



NATIONAL BANK OF GREECE

Economic Analysis Division

Emerging Markets Analysis

Quarterly Chartbook

Q4:2019

Turkey, Romania, Bulgaria, Serbia, North Macedonia, Albania, Cyprus, Egypt

“Despite an adverse external environment, all economies under review are set to post solid growth this year (higher than 3.0%)”



NBG - Economic Analysis Division

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

Emerging Markets Analysis

Head:

Konstantinos Romanos-Louizos

✉ : romanos.louizos.k@nbg.gr

Analysts:

Louiza Troupi

✉ : troupi.louiza@nbg.gr

Andromachi Papachristopoulou

✉ : papachristopoulou.a@nbg.gr





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Republic of Turkey



Population (2019E, mn): 83.0
 GDP (2019E, EUR, bn): 679.9
 GDP per Capita (2019E, EUR): 8,190
 Government type: Parliamentary Republic
 Chief of state: Recep Tayyip ERDOGAN
 Head of Government: Recep Tayyip ERDOGAN
 Minister of Finance: Berat ALBAYRAK
 Central Bank Governor: Murat UYSAL



Romania



Population (2019E, mn): 19.5
 GDP (2019E, EUR, bn): 219.1
 GDP per Capita (2019E, EUR): 11,224
 Government type: Semi Presidential Republic
 Chief of state: Klaus Werner IOHANNIS
 Head of Government: Ludovic ORBAN
 Minister of Finance: Vasile-Florin CITU
 Central Bank Governor: Mugur ISARESCU



Republic of Bulgaria



Population (2019E, mn): 7.0
 GDP (2019E, EUR, bn): 60.5
 GDP per Capita (2019E, EUR): 8,691
 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 (2019E, mn): 7.0
 GDP (2019E, EUR, bn): 45.5
 GDP per Capita (2019E, EUR): 6,543
 Government type: Parliamentary Republic
 Chief of state: Aleksandar VUCIC
 Head of Government: Ana BRNABIC
 Minister of Finance: Sinisa MALI
 Central Bank Governor: Jorgovanka TABAKOVIC



Republic of North Macedonia



Population (2019E, mn): 2.1
 GDP (2019E, EUR, bn): 11.2
 GDP per Capita (2019E, EUR): 5,392
 Government type: Parliamentary Republic
 Chief of state: Stevo PENDAROVSKI
 Head of Government: Oliver SPASOVSKI
 Minister of Finance: Nina ANGELOVSKA
 Central Bank Governor: Anita ANGELOVSKA-BEZOSKA



Republic of Albania



Population (2019E, mn): 2.9
 GDP (2019E, EUR, bn): 13.7
 GDP per Capita (2019E, EUR): 4,771
 Government type: Parliamentary Republic
 Chief of state: Ilir META
 Head of Government: Edi RAMA
 Minister of Finance: Anila DENAJ
 Central Bank Governor: Gent SEJKO



Republic of Cyprus



Population (2019E, mn): 0.9
 GDP (2019E, EUR, bn): 25.0
 GDP per Capita (2019E, EUR): 28,888
 Government type: Presidential Republic without PM
 Chief of state: Nicos ANASTASIADES
 Head of Government: Nicos ANASTASIADES
 Minister of Finance: Constantinos PETRIDIS
 Central Bank Governor: Constantinos HERODOTOU



Arab Republic of Egypt



Population (2019E, mn): 101.5
 GDP (2019E, EUR, bn): 296.2
 GDP per Capita (2019E, EUR): 2,949
 Government type: Semi Presidential Republic
 Chief of state: Abdel Fattah Said AL-SISI
 Head of Government: Mostafa MADBOULY
 Minister of Finance: Mohamed MAAIT
 Central Bank Governor: Tarek AMER

A busy election calendar in Bulgaria, Serbia and North Macedonia should not materially affect policy implementation

In Romania, a volatile political environment ahead of the end-2020 Parliamentary elections could constrain the interim Government's ability to deliver a credible fiscal consolidation path

Date of Next Elections								
	Turkey	Romania	Bulgaria	Serbia	North Macedonia	Albania	Cyprus	Egypt
Legislative	June 2023	December 2020	March 2021	April 2020	April 2020	June 2021	May 2021	Oct. - Dec. 2020
Presidential	June 2023	November 2024	November 2020	April 2022	April 2024	July 2022	February 2023	March 2024
Local	March 2024	June 2020	October 2023	April 2020	March 2021	June 2023	December 2021	Unknown *

*: Last local elections were held in April 2008

Egypt's 3-year USD 12 bn Extended Fund Facility Arrangement was successfully completed in July. The country is now in talks with the IMF over a new non-financing programme

Serbia continues cooperation with the IMF in the form of a non-financing Policy Coordination Instrument

Cyprus and Albania are under close Post-Programme Monitoring

IMF & EU Financial Support (EUR bn)														
		Turkey	Romania			Bulgaria	Serbia				North Macedonia	Albania	Cyprus	Egypt
Period		---	2009-2011	2011-2013*	2013-2015*	---	2009-2011	2011-2013 ^a	2015-2018 ^a	2018-2021 ^b	2011-2013	2014-2017 ^c	2013-2016 ^d	2016-2019
Programme	IMF	---	13.0	3.6	2.0	---	2.9	1.1	1.2	---	0.5	0.4	1.1	11.9 ^e
	EU	---	5.0	1.4	2.0	---	---	---	---	---	---	---	9.0	---
Drawn so far	IMF	---	12.1	---	---	---	1.5	---	---	---	0.2	0.4	1.0	11.9 ^e
	EU	---	5.0	---	---	---	---	---	---	---	---	---	6.3	---
Repaid	IMF	---	12.1 since 2009			---	1.6 since 2009			---	0.2	---	0.2 early in 2017	---
	EU	---	2.5 since 2009			---	---			---	---	---	---	---
Next Repayments	IMF	---	---			---	---			---	---	Starting in 2020	Starting in 2021	Starting in 2021
	EU	---	---			---	---			---	---	---	Starting in 2027	---

^a Precautionary

^b Non-financing Policy Coordination Instrument

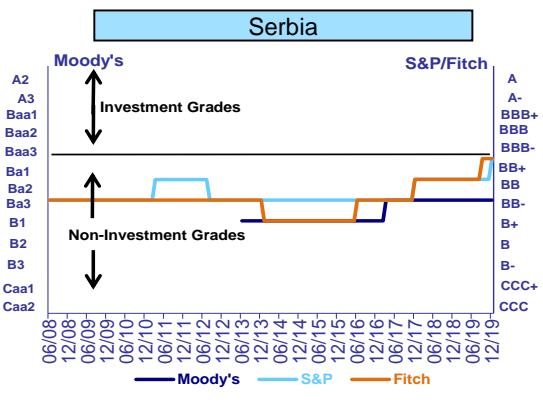
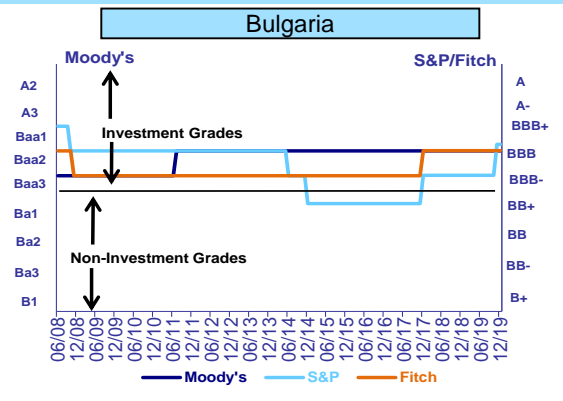
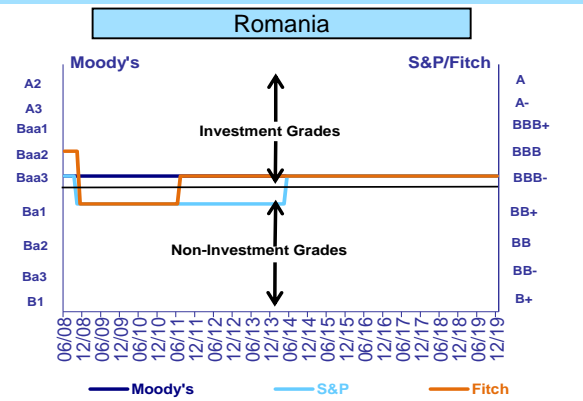
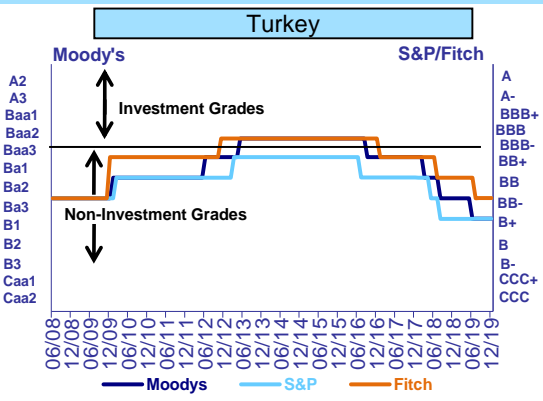
^c under Post-Programme Monitoring since 2018

^d under Post-Programme Monitoring since 2016

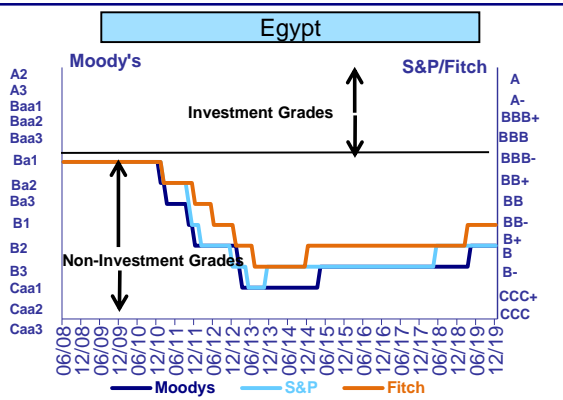
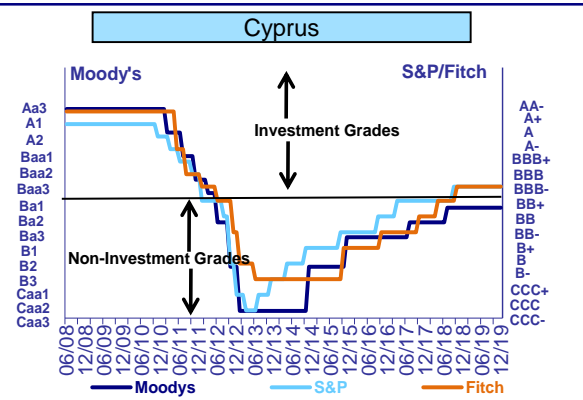
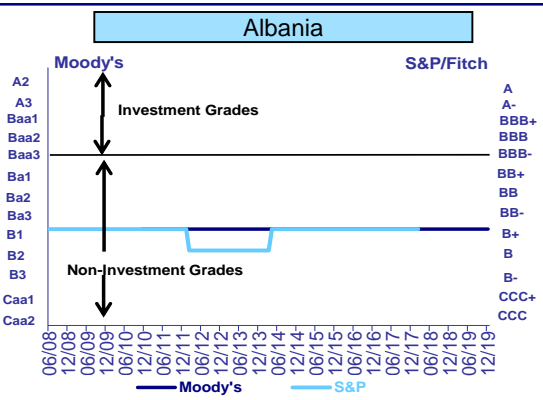
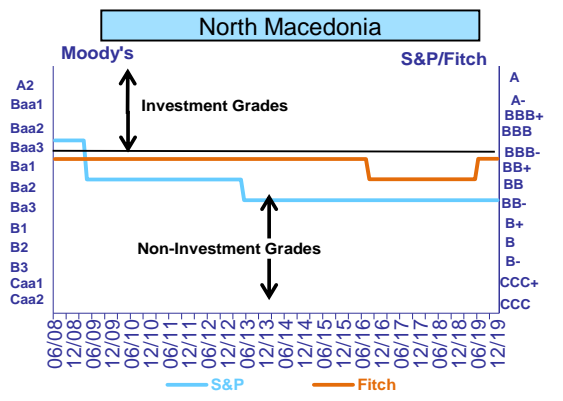
^e bn USD

Foreign currency credit rating

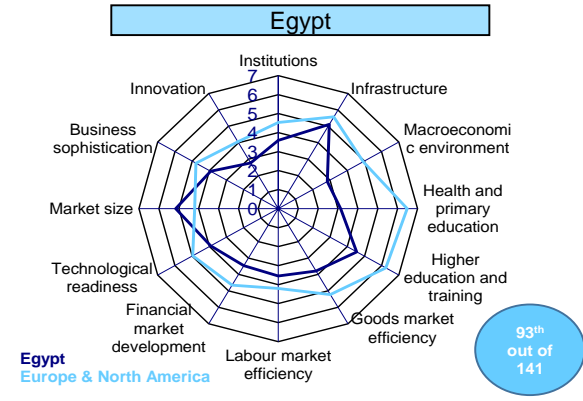
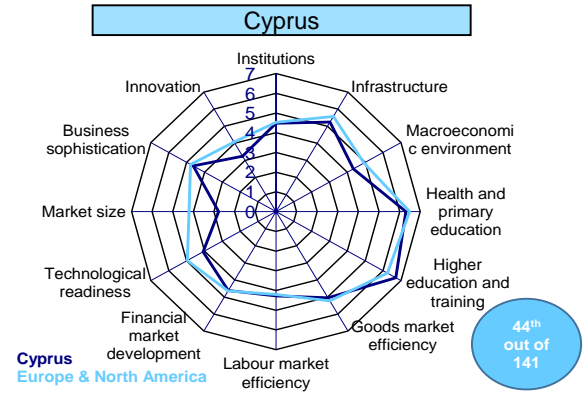
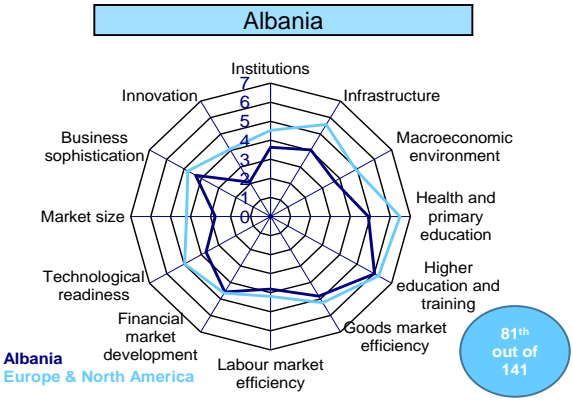
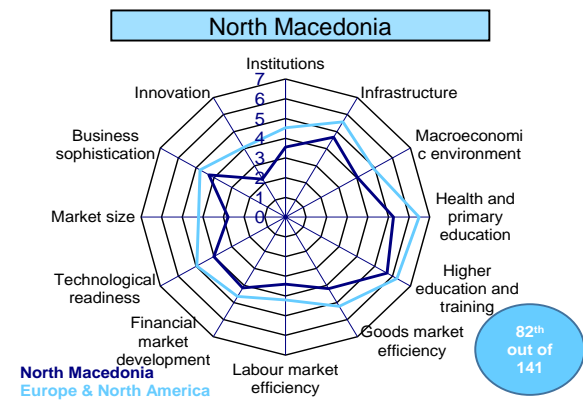
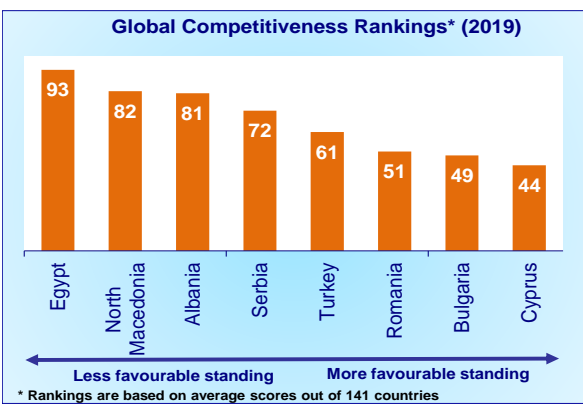
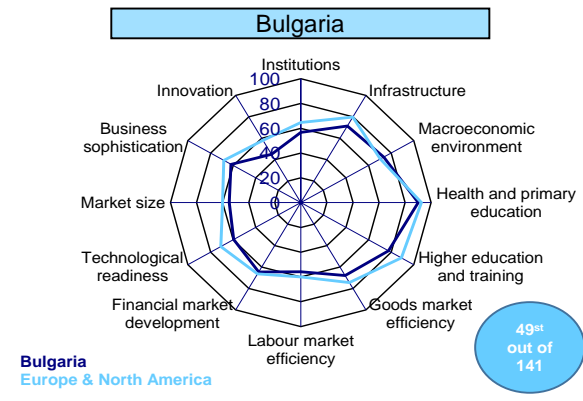
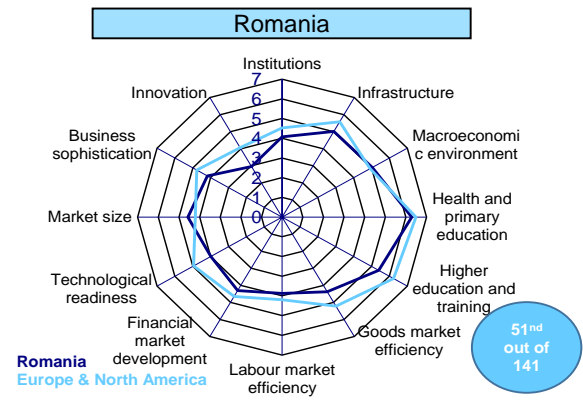
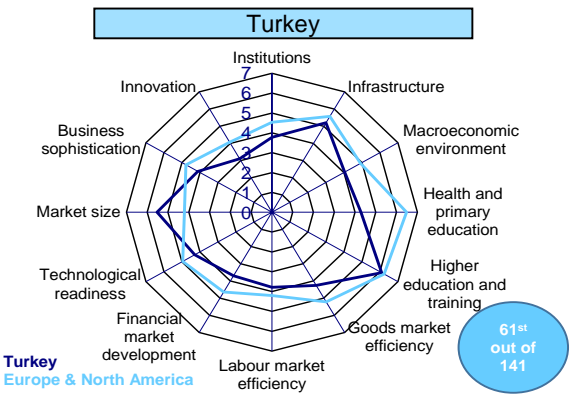
In 2019: i) Serbia's credit rating was upgraded by 1 notch by both Fitch and S&P to BB+; ii) North Macedonia's credit rating was upgraded by 1 notch by Fitch to BB+; iii) Egypt's credit rating was upgraded by 1 notch by Moody's to B2 and by 1 notch by Fitch to B+; iv) Bulgaria's credit rating was upgraded by 1 notch by S&P to BBB; and v) Turkey's credit rating was downgraded by 1 notch by Moody's to B1 and by 1 notch by Fitch to BB-



Long-Term Foreign Debt Currency Ratings, December 2019				
		S&P	Moody's	Fitch
Investment Grades	A+			
	A			
	A-			
	BBB+			
	BBB	Bulgaria	Bulgaria	Bulgaria
	BBB-	Romania, Cyprus	Romania	Romania, Cyprus
Non-Investment Grades	BB+	Serbia		North Macedonia, Serbia
	BB		Cyprus	
	BB-	North Macedonia	Serbia	Turkey
	B+	Albania, Turkey	Albania, Turkey	Egypt
	B	Egypt	Egypt	
	B-			
	CCC+			
	CCC			

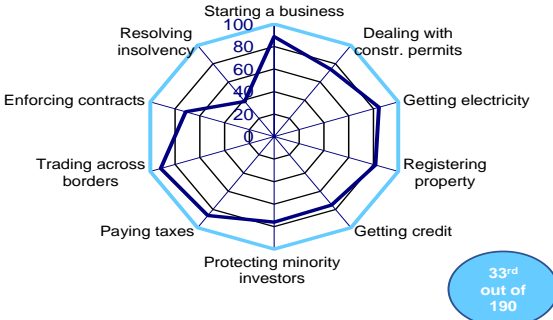


According to the latest WEF's GCI, Cyprus is the most competitive among the countries under review

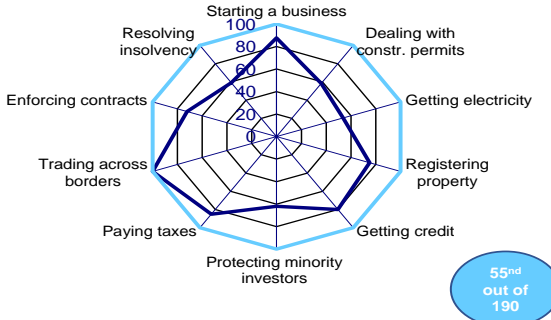


The latest WB's Ease of Doing Business report shows North Macedonia has the most favourable standing among the countries under review

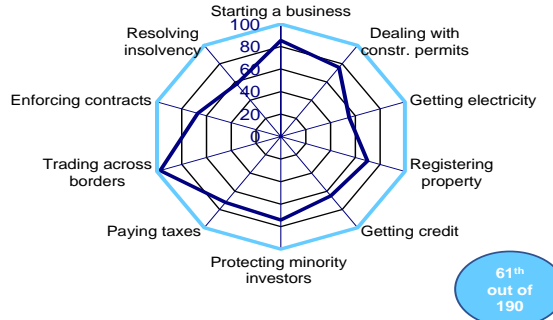
Turkey



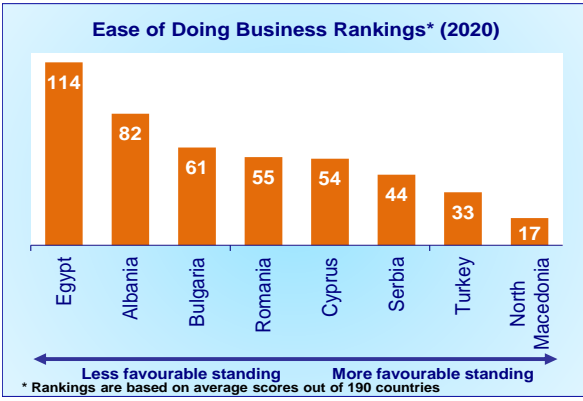
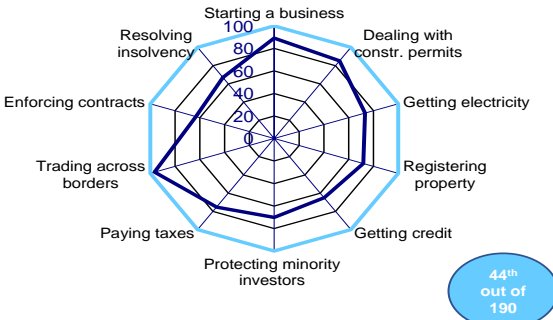
Romania



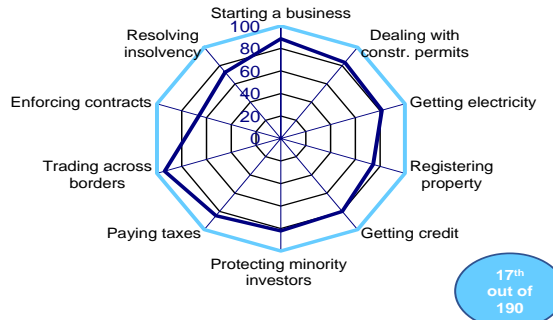
Bulgaria



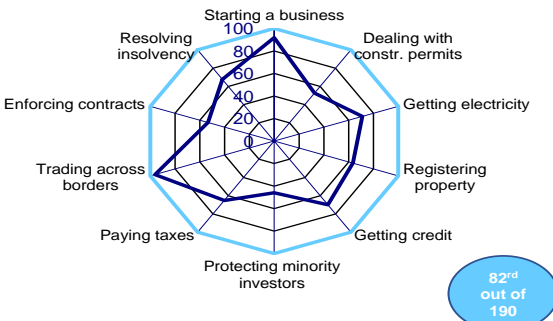
Serbia



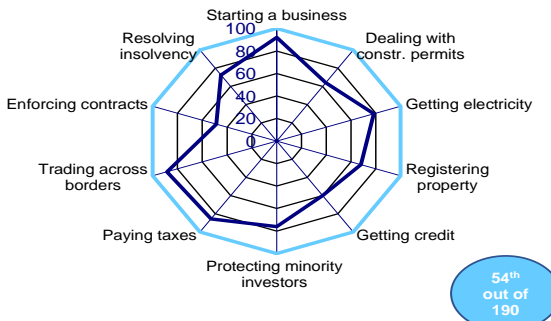
North Macedonia



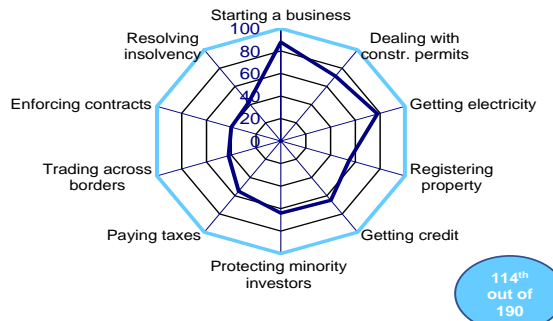
Albania



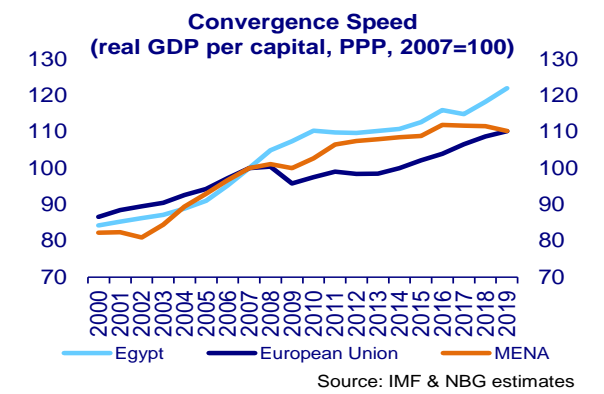
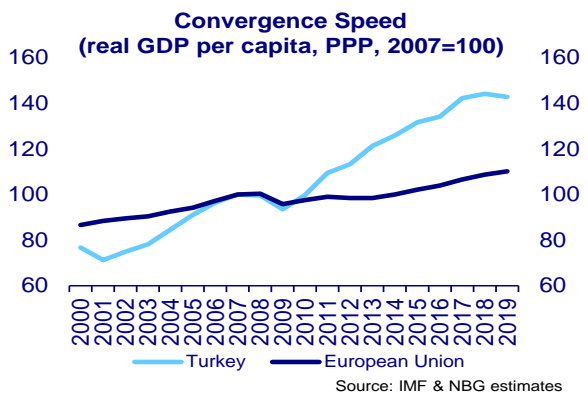
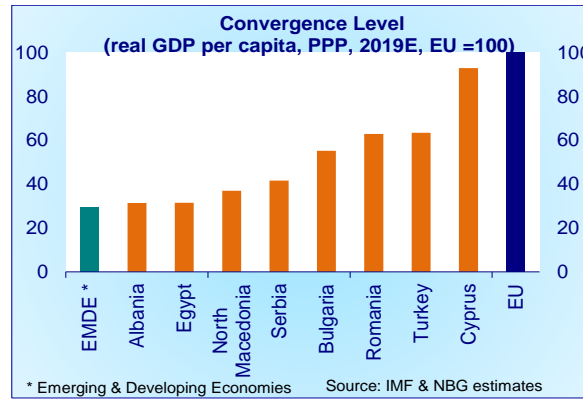
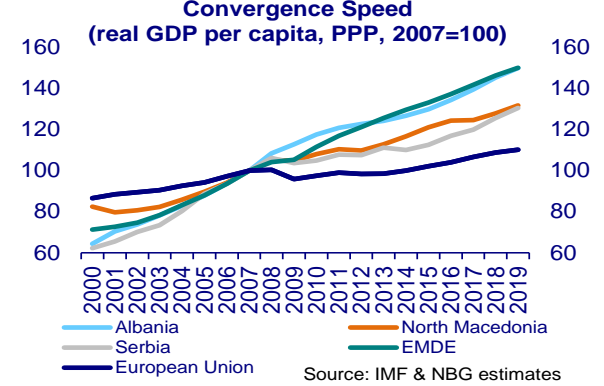
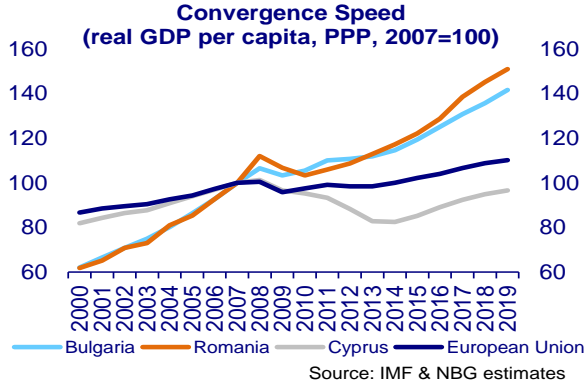
Cyprus



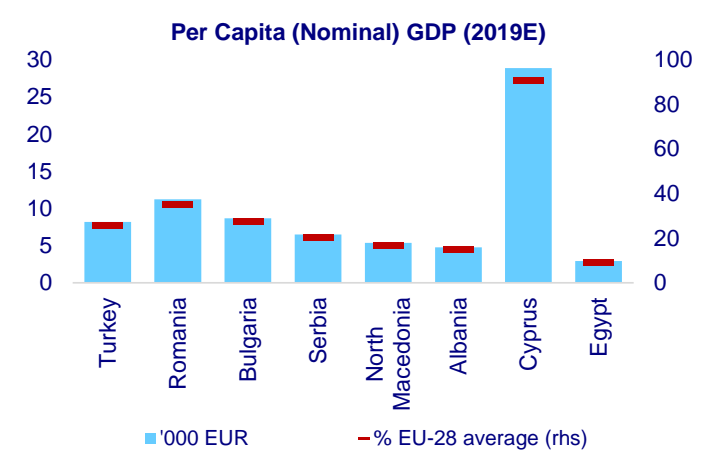
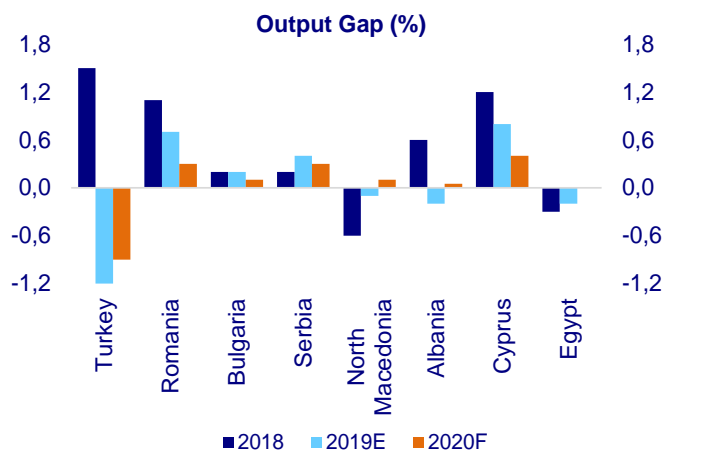
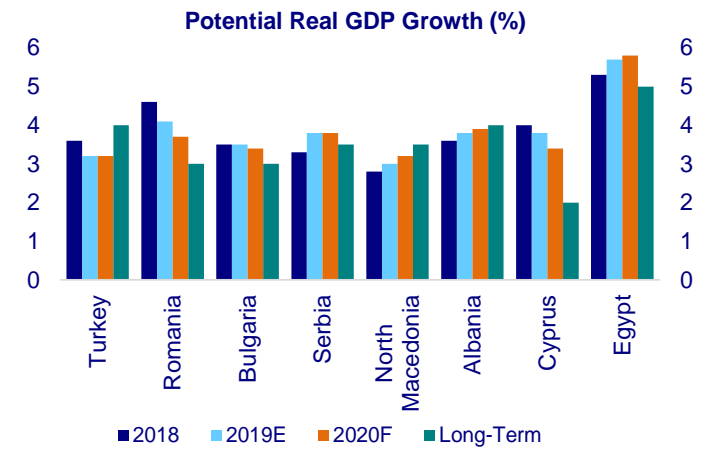
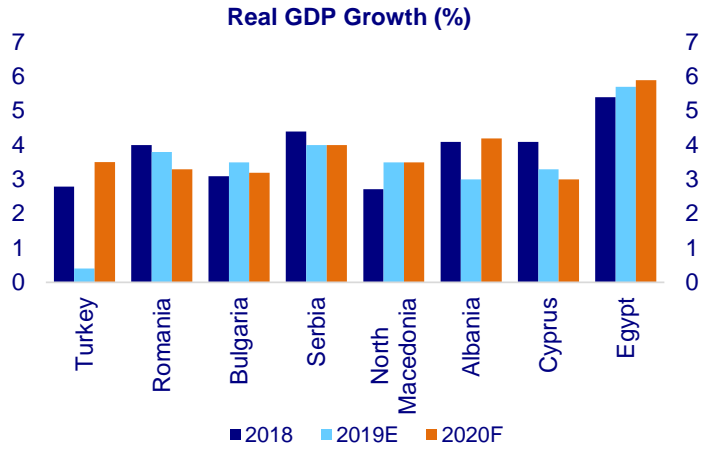
Egypt



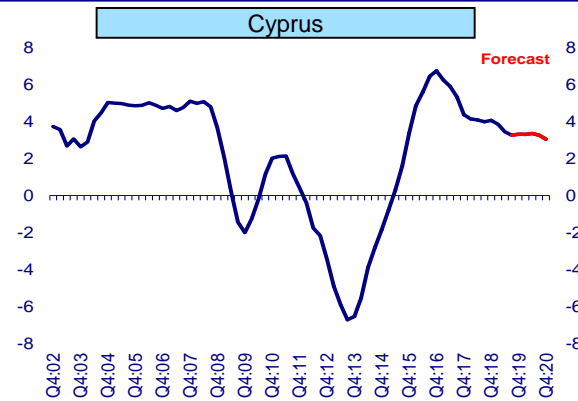
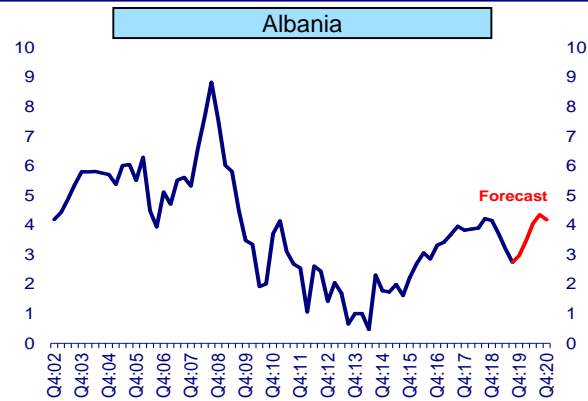
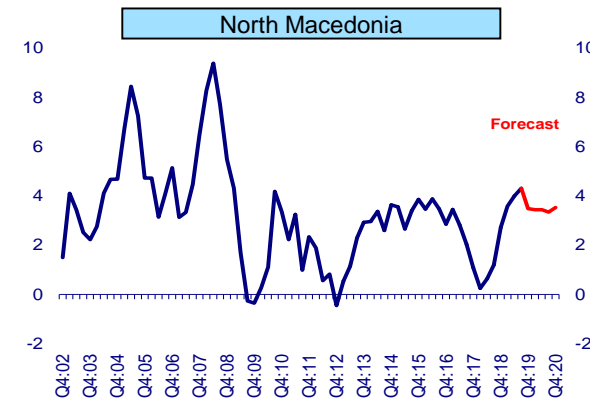
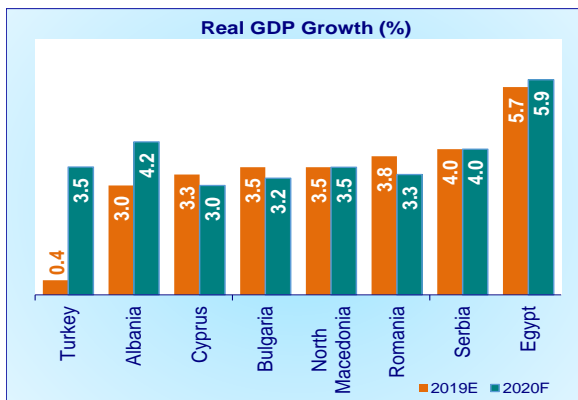
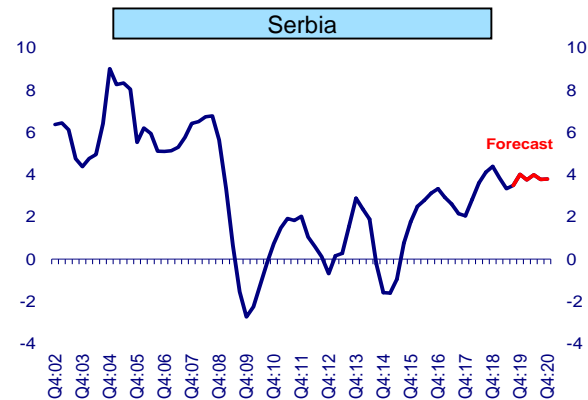
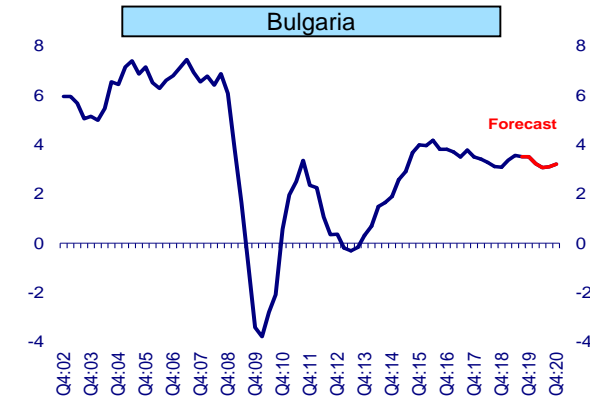
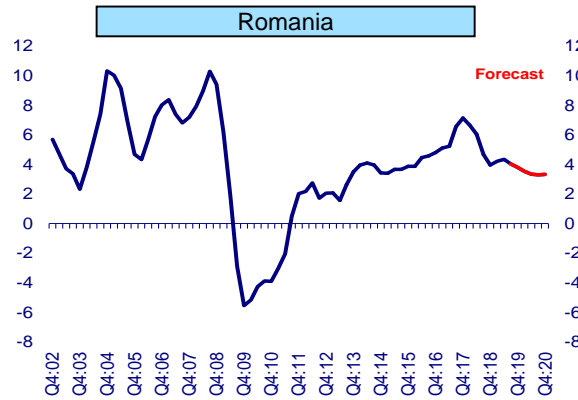
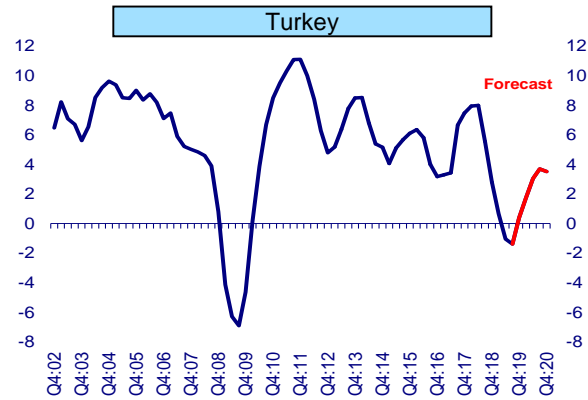
Growth in the economies under review consistently exceeds that of the EU
 The recent slowdown in the EU has not hit these economies as hard as in the past



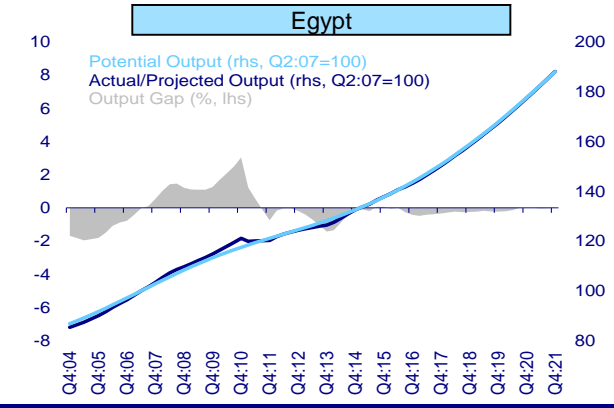
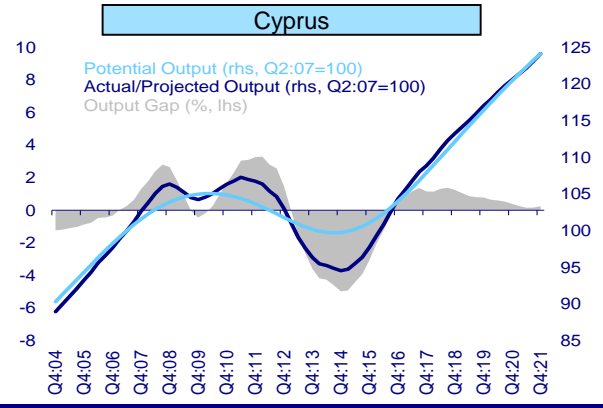
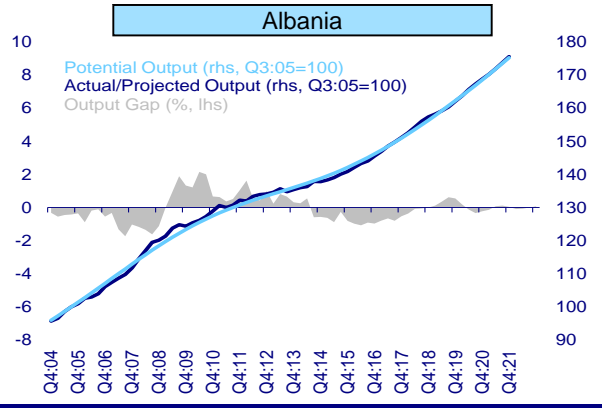
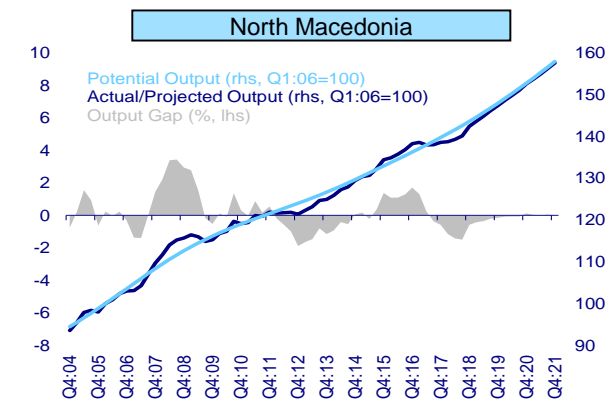
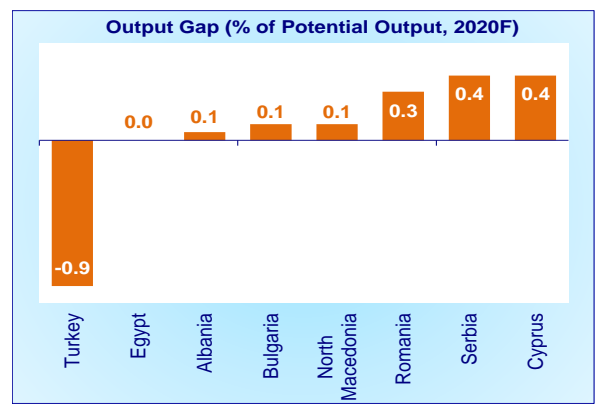
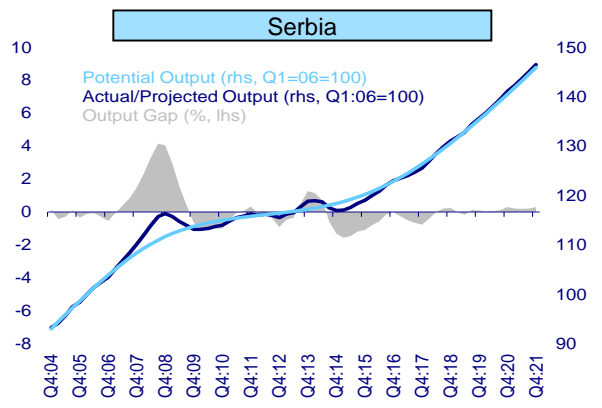
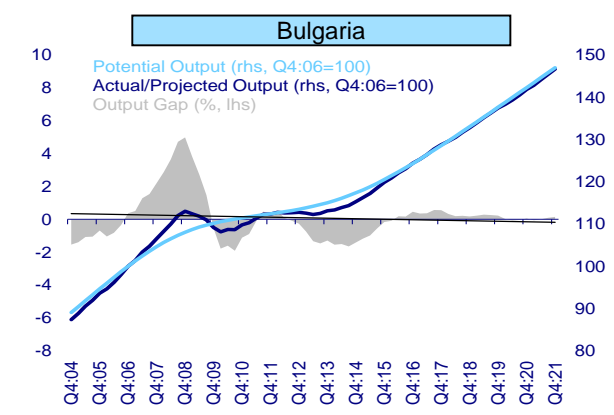
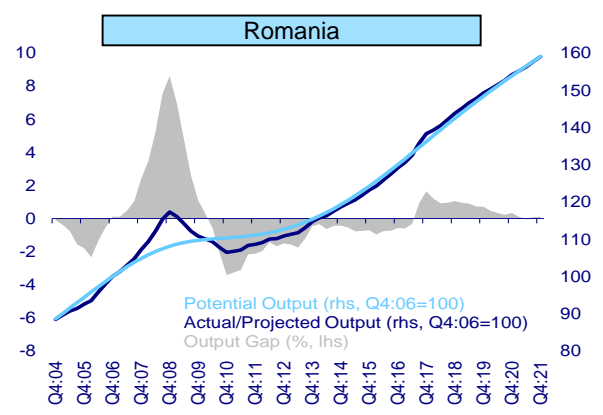
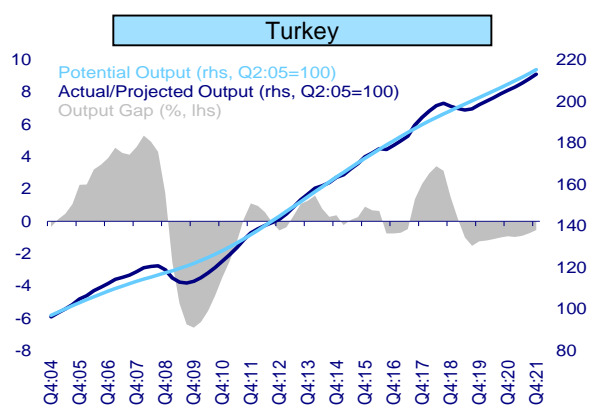
Despite an adverse external environment, all economies under review are set to post solid growth this year
 This year's growth is expected to slightly surpass its potential in the economies under review, with the exception of Turkey



GDP growth is expected to range between 3.0% (Cyprus) and 5.9% (Egypt) this year in the economies under review

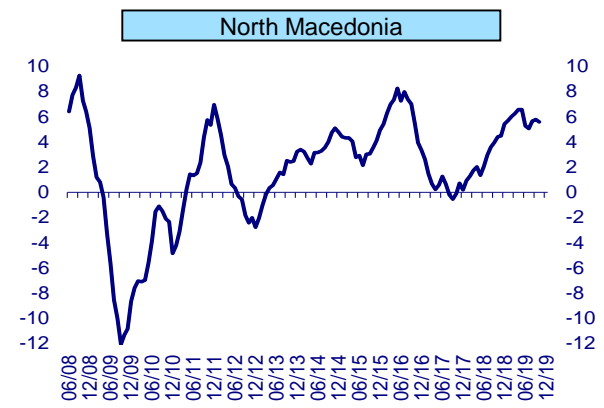
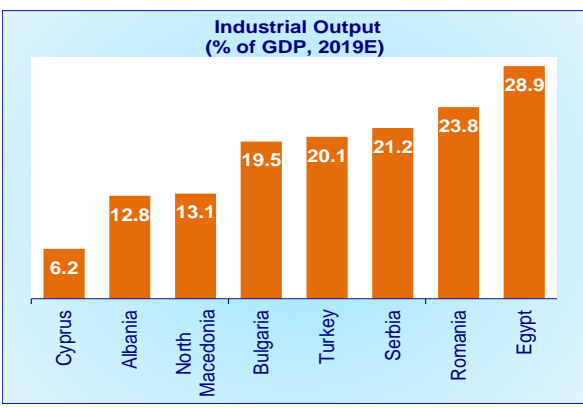
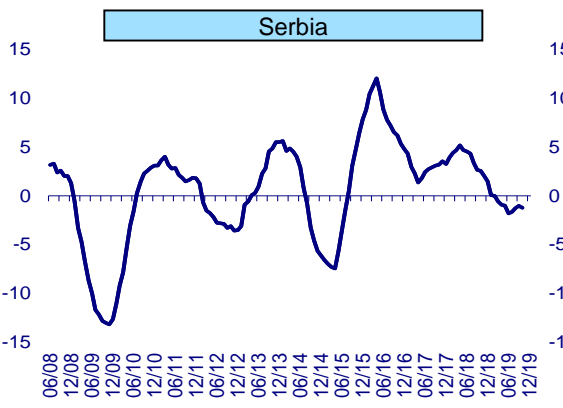
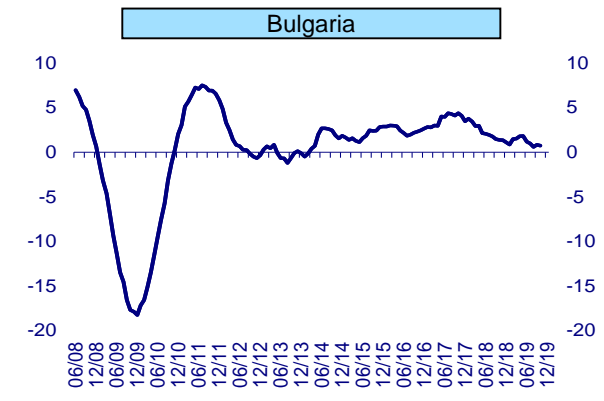
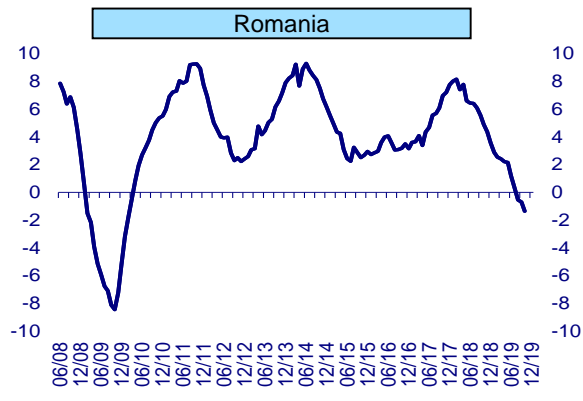
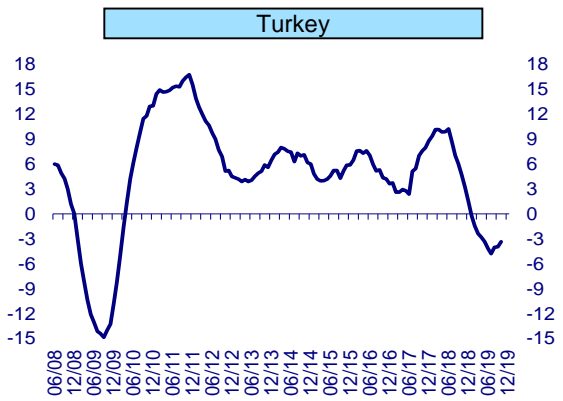


Only Turkey is expected to experience a negative output gap this year among the countries under review



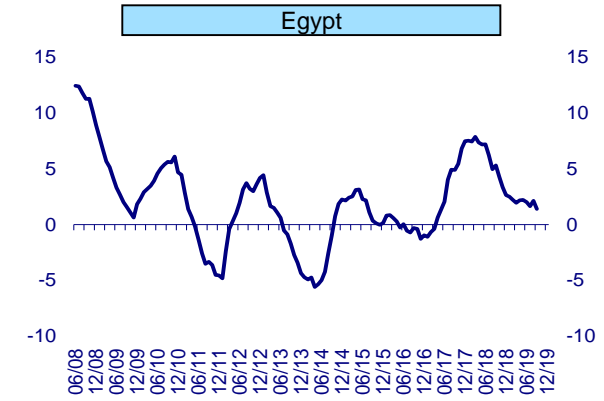
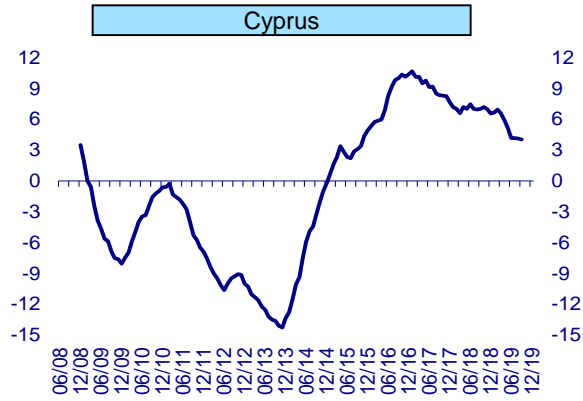
Industrial production (12-month rolling, y-o-y % change)

Industrial output weakened in most of the countries under review, in line with a slowdown in economic activity in their main trading partner -- the euro area

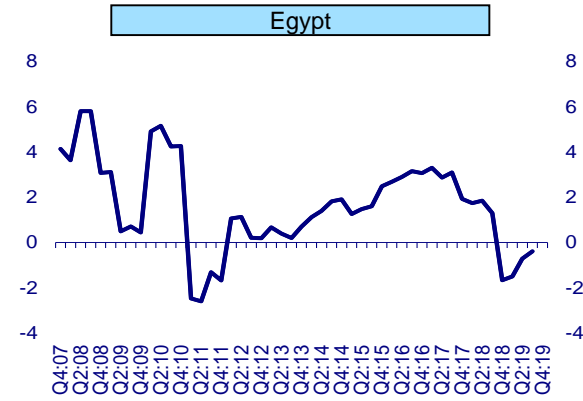
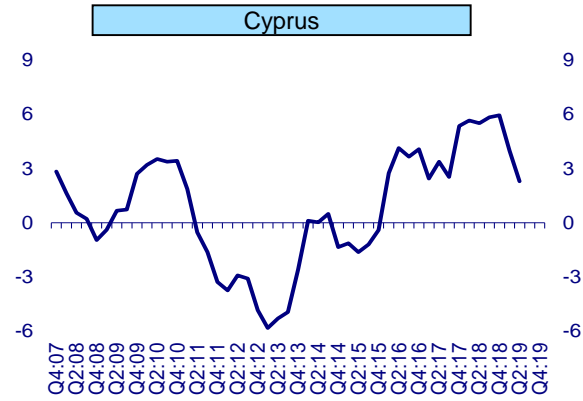
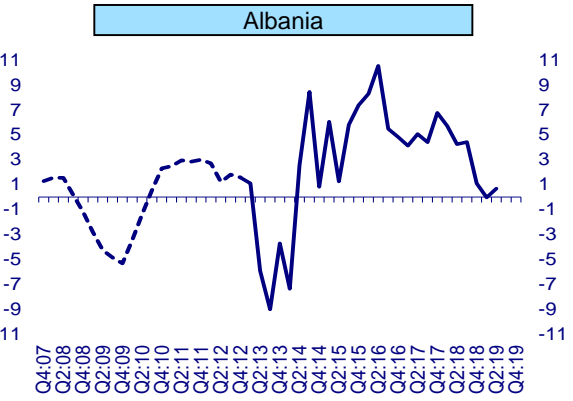
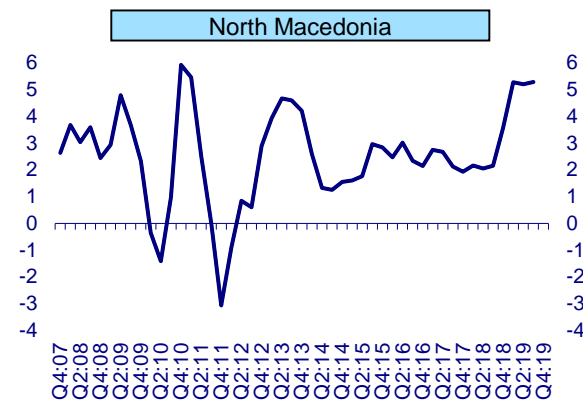
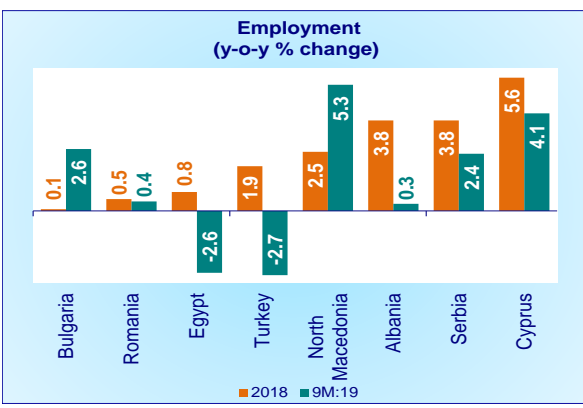
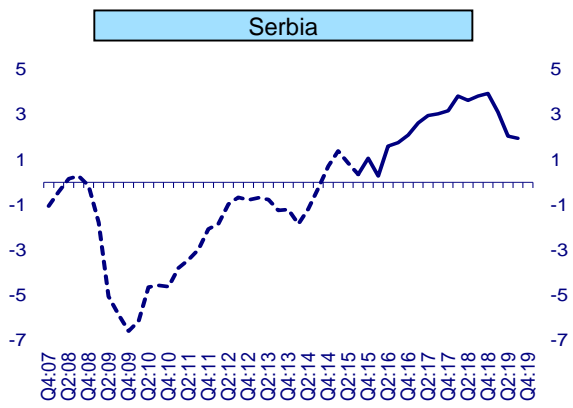
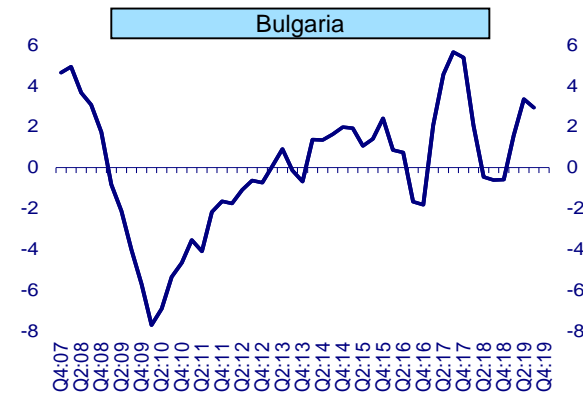
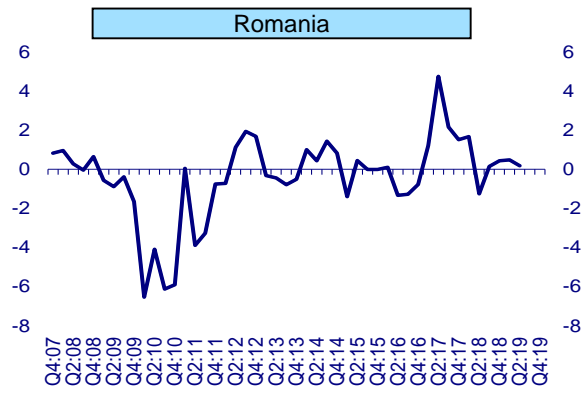
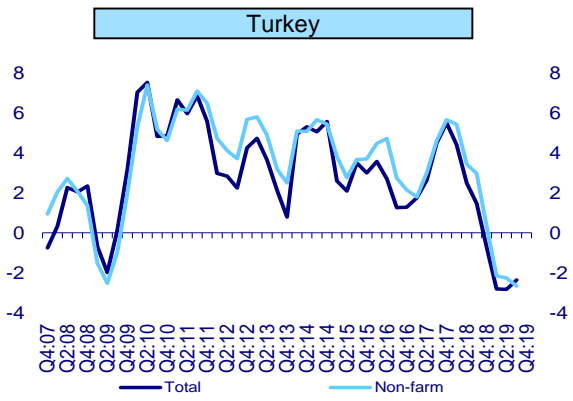


Albania

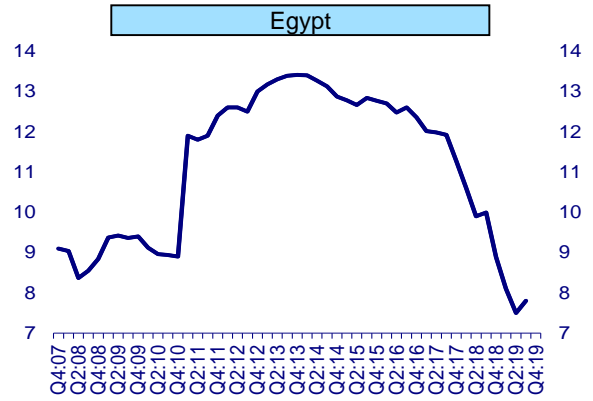
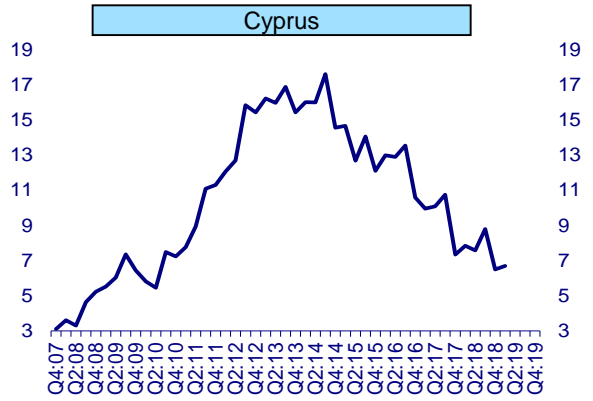
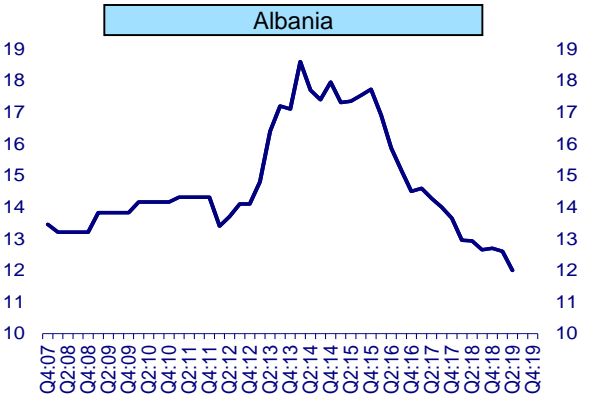
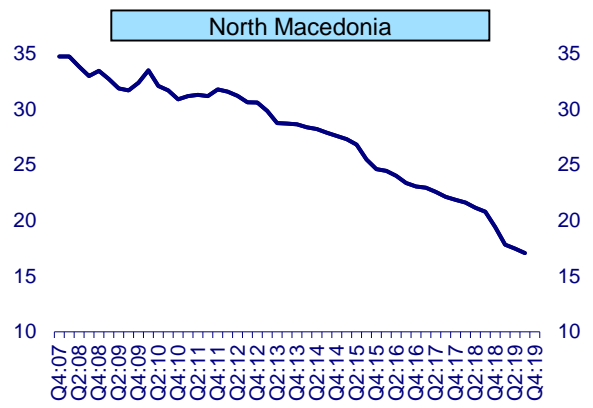
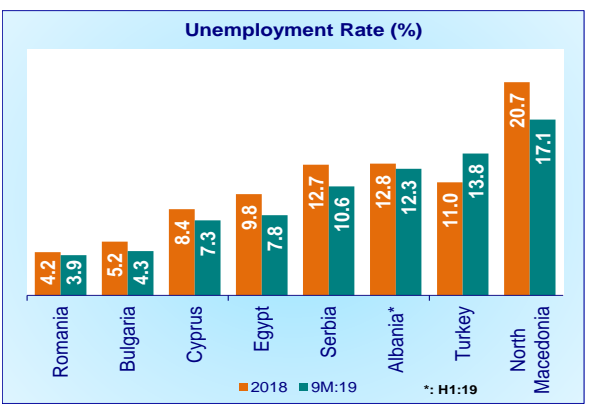
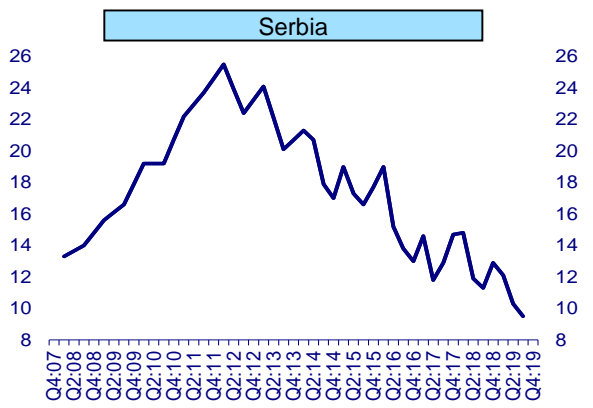
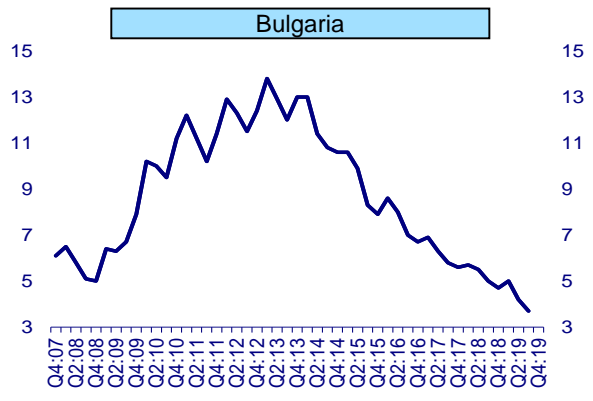
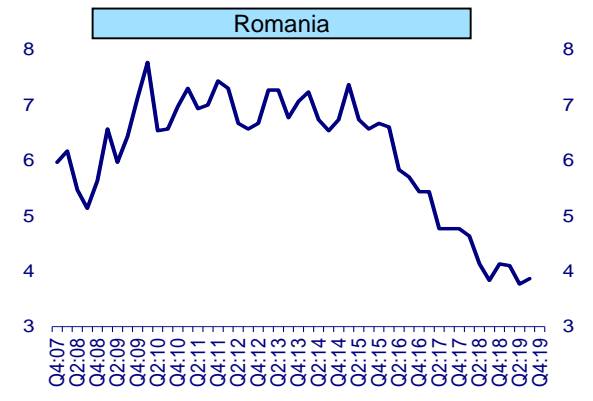
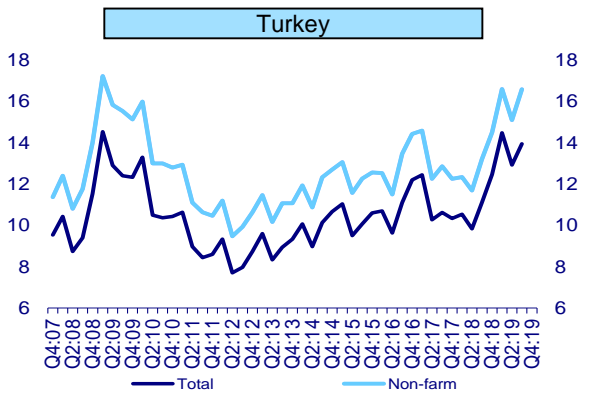
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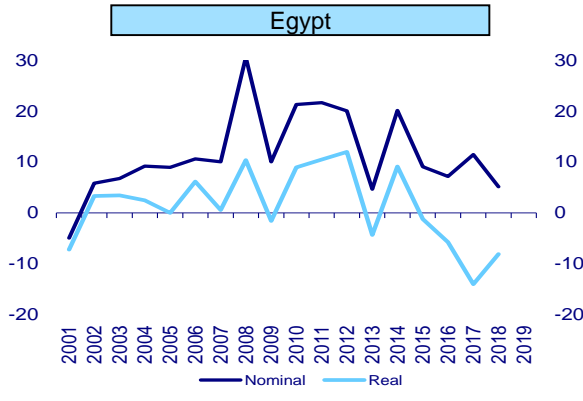
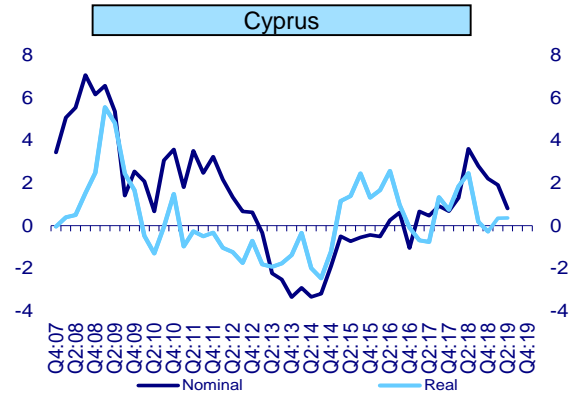
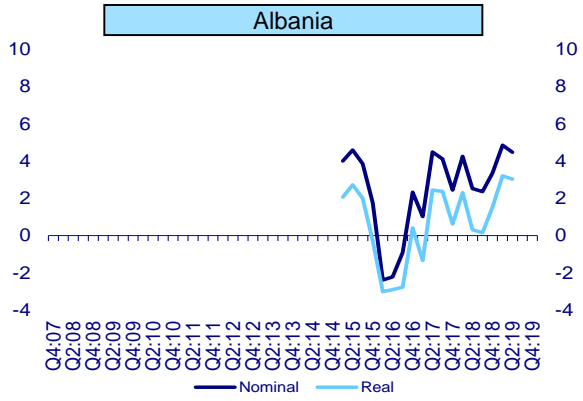
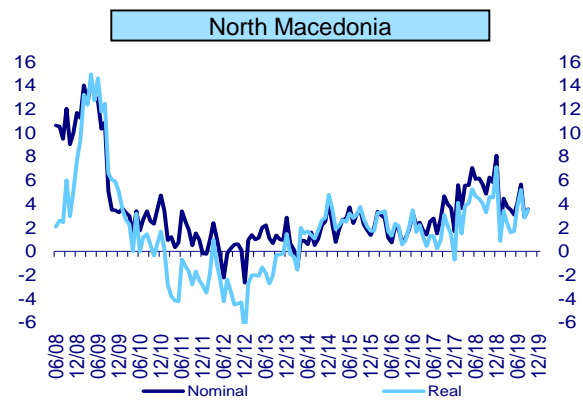
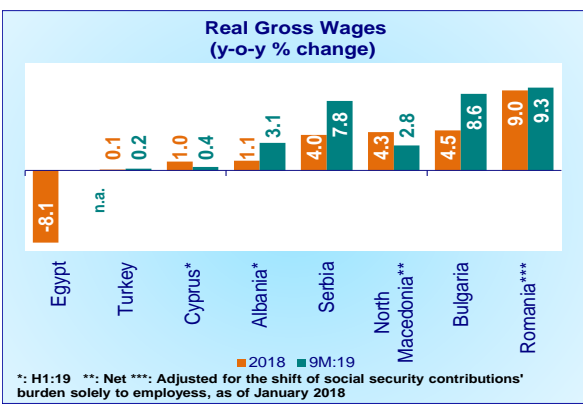
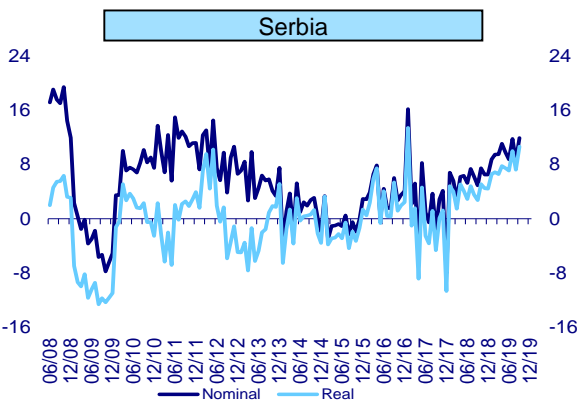
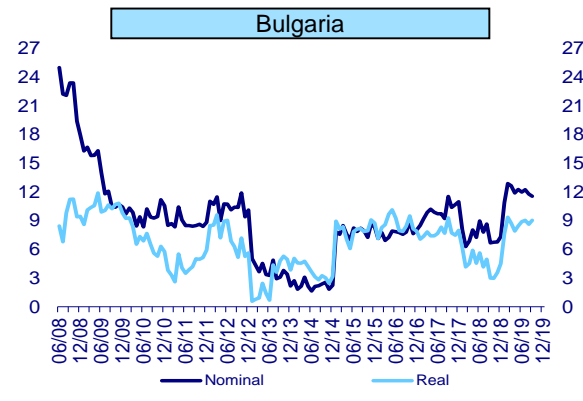
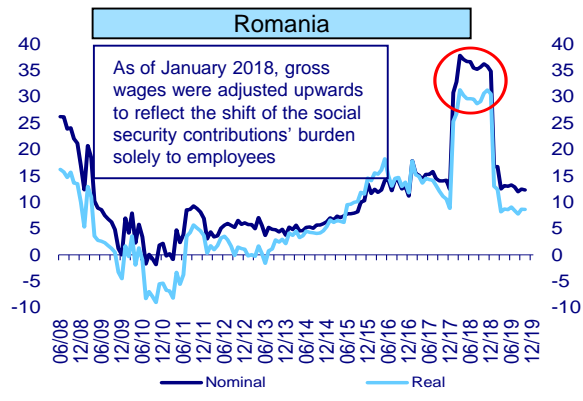
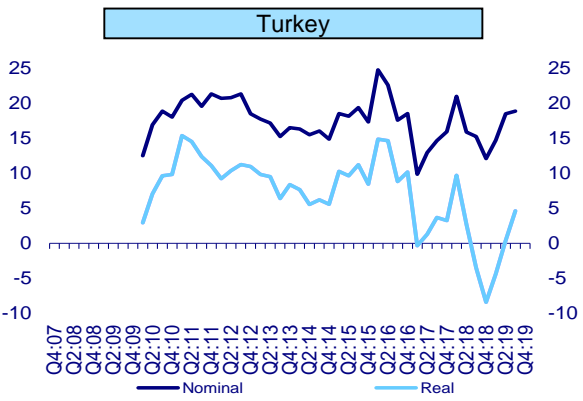
Solid employment growth largely supported economic activity in 2019, notably in North Macedonia and Bulgaria
 Quasi nil employment growth in Romania is attributable to full employment



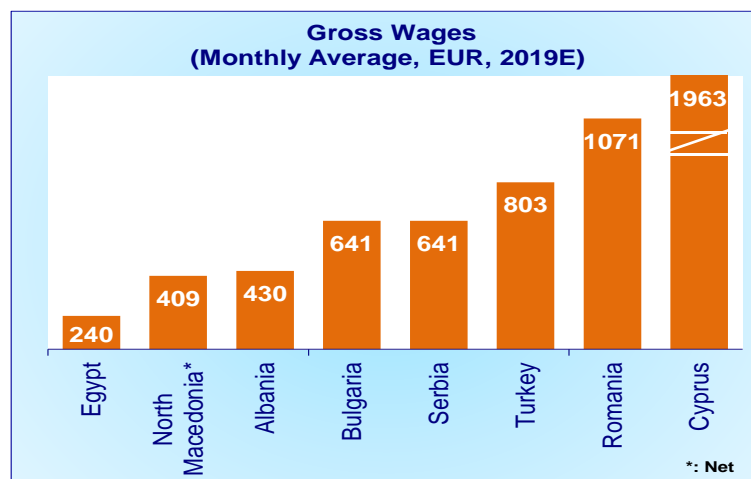
The unemployment rate continued on its downward trend in 2019 in all countries under review, with the exception of Turkey
 In Cyprus, the unemployment rate still remains above its pre-GFC levels



A looser incomes policy and its spillover to the private sector boosted wage growth in Romania, Bulgaria and Serbia

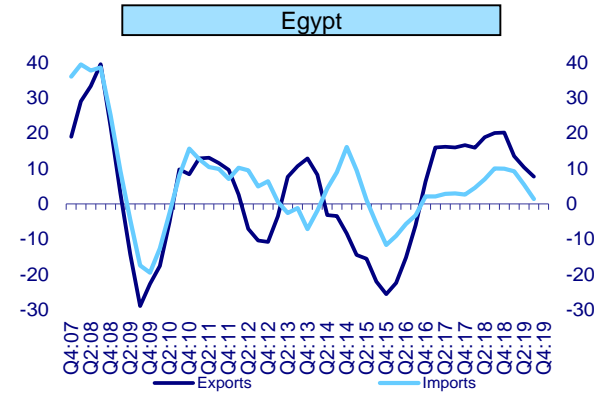
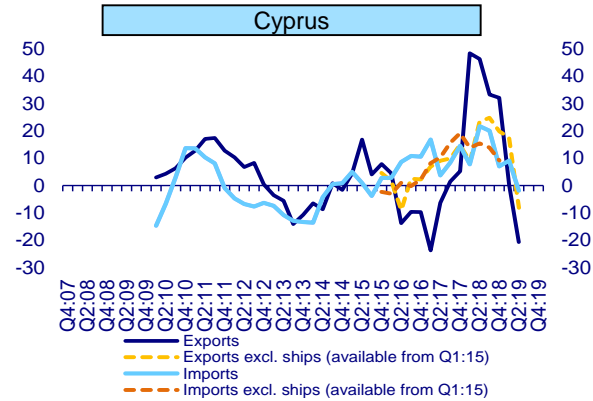
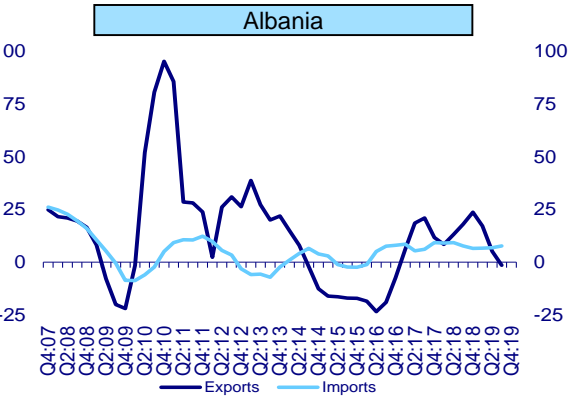
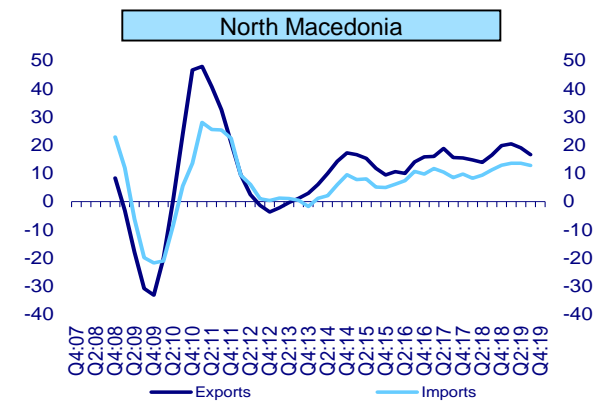
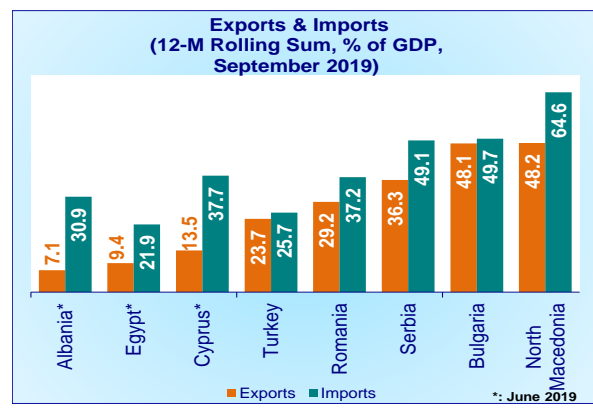
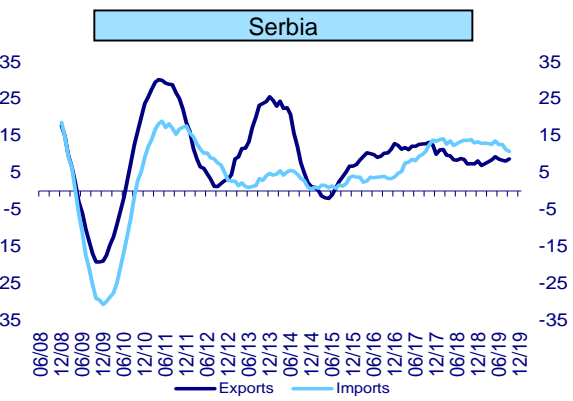
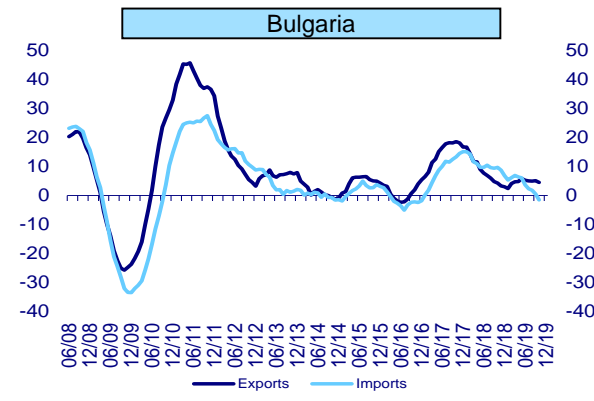
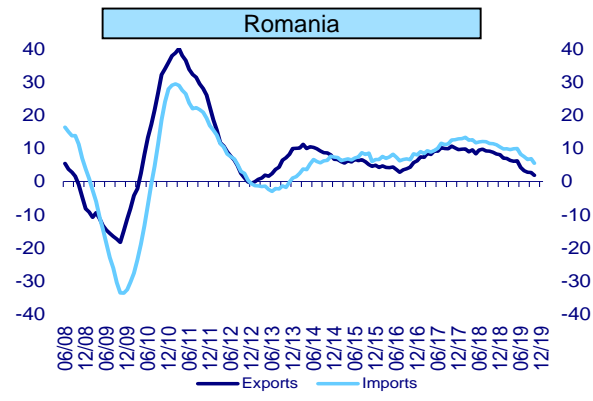
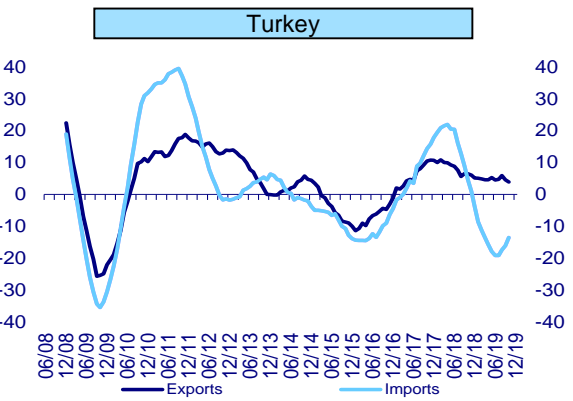


North Macedonia and Albania remain the most competitive countries in terms of labour costs
 Bulgaria and North Macedonia have the most favourable personal and corporate income tax rates

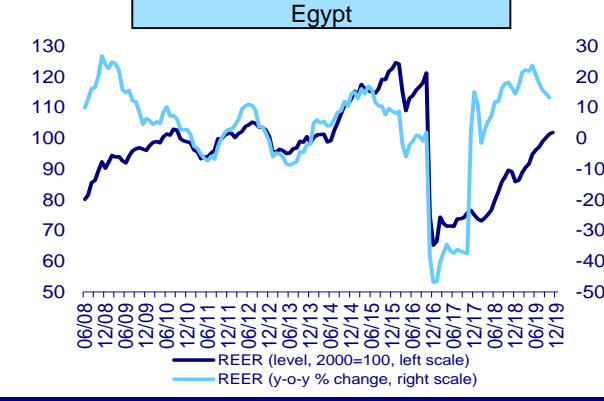
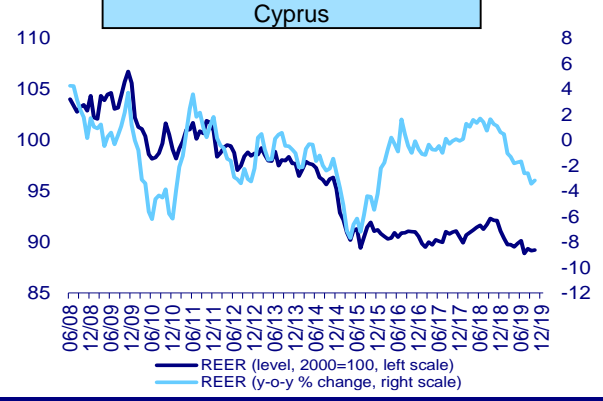
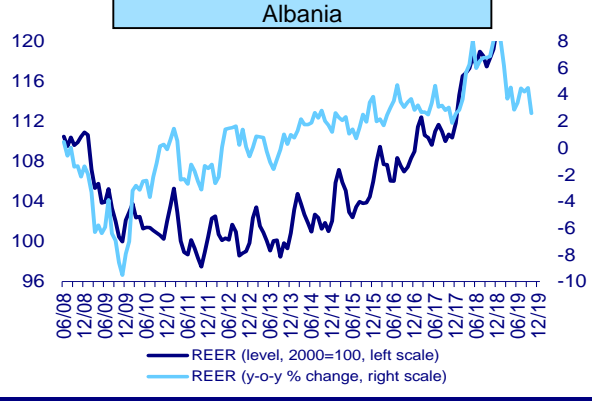
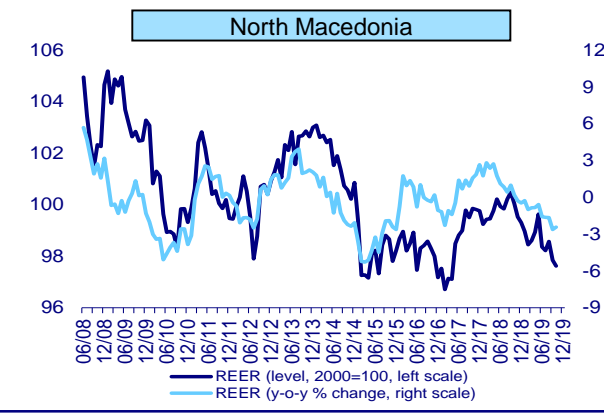
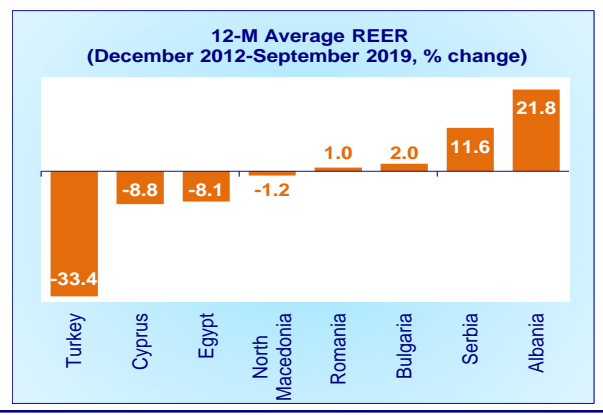
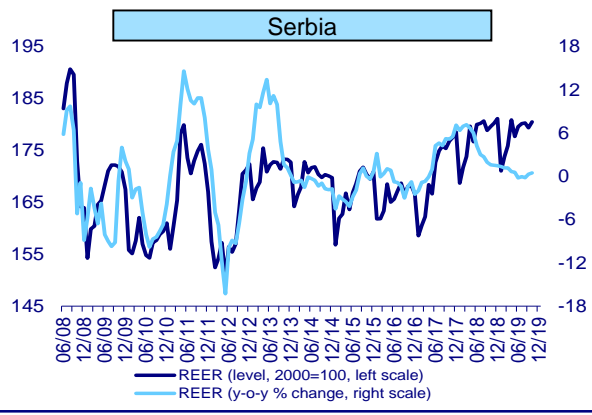
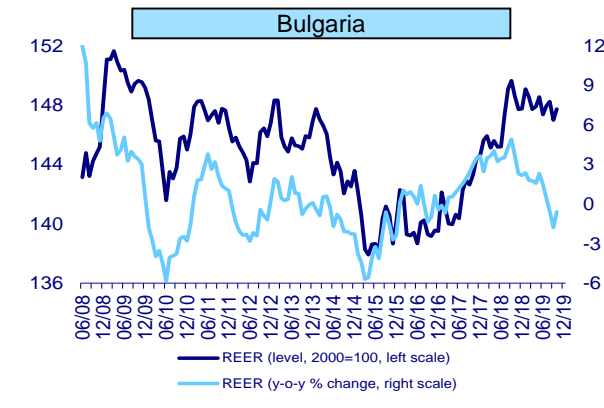
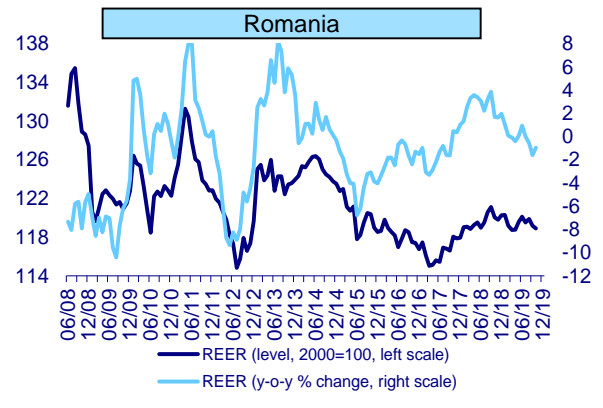
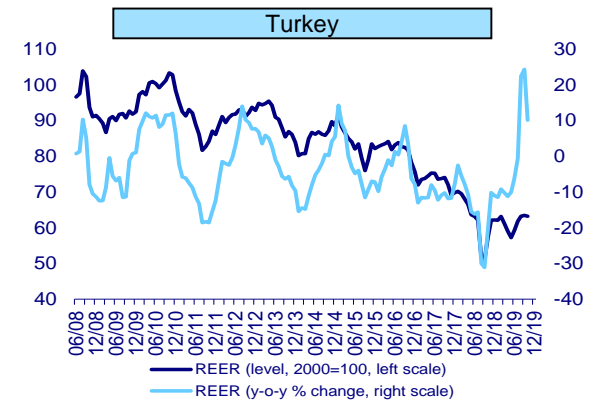


	Tax Rates (%)	
	Personal Income	Corporate Income
Turkey	15.0 - 35.0	22.0
Romania	10.0	16.0
Bulgaria	10.0	10.0
Serbia	10.0	15.0
North Macedonia	10.0 - 18.0	10.0
Albania	13.0 - 23.0	15.0
Cyprus	20.0 - 35.0	12.5
Egypt	10.0 - 22.5	22.5
Greece	22.0 - 45.0	28.0

Pressures on the trade balance increased in most economies under review, with the exception of Turkey, Bulgaria and Egypt



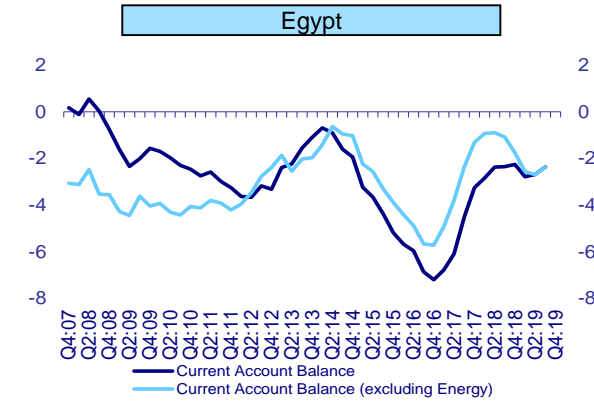
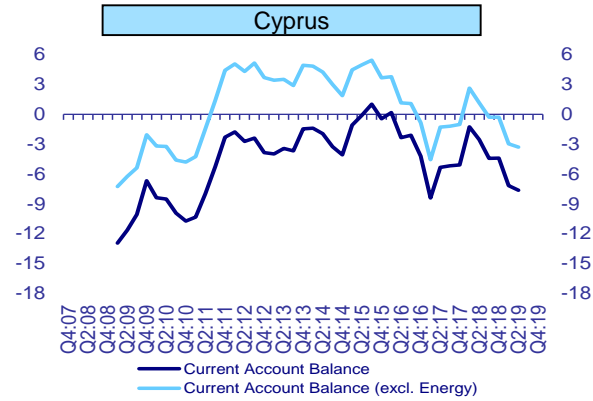
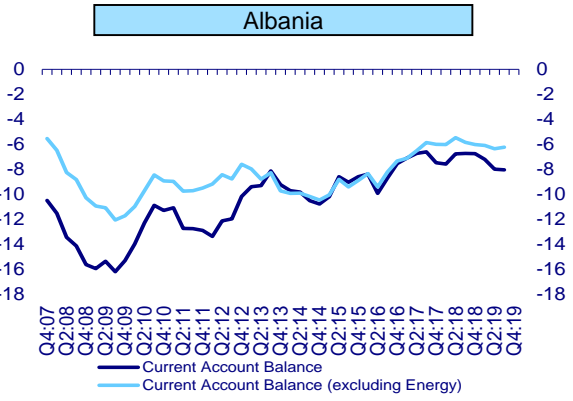
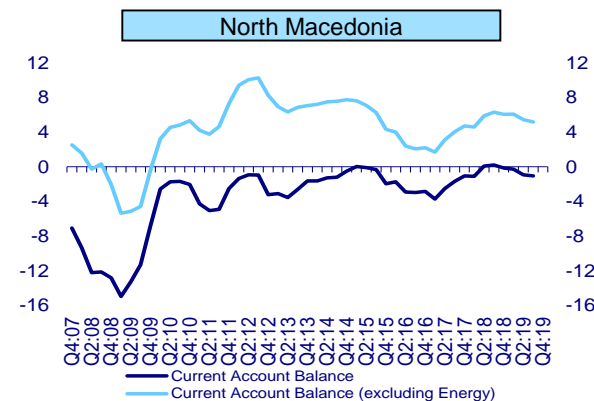
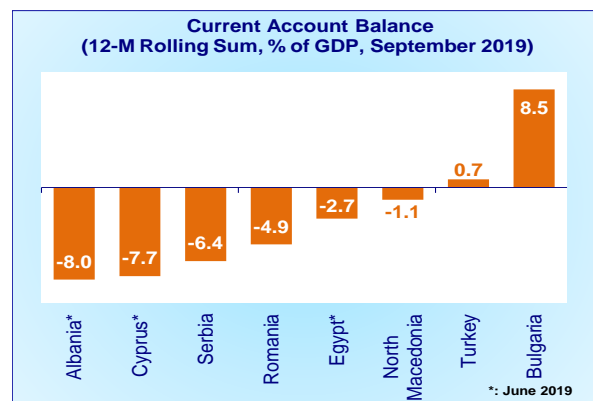
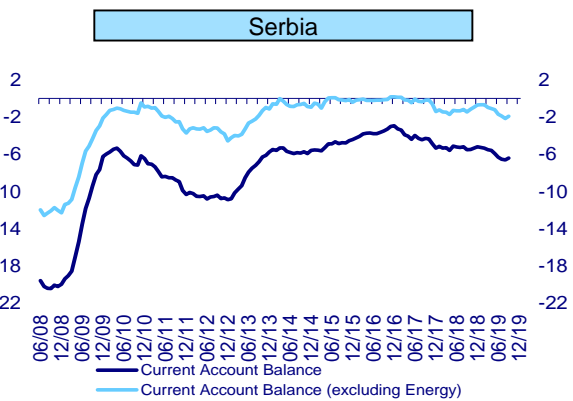
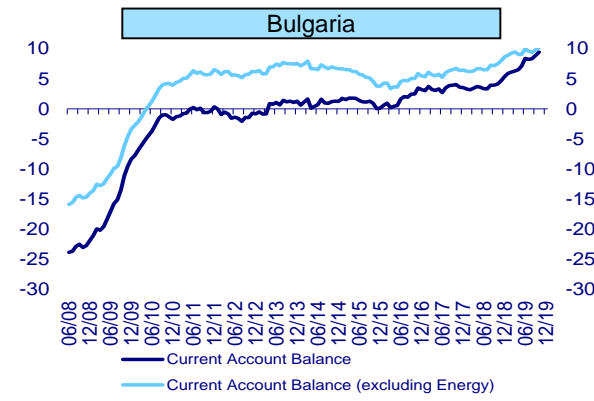
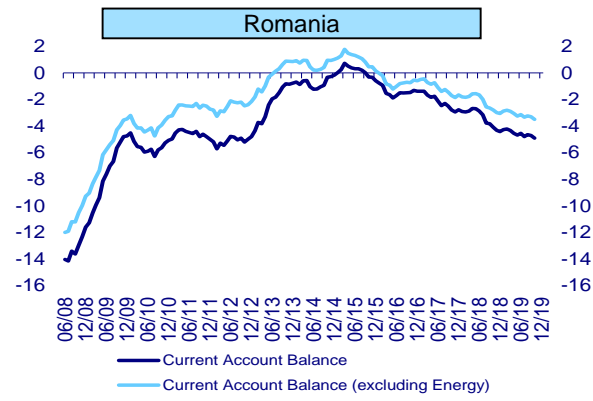
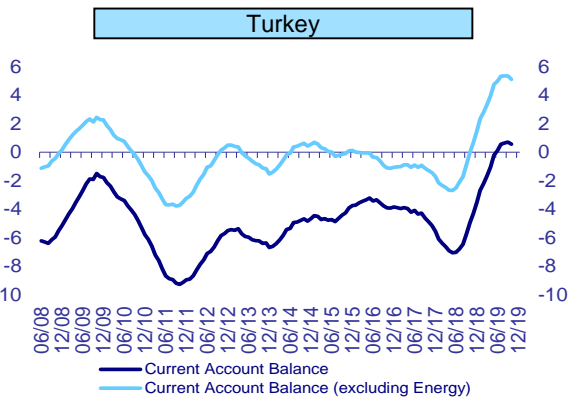
Competitiveness in all the countries under review has improved over the past 7 years, excluding Albania and Serbia



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

The current account deficit remained at sustainable levels in 2019 in most of the economies under review, despite weaker external demand

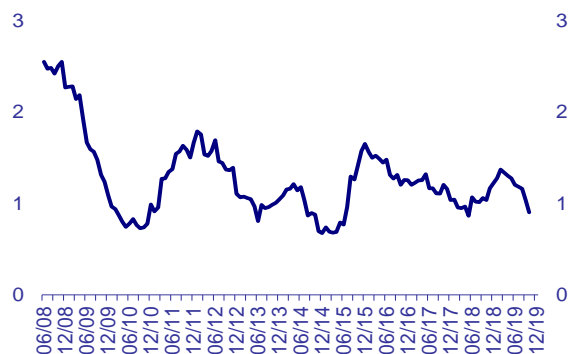
Bulgaria remains, by far, the best performer among the economies under review, posting a current account surplus of 8.1% of GDP



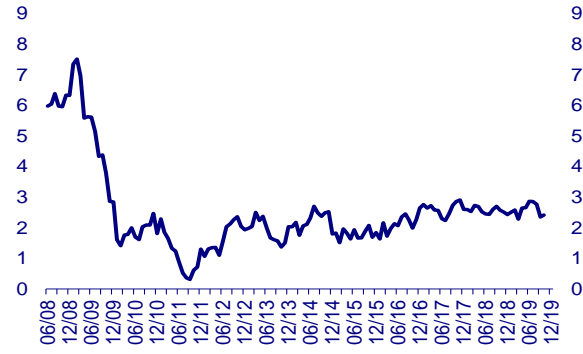
Net foreign direct investment (12-month rolling, % of GDP)

In 2019, net FDI strengthened further in Serbia, reflecting large brownfield investments
 In Albania, net FDI inflows are expected to moderate following the completion of large energy projects

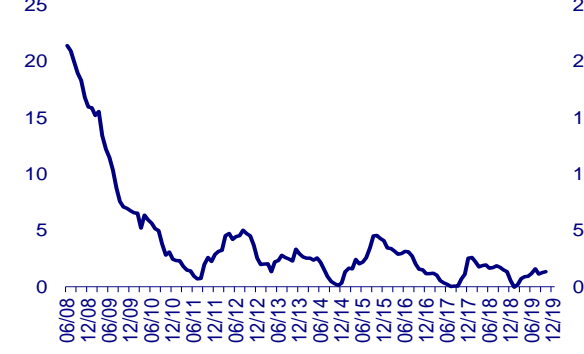
Turkey



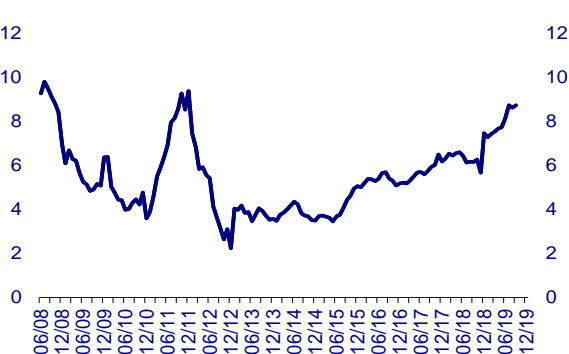
Romania



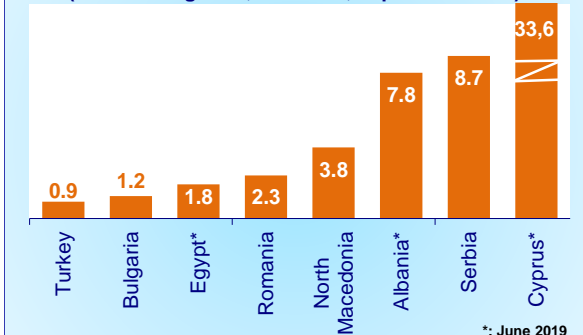
Bulgaria



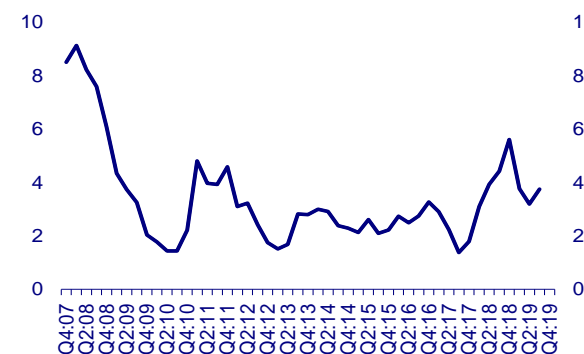
Serbia



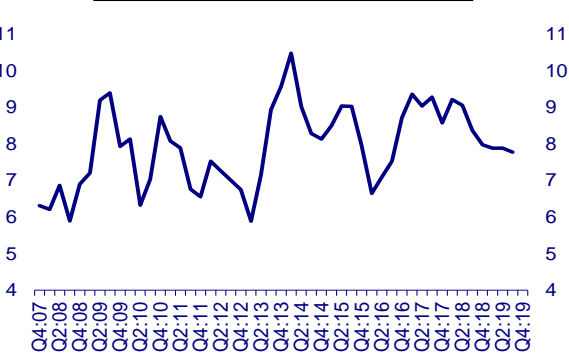
FDI (12-M Rolling Sum, % of GDP, September 2019)



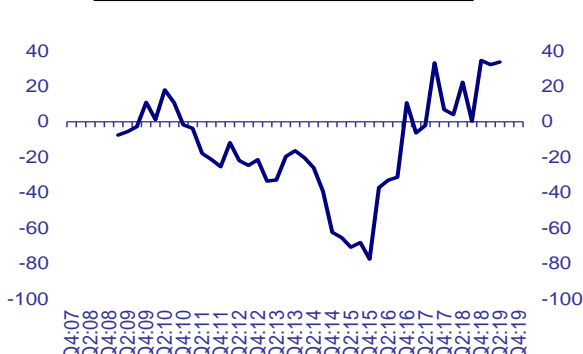
North Macedonia



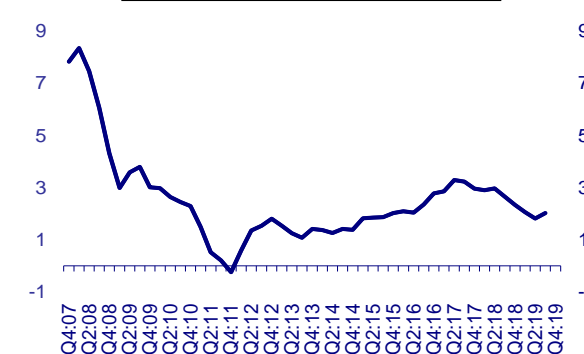
Albania



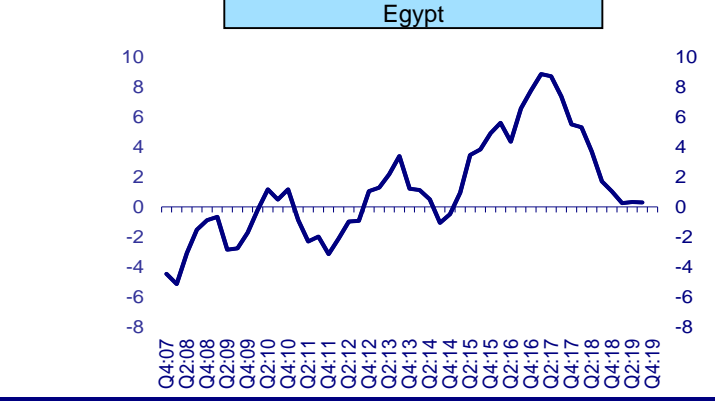
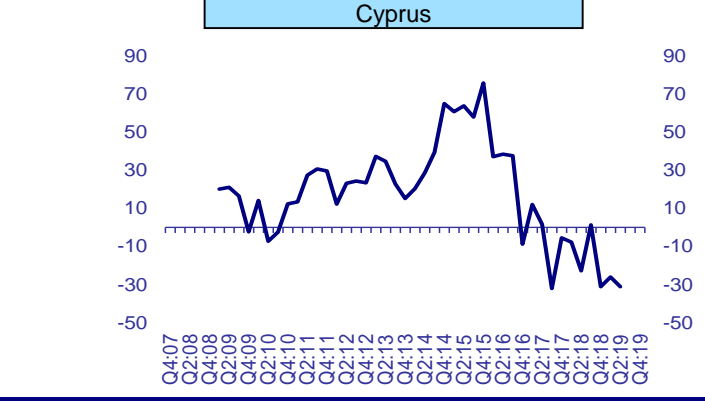
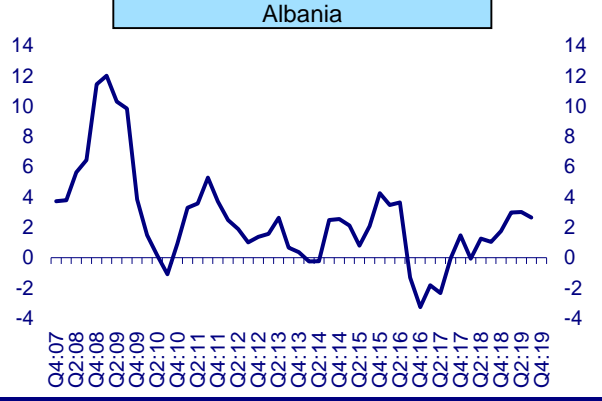
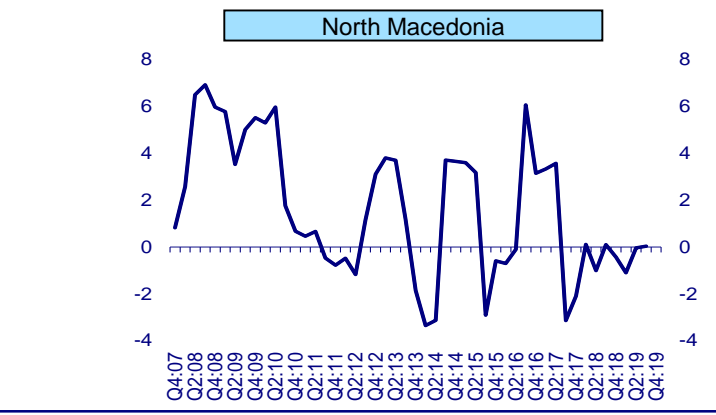
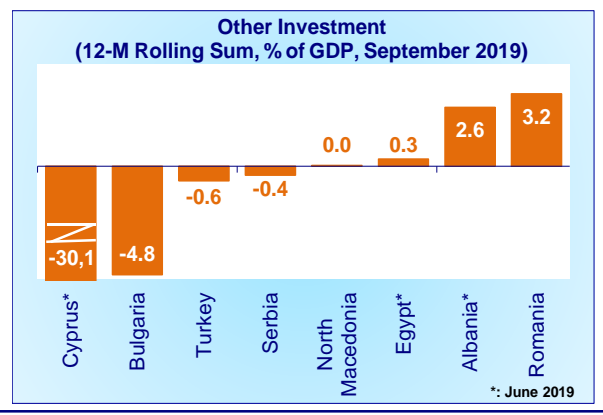
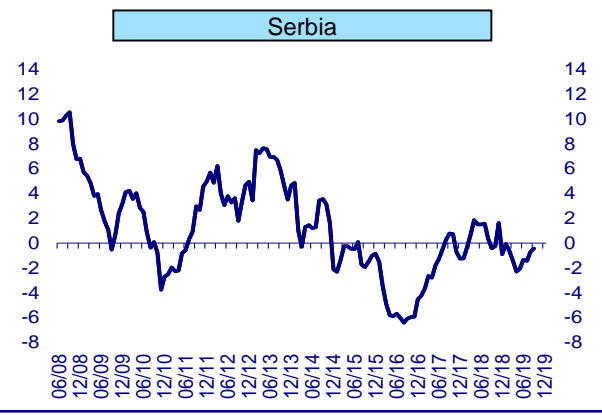
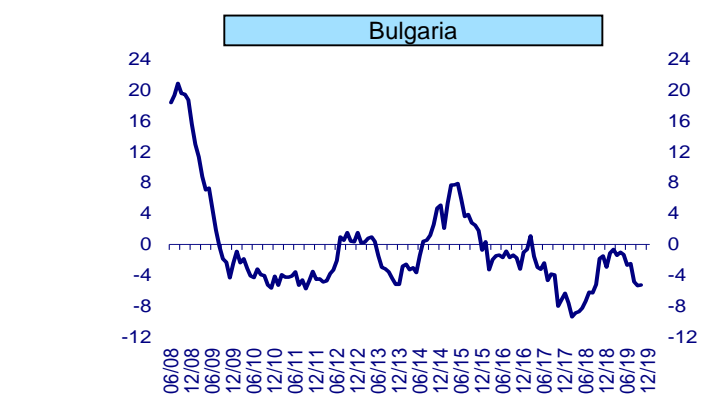
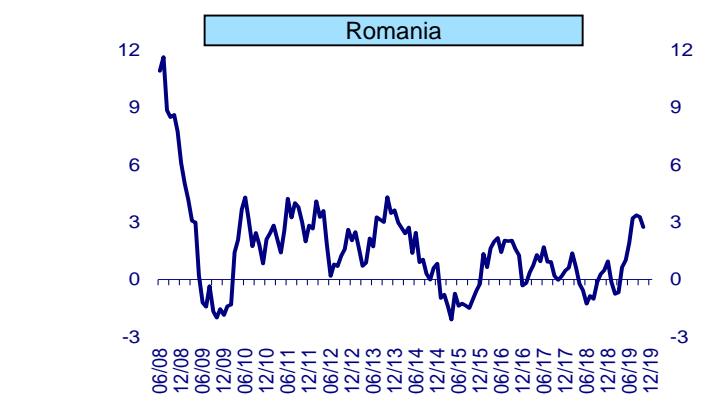
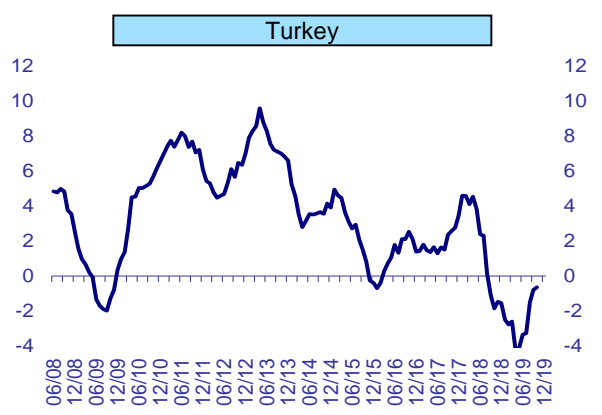
Cyprus



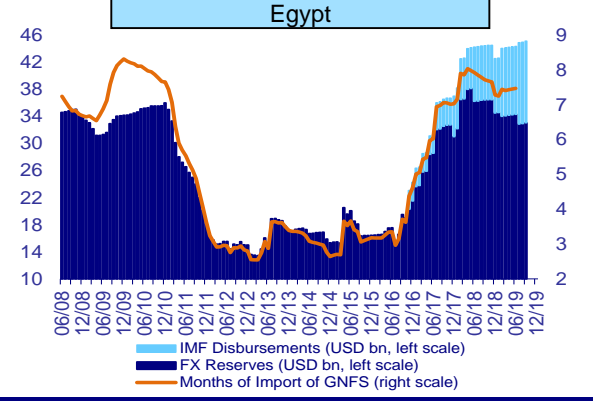
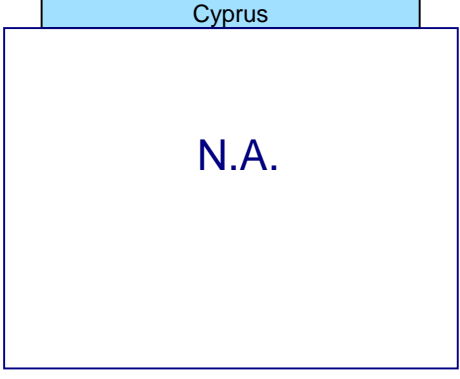
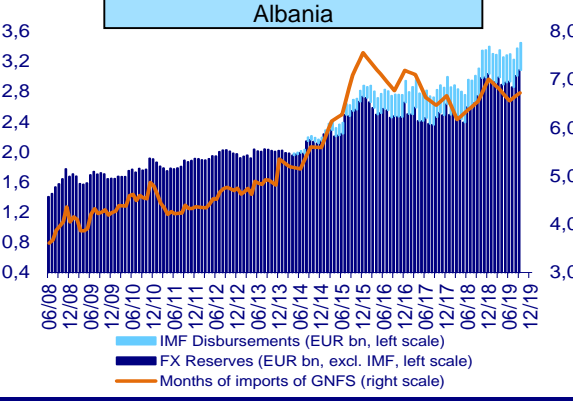
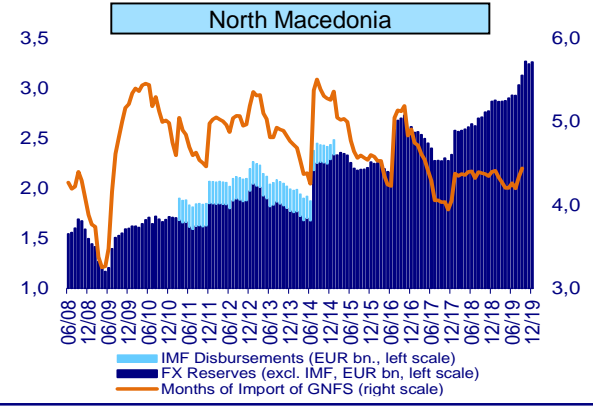
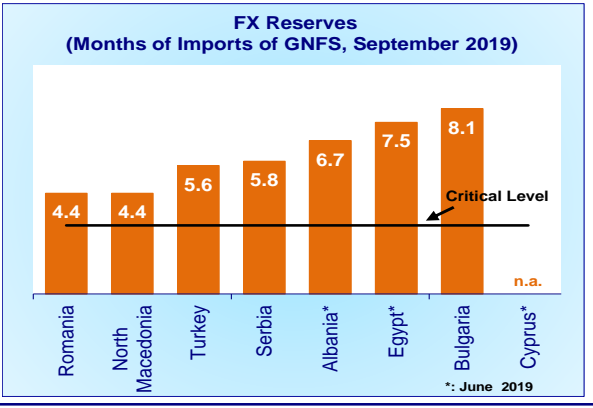
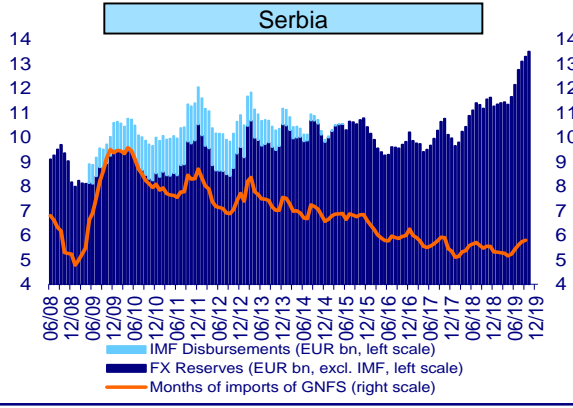
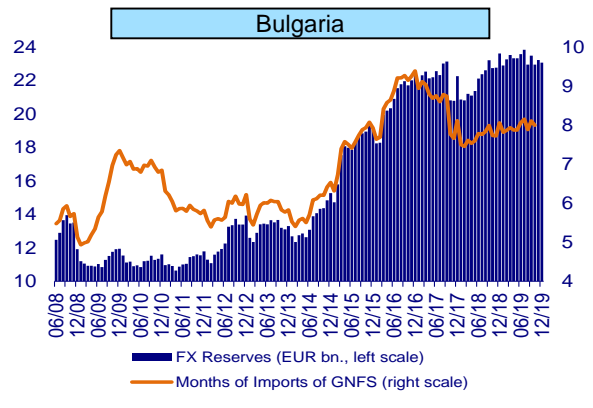
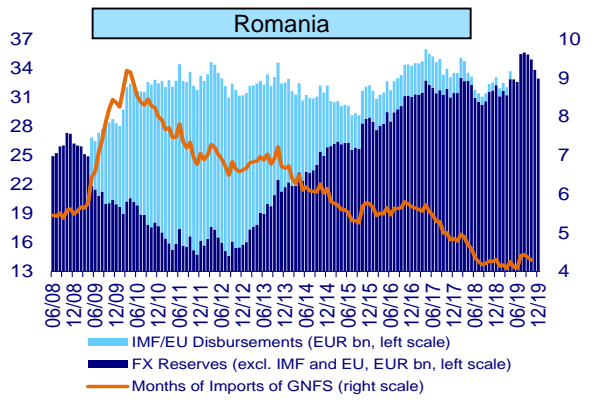
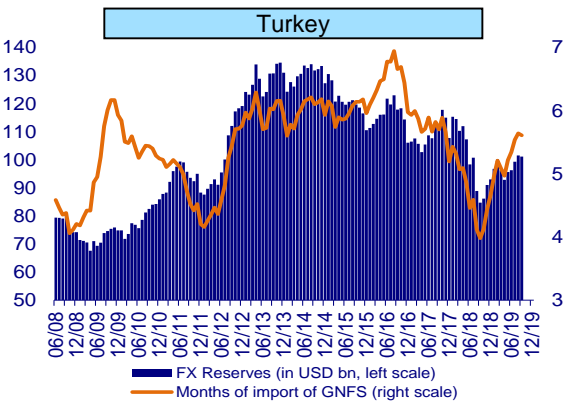
Egypt



“Other net capital” inflows improved in 2019 in most of the countries under review, in line with easing global liquidity conditions

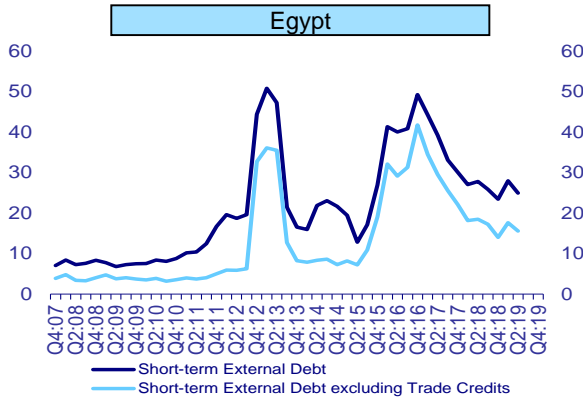
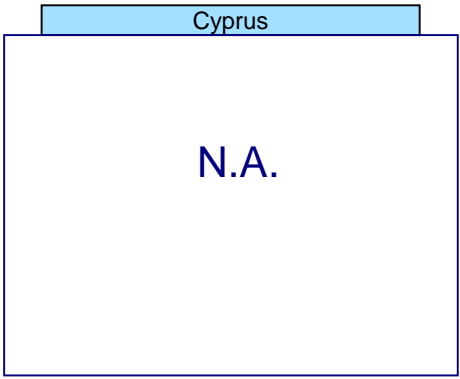
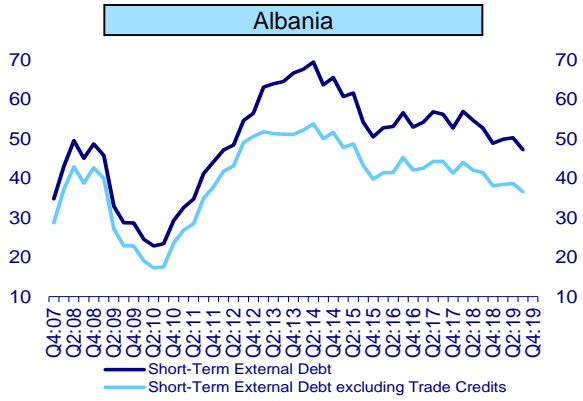
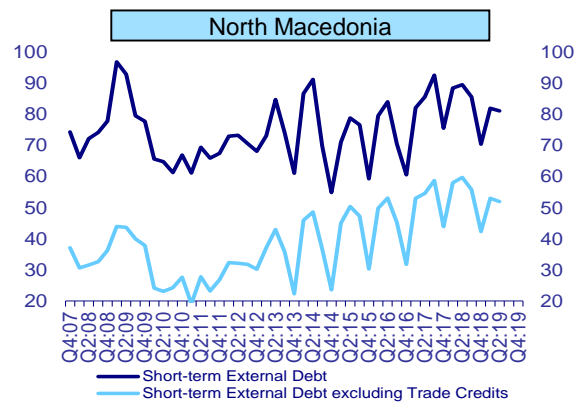
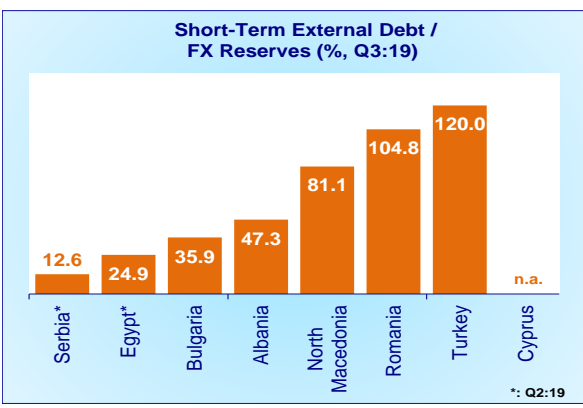
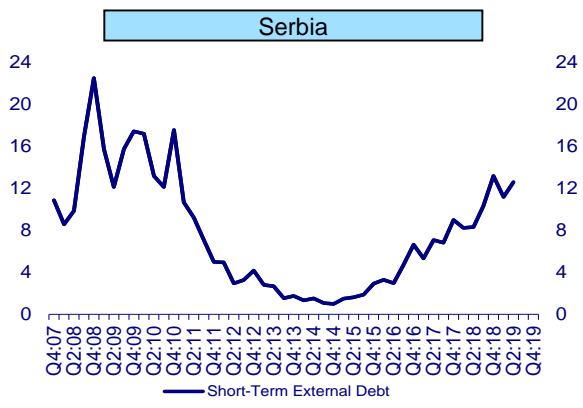
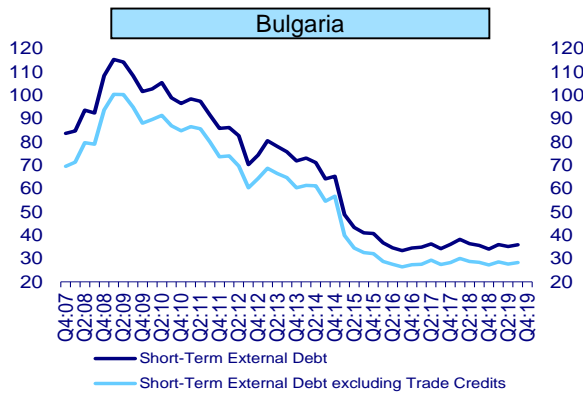
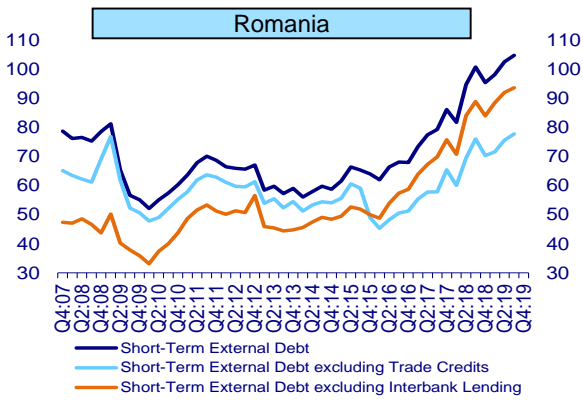
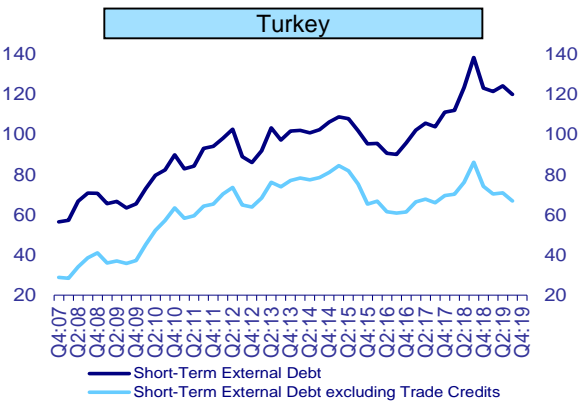


In all countries under review, import coverage largely surpasses the critical level of 3 months



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 and Romania



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

The current account deficit is expected to widen to a 12-year high this year in Romania -- contributing to depreciation pressures on the domestic currency. Higher-than-expected global oil prices, reflecting escalating geopolitical tensions, could add pressure to the current account in all the economies under review, with the exception of Egypt.

Turkey	Dec.17	Dec. 18	Dec. 19E	Dec. 20F
Current account balance	-5.5	-3.5	0.0	-1.4
Net FDI	1.0	1.2	1.3	1.4
Other net capital inflows *	3.5	-1.5	-0.6	-0.3

Romania	Dec.17	Dec. 18	Dec. 19E	Dec. 20F
Current account balance	-2.8	-4.4	-5.0	-5.6
Net FDI	2.6	2.4	2.3	2.3
Other net capital inflows *	1.1	1.6	3.1	2.3

Bulgaria	Dec.17	Dec. 18	Dec. 19E	Dec. 20F
Current account balance	3.5	5.4	8.1	6.4
Net FDI	2.5	0.6	1.3	1.3
Other net capital inflows *	-6.3	-2.9	-10.3	-6.2

Serbia	Dec.17	Dec. 18	Dec. 19E	Dec. 20F
Current account balance	-5.3	-5.2	-6.3	-5.9
Net FDI	6.2	7.4	7.3	7.0
Other net capital inflows *	-1.3	-0.9	2.7	-0.6

North Macedonia	Dec. 17	Dec.18	Dec. 19E	Dec. 20F
Current account balance	-1.0	-0.3	-1.4	-2.0
Net FDI	1.8	5.8	2.2	2.4
Other net capital inflows *	-2.1	-0.4	0.0	0.2

Albania	Dec.17	Dec. 18	Dec. 19E	Dec. 20F
Current account balance	-7.5	-6.8	-7.3	-7.1
Net FDI	8.6	8.0	7.4	7.3
Other net capital inflows *	1.5	1.8	0.0	0.9

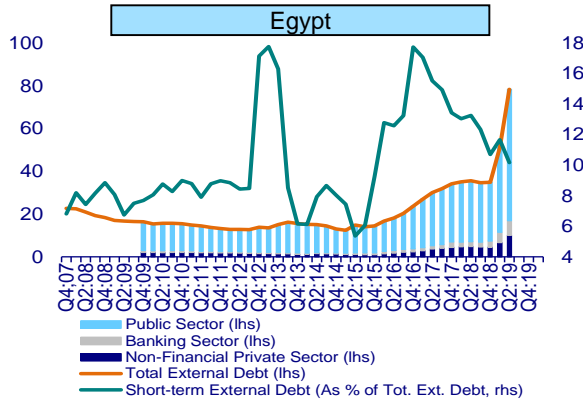
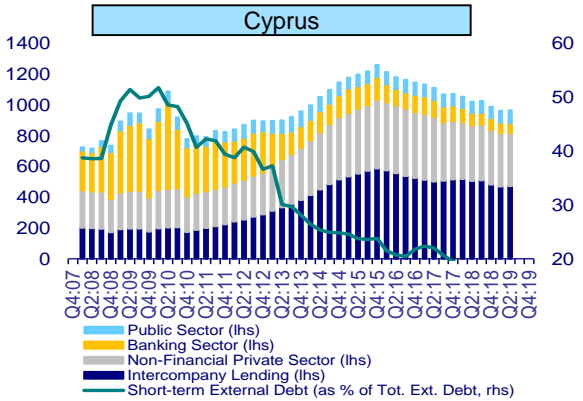
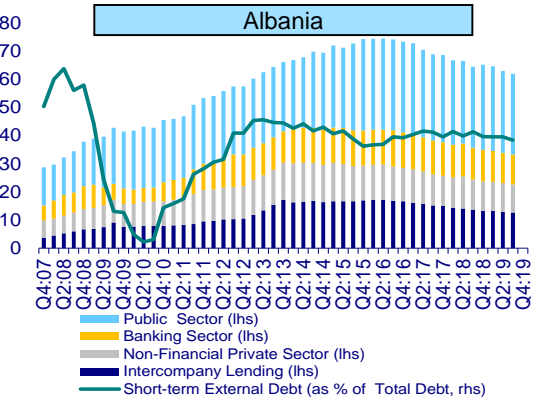
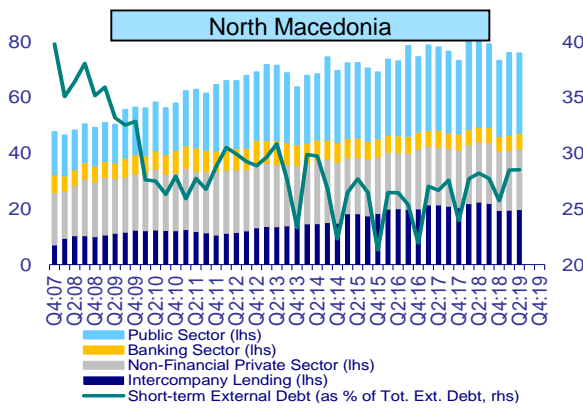
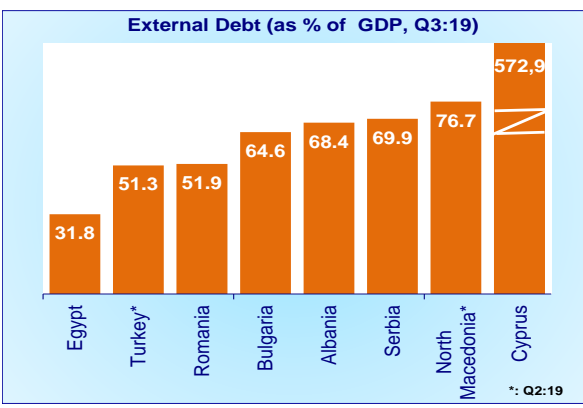
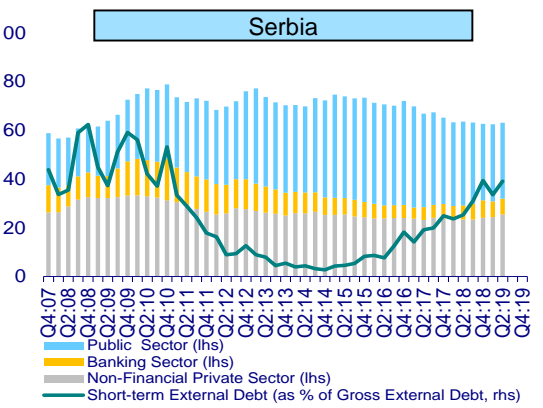
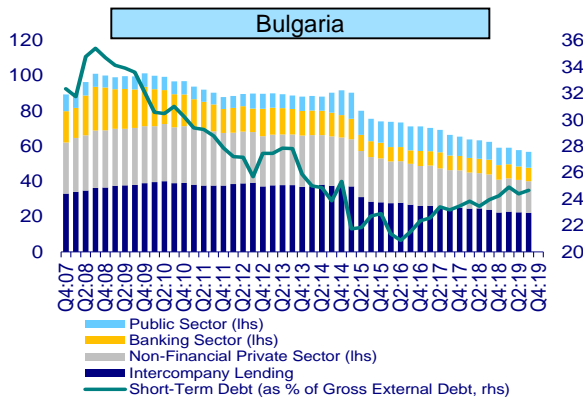
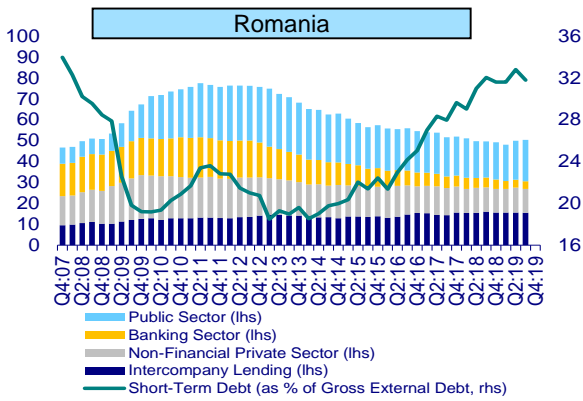
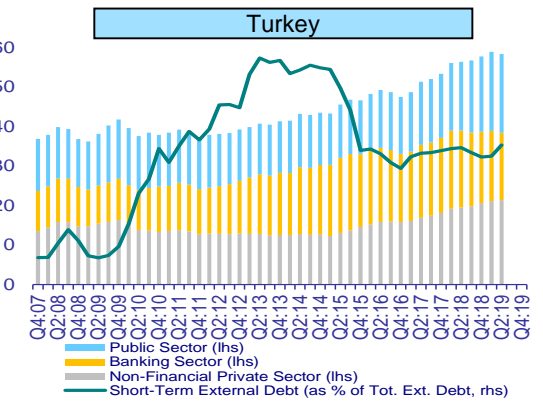
Cyprus	Dec. 17	Dec.18	Dec. 19E	Dec. 20F
Current account balance	-5.1	-4.4	-8.7	-8.0
Net FDI	6.9	34.5	35.7	25.0
Other net capital inflows *	-4.2	-31.2	-27.0	-17.0

Egypt #	June 17	June 18	June 19	June 20F
Current account balance	-6.1	-2.4	-2.7	-2.7
Net FDI	3.3	3.0	1.8	2.0
Other net capital inflows *	8.7	3.7	0.3	0.1

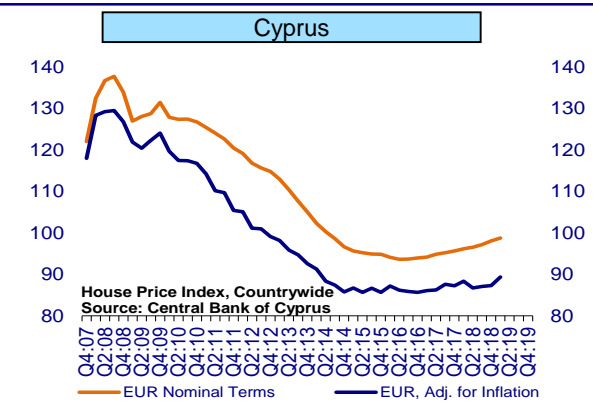
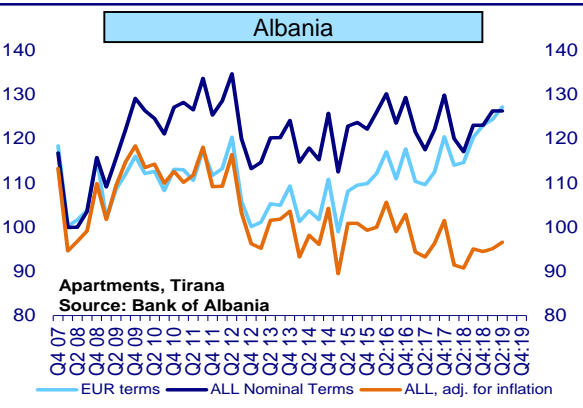
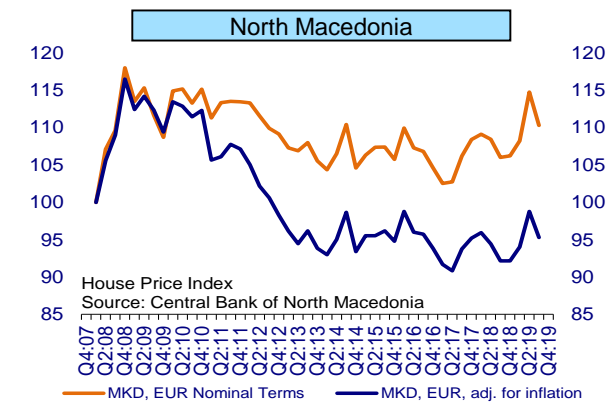
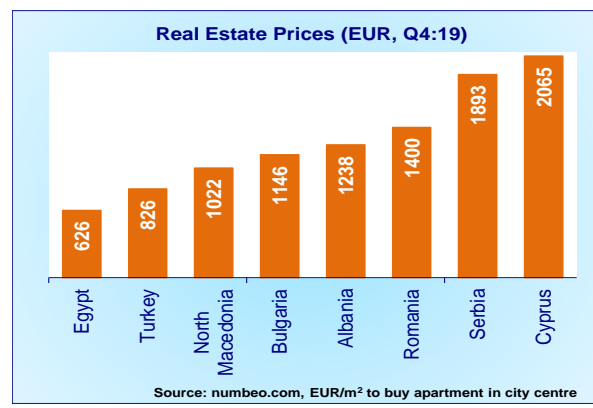
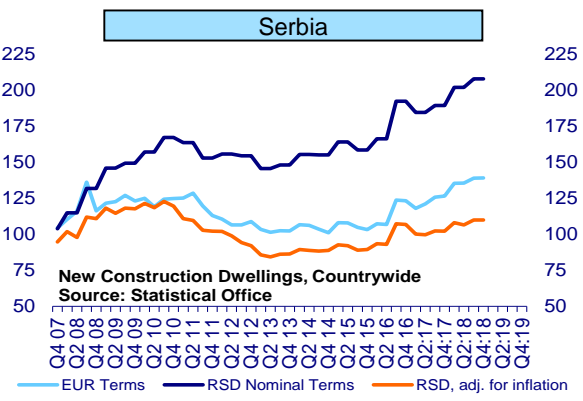
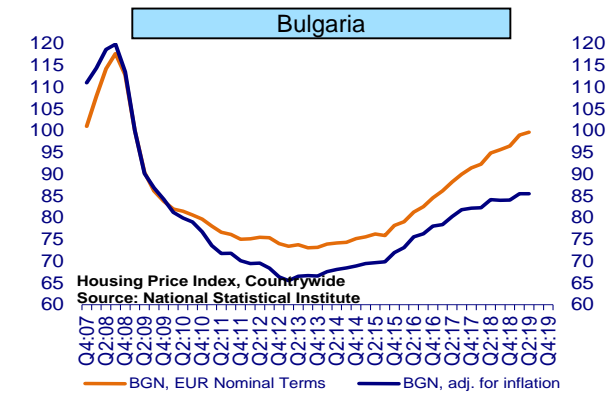
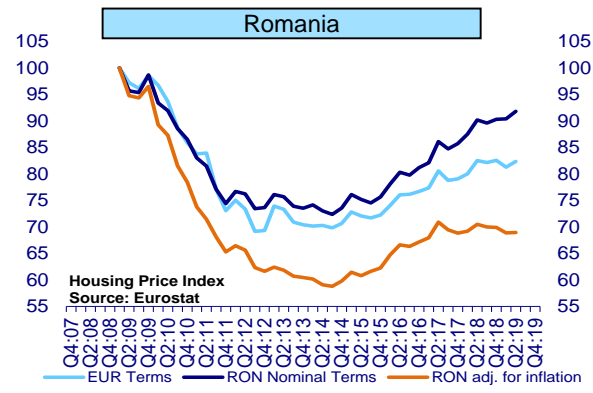
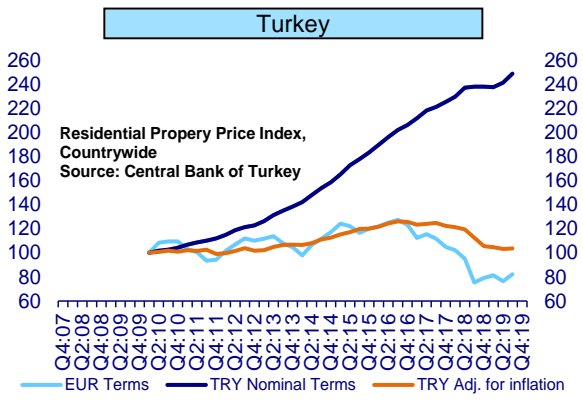
*: excluding IMF and ESM funding and net errors and omissions, #: Fiscal year ending on June 30th

External debt (% of GDP)

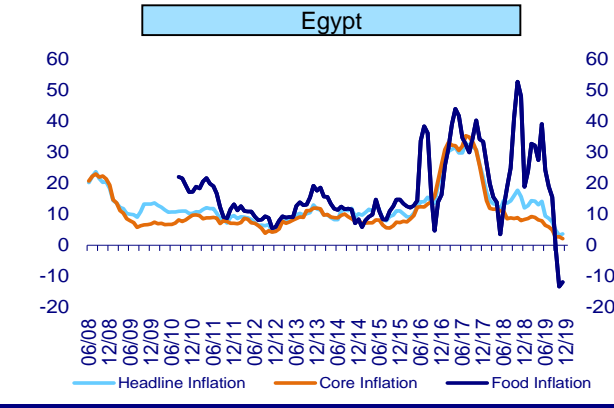
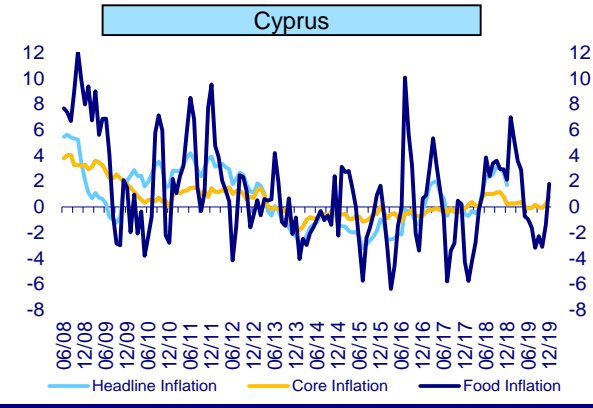
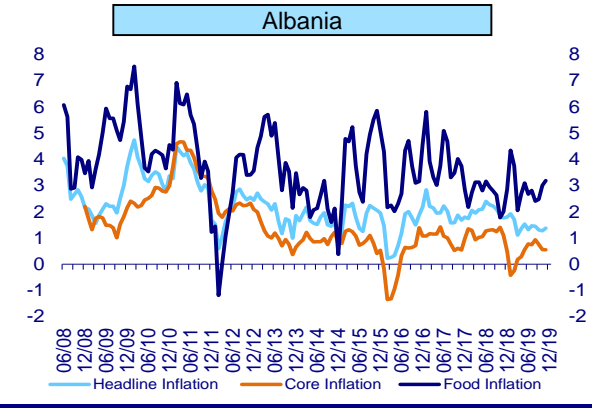
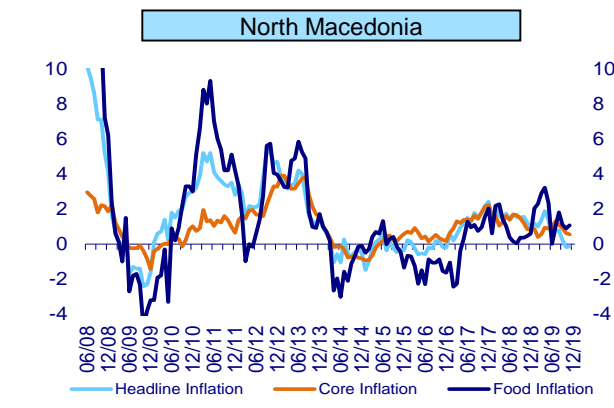
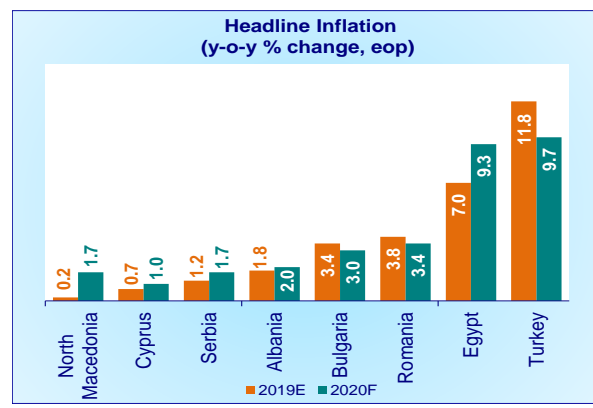
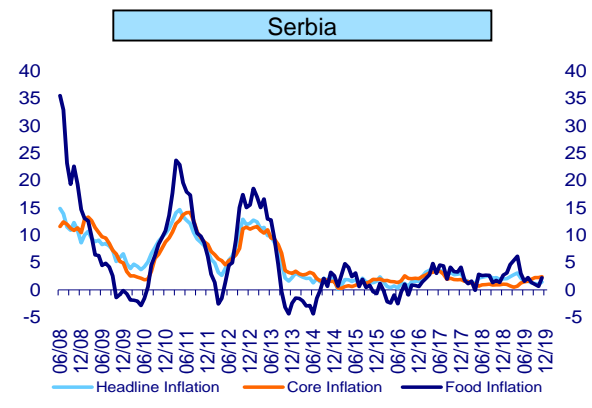
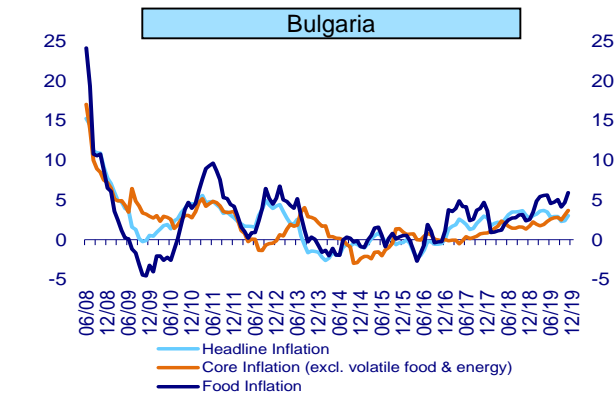
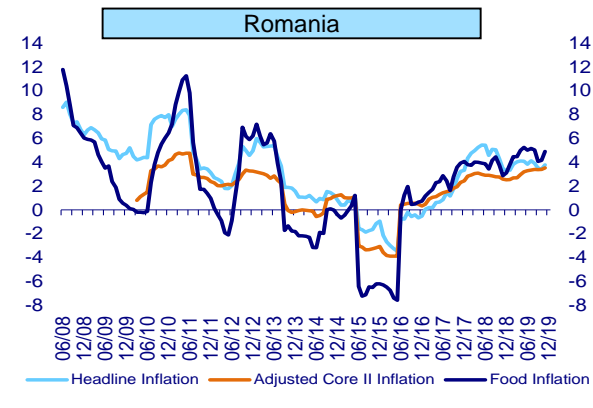
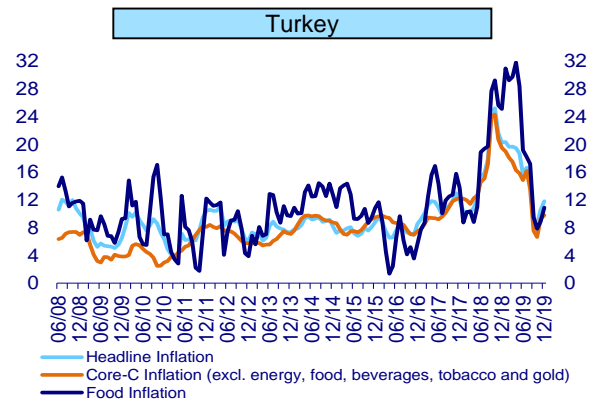
The external debt-to-GDP ratio does not exceed 80% in the countries under review, with the exception of Cyprus



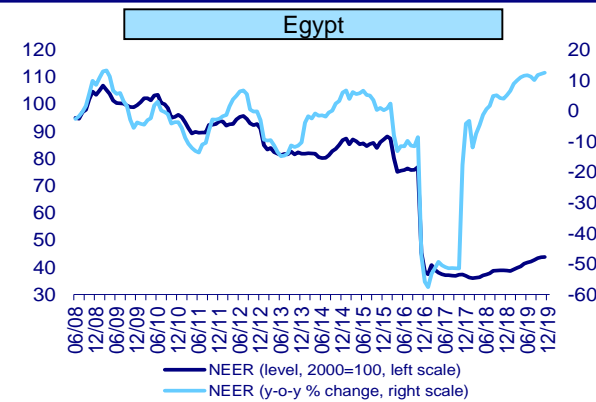
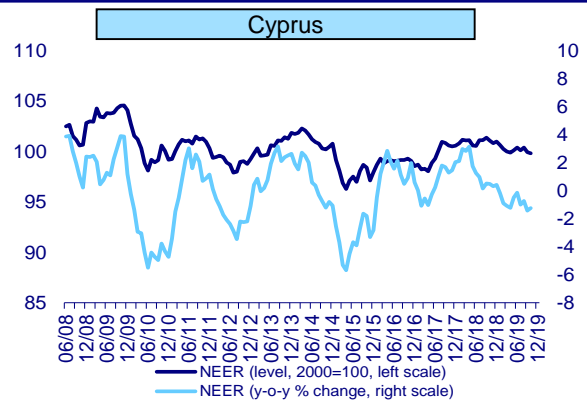
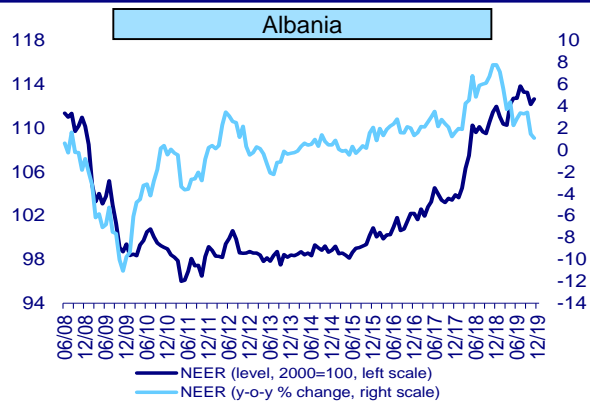
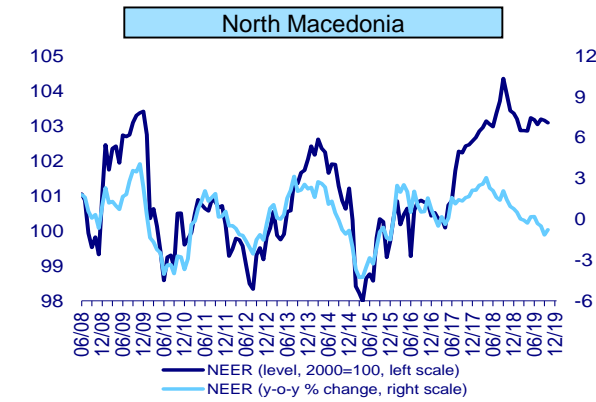
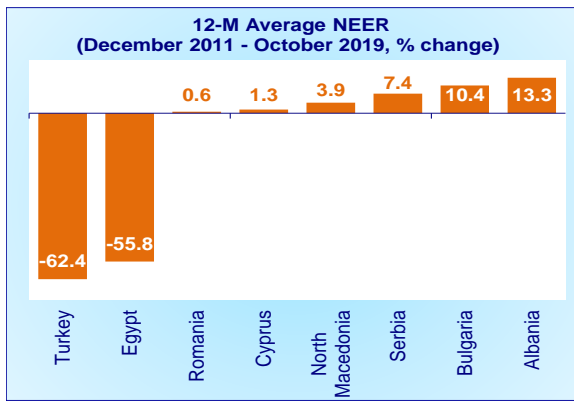
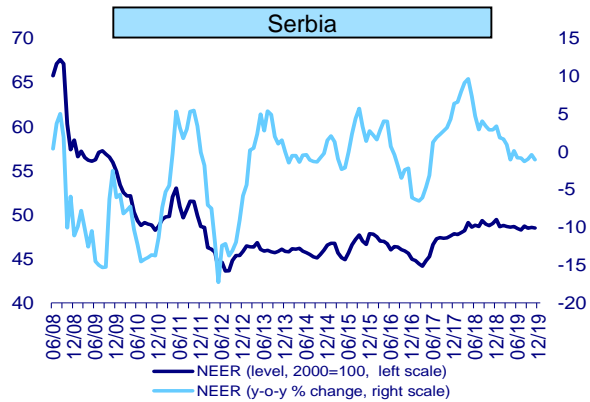
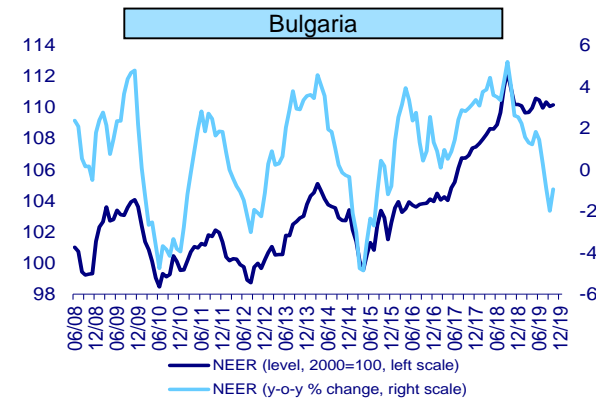
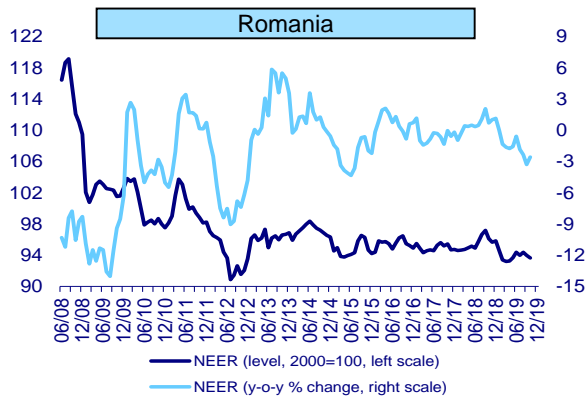
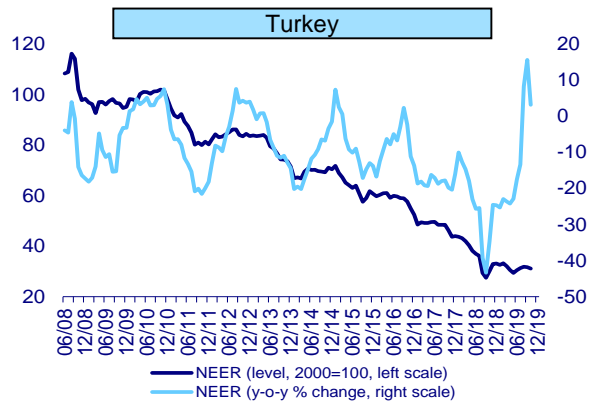
Real estate prices remained broadly flat in real terms in all economies under review, still below their pre-crisis peak



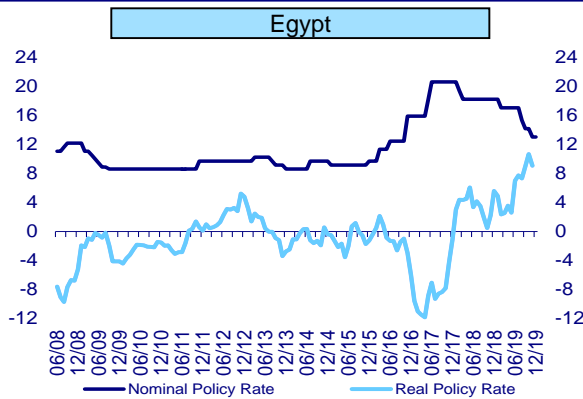
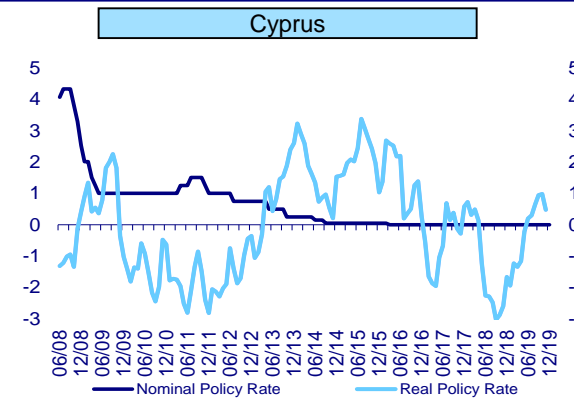
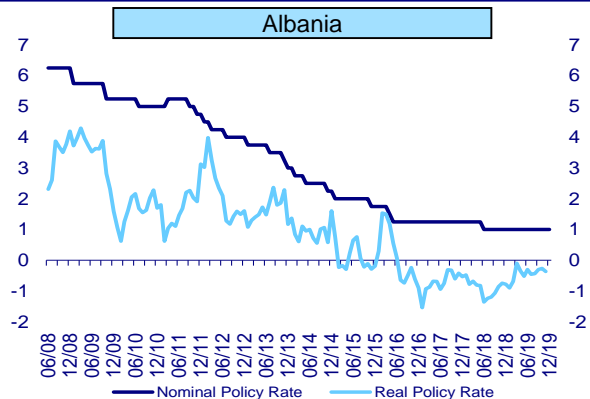
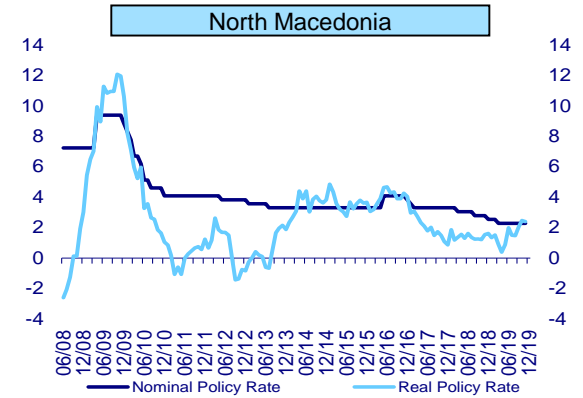
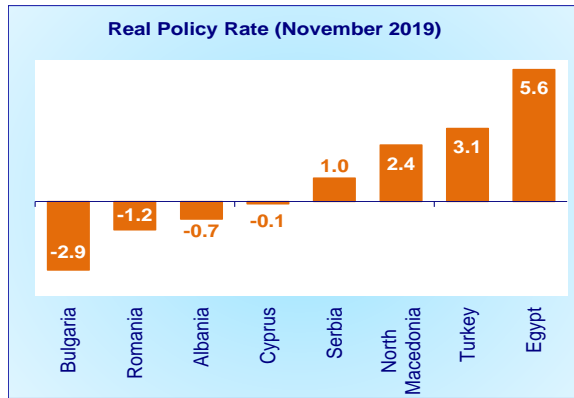
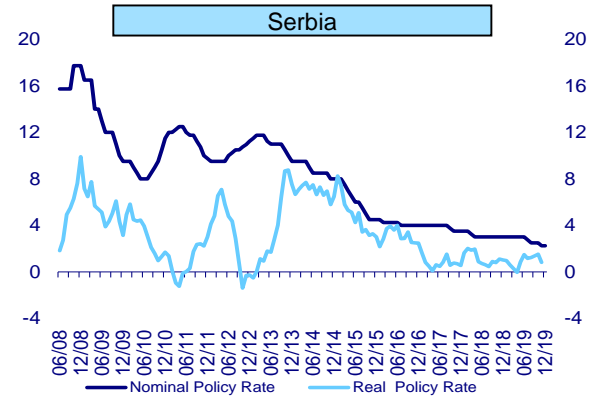
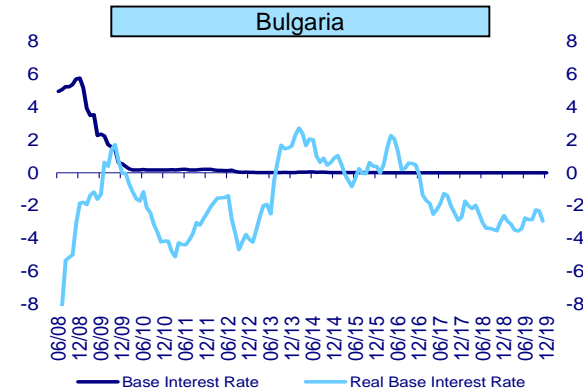
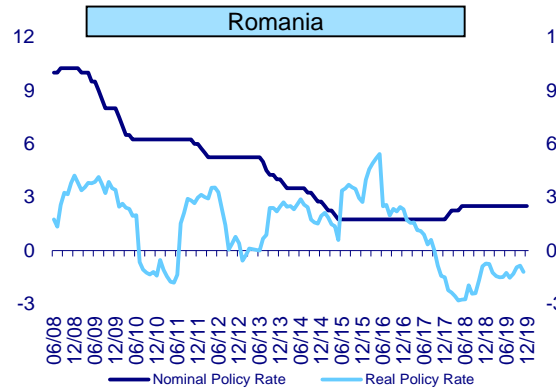
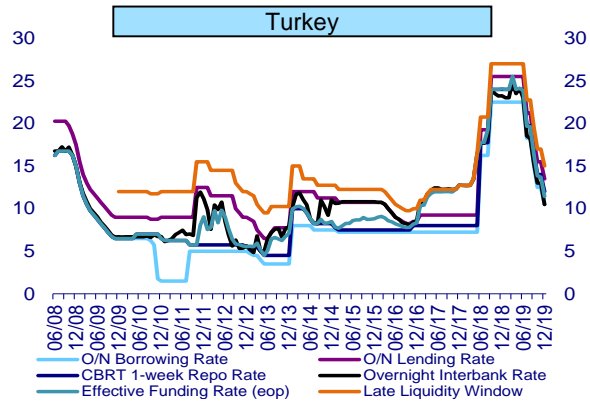
Headline inflation is set to ease further this year in Turkey, falling into single digit figures
 In Egypt, headline inflation is expected to rebound in 2020, following the elimination of positive base effects from food prices
 Risks to our forecasts are tilted to the upside, reflecting higher global oil prices amid renewed geopolitical tensions



The EGP and TRY have depreciated significantly in nominal terms over the past 7 years



Turkey, Egypt and Serbia are expected to continue to cut rates this year, albeit at a significantly slower pace compared with 2019 (down 1200 bps, 350 bps and 75 bps, respectively). The remaining economies under review are set to maintain their rates unchanged at record-low levels



Reserve requirement ratios

In a bid to stimulate credit activity in TRY, the Central Bank of Turkey has tied banks' required reserve ratios (RRRs) and related remuneration rates to loan growth

Turkey

Romania

Bulgaria

Reserve Requirement Ratios (%)

	Dec. 2017*	Dec. 2018	Dec. 2019
LC Liabilities	4.0-10.5	1.5-8.0	1.0-7.0
FC Liabilities	4.0-24.0	4.0-20.0	5.0-23.0

Reserve Requirement Ratios (%)

	Dec. 2017	Dec. 2018	Dec. 2019
LC Liabilities	8.0	8.0	8.0
FC Liabilities	8.0	8.0	8.0

Reserve Requirement Ratios (%)

	Dec. 2017	Dec. 2018	Dec. 2019
LC Liabilities	10.0	10.0	10.0
FC Liabilities	5.0	5.0	5.0

Serbia

North Macedonia

Albania

Reserve Requirement Ratios (%)

	Dec. 2017	Dec. 2018	Dec. 2019
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

Reserve Requirement Ratios (%)

	Dec. 2017	Dec. 2018	Dec. 2019
LC Liabilities	8.0	8.0	8.0
FC Liabilities	15.0	15.0	15.0

Reserve Requirement Ratios (%)

	Dec. 2017	Dec. 2018	Dec. 2019
LC Liabilities	10.0	5.0-7.5	5.0-7.5
FC Liabilities	10.0	12.5-20.0	12.5-20.0

Cyprus

Egypt

Reserve Requirement Ratios (%)

	Dec. 2017	Dec. 2018	Dec. 2019
LC Liabilities	1.0	1.0	1.0
FC Liabilities	1.0	1.0	1.0

Reserve Requirement Ratios (%)

	Dec. 2017	Dec. 2018	Dec. 2019
LC Liabilities	14.0	14.0	14.0
FC Liabilities	---	---	---

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

Despite the need for fiscal consolidation in Romania, the budget deficit is set to decline only modestly to 3.9% of GDP this year from an estimated 4.4% in 2019, still above the critical EU threshold of 3.0%

In Turkey, in view of the largely one-off nature of the transfers from the CBRT to the 2019 budget and the overly optimistic 2020 budget assumptions, we see the budget deficit widening to over 3.5% of GDP this year against the target of 2.9%, should the authorities fail to adopt corrective measures

Turkey

Dec. 17	Dec. 18	Dec. 19E*	Dec. 20F
-1.5	-1.9	-2.9	-3.5

Romania

Dec. 17	Dec. 18	Dec. 19E	Dec. 20F
-2.8	-2.9	-4.4	-3.9

Bulgaria

Dec. 17	Dec. 18	Dec. 19E*	Dec. 20F
0.8	0.1	-1.0	0.0

*Including one-off transfers of profits and reserve funds from the CBRT worth c. 1.5% of GDP

*Including the purchase of military equipment worth 1.8% of GDP

Serbia

Dec. 17	Dec. 18	Dec. 19E	Dec. 20F
1.1	0.6	-0.5	-0.5

North Macedonia

Dec. 17	Dec. 18	Dec. 19E	Dec. 20F
-2.7	-1.8	-1.6	-2.0

Albania

Dec. 17	Dec. 18	Dec. 19E	Dec. 20F
-2.0	-1.6	-2.1	-2.5

Cyprus

Dec. 17	Dec. 18*	Dec. 19E	Dec. 20F
1.7	-4.4	3.8	2.7

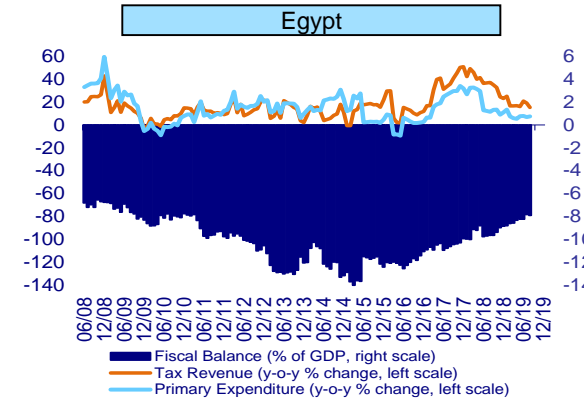
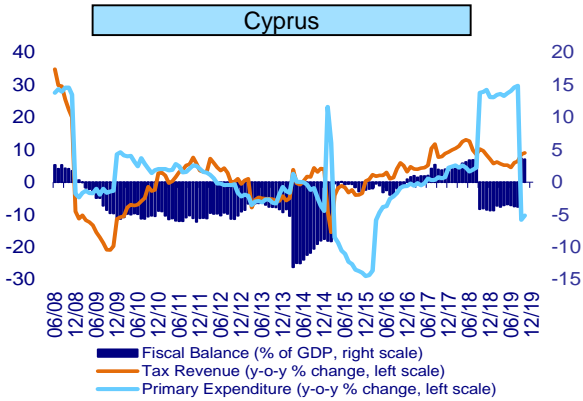
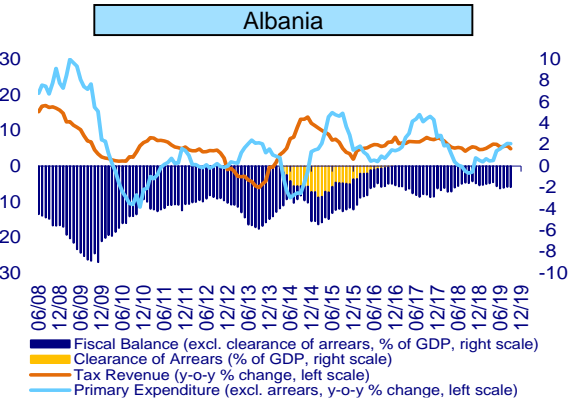
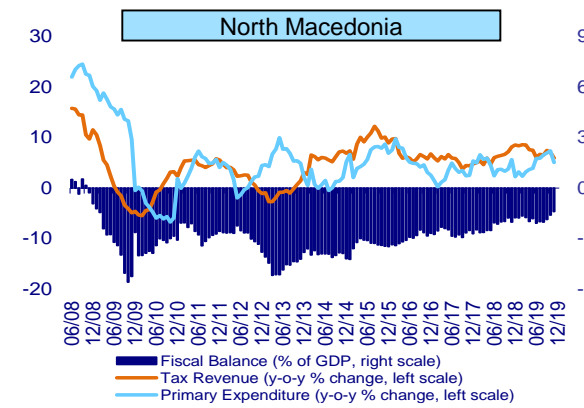
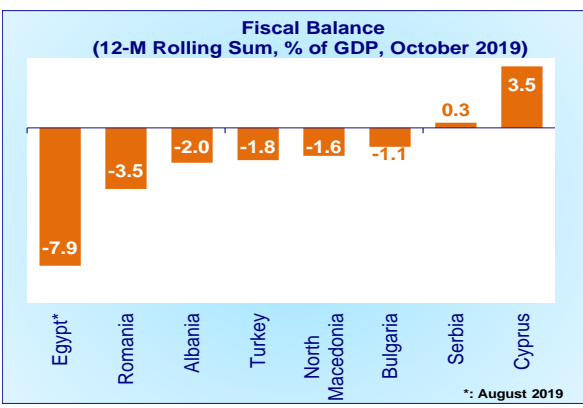
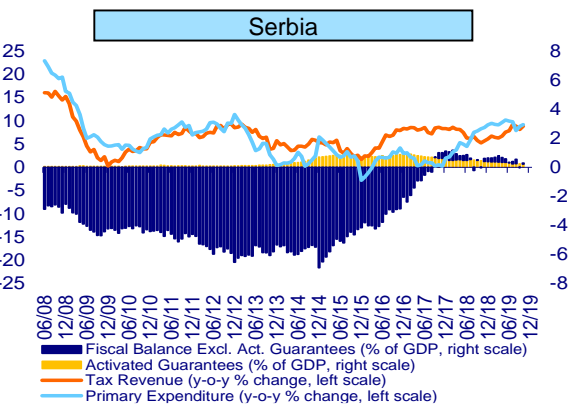
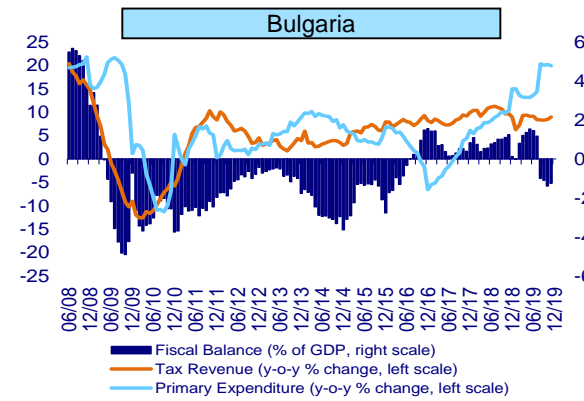
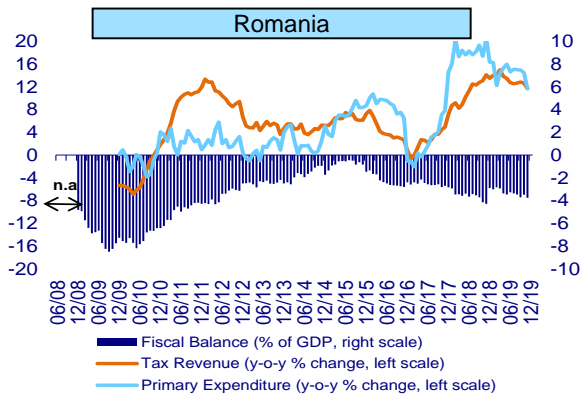
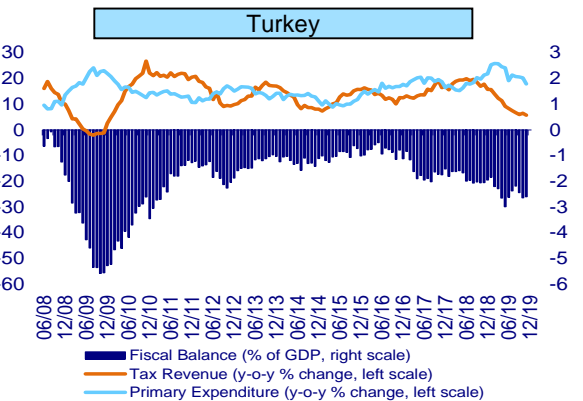
*: Adjusted for the fiscal burden from the sale of Cyprus Cooperative Bank to Hellenic Bank (EUR 1.6bn or 7.1% of GDP), the budget balance posted a surplus of 3.0% of GDP in 2018.

Egypt*

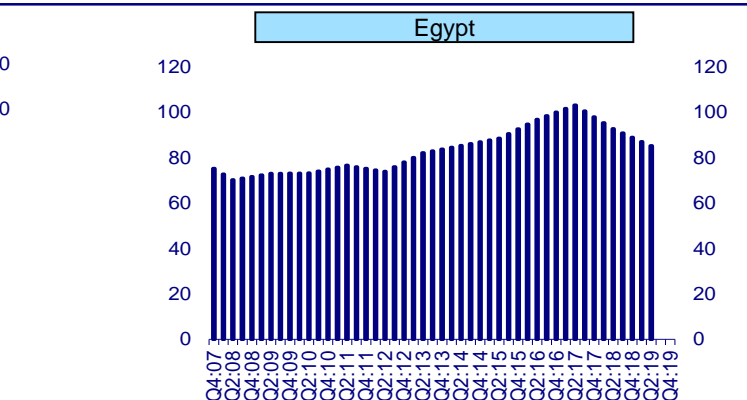
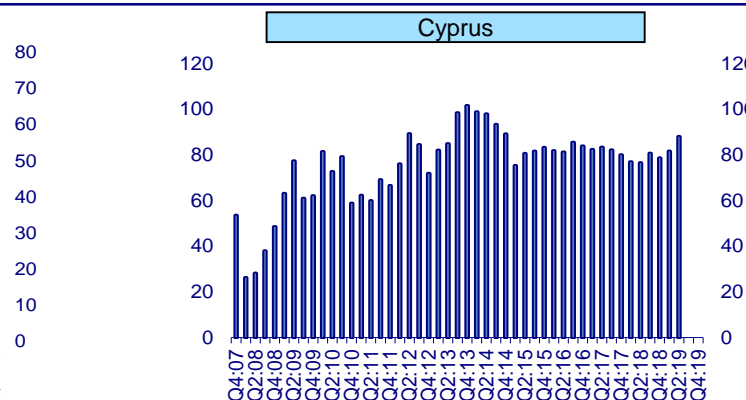
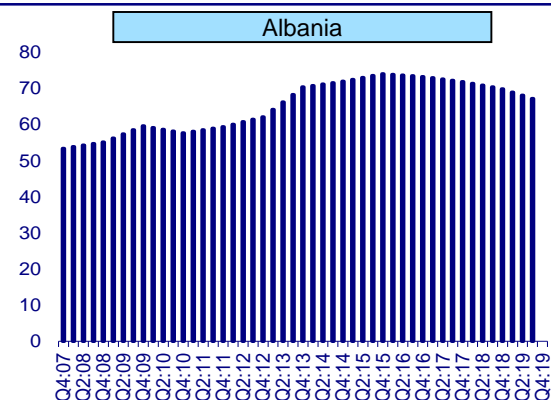
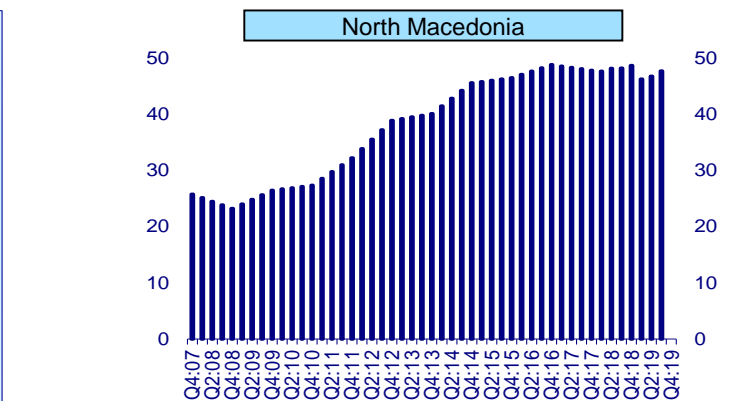
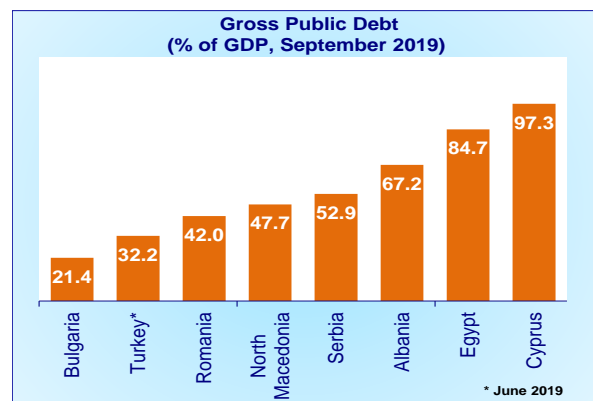
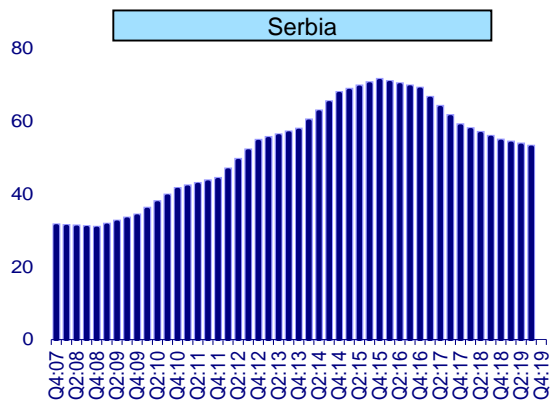
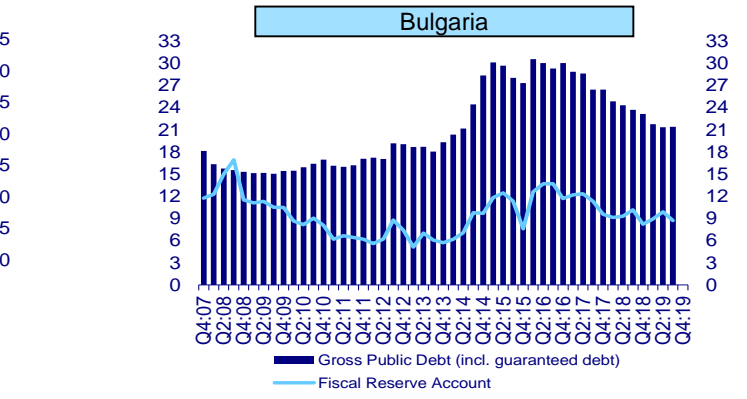
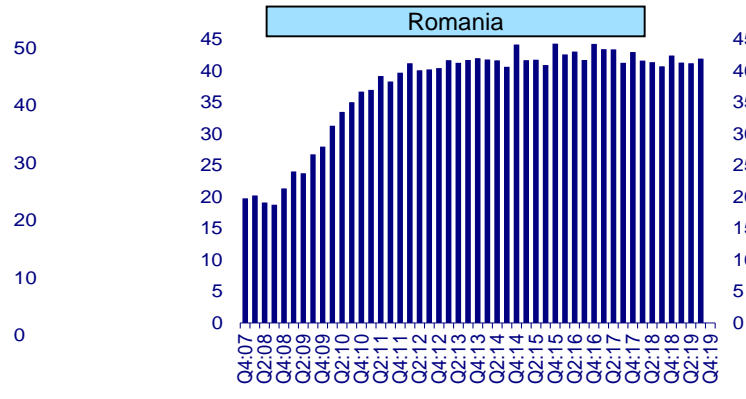
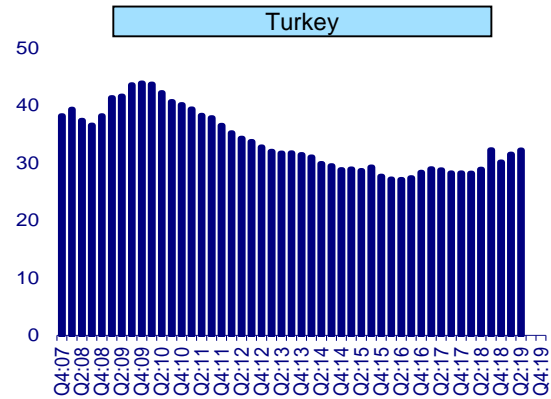
Dec. 17	Dec. 18	Dec. 19E	Dec. 20F
-10.9	-9.7	-8.2	-7.2

*: Fiscal year ending on June 30th.

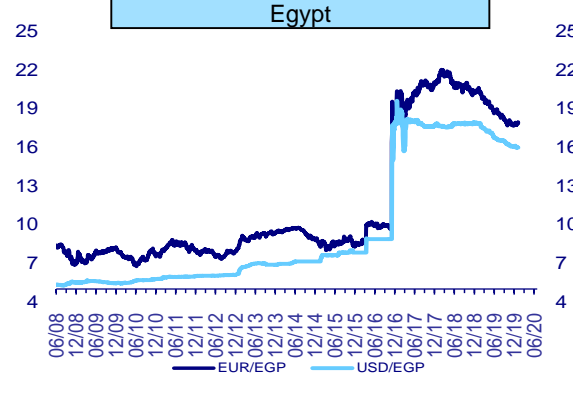
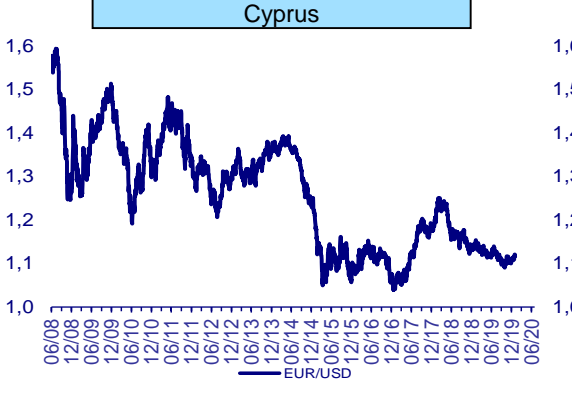
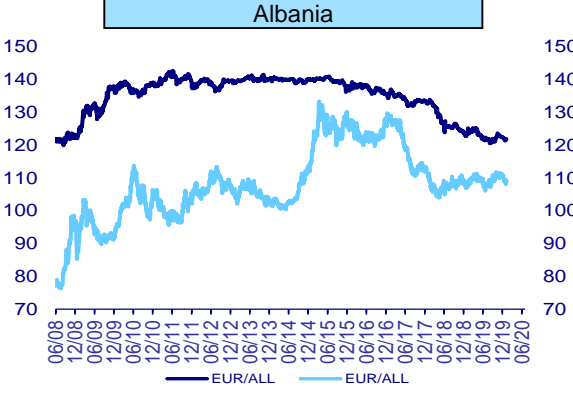
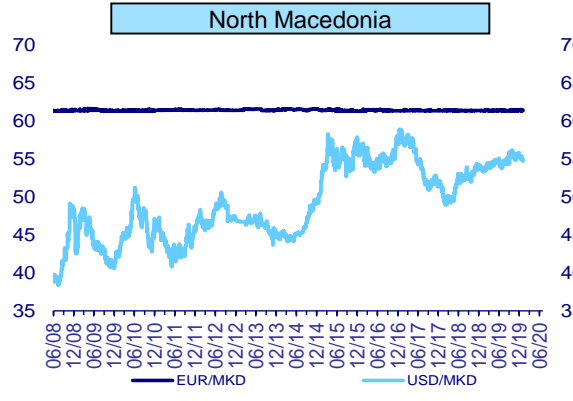
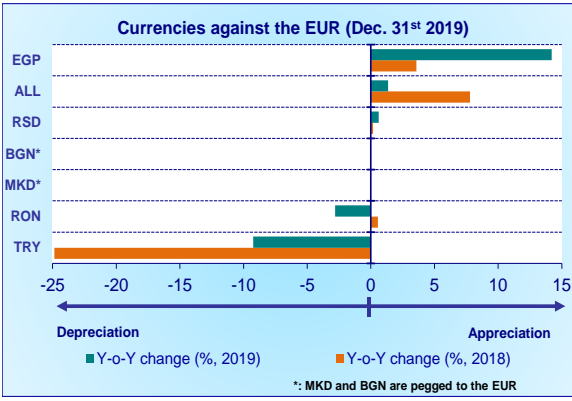
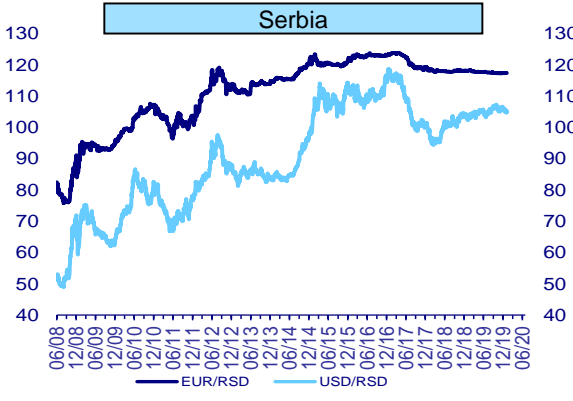
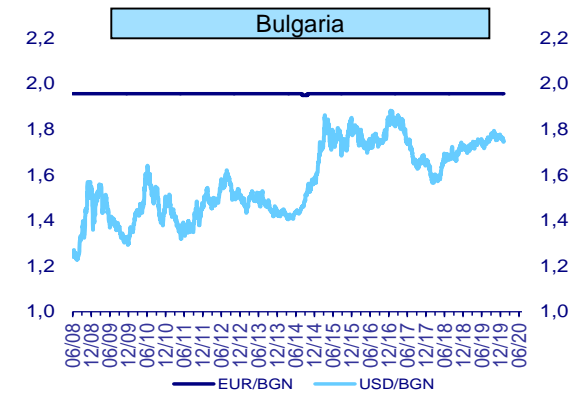
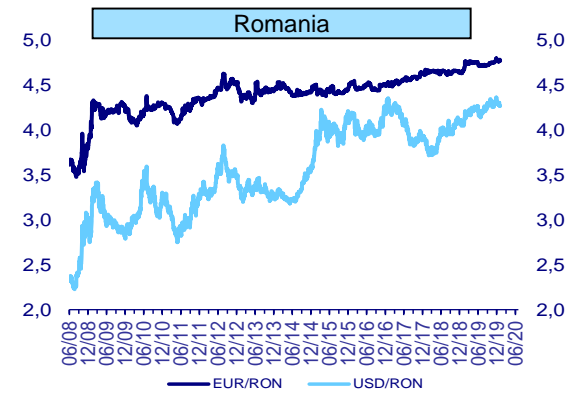
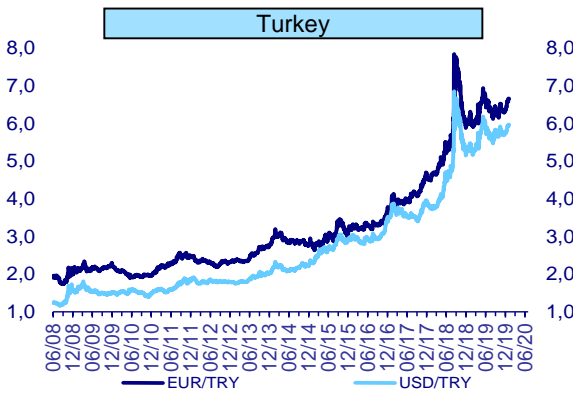
The fiscal performance deteriorated significantly in Romania and Turkey in 2019



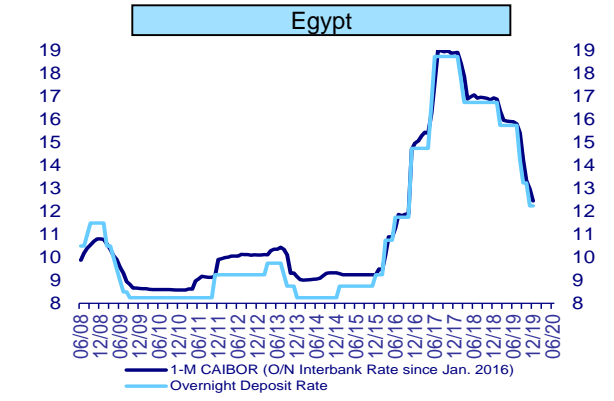
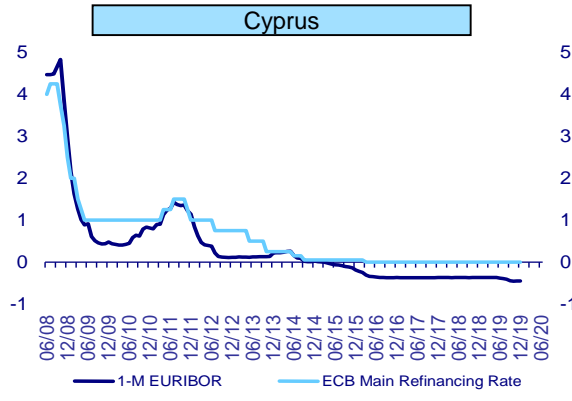
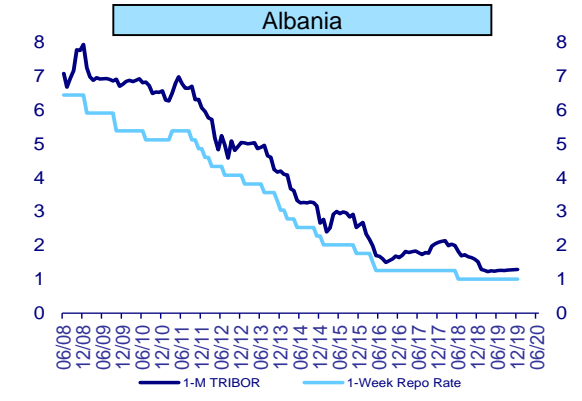
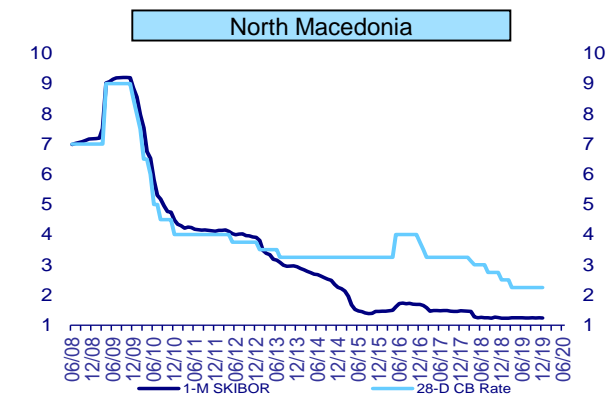
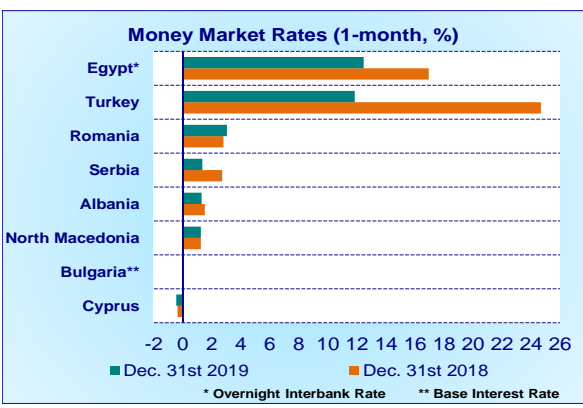
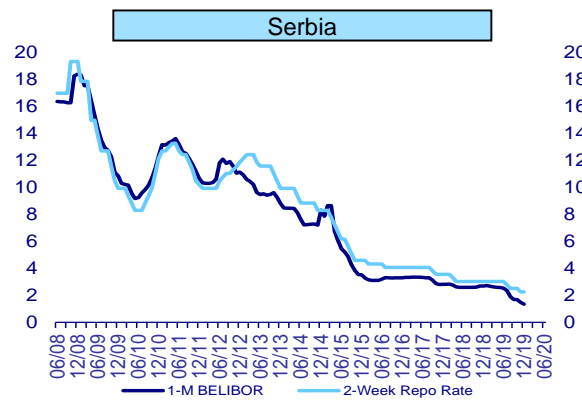
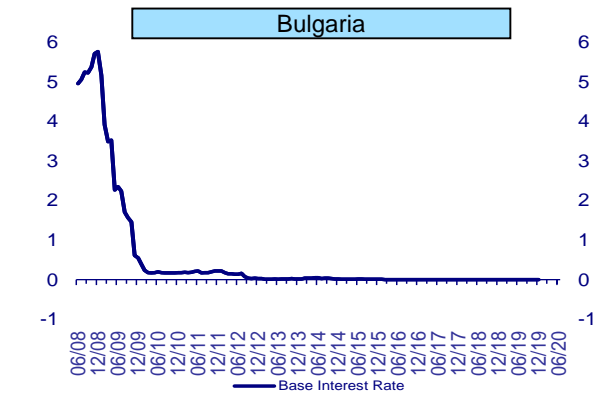
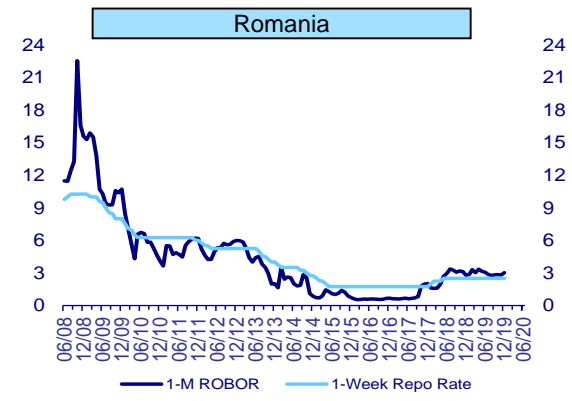
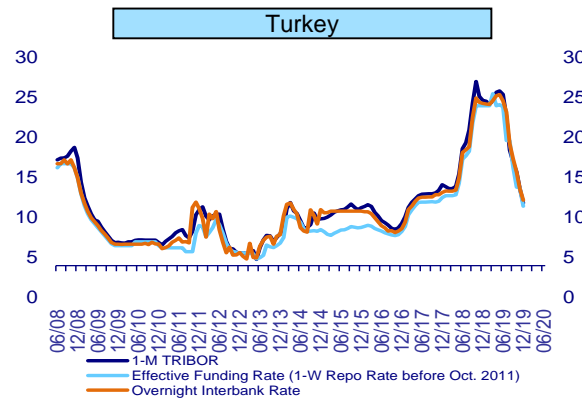
The public debt-to-GDP ratio remains at critical levels in Cyprus and Egypt



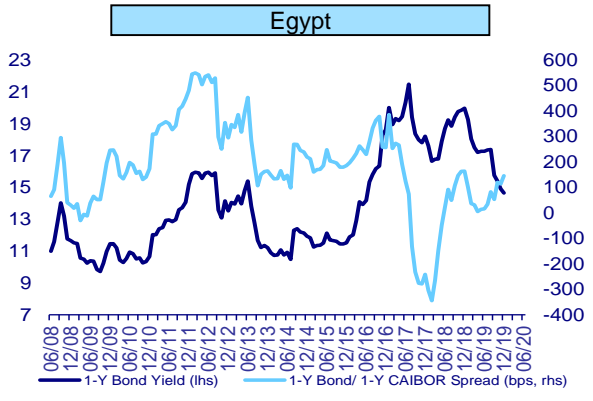
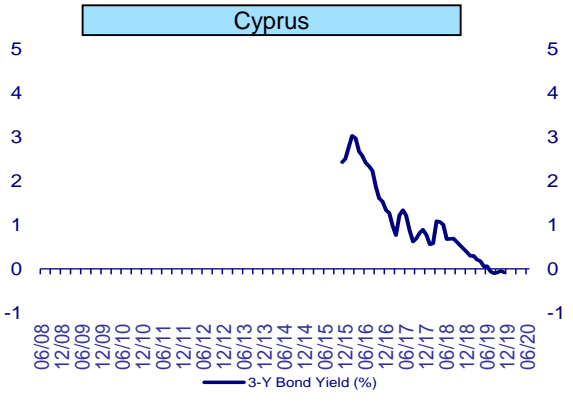
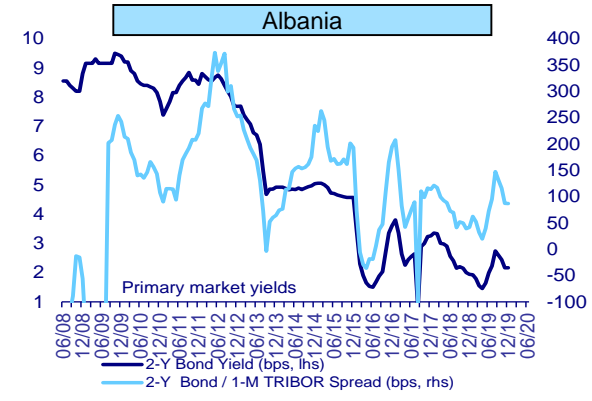
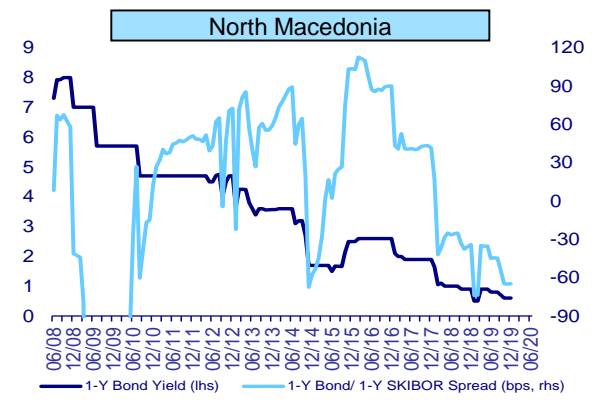
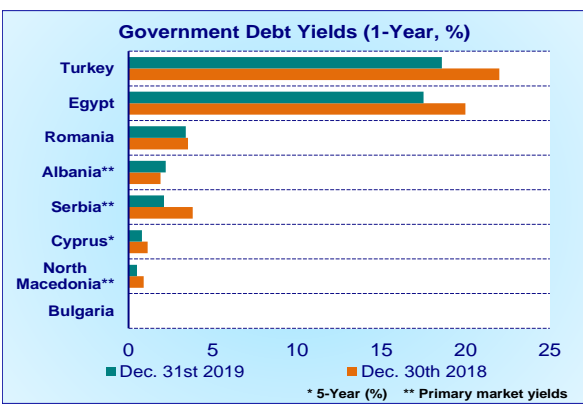
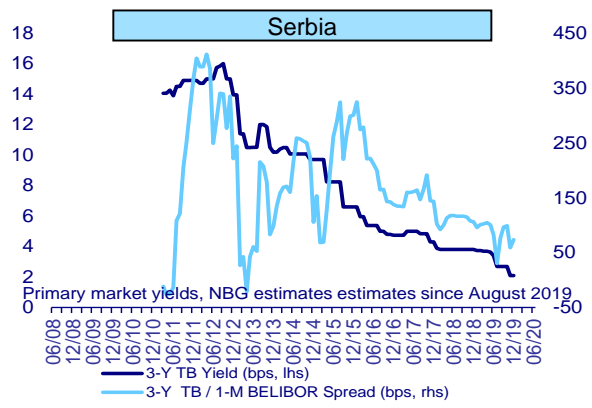
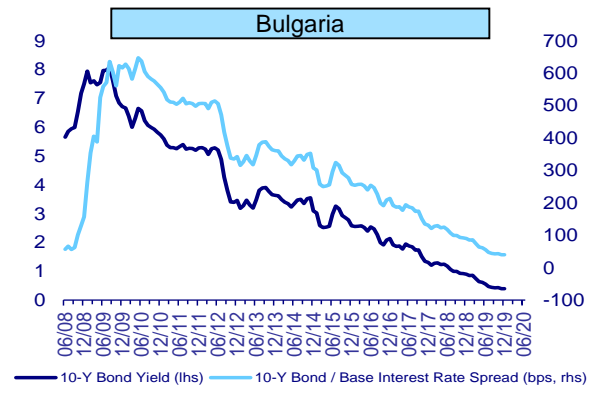
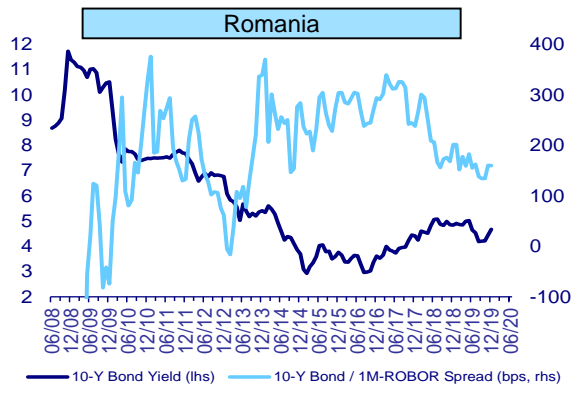
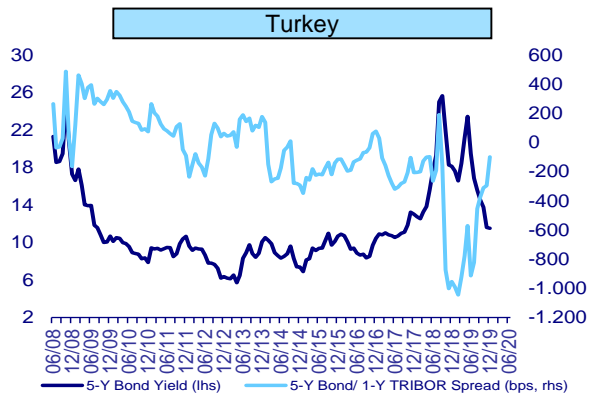
The TRY depreciated further in 2019, albeit at a much more slower pace compared with the 2018 currency crisis



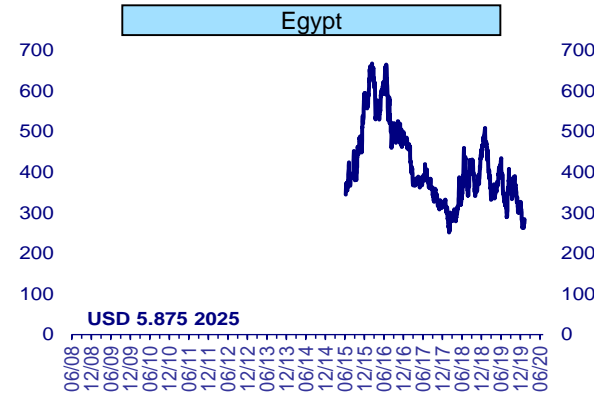
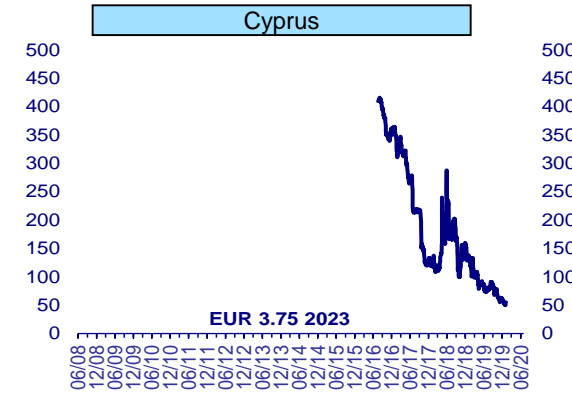
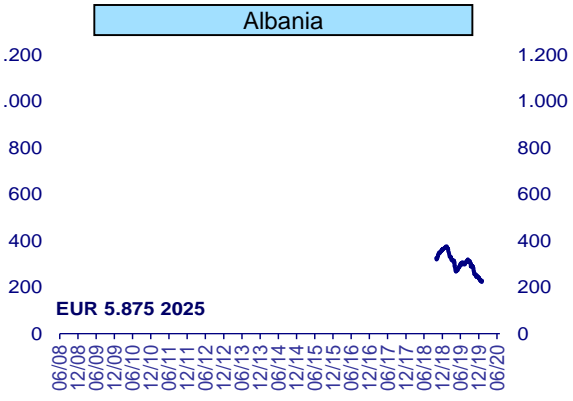
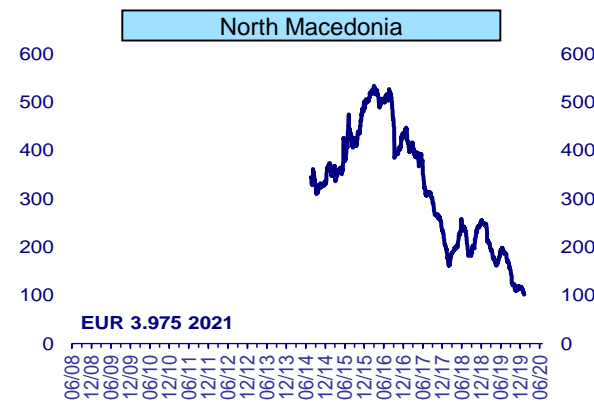
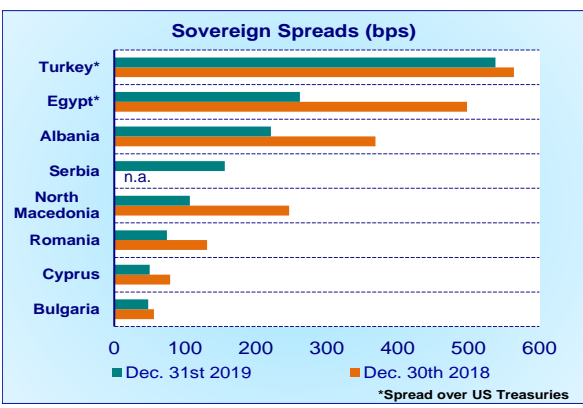
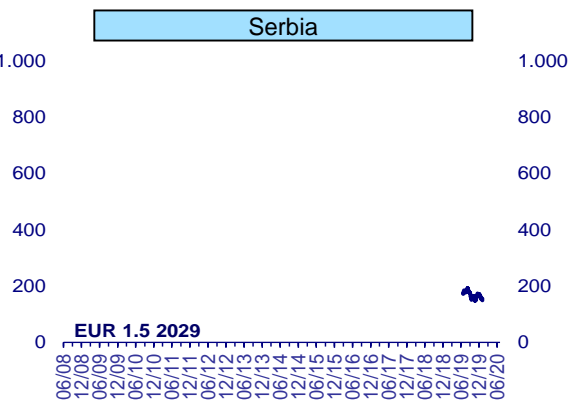
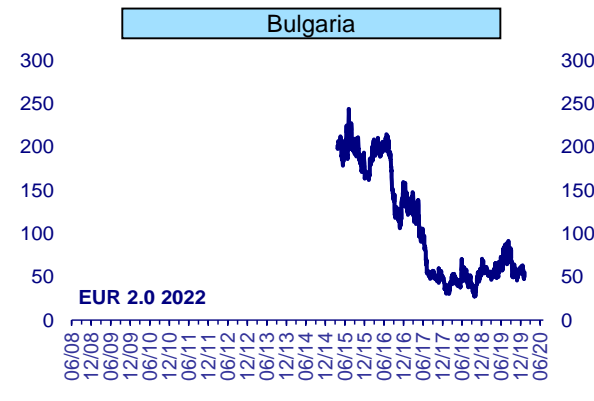
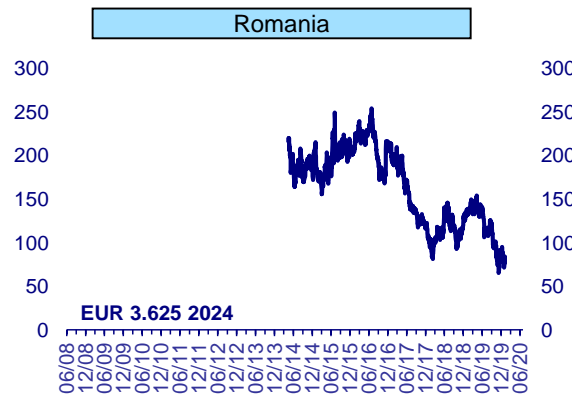
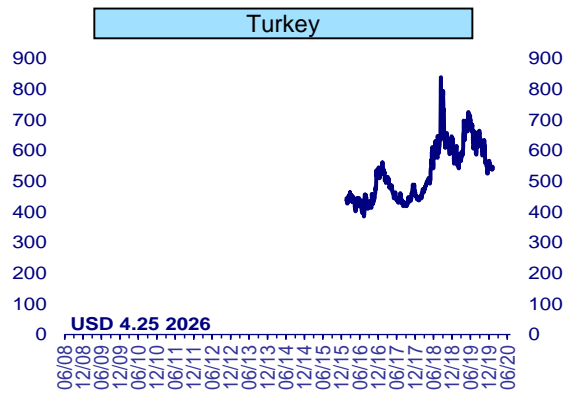
Money market rates declined in Turkey, Egypt and Serbia in 2019, in line with a looser monetary policy



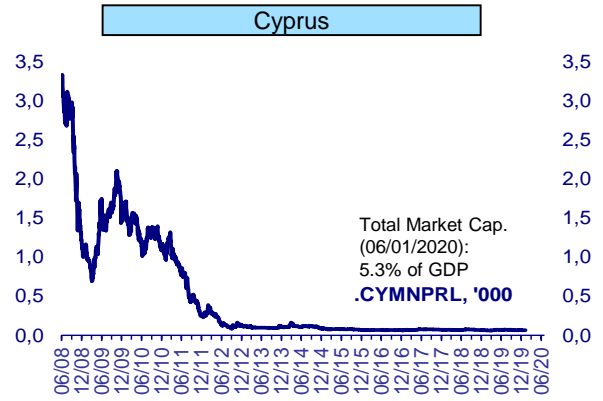
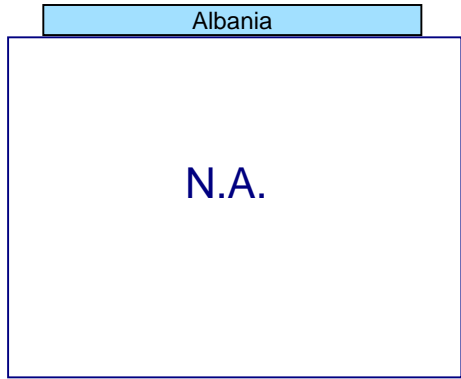
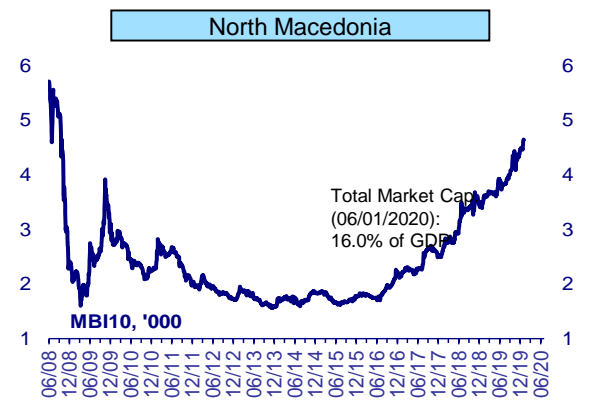
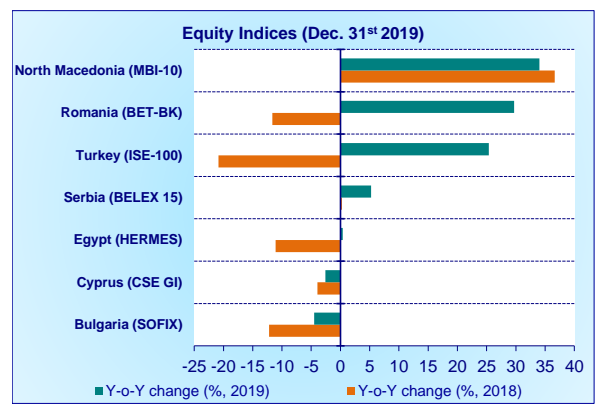
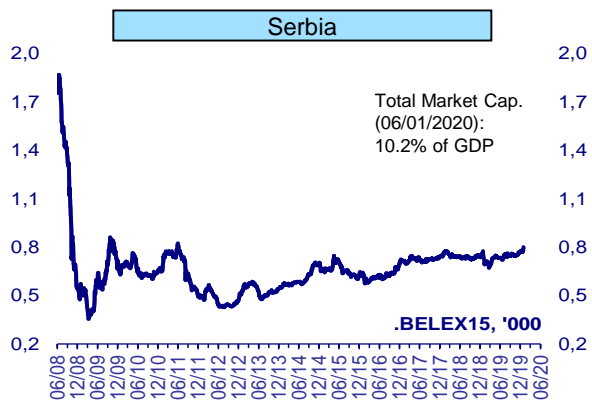
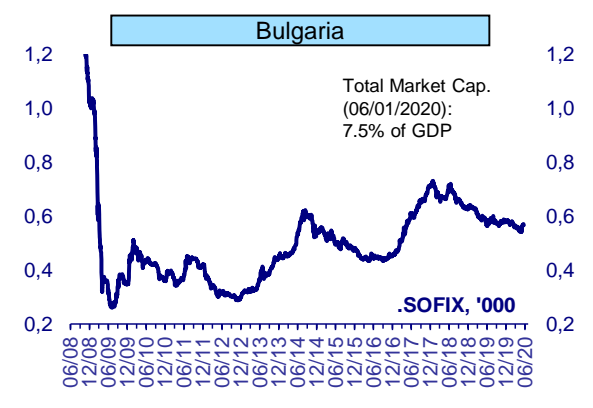
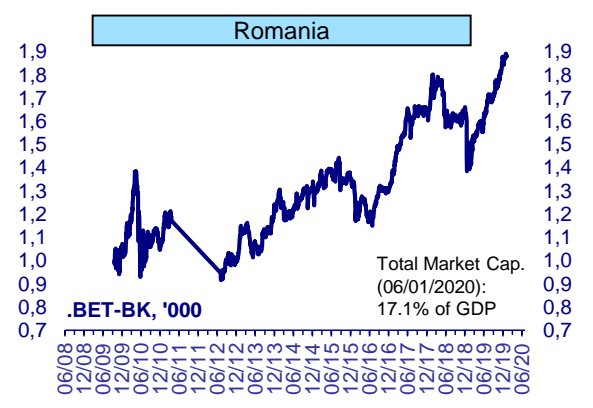
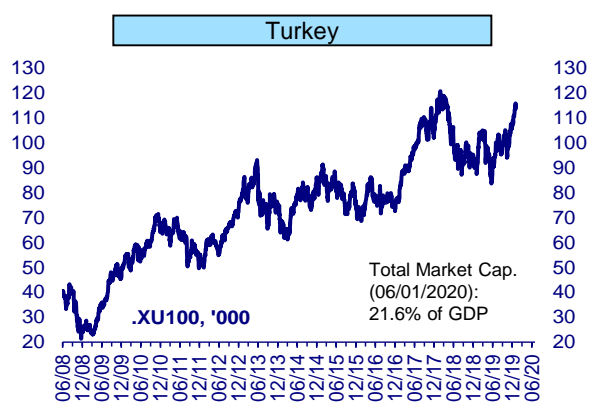
Government debt yields remained markedly high in Romania, reflecting concerns over the widening twin deficits



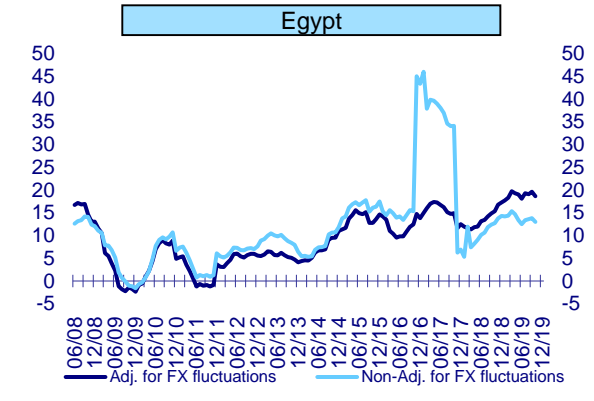
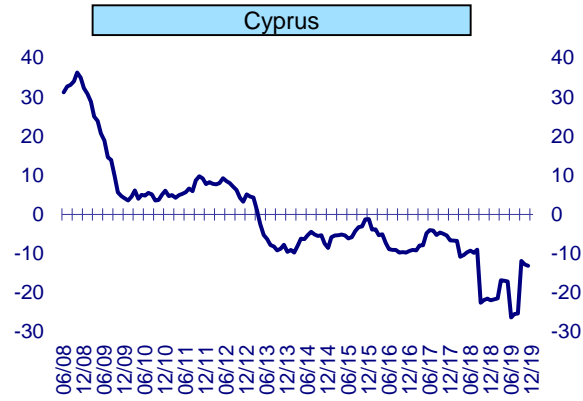
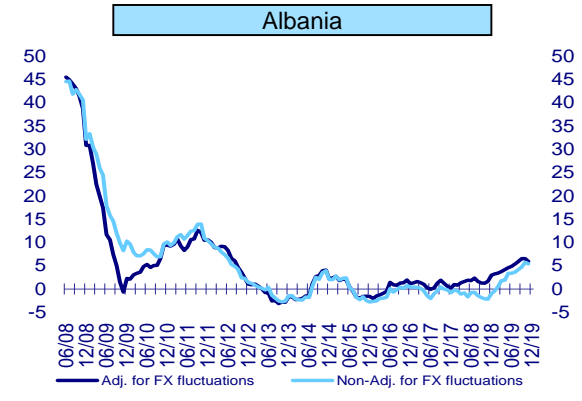
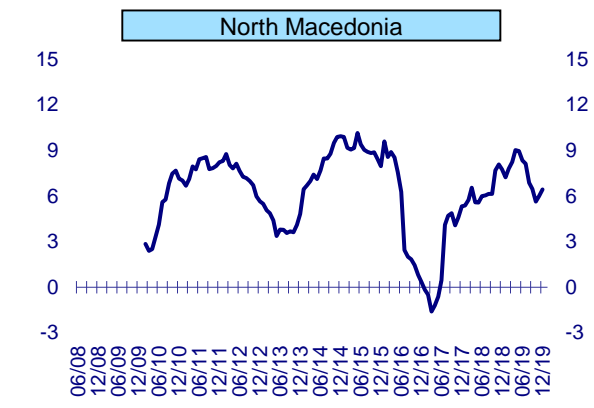
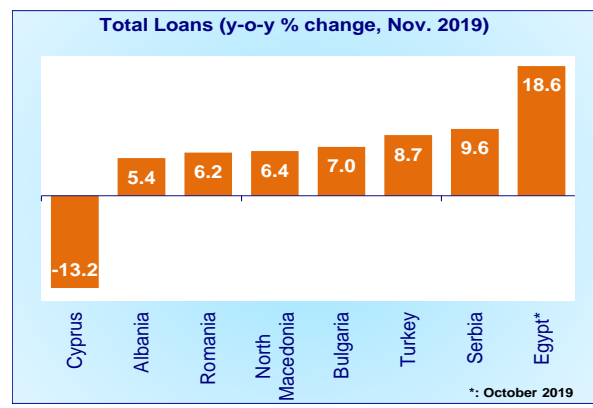
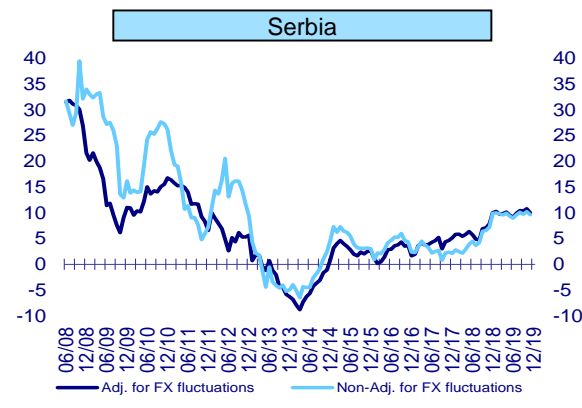
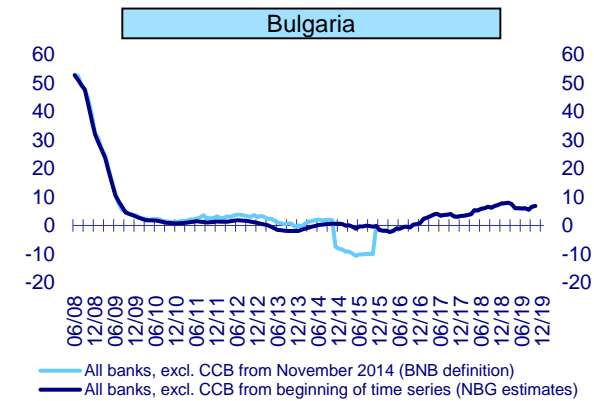
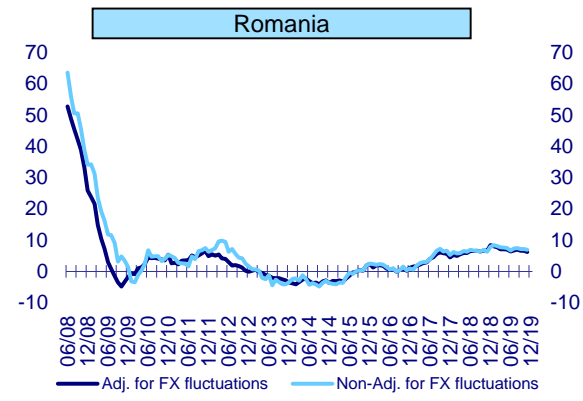
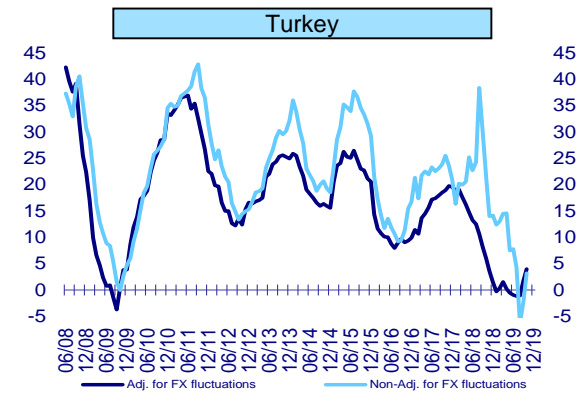
Sovereign spreads decreased in all countries under review in 2019



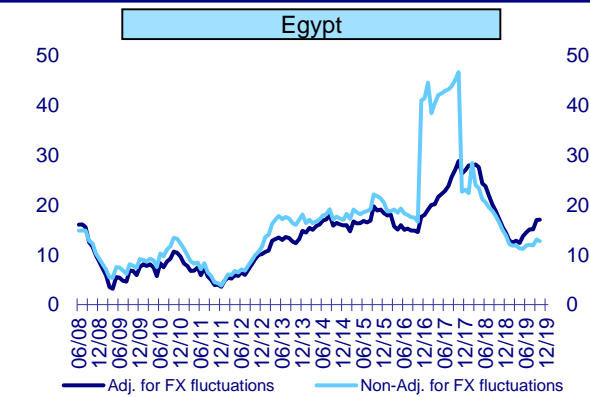
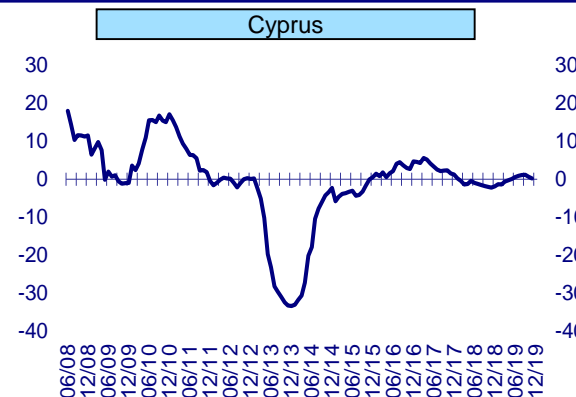
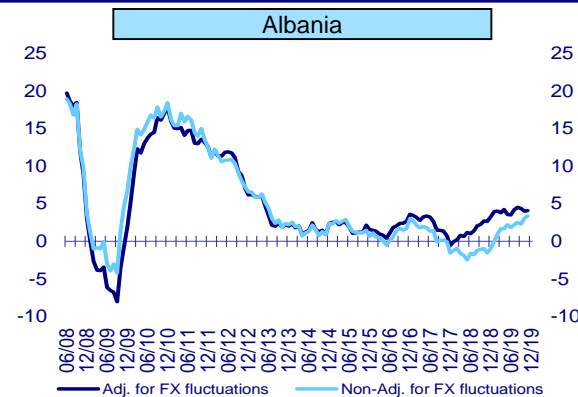
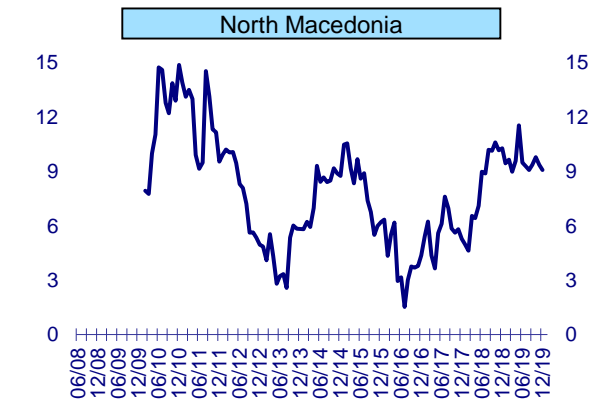
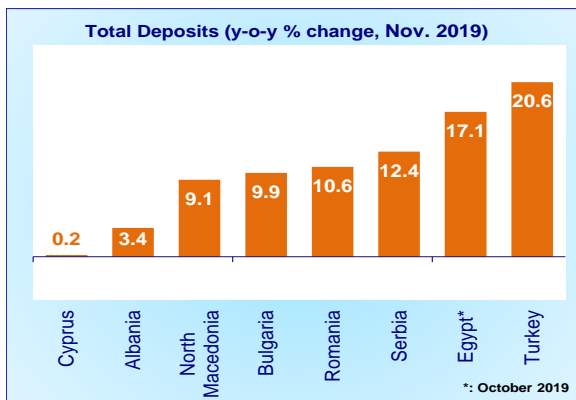
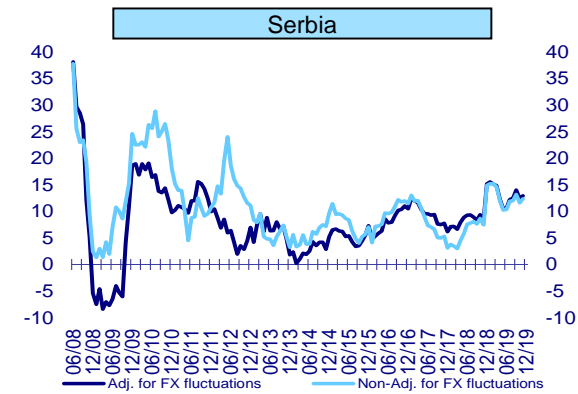
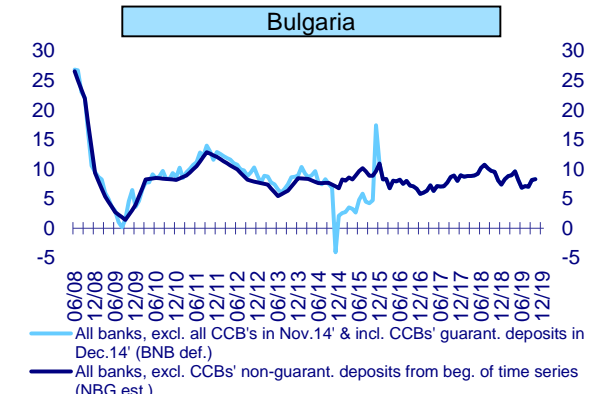
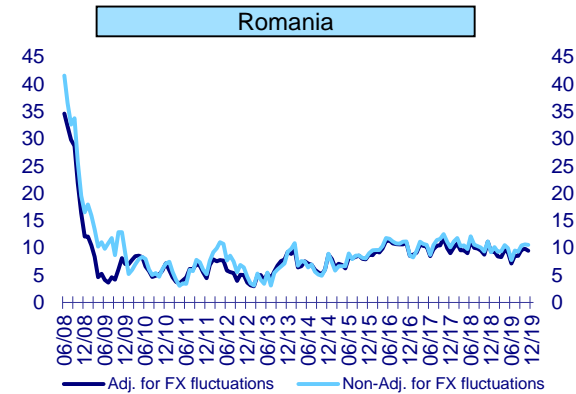
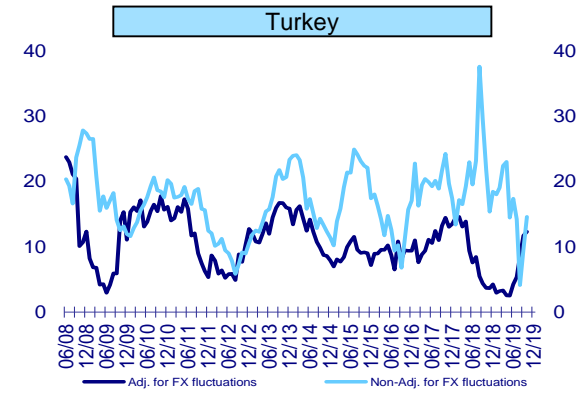
Most stock markets under review posted gains in 2019, amid accommodative global financing conditions



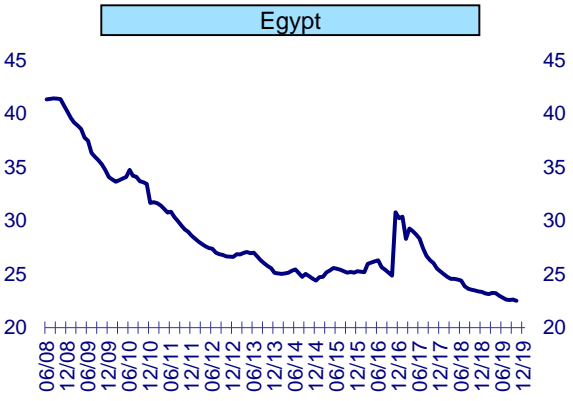
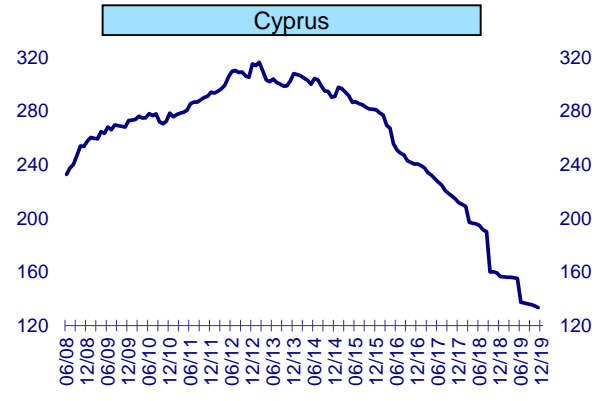
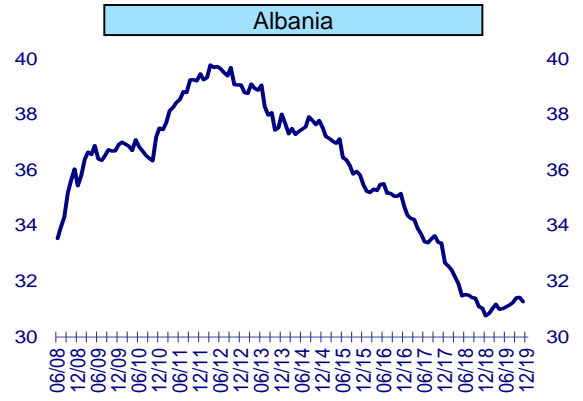
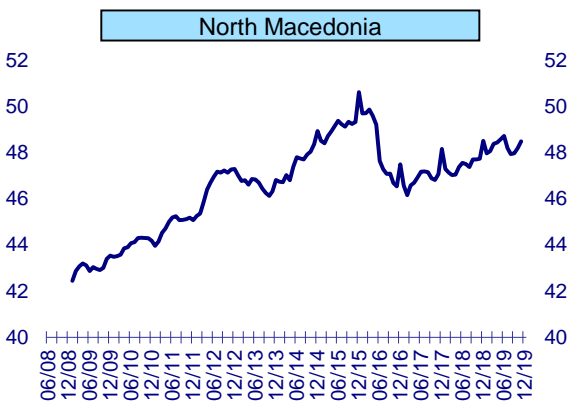
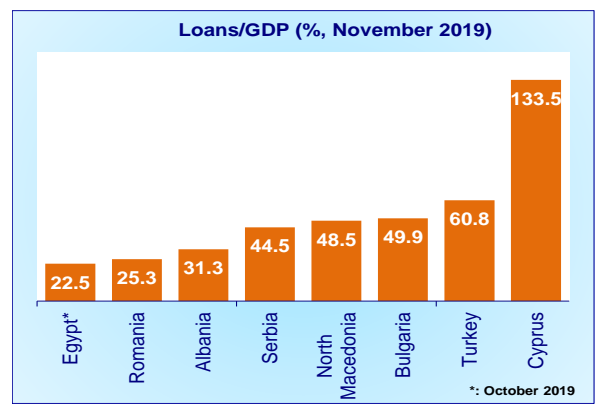
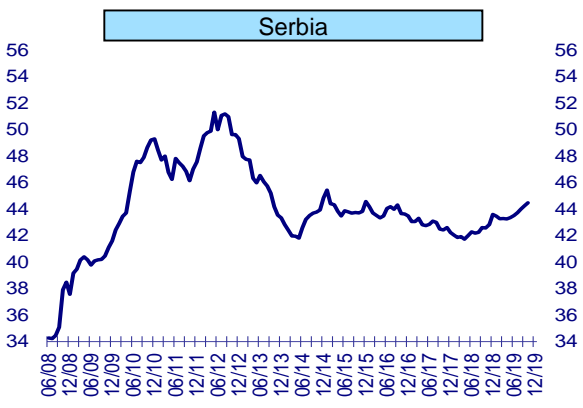
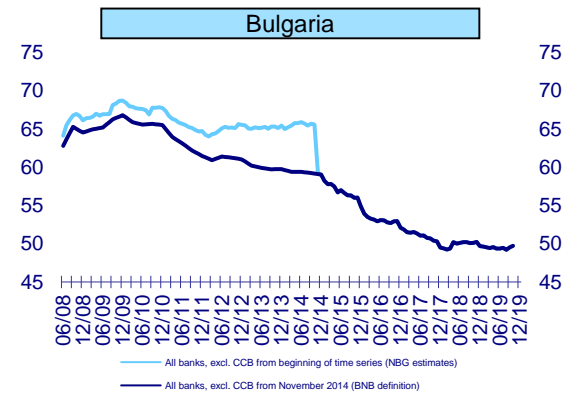
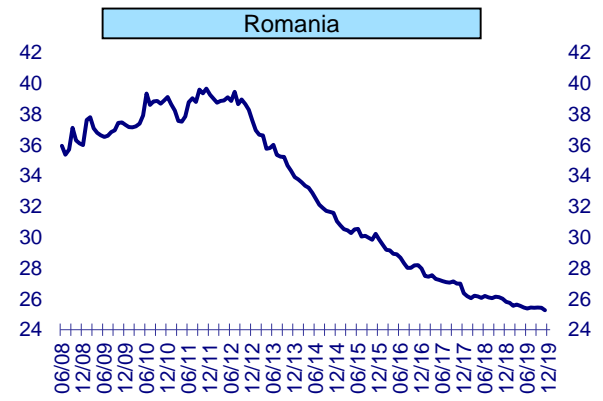
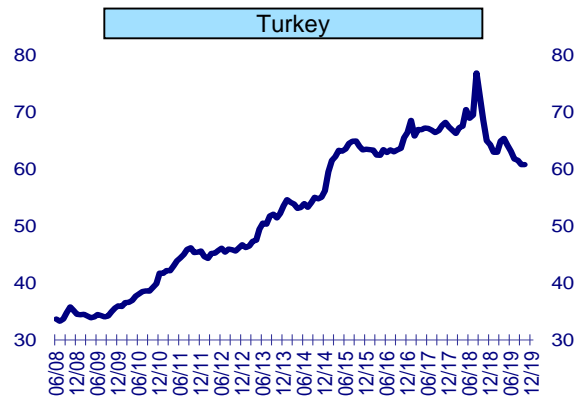
Lending activity is set to strengthen this year in most of the countries under review, as a result of banks' ample liquidity and improved asset quality



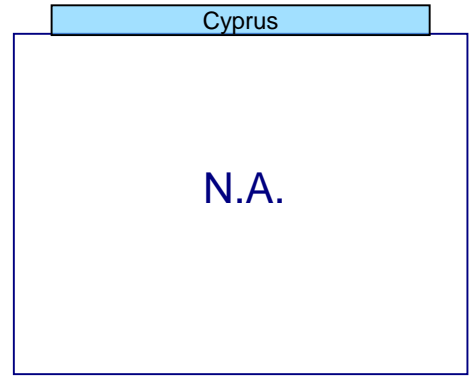
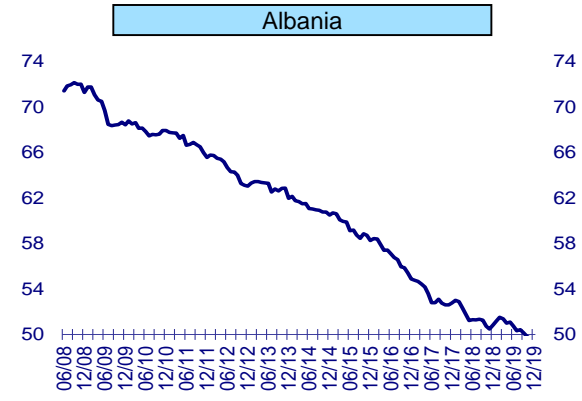
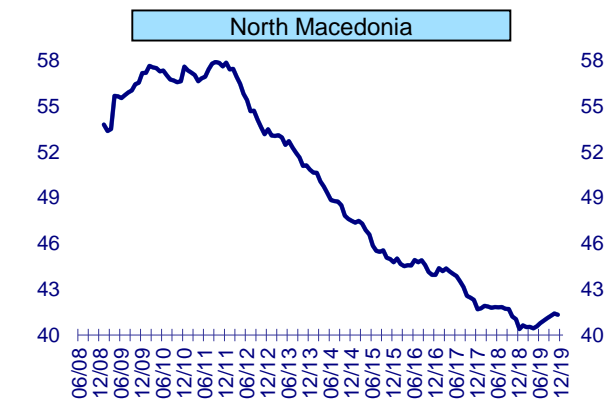
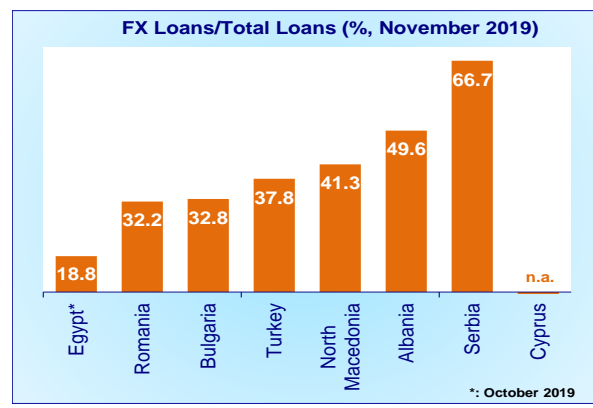
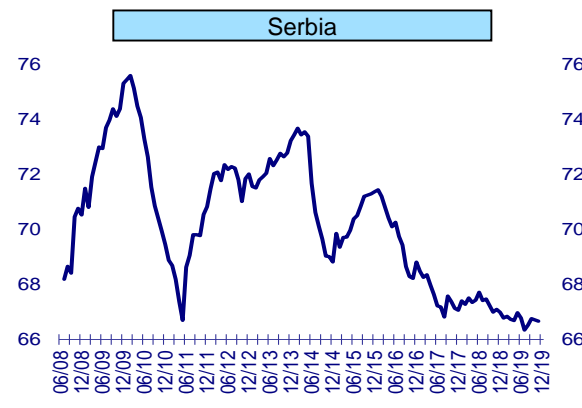
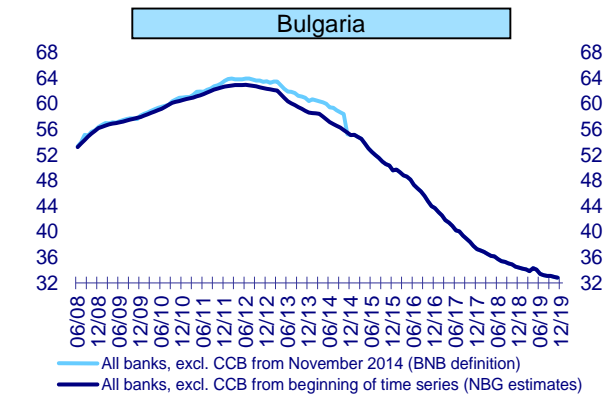
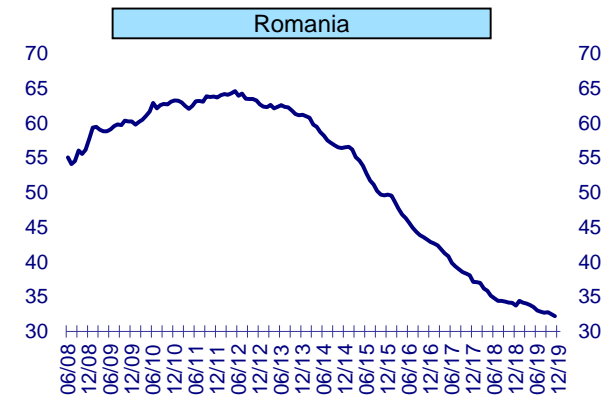
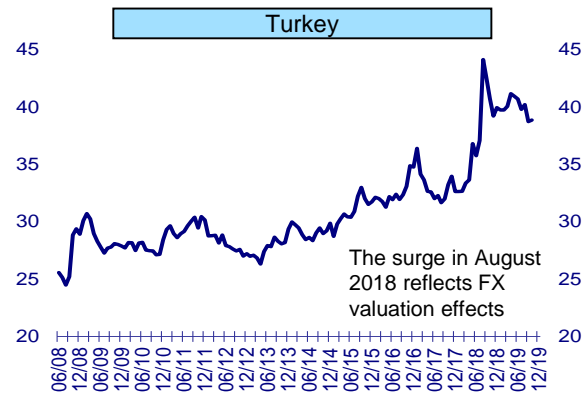
Deposit growth is set to exceed that of lending, once again, in most of the countries under review this year



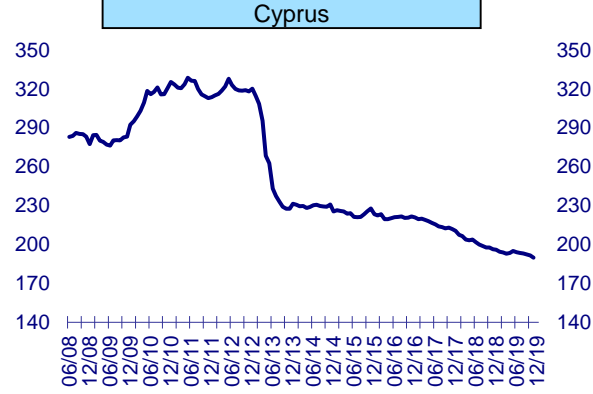
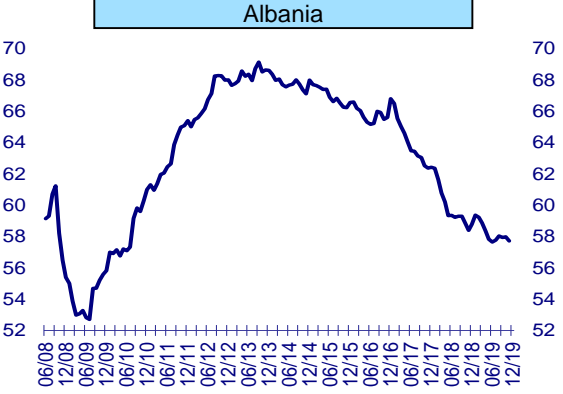
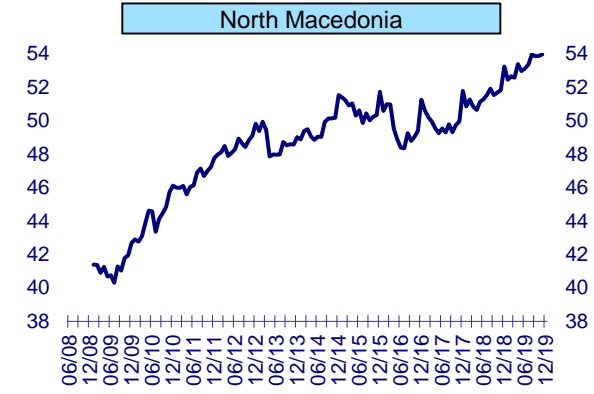
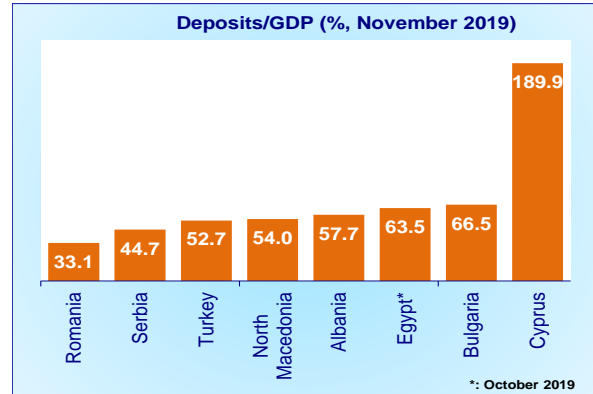
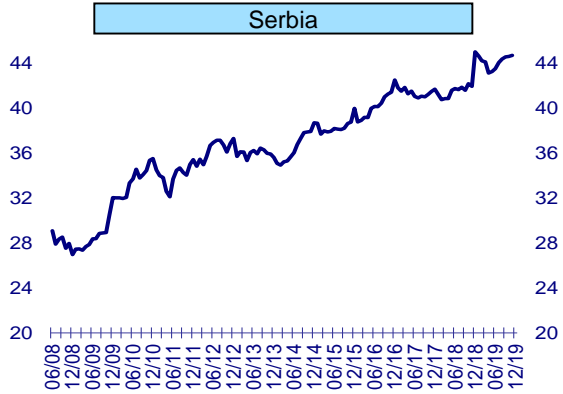
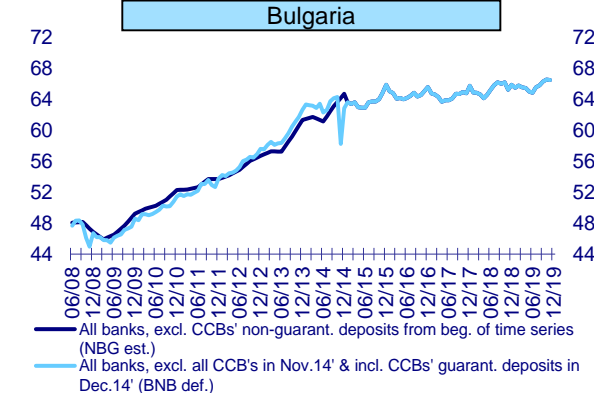
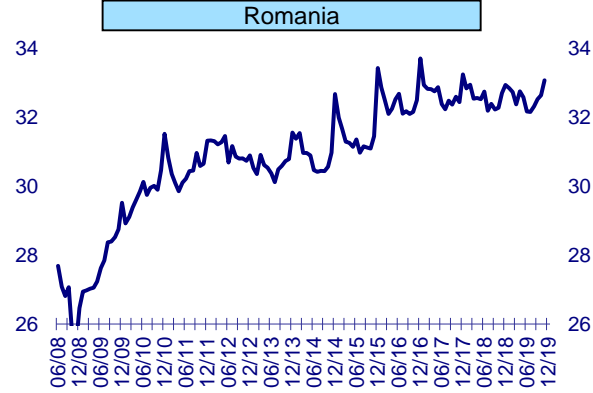
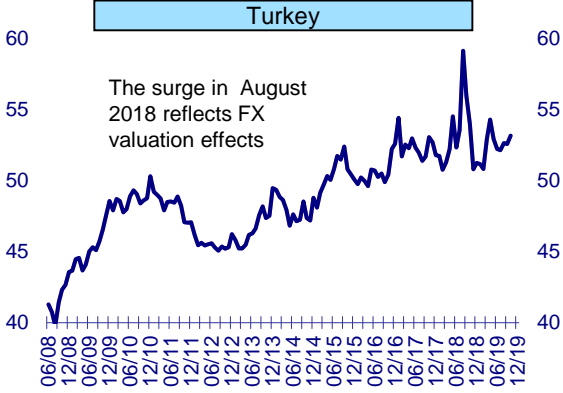
All economies under review, with the exception of Cyprus, are still underpenetrated in terms of lending



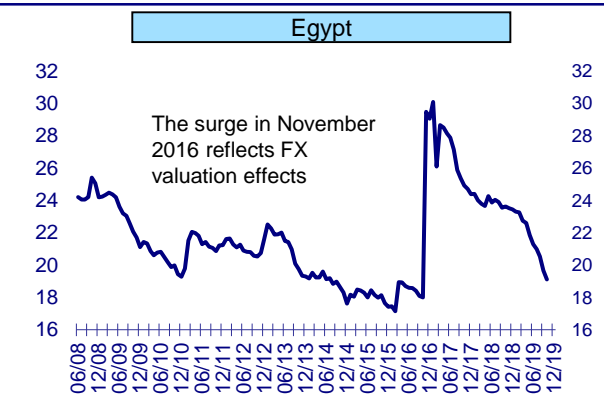
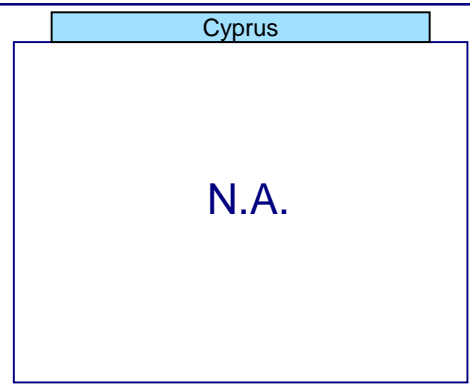
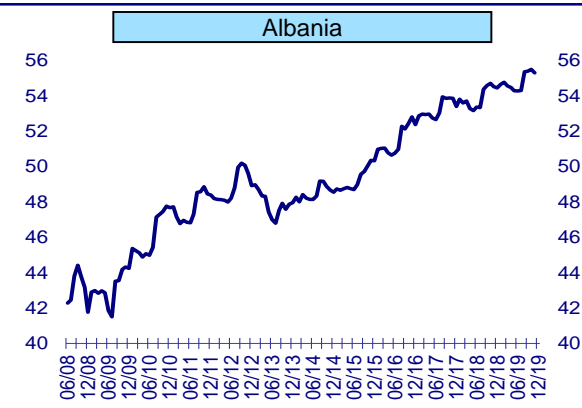
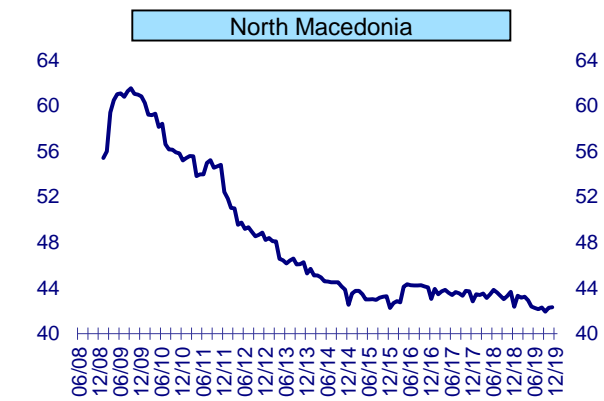
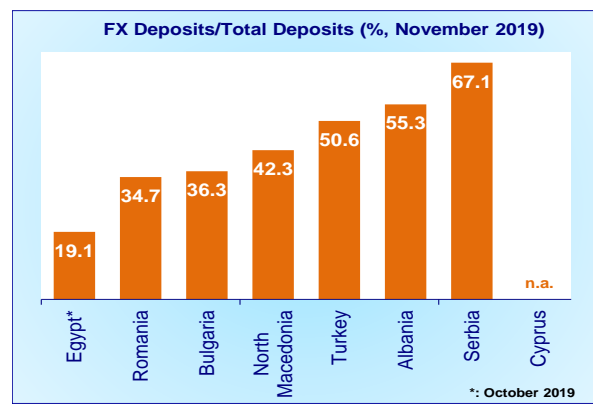
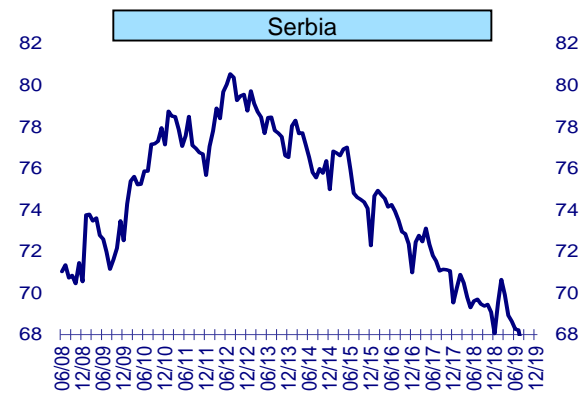
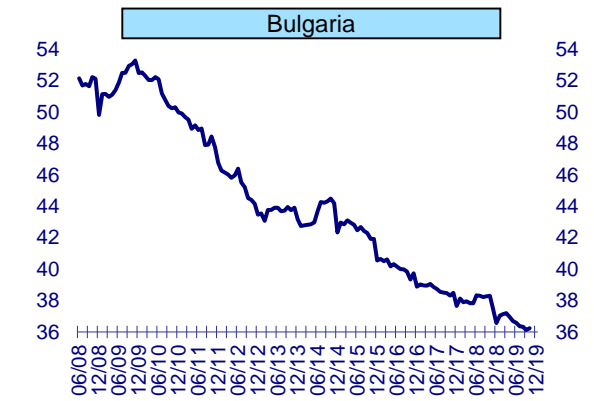
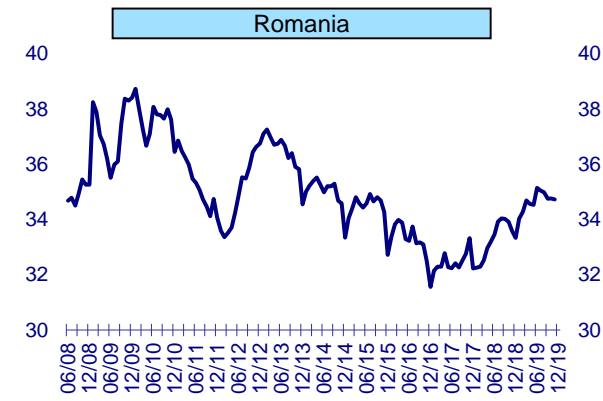
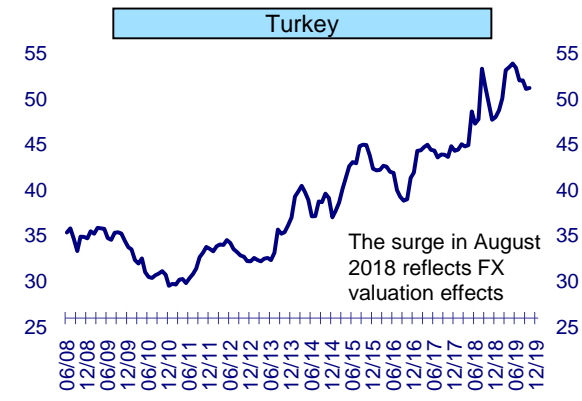
The proportion of FX lending in total lending in most of the countries under review is decreasing, but remains high



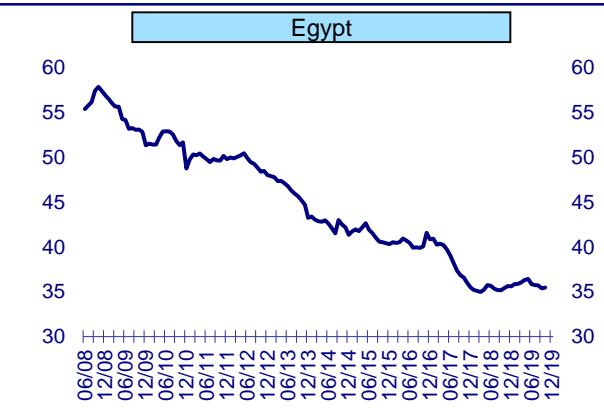
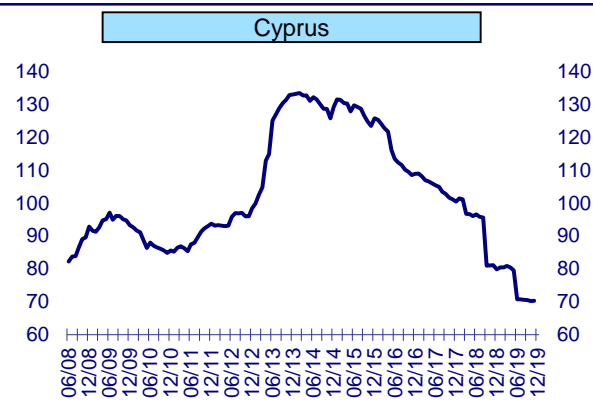
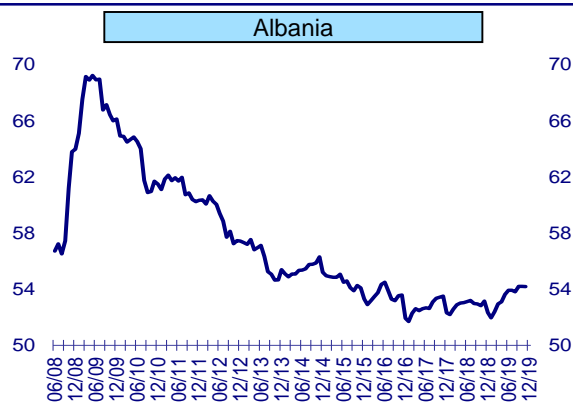
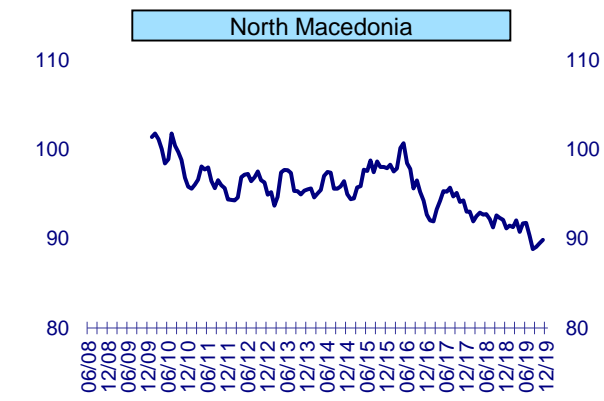
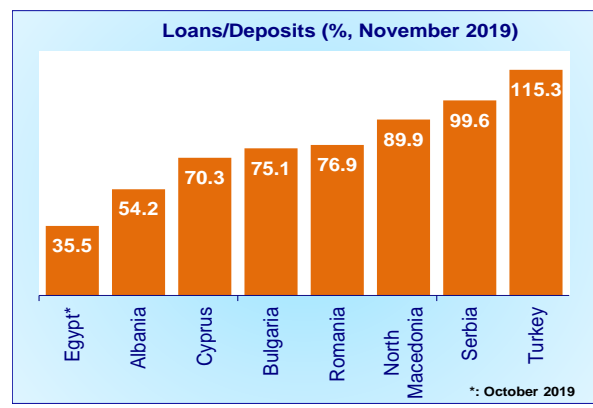
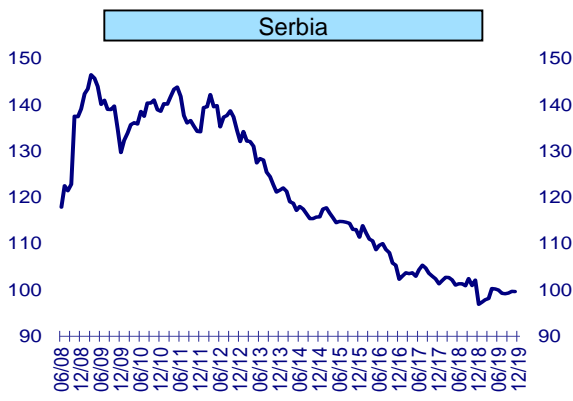
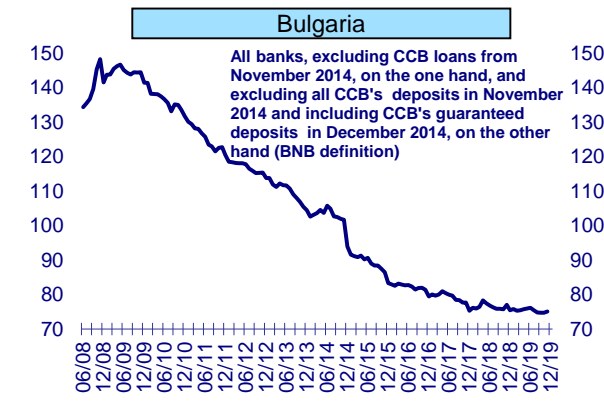
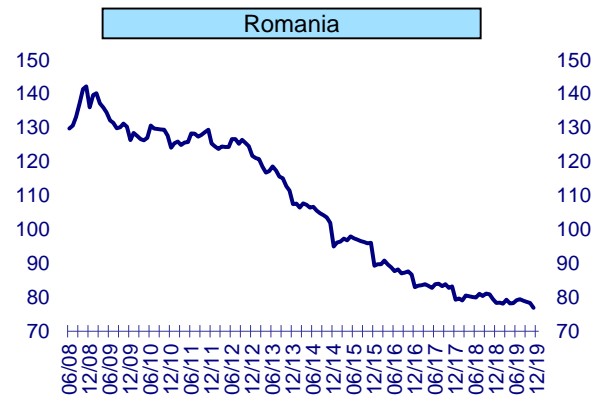
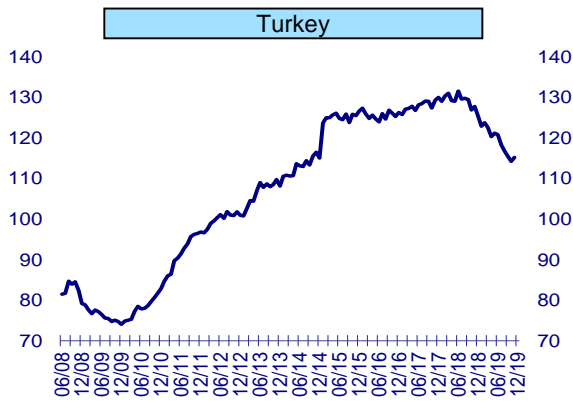
The deposit-to-GDP ratio is likely to continue on its downward trend this year in Albania (due to attractive domestic debt yields)



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

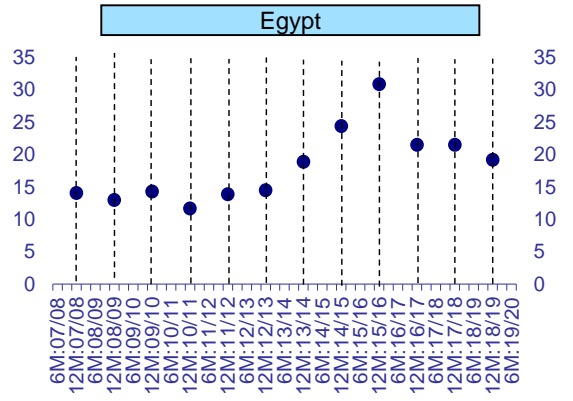
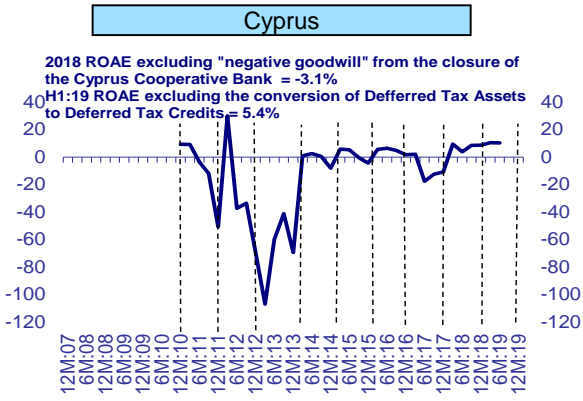
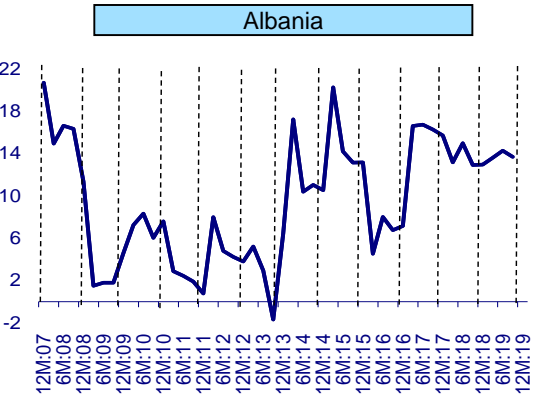
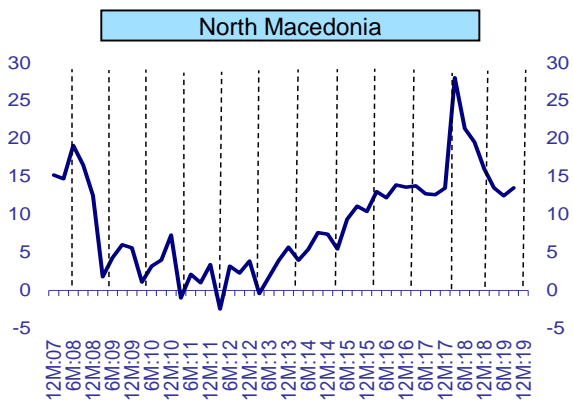
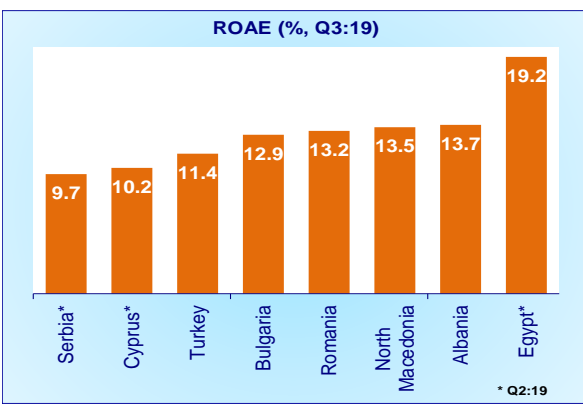
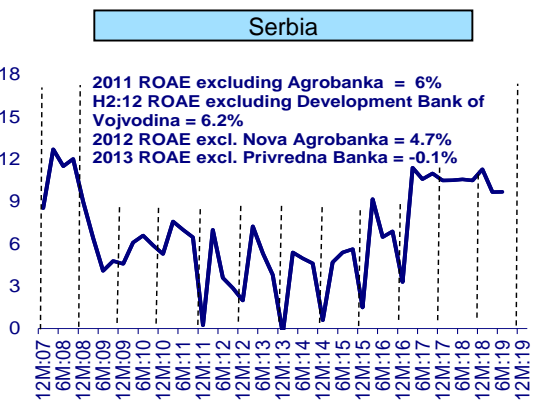
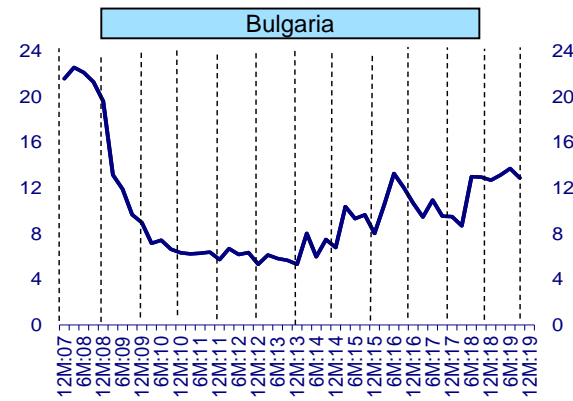
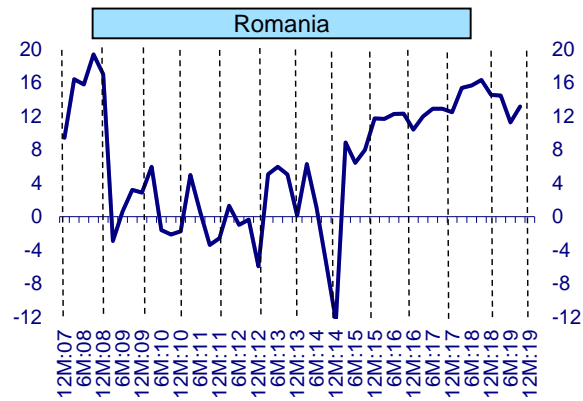
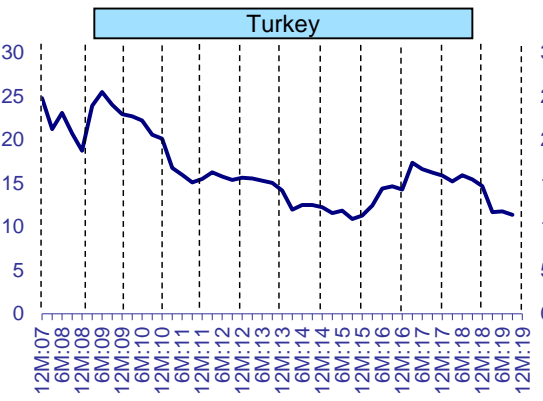


All banking systems under review enjoy a loan-to-deposit ratio well below the 100% threshold, with the exception of Turkey and (marginally) Serbia

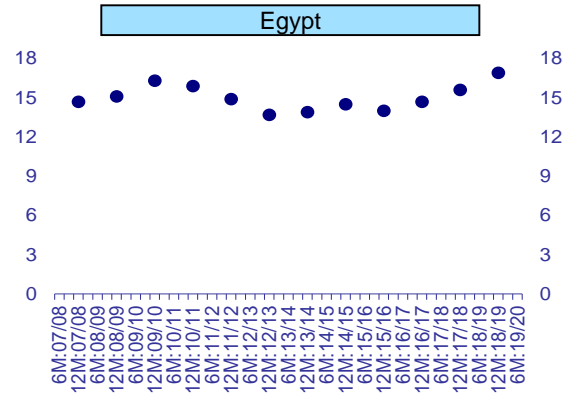
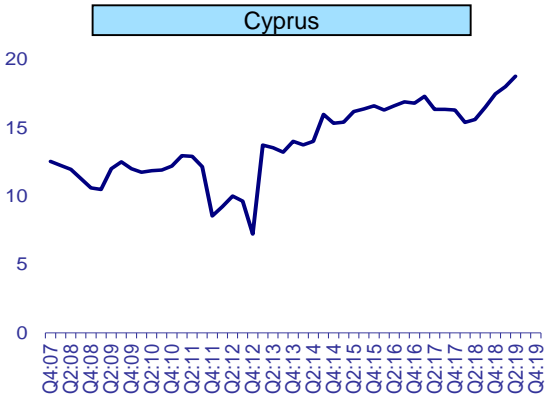
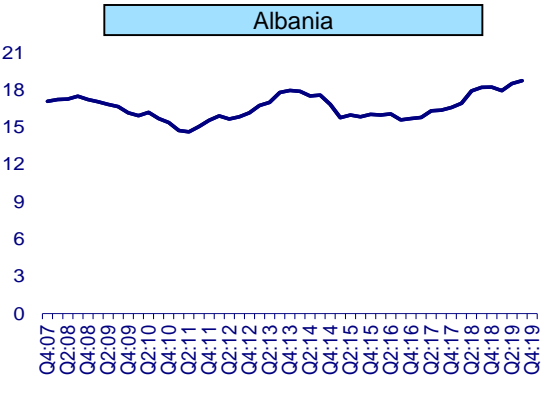
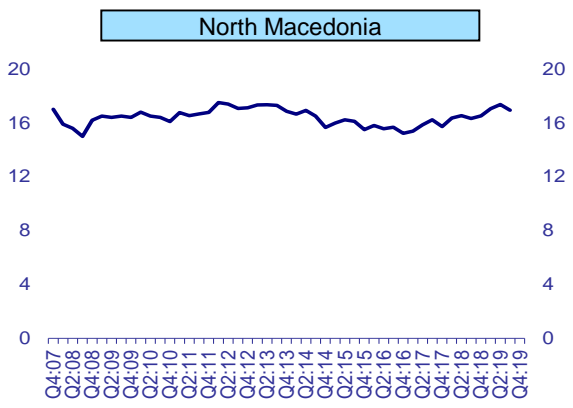
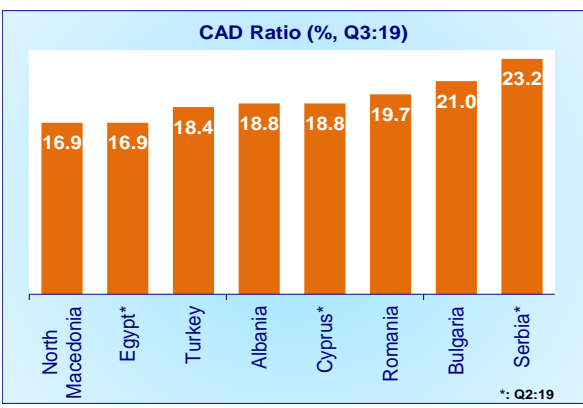
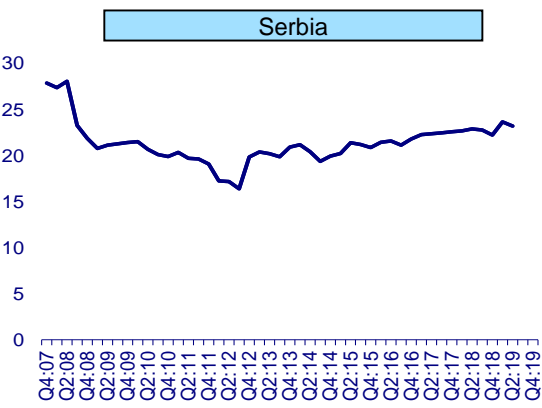
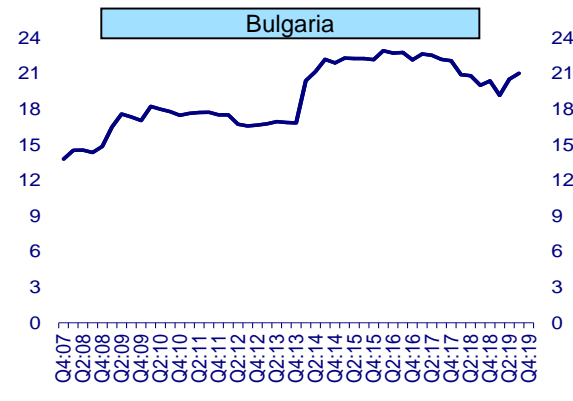
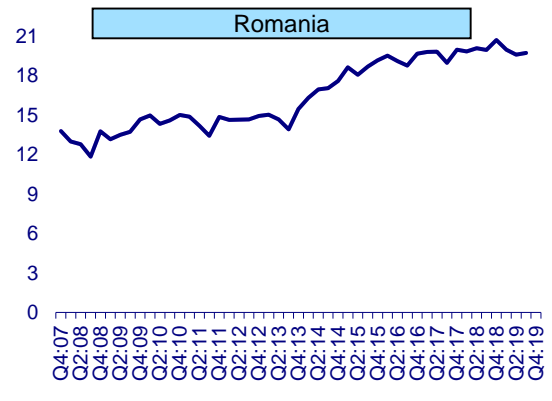
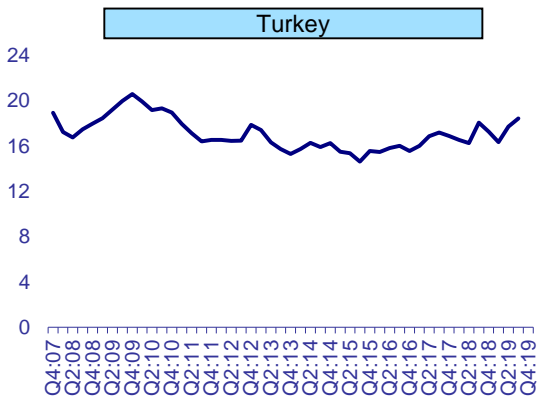


Return-to-average equity ratio (% , cumulative and annualised)

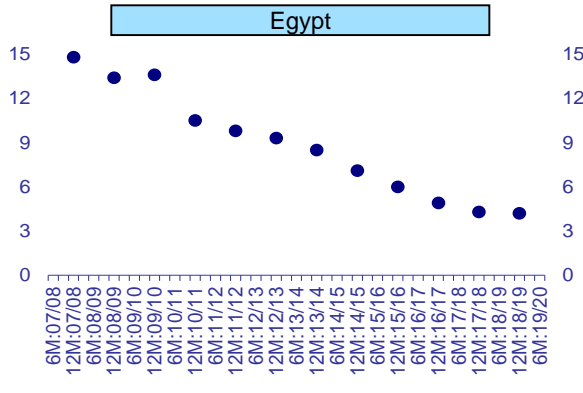
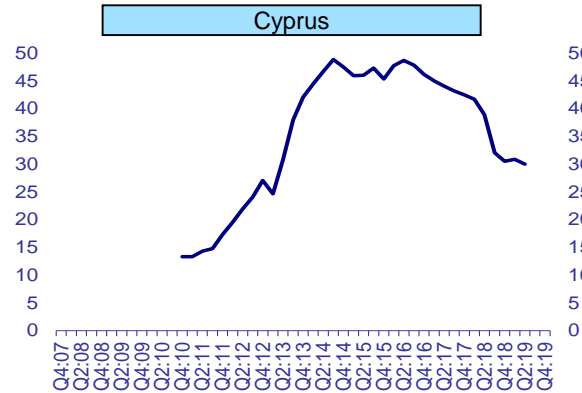
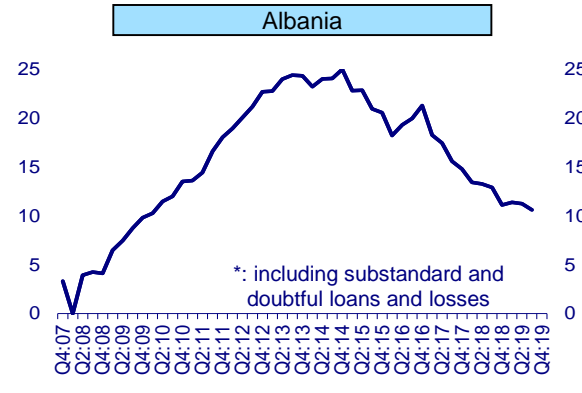
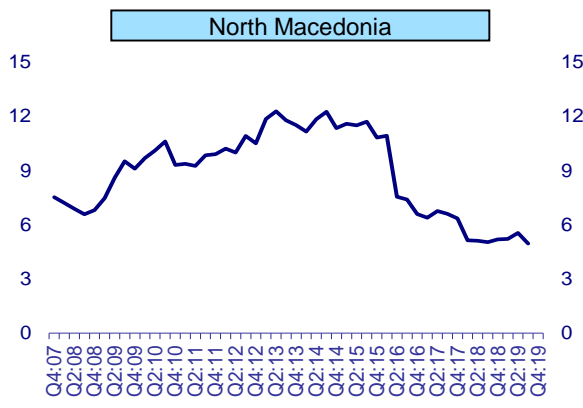
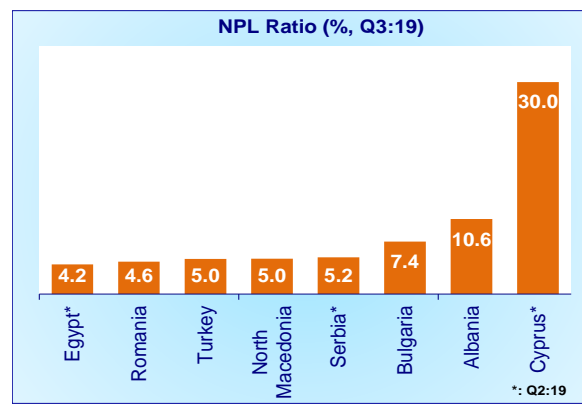
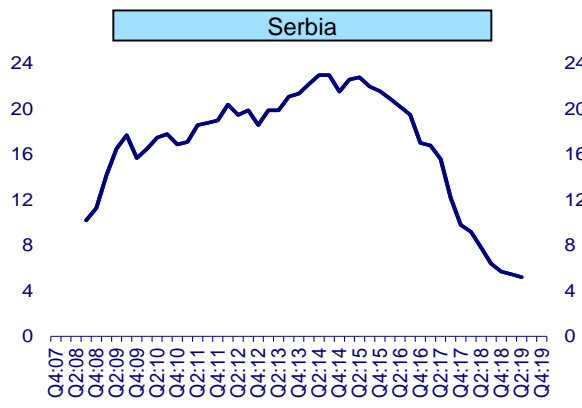
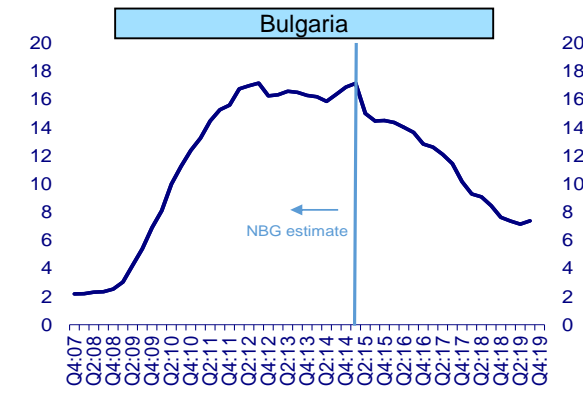
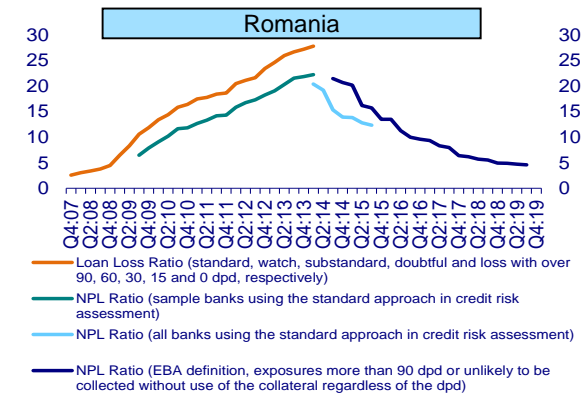
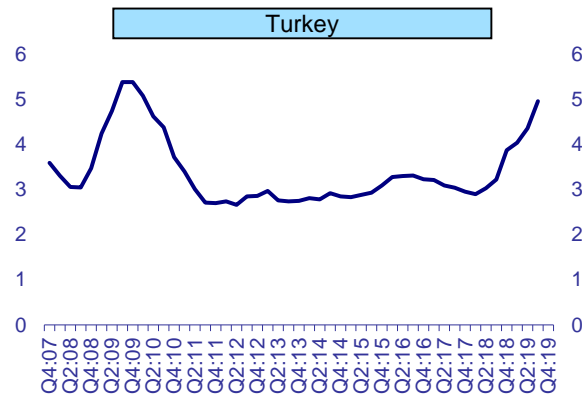
In Turkey, large corporate balance sheet vulnerabilities pose significant downside risks to the profitability of the banking sector



All the banking sectors under review are well-capitalised



NPL ratios to continue on their downward trend in all countries under review, with the exception of Turkey, supported by strong economic activity, large write-offs and sales of bad loans to non-financial companies



A strong foreign presence in Albania, Romania, Bulgaria, North Macedonia and Serbia

Foreign Ownership (% of Total Assets)							
Turkey ^a	Romania ^a	Bulgaria ^b	Serbia ^b	North Macedonia ^{b, *}	Albania ^b	Cyprus ^b	Egypt ^d
23.4	74.1	78.0	76.5	74.6	72.2	21.1	55.0

^a: 30.09.2019

^b: 30.06.2019

^c: 30.06.2018

^d: 31.12.2015

*: % of total equity

DISCLOSURES: *This report has been produced by the Economic Analysis Division of the National Bank of Greece, which is regulated by the Bank of Greece, and is provided solely for the information of professional investors who are expected to make their own investment decisions without undue reliance on its contents, i.e. only after effecting their own independent enquiry from sources of the investors' sole choice. The information contained in this report does not constitute the provision of investment advice and under no circumstances is it to be used or considered as an offer or an invitation to buy or sell or a solicitation of an offer or invitation to buy or sell or enter into any agreement with respect to any financial asset, service or investment. Any data provided in this report has been obtained from sources believed to be reliable but have to be not been independently verified. Because of the possibility of error on the part of such sources, National Bank of Greece does not guarantee the accuracy, timeliness or usefulness of any information. The National Bank of Greece and its affiliate companies, its representatives, its managers and/or its personnel or other persons related to it, accept no liability for any direct or consequential loss arising from any use of this report. The final investment decision must be made by the investor and the responsibility for the investment must be taken by the investor. This report is not directed to, nor intended for distribution to use or used by, any person or entity that is a citizen or resident of or located in any locality, state, country or other jurisdiction where such a distribution, publication, availability or use would be contrary to any law, regulation or rule. The report is protected under intellectual property laws and may not be altered, reproduced or redistributed, to any other party, in whole or in part, without the prior written consent of National Bank of Greece.*