



# Economic Analysis Division Emerging Markets Analysis

## Bi-Weekly Report 3 - 16 September 2019



### NBG - Economic Analysis Division

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

### Emerging Markets Analysis

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### ROMANIA ..... 2

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### CYPRUS ..... 3

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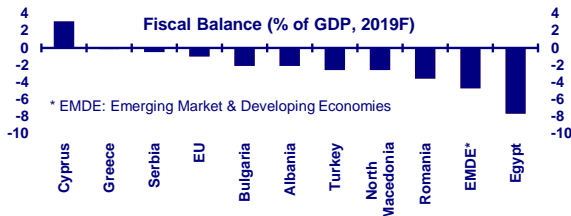
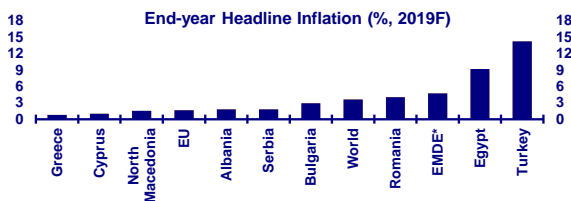
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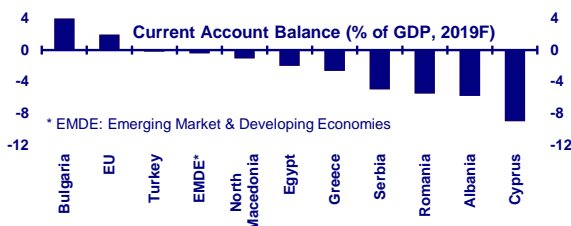
### APPENDIX: FINANCIAL MARKETS ..... 5



\* EMDE: Emerging Market & Developing Economies



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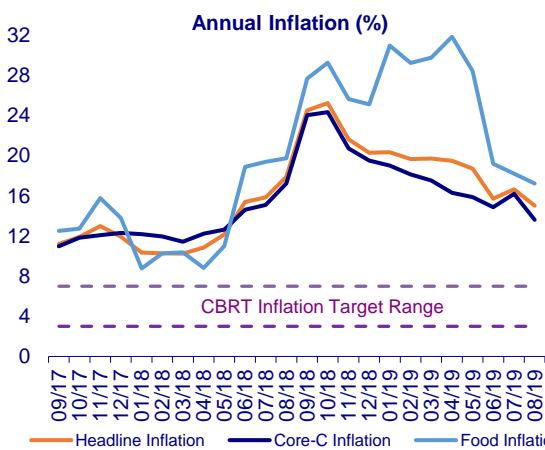
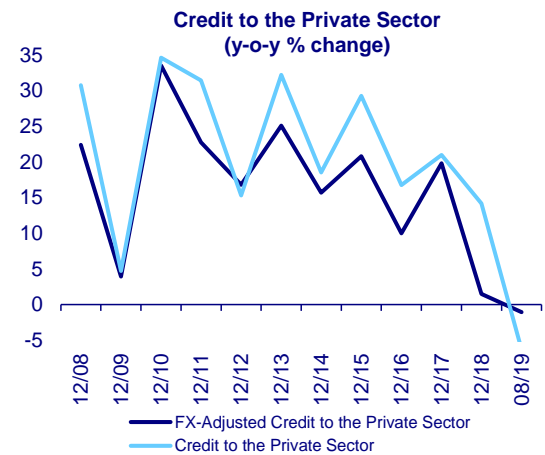
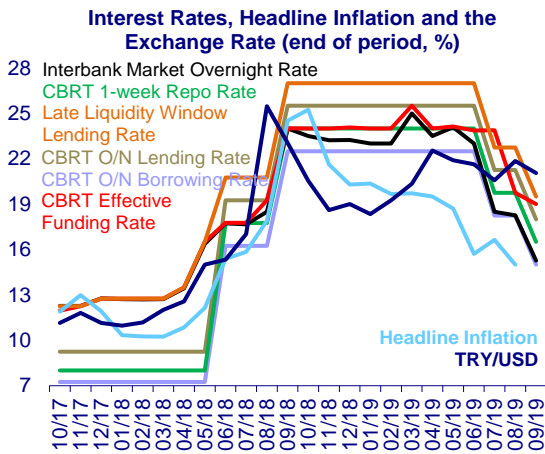


\* EMDE: Emerging Market & Developing Economies



# Turkey

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



	16 Sep.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	16.5	16.0	15.0	12.5
TRY/EUR	6.30	6.72	6.90	7.35
Sov. Spread (2025, bps)	479	510	460	400

	16 Sep.	1-W %	YTD %	2-Y %
ISE 100	102,590	2.0	13.4	-4.8

	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	14.2	11.0
Cur. Acct. Bal. (% GDP)	-3.8	-5.5	-3.5	-0.2	-1.7
Fiscal Bal. (% GDP)	-1.1	-1.5	-2.0	-2.6	-2.4

Sources: Reuters, CBRT, TurkStat, BDDK & NBG estimates

**The CBRT aggressively cuts its policy rate for a second time this year (down 325 bps to 16.5%).** Recall that the CBRT had reduced its 1-week repo rate by 425 bps at its previous meeting at end-July. With these two rate cuts, the CBRT has more than reversed the 625 bp hike delivered in September 2018 to support the TRY in the face of a currency crisis that brought the economy into recession. The improving inflation outlook (see below) and the stabilization of the TRY against the USD (down 7.6% y-t-d but up 8.1% since early-May) were the main factors behind the CBRT's decision. Accommodative global financing conditions strengthened further the CBRT's hand to lower its key rate.

Looking at the CBRT's end-year inflation forecast (up 13.9% y-o-y, with risks to the downside -- slightly below our projection of 14.2%) and the real *ex-post* policy rate of its major EM peers (200-300 bps), it appears that authorities have some scope, albeit limited, for further rate cuts. However, in view of Turkey's fragile external position and the recent rise in crude oil prices any further monetary easing should be made cautiously, mainly with a view to containing TRY volatility. Indeed, in the event of renewed financial turmoil, the CBRT's ability to defend the TRY would be limited, in view of depleted net FX reserves. The latter currently stand at USD 75.8bn, covering 4 months of GNFS imports (versus 5 months in FY:17 and the critical level of 3) and 110% of short-term external debt, excluding trade credits (versus 125% in FY:17 and the critical level of 100%). All said, we see the CBRT reducing its key rate by an additional 50 bps to 16.0% by end-year, although a larger cut cannot be ruled out. Assuming no exchange rate/inflation shock, the key rate could decline further to 12.5% by end-2020.

Besides cutting interest rates, the CBRT has been also trying to stimulate credit activity by tying banks' required reserve ratios (RRRs) and related remunerations rates to loan growth. Lending activity has effectively been frozen since end-2018, due, *inter alia*, to banks' limited access to external financing, tight liquidity conditions (the loan-to-deposit ratio stands at 117%) and a rising NPL ratio (up 1.8 pps y-o-y to a 9-year high of 4.7% in August). Under the changes unveiled in August, RRRs on TRY liabilities for banks with a TRY loan growth rate of 10-20% will be reduced to 2% from 4-7% previously. At the same time, the related remuneration rate for these banks is set at 15% against 5% for banks which fail to meet the loan growth target.

**Headline inflation resumed its downward trend in August, reaching a 15-month low of 15.0% y-o-y against 16.6% in July.** Recall that the expiration of the temporary tax cuts on white goods and cars, together with a hike in electricity prices, disrupted the disinflation process in July. In August, the improvement was across the board, with core inflation (CPI-C) easing to 13.6% y-o-y from 16.2% in July, in line with weak domestic demand, improving inflation expectations and a milder depreciation of the TRY. The latter, together with favourable developments in global oil markets pushed down energy inflation to 13.3% y-o-y in August from 17.9% in July. At the same time, food inflation eased further to 17.2% y-o-y in August from 18.2% in July, reflecting positive supply-side effects from the agricultural sector.

Looking ahead, still weak domestic demand, together with further normalization in food prices, should continue to sustain the disinflation process. Overall, assuming that international oil prices remain close to 65 USD per barrel, we see headline inflation falling as low as c. 10.0% in September and October, mainly due to strong base effects from the sharp depreciation of the TRY last year, but then reversing to 14.2% y-o-y at end-year, well below its end-2018 outcome of 20.3%. The disinflation process is set to slow gradually in 2020, in view of the ongoing monetary policy easing and the absence of significant base effects, with headline inflation ending the year at 11.0% y-o-y.



# Romania

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

## The break-up of the ruling coalition jeopardises the survival of the Government.

At end-August, the junior partner in the ruling coalition, the liberal ALDE, quit the Government, citing policy disagreements with the leading party, the centre-left PSD. The latter's denial to nominate ALDE's leader, C. P. Tariceanu, as the coalition's sole candidate in a presidential election scheduled for November was also reportedly a key factor. Instead, the PSD selected its leader, PM V. Dancila, to run against incumbent President K. Iohannis.

The break-up of the ruling coalition leaves the PSD vulnerable to a vote of confidence, as it is 29 seats short of a parliamentary majority. Opposition has already started negotiations to topple the PSD Government a year before a parliamentary election. Note, however, that, if the PSD were to lose a vote of no confidence, early elections could not be called right away as the Constitution prohibits the dissolution of the Parliament in the 6 months prior to a Presidential election. This means that the minority PSD Government will most likely remain in office at least until end-year. Its term could also be extended next year, should the highly fragmented opposition fail to reach a consensus on early elections. All said, political uncertainty is unlikely to ease soon, hampering policy making at a challenging juncture (see ballooning twin current account and fiscal deficits).

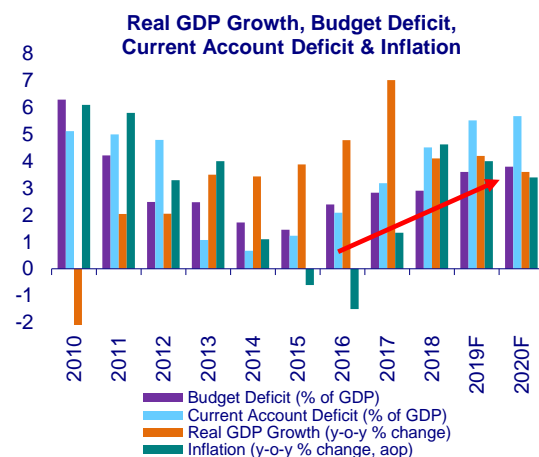
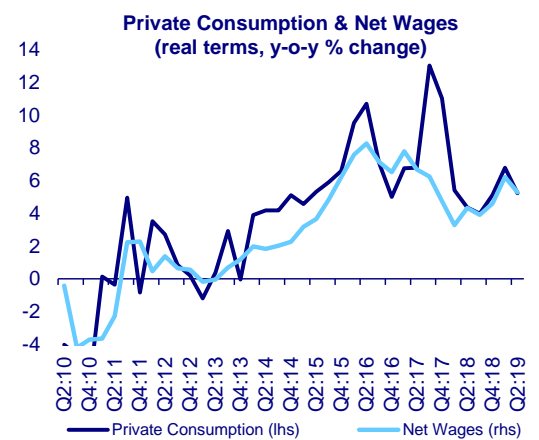
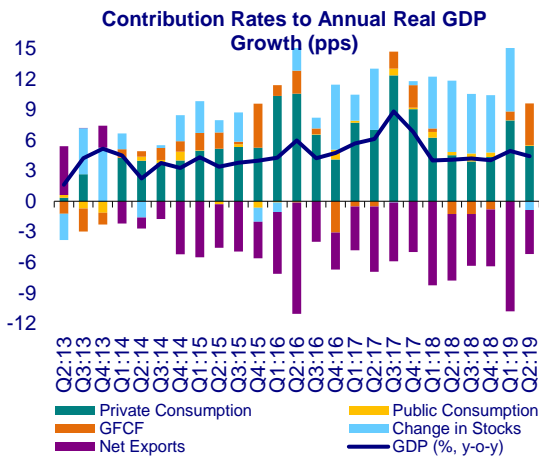
**GDP growth remained strong in Q2:19 (up 4.4% y-o-y, albeit easing from a 5-quarter high of 5.0% in Q1:19), sustained by domestic absorption.** As a result, the annual pace of economic expansion reached 4.7% y-o-y in H1:19 against 4.0% in H1:18.

Private consumption, albeit weakening slightly (up 5.2% y-o-y in Q2:19 against 6.8% in Q1:19), remained the main growth driver, reflecting a looser incomes policy (public sector wages rose by 20% in January) and its spillover to the private sector, amid a tight labour market (the LFS unemployment rate has been stuck at a historical low of 3.9% since end-2018). At the same time, fixed investment expanded strongly (up 18.0% y-o-y in Q2:19 following 3.9% in Q1:19), driven by the construction sector (adding 0.9 pps to overall growth against 0.3 pps in Q1:19). In fact, the fiscal changes introduced in early-2019, including tax incentives to construction firms to move away from the "grey" economy, together with good weather conditions, boosted construction activity.

Unsurprisingly, amid weaker external demand, especially from the EU, net exports continued to weigh on overall growth in Q2:19 (shaving off as much as 4.3 pps), albeit less so than in Q1:19 (-10.8 pps). Indeed, import growth moderated sharply (to 3.6% y-o-y in Q2:19 from 10.2% in Q1:19), reflecting the depletion in inventories after 5 quarters of strong growth, partly offsetting the slowdown in export growth (to 0.5% y-o-y in Q2:19 from 3.6% in Q1:19).

## Lingering political uncertainty should affect economic activity.

Looking ahead, weak business and consumer confidence, reflecting concerns over policy complacency ahead of a long pre-election period, should take their toll on economic activity. In this context, private consumption is set to remain the main engine of growth, supported by the ongoing easing in incomes policy (pensions are due to rise by 15% in September). Its pace of expansion should moderate, however, in line with slower employment growth in a labour market close to full employment. At the same time, in view of rapidly rising labour costs, and with limited support from the public sector, growth in fixed investment is unlikely to maintain momentum. Worryingly, net exports will remain a drag on overall growth, in view of weak global trade. All said, we expect GDP growth to slow in H2:19, bringing full-year growth to 4.2%, broadly unchanged from FY:18. For FY:20, GDP growth is expected to ease further to 3.6%, still above its long-term potential (c. 3.0%).



	16 Sep.	3-M F	6-M F	12-M F
1-m ROBOR (%)	2.8	3.0	3.0	3.0
RON/EUR	4.73	4.80	4.82	4.85
Sov. Spread (2024, bps)	97	110	105	100

	16 Sep.	1-W %	YTD %	2-Y %
BET-BK	1,733	1.4	19.0	4.5

	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	4.0	3.5
Cur. Acct. Bal. (% GDP)	-2.1	-3.2	-4.5	-5.5	-5.7
Fiscal Bal. (% GDP)	-2.4	-2.8	-2.9	-3.6	-3.8

Sources: INSSE, NBR, Ministry of Finance & NBG estimates



# Cyprus

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

**GDP growth slowed to a still solid 3.1% y-o-y in H1:19 from 3.9% in FY:18.** After 3 years of strong growth, the pace of economic expansion moderated to 3.1% y-o-y in H1:19 from 3.8% in H2:18 and 4.0% in H1:18, still well above the EU-28 average of 1.4% y-o-y.

The deceleration in H1:19 GDP growth was exclusively due to inventory depletion (including statistical discrepancies, subtracting a sizeable 3.0 pps from headline growth after contributing 0.1 pp in H2:18 and 2.9 pps in H1:18). Importantly, however, domestic absorption remained strong, boding well for economic growth during the remainder of the year.

Specifically, growth in private consumption accelerated to 4.3% y-o-y in H1:19 from 3.7% in both H2:18 and H1:18 (with its contribution to overall growth increasing to 2.8 pps in H1:19 from 2.5 pps in H2:18 and H1:18). In fact, private consumption fundamentals remained strong, as reflected in robust employment and wage growth (up 5.0% y-o-y and 1.0% y-o-y in real terms in H1:19, respectively, against 5.6% and 0.7% in FY:18). Private consumption would have been stronger had there been no hikes in social security and health insurance contributions in Q1:19.

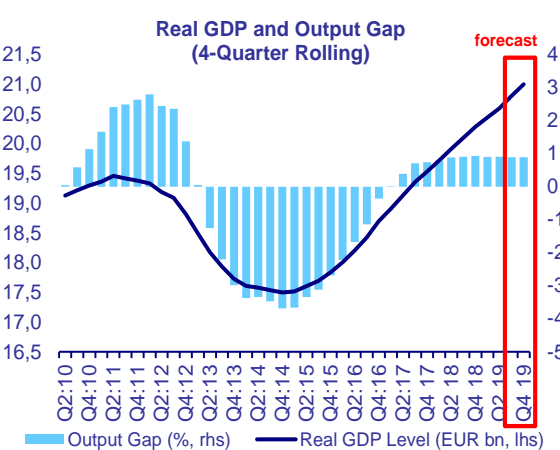
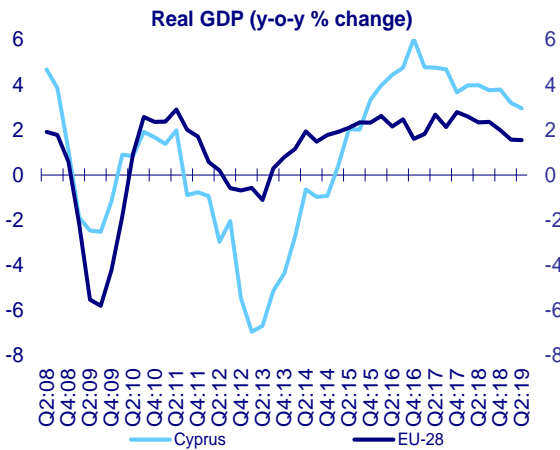
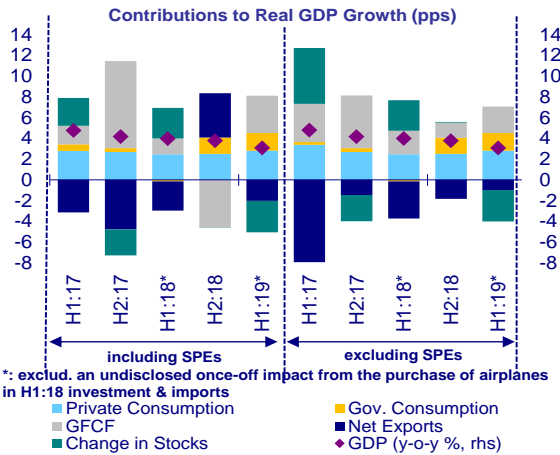
Government consumption also contributed strongly to overall growth in H1:19 (adding a sizeable 1.7 pps following 1.6 pps in H2:18 and a negative contribution of 0.2 pps in H1:18), in line with the gradual reversal of public wage and pension cuts -- enacted at the start of the crisis -- as of July 2018, the unfreezing of promotions, the resumption of the wage indexation to prices and automatic seniority-based wage increments for public sector employees, as well as increased hiring by the Government (up 0.2% y-o-y in Q1:19).

Moreover, growth in gross fixed capital formation (GFCF) remained resilient, accelerating to 15.3% y-o-y in H1:19 from 8.4% in H2:18 and 15.2% in H1:18 (contributing as much as 2.5 pps to overall growth in H1:19 against 1.5 pps in H2:18 and 2.3 pps in H1:18). The key drivers were increased residential construction (supported by the Citizenship by Investment scheme) and tourism infrastructure investment. Note that our calculations on GFCF exclude the registration of ships by special purpose entities (SPEs affect investment, imports and exports statistics, but have only a limited net impact on GDP) as well as a non-recurrent purchase of airplanes in H1:18 (with offsetting effects on investment and import).

Surprisingly, the drag from net exports, excluding ships and once-off transactions, on overall growth moderated further in H1:19 (to -1.0 pp of GDP from -1.8 pps in H2:18 and -3.6 pps in H1:18). Indeed, despite a weaker tourism sector, export growth picked up in H1:19 (up 8.5% y-o-y against a decline of 1.9% in H2:18 and a rise of just 0.3% in H1:18), due to higher (professional and transport) services exports, more than offsetting the acceleration in import growth (9.8% y-o-y in H1:19 against 1.0% in H2:18 and 6.8% in H1:18), in line with strengthening final consumption and investment.

**GDP growth is set to improve in H2:19, driven by domestic demand.** Indeed, private consumption should pick up, reflecting the ongoing easing in incomes policy and its spillover to the private sector amid tightening labour market conditions. On the other hand, net exports are set to deteriorate again, due to softer economic activity in the EU -- the country's main trading partner and the main source of tourists. All said, we see GDP growth rising by 3.5% y-o-y in H2:19, bringing full-year growth to 3.3%, below the FY:18 outcome of 3.9%.

For FY:20, we expect economic growth to weaken, as the long-awaited "Estia" NPL subsidy scheme and the laws adopted in mid-2018, strengthening the foreclosure and insolvency framework and facilitating NPEs securitization and sale, take effect. These laws are expected to intensify households' loan servicing, affecting private consumption.



	16 Sep.	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)	103	110	105	100

	16 Sep.	1-W %	YTD %	2-Y %
CSE Index	67	-1.1	1.9	-9.9

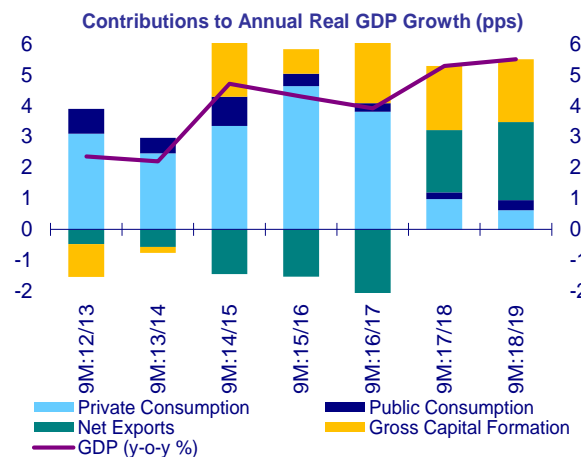
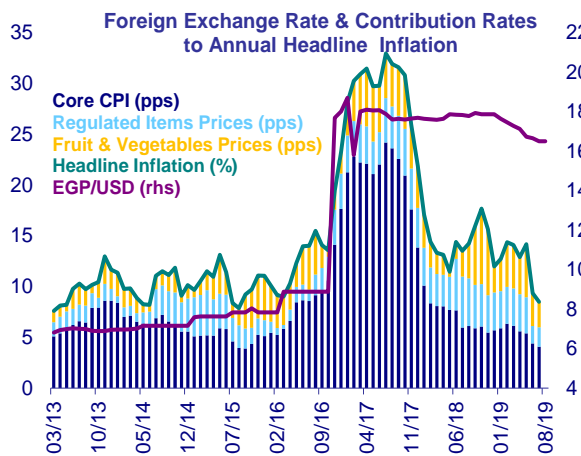
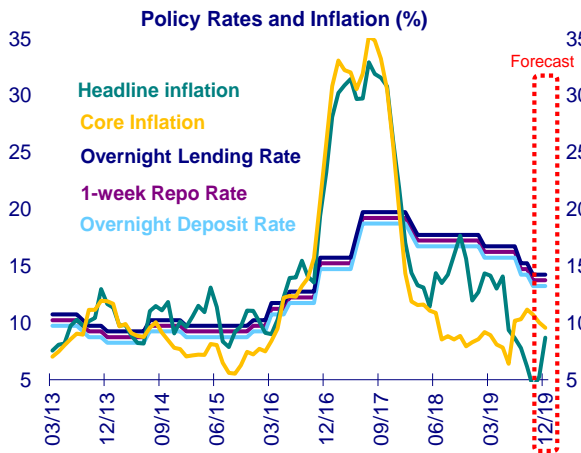
	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	4.8	4.5	3.9	3.3	3.0
Inflation (eop. %)	-0.3	-0.6	1.7	1.0	1.2
Cur. Acct. Bal. (% GDP)	-5.1	-8.4	-7.0	-9.0	-7.2
Fiscal Bal. (% GDP)	0.3	1.8	-4.8	3.1	3.0

Sources: Reuters, CYPSTAT & NBG estimates



# Egypt

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



**The CBE cut its key policy rates by 150 bps amid easing inflation and the appreciation of the EGP.** The CBE cut its overnight deposit, 1-week repo, and overnight lending rates by 150 bps to 14.25%, 14.75%, and 15.25%, respectively, at its August 22<sup>nd</sup> MPC meeting -- still among the highest in emerging markets. The move brought total policy rate cuts to 450 bps since the start of the cycle of monetary policy loosening in February 2018. The CBE's decision was motivated by the ease of inflationary pressures and the appreciation of the EGP. Indeed, headline inflation returned to single digits, declining to (a 4-year low of) 8.7% y-o-y in July from 12.0% at end-2018, with core inflation (excluding fruit & vegetables and regulated items) easing to 5.9% y-o-y in July (its lowest level since Q3:15) from 8.3% in December 2018, in the absence of demand side pressures. At the same time, the EGP has appreciated by 8.2% against the USD since end-2018, largely to higher portfolio inflows, following the rebound in global appetite for debt of less vulnerable emerging market economies, amid easing global financing conditions.

**The CBE is likely to cut its key policy rates by an additional 100 bps by end-2019.** In view of a benign inflation outlook, continued fiscal consolidation and a relatively stable domestic currency, we expect the CBE to proceed with a further 100 bp cut by end-2019, bringing down the overnight deposit, 1-week repo, and overnight lending rates to 13.25%, 13.75%, and 14.25%, respectively.

**GDP growth is estimated to have reached an 11-year high of 5.6% this fiscal year (ending in June 2019), with a significant rebalancing from consumption towards investment and exports.** GDP growth accelerated to 5.5% y-o-y in 9M:18/19 (July 2018-March 2019) from 5.3% a year earlier, underpinned by the return of confidence in the economy, following the steady implementation of the 3-year USD 12bn IMF arrangement -- successfully completed at end-July. Importantly, the adjustment programme (including the peg to the EGP, cuts to fuel and gas subsidies, the introduction of a VAT, other tax increases and the containment of the wage bill) continued to shift the structure of economic growth from consumption towards exports and investments.

Specifically, private consumption growth moderated to 0.7% y-o-y in 9M:18/19 from 1.1% a year earlier (contributing 0.6 pps to overall GDP growth in 9M:18/19 down from 1.0 pp in 9M:17/18 and a sizeable 3.5 pps on average in FY:12/13-FY:16/17). The slowdown in consumption is mainly due to still high real *ex post* interest rates, a tight incomes policy, the sharp depreciation of the EGP following its flotation in mid-Q2:16/17 (by c. 50%), weak job creation and double-digit inflation in H1:19.

At the same time, gross capital formation (GFCF) maintained momentum (up 12.3% y-o-y in 9M:18/19, contributing a sizeable 2.0 pps to overall growth, broadly at the same pace as in 9M:17/18). GFCF is mainly sustained by large investments, especially in the oil and natural gas sectors, following the return of foreign investor confidence, due to improved security conditions and the ongoing structural reforms.

Importantly, net exports improved in 9M:18/19, adding 2.5 pps to overall growth against 2.0 pps in 9M:17/18. Note that net exports had been a drag on economic growth for many years (subtracting an average 1.3 pps in FY:13/14-FY:16/17). The positive (net) exports performance in 9M:18/19 reflects: i) buoyant activity in the tourism sector; ii) rising production of natural gas at the Zohr field; iii) subdued domestic demand; and iv) improved competitiveness after the mid-2016 FX market liberalisation that removed peg to the EGP.

All said, we estimate FY:18/19 GDP growth to have reached 5.6% -- above Egypt's GDP potential (of 4.5%) for a 2<sup>nd</sup> successive year.

For FY:19/20, we expect GDP growth to pick up slightly to 5.8% -- closer to the pre-revolution average growth of 6.2% in FY:05/06-FY:09/10 -- on the back of a recovery in private consumption from a low base.

	16 Sep.	3-M F	6-M F	12-M F
O/N Interbank Rate (%)	14.4	13.4	11.8	10.8
EGP/USD	16.3	16.6	17.2	17.5
Sov. Spread (2025, bps)	362	350	330	290

	16 Sep.	1-W %	YTD %	2-Y %
HERMES 100	1,379	0.1	8.6	11.6

	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	-2.4	-1.6
Fiscal Bal. (% GDP)	-12.5	-10.9	-9.7	-8.2	-7.2

Sources: Reuters, CBE & NBG estimates



**FOREIGN EXCHANGE MARKETS, SEPTEMBER 16<sup>TH</sup> 2019**

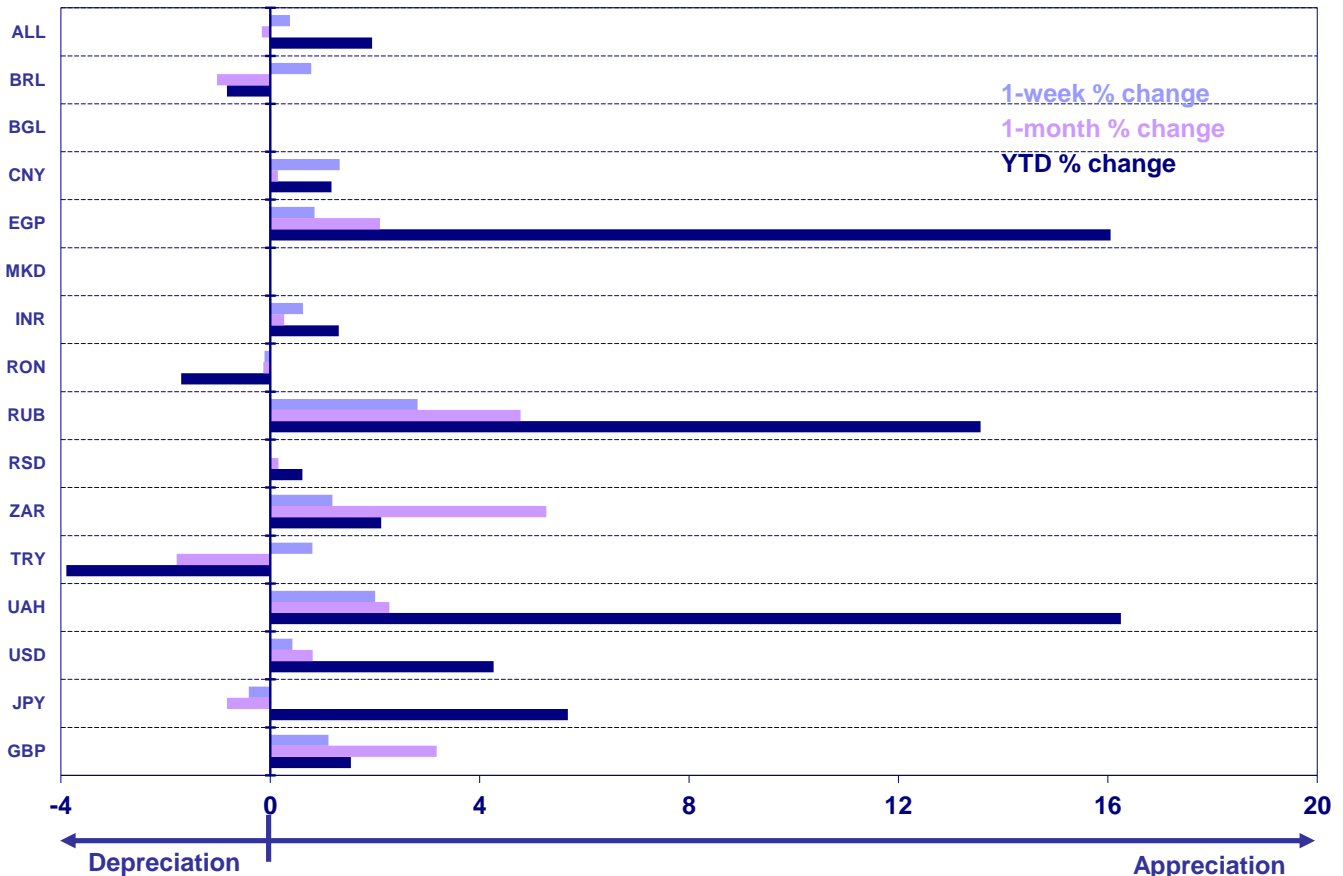
*Against the EUR*

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	120.9	0.4	-0.2	1.9	4.6	121.0	125.9	120.9	120.7	120.5	7.8	1.9
Brazil	BRL	4.49	0.8	-1.0	-0.8	7.6	4.16	4.65	---	---	4.73	-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	7.77	1.3	0.1	1.2	3.1	7.49	7.97	---	---	8.02	-0.8	-6.0
Egypt	EGP	17.95	0.8	2.1	16.1	15.6	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	78.8	0.6	0.3	1.3	7.6	76.2	82.3	---	---	---	-3.9	-6.7
Romania	RON	4.73	-0.1	-0.1	-1.7	-1.9	4.71	4.78	4.77	4.81	4.89	0.6	-3.0
Russia	RUB	70.4	2.8	4.8	13.6	12.9	70.0	80.1	71.7	73.0	75.5	-13.4	-6.8
Serbia	RSD	117.5	0.0	0.2	0.6	0.7	117.5	118.5	117.6	117.6	---	0.2	4.2
S. Africa	ZAR	16.1	1.2	5.3	2.1	8.1	15.16	17.31	16.4	16.7	17.3	-9.9	-2.7
Turkey	YTL	6.30	0.8	-1.8	-3.9	17.1	5.91	7.03	6.54	6.77	7.24	-24.9	-18.4
Ukraine	UAH	27.2	2.0	2.3	16.3	20.5	27.08	32.66	---	---	---	6.0	-15.2
US	USD	1.10	0.4	0.8	4.3	6.2	1.1	1.2	1.11	1.11	1.13	4.6	-12.4
JAPAN	JPY	119.0	-0.4	-0.8	5.7	9.9	115.9	127.5	119.0	119.0	119.1	7.5	-8.9
UK	GBP	0.88	1.1	3.2	1.5	0.3	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 16<sup>th</sup> 2019)**



Sources: Reuters & NBG estimates



### MONEY MARKETS, SEPTEMBER 16<sup>TH</sup> 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.1	5.9	0.0	2.3	---	14.4	---	---	2.4	7.0	---	16.0	7.5	16.7	---	2.1
T/N	---	---	---	---	---	---	---	---	2.4	7.0	1.4	---	6.9	---	---	---
SW	1.1	5.8	---	2.6	-0.5	---	1.1	---	---	7.3	1.4	---	6.9	16.8	-0.5	2.0
1-Month	1.3	5.5	---	2.7	-0.4	---	1.2	5.9	2.8	7.2	1.7	16.5	6.7	18.0	-0.4	2.0
2-Month	---	5.4	---	---	---	---	---	---	---	7.2	1.9	16.3	7.0	---	---	2.1
3-Month	1.5	5.3	---	2.7	---	---	1.5	6.1	3.1	7.4	2.0	15.6	6.7	18.5	---	2.1
6-Month	1.7	5.2	---	2.8	---	---	1.7	---	3.1	7.5	2.1	15.2	6.8	---	---	2.1
1-Year	2.3	5.2	---	3.0	-0.1	---	2.0	---	3.2	7.0	---	15.3	6.9	---	-0.1	2.1

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

### LOCAL DEBT MARKETS, SEPTEMBER 16<sup>TH</sup> 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	---	---	---	---	---	16.2	---	5.3	---	6.9	---	14.8	---	16.2	-0.7	2.0
6-Month	1.9	---	---	---	---	16.2	---	5.5	2.8	6.9	3.3	14.9	---	16.1	-0.6	1.9
12-Month	2.3	---	-0.2	2.5	---	15.7	0.8	5.7	3.2	6.6	2.2	15.0	---	15.5	-0.7	1.9
2-Year	2.2	---	---	2.7	---	---	---	5.8	3.4	6.7	---	14.9	6.7	---	-0.7	1.8
3-Year	2.3	---	0.1	2.8	-0.1	---	---	6.1	3.5	6.7	---	14.5	7.1	16.0	-0.8	1.7
5-Year	---	6.8	---	3.0	0.1	14.6	1.7	6.4	3.9	6.8	3.1	14.5	7.3	---	-0.7	1.7
7-Year	4.2	---	0.4	---	0.3	14.5	---	6.5	4.0	6.9	---	---	---	---	-0.7	1.8
10-Year	---	7.3	0.4	3.1	---	14.3	---	6.7	4.3	7.0	---	14.8	8.2	---	-0.5	1.8
15-Year	---	---	---	---	---	---	3.2	7.0	---	7.3	---	---	9.9	---	-0.3	---
25-Year	---	---	---	---	---	---	---	---	---	---	---	---	9.9	---	---	---
30-Year	---	---	---	---	---	---	4.3	7.1	---	---	---	---	9.8	---	0.1	2.3

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

### CORPORATE BONDS SUMMARY, SEPTEMBER 16<sup>TH</sup> 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	130	108
South Africa	FirstRand Bank Ltd 4.25% '20	USD	BB/Baa3	30/4/2020	500	3.1	118	102
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.7	127	109
Turkey	Arcelik AS 3.875% '21	EUR	BB+/NA	16/9/2021	350	1.9	264	240
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	6.1	436	427
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	7.9	617	593
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	8.0	625	597
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	7.8	605	577
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	6.8	508	496
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	5.6	385	384

### CREDIT DEFAULT SWAP SPREADS, SEPTEMBER 16<sup>TH</sup> 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	---	122	76	39	90	256	---	73	87	77	105	370	165	490
10-Year	---	202	104	80	103	330	---	82	127	140	132	407	232	513

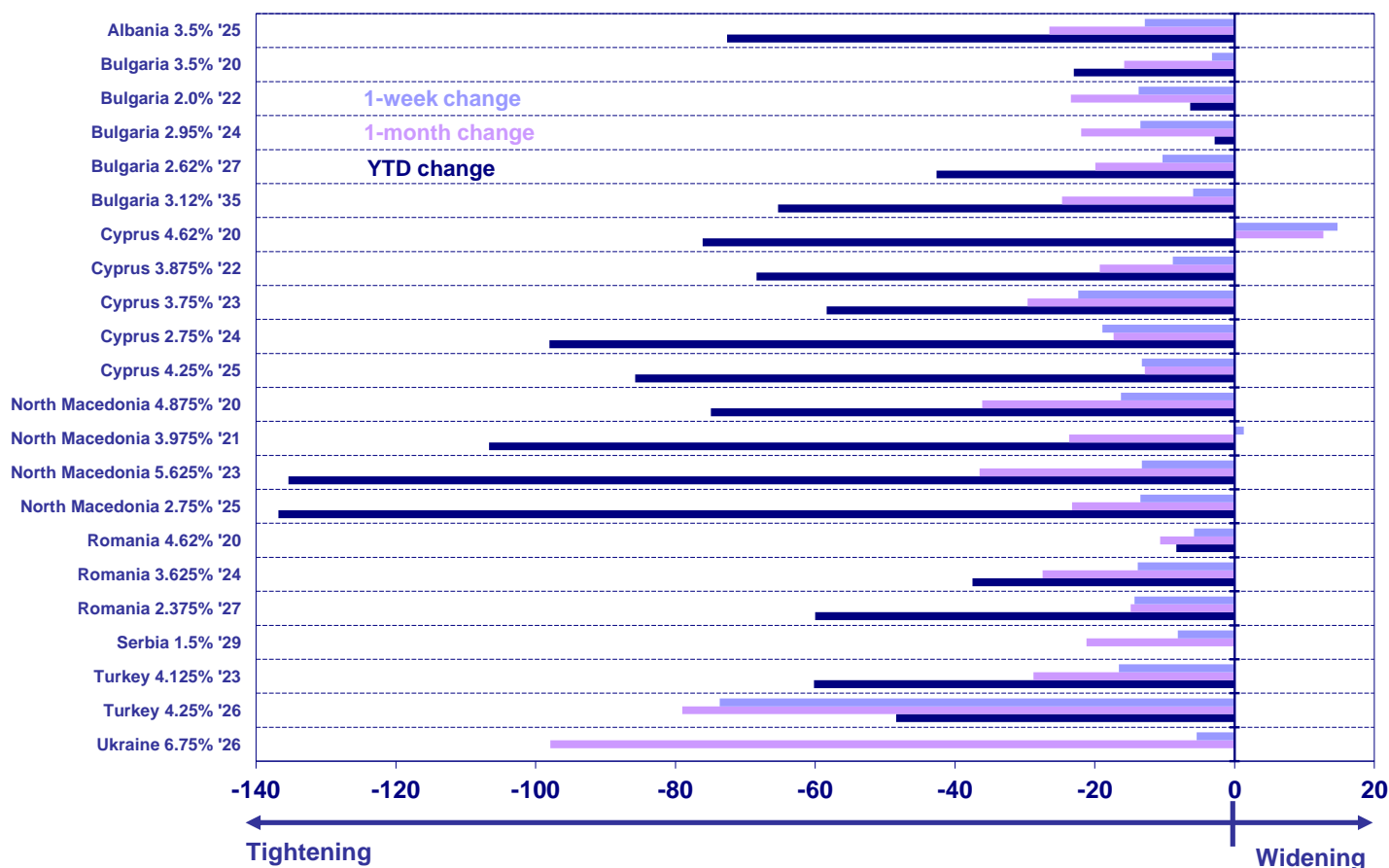
Sources: Reuters & NBG estimates



**EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY, SEPTEMBER 16<sup>TH</sup> 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	2.3	296	264
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.3	35	16
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	-0.3	52	17
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	-0.1	68	35
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	0.1	73	39
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	1.2	149	109
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	-0.1	68	50
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1,000	-0.1	66	33
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1,000	0.0	82	56
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0.1	80	46
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	0.3	103	71
North Macedonia 4.875% '20	EUR	BB-/NA	11/12/2020	178	0.3	100	85
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	0.8	150	505
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	1.0	181	159
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	1.3	204	171
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	-0.1	55	36
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	0.2	97	67
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	1.1	174	141
Serbia 1.5% '29	EUR	BB/Ba3	26/6/2029	1,000	1.1	156	115
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	3.3	405	372
Turkey 5.2% '26	EUR	NR/Ba3	16/2/2026	1,500	6.7	486	453
Ukraine 6.75% '26	EUR	B-/Caa1	20/6/2026	1,000	4.9	554	539

**EUR-Denominated Eurobond Spreads (September 16<sup>th</sup> 2019)**



Sources: Reuters & NBS estimates

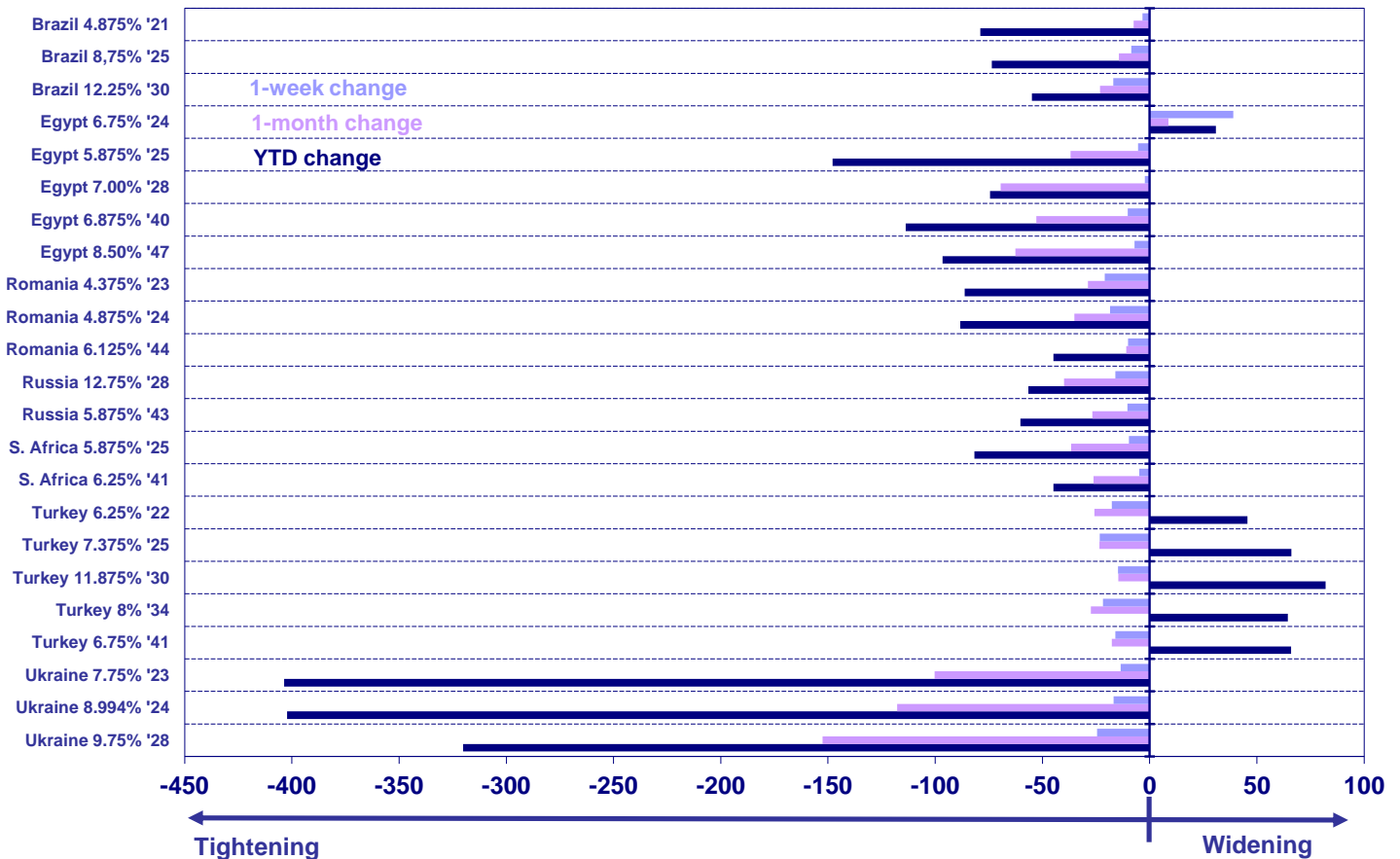




**USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY, SEPTEMBER 16<sup>TH</sup> 2019**

	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	37	36
Brazil 8.75% '25	USD	NA/Ba2	4/2/2025	688	3.0	129	154
Brazil 12.25% '30	USD	NA/Ba2	6/3/2030	240	3.0	252	358
Egypt 6.75% '24	USD	NA/B2	10/11/2024	1,320	5.7	404	414
Egypt 5.875% '25	USD	B/B2	11/6/2025	1,500	5.3	362	368
Egypt 7.00% '28	USD	NA/B2	10/11/2028	1,320	6.7	482	494
Egypt 6.875% '40	USD	B/B2	30/4/2040	500	7.1	477	505
Egypt 8.50% '47	USD	NA/B2	31/1/2047	2,500	7.8	552	615
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	2.6	84	95
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	2.5	83	93
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	4.2	184	266
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	3.5	167	250
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	4.1	181	258
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	4.0	218	241
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	5.3	303	366
Turkey 6.25% '22	USD	NR/Ba3	26/9/2022	2,500	5.7	399	402
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	6.5	479	488
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	7.2	538	649
Turkey 8% '34	USD	NR/Ba3	14/2/2034	1,500	7.3	543	558
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	7.4	508	489
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	5.7	394	412
Ukraine 8.994% '24	USD	B-/Caa1	1/2/2024	750	5.8	411	440
Ukraine 9.75% '28	USD	B-/Caa1	1/11/2028	1,600	6.7	489	554

**USD-Denominated Eurobond Spreads (September 16<sup>th</sup> 2019)**



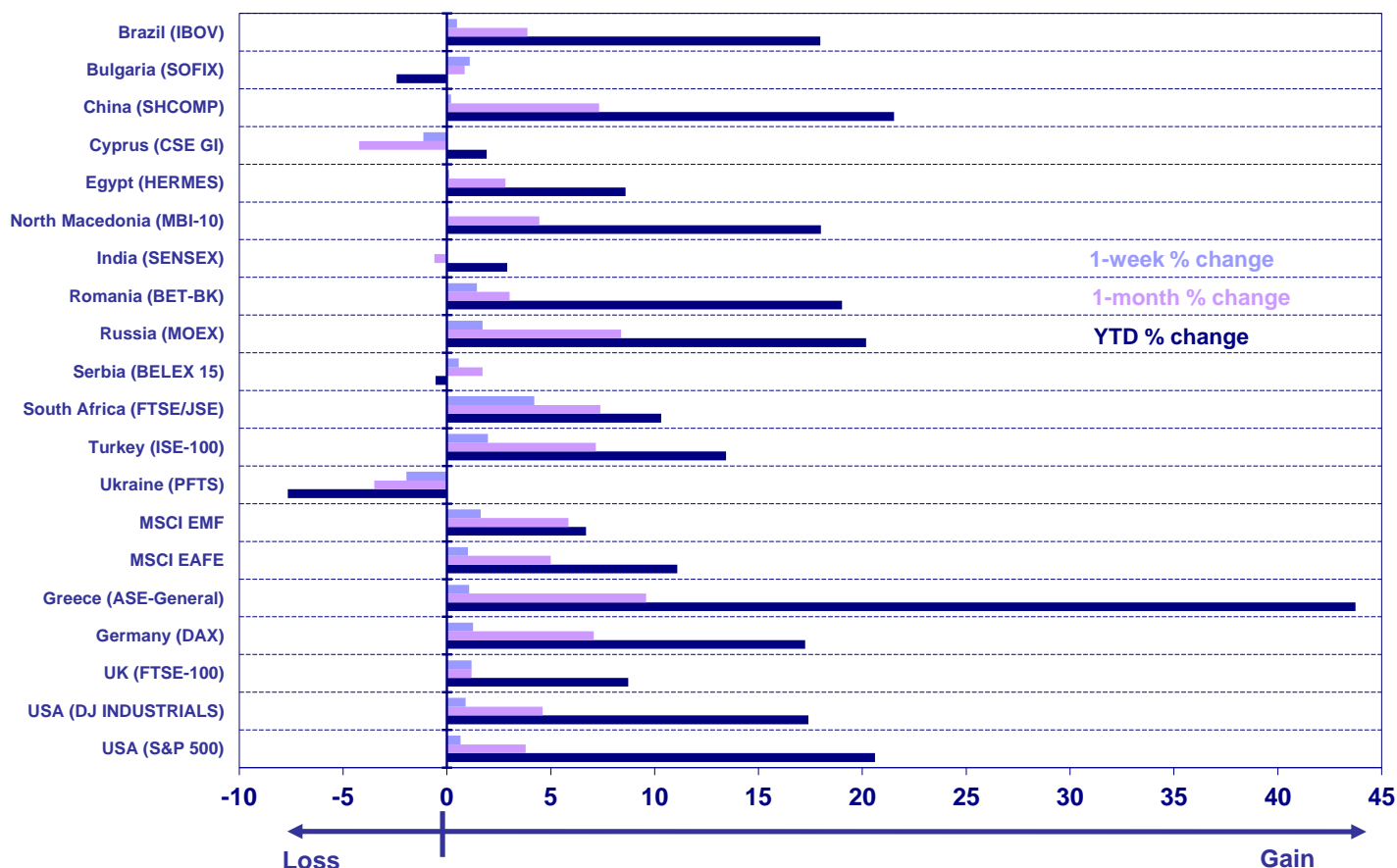
Sources: Reuters & NBG estimates



### STOCK MARKETS PERFORMANCE, SEPTEMBER 16<sup>TH</sup> 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)	103,680	0.5	3.9	18.0	35.0	87,536	106,650	16.7	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	580	1.1	0.9	-2.4	-7.6	560	622	-2.4	-12.3	-12.3	15.5	15.5
China (SHCOMP)	3,031	0.2	7.3	21.5	14.3	2,441	3,288	23.0	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	67	-1.1	-4.2	1.9	-8.6	60	74	1.9	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,379	0.1	2.8	8.6	-1.8	1,255	1,467	22.5	-11.1	-11.1	32.0	18.7
North Macedonia (MBI)	4,094	0.1	4.4	18.0	19.4	3,467	4,099	18.0	36.6	36.6	18.9	18.9
India (SENSEX)	37,123	-0.1	-0.6	2.9	-1.2	33,292	40,312	4.6	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,733	1.4	3.0	19.0	8.3	1,394	1,737	17.1	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,834	1.7	8.4	20.2	19.4	2,350	2,848	35.8	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	757	0.6	1.7	-0.6	4.6	668	765	0.0	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	57,854	4.2	7.4	10.3	2.8	50,907	59,545	12.9	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	102,590	2.0	7.2	13.4	8.7	83,535	105,930	8.4	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	517	-1.9	-3.5	-7.7	-4.3	513	582	7.4	77.5	88.1	18.8	0.8
MSCI EMF	1,027	1.6	5.9	6.7	1.0	946	1,099	10.9	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,902	1.0	5.0	11.1	-2.1	1,709	1,950	15.5	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	868	1.1	9.6	43.7	27.1	600	902	43.7	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	12,380	1.3	7.1	17.2	2.3	10,387	12,656	17.2	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,321	1.2	2.9	8.7	0.3	6,599	7,727	10.7	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	27,077	0.9	4.6	17.4	3.9	21,713	27,399	22.1	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,998	0.7	3.8	20.6	3.8	2,444	3,028	25.4	-6.2	-1.9	19.4	4.7

### Equity Indices (September 16<sup>th</sup> 2019)



Sources: Reuters & NBG estimates



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