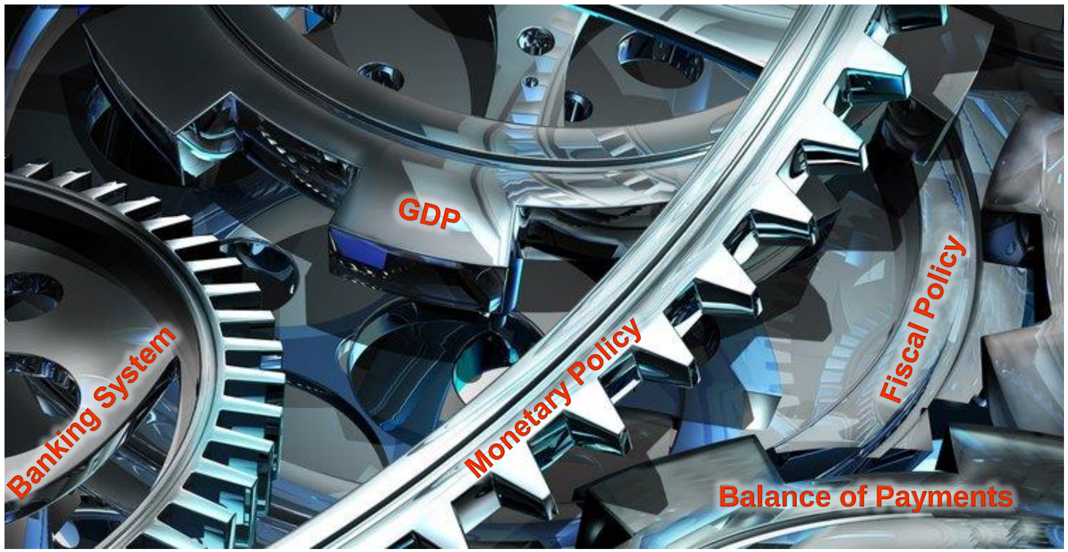
Economic Analysis Division
Emerging Markets Analysis
Quarterly Chartbook

Q2:2018

Turkey Romania Bulgaria Serbia FYROM Albania Cyprus Egypt



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

Emerging Markets Analysis
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NBG-Emerging Markets Research

Quarterly Chartbook

Q2:2018

Republic of Turkey

Population (2017, mn): 80.8
GDP (2017, EUR, bn): 753.7
GDP per Capita (2017, EUR): 9,327
Government type: Parliamentary Republic
Chief of state: Recep Tayyip ERDOGAN
Head of Government: Binali YILDIRIM
Minister of Finance: Naci AGBAL
Central Bank Governor: Murat CETINKAYA

Romania

Population (2017, mn): 19.9
GDP (2017, EUR, bn): 188.0
GDP per Capita (2017, EUR): 9,426
Government type: Semi Presidential Republic
Chief of state: Klaus Werner IOHANNIS
Head of Government: Vasilica-Viorica DANCILA
Minister of Finance: Eugen-Orlando TEODOROVICI
Central Bank Governor: Mugur ISARESCU

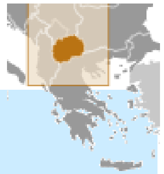
Republic of Bulgaria

Population (2017, mn): 7.1
GDP (2017, EUR, bn): 50.4
GDP per Capita (2017, EUR): 7,148
Government type: Parliamentary Republic
Chief of state: Rumen RADEV
Head of Government: Boyko BORISOV
Minister of Finance: Vladislav GORANOV
Central Bank Governor: Dimitar RADEV

Republic of Serbia

Population (2017, mn): 7.0
GDP (2017, EUR, bn): 36.8
GDP per Capita (2017, EUR): 5,230
Government type: Parliamentary Republic
Chief of state: Aleksandar VUCIC
Head of Government: Ana BRNABIC
Acting Minister of Finance: Ana BRNABIC
Central Bank Governor: Jorgovanka TABAKOVIC

Former Yugoslav Republic of Macedonia



Population (2017, mn): 2.1
GDP (2017, EUR, bn): 10.1
GDP per Capita (2017, EUR): 4,860
Government type: Parliamentary Republic
Chief of state: Gjorge IVANOV
Head of Government: Zoran ZAEV
Minister of Finance: Dragan TEVDOVSKI
Central Bank Governor: Anita ANGELOVSKA-BEZOSKA

Republic of Albania

Population (2017, mn): 2.9
GDP (2017, EUR, bn): 11.6
GDP per Capita (2017, EUR): 4,036
Government type: Parliamentary Republic
Chief of state: Ilir META
Head of Government: Edi RAMA
Minister of Finance: Arben AHMETAJ
Central Bank Governor: Gent SEJKO

Republic of Cyprus

Population (2017, mn): 0.85
GDP (2017, EUR, bn): 19.2
GDP per Capita (2017, EUR): 22,525
Government type: Presidential Republic without PM
Chief of state: Nicos ANASTASIADES
Head of Government: Nicos ANASTASIADES
Minister of Finance: Harris GEORGIADES
Central Bank Governor: Chrystalla GEORGHADJI

Arab Republic of Egypt

Population (2017, mn): 94.8
GDP (2017, EUR, bn): 217.6
GDP per Capita (2017, EUR): 2,164
Government type: Semi Presidential Republic
Chief of state: Abdel Fattah Said AL-SISI
Head of Government: Sherif Ismail MOHAMED
Minister of Finance: Amr EL-GARHY
Central Bank Governor: Tarek AMER

In Turkey, presidential and parliamentary elections will be held on June 24th – 17 months ahead of schedule

Date of Next Elections								
	Turkey	Romania	Bulgaria	Serbia	FYROM	Albania	Cyprus	Egypt
Legislative	June 2018	December 2020	March 2021	April 2020	May 2020	June 2021	May 2021	Oct.- Dec. 2020
Presidential	June 2018	November 2019	November 2020	April 2022	April 2019	July 2022	February 2023	March 2022
Local	March 2019	June 2020	October 2019	April 2020 *	March 2021	June 2019	December 2021	Unknown **

*: Local elections in Belgrade are due on March 4th
**: Last local elections were held in April 2008

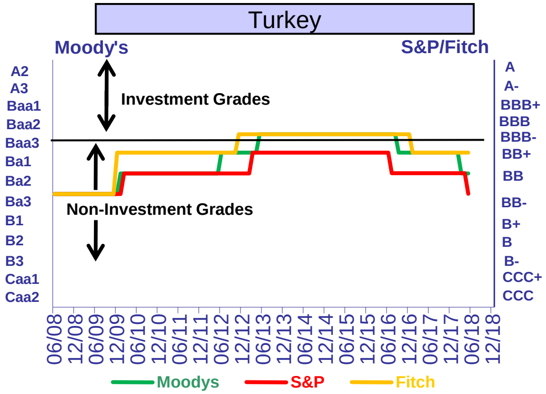
On May 17th, the IMF and Egyptian authorities reached a staff-level agreement (SLA) on the third review of Egypt's economic reform programme, which is supported by the IMF's USD 12bn arrangement. The SLA is subject to approval by the IMF Executive Board. Completion of this review would provide access to c. USD 2bn, bringing total disbursements under the programme to c.USD 8bn

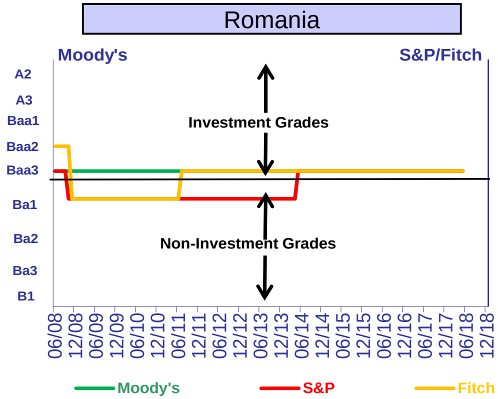
IMF & EU Financial Support (EUR bn)

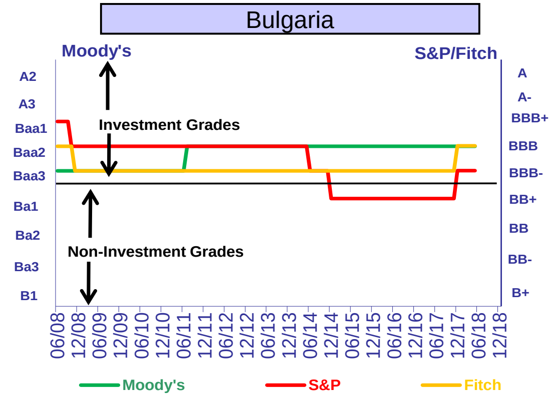
		Turkey	Romania			Bulgaria	Serbia			FYROM	Albania	Cyprus	Egypt
Period		- - -	2009 2011	2011-2013*	2013-2015*	- - -	2009-2011	2011-2013*	2015-2018*	2011-2013	2014-2017	2013-2016	2016-2019
Programme	IMF	- - -	13.0	3.6	2.0	- - -	2.9	1.1	1.2	0.5	0.4	1.0	12.0**
	EU	- - -	5.0	1.4	2.0	- - -	- - -	- - -	- - -	- - -	- - -	9.0	- - -
Drawn so far	IMF	- - -	12.1	- - -	- - -	- - -	1.5	- - -	- - -	0.2	0.4	0.9	6.0**
	EU	- - -	5.0	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	6.3	- - -
Repaid	IMF	- - -	12.1 since 2009			- - -	1.6 since 2009			0.2	- - -	0.3 early in 2017	- - -
	EU	- - -	1.5 since 2009			- - -	- - -			- - -	- - -	- - -	- - -
Next Repayments	IMF	- - -	- - -			- - -	- - -			- - -	Starting in 2019	Starting in 2020	Starting in 2021
	EU	- - -	EUR 1.0bn in 2019			- - -	- - -			- - -	- - -	Starting in 2027	- - -

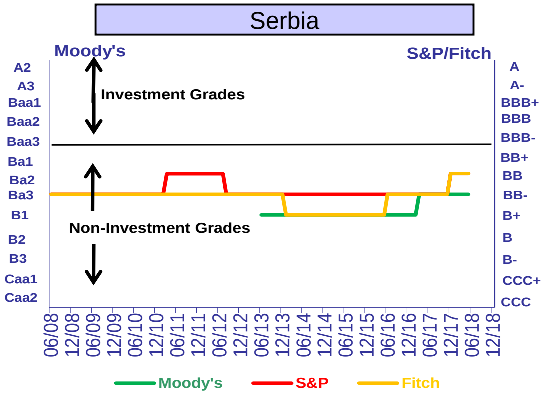
* Precautionary
** bn USD

Since the beginning of the year: i) Cyprus' credit rating was upgraded by one notch to BB+ by Fitch; ii) Egypt's credit rating was raised by one notch to B by S&P; and iii) Turkey's credit rating was downgraded by one notch to BB by Moody's and BB- by S&P



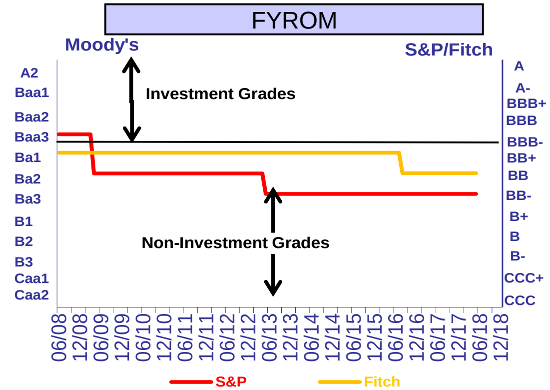


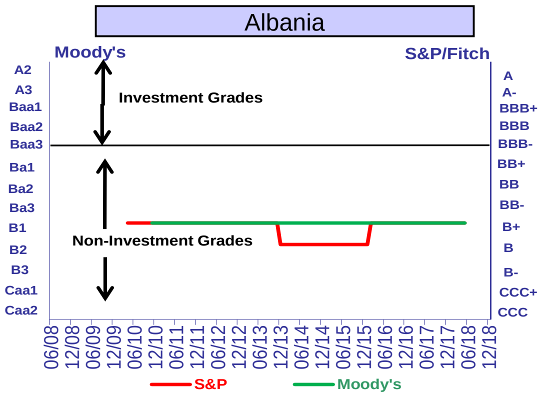


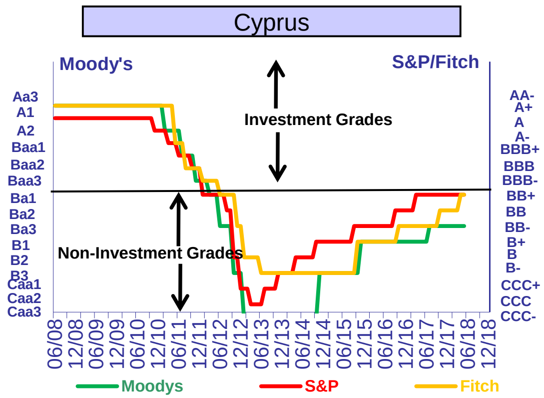


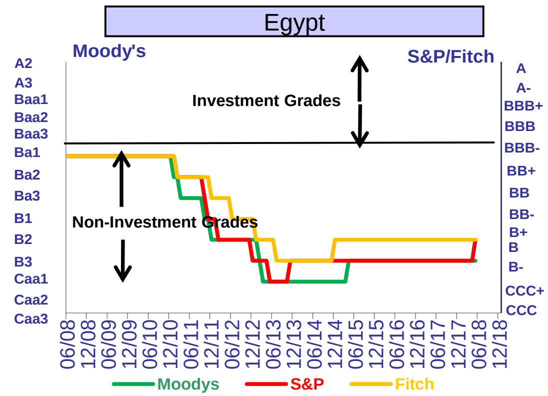
Long-Term Foreign Debt Currency Ratings, May 2018

		S&P	Moody's	Fitch
Investment Grades	A+			
	A			
	A-			
	BBB+			
	BBB		Bulgaria	Bulgaria
	BBB-	Bulgaria, Romania	Romania	Romania
Non-Investment Grades	BB+	Cyprus		Turkey, Cyprus
	BB	Serbia	Turkey	FYROM, Serbia
	BB-	FYROM, Turkey	Serbia, Cyprus	
	B+	Albania	Albania	
	B	Egypt		Egypt
	B-		Egypt	
	CCC+			





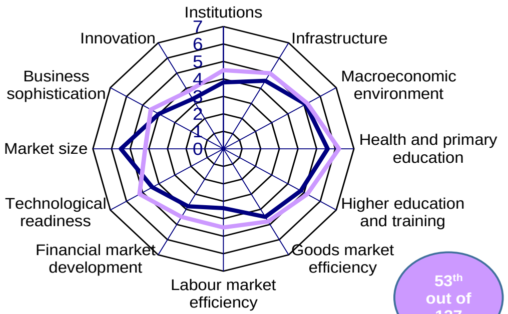




Global competitiveness index 2017-2018* (World Economic Forum)

According to the latest WEF's GCI, Bulgaria is the most competitive among the countries under review

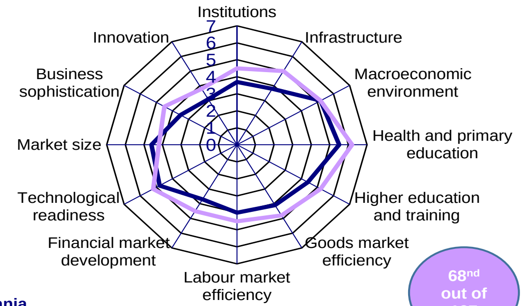
Turkey



Turkey
Europe & North America

53th out of 137

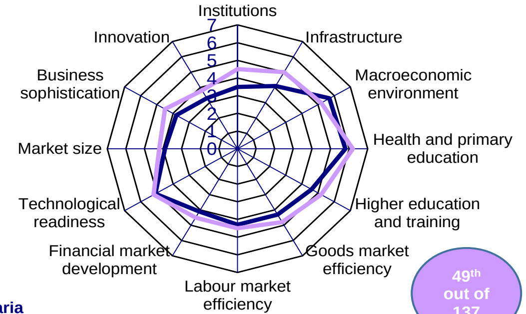
Romania



Romania
Europe & North America

68nd out of 137

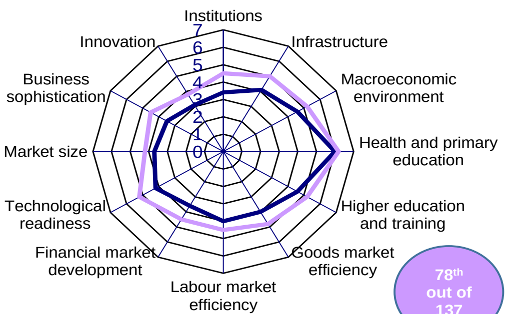
Bulgaria



Bulgaria
Europe & North America

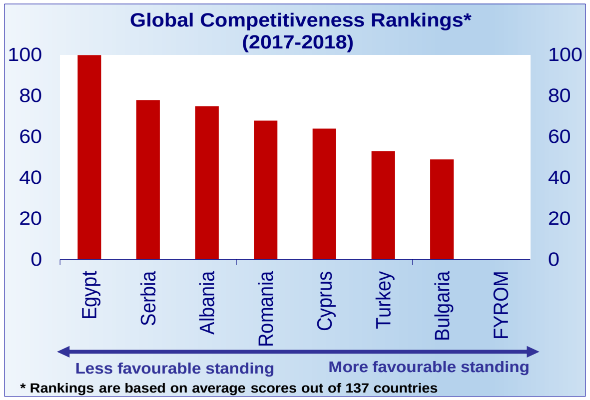
49th out of 137

Serbia



Serbia
Europe & North America

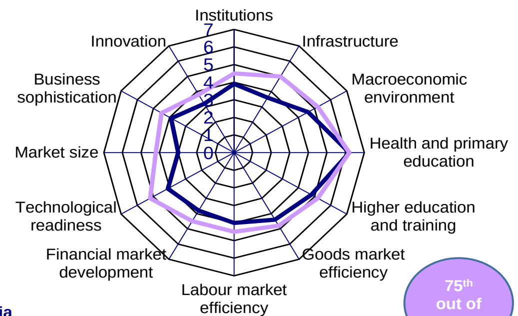
78th out of 137



FYROM

Not Ranked due to Lack of Data

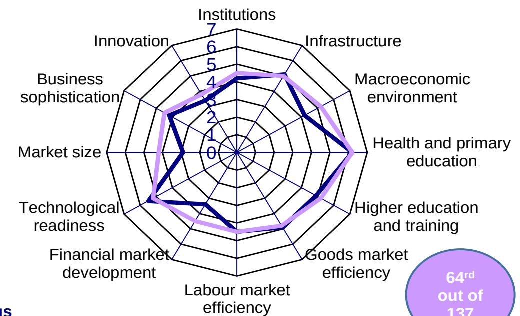
Albania



Albania
Europe & North America

75th out of 137

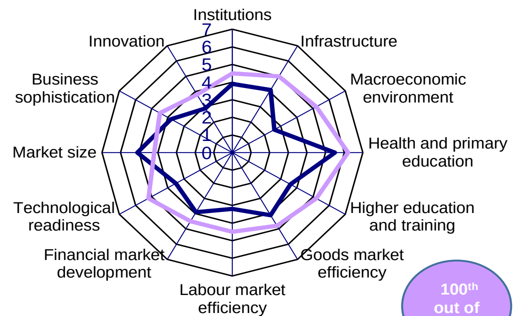
Cyprus



Cyprus
Europe & North America

64rd out of 137

Egypt

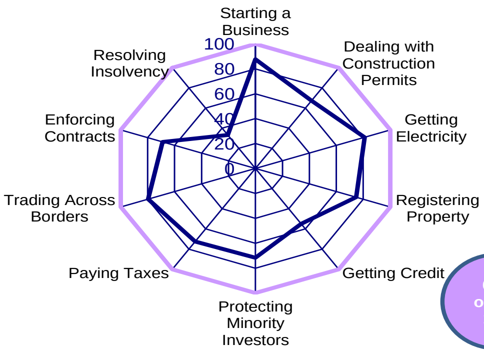


Egypt
Europe & North America

100th out of 137

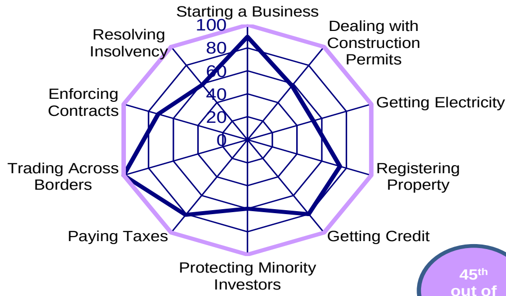
The latest WB's EDBI shows FYROM has the most favourable standing among the countries under review

Turkey



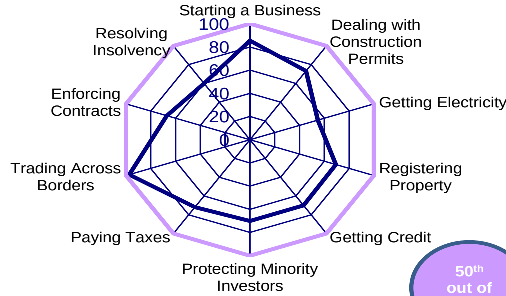
60th out of 190

Romania



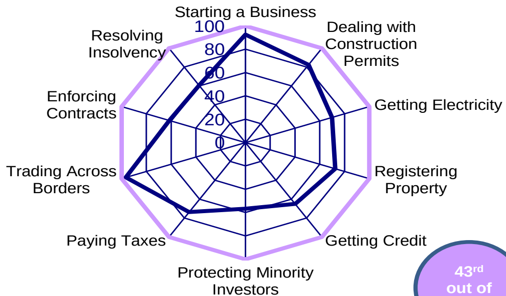
45th out of 190

Bulgaria



50th out of 190

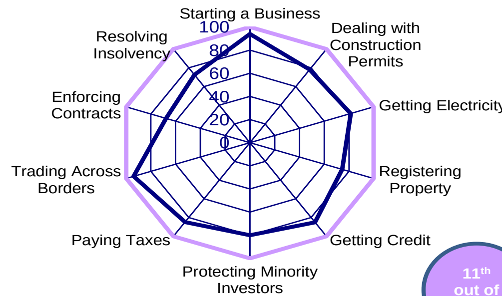
Serbia



43rd out of 190

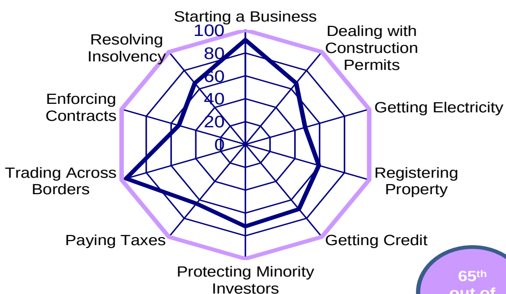
* Rankings are based on average scores out of 190 countries

FYROM



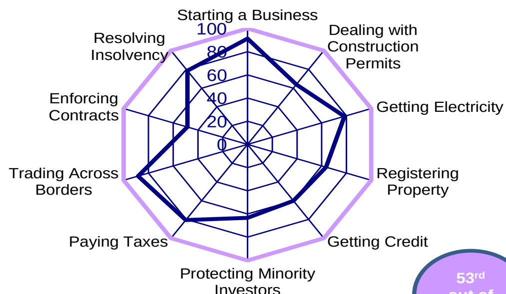
11th out of 190

Albania



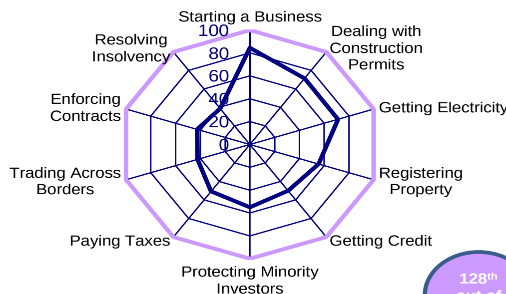
65th out of 190

Cyprus



53rd out of 190

Egypt

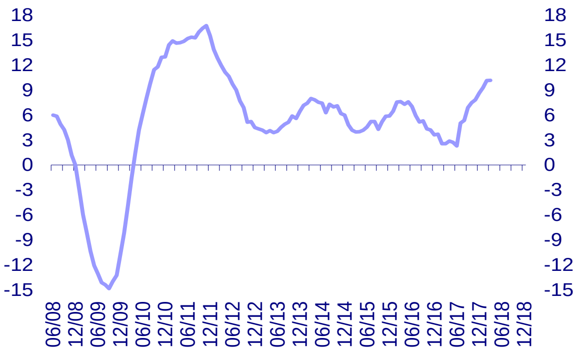


128th out of 190

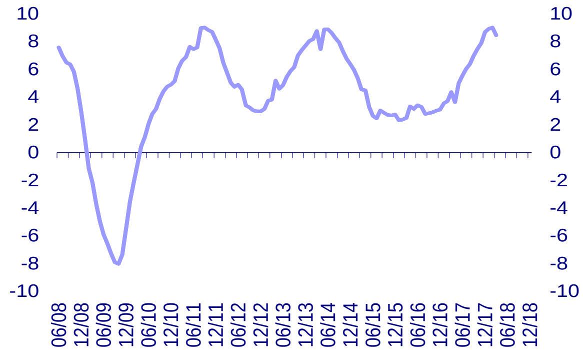
Industrial production (12-month rolling, y-o-y % change)

The contribution of industrial output to gross value added growth has improved markedly since July 2017 in Turkey, Romania and Serbia

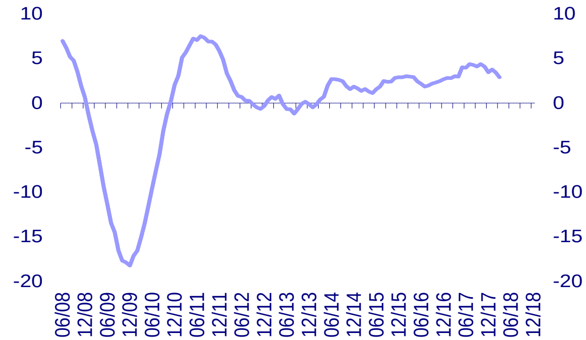
Turkey



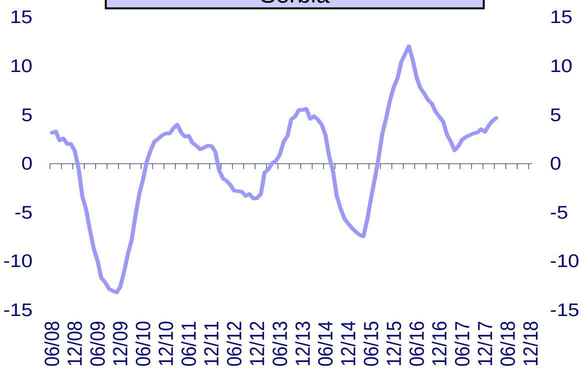
Romania

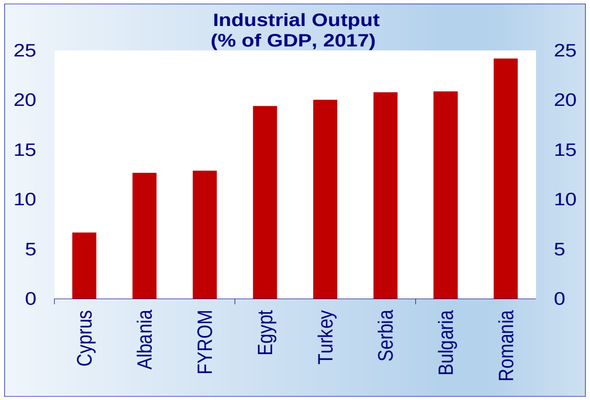


Bulgaria

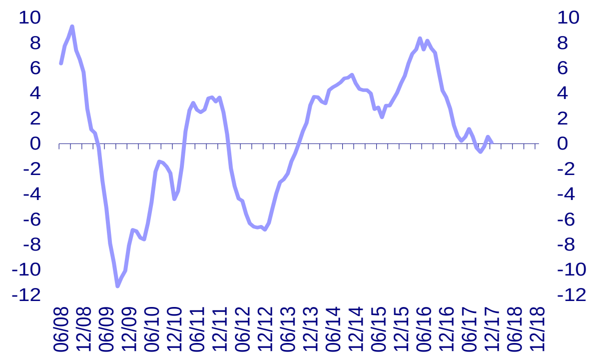


Serbia





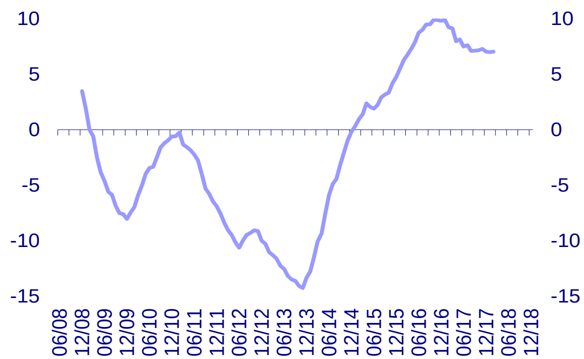
FYROM



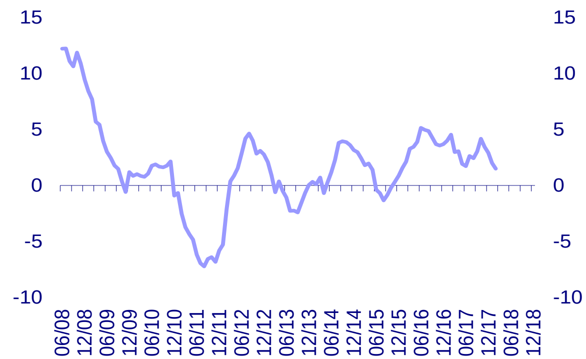
Albania

N.A.

Cyprus



Egypt

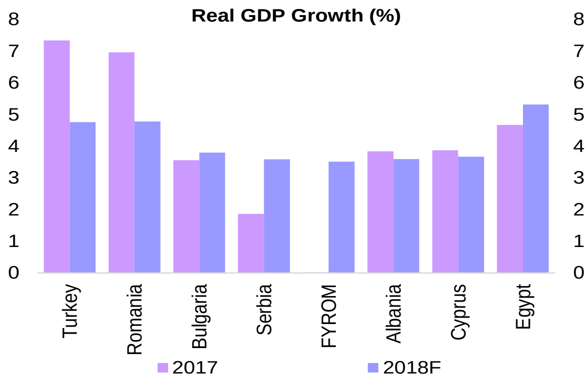


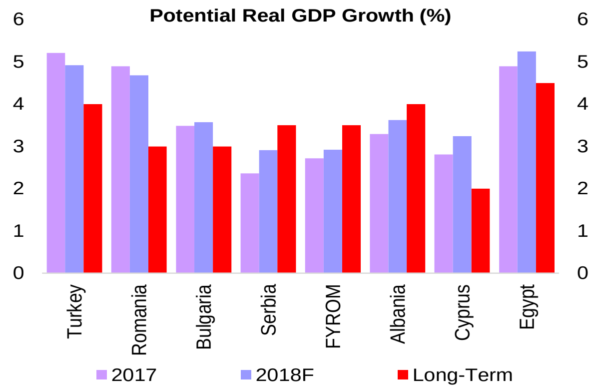
Real GDP growth, potential Real GDP growth, output gap and per capita (nominal) GDP

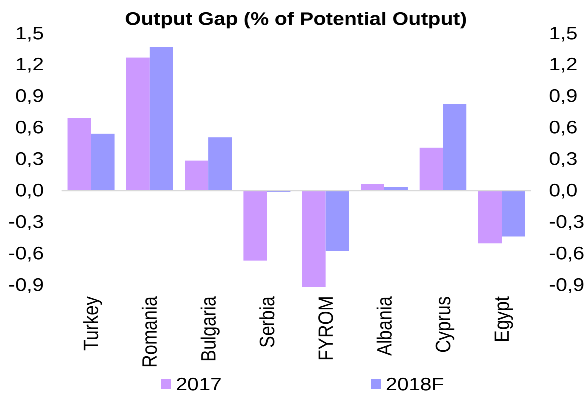
All economies under review are set to post solid growth this year (higher than 3%)

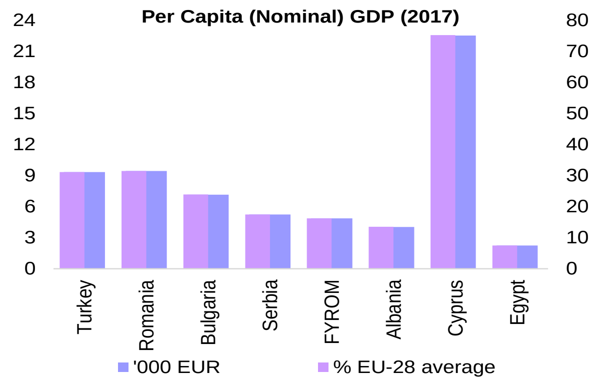
This year's growth is expected to surpass its potential in all economies under review, with the exception of Turkey

Large positive output gaps in Romania and Turkey point to an overheating of the economy and increasing inflationary pressures

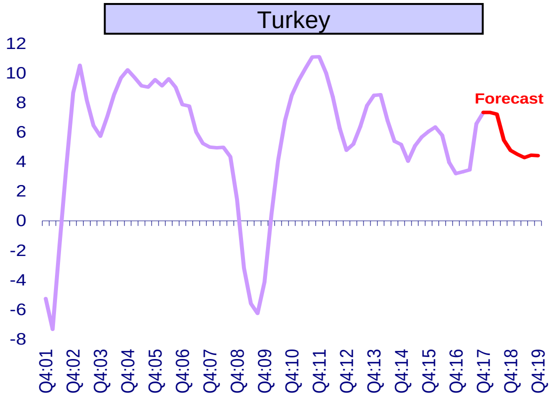


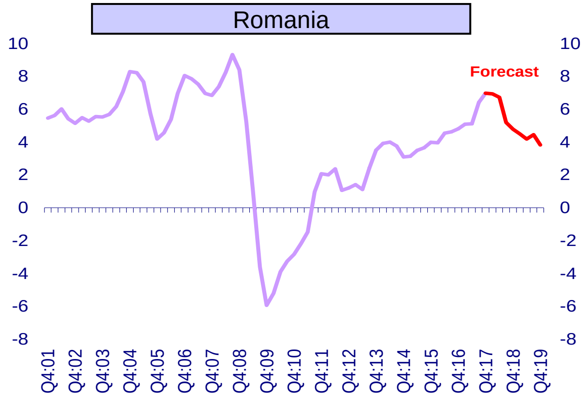


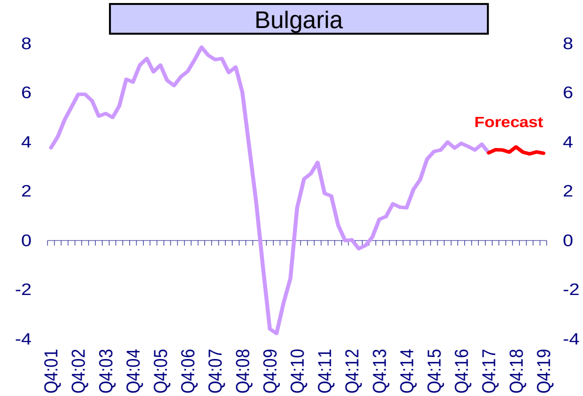


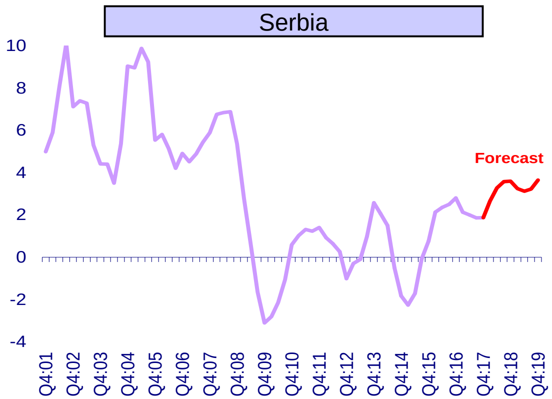


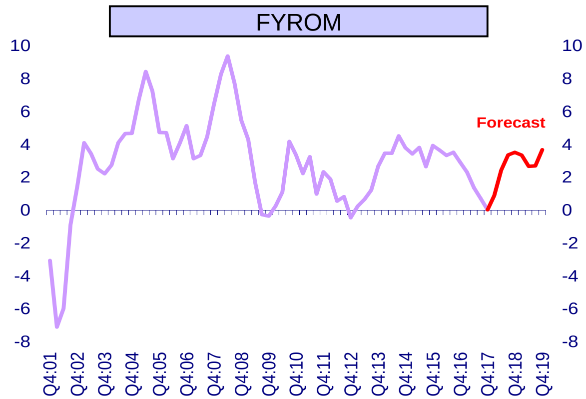
GDP growth is expected to range between 3.5%-5.3% this year in the economies under review

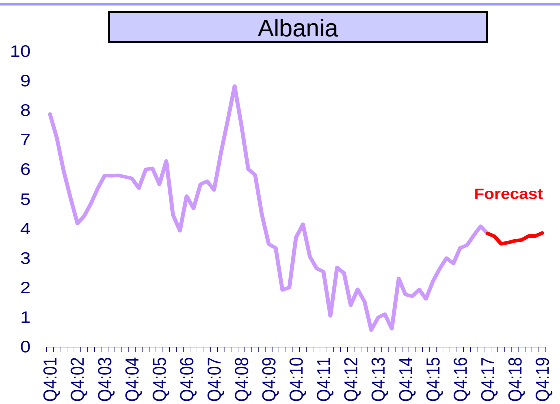


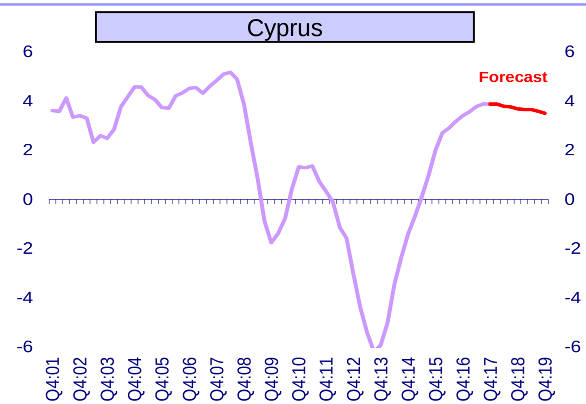


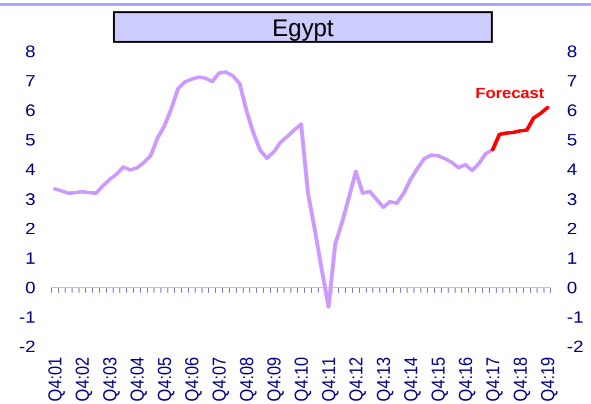






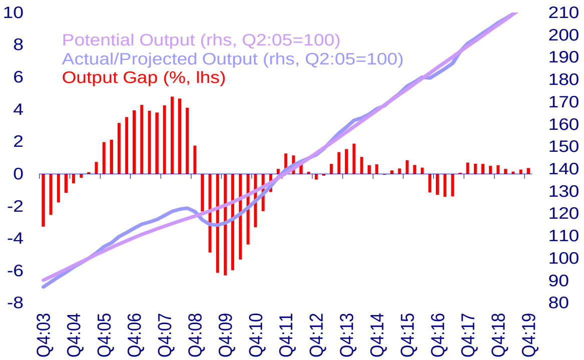




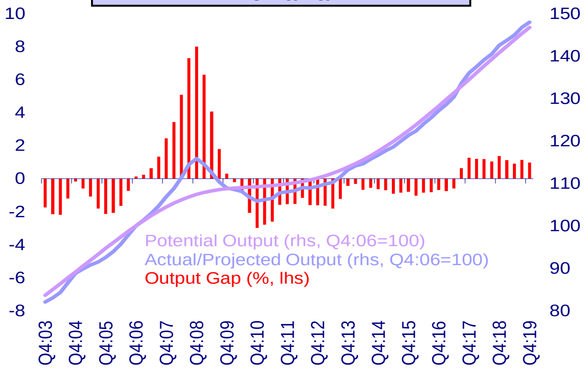


The output gap should remain negative in Egypt and FYROM this year

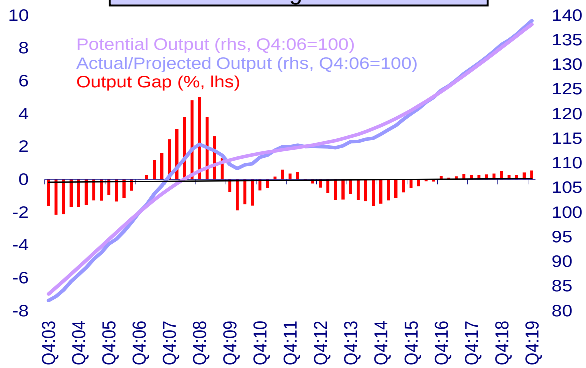
Turkey



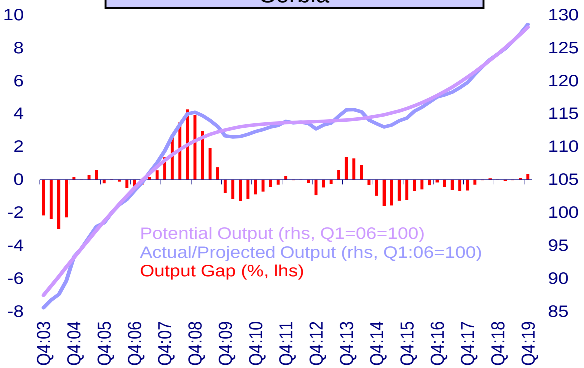
Romania

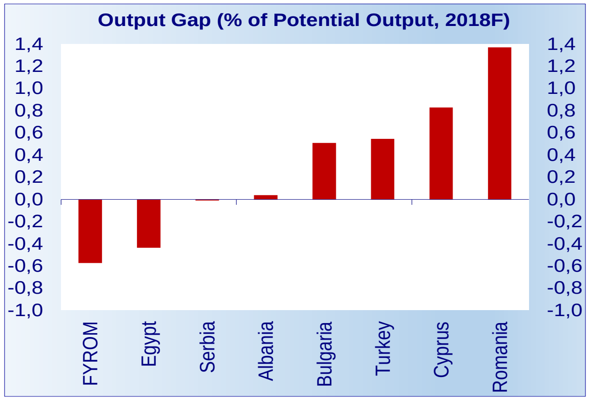


Bulgaria

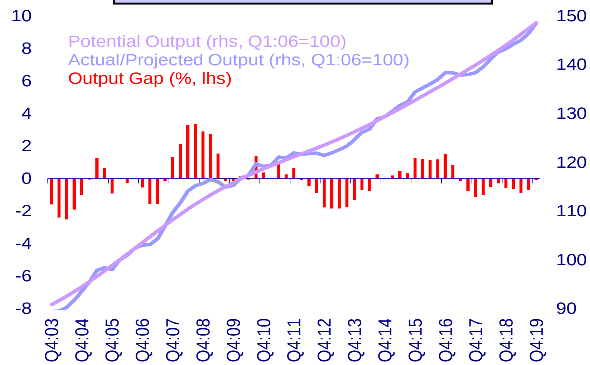


Serbia

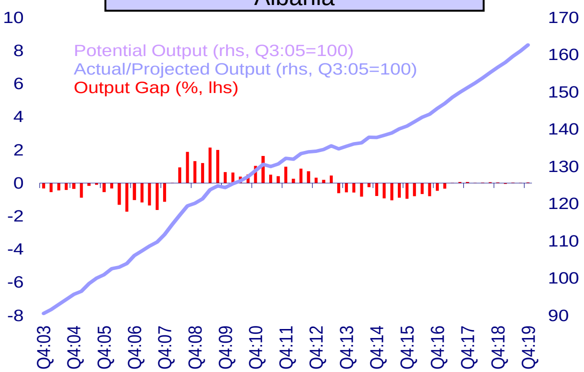




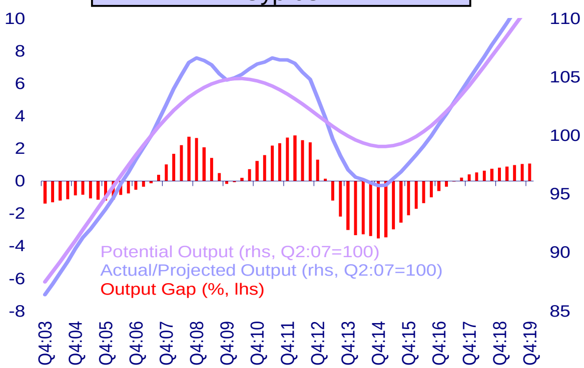
FYROM



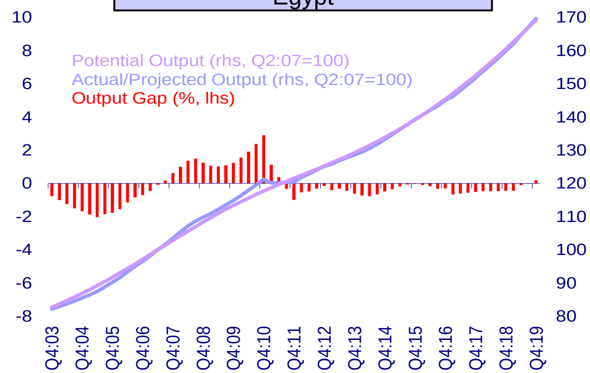
Albania



Cyprus

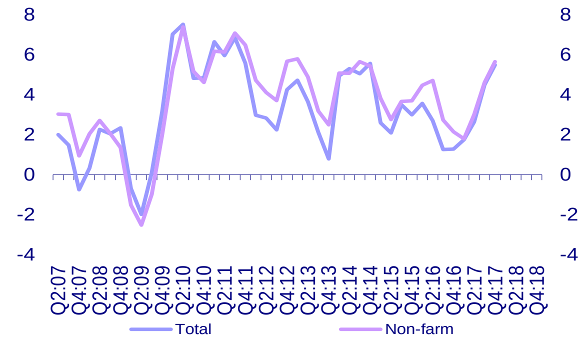


Egypt

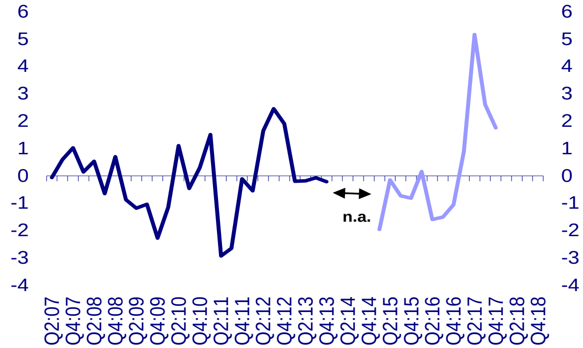


Employment in most countries under review should be supported by buoyant economic activity this year

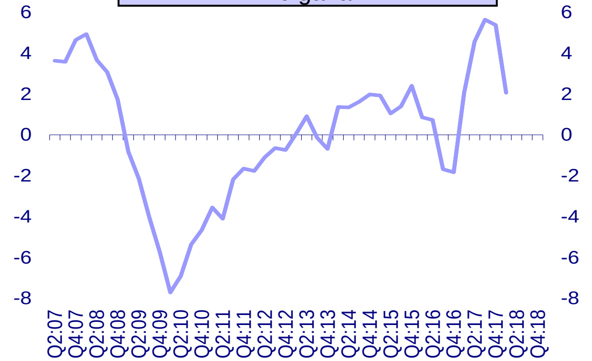
Turkey



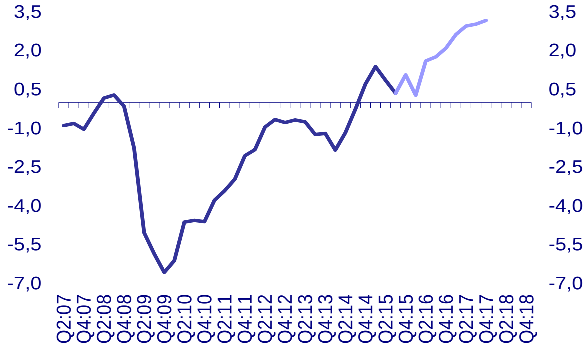
Romania

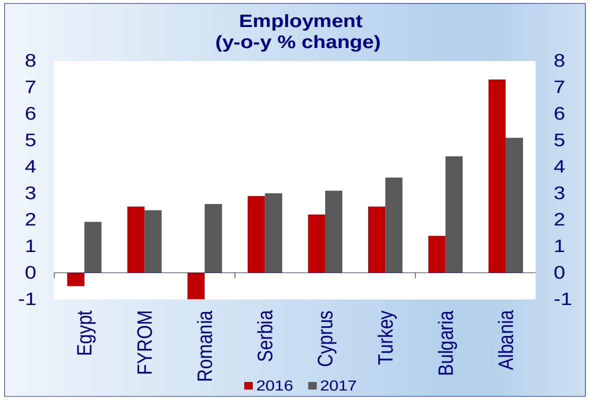


Bulgaria

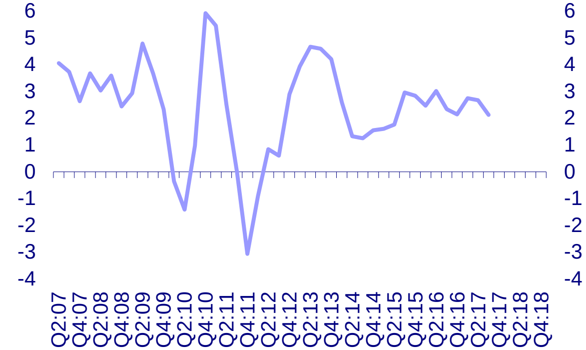


Serbia

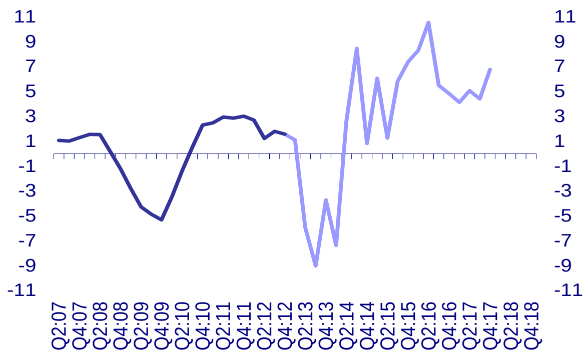




FYROM



Albania



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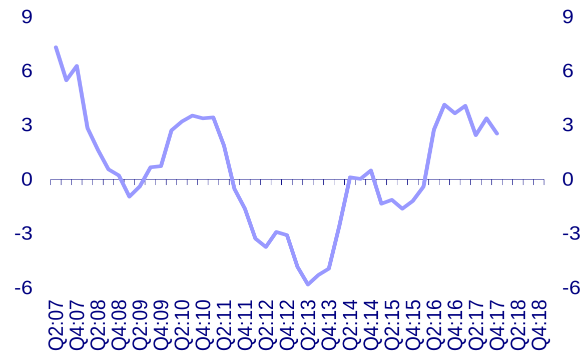
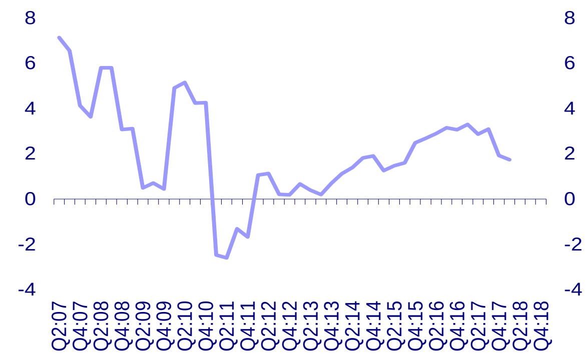
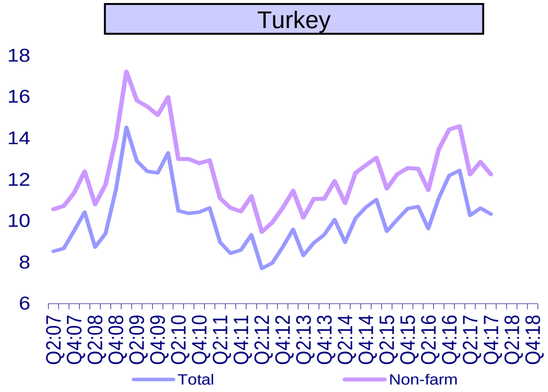
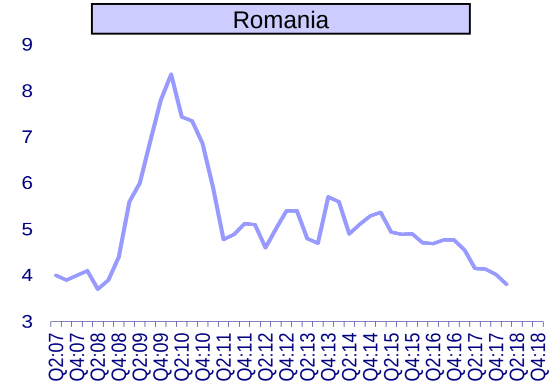


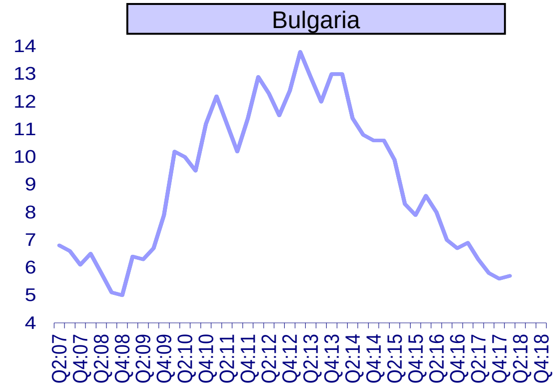
Egypt

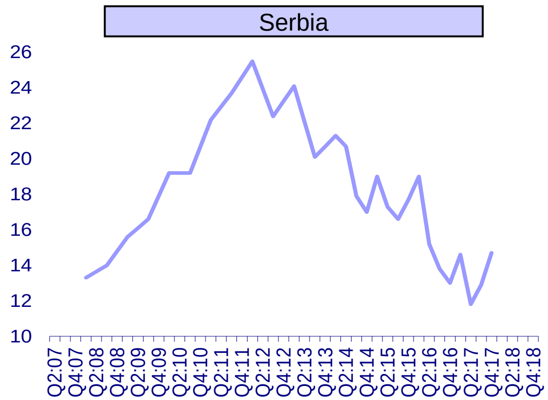


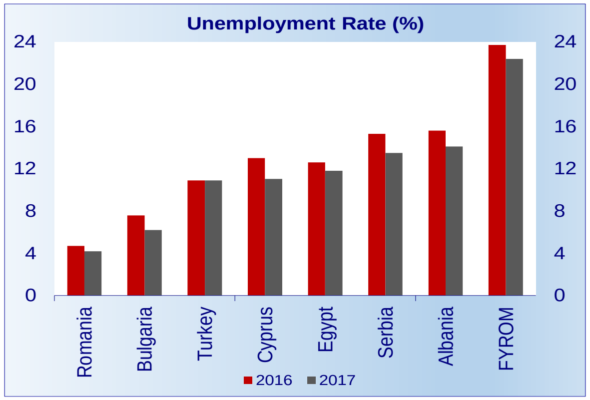
The unemployment rate should continue on its downward trend this year in all countries under review, with the exception of Turkey

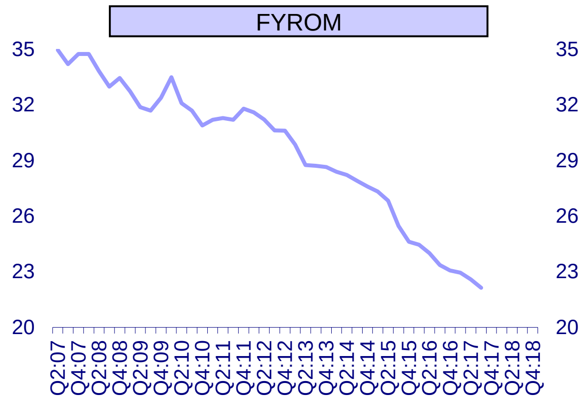


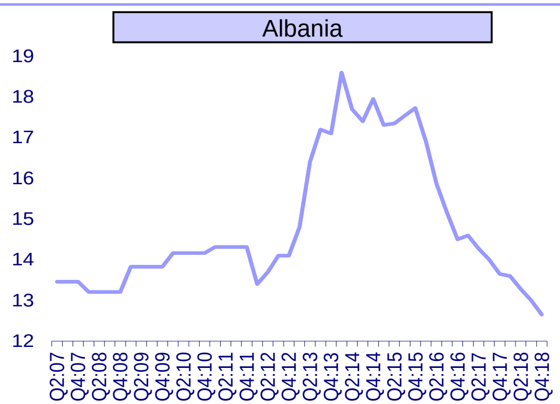


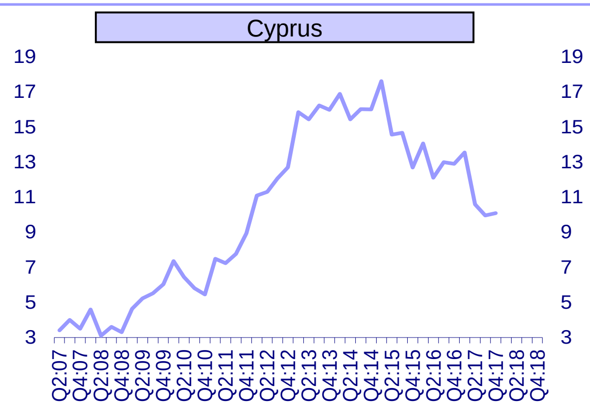


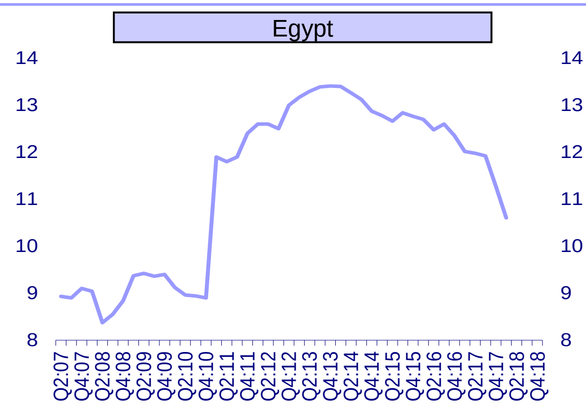




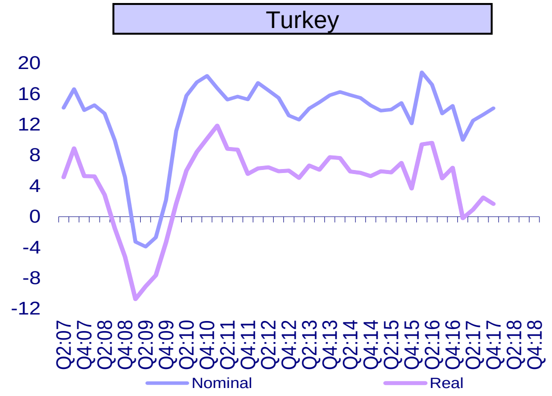


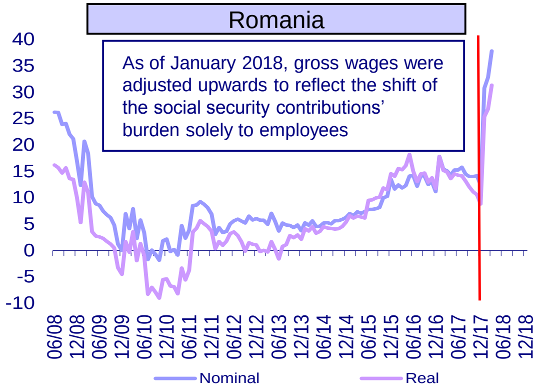


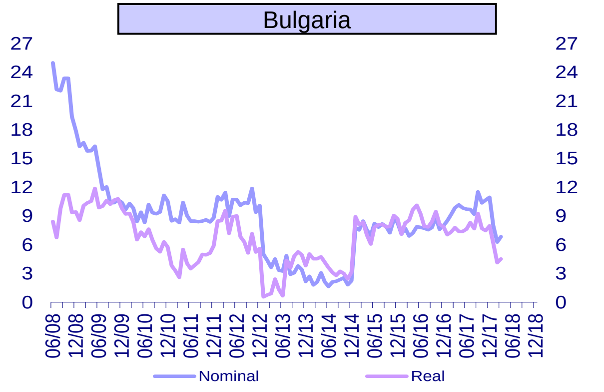


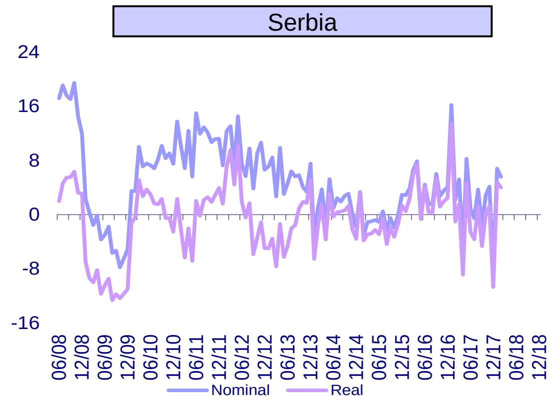


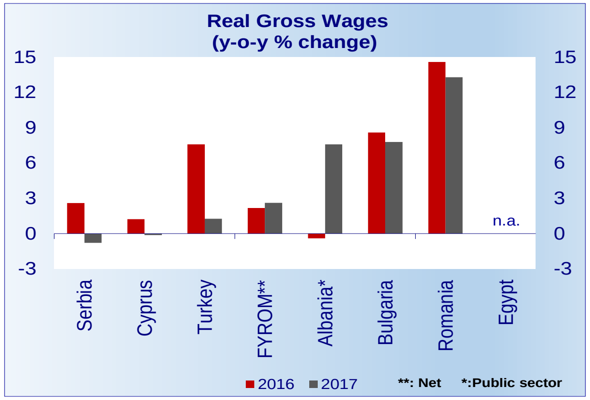
Real wages set to decelerate this year in most of the countries under review, due to rising inflation

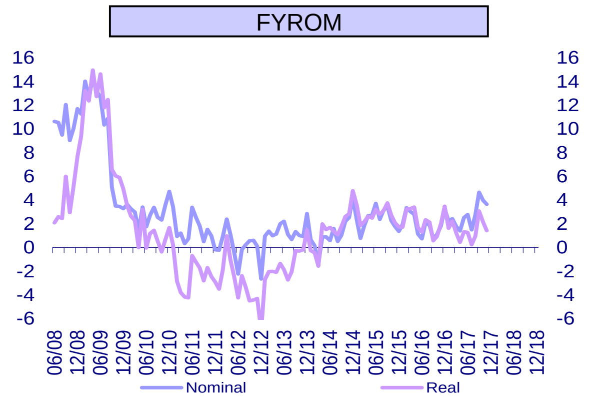


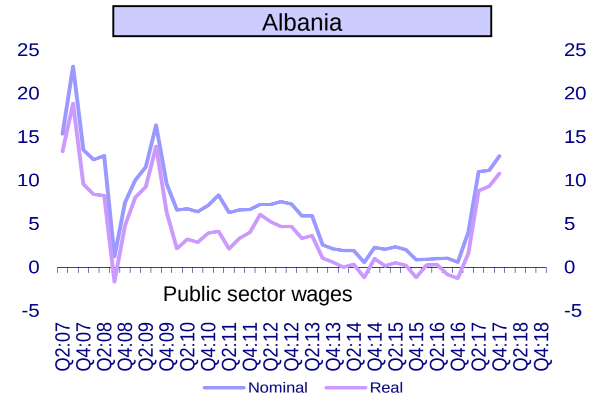


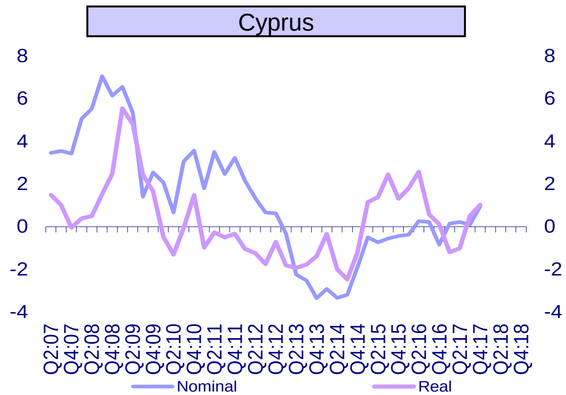


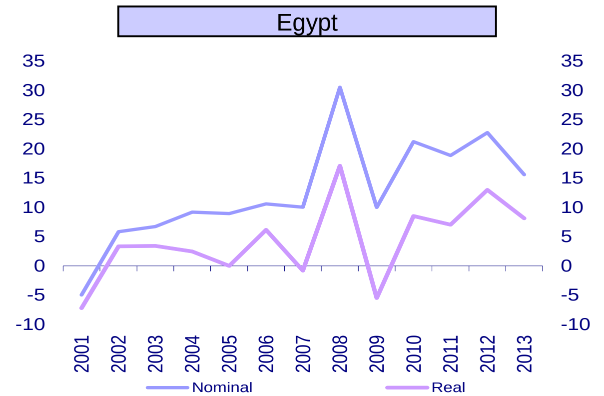








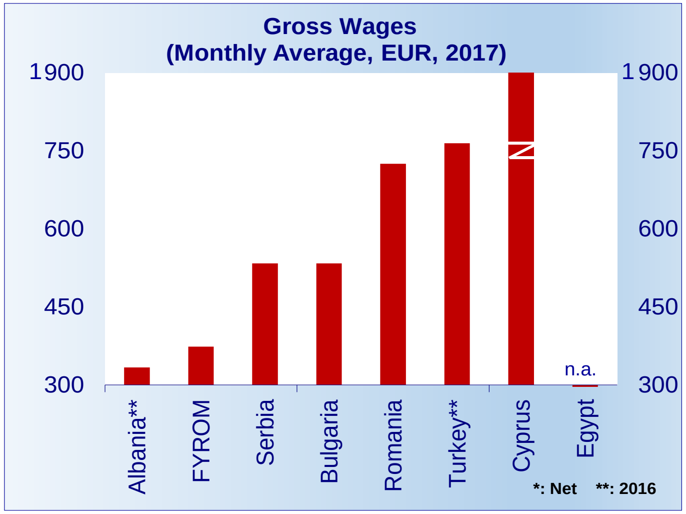




Nominal wages in EUR and tax rates

FYROM and Albania are the most competitive in terms of labour costs

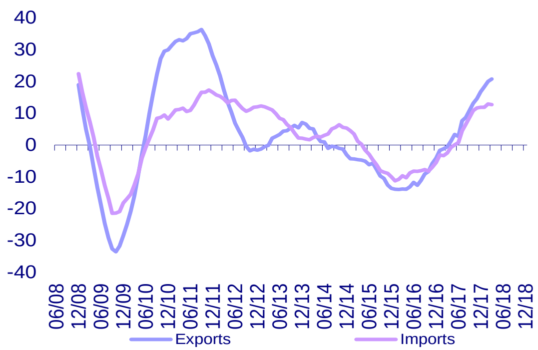
Bulgaria and FYROM have the most favourable personal and corporate income tax rates



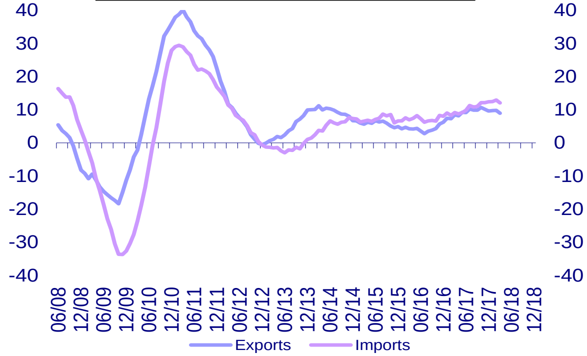
Tax Rates (%)		
	Personal Income	Corporate Income
Turkey	15.0 - 35.0	22.0
Romania	10.0	16.0
Bulgaria	10.0	10.0
Serbia	10.0	15.0
FYROM	10.0	10.0
Albania	13.0 - 23.0	15.0
Cyprus	20.0 - 35.0	12.5
Egypt	10.0 - 22.0	23.0
Greece	22.0 - 45.0	29.0

Buoyant exports in all the economies under review should sustain economic activity this year

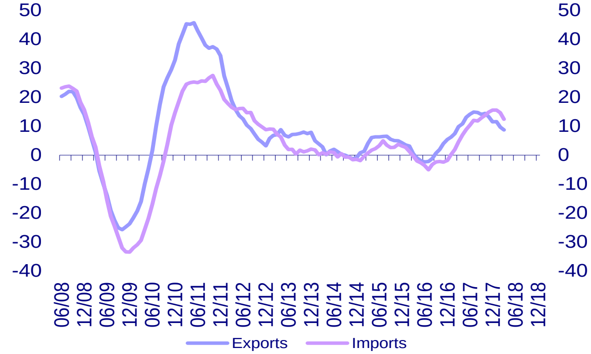
Turkey



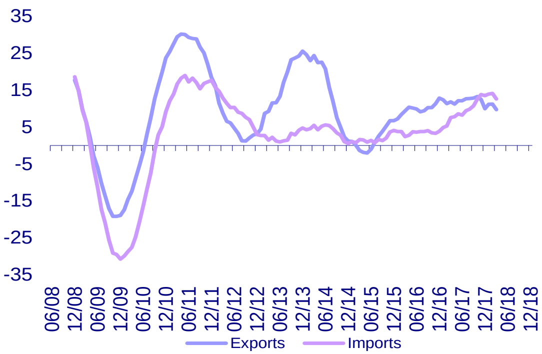
Romania

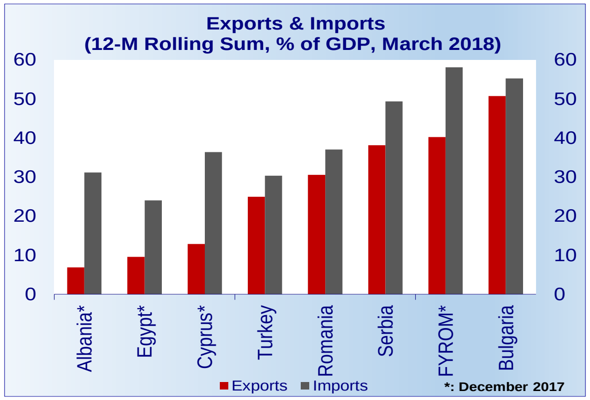


Bulgaria

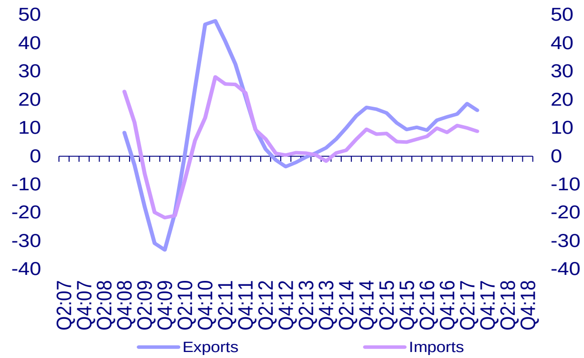


Serbia

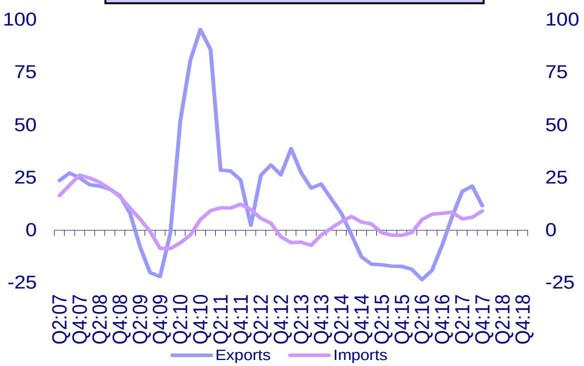




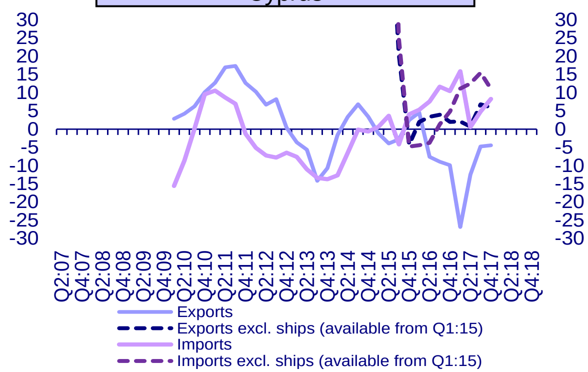
FYROM



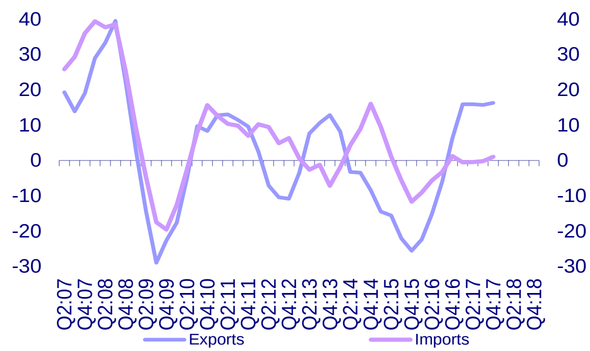
Albania



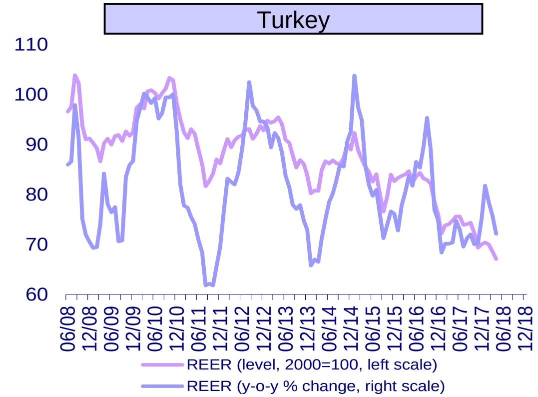
Cyprus

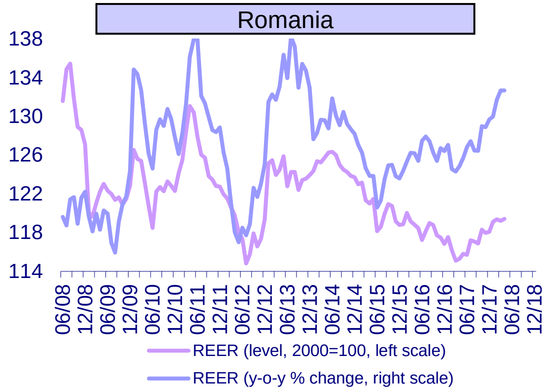


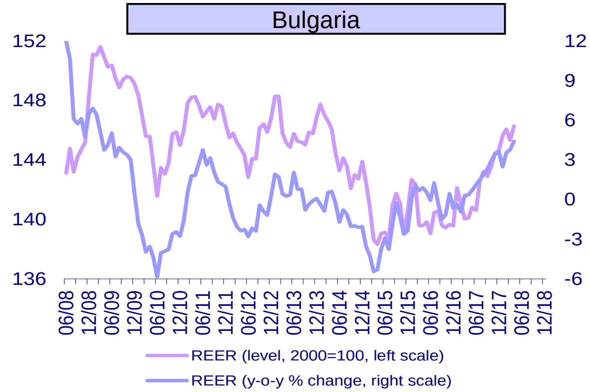
Egypt

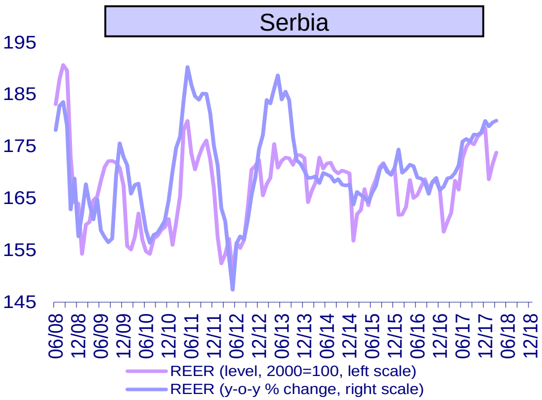


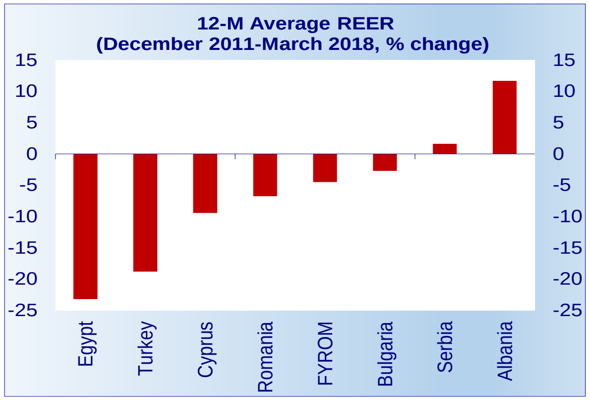
Competitiveness in all the countries under review has improved over the past 6 years, excluding Albania and Serbia

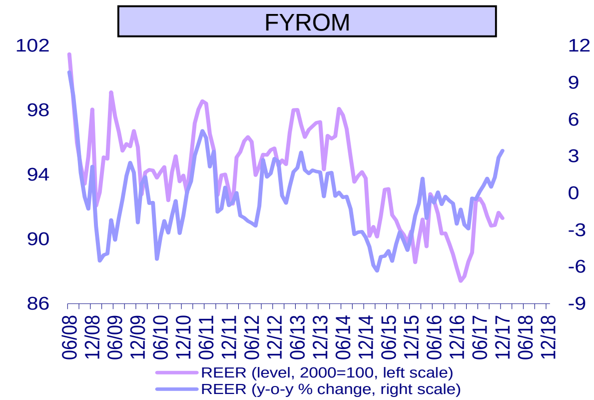


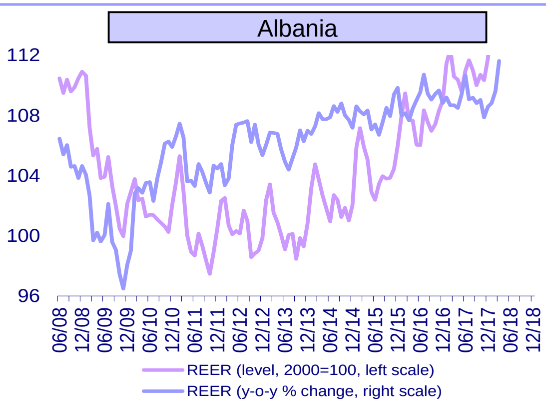


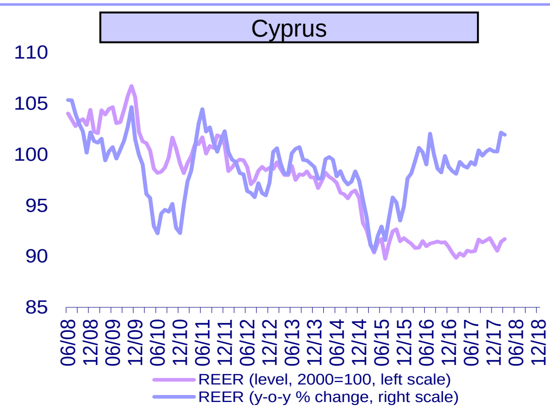


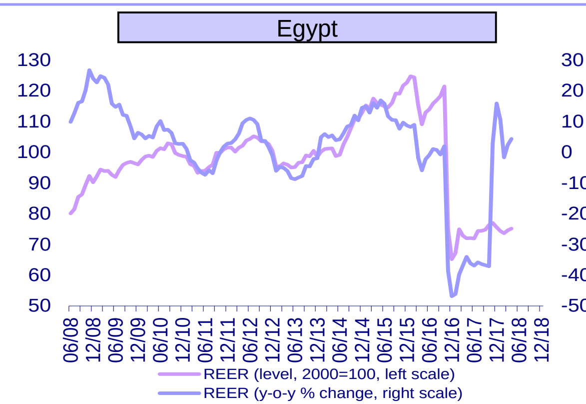










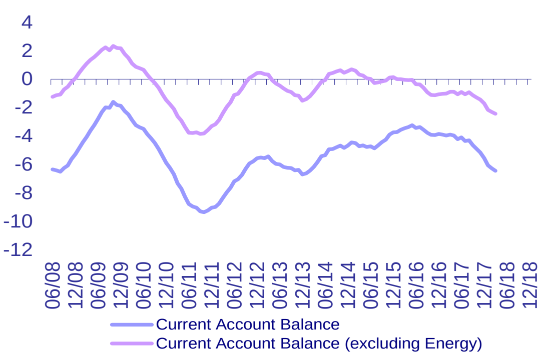


Current account balance (12-month rolling, % of GDP)

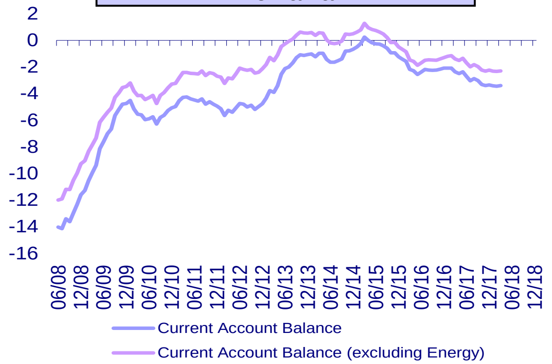
The current account deficit is set to remain at sustainable levels this year in most of the economies under review, on the back of strong external demand.

Bulgaria remains by far the best performer among the economies under review

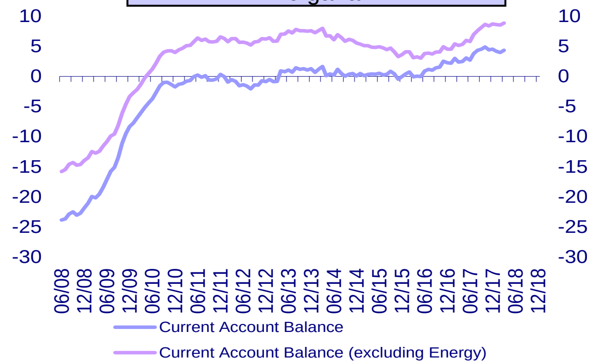
Turkey



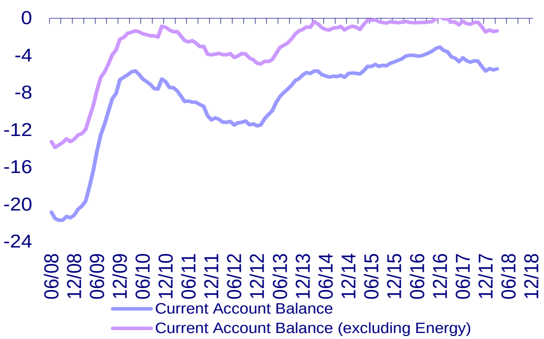
Romania

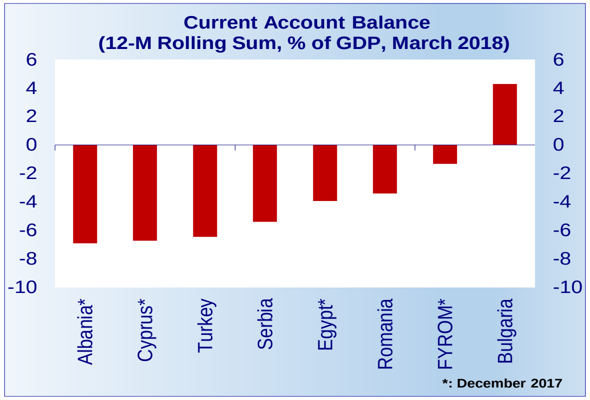


Bulgaria

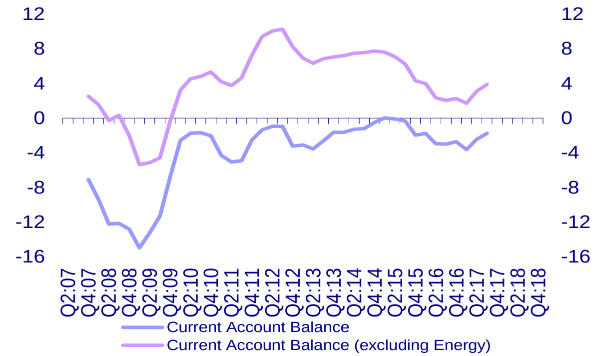


Serbia

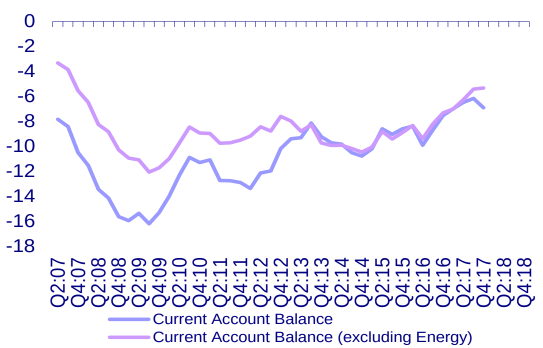




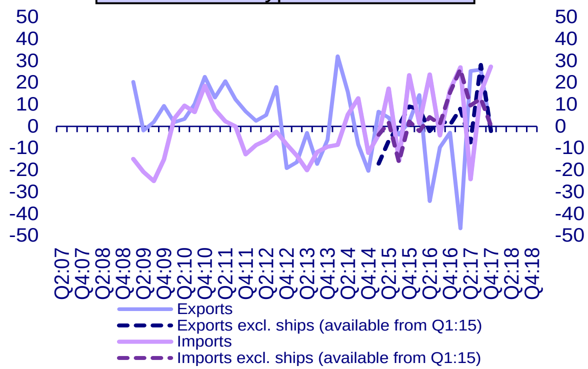
FYROM



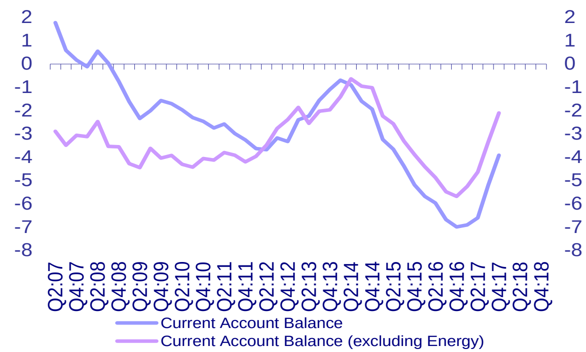
Albania



Cyprus



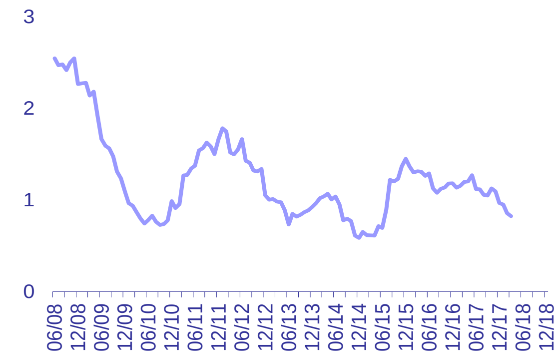
Egypt



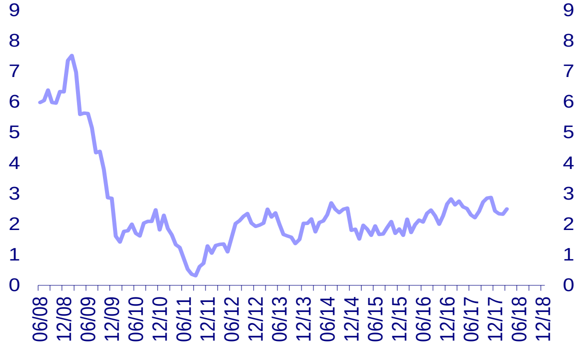
Net foreign direct investments (12-month rolling, % of GDP)

Net FDI remains close to historically low levels in most of the countries under review.
In Albania, net FDI continues to fluctuate around 8% of GDP for a 10th consecutive year, mainly on the back of large investments in energy projects

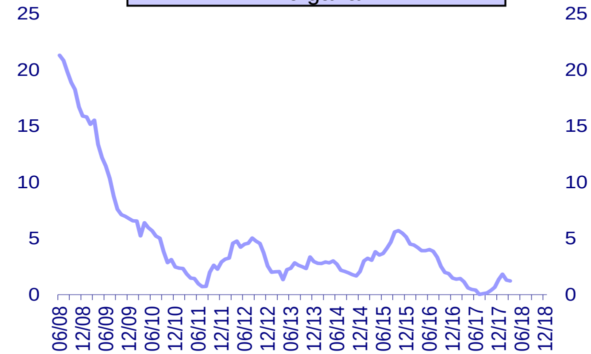
Turkey



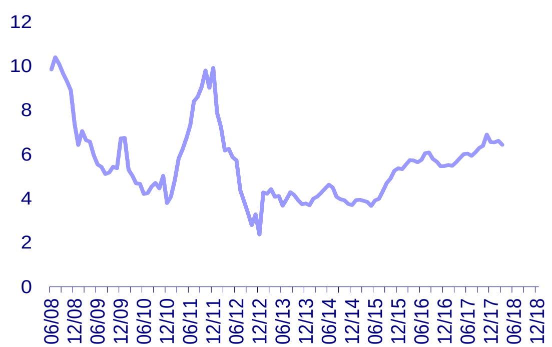
Romania

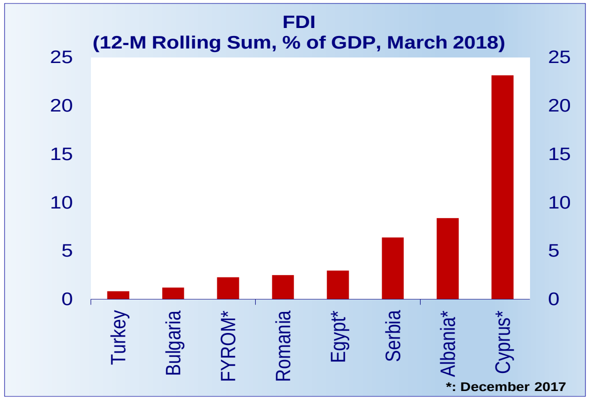


Bulgaria

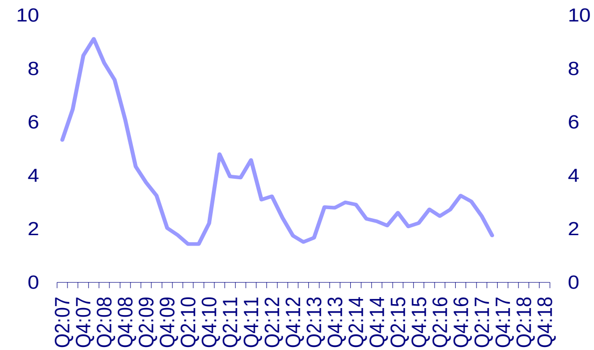


Serbia

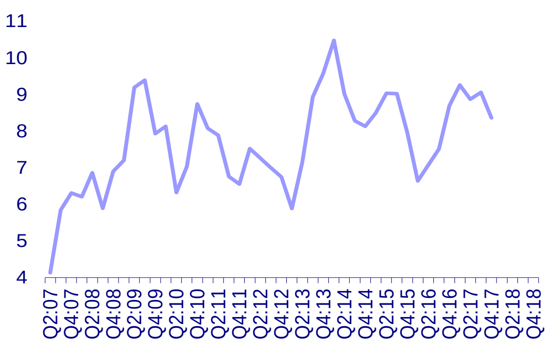




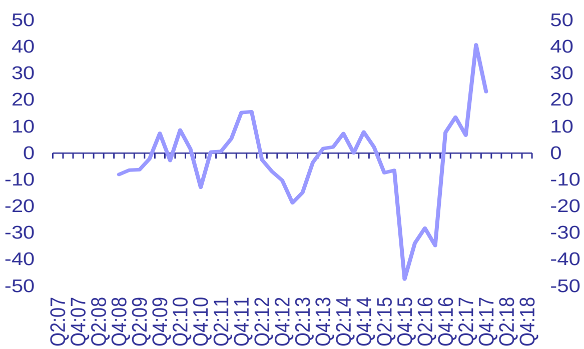
FYROM



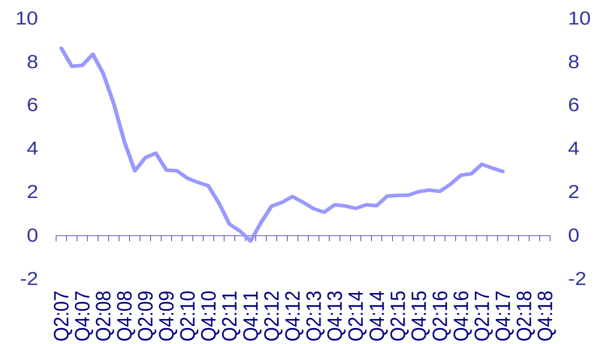
Albania



Cyprus

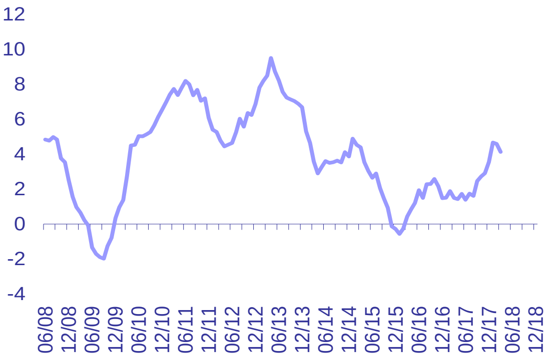


Egypt

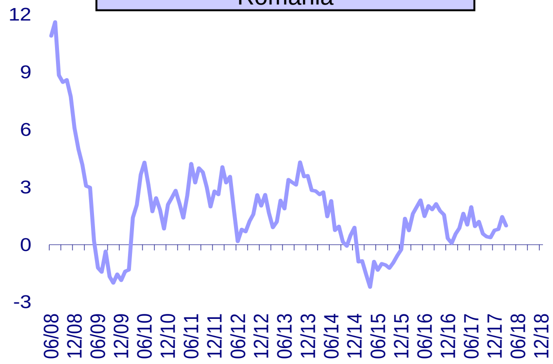


Other net capital inflows to slow in most of the countries under review this year, due to tighter global liquidity conditions

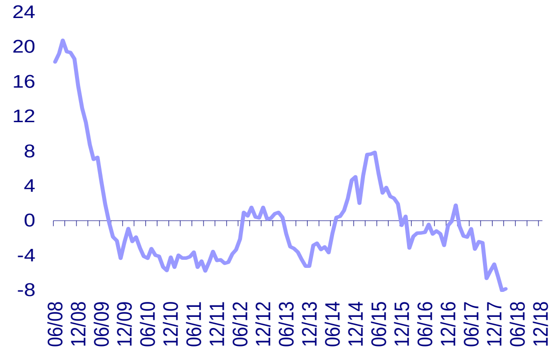
Turkey



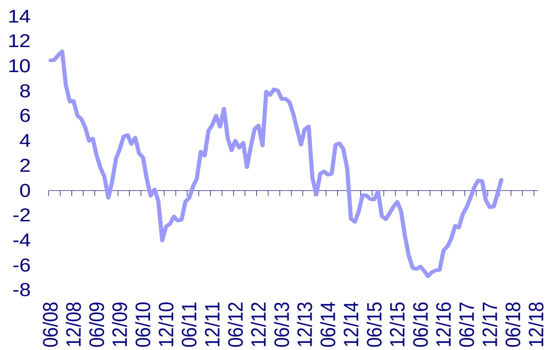
Romania

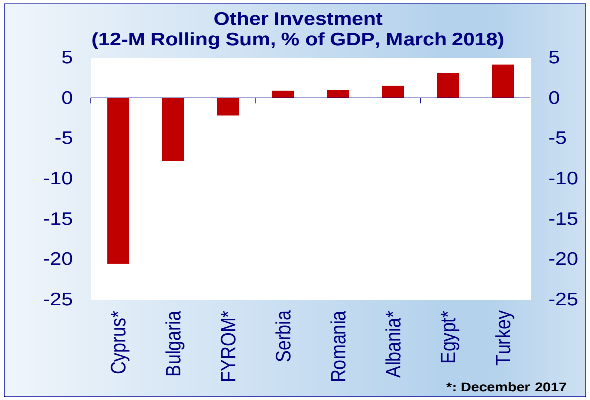


Bulgaria

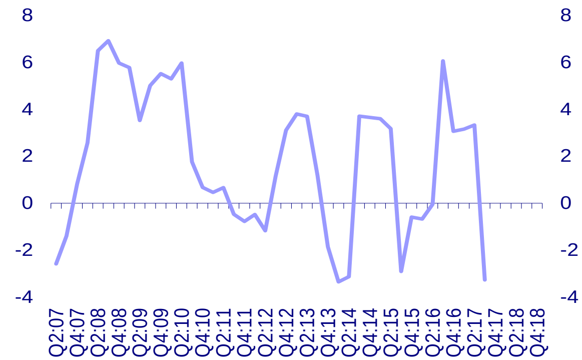


Serbia

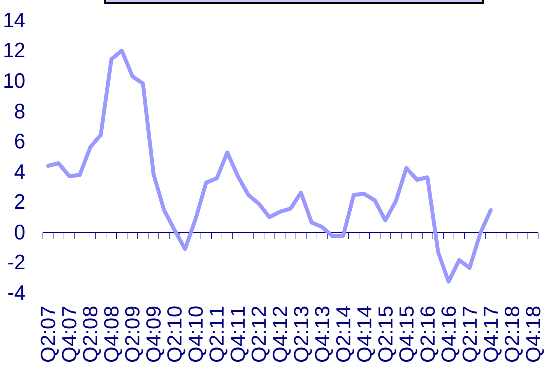




FYROM



Albania



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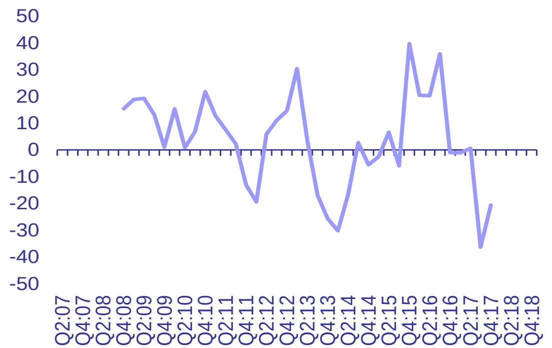
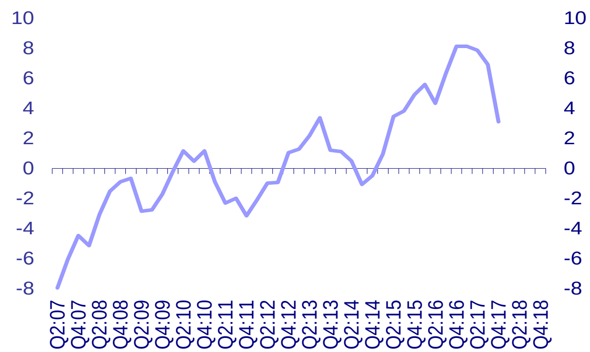
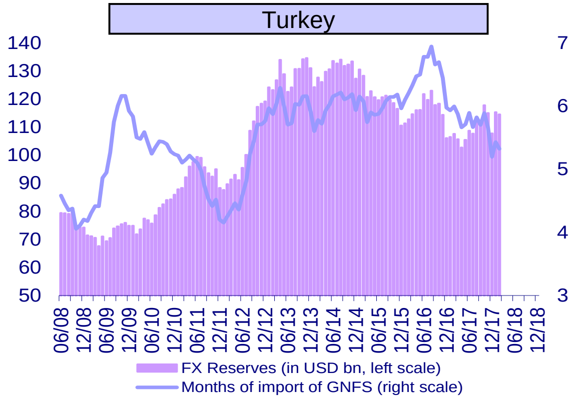
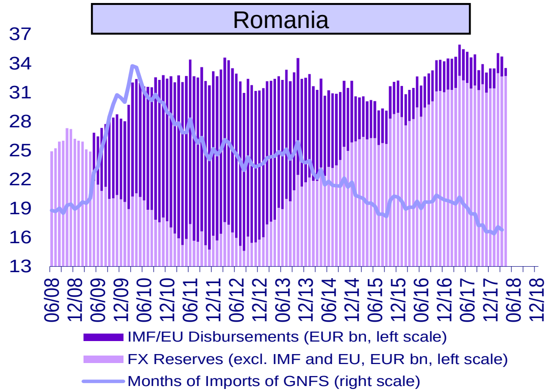


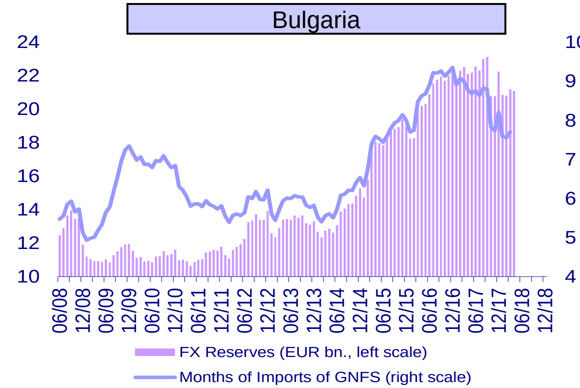
Egypt

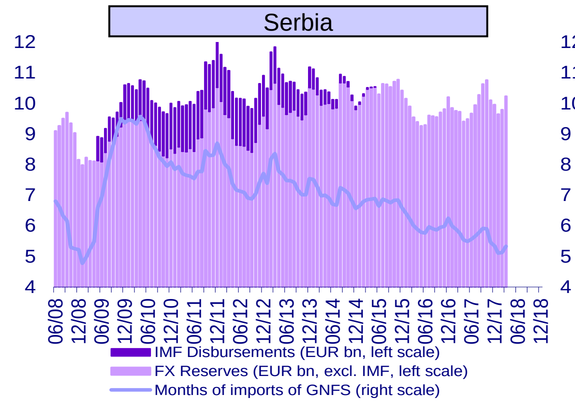


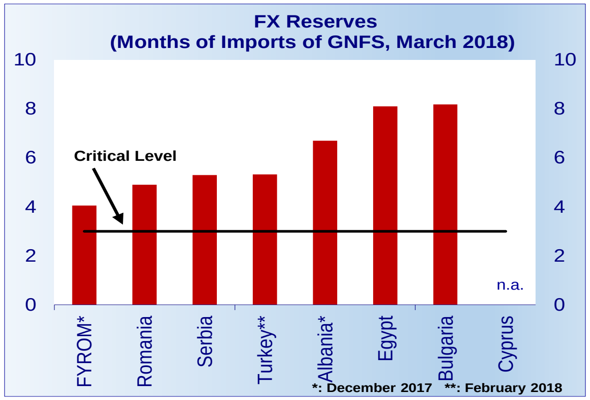
In all countries under review, import coverage largely surpasses the critical level of 3 months

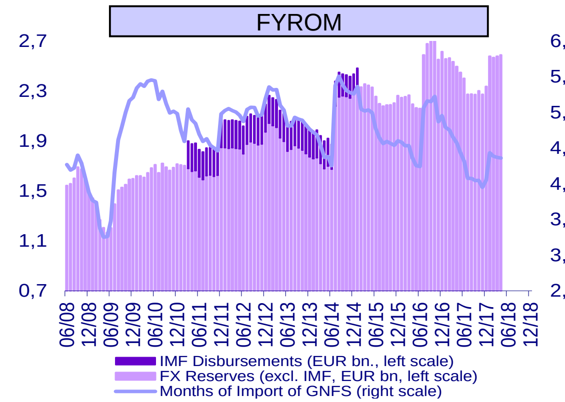


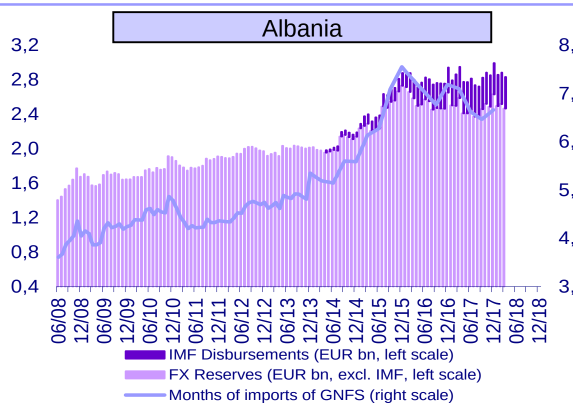


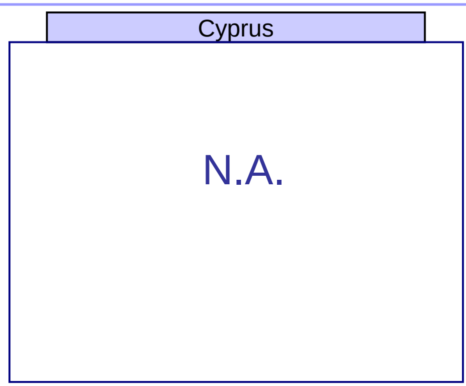


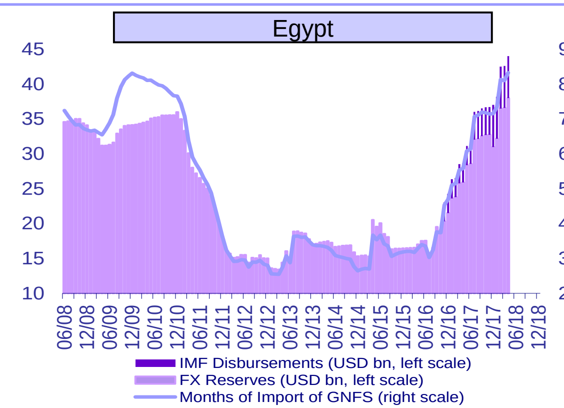








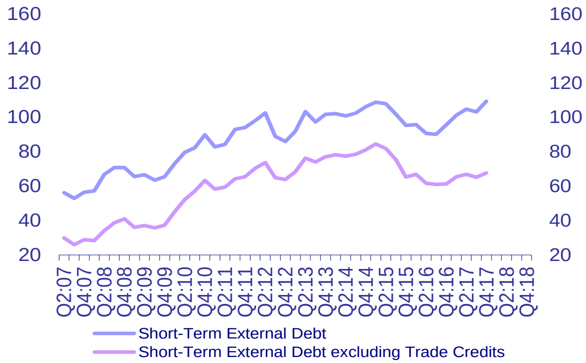




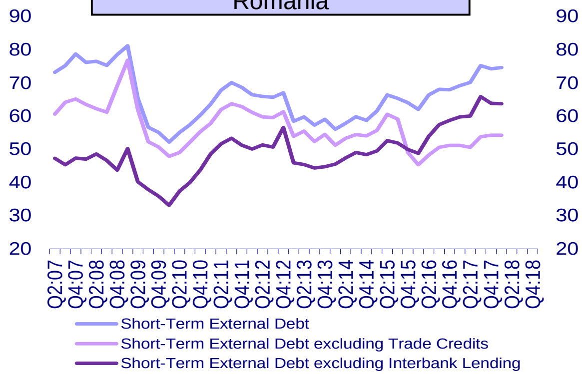
Short-term external debt-to-Foreign exchange reserves ratio (%)

Short-term external debt is comfortably covered by FX reserves in all countries under review, with the exception of Turkey

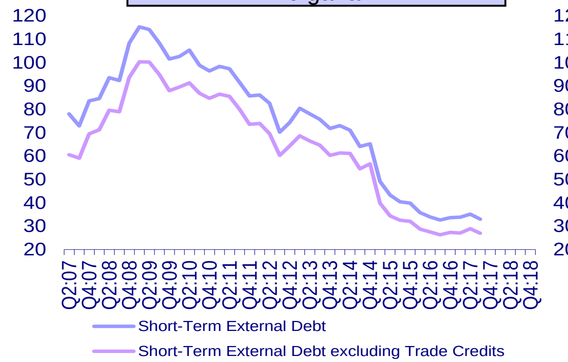
Turkey



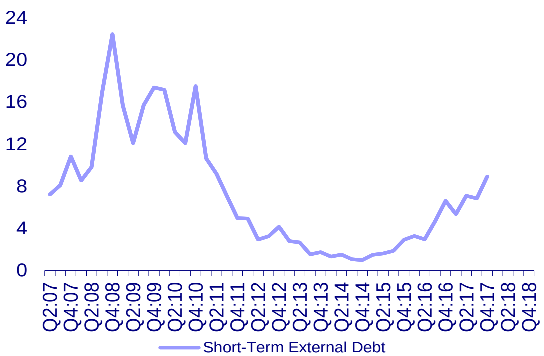
Romania



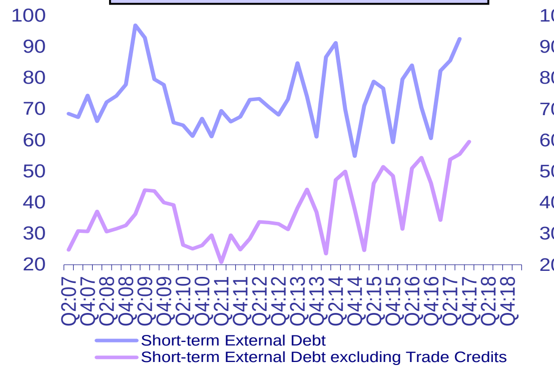
Bulgaria



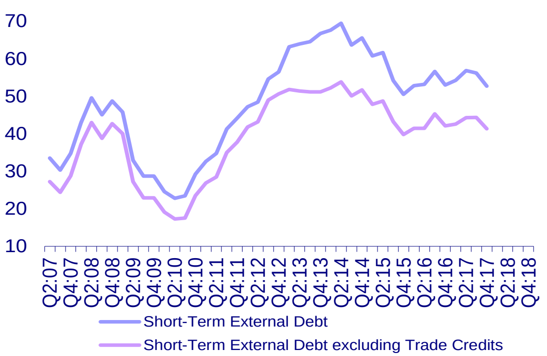
Serbia



FYROM



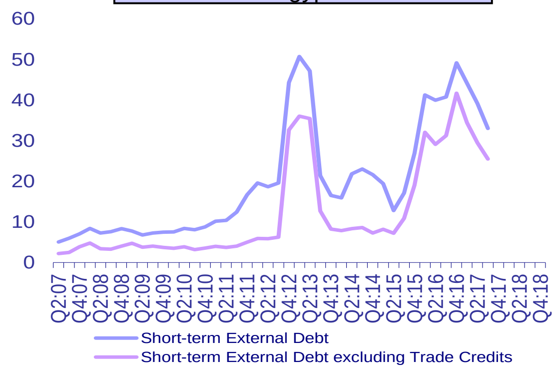
Albania



Cyprus

N.A.

Egypt



Balance of payments (12-month rolling, % of GDP)

The current account deficit is expected to widen further this year in Turkey, Romania and FYROM.
More than half of it should be covered by non-debt generating FDI in Romania, while the bulk of it will rely on volatile portfolio inflows in Turkey

Turkey	Dec. 16	Dec.17	Mar. 17	Mar. 18	Dec. 18F
Current account balance	-3.8	-5.6	-3.9	-6.4	-5.8
Net FDI	1.2	1.0	1.2	0.8	1.0
Other net capital inflows *	1.5	3.5	1.5	4.1	4.8

Romania	Dec. 16	Dec.17	Mar. 17	Mar. 18	Dec. 18F
Current account balance	-2.1	-3.3	-2.4	-3.4	-4.1
Net FDI	2.7	2.4	2.7	2.5	2.5
Other net capital inflows *	0.3	1.4	0.9	1.6	1.8

Bulgaria	Dec. 16	Dec.17	Mar. 17	Mar. 18	Dec. 18F
Current account balance	2.3	4.5	2.4	4.3	3.1
Net FDI	1.5	1.4	1.2	1.2	1.5
Other net capital inflows *	-0.6	-5.0	-0.6	-7.8	-0.8

Serbia	Dec. 16	Dec.17	Mar. 17	Mar. 18	Dec. 18F
Current account balance	-3.1	-5.7	-4.2	-5.4	-4.9
Net FDI	5.5	6.6	5.6	6.4	6.1
Other net capital inflows *	-4.8	-1.3	-2.8	0.9	-1.2

FYROM	Dec. 16	Dec.17	Mar. 17	Mar. 18	Dec. 18F
Current account balance	-2.7	-1.3	- - -	- - -	-1.8
Net FDI	3.3	2.3	- - -	- - -	2.8
Other net capital inflows *	3.1	-2.2	- - -	- - -	3.0

Albania	Dec. 16	Dec.17	Mar. 17	Mar. 18	Dec. 18F
Current account balance	-7.5	-6.9	- - -	- - -	-6.4
Net FDI	8.7	8.4	- - -	- - -	7.6
Other net capital inflows *	-3.3	1.5	- - -	- - -	2.9

Cyprus	Dec. 16	Dec.17	Mar. 17	Mar. 18	Dec. 18F
Current account balance	-4.9	-6.7	- - -	- - -	-4.2
Net FDI	7.8	23.1	- - -	- - -	6.3
Other net capital inflows *	-0.9	-20.6	- - -	- - -	-2.1

Egypt #	June 16	June 17	Dec. 16	Dec. 17	June 18F
Current account balance	-6.0	-6.6	-7.0	-3.9	-3.4
Net FDI	2.0	3.3	2.8	3.0	3.5
Other net capital inflows *	5.6	7.8	10.3	2.7	2.7

*: excluding IMF and ESM funding and net errors and omissions, #: Fiscal year ending on June 30th

Among the countries under review, only Romania is expected to resort to FX reserves this year to fill the financing gap

Turkey (USD bn)	2017	2018F	2019F
Financing Needs	215.4	231.1	245.8
Cur. Acct Deficit	47.4	51.1	53.8
Amort. + Other	168.0	180.0	192.0
Financing Sources	217.0	231.1	245.8
FDI	8.2	8.8	8.6
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	208.8	222.3	237.2
Change in FX Res.	1.6	0.0	0.0

Romania (EUR bn)	2017	2018F	2019F
Financing Needs	37.9	41.9	42.3
Cur. Acct Deficit	6.3	8.2	9.6
Amort. + Other	31.6	33.7	32.7
Financing Sources	37.2	42.9	43.5
FDI	4.6	5.0	5.5
IMF	0.0	0.0	0.0
Other IFIs	-0.7	-1.4	-1.0
Other	33.3	39.3	39.0
Change in FX Res.	-0.7	-1.0	-1.2

Bulgaria (EUR bn)	2017	2018F	2019F
Financing Needs	10.3	9.4	10.5
Cur. Acct Deficit	-2.3	-1.7	-1.0
Amort. + Other	12.6	11.1	11.5
Financing Sources	10.1	11.4	12.3
FDI	0.7	0.8	0.9
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	9.4	10.6	11.4
Change in FX Res.	-0.2	2.0	1.8

Serbia (EUR bn)	2017	2018F	2019F
Financing Needs	6.8	6.2	5.4
Cur. Acct Deficit	2.1	2.0	2.0
Amort. + Other	4.8	4.2	3.4
Financing Sources	6.6	6.2	5.7
FDI	2.4	2.4	2.5
IMF	0.0	0.0	0.0
Other IFIs	0.0	0.0	0.0
Other	4.2	3.7	3.2
Change in FX Res.	-0.2	0.0	0.2

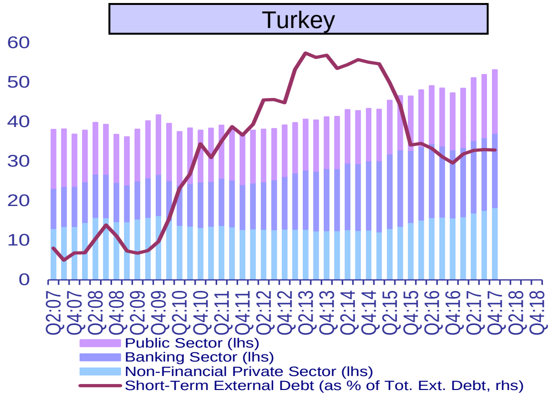
FYROM (EUR bn)	2017	2018F	2019F
Financing Needs	2.1	2.2	2.1
Cur. Acct Deficit	0.1	0.2	0.3
Amort. + Other	2.0	2.0	1.8
Financing Sources	1.8	2.6	2.3
FDI	0.2	0.3	0.3
IMF	0.0	0.0	0.0
Other IFIs	n.a.	n.a.	n.a.
Other	1.6	2.3	2.0
Change in FX Res.	-0.3	0.4	0.2

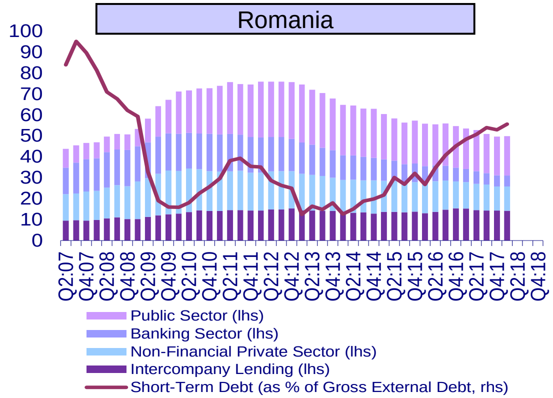
Albania (EUR bn)	2017	2018F	2019F
Financing Needs	1.0	1.0	0.9
Cur. Acct Deficit	0.8	0.8	0.7
Amort. + Other	0.2	0.2	0.2
Financing Sources	1.2	1.3	1.2
FDI	1.0	1.0	1.0
IMF	0.1	0.0	0.0
Other IFIs	0.2	0.1	0.0
Other	0.0	0.3	0.3
Change in FX Res.	0.1	0.3	0.3

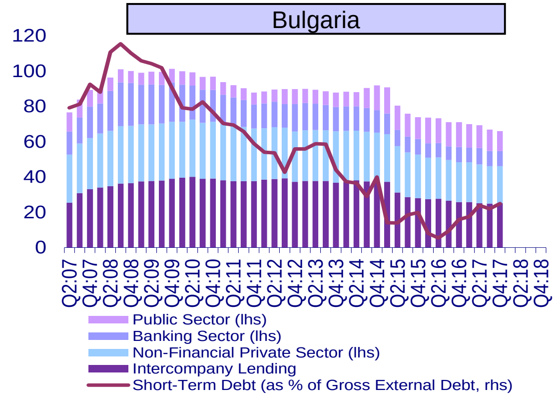
Cyprus (EUR bn)	2017	2018F	2019F
Financing Needs	45.8	47.4	49.2
Cur. Acct Deficit	1.3	0.8	0.9
Amort. + Other	44.5	46.6	48.3
Financing Sources	45.8	47.4	49.2
FDI	4.5	1.3	1.4
IMF	0.0	0.0	0.0
Other IFIs	0.0	0.0	0.0
Other	41.3	46.1	47.8
Change in FX Res.	0.0	0.0	0.0

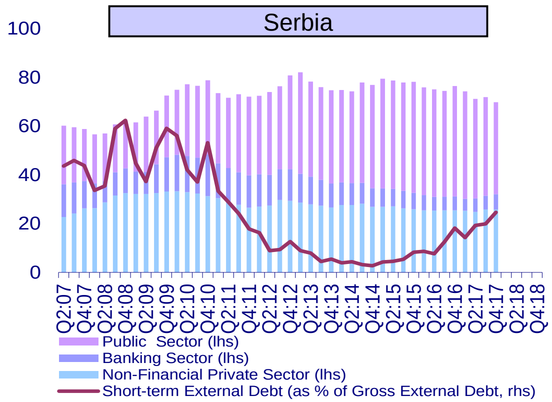
Egypt (USD bn)	16/17	17/18F	18/19F
Financing Needs	30.6	20.8	22.7
Cur. Acct Deficit	15.6	8.5	10.9
Amort. + Other	15.0	12.3	11.8
Financing Sources	44.4	33.0	23.7
FDI	7.7	8.8	9.6
IMF	2.7	5.2	4.1
Other IFIs	2.5	2.5	0.0
Other	31.5	16.5	10.0
Change in FX Res.	13.8	12.2	1.0

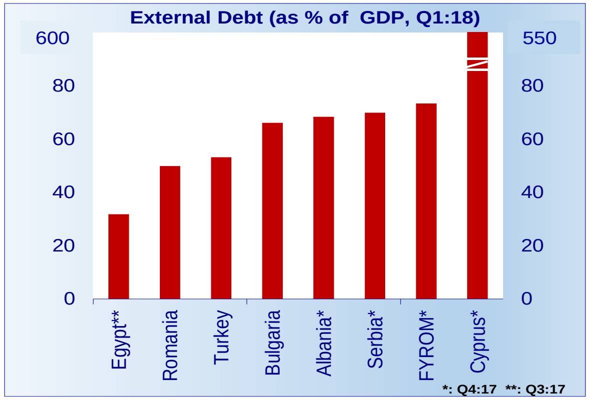
The external debt-to-GDP ratio does not exceed 80% in the countries under review, with the exception of Cyprus

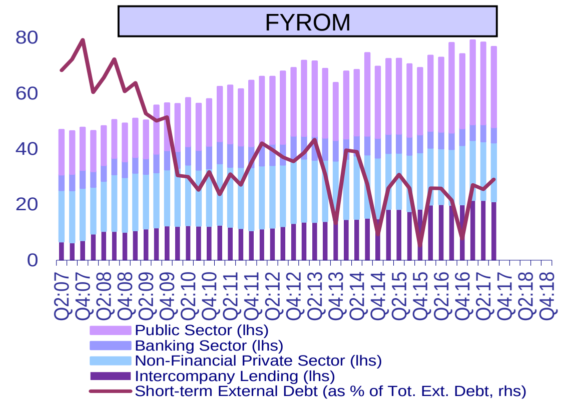


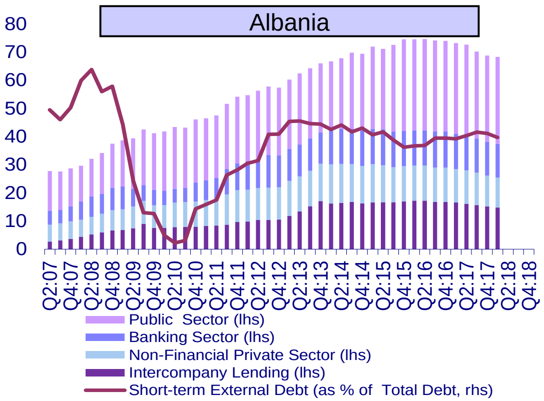


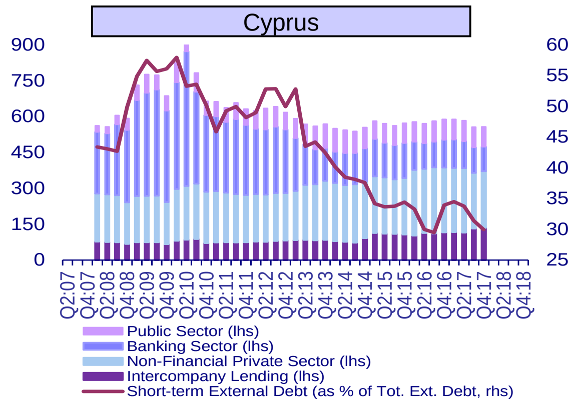


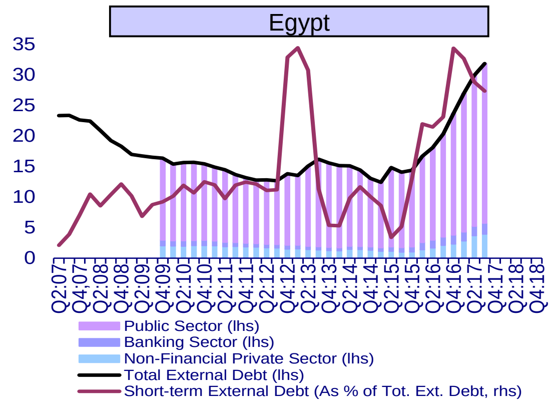




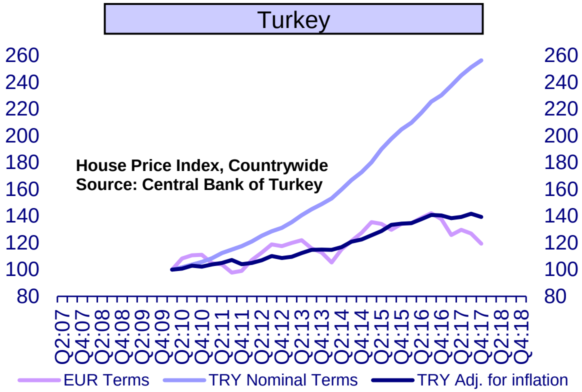


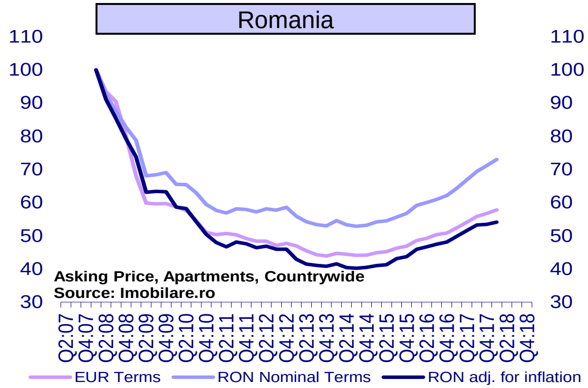


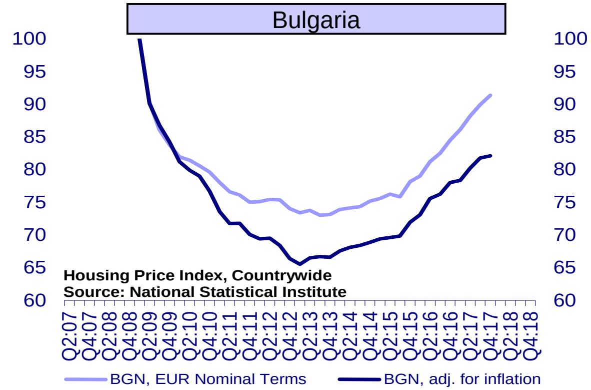


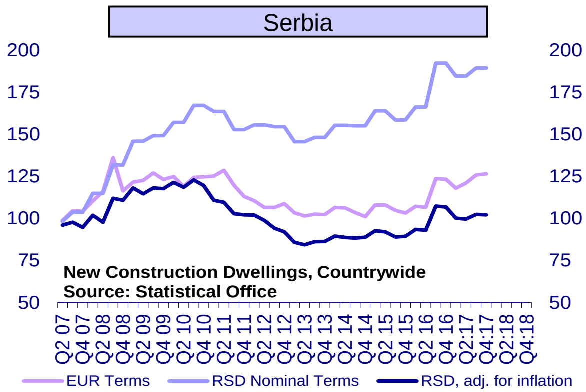


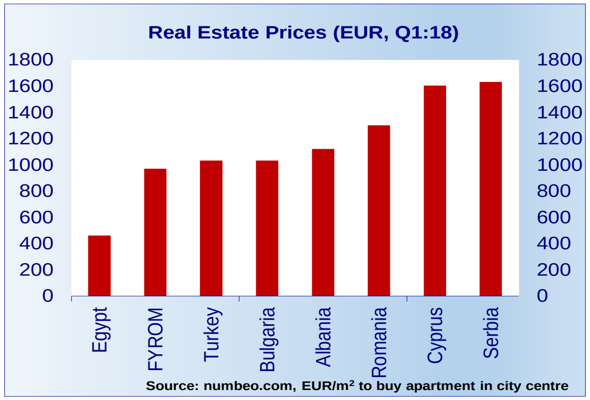
Real estate prices continued on an upward trend in Romania and Bulgaria in Q1:18, but remain well below their pre-crisis peak

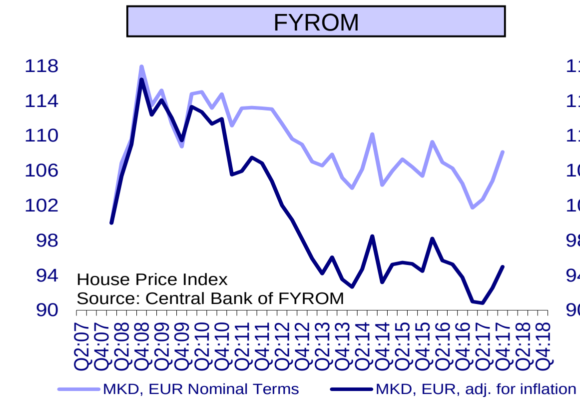


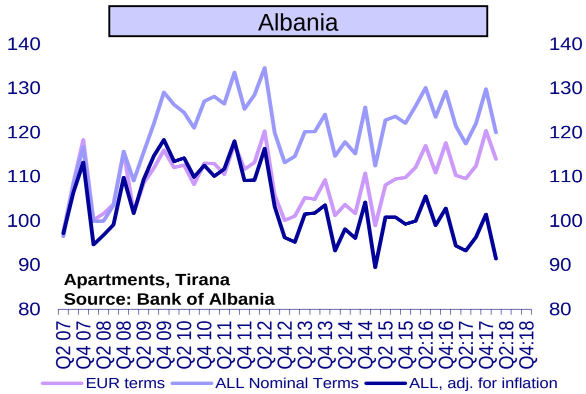


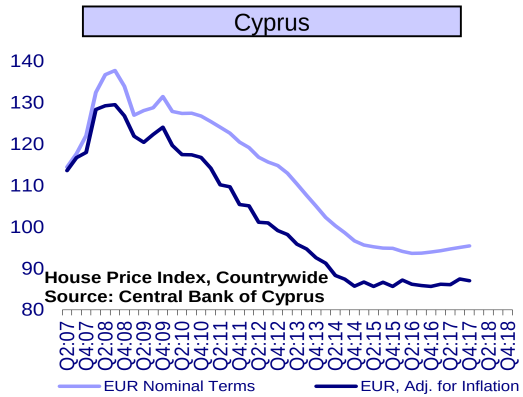










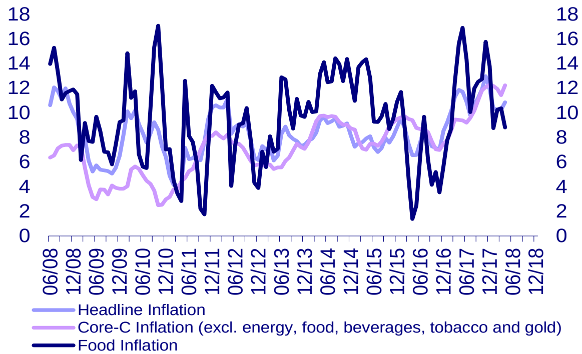


Egypt

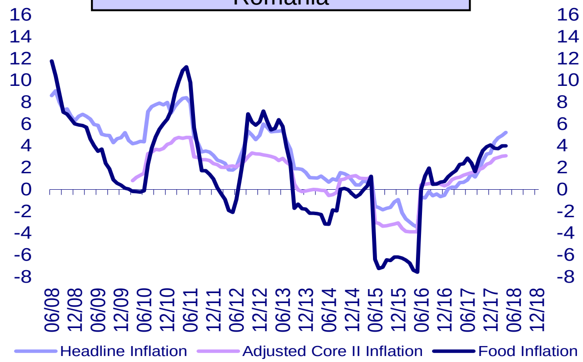
N.A.

Headline inflation to remain stubbornly high in Turkey and Egypt this year

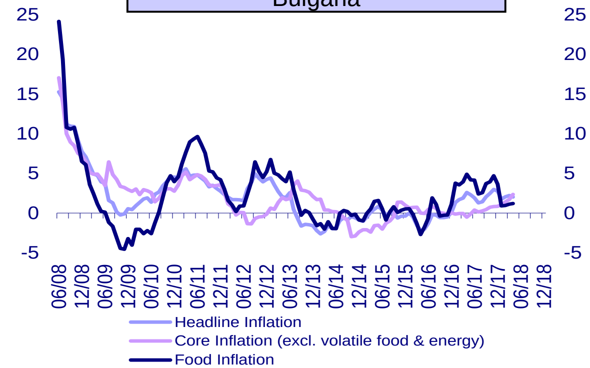
Turkey



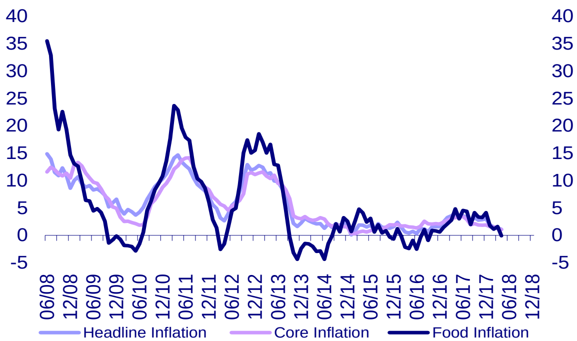
Romania



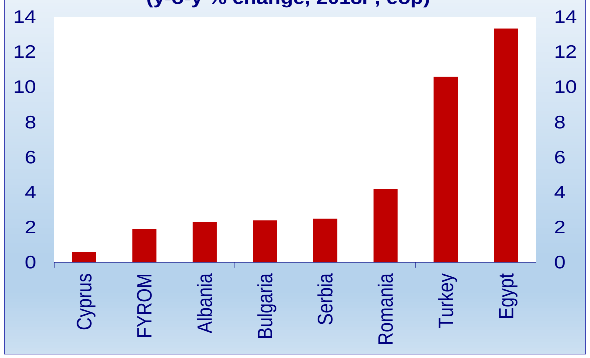
Bulgaria



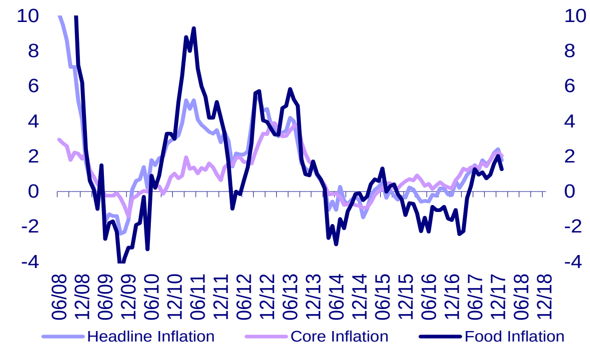
Serbia



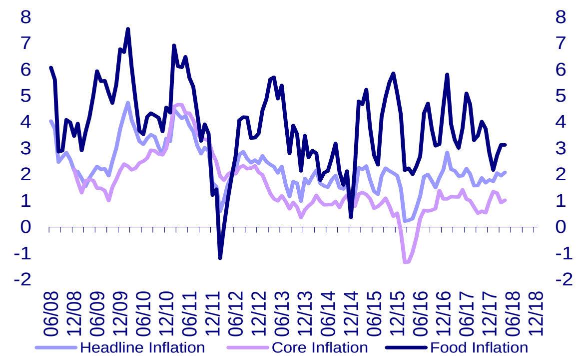
Headline Inflation (y-o-y % change, 2018F, eop)



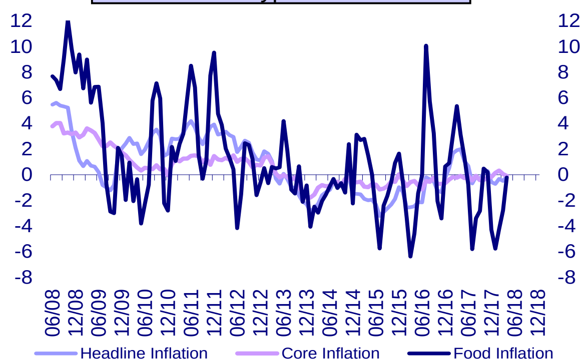
FYROM



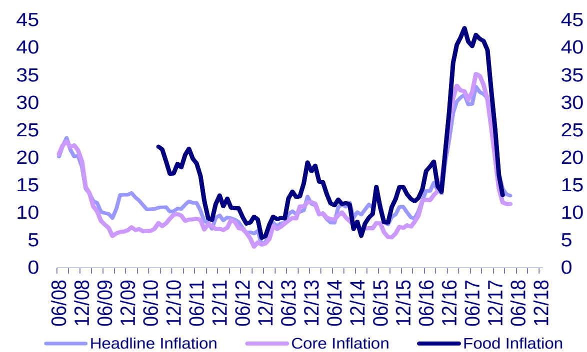
Albania



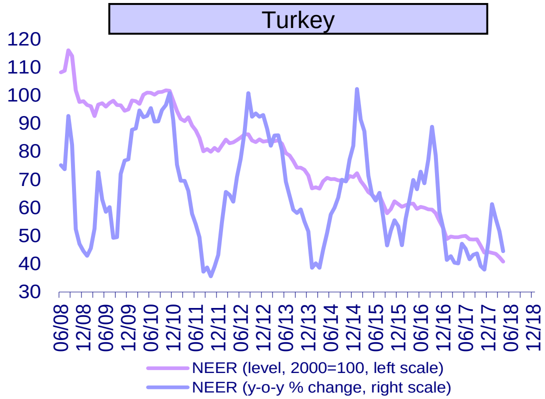
Cyprus

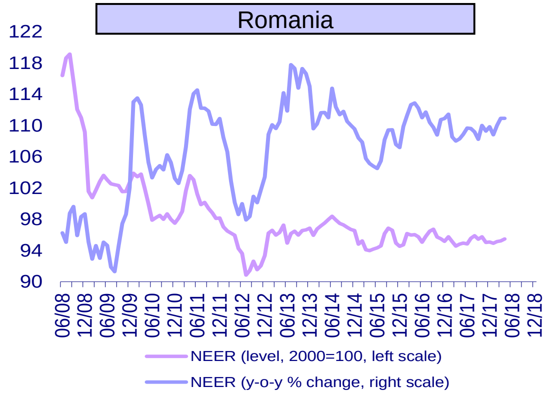


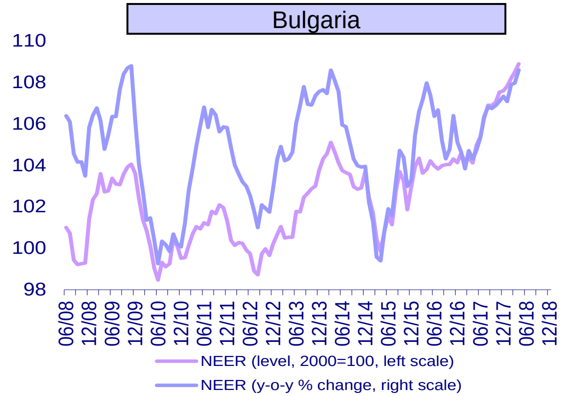
Egypt

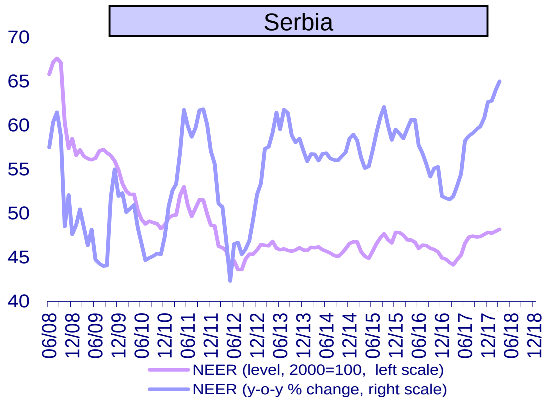


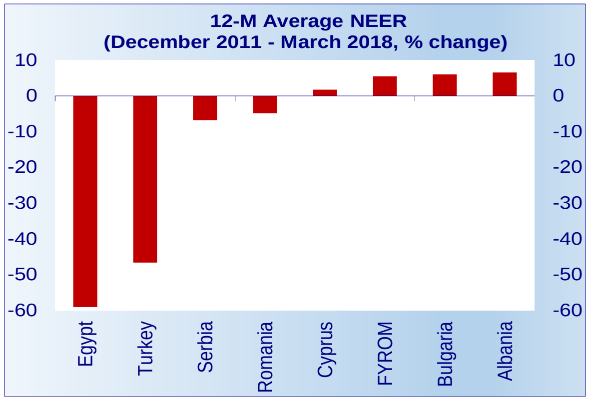
The EGP and TRY have depreciated significantly in nominal terms over the past 6 years

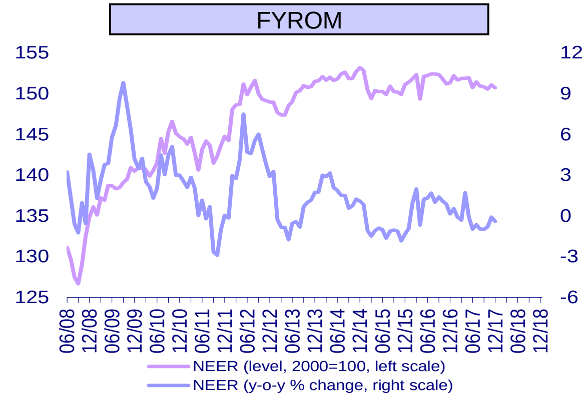


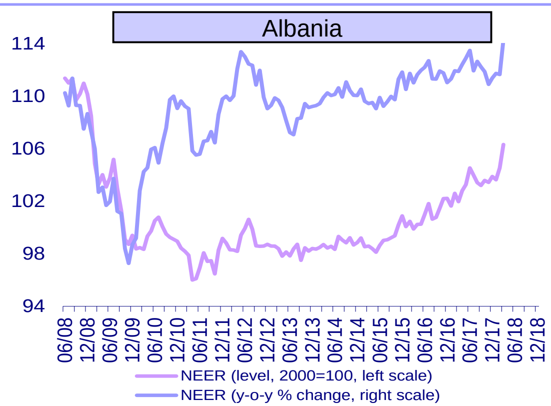


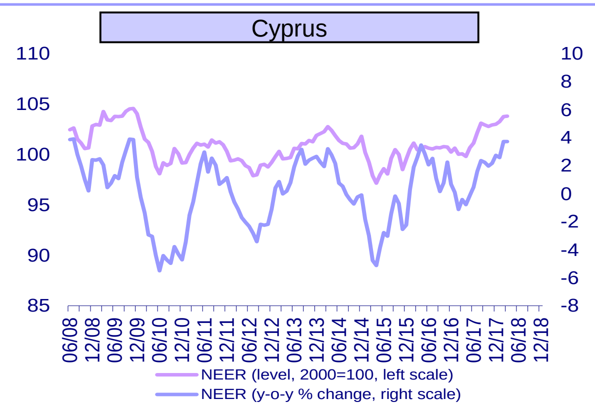


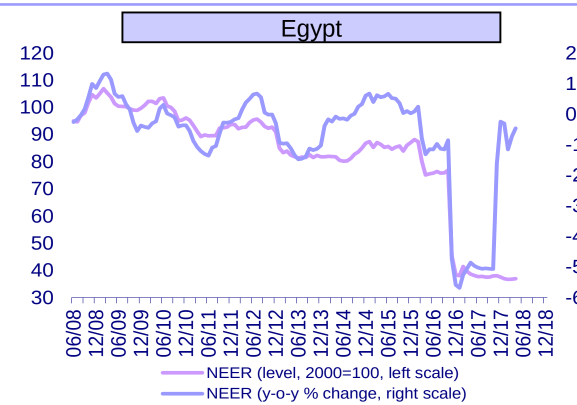




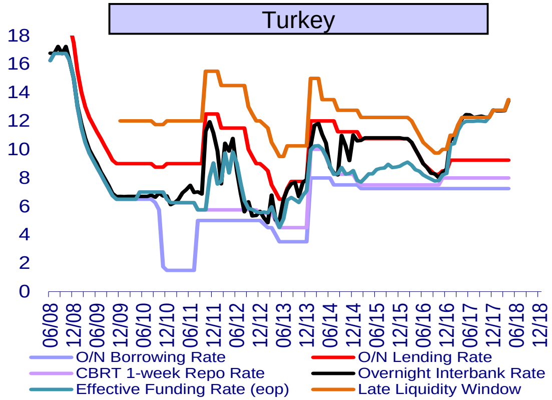


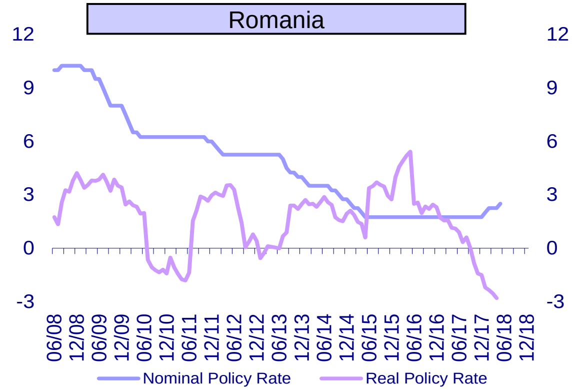


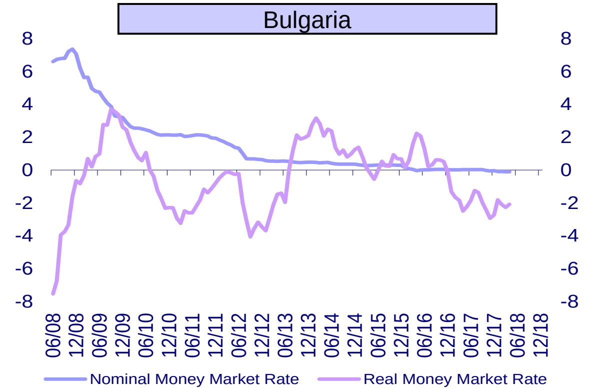


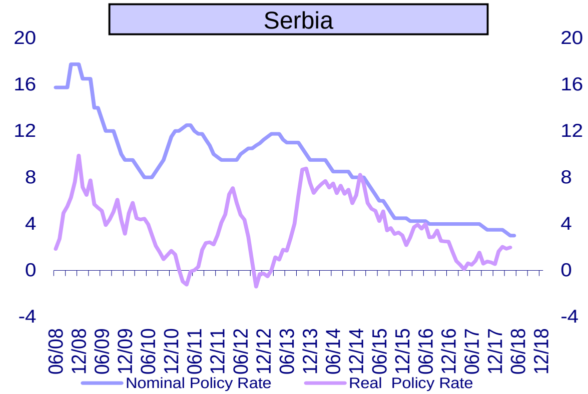


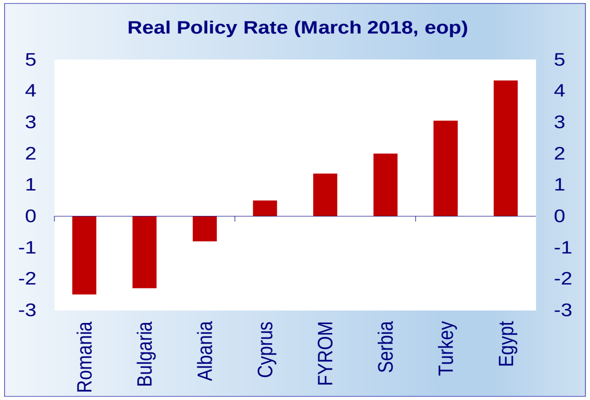
Since the beginning of the year, only Romania and Turkey have hiked their policy rates to contain inflationary pressures

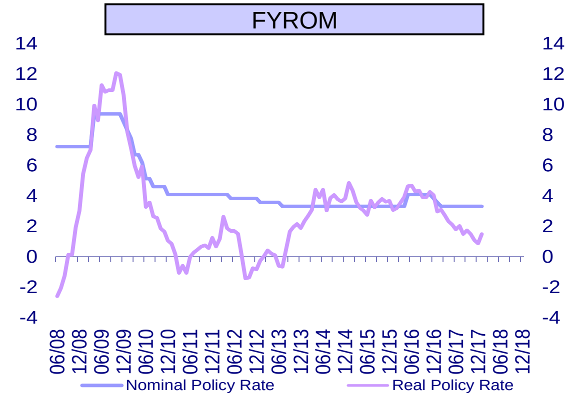


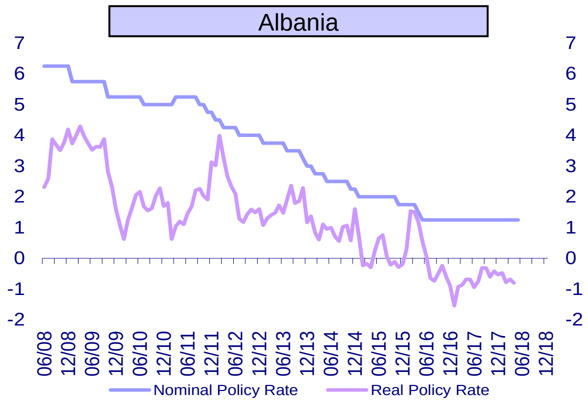


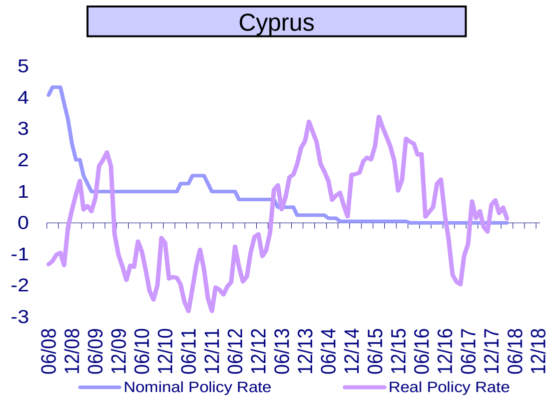


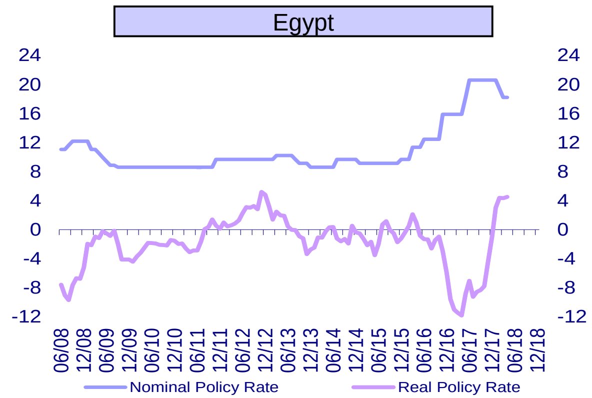












Reserve requirement ratios

The Bank of Albania has announced that it will proceed with a cut in RRR on LC liabilities (by 2.5 pps to 7.5%) and a hike in RRR on FX liabilities (by 2.5 pps to 12.5%) in June, in an effort to reduce the euroisation of the economy

Turkey

Reserve Requirement Ratios (Average, %)

	Dec. 2016	Dec. 2017	May 2018
LC Liabilities	10.1	10.1	10.1
FC Liabilities	13.0	12.4	12.4

Romania

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	May 2018
LC Liabilities	8.0	8.0	8.0
FC Liabilities	10.0	8.0	8.0

Bulgaria

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	May 2018
LC Liabilities	10.0	10.0	10.0
FC Liabilities	5.0	5.0	5.0

Serbia

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	May 2018
LC Liab.	0.0 - 5.0	0.0 - 5.0	0.0 - 5.0
FC Liab.	13.0 - 20.0	13.0 - 20.0	13.0 - 20.0

FYROM

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	May 2018
LC Liabilities	8.0	8.0	8.0
FC Liabilities	15.0	15.0	15.0

Albania

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	May 2018
LC Liabilities	10.0	10.0	10.0
FC Liabilities	10.0	10.0	10.0

Cyprus

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	May 2018
LC Liabilities	1.0	1.0	1.0
FC Liabilities	1.0	1.0	1.0

Egypt

Reserve Requirement Ratios (%)

	Dec. 2016	Dec. 2017	May 2018
LC Liabilities	10.0	14.0	14.0
FC Liabilities	- - -	- - -	- - -

Fiscal balance (12-month rolling, % of GDP)

A loose fiscal stance in Romania, Turkey, Bulgaria and Serbia this year should boost economic activity and employment

In Turkey and Romania, the fiscal easing is unwelcome, in view of strong overheating pressures

Turkey

Dec. 16	Dec. 17	Apr. 17	Apr. 18	Dec. 18F
-1.1	-1.5	-1.9	-1.6	-1.9

Romania

Dec. 16	Dec. 17	Mar. 17	Mar. 18	Dec. 18F
-2.4	-2.8	-2.5	-3.4	-4.0

Bulgaria

Dec. 16	Dec. 17	Mar. 17	Mar. 18	Dec. 18F
1.6	0.9	0.7	0.4	-0.5

Serbia

Dec. 16	Dec. 17	Mar. 17	Mar. 18	Dec. 18F
-1.3	1.2	-0.6	1.0	0.3

FYROM

Dec. 16	Dec. 17	Mar. 17	Mar. 18	Dec. 18F
-2.7	-2.7	-2.3	-2.6	-2.8

Albania

Dec. 16	Dec. 17	Mar. 17	Mar. 18	Dec. 18F
-1.8	-2.0	-2.3	-2.0	-2.0

a: Including the clearance of arrears, worth 2.4% of GDP in FY:14 and 1.2% of GDP in 2015

Cyprus

Dec. 16	Dec. 17	Mar. 17	Mar. 18	Dec. 18F
0.3	1.8	0.6	2.5	2.0

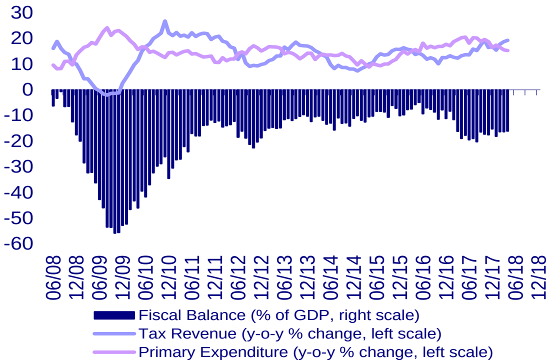
Egypt

June 16	June 17	Dec. 16	Dec. 17	June 18F
-12.5	-10.9	-11.1	-10.1	-9.8

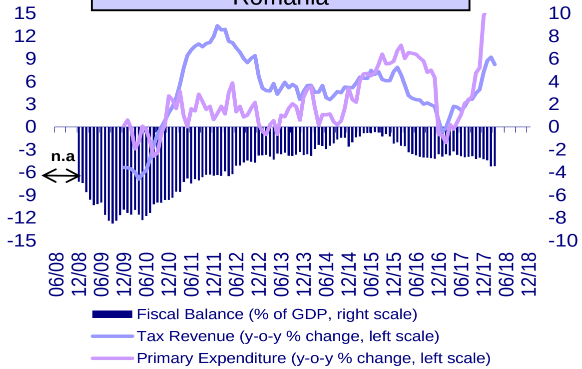
*: Fiscal year ending on June 30th.

A tight fiscal stance in Cyprus and Egypt this year should help bring down the public debt-to-GDP ratio

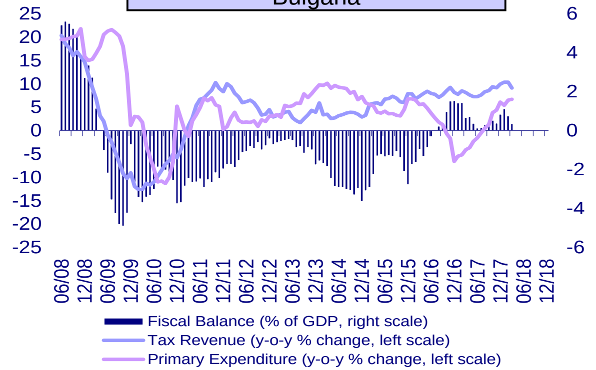
Turkey



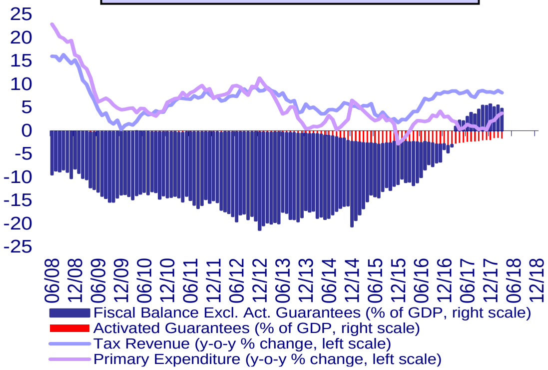
Romania

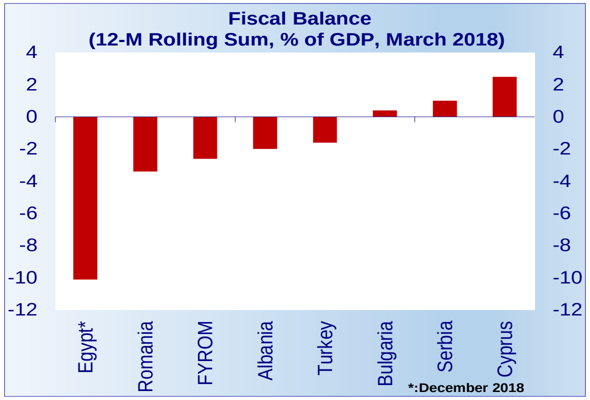


Bulgaria

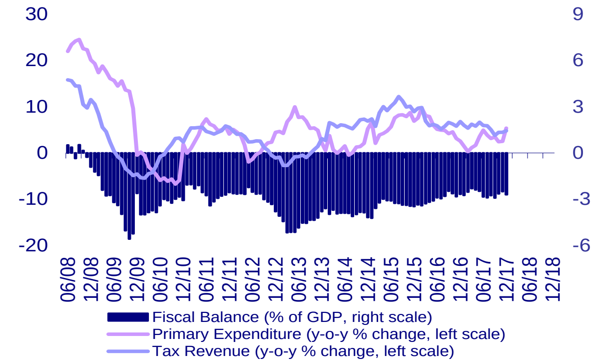


Serbia

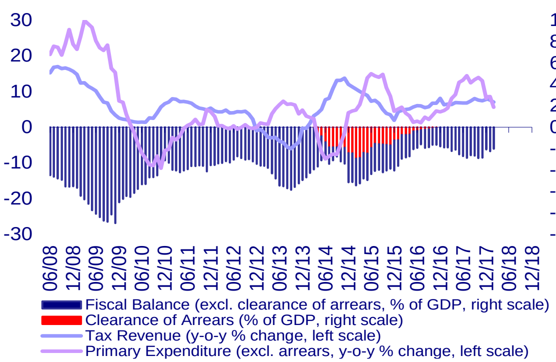




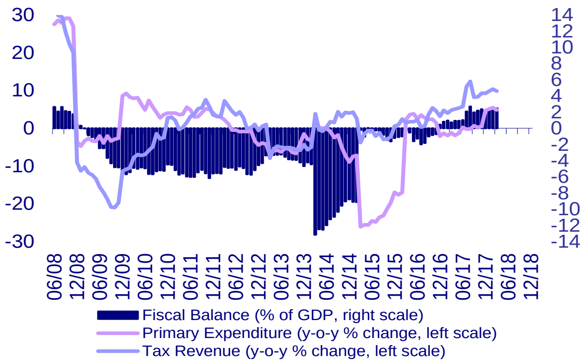
FYROM



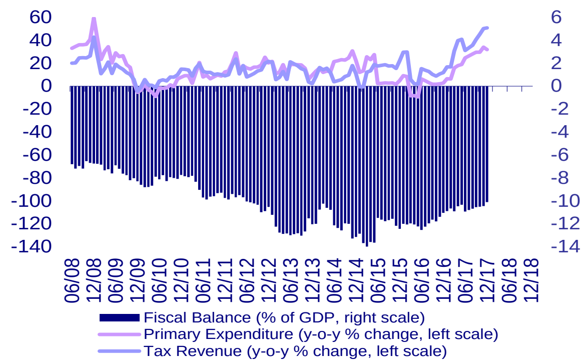
Albania



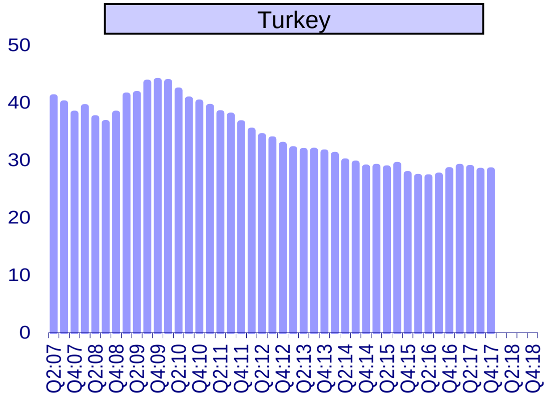
Cyprus

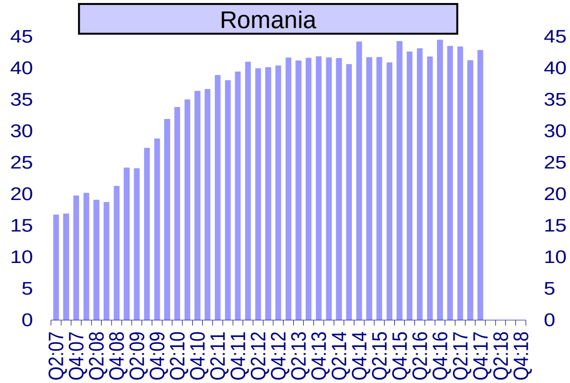


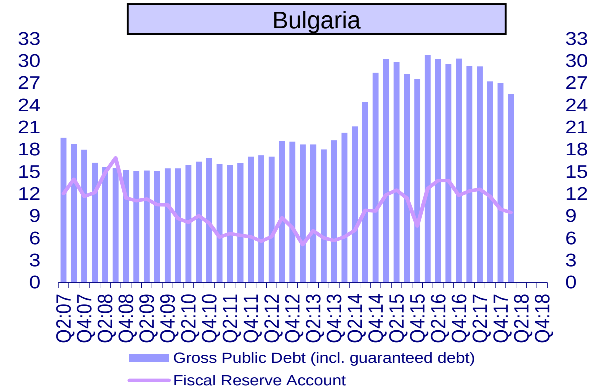
Egypt

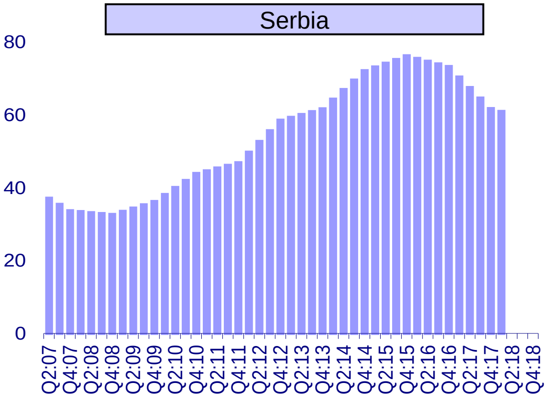


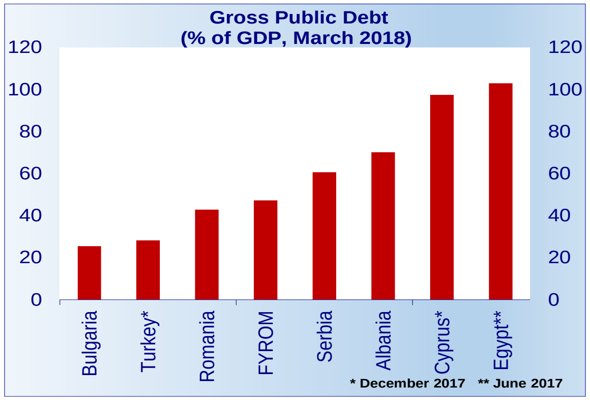
The public debt-to-GDP ratio is still at critical levels in Cyprus and Egypt, despite a tight fiscal stance

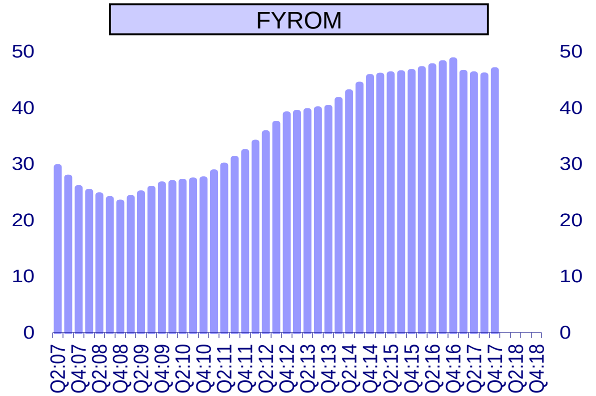


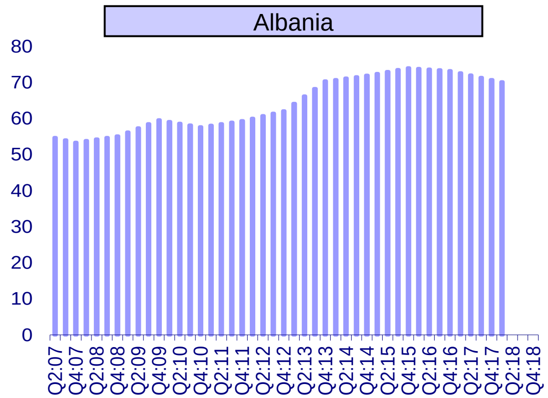


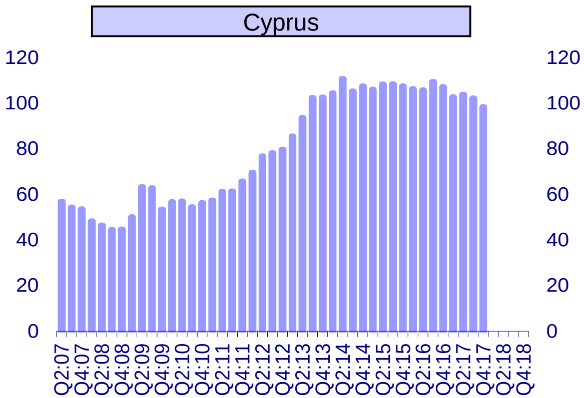


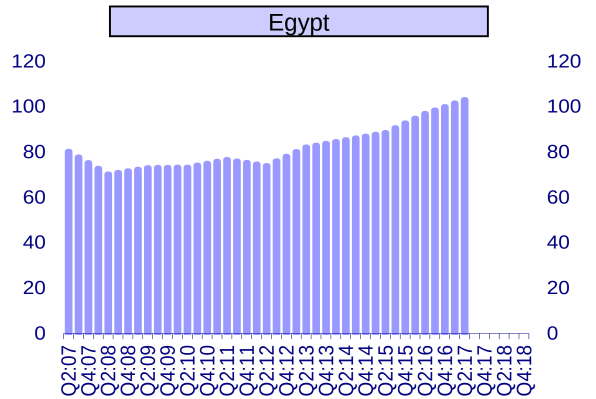




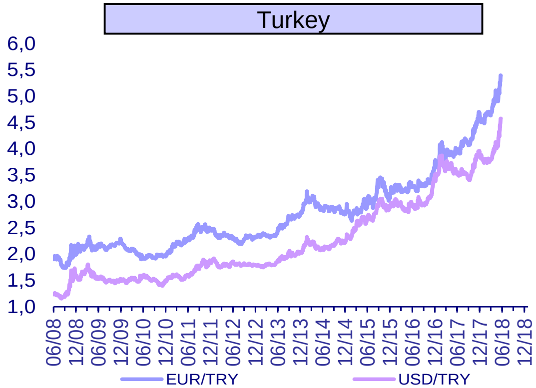


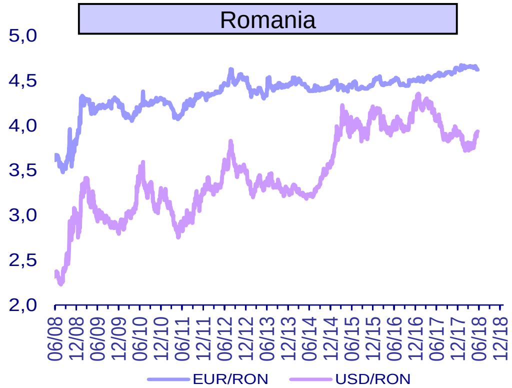


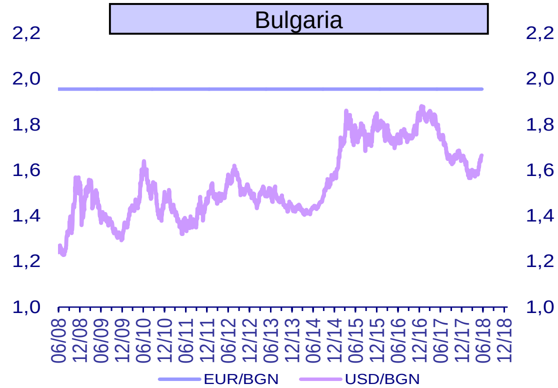


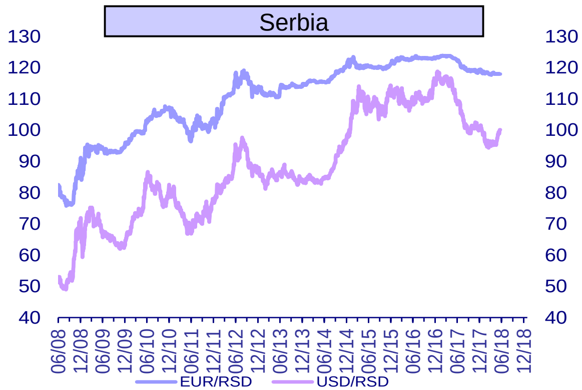


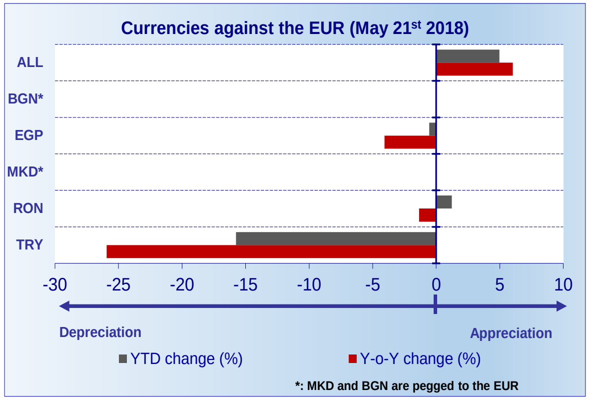
The TRY has depreciated significantly against the EUR since the beginning of the year

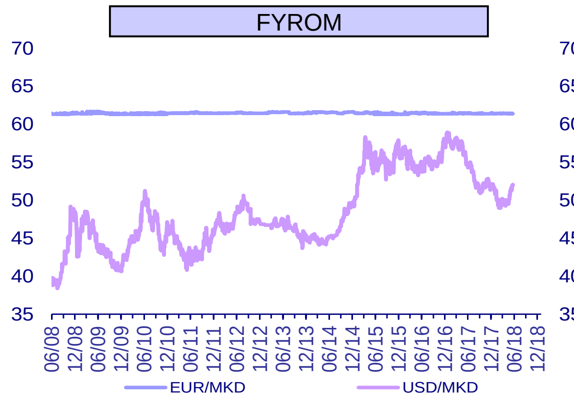


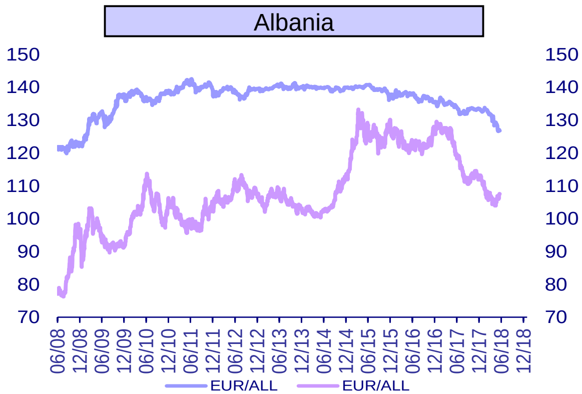


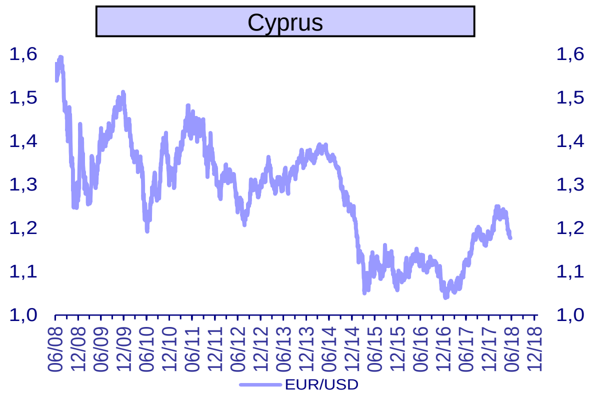


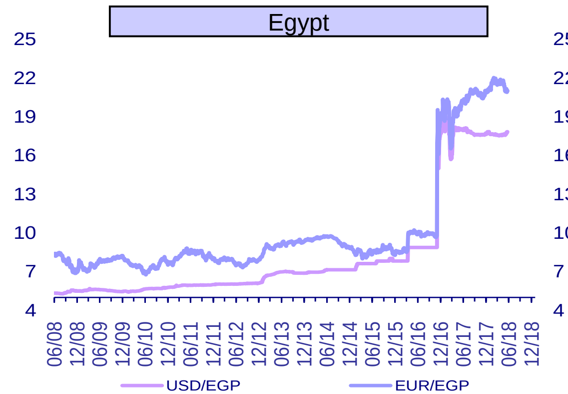






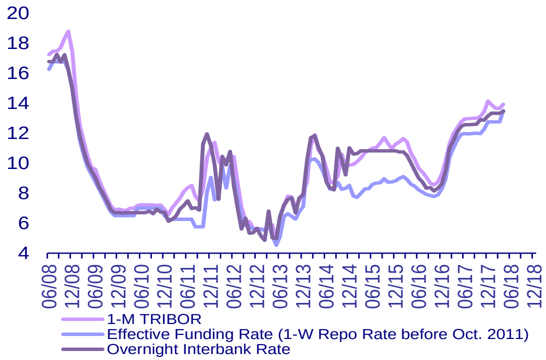




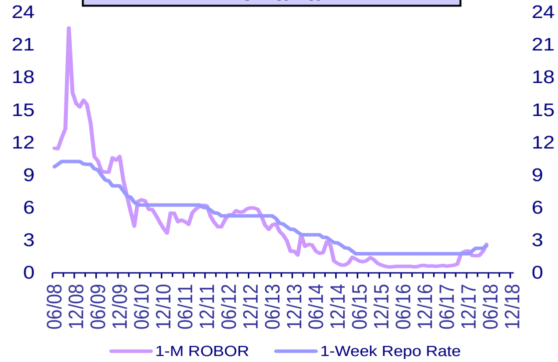


Money market rates have increased in Turkey and Romania since the beginning of the year

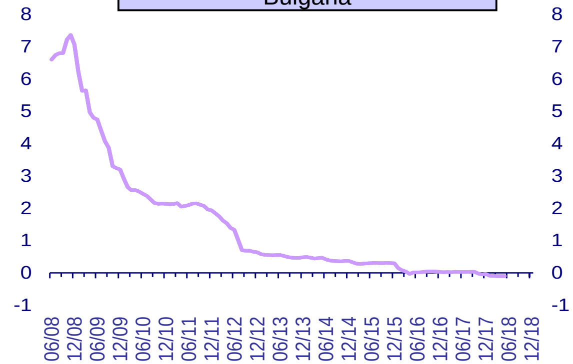
Turkey



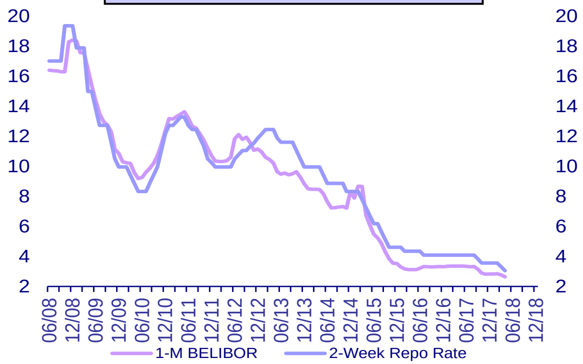
Romania

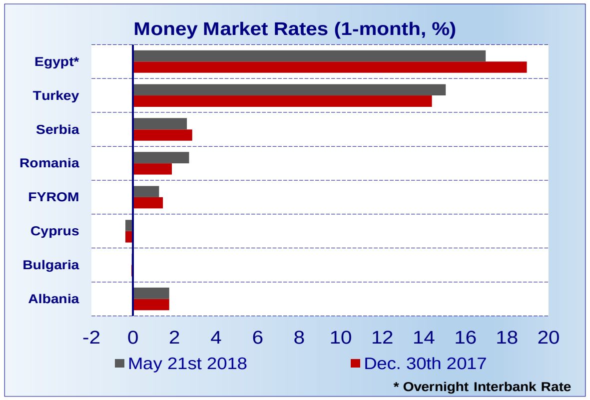


Bulgaria

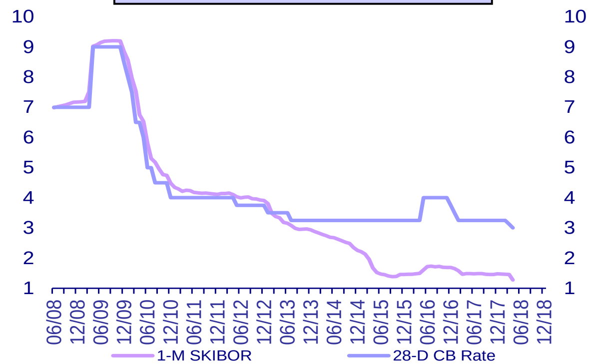


Serbia

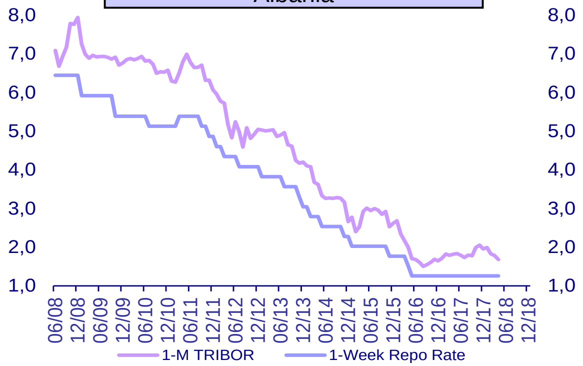




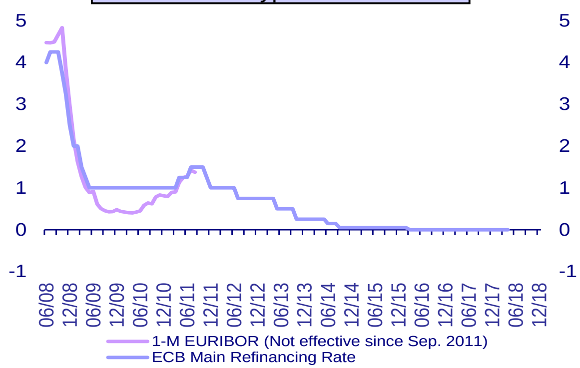
FYROM



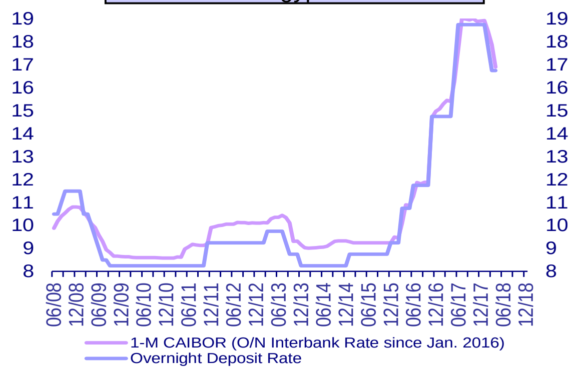
Albania



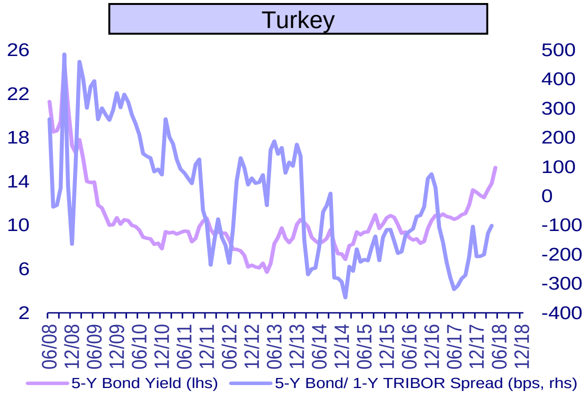
Cyprus

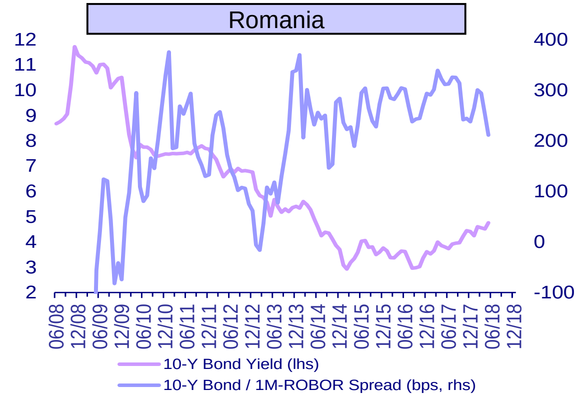


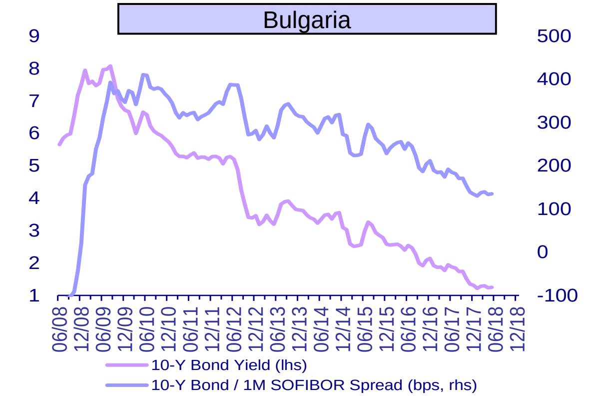
Egypt

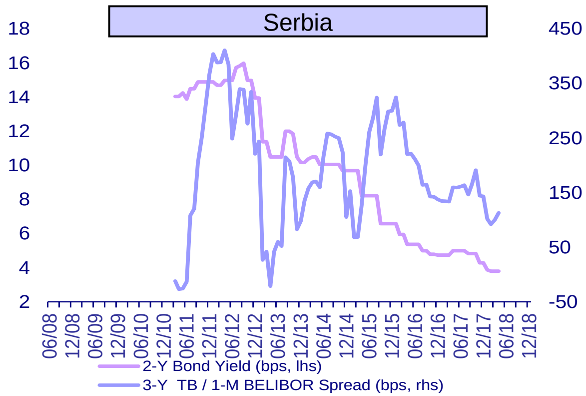


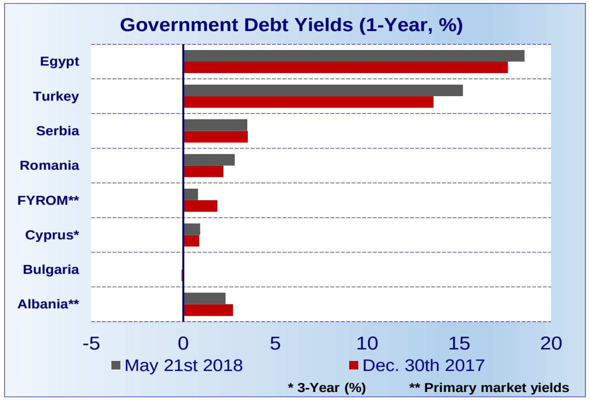
Government debt yields have also increased in Turkey and Romania since the start of the year

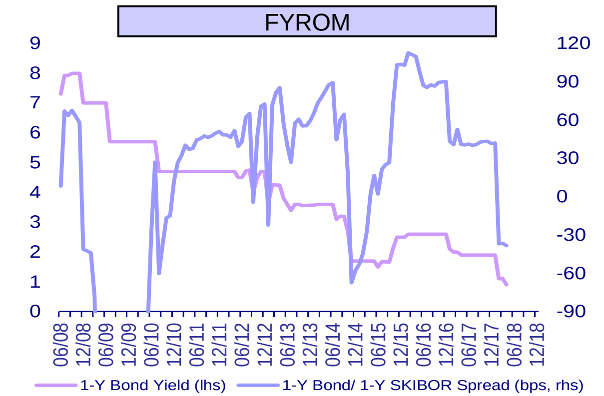


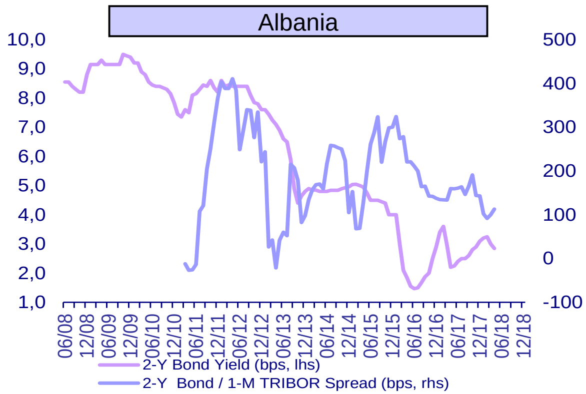


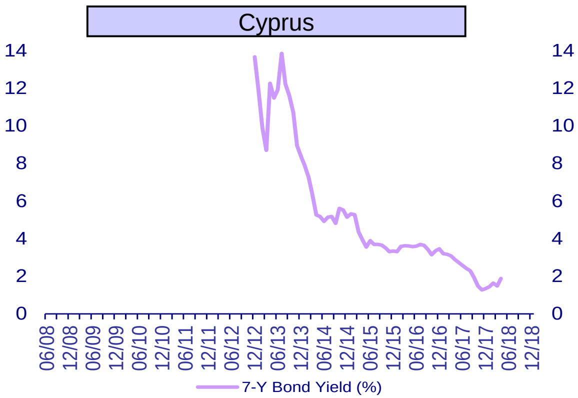


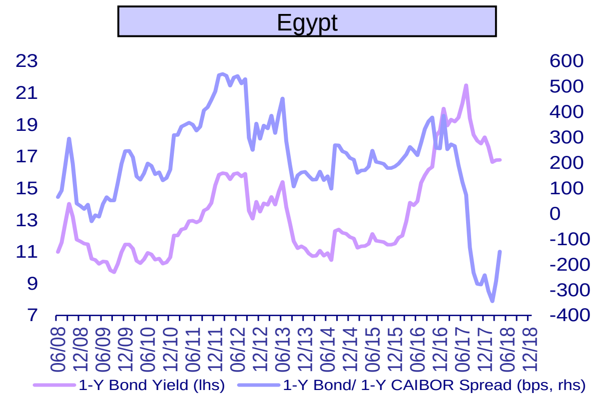






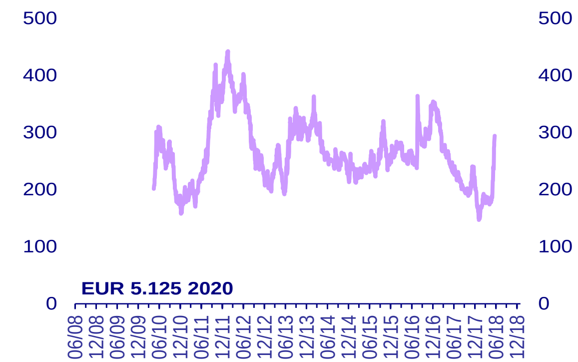




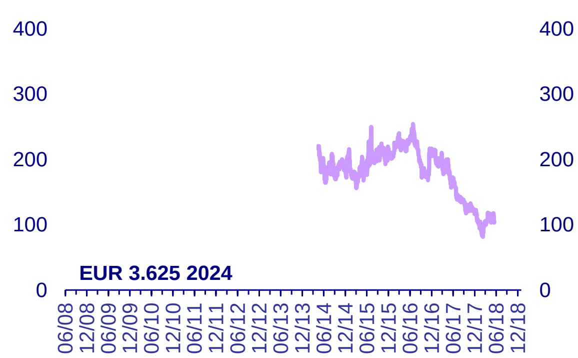


Sovereign spreads have increased in all the countries under review since the beginning of the year – with the exception of Albania

Turkey

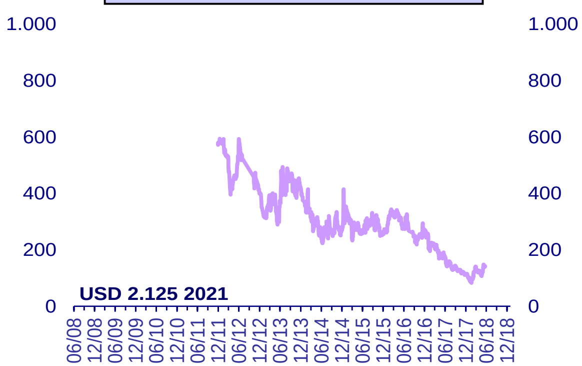


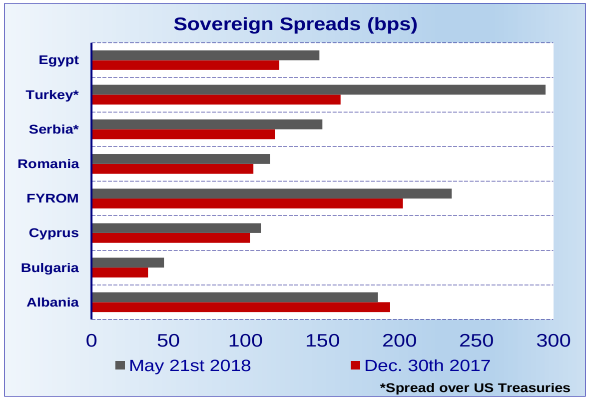
Romania



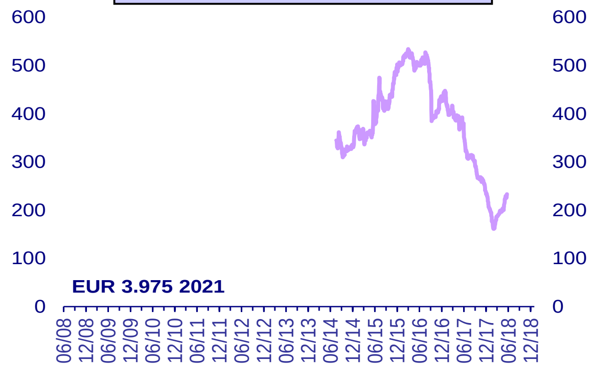
Bulgaria

Serbia

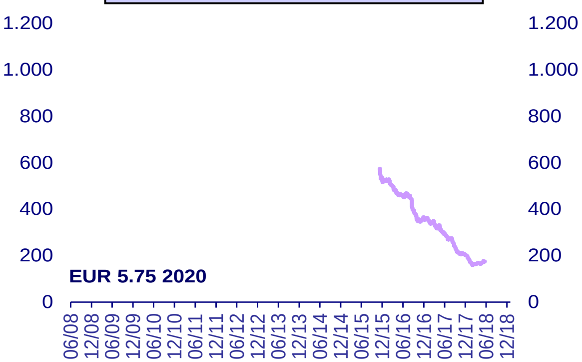




FYROM

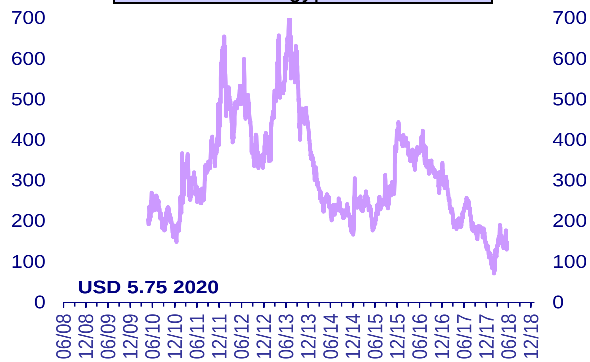


Albania



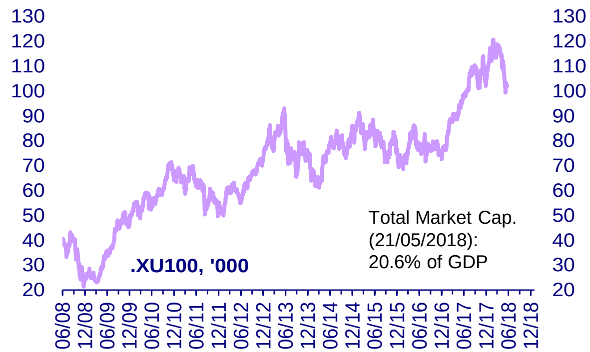
Cyprus

Egypt

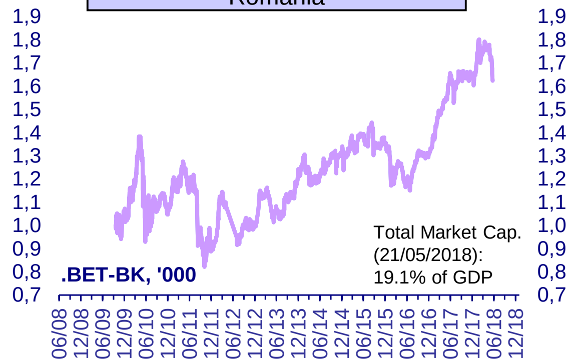


Stock markets have posted large gains in Egypt and FYROM since the start of the year

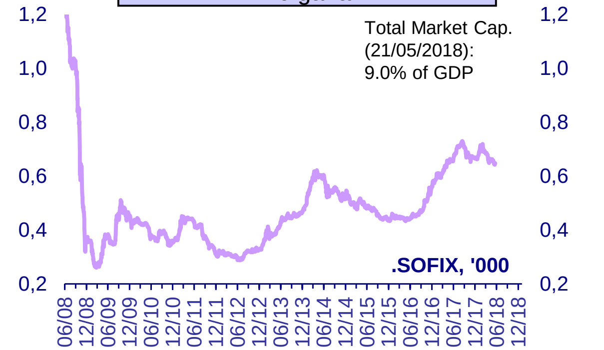
Turkey



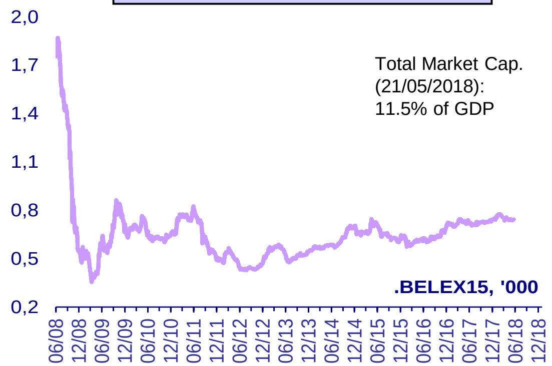
Romania

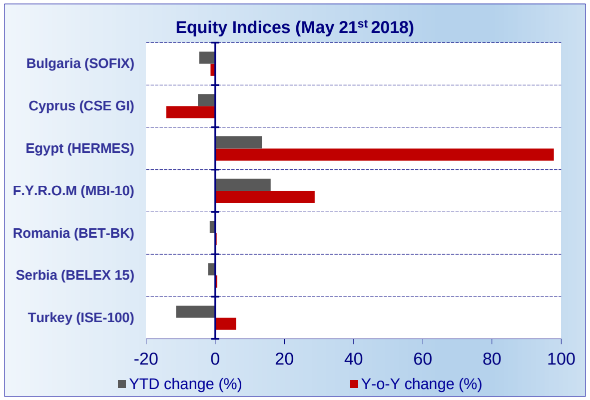


Bulgaria

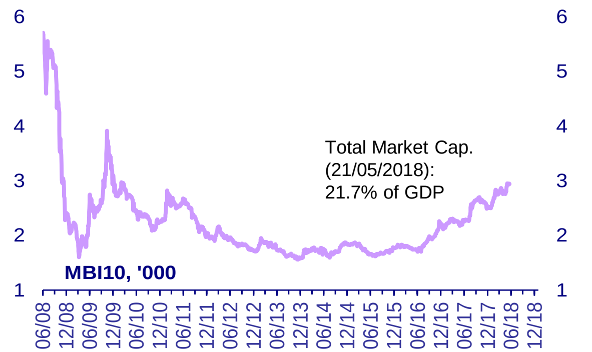


Serbia





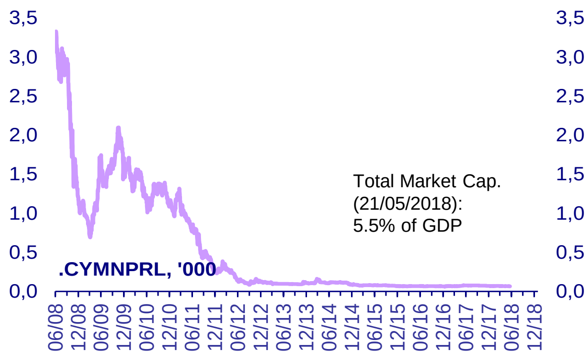
FYROM



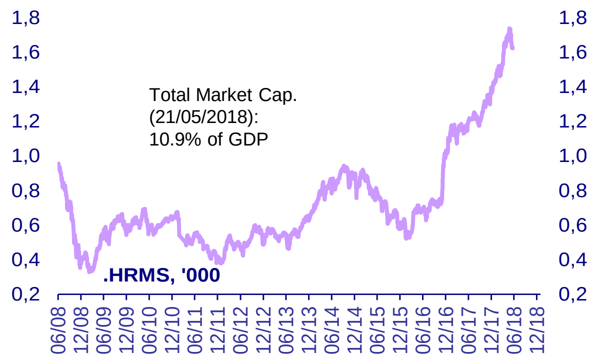
Albania

N.A.

Cyprus

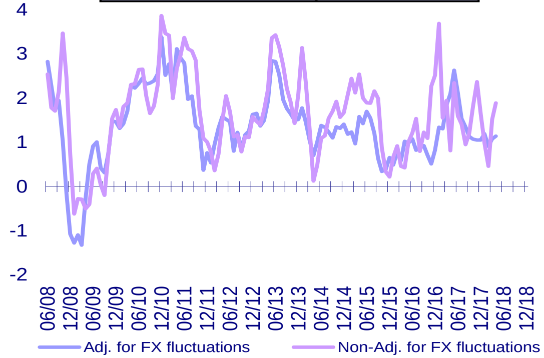


Egypt

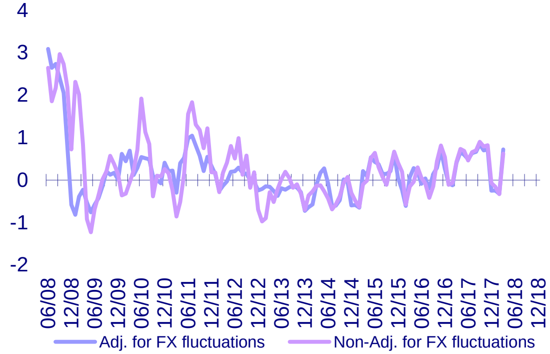


Positive lending growth in most of the countries under review in Q1:18

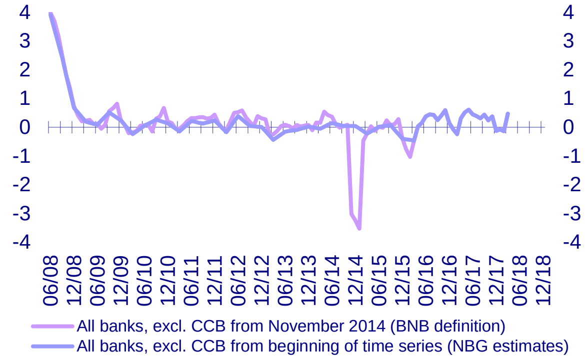
Turkey



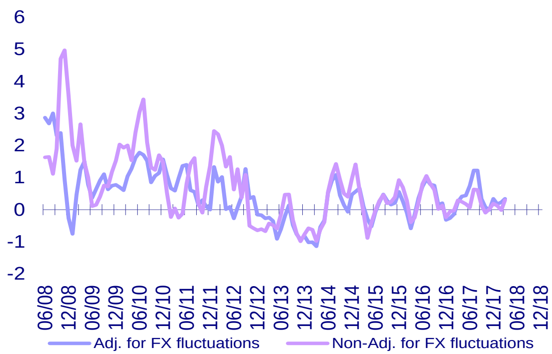
Romania

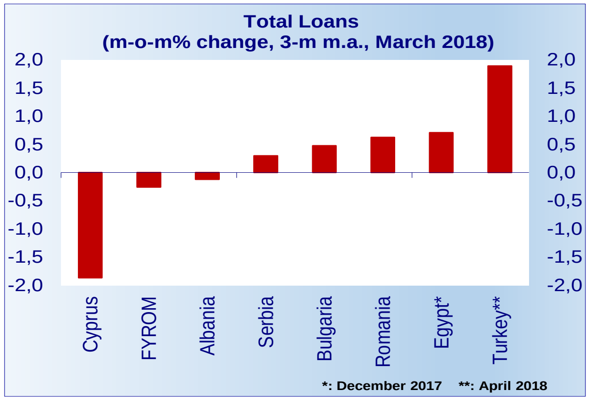


Bulgaria

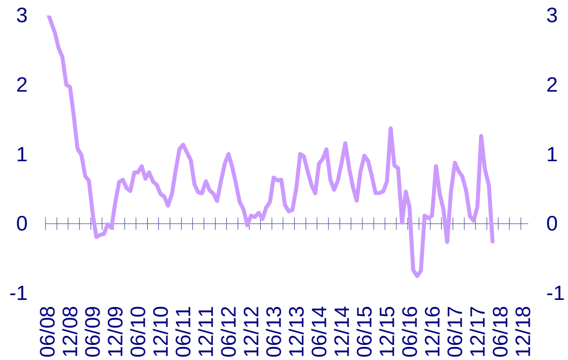


Serbia

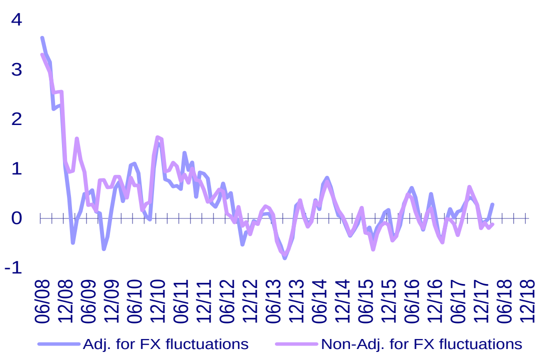




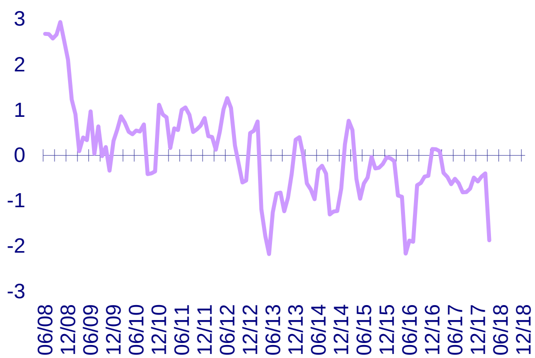
FYROM



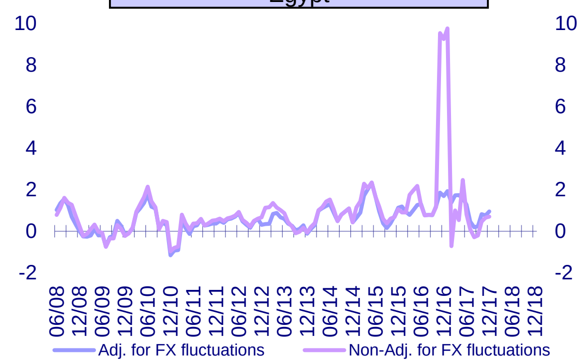
Albania



Cyprus

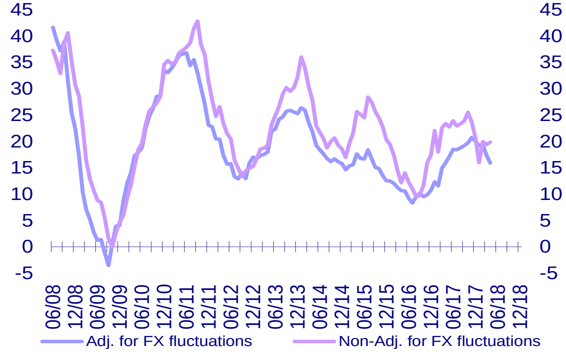


Egypt

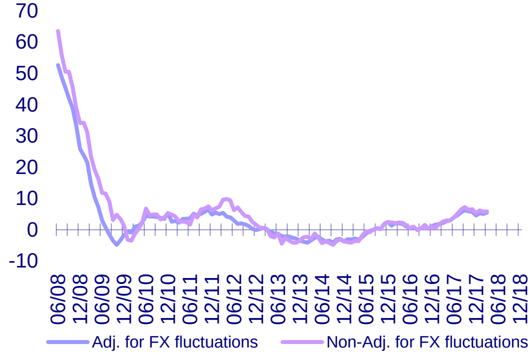


Lending activity to strengthen this year in most of the countries under review, as a result of banks' ample liquidity and improved asset quality

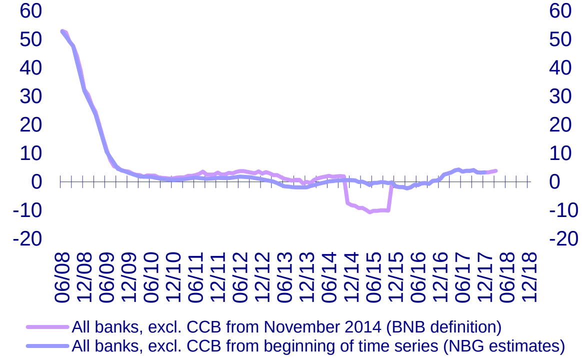
Turkey



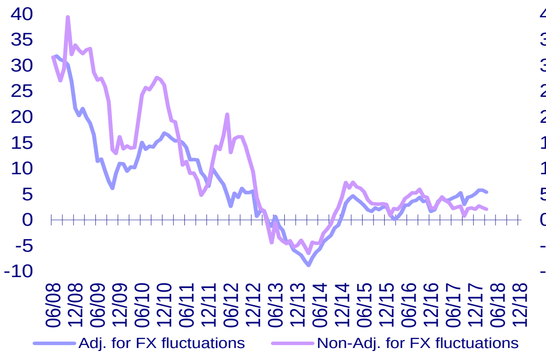
Romania

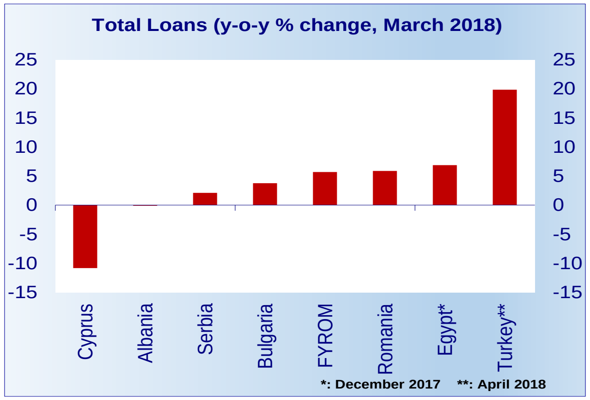


Bulgaria

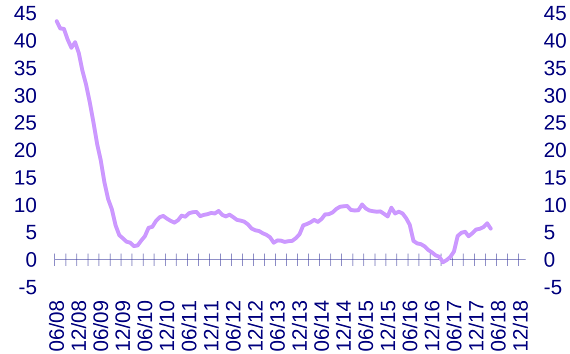


Serbia

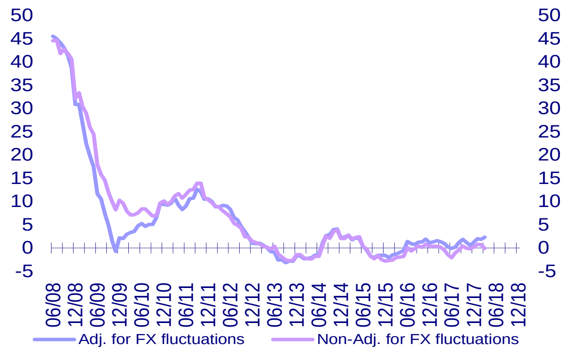




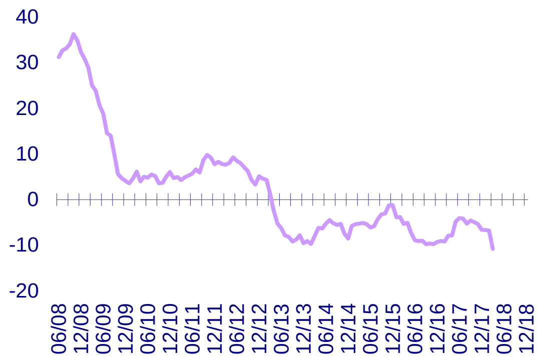
FYROM



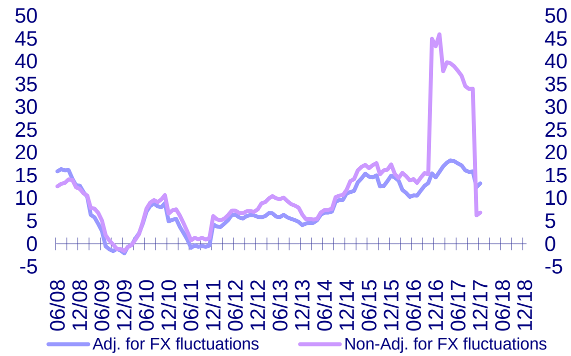
Albania



Cyprus

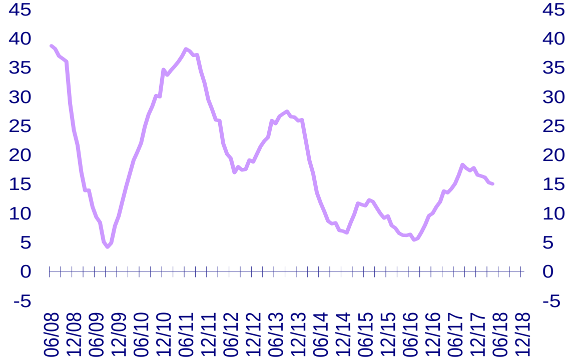


Egypt

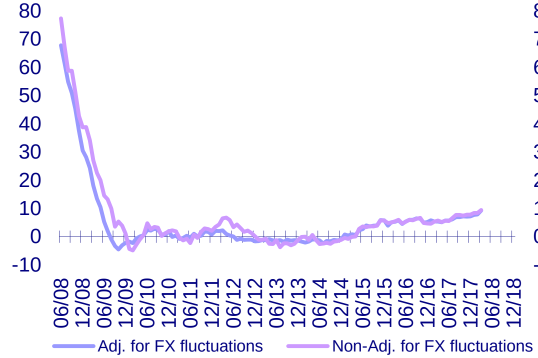


Lending activity is set to be driven mainly by the retail segment in all the countries under review this year

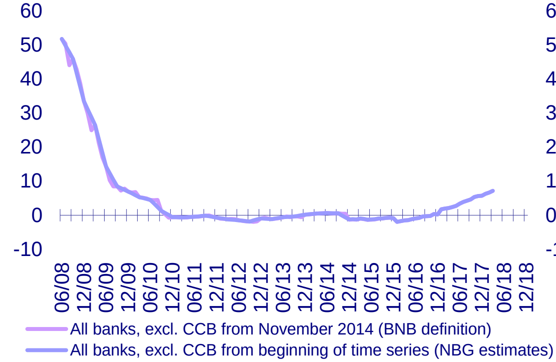
Turkey



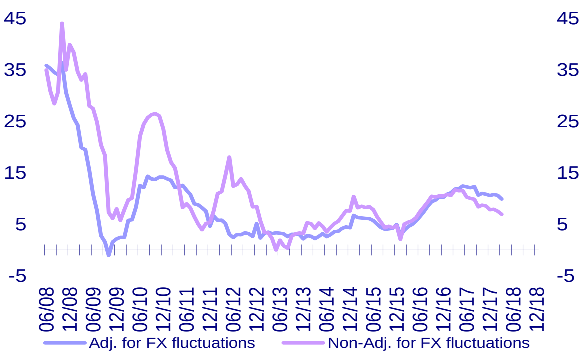
Romania

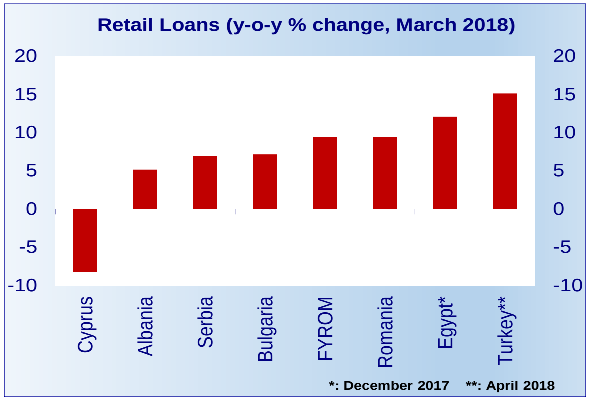


Bulgaria

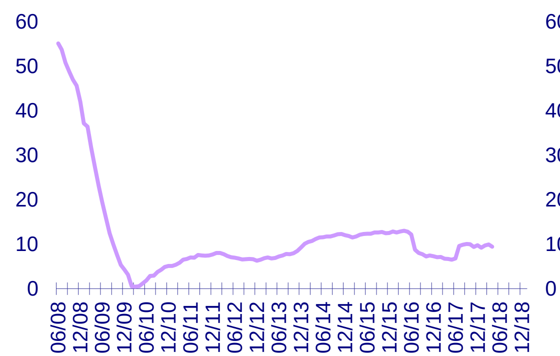


Serbia

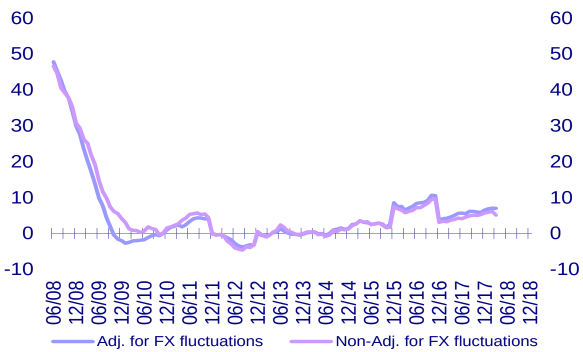




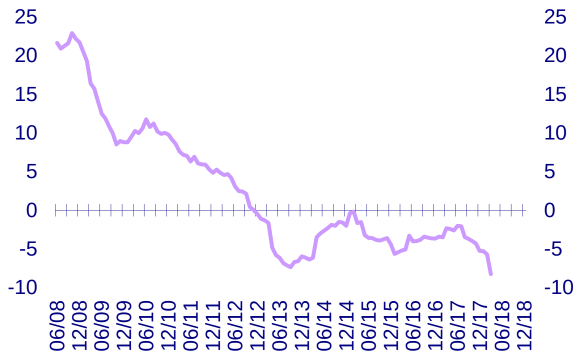
FYROM



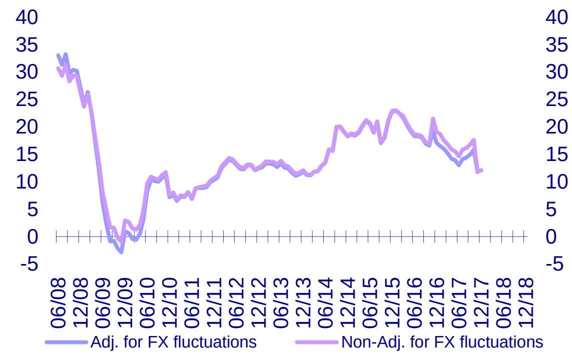
Albania



Cyprus

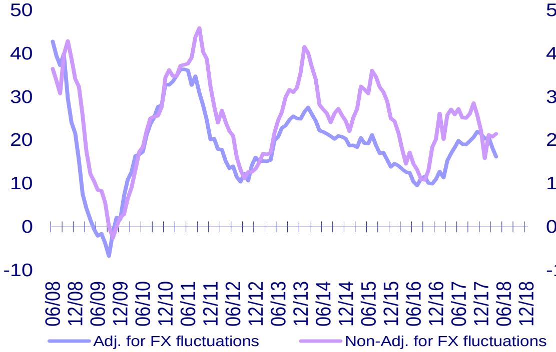


Egypt

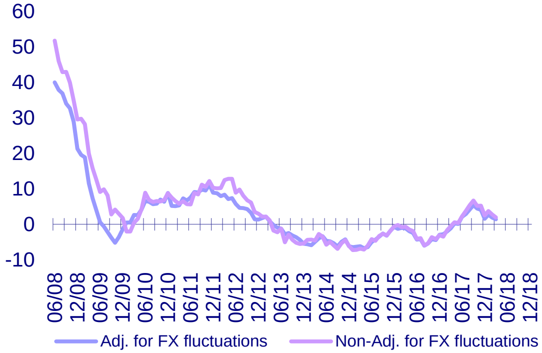


The corporate segment is set to contribute modestly to lending activity this year

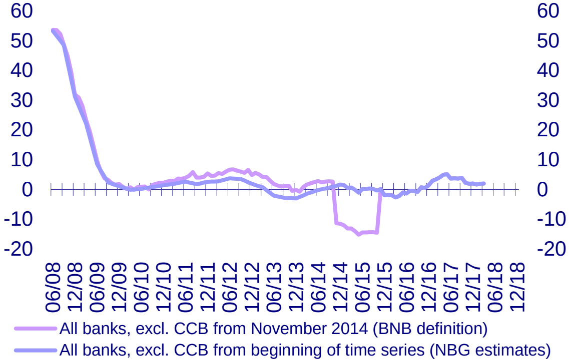
Turkey



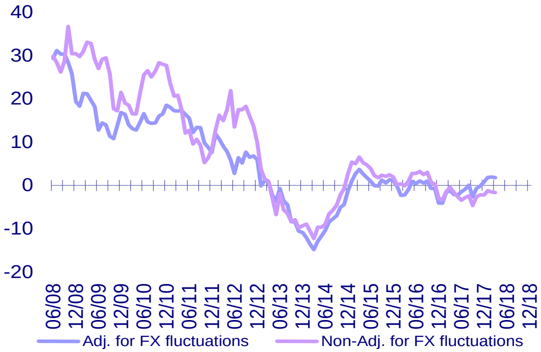
Romania

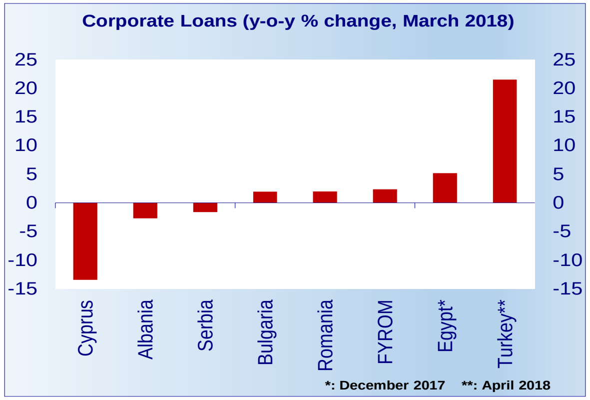


Bulgaria

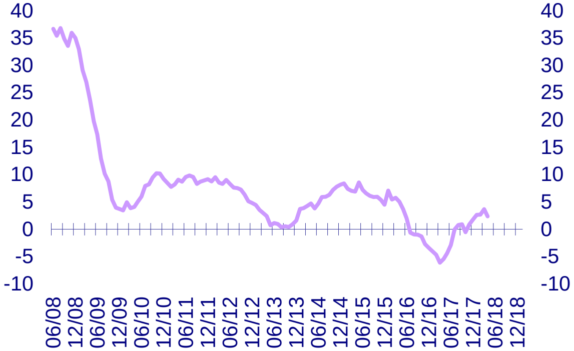


Serbia

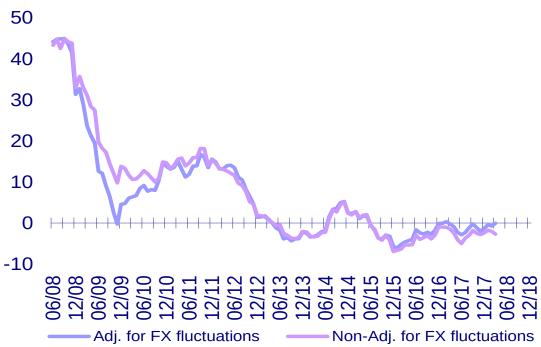




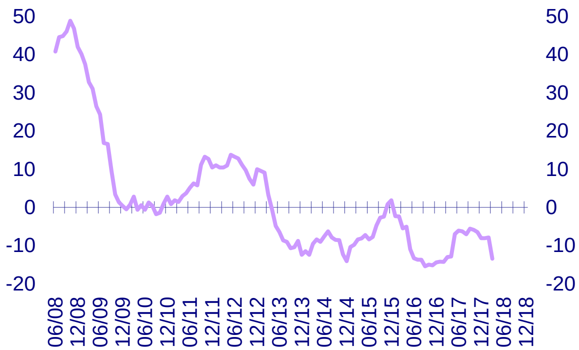
FYROM



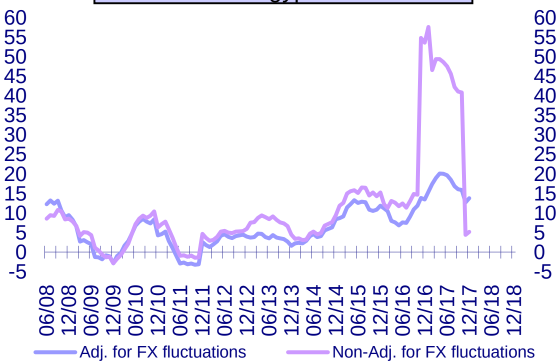
Albania



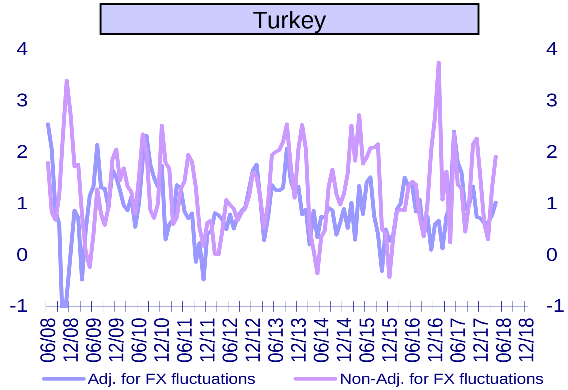
Cyprus

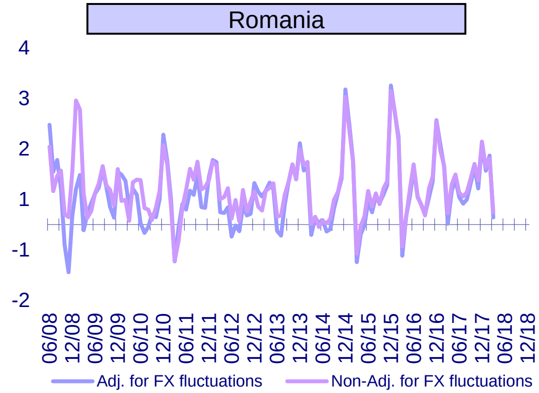


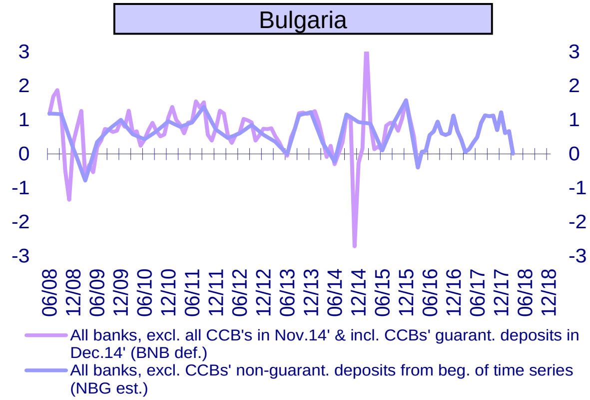
Egypt

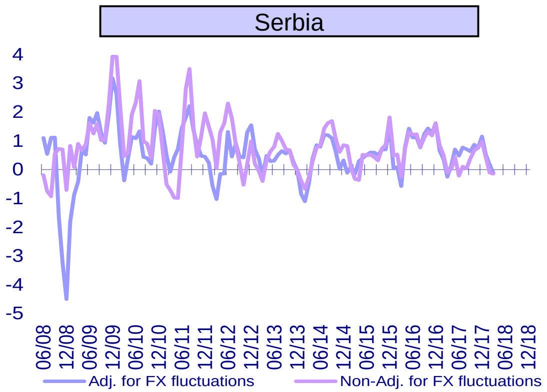


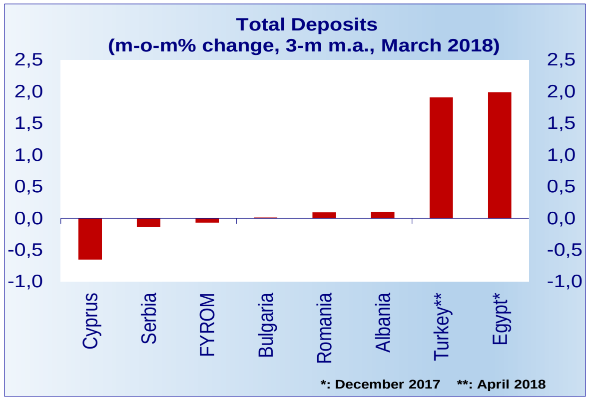
Deposit growth gathered momentum in Turkey and Egypt in Q1:18

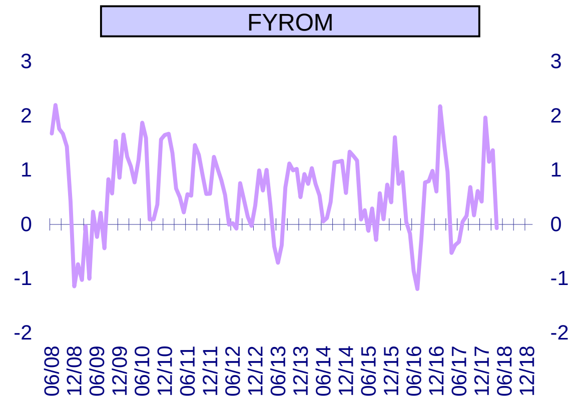


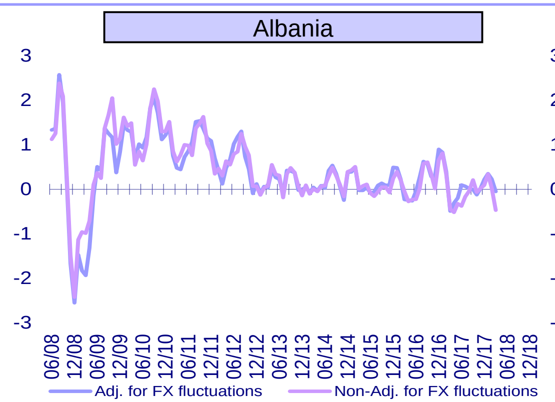


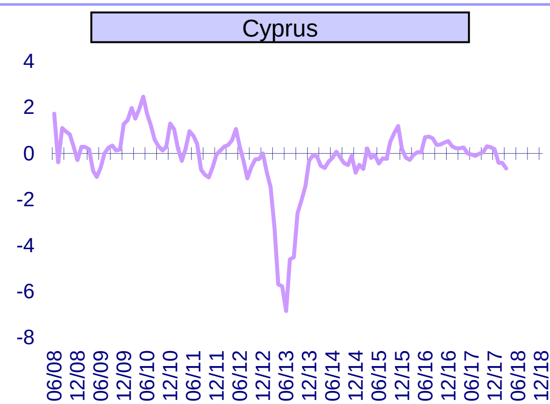


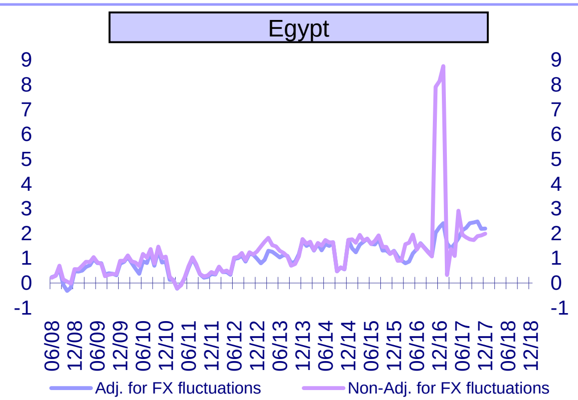




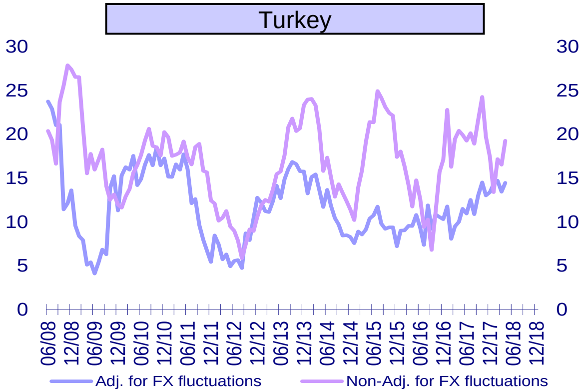


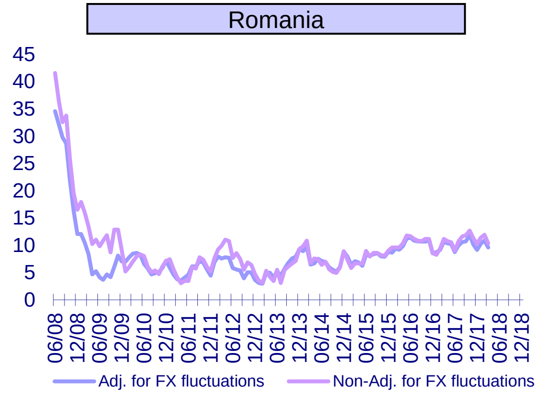


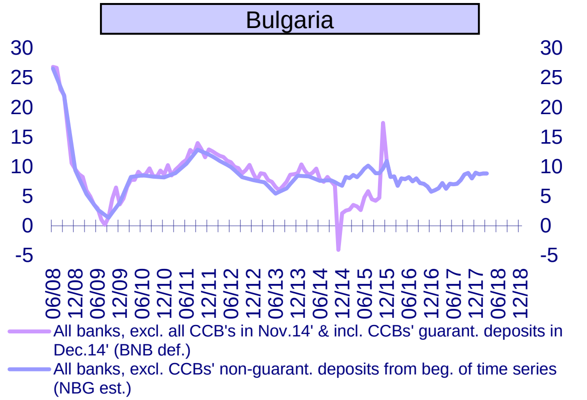


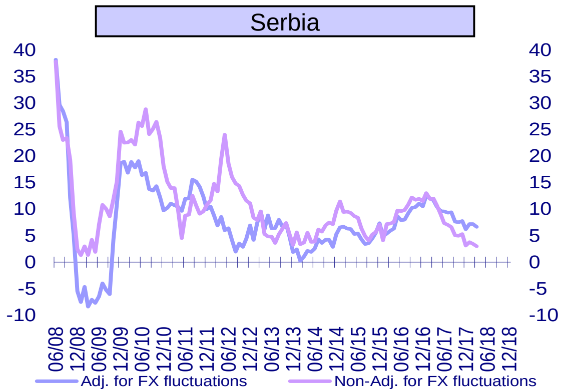


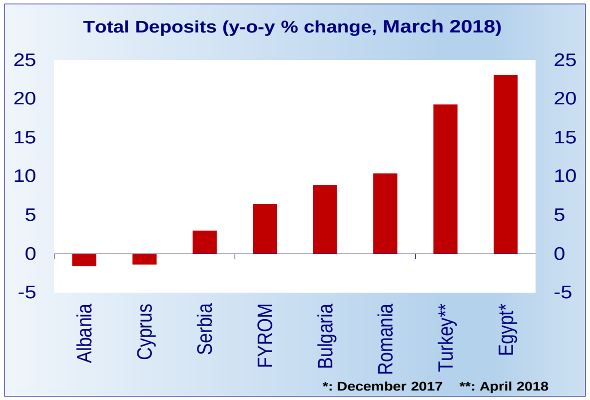
Deposit growth is set to surpass lending growth in most of the countries under review this year

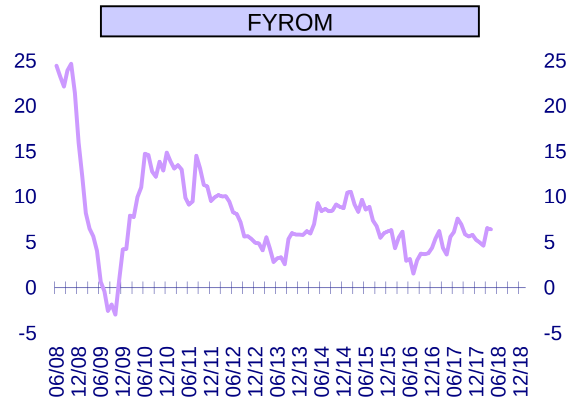


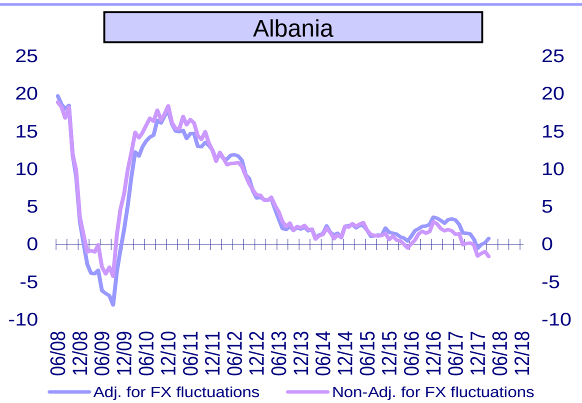


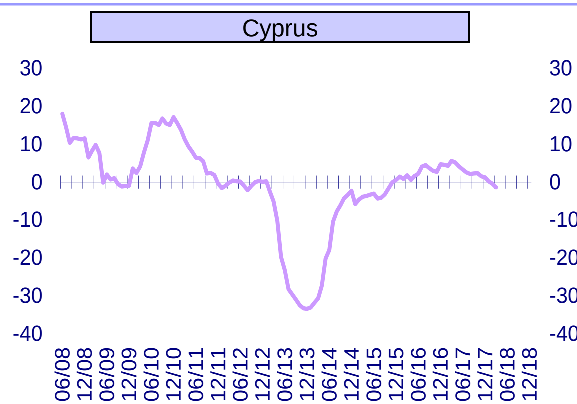


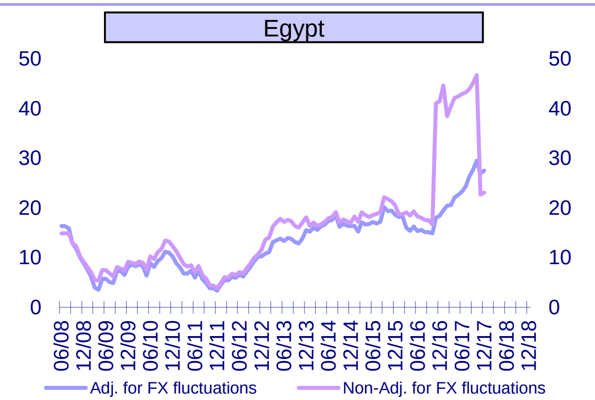






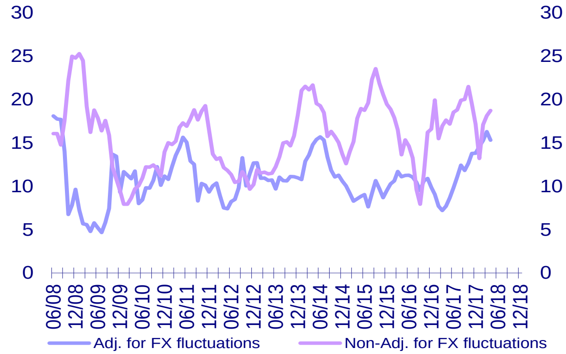




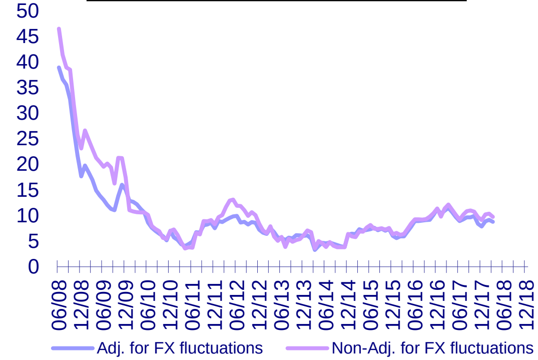


The retail segment has been the main driver of deposit growth in Cyprus, Egypt and FYROM since the start of the year

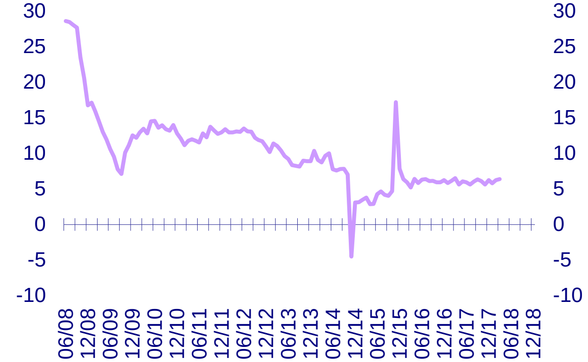
Turkey



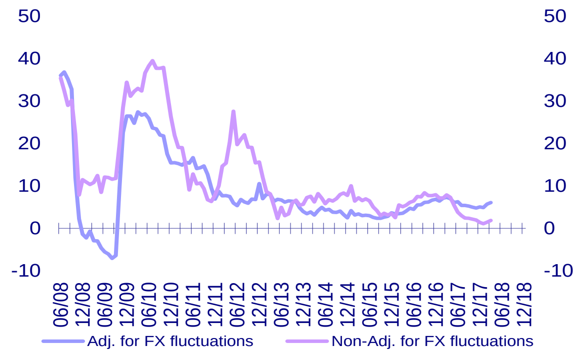
Romania

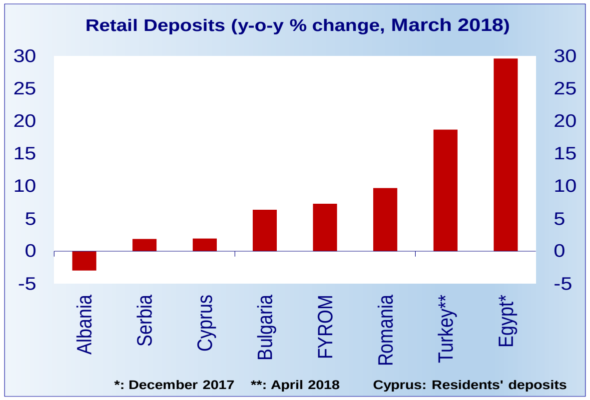


Bulgaria

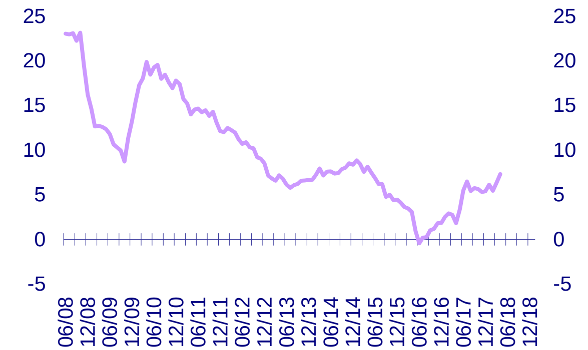


Serbia

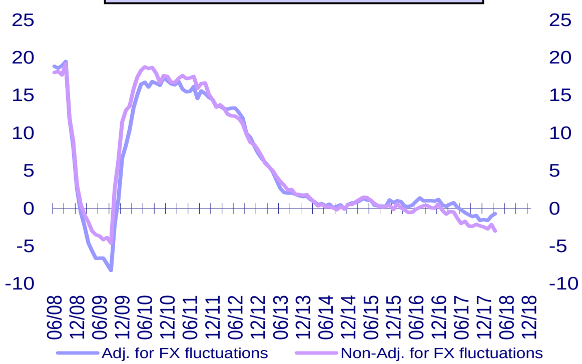




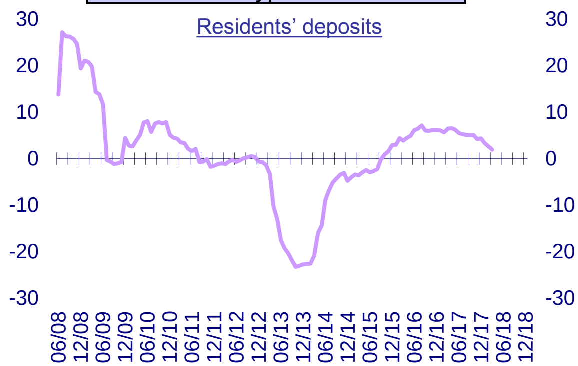
FYROM



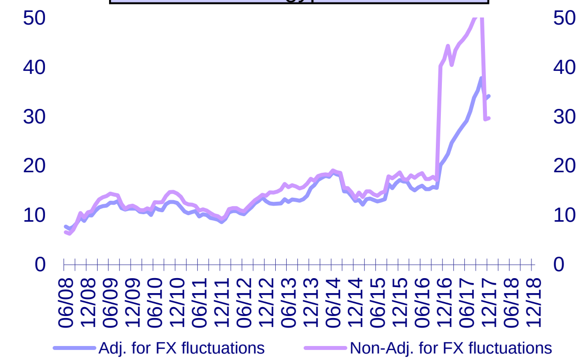
Albania



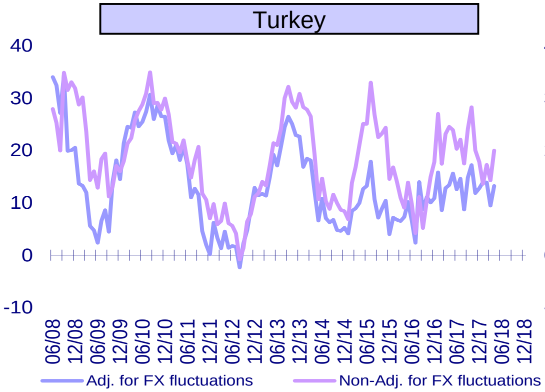
Cyprus

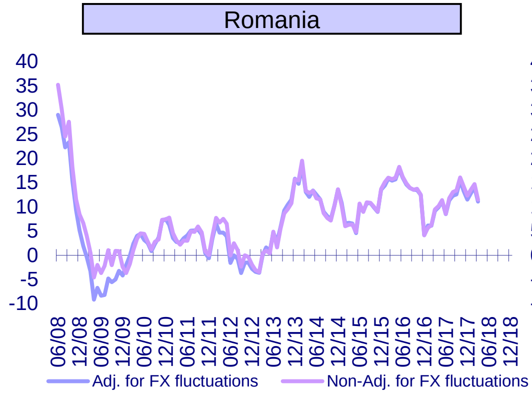


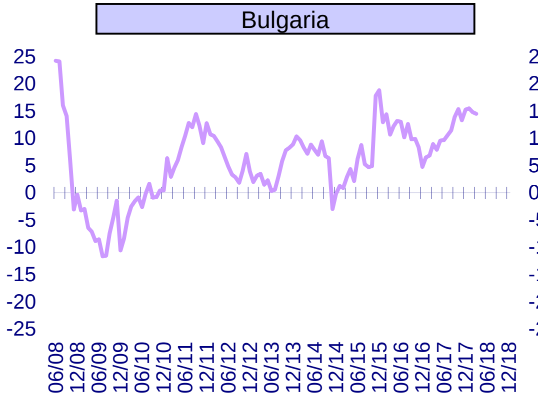
Egypt

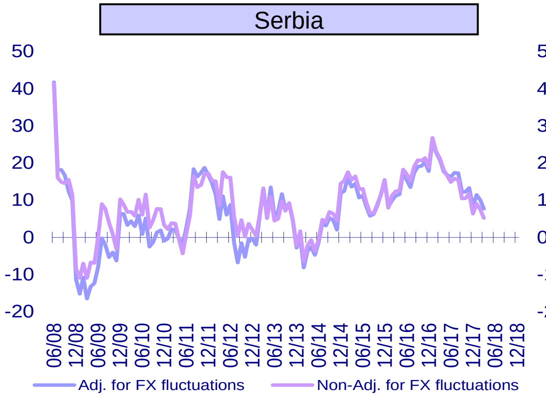


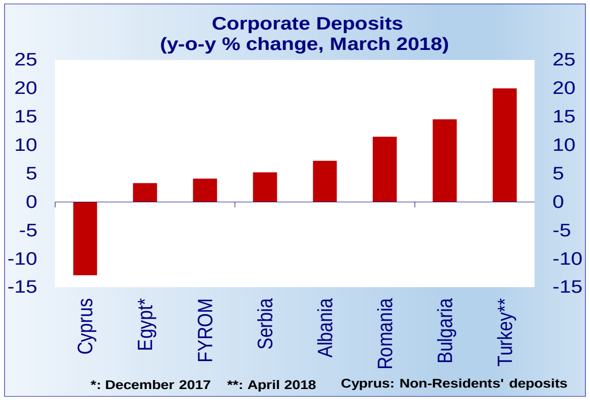
The corporate segment is growing at a faster pace than the retail segment in Romania, Serbia, FYROM and Albania

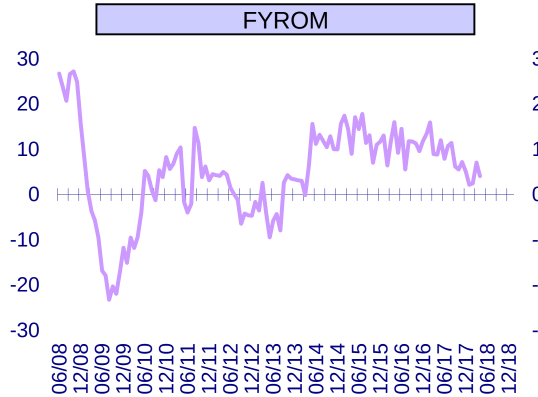


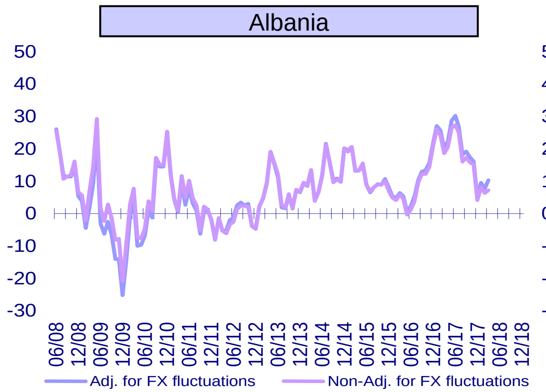


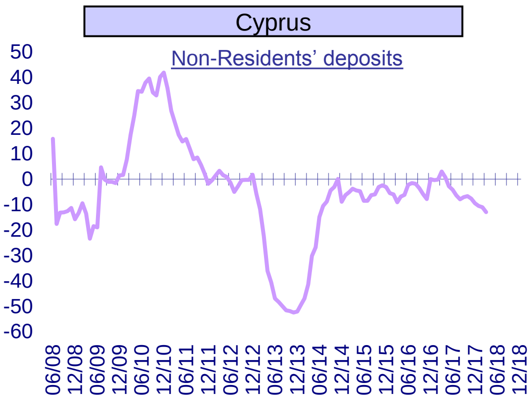


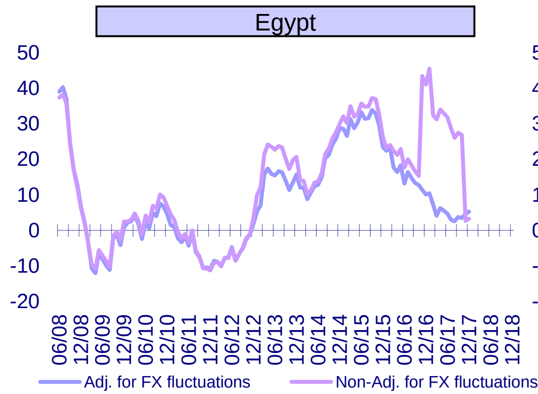






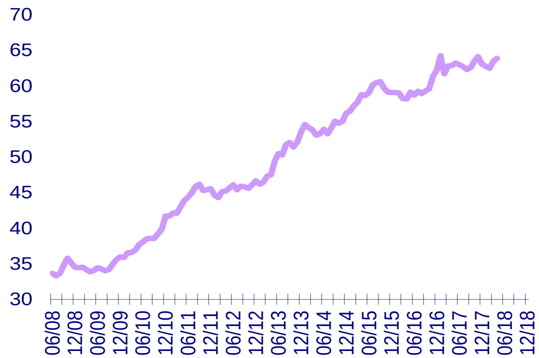




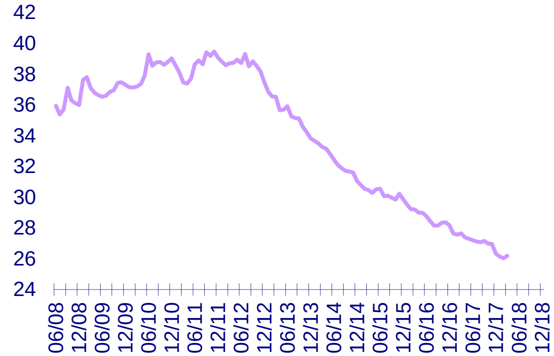


All the economies under review, with the exception of Cyprus, are underpenetrated in terms of lending

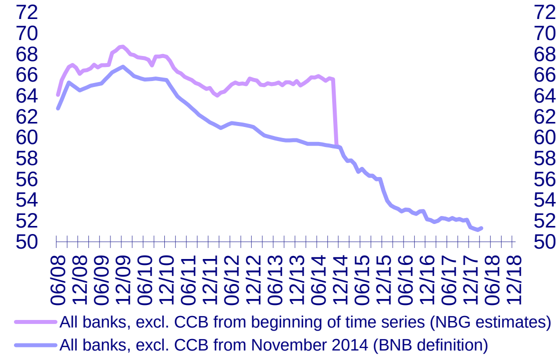
Turkey



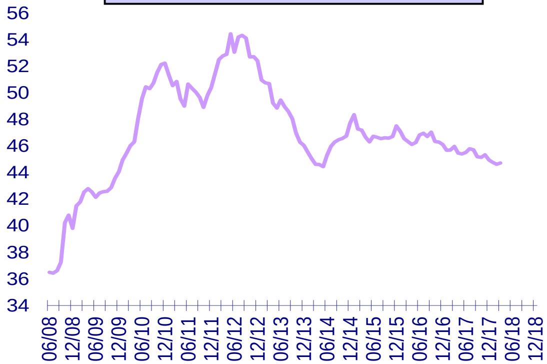
Romania

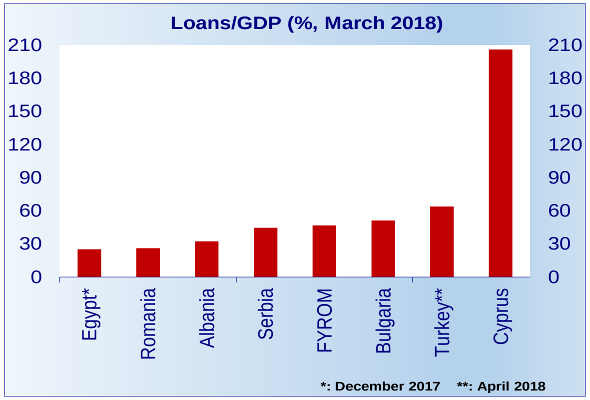


Bulgaria

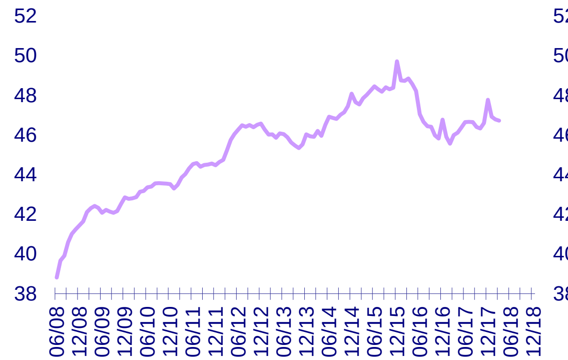


Serbia

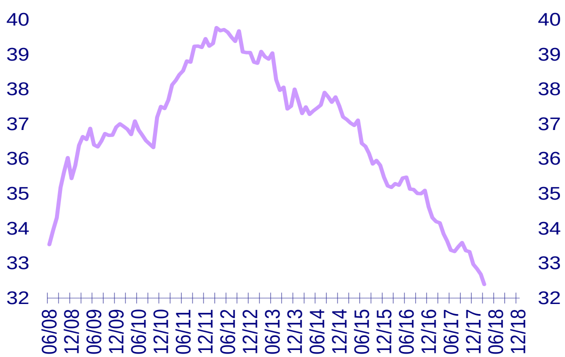




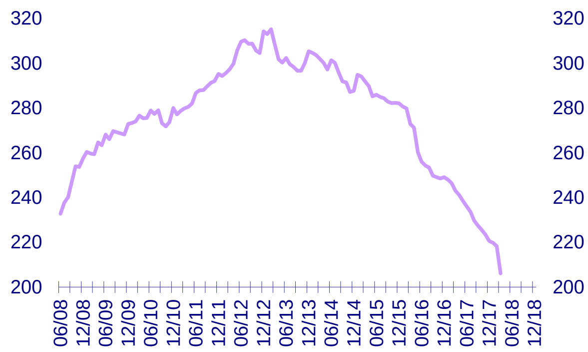
FYROM



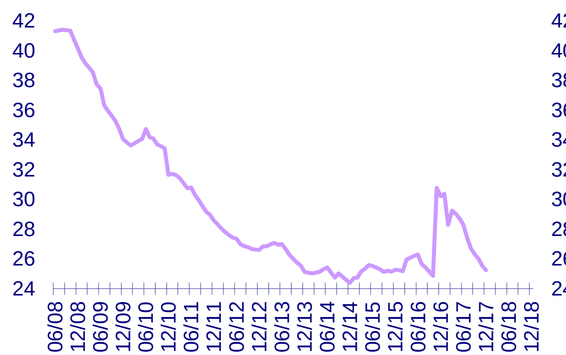
Albania



Cyprus

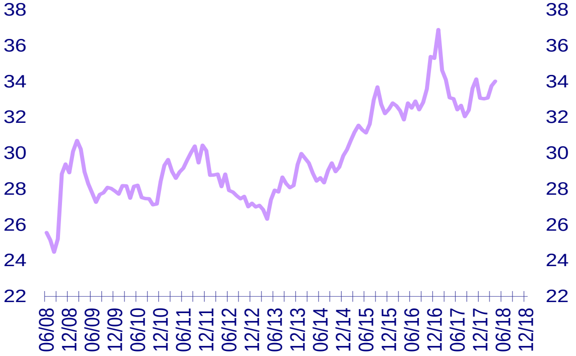


Egypt

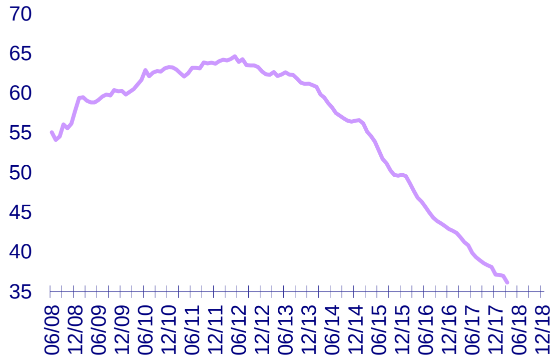


The proportion of FX lending in total lending is decreasing; yet it remains high

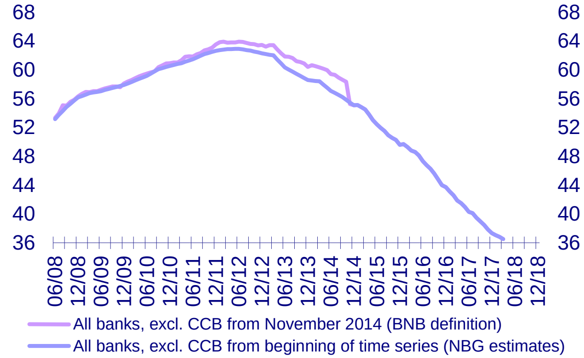
Turkey



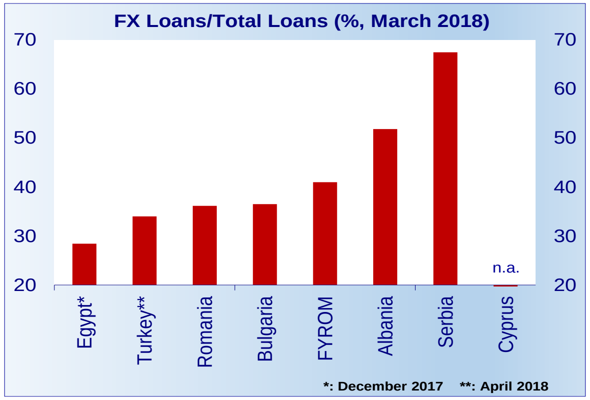
Romania



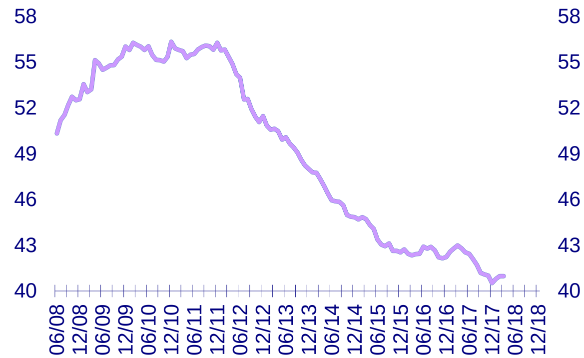
Bulgaria



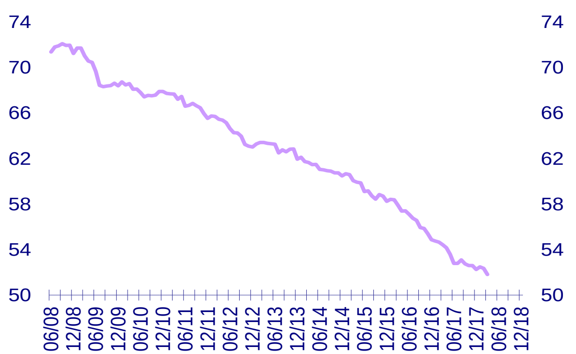
Serbia



FYROM



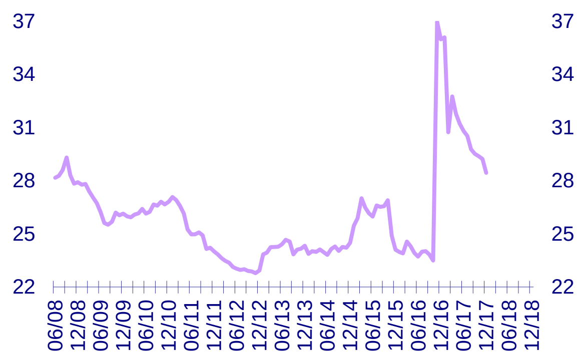
Albania



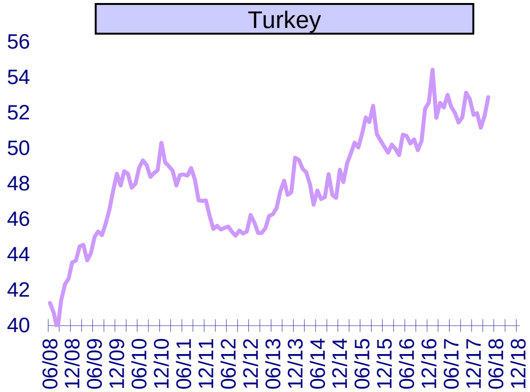
Cyprus

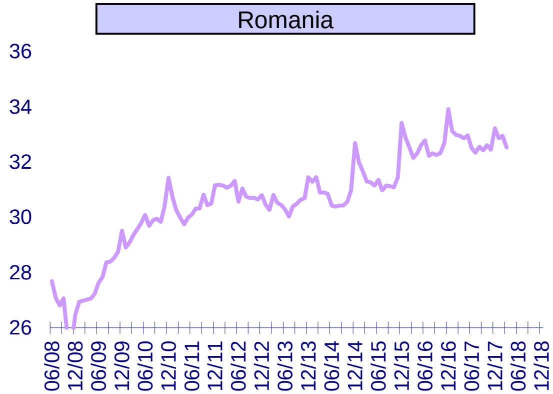
N.A.

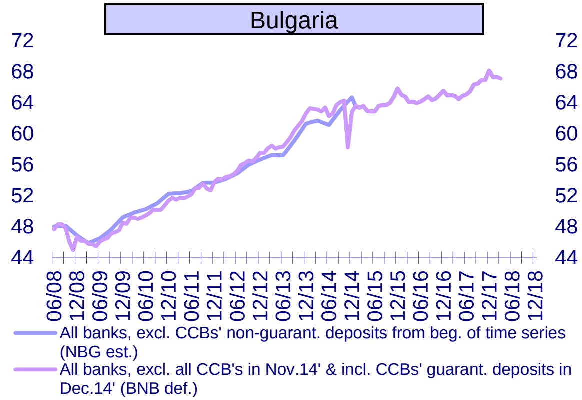
Egypt

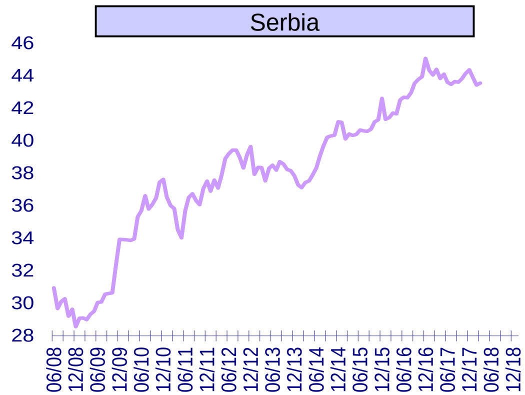


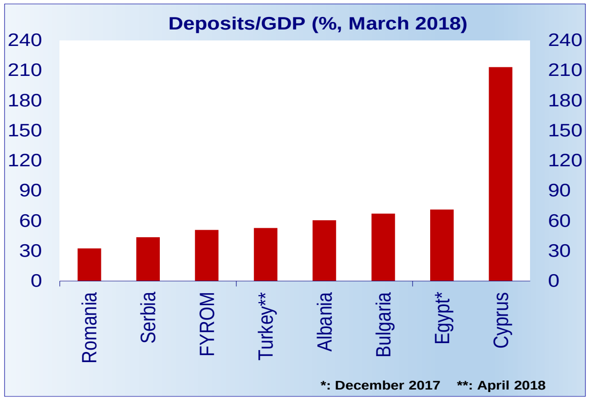
The deposit-to-GDP ratio continues on its sharp downward trend in Albania (due to attractive domestic debt yields)

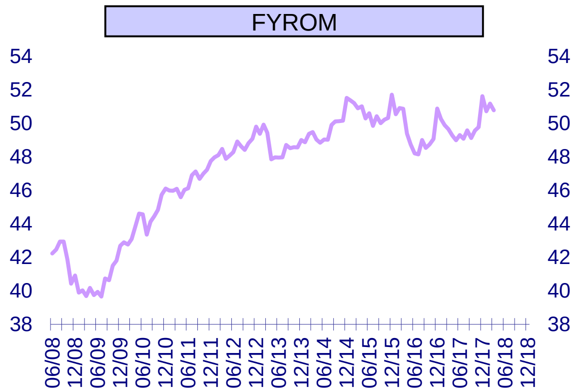


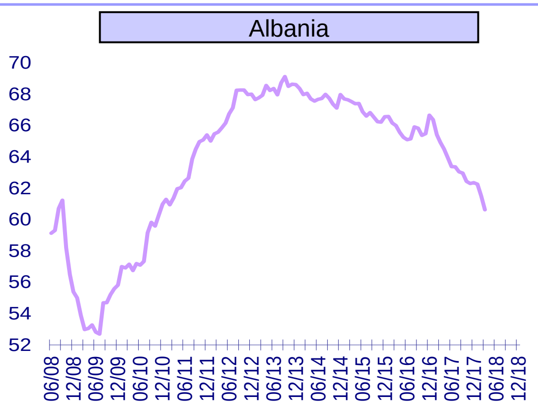


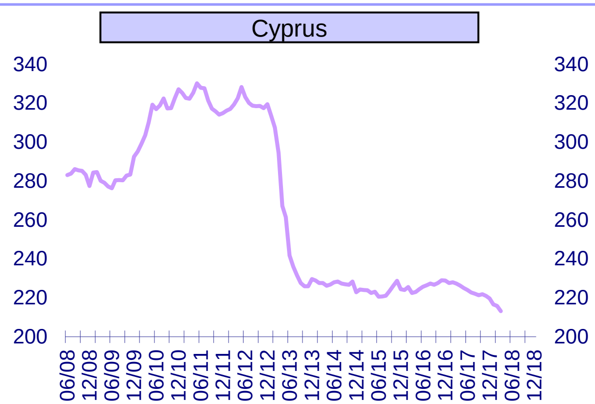


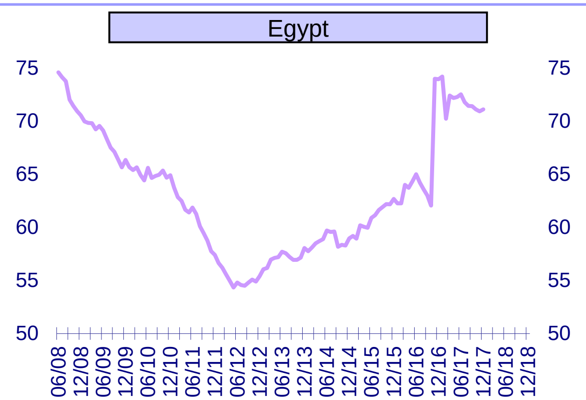






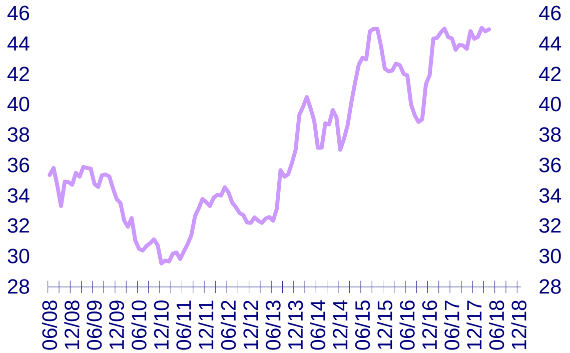




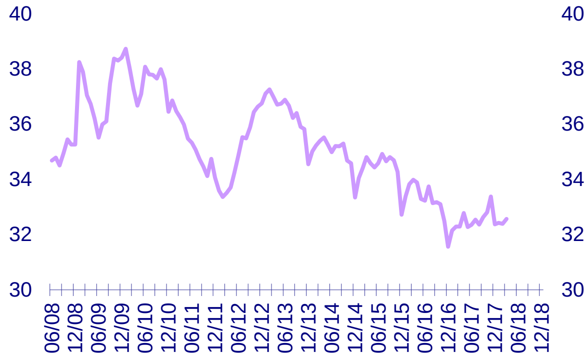


The proportion of FX deposits in total deposits is at similar levels to that for loans

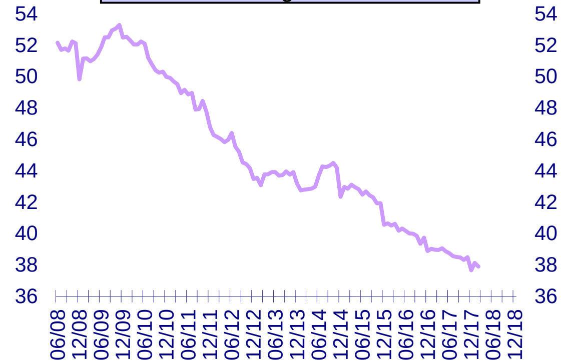
Turkey



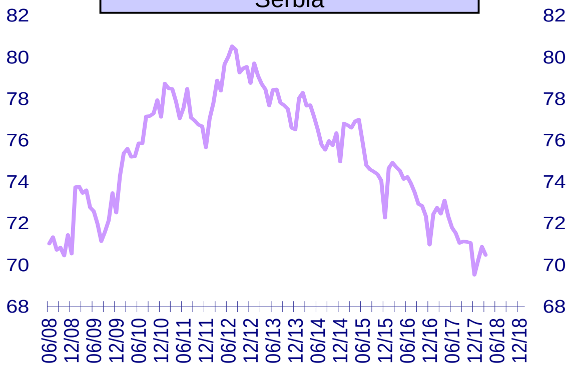
Romania

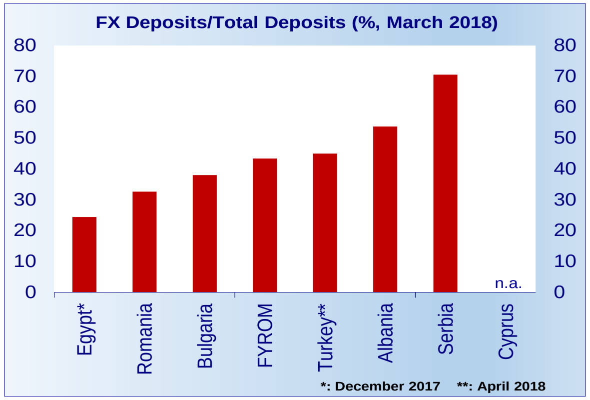


Bulgaria

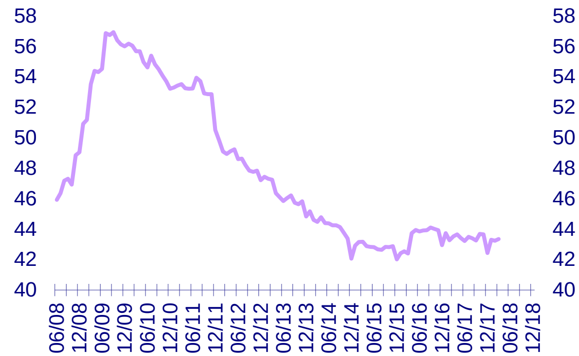


Serbia

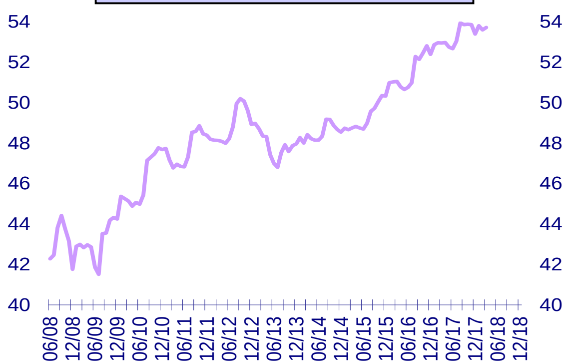




FYROM



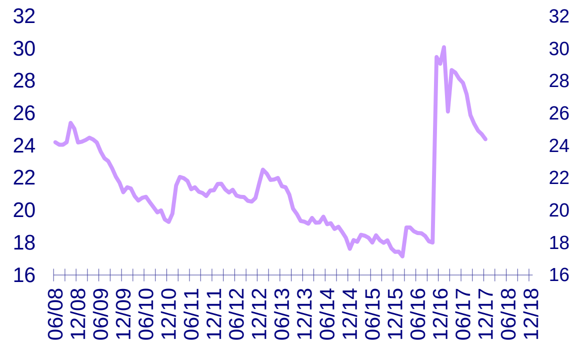
Albania



Cyprus

N.A.

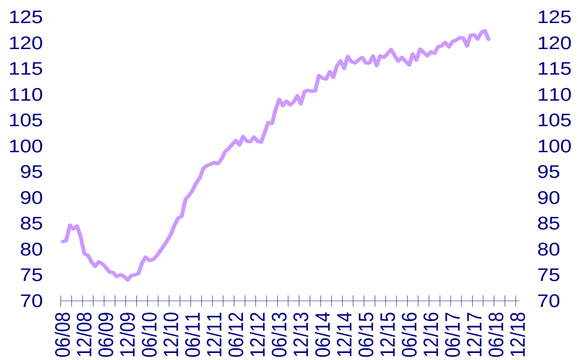
Egypt



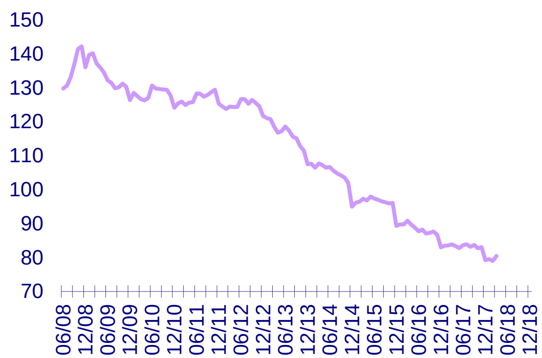
Total loans-to-total deposits ratio (%)

Liquidity pressures continue to ease in all the countries under review, with the exception of Turkey

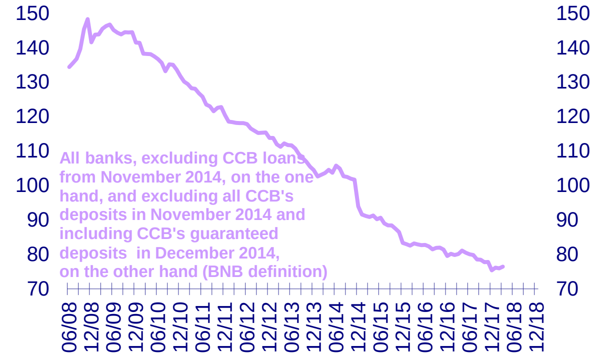
Turkey



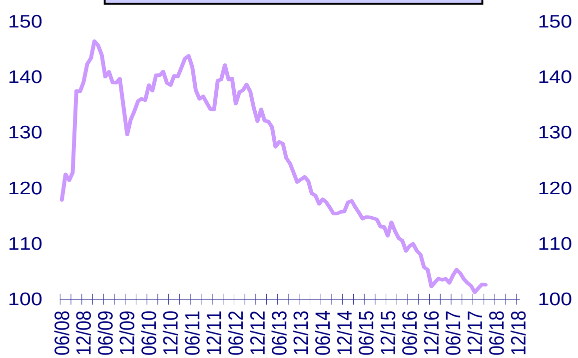
Romania

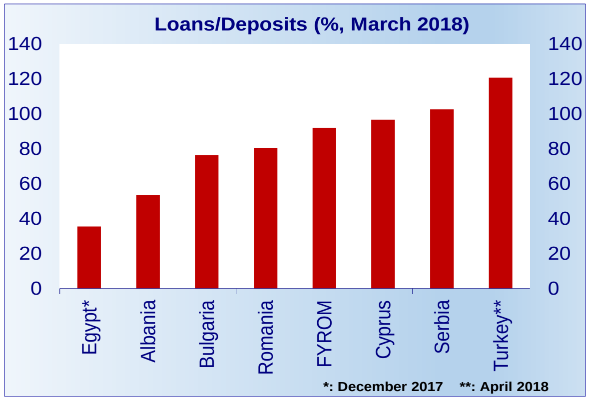


Bulgaria

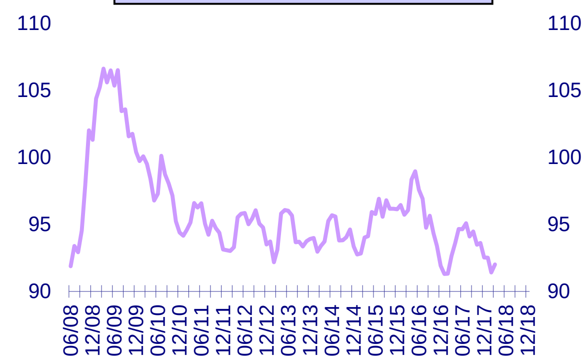


Serbia



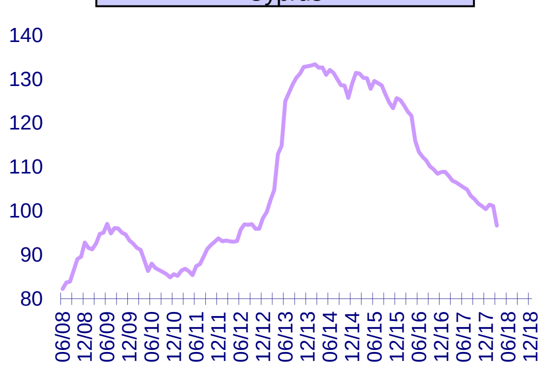


FYROM

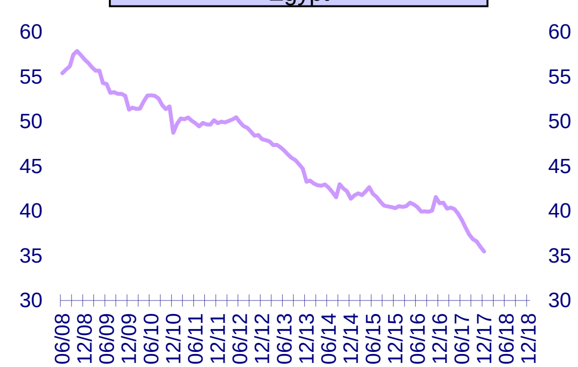


Albania

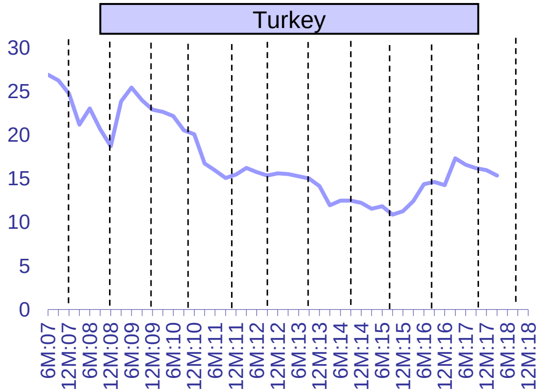
Cyprus

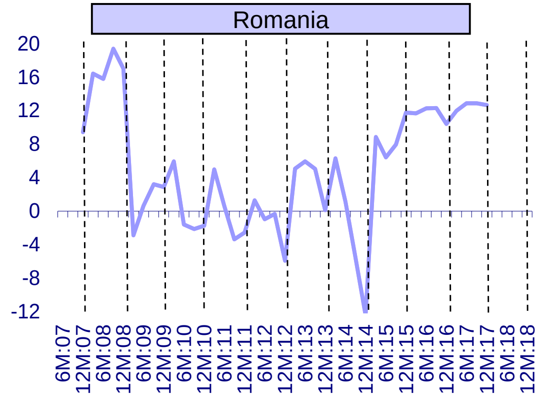


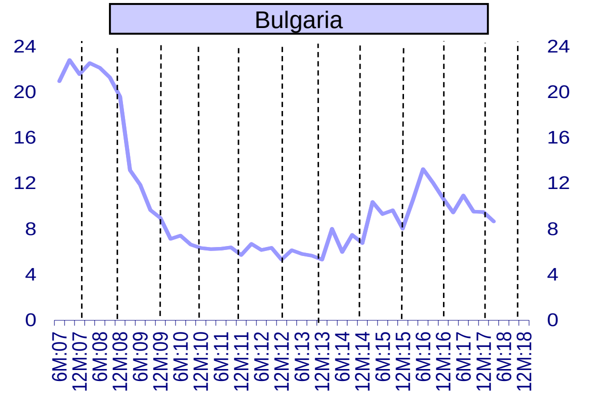
Egypt

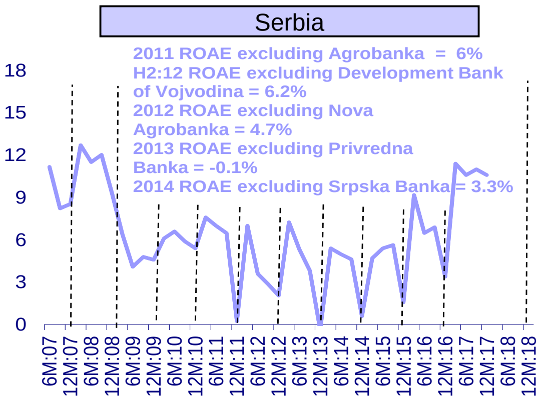


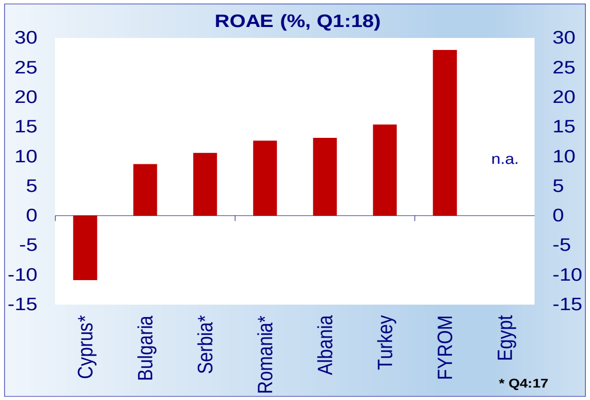
Double-digit return-to-average equity ratio in sight this year in almost all the countries under review

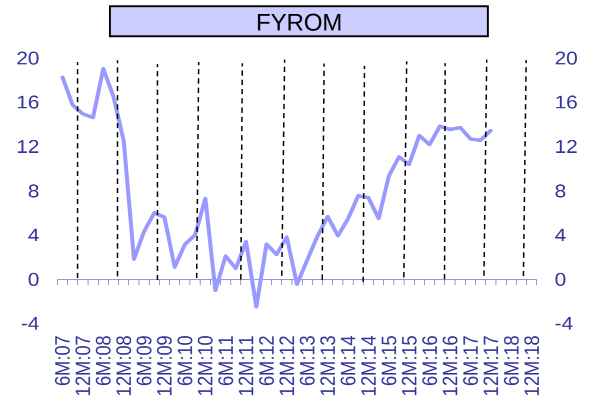


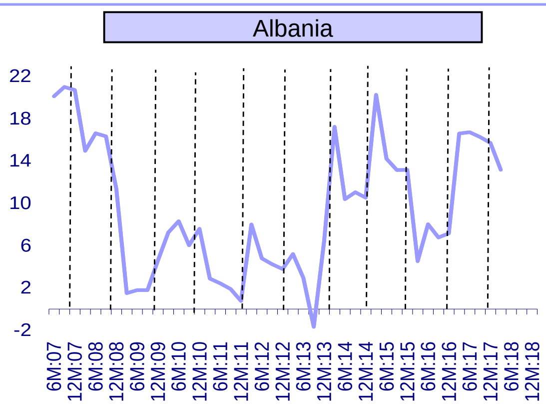


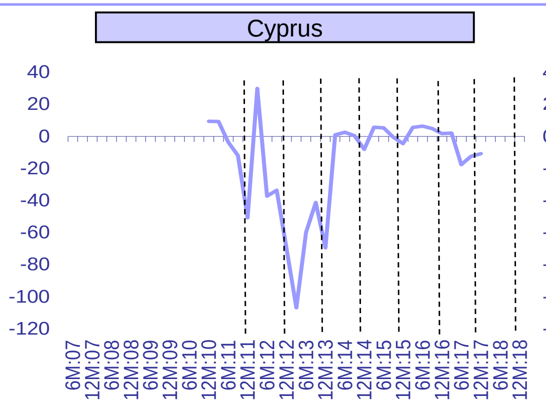


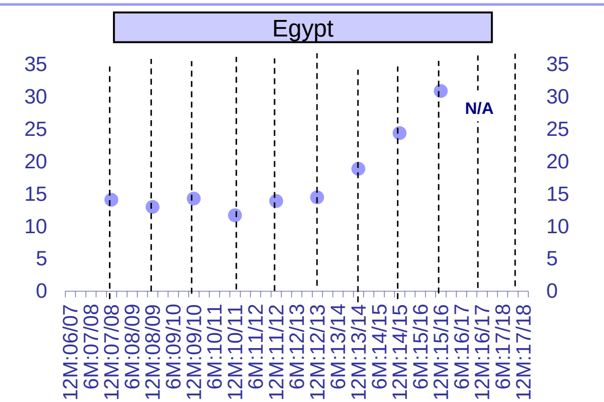






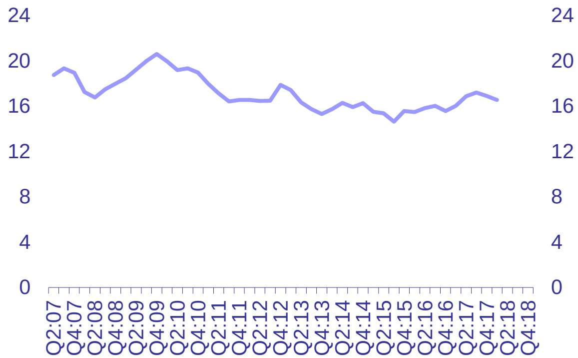




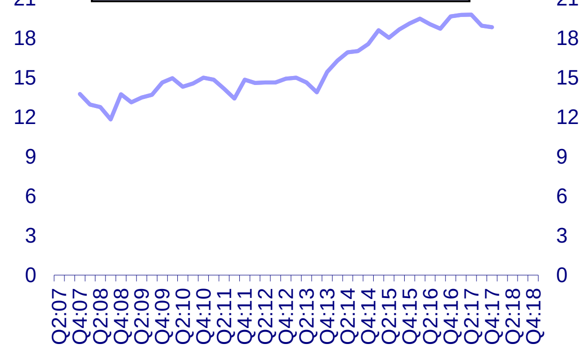


Capital base remains sound in all the banking sectors under review

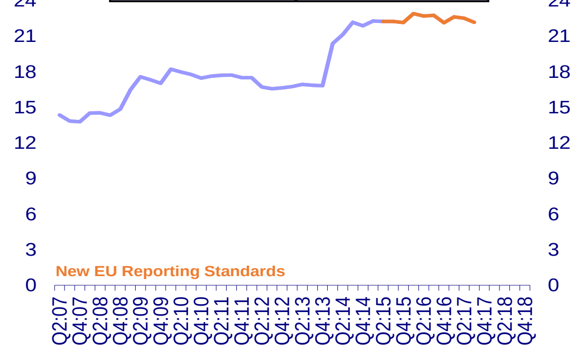
Turkey



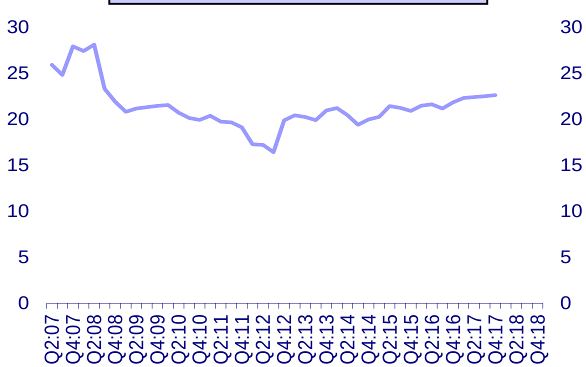
Romania

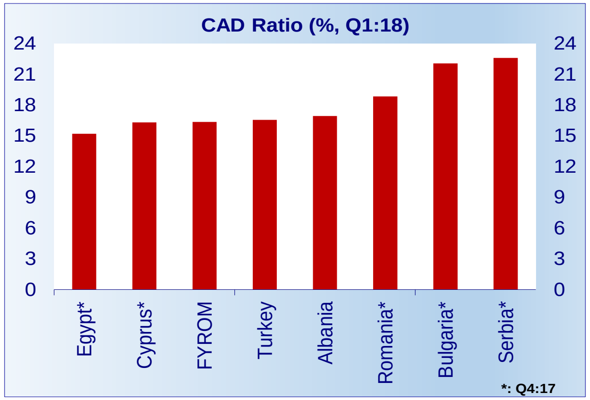


Bulgaria

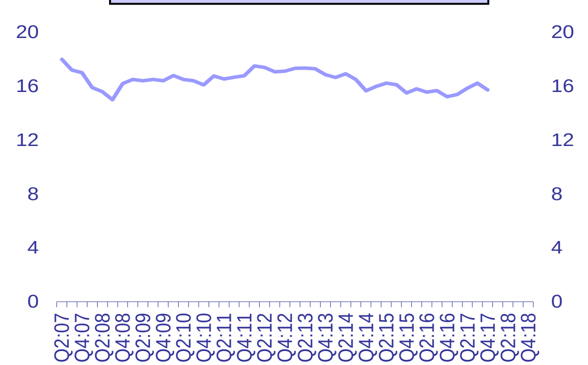


Serbia

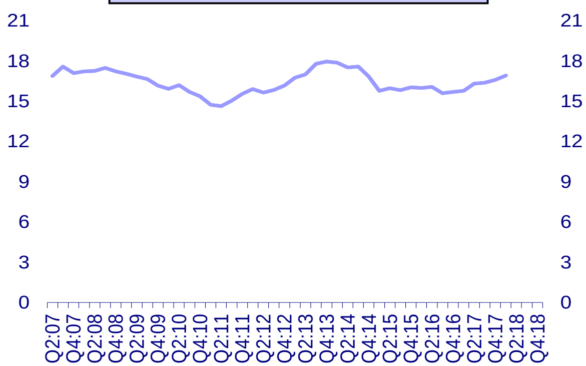




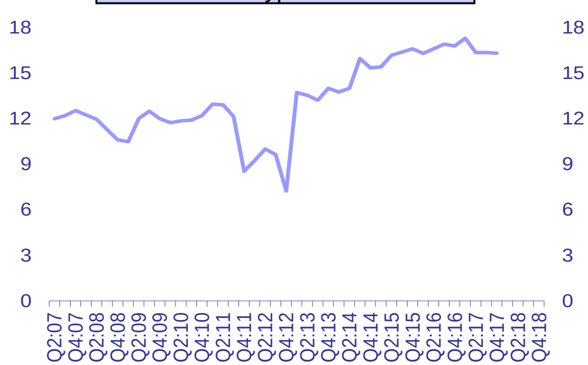
FYROM



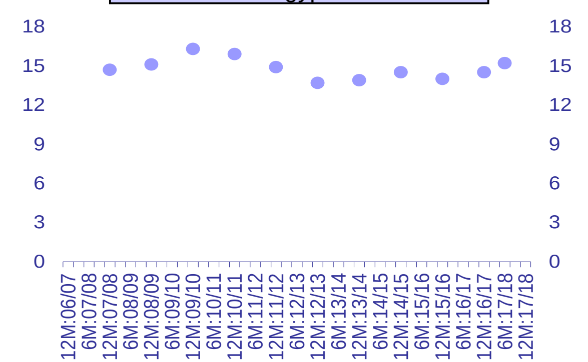
Albania



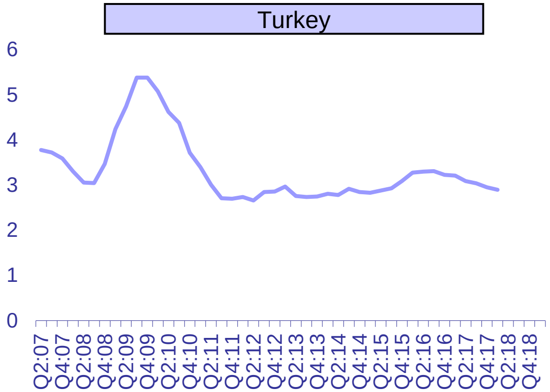
Cyprus

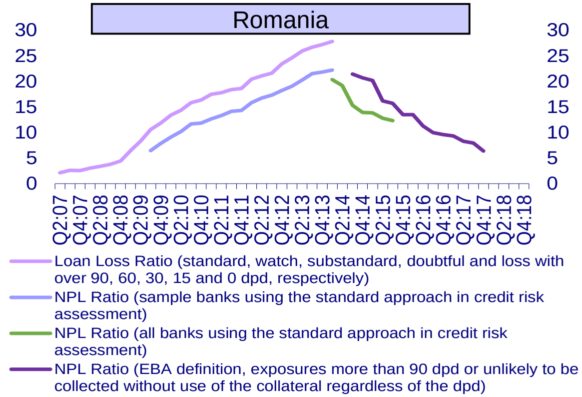


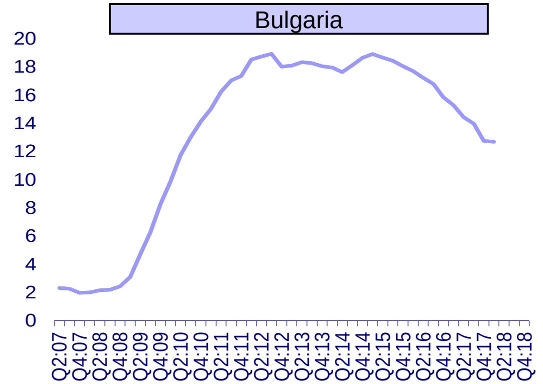
Egypt

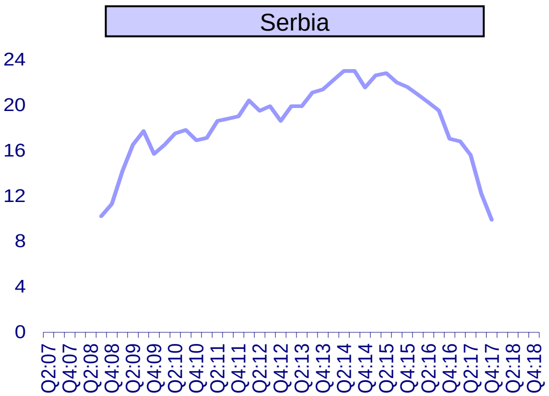


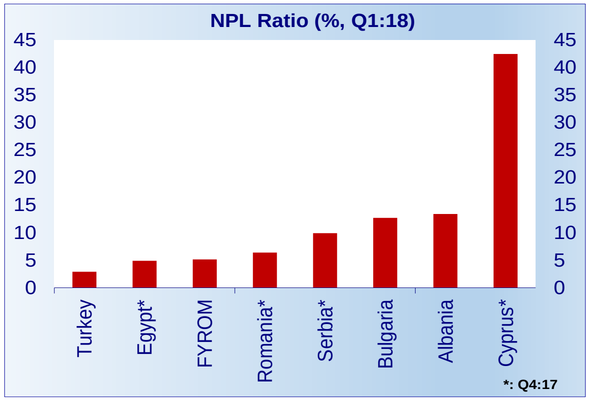
NPL ratios are on a downward trend in all the countries under review, supported by large write-offs and sales of bad loans to non-financial companies

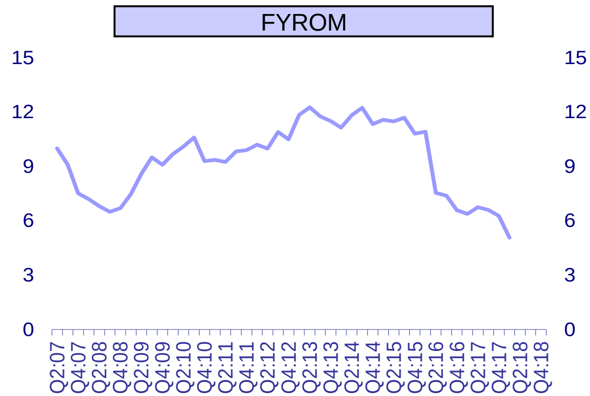


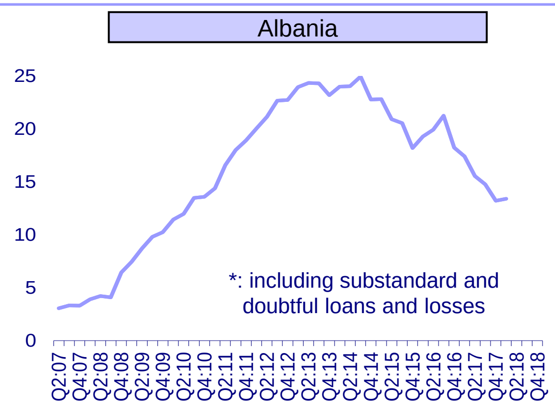


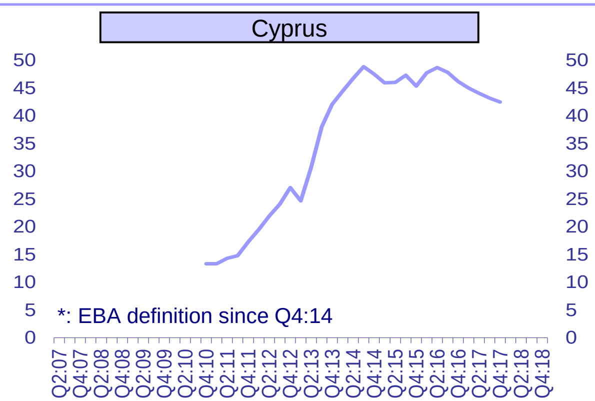


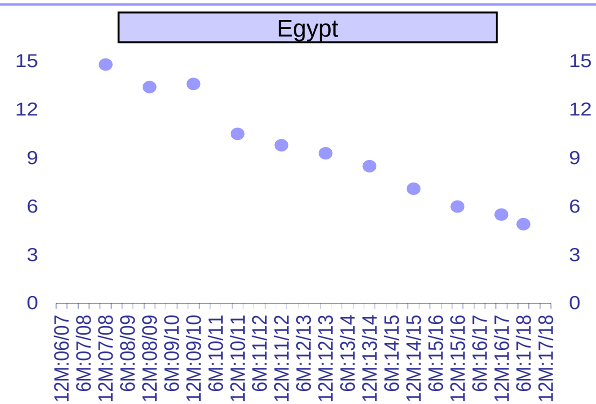












A strong foreign presence in Albania, Romania, Bulgaria, Serbia and FYROM

Foreign Ownership (% of Total Assets, 2017)

Turkey [a]	Romania	Bulgaria	Serbia	FYROM [a]	Albania	Cyprus [b]	Egypt [c]
25.7	77.0	76.6	69.7	69.9	81.4	21.0	55.0

[a]: 31.12.2016

[b]: 30.06.2016

[c]: 31.12.2015