



Economic Analysis Division Emerging Markets Analysis

Bi-Weekly Report 17 - 30 September 2019

NBG - Economic Analysis Division

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Emerging Markets Analysis

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BULGARIA 1

Strong supportive base effects more than offset the impact of weaker domestic demand, pushing up GDP growth to a 3-year high of 4.2% y-o-y in H1:19

SERBIA 2

Fitch upgraded Serbia's long-term sovereign debt rating by 1 notch to "BB+" (1 notch below investment grade)

GDP growth moderated to a still robust 2.8% y-o-y in H1:19, due to less supportive base effects, once-off factors and external headwinds

NORTH MACEDONIA 3

GDP growth rose sharply to 4.6% y-o-y in H1:19, driven by gross capital formation

The Central Bank is likely to maintain its key rate unchanged at 2.25% throughout this year and next

ALBANIA 4

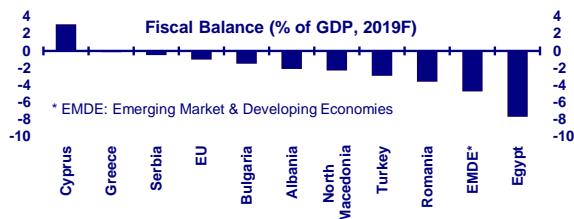
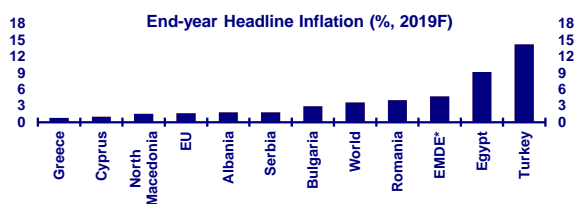
Political tensions heighten following the instigation of impeachment proceedings against the President

The 4-quarter rolling current account deficit (CAD) widened temporarily to a 3-year high of 7.9% of GDP in Q2:19 from 6.7% in Q4:18, due to a higher energy deficit

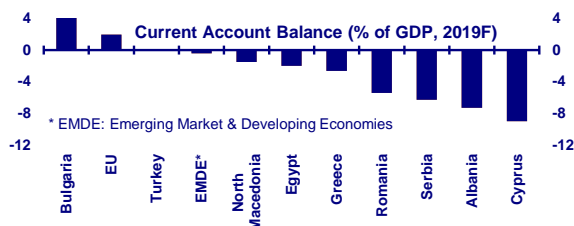
APPENDIX: FINANCIAL MARKETS 5



* EMDE: Emerging Market & Developing Economies



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Bulgaria

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

Strong supportive base effects more than offset the impact of weaker domestic demand, pushing up GDP growth to a 3-year high of 4.2% y-o-y in H1:19. The annual pace of economic expansion rose to 4.2% y-o-y in H1:19 from 2.9% in H2:18 and 3.4% in H1:18.

Surprisingly, net exports were the main growth driver in H1:19 (adding 2.9 pps to overall growth against negative contributions of 2.2 pps in H2:18 and 4.0 pps in H1:18). Indeed, import growth decelerated sharply in H1:19, in line with weaker domestic absorption (see below) and a drawdown in stocks (shaving 0.6 pps off headline growth in H1:19 against marginal positive contributions in H2:18 and H1:19). At the same time, export growth picked up, mainly supported by a positive base effect from the temporary shutdown in the country's largest oil refinery in H1:18. The rebound in agricultural exports, following last year's drought, also helped.

On the other hand, private consumption, traditionally Bulgaria's main growth driver, slowed further in H1:19 (up 2.0% y-o-y against increases of 4.9% in H2:18 and 7.3% in H1:18). We believe that the slowdown in private consumption growth is temporary, and is largely attributed to a deterioration in consumer confidence, in view of strong employment growth (up 2.5% y-o-y in H1:19 against a decline of 0.6% in H2:18 and an increase of 0.8% in H1:18) and accelerating economy-wide wage increases (up 8.5% y-o-y in real terms in H1:19 against increases of 3.9% in H2:18 and 5.2% in H1:18). In this context, retail deposits continued to grow at a rapid pace in H1:19 (up 1.0 pp y-o-y to 45.8% GDP, following increases of 0.7 pps in H2:18 and 0.2 pps in H1:18).

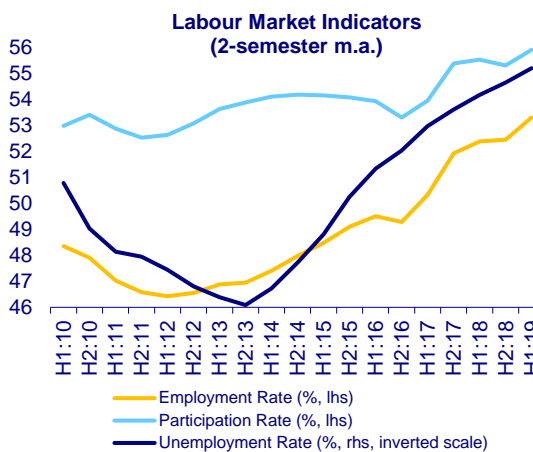
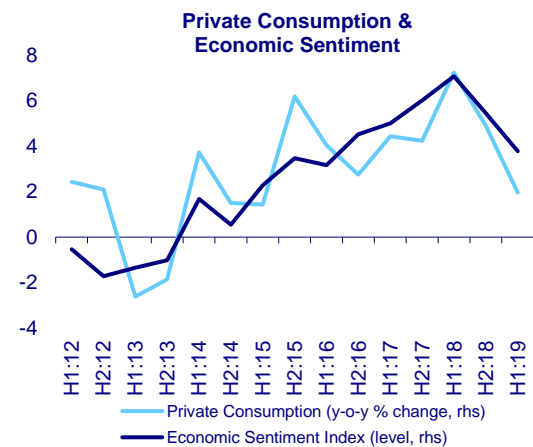
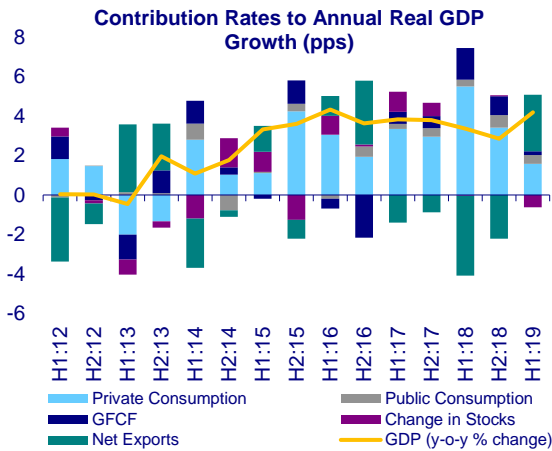
Similarly, gross fixed capital formation (GFCF) expanded modestly in H1:19 (up 1.0% y-o-y), at a significantly slower pace compared with the previous semesters (up 5.0% and 8.0% y-o-y in H2:18 and H1:18, respectively). The slowdown in GFCF growth is attributed, *inter alia*, to the freeze in public investment (according to budget execution data, up 0.1 pp of GDP y-o-y in H1:19 following increases of 0.9 pps in H2:18 and 0.4 pps in H1:18).

Fixed investment is set to drive economic growth in the period ahead. Against the backdrop of the rising capacity utilization rate in the industrial sector (currently at 78% against a historical average of 70%) and the low investment-to-GDP ratio (currently at 19% against a pre-crisis high of 32%), we expect GFCF to strengthen, supported also by favorable domestic liquidity conditions (the loan-to-deposit ratio stands at 75%), still low interest rates and increasing absorption of EU funds.

At the same time, private consumption is set to pick up slightly, but is unlikely to reach the impressive growth rates observed in 2017-18 (up by a CAGR of 5.2%), as the labour market approaches full employment (see chart). Indeed, with the labour force declining (down 1.0% p.a. over the past 8 years), due to ageing and migration, and in view of persistent rigidities and skills mismatches in the labour market, employment growth is set to slow in the period ahead.

On a negative note, with the elimination of supportive base effects from the resumption of production in the country's largest oil refinery, the contribution of net exports to overall growth could turn negative. Indeed, solid domestic demand, on the one hand, and subdued demand from major trading partners, especially the EU (absorbing c. 65% of Bulgaria's exports) on the other, are set to depress net exports.

All said, we see GDP growth decelerating to 3.4% y-o-y in H2:19, bringing full-year growth to a high of 3.8% in FY:19, well above the FY:18 outcome of 3.1%. For FY:20, we expect GDP growth to stabilise to 3.3%, close to the economy's long-term potential (c. 3.0%).



	30 Sep.	3-M F	6-M F	12-M F
Base Interest Rate (%)	0.0	0.0	0.0	0.1
BGN/EUR	1.96	1.96	1.96	1.96
Sov. Spread (2022, bps)	55	55	50	40

	30 Sep.	1-W %	YTD %	2-Y %
SOFIX	571	-0.4	-4.0	-17.1

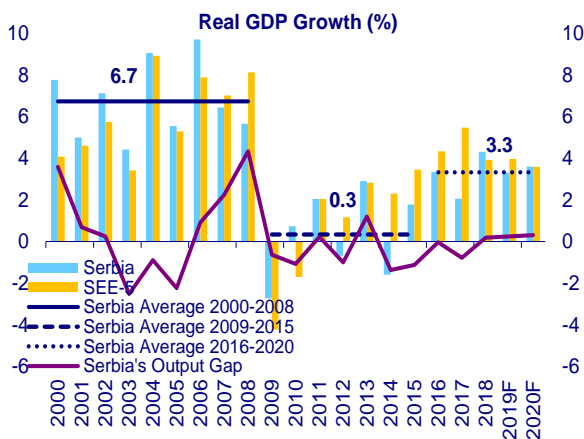
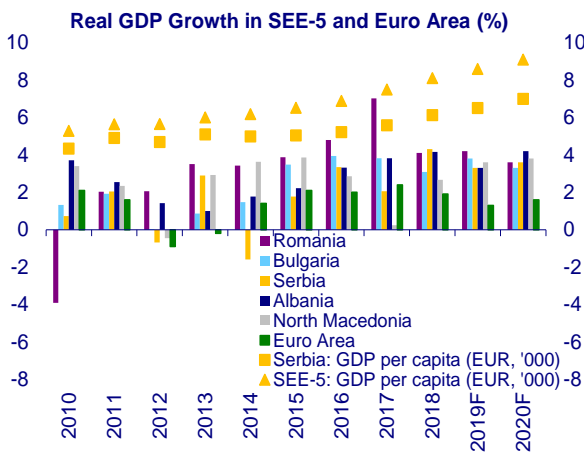
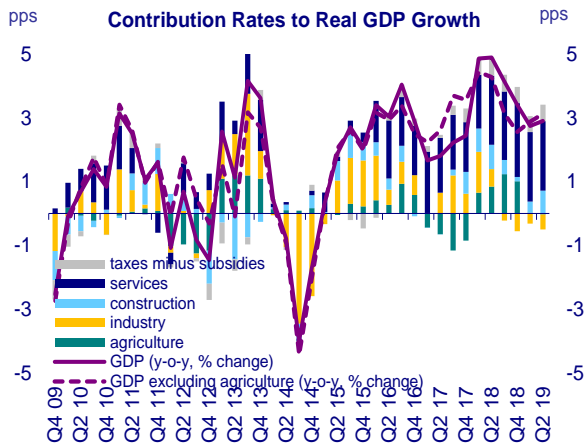
	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.9	3.8	3.1	3.8	3.3
Inflation (eop, %)	0.1	2.8	2.7	2.9	2.7
Cur. Acct. Bal. (% GDP)	3.2	3.5	5.4	6.2	5.3
Fiscal Bal. (% GDP)	1.6	0.8	0.1	-1.5	-0.5

Sources: Reuters, NSI, Eurostat & NBG estimates



Serbia

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



	30 Sep.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	1.7	2.0	2.2	2.3
RSD/EUR	117.4	116.5	116.0	115.0
Sov. Spread (2021, bps)	165	165	160	155

	30 Sep.	1-W %	YTD %	2-Y %
BELEX-15	751	-0.4	-1.4	4.2

	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	1.8	2.0
Cur. Acct. Bal. (% GDP)	-2.9	-5.3	-5.2	-6.3	-5.8
Fiscal Bal. (% GDP)	-1.2	1.1	0.6	-0.5	-0.4

Sources: Reuters & OPBC

Fitch upgraded Serbia's long-term sovereign debt rating by 1 notch to "BB+" (1 notch below investment grade). Fitch's rating is now 1 and 2 notches, respectively, higher than that of S&P and Moody's (both with a positive outlook). According to Fitch, the upgrade was prompted by strengthening macroeconomic fundamentals, under the IMF's Policy Coordination Instrument (PCI), which followed the 2015-18 Stand-By Arrangement. Indeed, sustained fiscal discipline has placed public debt on a firm downward trajectory. At the same time, inflation remains low and the RSD has broadly stabilised, with FX reserves reaching historical highs. Importantly, banking sector fundamentals have also improved, both in terms of capitalisation (with the CET 1 ratio standing at a robust 22.1%) and asset quality (with the NPL ratio at c. 5.0% against a high of 21.6% in 2015).

GDP growth moderated to a still robust 2.8% y-o-y in H1:19, due to less supportive base effects, once-off factors and external headwinds. GDP grew at a solid pace of 2.8% y-o-y in H1:19, albeit easing from 3.8% in H2:18 and a post-global crisis high of 4.9% in H1:18. The slowdown was mainly due to a normalization in agricultural output (broadly flat on an annual basis). Recall that, following the 2017 drought, agricultural output rose sharply by 14.3% in H1:18 and 16.4% y-o-y and H2:18, adding a significant 0.8 pps and 1.1 pp, respectively, to overall growth.

Excluding agriculture, GDP growth accelerated slightly to 3.0% y-o-y in H1:19 from 2.8% in H2:18, yet still remaining below a strong 4.4% in H1:18. The construction sector contributed to this trend, posting double-digit growth of 14.1% y-o-y in H1:19 (contributing 0.5 pps to overall growth) against a rise of 6.1% in H2:18 and an outstanding increase of 23.0% in H1:18. The key drivers were increased residential construction and infrastructure investment.

Economic growth in H1:19 would have been even stronger had industrial output not declined, due to weaker external demand and once-off factors. In fact, industrial output contracted for a 2nd consecutive semester (down 1.7% y-o-y, broadly the same pace as in H2:18 and subtracting 0.4 pps from overall growth, against a rise of 3.9% in H1:18, adding 0.9 pps to overall growth). External demand was mainly hit by: i) the ongoing economic slowdown in the EU, Serbia's main trade partner (absorbing 2/3 of the country's exports); and ii) the imposition by Kosovo of a 100% tariff on imports from Serbia in Q4:18, effectively halting trade with Kosovo (the latter accounts for 3.0% of Serbia's exports, mainly food). On the other hand, the once-off factors include the interruption in production by the Pancevo oil refinery and Petrohemija chemical plant, following factory maintenance.

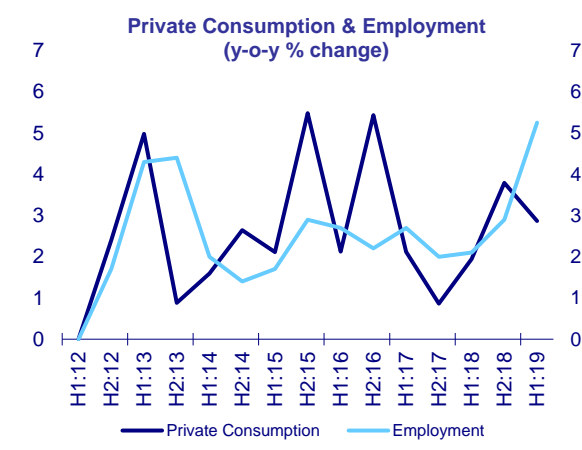
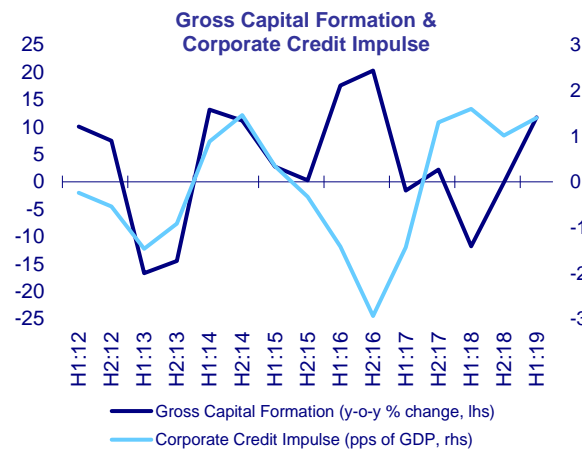
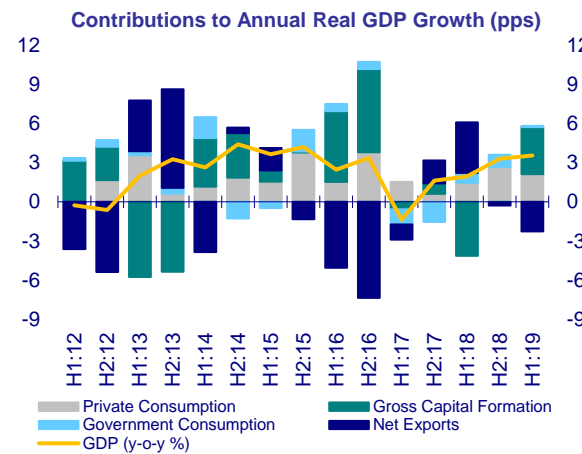
Economic activity should gain momentum in H2:19. The pick-up in GDP growth should be supported by: i) a looser fiscal stance; ii) stronger private consumption, on the back of a generous income policy (including a 5-25% rise in pensions and a 9.0% hike in public sector wages) and its spill-over to the private sector amid a tighter labour market; and iii) increased production in the copper mine RTB Bor (accounting for c. 4.0% of industrial output), which has, so far, been operating below capacity, following its acquisition by China's Zijin at end-2018. All said, we see GDP growth strengthening to 3.8% y-o-y in H2:19 from 2.8% in H1:19, bringing FY:19 GDP growth to 3.3%.

For 2020, we expect a slight acceleration in activity to 3.6%, mainly due to the waning negative impact of Kosovo tariffs and the FY:19 supply-side shocks. Our baseline scenario assumes that the policy drive will be sustained after the upcoming parliamentary election (due in April 2020), anchored by the EU accession process and the IMF's PCI. In fact, with the opposition remaining fragmented, polls suggest that the ruling SNS party should retain an absolute majority.



North Macedonia

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



GDP growth rose sharply to 4.6% y-o-y in H1:19, driven by gross capital formation (GCF). The annual pace of economic expansion picked up to 3.6% y-o-y in H1:19 from 3.3% in H2:18 and 2.0% in H1:18. The main engine of growth was GCF (incl. gross fixed capital formation, changes in inventories and statistical discrepancies), which rose strongly in Q1:19 (up 11.8% y-o-y against no change in H2:18 and a contraction of 11.7% H1:18). The latter was supported by: i) improved business confidence, reflecting political stability and the prospect of EU accession following the resolution of the country's name dispute with Greece; and ii) the expansion in corporate lending (up 6.2% y-o-y in real *ex-post* terms in June against increases of 3.6% at end-2018 and just 1.3% in June 2018), in an environment of low interest rates.

At the same time, growth in private consumption moderated (to a still solid 2.9% y-o-y in H1:19 from a peak of 3.8% in H2:18, still higher than in H1:18 – up 1.9% y-o-y), in the aftermath of the fiscal changes implemented at the beginning of the year (including a higher PIT rate for higher income earners and hikes in pension and health insurance contribution rates). Note that private consumption fundamentals remain strong, as suggested by robust employment growth (up 5.2% y-o-y in H1:19 following increases of 2.9% in H2:18 and 2.1% in H1:18).

Unsurprisingly, net exports weakened sharply in H1:19 (subtracting 2.3 pps from headline growth against 0.2 pps in H2:18 and a positive contribution of 3.1 pps in H1:18), in line with weaker external demand from the EU (absorbing 80% of the country's exports) on the one hand, and stronger domestic demand on the other.

GDP growth is set to maintain its pace in H2:19, on the back of strong domestic demand. Amid improved business confidence, GFC should continue to drive economic growth, reflecting accommodative financing conditions and the extension of a state incentive scheme to support investment. Importantly, the public sector's contribution to GFC growth is set to increase, following the clearance of "administrative obstacles" to the resumption of key infrastructure projects (mainly road construction). At the same time, against the backdrop of tightening labour market conditions, private consumption should also gain steam. Indeed, employment should continue to expand strongly, benefiting, *inter alia*, from government-subsidised programmes. Note that the economy is still far from full employment, as suggested by the high unemployment rate (currently at 17.5% -- the highest in the region).

Worryingly, amid weak external demand, net exports are set to remain a drag on overall growth, not only due to relatively strong domestic demand, but also to supply constraints of foreign companies operating in the country (accounting for more than 50% of the country's exports).

All said, we see GDP growth at 3.5% in FY:19 against 2.7% in FY:18, above the economy's long-term potential (c. 3.0%). Assuming no delay in the opening of EU accession negotiations, the pace of economic expansion would firm to 3.7% in FY:20, propelled by stronger GCF.

The Central Bank is likely to maintain its key rate unchanged at a record low of 2.25% throughout this year and next. Recall that the NBRNM's last policy move was in March, when it reduced its 28-day CB bill rate by 25 bps to 2.25%, bringing total cuts to 175 bps since the initiation of the cycle of monetary policy easing at end-2016.

Looking ahead, despite accommodative global financing conditions and the benign inflation outlook, we expect the NBRNM to remain on hold, in view of the closing output gap (projected at -0.1 pp and 0.2 pps of GDP, respectively, in FY:19 and FY:20) and ample liquidity in the banking system (the loan-to-deposit ratio currently stands at 89%). Should capital inflows reverse, putting pressure on FX reserves and the (stable) exchange rate, the NBRNM would stand ready to tighten.

	30 Sep.	3-M F	6-M F	12-M F
1-m SKIBOR (%)	1.2	1.4	1.7	2.3
MKD/EUR	61.3	61.3	61.3	61.3
Sov. Spread (2025. bps)	203	200	195	180

	30 Sep.	1-W %	YTD %	2-Y %
MBI 100	4,328	1.8	24.8	61.0

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	2.8	0.2	2.7	3.5	3.7
Inflation (eop. %)	-0.2	2.4	0.9	1.5	1.7
Cur. Acct. Bal. (% GDP)	-2.8	-1.0	-0.3	-1.5	-2.3
Fiscal Bal. (% GDP)	-2.7	-2.7	-1.8	-2.3	-2.5

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

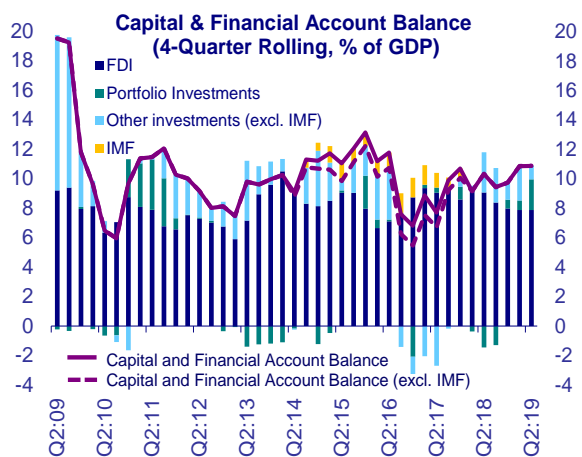
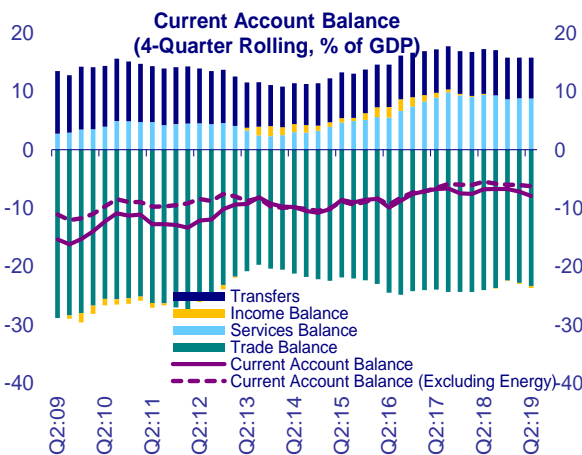
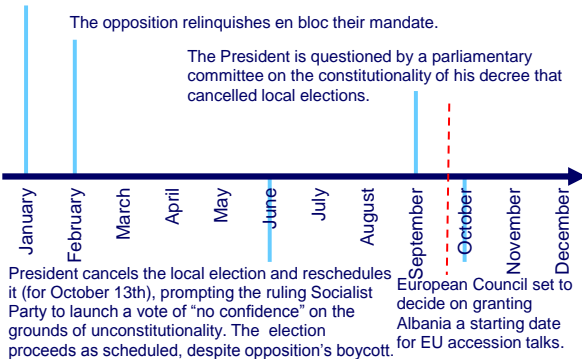


Albania

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

Timeline of key political developments

The opposition initiates anti-government protests, demanding early elections over corruption allegations.



	30 Sep.	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.3	1.3	1.3	1.3
ALL/EUR	121.8	123.8	123.5	122.0
Sov. Spread (bps)	299	270	250	220

	30 Sep.	1-W %	YTD %	2-Y %
Stock Market	---	---	---	---

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

Sources: Reuters, BoA & NBG estimates

Political tensions heighten following the instigation of impeachment proceedings against the President. Proceedings to dismiss the opposition-linked President, I. Meta, are ongoing, with the latter going before a Parliamentary committee to examine the constitutionality of his attempt to suspend the June 30th local elections. Recall that the elections eventually proceeded as scheduled, despite the opposition's boycott. Note that, even if the Socialist Party-controlled Parliament votes against the President, the Constitutional Court (CC) has the final say on the issue.

Worryingly, the impeachment process is unlikely to be completed soon, as the CC is not functioning, after most of its judges were dismissed due to the vetting, prolonging political uncertainty. Note that political unrest has been elevated since February, when opposition MPs gave up their seats, demanding early elections. All said, the deepening rift between the Government and the President could slow the pace of reform implementation (with the President having already blocked the adoption of several laws) and could jeopardise the EU accession process ahead of the European Council's decision on October 17th on granting Albania a starting date for EU accession talks.

The 4-quarter rolling current account deficit (CAD) widened temporarily to a 3-year high of 7.9% of GDP in Q2:19 from 6.7% in Q4:18, due to a higher energy deficit. The CAD deteriorated by 1.1 pp y-o-y to 3.8% of GDP in H1:19, mainly due to a higher energy deficit (reaching an estimated 1.0% of GDP in H1:19 against 0% in H1:18). The latter was due to the sharp decline in electricity generation (fully based on hydroelectric production) in H1:19, following a sharp rise in FY:18 due to abundant rainfall. Excluding energy, the CAD remained broadly flat (up by just 0.1 pp y-o-y to 2.8% of GDP).

The capital and financial account (CFA) surplus strengthened in H1:19, more than covering the CAD. The CFA surplus widened by 2.0 pps y-o-y to 4.6% of GDP in H1:19 (excluding the EBRD loan, worth 1.0% of GDP, granted to the state-owned electricity producer, KESH, in H1:18). The improved CFA performance in H1:19 came mainly on the back of increased (net) portfolio inflows (0.6% of GDP in H1:19 against outflows of 0.9% of GDP in H1:18). Indeed, amid favourable global financing conditions and in view of the bright domestic economic outlook, investors are attracted by high domestic debt yields (with the 10-year bond yield at 6.0% in H1:19). Importantly, although (net) FDIs declined slightly (down 0.2 pps y-o-y to 3.7% of GDP, which is still high compared with its peers in the region), as energy projects (i.e. TAP and the Statkraft/Devoll hydropower projects) approach their final stage, they continued to fully cover the CAD.

The resulting surplus (of 0.9% of GDP) was, however, more than offset by large negative net errors and omissions (of 1.7% of GDP in H1:19). As a result, and accounting for valuation effects, FX reserves dropped (by EUR 102mn, or 0.7% of GDP in H1:19) to a still high EUR 3.3bn.

The widening in CAD is set to reverse course in H2:19, ending the year at 7.3% of GDP. The expected improvement in H2:19 (by c. 0.5 pps of GDP y-o-y, reversing 50% of the H1:19 deterioration) should occur due to: i) lower investment-related imports, following the completion of high import-content energy projects; and ii) higher exports to Kosovo, following the halt of its trade with Serbia after the imposition of a 100% tariff on imports from the latter. Importantly, filling the external financing gap should not be a problem, in view of the disbursement of EUR 59mn (0.4% of GDP) from the World Bank. Overall, we see FX reserves broadly unchanged compared with the previous year at EUR 3.4bn, covering an adequate 6.6 months of GNFS imports.



FOREIGN EXCHANGE MARKETS, SEPTEMBER 30TH 2019

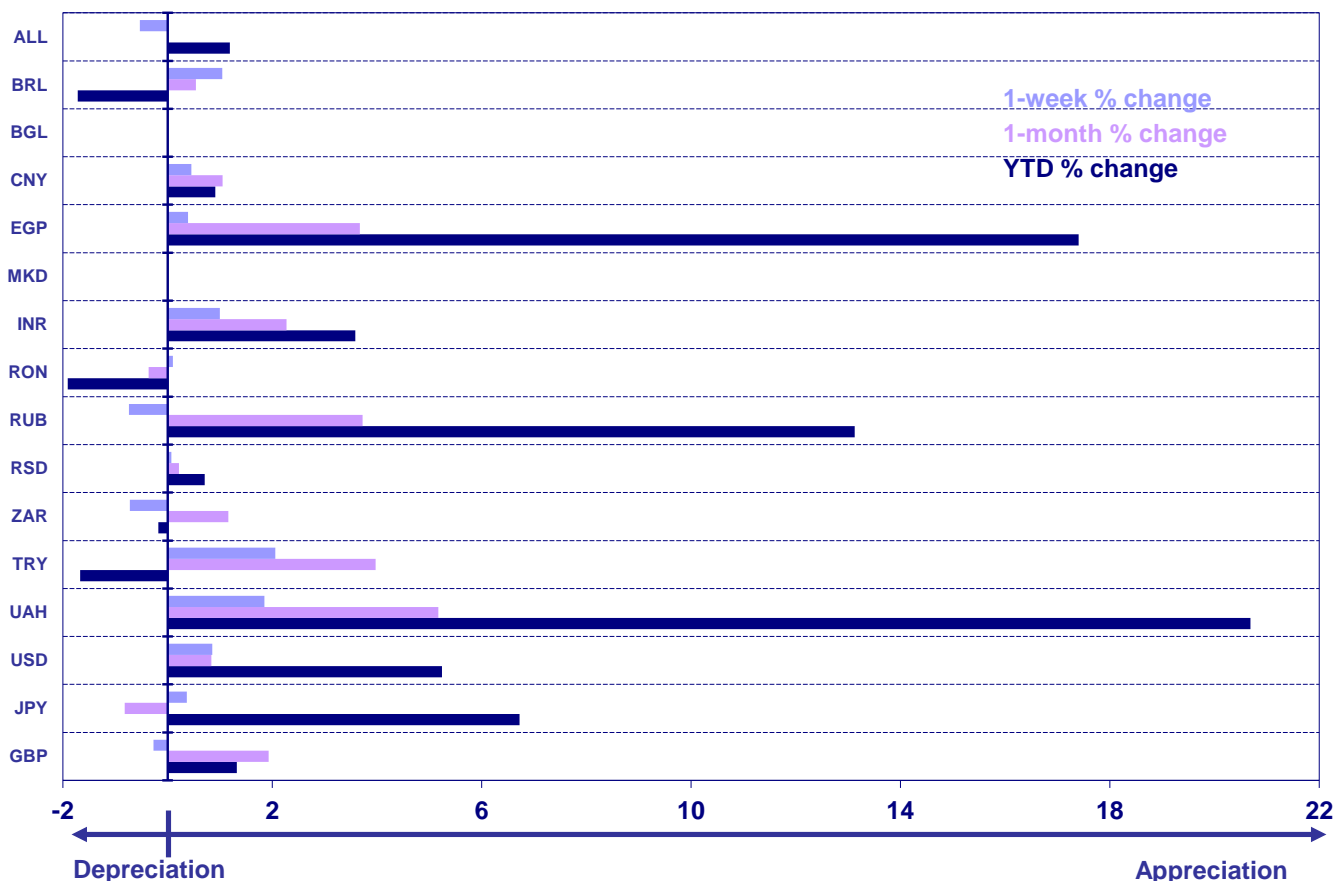
Against the EUR

Currency		2019										2018	2017
		SPOT	1-week %change	1-month %change	YTD %change*	1-year %change	Year-Low	Year-High	3-month Forward rate**	6-month Forward rate**	12-month Forward rate**	% change*	% change*
Albania	ALL	121.8	-0.5	0.0	1.2	3.3	120.9	125.9	121.8	121.6	121.3	7.8	1.9
Brazil	BRL	4.53	1.0	0.5	-1.7	2.7	4.16	4.65	---	---	4.76	-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	0.5	1.0	0.9	2.3	7.49	7.97	---	---	8.04	-0.8	-6.0
Egypt	EGP	17.74	0.4	3.7	17.4	17.4	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	77.0	1.0	2.3	3.6	10.1	76.2	82.3	---	---	---	-3.9	-6.7
Romania	RON	4.74	0.1	-0.4	-1.9	-1.7	4.71	4.78	4.78	4.82	4.91	0.6	-3.0
Russia	RUB	70.7	-0.7	3.7	13.1	6.5	69.9	80.1	72.1	73.3	75.8	-13.4	-6.8
Serbia	RSD	117.4	0.1	0.2	0.7	0.8	117.5	118.5	117.8	118.1	---	0.2	4.2
S. Africa	ZAR	16.5	-0.7	1.2	-0.2	-0.2	15.16	17.31	16.8	17.1	17.8	-9.9	-2.7
Turkey	YTL	6.16	2.1	4.0	-1.7	11.7	5.91	7.03	6.38	6.58	7.00	-24.9	-18.4
Ukraine	UAH	26.2	1.8	5.2	20.7	24.3	26.25	32.66	---	---	---	6.0	-15.2
US	USD	1.09	0.9	0.8	5.2	6.2	1.1	1.2	1.10	1.10	1.12	4.6	-12.4
JAPAN	JPY	117.8	0.4	-0.8	6.7	12.0	115.9	127.5	117.9	117.9	118.0	7.5	-8.9
UK	GBP	0.89	-0.3	1.9	1.3	0.1	0.8	0.9	0.89	0.89	0.90	-1.1	-4.1

* Appreciation (+) / Depreciation (-)

** Forward rates have been calculated using the uncovered interest rate parity for Brazil, China, Egypt, India and Ukraine

Currencies against the EUR (September 30th 2019)



Sources: Reuters & NBG estimates



MONEY MARKETS. SEPTEMBER 30TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.1	5.4	0.0	2.6	---	14.4	---	---	2.7	7.0	---	16.0	7.8	16.7	---	1.8
T/N	---	---	---	---	---	---	---	---	2.7	7.0	1.4	---	7.4	---	---	---
S/W	1.1	5.4	---	2.8	-0.5	---	1.1	---	---	7.1	1.4	---	8.5	16.8	-0.5	1.9
1-Month	1.3	5.4	---	2.8	-0.5	---	1.2	6.0	2.9	7.2	1.7	16.3	7.3	17.8	-0.5	2.0
2-Month	---	5.2	---	---	---	---	---	---	---	7.2	1.9	16.0	7.3	---	---	2.1
3-Month	1.5	5.1	---	2.7	---	---	1.5	6.2	3.1	7.3	2.0	15.5	7.0	18.4	---	2.1
6-Month	1.8	4.9	---	2.8	---	---	1.7	---	3.2	7.4	2.1	15.1	7.0	---	---	2.1
1-Year	2.3	4.9	---	3.0	-0.1	---	2.0	---	3.3	7.0	---	15.1	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. SEPTEMBER 30TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	---	---	---	---	---	15.9	---	5.3	---	6.8	---	13.4	---	---	-0.6	1.8
6-Month	1.9	---	---	---	---	15.8	---	5.5	2.8	6.8	3.3	13.6	---	15.9	-0.6	1.8
12-Month	2.3	---	-0.2	2.5	---	15.8	0.7	5.8	3.2	6.5	2.2	14.0	---	15.1	-0.7	1.8
2-Year	2.2	---	---	2.8	---	---	---	5.8	3.4	6.6	---	13.5	6.7	---	-0.8	1.6
3-Year	---	---	0.0	2.8	-0.1	---	---	6.1	3.5	6.7	---	13.3	7.1	---	-0.8	1.6
5-Year	4.2	6.5	---	3.0	0.0	14.3	---	6.5	3.9	6.8	3.0	13.5	7.5	---	-0.8	1.6
7-Year	4.2	---	0.4	---	0.3	14.1	---	6.6	4.1	6.9	---	---	---	---	-0.7	1.6
10-Year	---	7.0	0.4	3.2	---	13.9	---	6.7	4.2	7.0	---	13.2	8.3	---	-0.6	1.7
15-Year	---	---	---	---	---	---	3.1	7.1	---	7.3	---	---	9.9	---	-0.4	---
25-Year	---	---	---	---	---	---	---	---	---	---	---	---	10.0	---	---	---
30-Year	---	---	---	---	---	---	---	7.2	---	---	---	---	9.9	---	-0.1	2.1

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

CORPORATE BONDS SUMMARY. SEPTEMBER 30TH 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	137	115
South Africa	FirstRand Bank Ltd 4.25% '20	USD	BB/Baa3	30/4/2020	500	3.0	118	101
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.6	126	113
Turkey	Arcelik AS 3.875% '21	EUR	BB+/NA	16/9/2021	350	1.5	225	202
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	5.5	395	387
	Türkiye İş Bankası 6% '22	USD	NA/B2	24/10/2022	1,000	8.2	658	626
	Vakıfbank 5.75% '23	USD	NA/B1	30/1/2023	650	7.3	574	552
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	7.2	565	541
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	6.5	489	479
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	5.0	348	346

CREDIT DEFAULT SWAP SPREADS. SEPTEMBER 30TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	---	136	81	49	100	319	---	75	91	85	109	349	191	494
10-Year	---	213	105	87	113	363	---	83	127	144	133	391	261	514

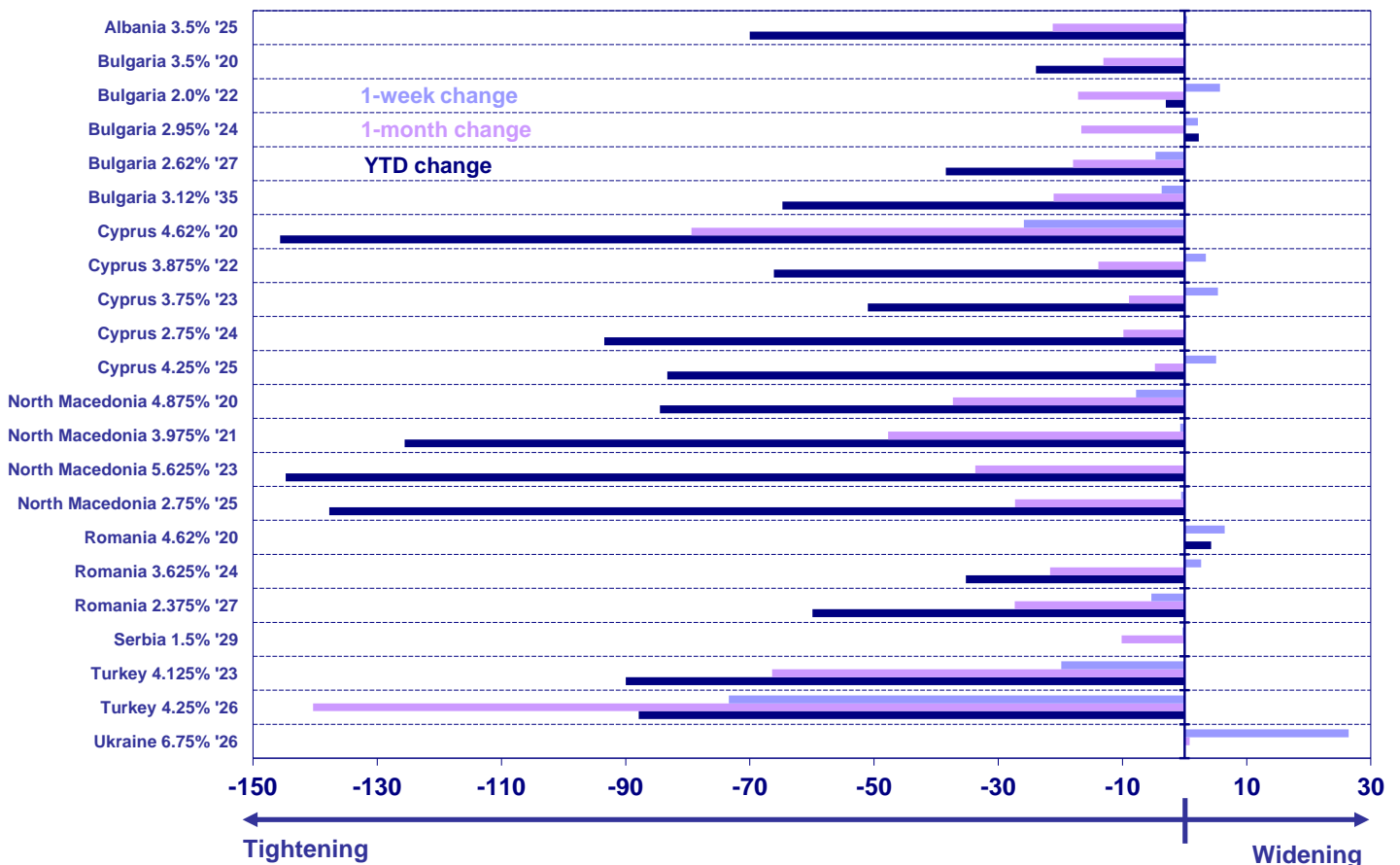
Sources: Reuters & NBG estimates



EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY. SEPTEMBER 30TH 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	2.2	299	265
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.3	34	17
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	-0.3	55	19
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	-0.1	74	38
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	0.1	77	43
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	1.1	149	113
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	-0.2	-2	-22
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1,000	-0.1	69	36
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1,000	0.1	89	56
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0.0	84	49
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	0.3	105	73
North Macedonia 4.875% '20	EUR	BB-/NA	11/12/2020	178	0.2	90	72
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	0.6	131	523
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	0.9	172	148
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	1.2	203	169
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	0.0	68	42
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	0.2	99	67
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	1.1	175	142
Serbia 1.5% '29	EUR	BB/Ba3	26/6/2029	1,000	1.1	165	125
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	2.9	375	344
Turkey 5.2% '26	EUR	NR/Ba3	16/2/2026	1,500	6.1	446	424
Ukraine 6.75% '26	EUR	B-/Caa1	20/6/2026	1,000	5.3	607	585

EUR-Denominated Eurobond Spreads (September 30th 2019)



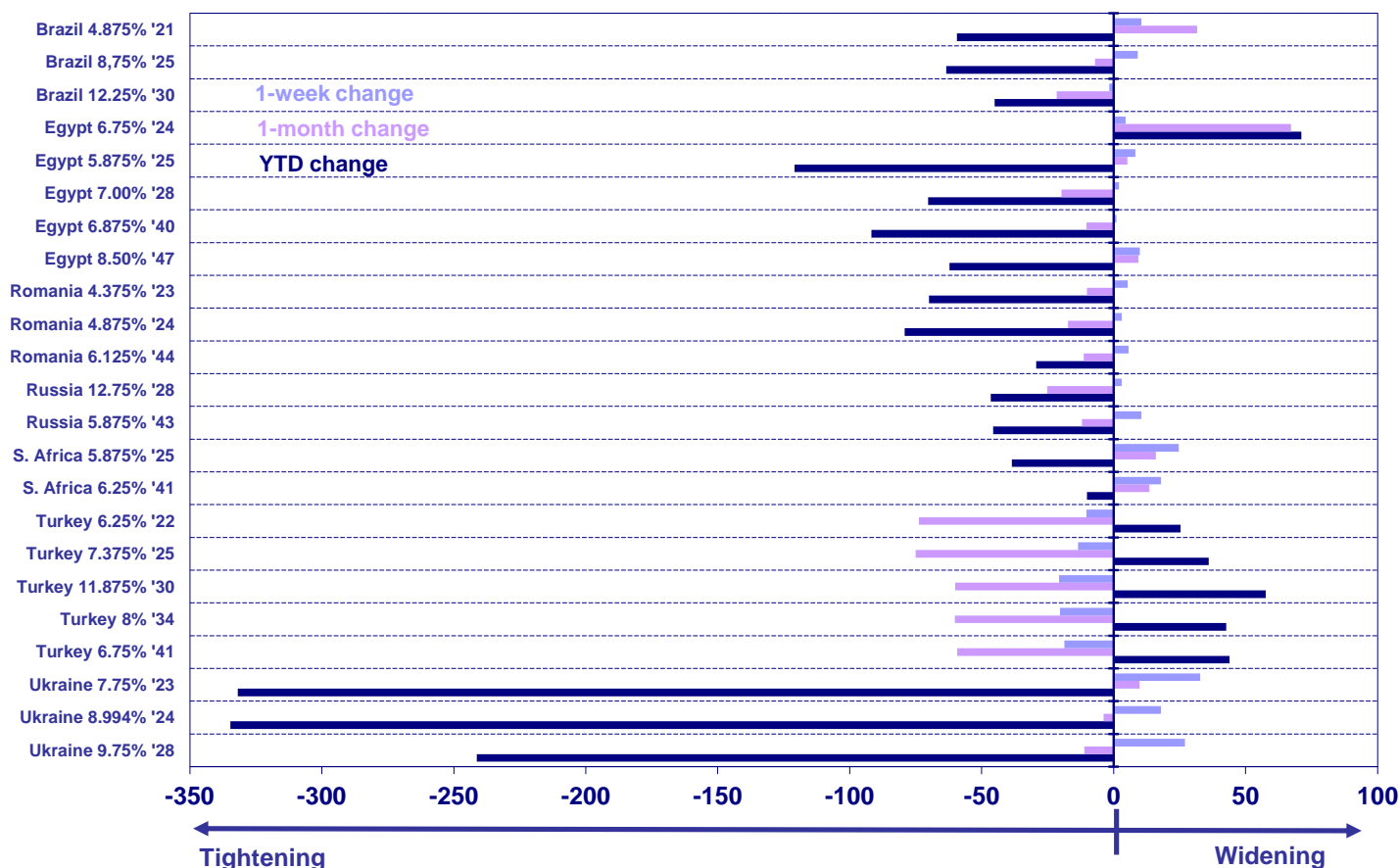
Sources: Reuters & NBS estimates



USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY. SEPTEMBER 30TH 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	2.3	57	58
Brazil 8.75% '25	USD	NA/Ba2	4/2/2025	688	2.9	139	163
Brazil 12.25% '30	USD	NA/Ba2	6/3/2030	240	2.6	262	371
Egypt 6.75% '24	USD	NA/B2	10/11/2024	1,320	6.0	445	449
Egypt 5.875% '25	USD	B/B2	11/6/2025	1,500	5.4	389	392
Egypt 7.00% '28	USD	NA/B2	10/11/2028	1,320	6.6	486	499
Egypt 6.875% '40	USD	B/B2	30/4/2040	500	7.1	499	523
Egypt 8.50% '47	USD	NA/B2	31/1/2047	2,500	8.0	586	641
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	2.6	100	107
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	2.5	92	99
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	4.1	200	283
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	3.4	177	261
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	4.1	196	274
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	4.2	261	274
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	5.5	338	396
Turkey 6.25% '22	USD	NR/Ba3	26/9/2022	2,500	5.4	379	380
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	6.0	449	461
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	6.8	514	629
Turkey 8% '34	USD	NR/Ba3	14/2/2034	1,500	6.9	521	547
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	7.0	486	481
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	6.2	465	477
Ukraine 8.994% '24	USD	B-/Caa1	1/2/2024	750	6.3	479	502
Ukraine 9.75% '28	USD	B-/Caa1	1/11/2028	1,600	7.4	568	624

USD-Denominated Eurobond Spreads (September 30th 2019)



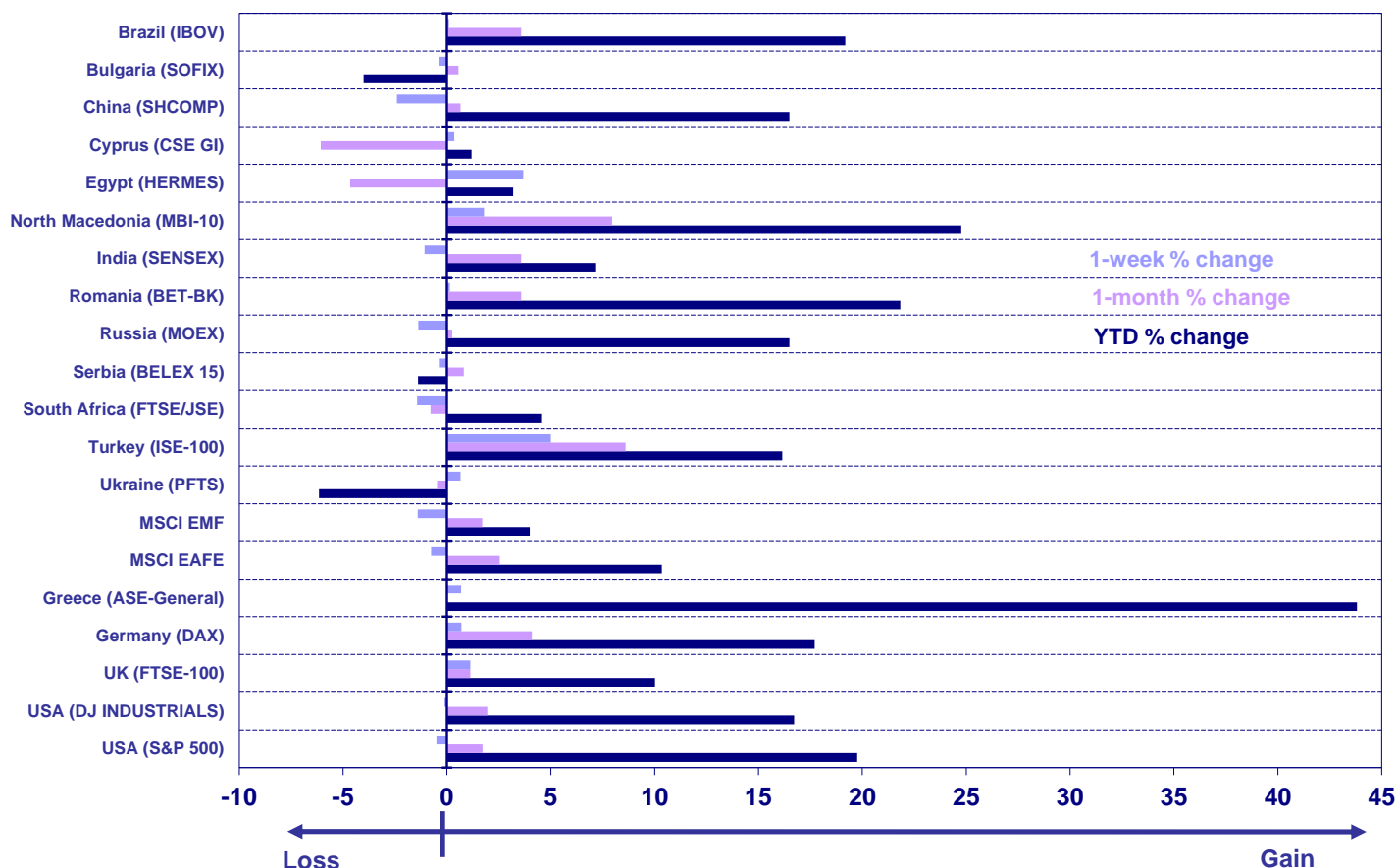
Sources: Reuters & NBG estimates



STOCK MARKETS PERFORMANCE. SEPTEMBER 30TH 2019

	2019							2018		2017		
	Local Currency Terms							EUR Terms	Local Currency Terms	EUR terms	Local Currency terms	EUR terms
	Level	1-week % change	1-month % change	YTD % change	1-year % change	Year-Low	Year-High	YTD % change	% change	% change	% change	% change
Brazil (IBOV)	104,745	0.1	3.6	19.2	33.2	87,536	106,650	16.9	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	571	-0.4	0.6	-4.0	-8.8	560	622	-4.0	-12.3	-12.3	15.5	15.5
China (SHCOMP)	2,905	-2.4	0.7	16.5	3.0	2,441	3,288	17.6	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	67	0.4	-6.1	1.2	-8.0	60	74	1.2	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,311	3.7	-4.7	3.2	-4.1	1,217	1,467	17.8	-11.1	-11.1	32.0	18.7
North Macedonia (MBI)	4,328	1.8	8.0	24.8	25.4	3,467	4,368	24.8	36.6	36.6	18.9	18.9
India (SENSEX)	38,667	-1.1	3.6	7.2	5.9	33,292	40,312	11.4	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,774	0.1	3.6	21.8	10.2	1,394	1,779	19.6	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,747	-1.4	0.3	16.5	11.1	2,350	2,848	31.1	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	751	-0.4	0.8	-1.4	3.3	668	765	-0.8	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	54,825	-1.4	-0.8	4.5	-1.7	50,907	59,545	4.6	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	105,033	5.0	8.6	16.1	6.6	83,535	105,930	13.6	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	525	0.7	-0.5	-6.2	-2.5	513	582	13.0	77.5	88.1	18.8	0.8
MSCI EMF	1,001	-1.4	1.7	4.0	-4.3	946	1,099	9.1	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,889	-0.8	2.5	10.3	-4.1	1,709	1,950	15.8	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	868	0.7	0.0	43.8	25.6	600	902	43.8	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	12,428	0.7	4.1	17.7	0.7	10,387	12,656	17.7	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,408	1.1	2.8	10.0	-1.2	6,599	7,727	11.8	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	26,917	-0.1	1.9	16.7	1.0	21,713	27,399	22.5	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,977	-0.5	1.7	19.8	1.8	2,444	3,028	25.7	-6.2	-1.9	19.4	4.7

Equity Indices (September 30th 2019)



Sources: Reuters & NBG estimates



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