.7 |
| 3-Year | --- | --- | 0.0 | 2.9 | -0.1 | --- | --- | 6.1 | 3.7 | 6.0 | --- | 11.7 | 7.1 | 13.3 | -0.6 | 1.7 |
| 5-Year | 4.2 | 6.1 | --- | 3.0 | 0.1 | 14.3 | 1.5 | 6.4 | 3.9 | 6.2 | 3.1 | 12.2 | 7.5 | --- | -0.5 | 1.7 |
| 7-Year | --- | --- | 0.3 | --- | 0.3 | 14.2 | --- | 6.9 | 4.0 | 6.3 | --- | --- | --- | --- | -0.4 | 1.8 |
| 10-Year | --- | 6.7 | 0.4 | 3.3 | --- | 14.2 | --- | 6.6 | 4.4 | 6.4 | --- | 12.3 | 8.5 | --- | -0.2 | 1.9 |
| 15-Year | --- | --- | --- | --- | --- | --- | 3.1 | 7.1 | --- | 6.7 | --- | --- | 9.9 | --- | -0.1 | --- |
| 25-Year | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | 10.2 | --- | --- | --- |
| 30-Year | --- | --- | --- | --- | --- | --- | 4.2 | 7.3 | --- | --- | --- | --- | 10.1 | --- | 0.3 | 2.3 |

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

CORPORATE BONDS SUMMARY. NOVEMBER 11TH 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 | 0.8 | 136 | 117 |
| South Africa | FirstRand Bank Ltd 4.25% '20 | USD | BB/Baa3 | 30/4/2020 | 500 | 2.8 | 119 | 90 |
| | FirstRand Bank Ltd 2.25% '20 | EUR | NA/NA | 30/1/2020 | 100 | 0.6 | 125 | 108 |
| Turkey | Arcelik AS 3.875% '21 | EUR | BB+/NA | 16/9/2021 | 350 | 1.3 | 188 | 166 |
| | Garanti Bank 5.25% '22 | USD | NA/Ba3 | 13/9/2022 | 750 | 5.2 | 352 | 345 |
| | Türkiye İş Bankası 6% '22 | USD | NA/B2 | 24/10/2022 | 1,000 | 7.0 | 529 | 514 |
| | Vakıfbank 5.75% '23 | USD | NA/B1 | 30/1/2023 | 650 | 6.6 | 492 | 477 |
| | TSKB 5.5% '23 | USD | NA/B2 | 16/1/2023 | 350 | 6.6 | 488 | 472 |
| | Petkim 5.875% '23 | USD | NA/B1 | 26/1/2023 | 500 | 6.4 | 469 | 458 |
| | KOC Holding 5.25% '23 | USD | BBB-/Ba2 | 15/3/2023 | 750 | 4.9 | 316 | 314 |

CREDIT DEFAULT SWAP SPREADS. NOVEMBER 11TH 2019

| | Albania | Brazil | Bulgaria | China | Cyprus | Egypt | North Macedonia | India | Romania | Russia | Serbia | Turkey | S. Africa | Ukraine |
|----------------|---------|--------|----------|-------|--------|-------|-----------------|-------|---------|--------|--------|--------|-----------|---------|
| 5-Year | --- | 117 | 81 | 38 | 100 | 308 | --- | 75 | 90 | 73 | 98 | 312 | 177 | 494 |
| 10-Year | --- | 195 | 105 | 76 | 113 | 370 | --- | 83 | 128 | 134 | 122 | 353 | 245 | 514 |

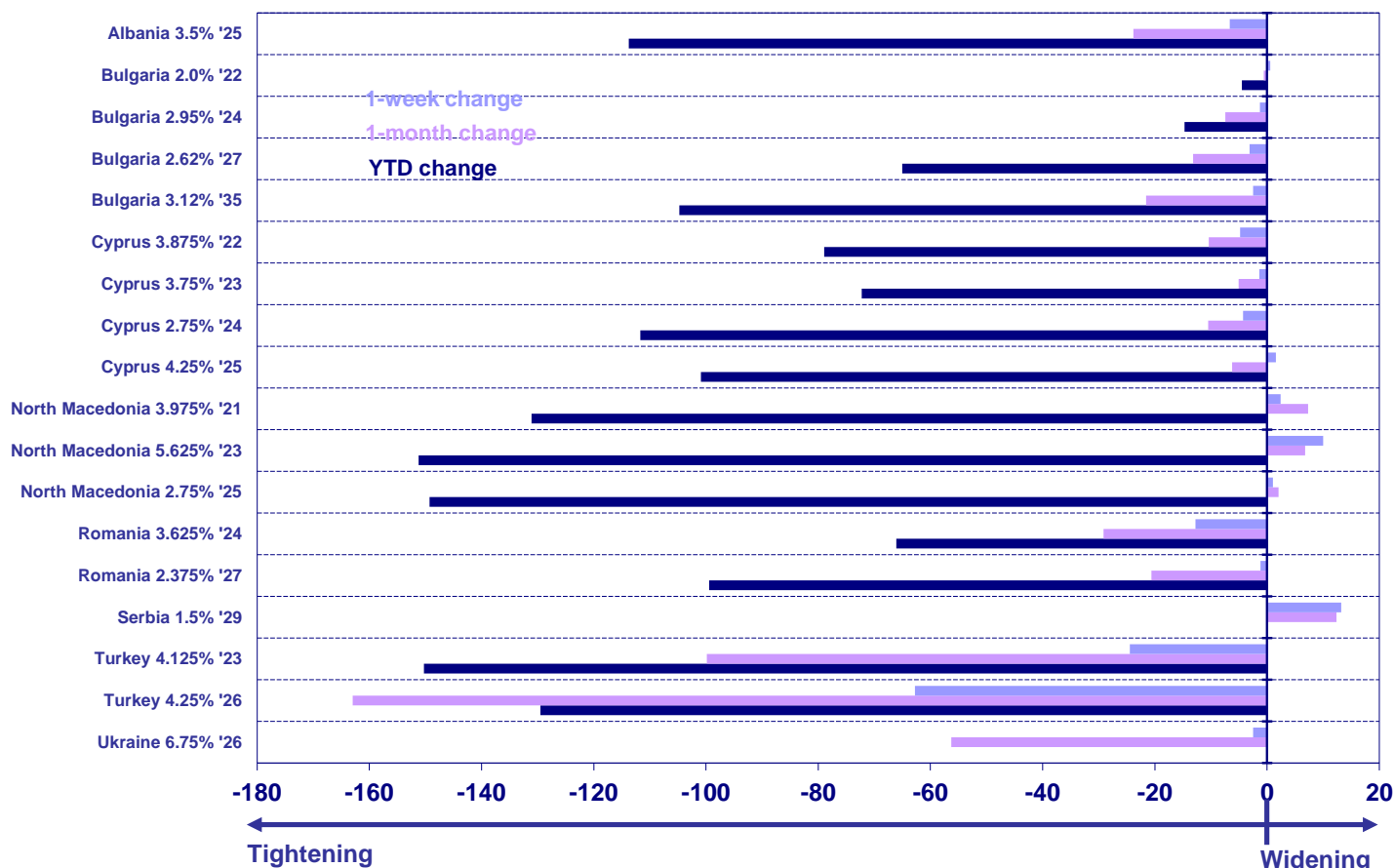
Sources: Reuters & NBG estimates



EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY. NOVEMBER 11TH 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 | 2.1 | 255 | 225 |
| Bulgaria 2.0% '22 | EUR | BBB-/Baa2 | 26/3/2022 | 1,250 | -0.1 | 54 | 21 |
| Bulgaria 2.95% '24 | EUR | BBB-/Baa2 | 3/9/2024 | 1,493 | 0.0 | 57 | 24 |
| Bulgaria 2.62% '27 | EUR | BBB-/Baa2 | 26/3/2027 | 1,000 | 0.1 | 51 | 17 |
| Bulgaria 3.12% '35 | EUR | BBB-/Baa2 | 26/3/2035 | 900 | 1.0 | 109 | 69 |
| Cyprus 3.875% '22 | EUR | NA/Ba2 | 6/5/2022 | 1,000 | -0.1 | 56 | 25 |
| Cyprus 3.75% '23 | EUR | NA/Ba2 | 26/7/2023 | 1,000 | 0.1 | 68 | 36 |
| Cyprus 2.75% '24 | EUR | NA/Ba2 | 27/6/2024 | 850 | 0.1 | 66 | 35 |
| Cyprus 4.25% '25 | EUR | NA/Ba2 | 4/11/2025 | 1,000 | 0.4 | 88 | 57 |
| North Macedonia 3.975% '21 | EUR | BB-/NA | 24/7/2021 | 500 | 0.6 | 126 | 496 |
| North Macedonia 5.625% '23 | EUR | BB-/NA | 26/7/2023 | 450 | 1.1 | 165 | 144 |
| North Macedonia 2.75% '25 | EUR | BB-/NA | 18/1/2025 | 500 | 1.4 | 192 | 159 |
| Romania 3.625% '24 | EUR | BBB-/BBB- | 24/4/2024 | 1,250 | 0.1 | 68 | 39 |
| Romania 2.375% '27 | EUR | BBB-/BBB- | 19/4/2027 | 2,000 | 1.0 | 135 | 104 |
| Serbia 1.5% '29 | EUR | BB/Ba3 | 26/6/2029 | 1,000 | 1.4 | 168 | 129 |
| Turkey 4.125% '23 | EUR | NR/Ba3 | 11/4/2023 | 1,000 | 2.6 | 315 | 289 |
| Turkey 5.2% '26 | EUR | NR/Ba3 | 16/2/2026 | 1,500 | 5.9 | 404 | 388 |
| Ukraine 6.75% '26 | EUR | B-/Caa1 | 20/6/2026 | 1,000 | 4.9 | 532 | 519 |

EUR-Denominated Eurobond Spreads (November 11th 2019)



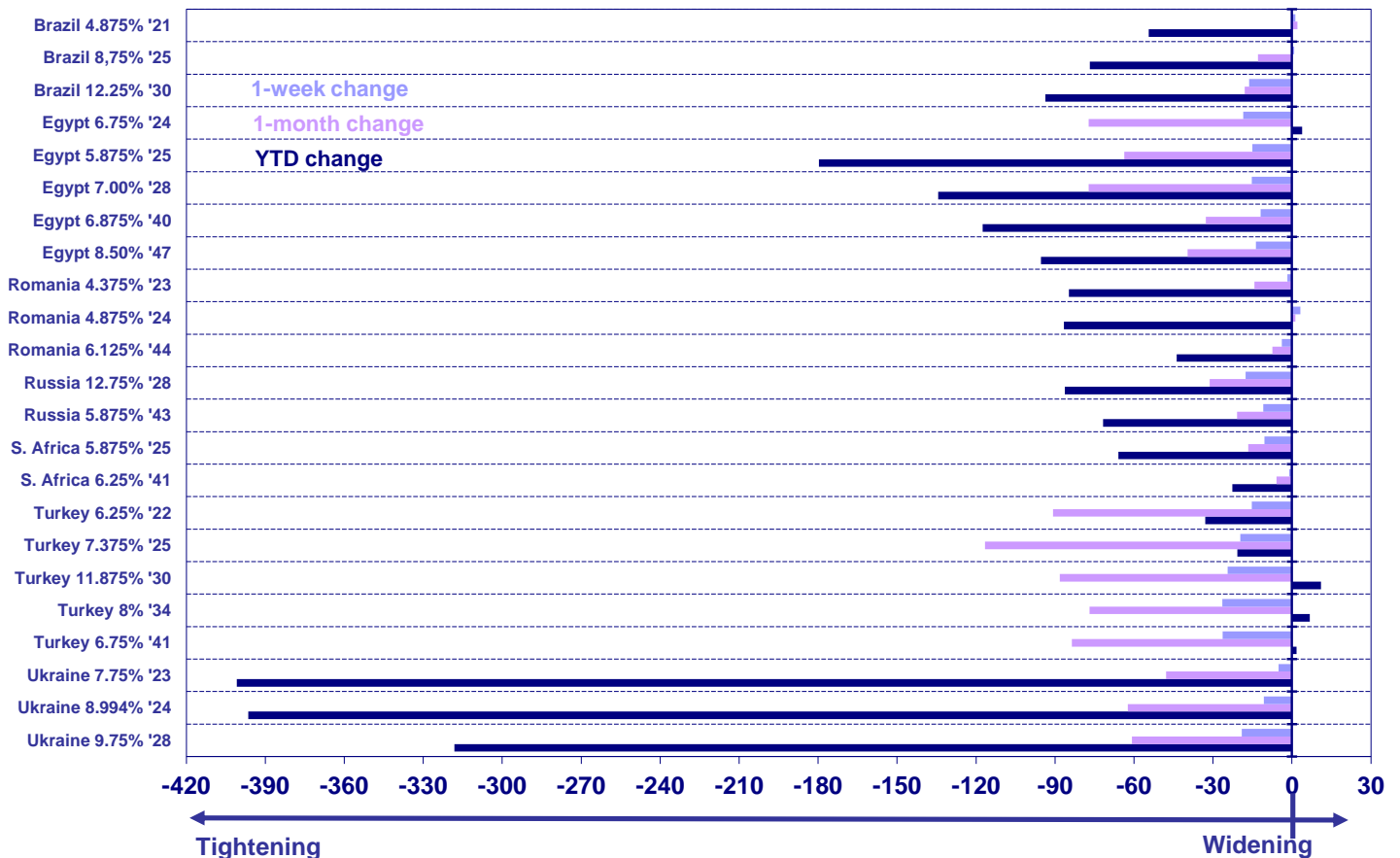
Sources: Reuters & NBG estimates



USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY. NOVEMBER 11TH 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 | 2.2 | 62 | 44 |
| Brazil 8.75% '25 | USD | NA/Ba2 | 4/2/2025 | 688 | 3.0 | 126 | 146 |
| Brazil 12.25% '30 | USD | NA/Ba2 | 6/3/2030 | 240 | -0.3 | 213 | 307 |
| Egypt 6.75% '24 | USD | NA/B2 | 10/11/2024 | 1,320 | 5.5 | 377 | 385 |
| Egypt 5.875% '25 | USD | B/B2 | 11/6/2025 | 1,500 | 5.1 | 330 | 334 |
| Egypt 7.00% '28 | USD | NA/B2 | 10/11/2028 | 1,320 | 6.2 | 422 | 442 |
| Egypt 6.875% '40 | USD | B/B2 | 30/4/2040 | 500 | 7.2 | 473 | 496 |
| Egypt 8.50% '47 | USD | NA/B2 | 31/1/2047 | 2,500 | 8.0 | 553 | 608 |
| Romania 4.375% '23 | USD | BBB-/BBB- | 22/8/2023 | 1,500 | 2.6 | 86 | 88 |
| Romania 4.875% '24 | USD | BBB-/BBB- | 22/1/2024 | 1,000 | 2.6 | 84 | 92 |
| Romania 6.125% '44 | USD | BBB-/BBB- | 22/1/2044 | 1,000 | 4.3 | 185 | 262 |
| Russia 12.75% '28 | USD | BBB-/Baa3 | 24/6/2028 | 2,500 | 3.3 | 137 | 210 |
| Russia 5.875% '43 | USD | BBB-/Baa3 | 16/9/2043 | 1,500 | 4.1 | 170 | 243 |
| S. Africa 5.875% '25 | USD | BB/Baa3 | 16/9/2025 | 2,000 | 4.1 | 234 | 243 |
| S. Africa 6.25% '41 | USD | BB/Baa3 | 8/3/2041 | 750 | 5.7 | 325 | 377 |
| Turkey 6.25% '22 | USD | NR/Ba3 | 26/9/2022 | 2,500 | 4.8 | 321 | 323 |
| Turkey 7.375% '25 | USD | NR/Ba3 | 5/2/2025 | 3,250 | 5.7 | 392 | 405 |
| Turkey 11.875% '30 | USD | NR/Ba3 | 15/1/2030 | 1,500 | 6.6 | 467 | 577 |
| Turkey 8% '34 | USD | NR/Ba3 | 14/2/2034 | 1,500 | 6.8 | 485 | 510 |
| Turkey 6.75% '41 | USD | NR/Ba3 | 14/1/2041 | 3,000 | 6.9 | 444 | 447 |
| Ukraine 7.75% '23 | USD | B-/Caa1 | 1/9/2023 | 1,355 | 5.7 | 397 | 407 |
| Ukraine 8.994% '24 | USD | B-/Caa1 | 1/2/2024 | 750 | 5.9 | 417 | 442 |
| Ukraine 9.75% '28 | USD | B-/Caa1 | 1/11/2028 | 1,600 | 6.9 | 491 | 553 |

USD-Denominated Eurobond Spreads (November 11th 2019)



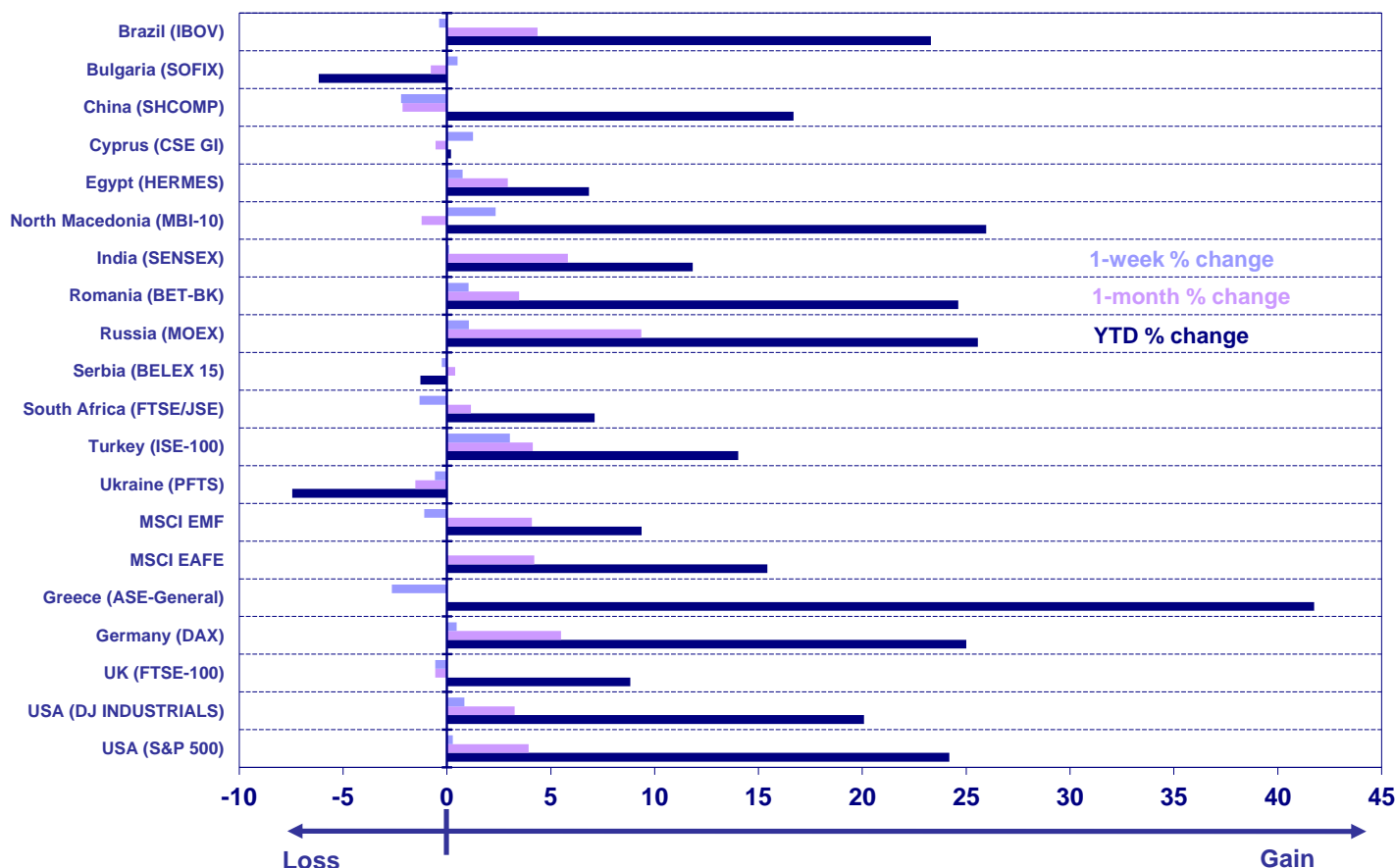
Sources: Reuters & NBG estimates



STOCK MARKETS PERFORMANCE. NOVEMBER 11TH 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) | 108,367 | -0.4 | 4.4 | 23.3 | 26.7 | 87.536 | 109.672 | 19.5 | 15.0 | 2.5 | 26.9 | 9.5 |
| Bulgaria (SOFIX) | 558 | 0.5 | -0.8 | -6.2 | -6.4 | 553 | 622 | -6.2 | -12.3 | -12.3 | 15.5 | 15.5 |
| China (SHCOMP) | 2,910 | -2.2 | -2.1 | 16.7 | 10.6 | 2,441 | 3,288 | 18.7 | -24.6 | -25.2 | 6.6 | -0.3 |
| Cyprus (CSE GI) | 66 | 1.3 | -0.5 | 0.2 | -1.8 | 60 | 74 | 0.2 | -3.9 | -3.9 | 4.7 | 4.7 |
| Egypt (HERMES) | 1,357 | 0.7 | 2.9 | 6.8 | 2.8 | 1,217 | 1,467 | 22.0 | -11.1 | -11.1 | 32.0 | 18.7 |
| North Macedonia (MBI) | 4,370 | 2.3 | -1.2 | 26.0 | 22.0 | 3,467 | 4,452 | 26.0 | 36.6 | 36.6 | 18.9 | 18.9 |
| India (SENSEX) | 40,345 | 0.1 | 5.8 | 11.8 | 15.9 | 34,426 | 40,749 | 13.3 | 5.9 | 1.6 | 27.9 | 19.3 |
| Romania (BET-BK) | 1,815 | 1.0 | 3.5 | 24.6 | 10.1 | 1,394 | 1,818 | 21.8 | -11.6 | -11.1 | 22.8 | 19.1 |
| Russia (MOEX) | 2,961 | 1.1 | 9.4 | 25.6 | 23.7 | 2,350 | 3,009 | 41.7 | 10.3 | -3.9 | -5.5 | -11.9 |
| Serbia (BELEX-15) | 752 | -0.2 | 0.4 | -1.3 | 1.0 | 668 | 765 | -0.7 | 0.2 | 0.5 | 5.9 | 10.3 |
| South Africa (FTSE/JSE) | 56,175 | -1.3 | 1.1 | 7.1 | 7.5 | 50,907 | 59,545 | 7.7 | -11.4 | -20.1 | 17.5 | 14.3 |
| Turkey (ISE 100) | 103,118 | 3.0 | 4.1 | 14.0 | 12.8 | 83,535 | 105,930 | 8.0 | -20.9 | -40.5 | 47.6 | 20.5 |
| Ukraine (PFTS) | 518 | -0.6 | -1.5 | -7.5 | -13.6 | 513 | 582 | 8.4 | 77.5 | 88.1 | 18.8 | 0.8 |
| MSCI EMF | 1,053 | -1.1 | 4.1 | 9.4 | 8.9 | 946 | 1,099 | 13.4 | -16.6 | -12.8 | 34.3 | 17.7 |
| MSCI EAFE | 1,976 | 0.0 | 4.2 | 15.4 | 8.7 | 1,709 | 1,982 | 19.7 | -16.1 | -12.3 | 21.8 | 6.7 |
| Greece (ASE-General) | 856 | -2.7 | 0.0 | 41.7 | 34.7 | 600 | 902 | 41.7 | -23.6 | -23.6 | 24.7 | 24.7 |
| Germany (XETRA DAX) | 13,198 | 0.5 | 5.5 | 25.0 | 16.5 | 10,387 | 13,301 | 25.0 | -18.3 | -18.3 | 12.5 | 12.5 |
| UK (FTSE-100) | 7,329 | -0.6 | 1.1 | 8.8 | 3.9 | 6,599 | 7,727 | 14.3 | -12.5 | -13.5 | 7.6 | 3.2 |
| USA (DJ INDUSTRIALS) | 27,691 | 0.8 | 3.3 | 20.1 | 9.1 | 21,713 | 27,775 | 24.5 | -5.6 | -1.3 | 25.1 | 9.6 |
| USA (S&P 500) | 3,087 | 0.3 | 3.9 | 24.2 | 13.2 | 2,444 | 3,098 | 28.7 | -6.2 | -1.9 | 19.4 | 4.7 |

Equity Indices (November 11th 2019)



Sources: Reuters & NBG estimates



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