



NATIONAL BANK OF GREECE

# Economic Analysis Division

## Emerging Markets Analysis

# Quarterly Chartbook



**Q4:2020**

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

*"Weakness is set to persist in the short-term. A clear rebound in economic activity is expected only after Q2:21"*

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

**Emerging Markets Analysis**

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## General information



### Republic of Turkey



Population (2019, mn): 83.0

GDP (2019, EUR, bn): 673.5

GDP per Capita (2019, EUR): 8,113

Government type: Parliamentary Republic

Chief of state: Recep Tayyip ERDOGAN

Head of Government: Recep Tayyip ERDOGAN

Minister of Finance: Lutfi ELVAN

Central Bank Governor: Naci AGBAL



### Romania



Population (2019, mn): 19.5

GDP (2019, EUR, bn): 223.4

GDP per Capita (2019, EUR): 11,446

Government type: Semi Presidential Republic

Chief of state: Klaus Werner IOHANNIS

Head of Government: Vasile-Florin CITU

Minister of Finance: Alexandru NAZARE

Central Bank Governor: Mugur ISARESCU



### Republic of Bulgaria



Population (2019, mn): 7.0

GDP (2019, EUR, bn): 60.7

GDP per Capita (2019, EUR): 8,718

Government type: Parliamentary Republic

Chief of state: Rumen RADEV

Head of Government: Boyko BORISOV

Minister of Finance: Kiril ANANIEV

Central Bank Governor: Dimitar RADEV



### Republic of Serbia



Population (2019, mn): 7.0

GDP (2019, EUR, bn): 46.0

GDP per Capita (2019, EUR): 6,608

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 (2019, mn): 2.1

GDP (2019, EUR, bn): 11.4

GDP per Capita (2019, EUR): 5,461

Government type: Parliamentary Republic

Chief of state: Stevo PENDAROVSKI

Head of Government: Zoran ZAEV

Minister of Finance: Fatmir BESIMI

Central Bank Governor: Anita ANGELOVSKA-BEZOSKA



### Republic of Albania



Population (2019, mn): 2.9

GDP (2019, EUR, bn): 13.7

GDP per Capita (2019, EUR): 4,776

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 (2019, mn): 0.9

GDP (2019, EUR, bn): 21.9

GDP per Capita (2019, EUR): 25,050

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 (2019, mn): 101.5

GDP (2019, EUR, bn): 297.5

GDP per Capita (2019, EUR): 2,956

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

## Date of next elections

In Romania, a broad coalition, including the centre-right PNL, the reformist USR-Plus alliance and the Hungarian minority party, UDMR, took office following the December elections. Putting fiscal accounts on a sustainable path is a key challenge for the new Government

In Bulgaria, the March 2021 Parliamentary elections are expected to be a close race between the ruling, centre-right GERB party and the centre-left BSP party

In Cyprus, the upcoming legislative elections are likely to result in another hung Parliament. Worryingly, President Anastasiades' policy making ability already appears to be constrained, as suggested by the Parliament's rejection of the 2021 budget

In Albania, a controversial election reform heightens political tensions ahead of the June 2021 legislative elections

	Date of Next Elections								
	Turkey	Romania	Bulgaria	Serbia	North Macedonia	Albania	Cyprus	Egypt	
Legislative	June 2023	December 2024	March 2021	April 2024	July 2024	June 2021	May 2021	Oct.- Nov. 2025	
Presidential	June 2023	November 2024	November 2021	April 2022	April 2024	July 2022	February 2023	March 2024	
Local	March 2024	September 2024	October 2023	April 2024	October 2021	June 2023	December 2021	Unknown *	

\*: Last local elections were held in April 2008

# Official financial support

The IMF has approved disbursements under its Rapid Financing Instrument to North Macedonia, Albania and Egypt to address the impact of the pandemic  
 In addition, Egypt agreed with the IMF on a 12-month Stand-By Agreement, under which two immediate disbursements have been already made  
 Cyprus remains under close Post-Programme Monitoring

	IMF & EU Financial Support (EUR bn)										
	Turkey	Romania	Bulgaria	Serbia	North Macedonia	Albania	Cyprus	Egypt			
Period	---	---	---	2018-2021 <sup>a</sup>	2020 <sup>b</sup>	2014-2017 <sup>c</sup>	2020 <sup>b</sup>	2013-2016 <sup>d</sup>	2016-2019	2020 <sup>b</sup>	2020-2021
Programme	IMF	---	---	---	0.2	0.4	0.2	1.1	11.9 <sup>e</sup>	2.8 <sup>e</sup>	5.2 <sup>e</sup>
	EU	---	---	---	---	---	---	9.0	---	---	---
Drawn so far	IMF	---	---	---	0.2	0.4	0.2	1.0	11.9 <sup>e</sup>	2.8 <sup>e</sup>	3.6 <sup>e</sup>
	EU	---	---	---	---	---	---	6.3	---	---	---
Repaid	IMF	---	---	---	---	0.1 since 2019	---	0.2 early in 2017	---	---	---
	EU	---	---	---	---	---	---	---	---	---	---
Next Repayments	IMF	---	---	---	Starting in 2023	0.1 in 2021	Starting in 2023	Starting in 2021	Starting in 2021	Starting in 2023	Starting in 2023
	EU	---	---	---	---	---	---	Starting in 2027	---	---	---

<sup>a</sup> Non-financing Policy Coordination Instrument

<sup>b</sup> Rapid Financing Instrument

<sup>c</sup> under Post-Programme Monitoring since 2018

<sup>d</sup> under Post-Programme Monitoring since 2016

<sup>e</sup> bn USD

## Official financial support

The timely activation of the Next Generation EU Fund should provide a significant impetus to economic recovery in Romania, Bulgaria and Cyprus this year  
 Serbia, North Macedonia and Albania will continue to benefit from an EU emergency package, including grants and long-term loans

Next Generation EU Fund (2021-23) & Multiannual Financial Framework (2021-27) (EUR bn) *			
	Romania	Bulgaria	Cyprus
Next Generation EU Fund**	13.5	6.0	1.0
Multianual Financial Framework***	50.9	17.9	1.5

\* Indicative allocations

\*\* For the loan component of the Fund, the allocations will depend on the demand of Member States. As a rule, the maximum volume of the loans for each Member State will not exceed 6.8% of its GNI.

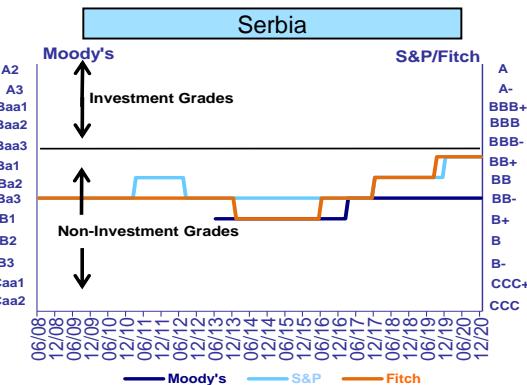
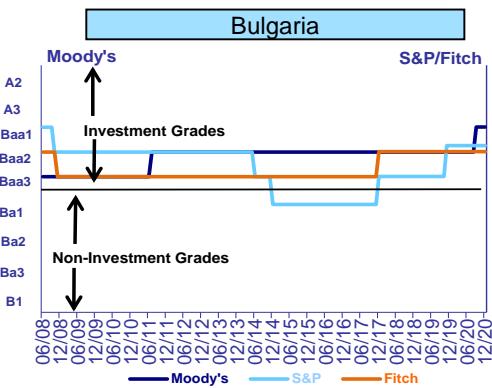
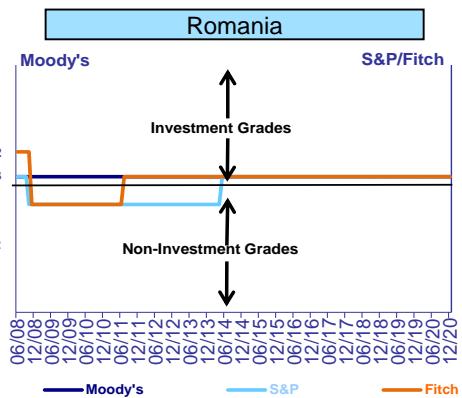
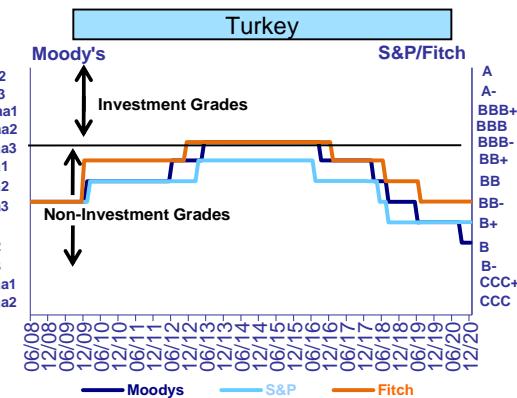
\*\*\* Includes Cohesion Policy allocations and payments under the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development

EU Emergency Package * (EUR mn)			
	Serbia	North Macedonia	Albania
Assistance Funds for Social & Economic Recovery	78	62	47
Macro Financial Assistance	---	66	51
Economic Reactivation Package	93	160	180
Support to the Healthcare Sector	15	4	4

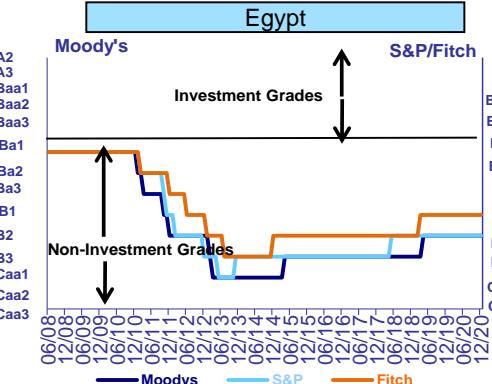
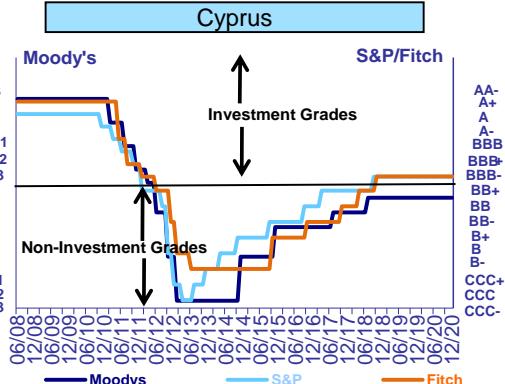
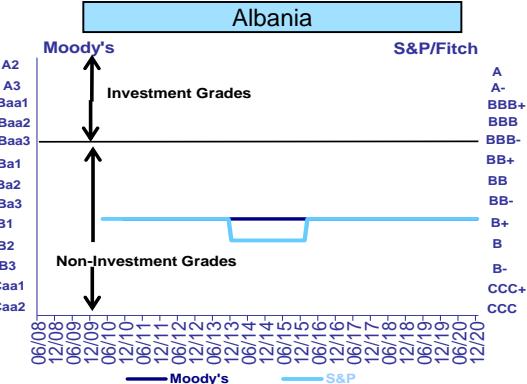
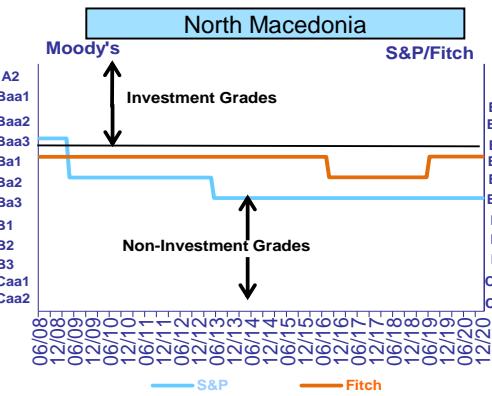
\* The countries under review are also set to benefit from part of EU grants, worth up to EUR 9bn, under the Economic and Investment Plan for the Western Balkans

# Foreign currency credit rating

Amid the COVID-19 crisis, credit rating reviews have been put on hold for most economies under review, except for Turkey, whose rating was downgraded by 1 notch by Moody's to B2 in September



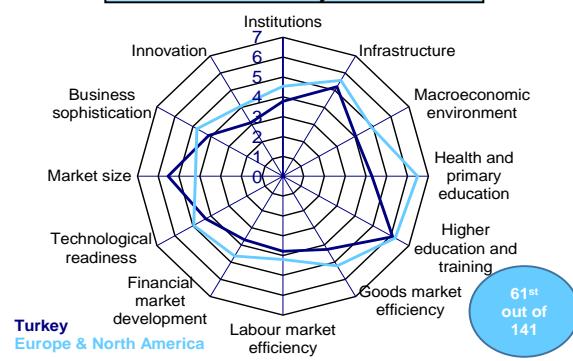
Long-Term Foreign Debt Currency Ratings, December 2020			
	S&P	Moody's	Fitch
Investment Grades	A+		
	A		
	A-		
	BBB+		
	BBB	Bulgaria	Bulgaria
	BBB- Romania, Cyprus	Romania	Romania, Cyprus
	BB+ Serbia		North Macedonia, Serbia
	BB North Macedonia	Serbia	
	B+ Albania, Turkey	Albania	Egypt
	B Egypt	Egypt, Turkey	
	B-		
Non-Investment Grades	CCC+		



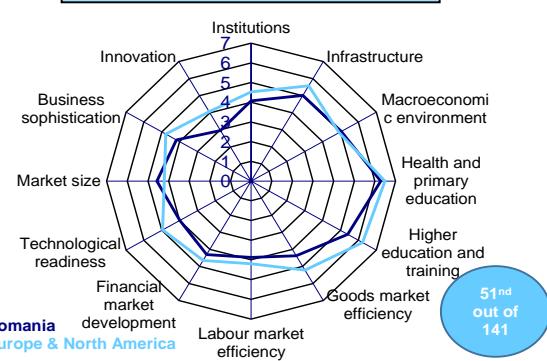
# Global competitiveness index 2019 (World Economic Forum)

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

**Turkey**



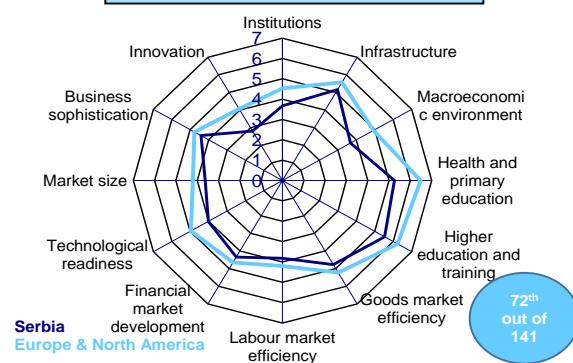
**Romania**



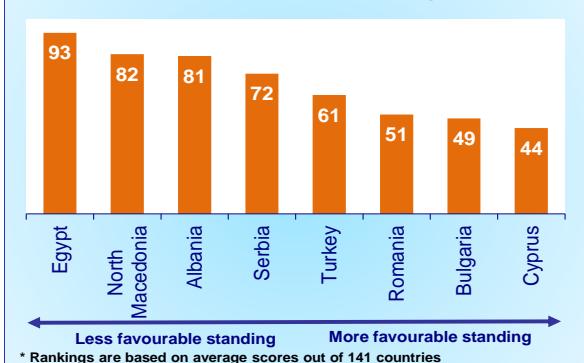
**Bulgaria**



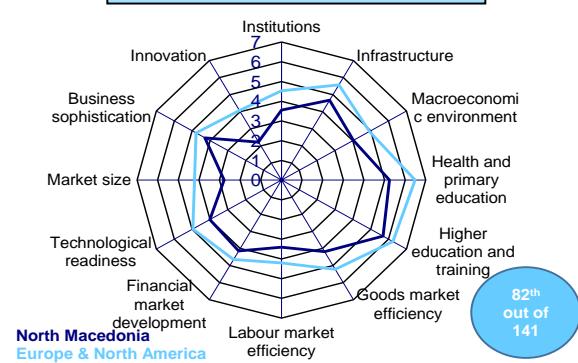
**Serbia**



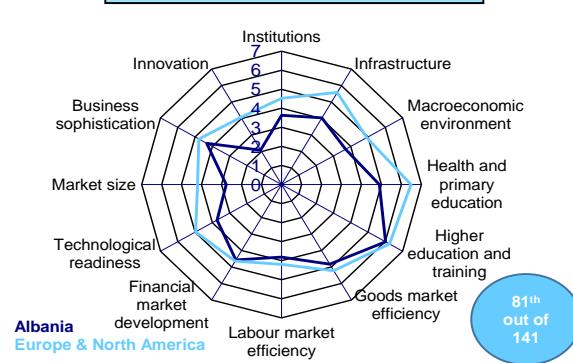
**Global Competitiveness Rankings\* (2019)**



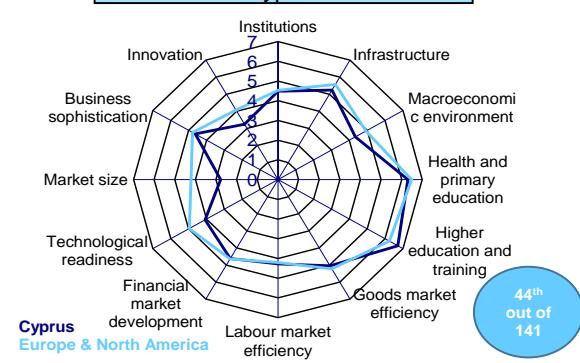
**North Macedonia**



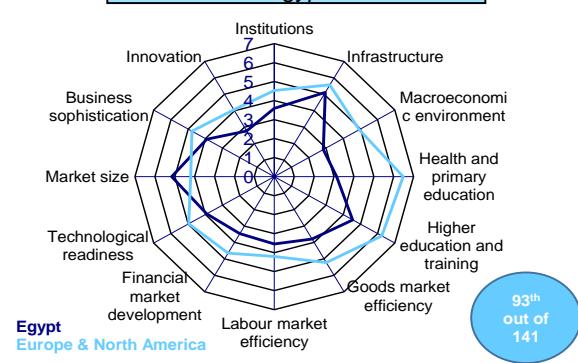
**Albania**



**Cyprus**

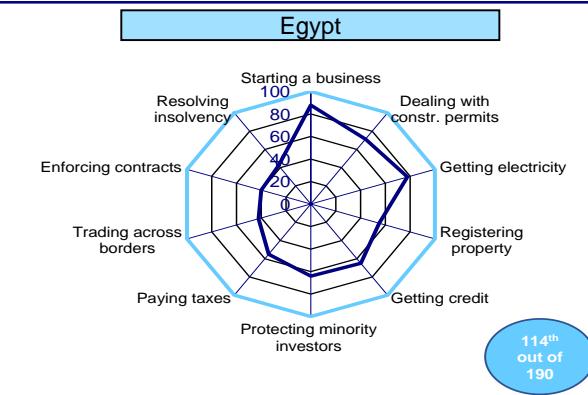
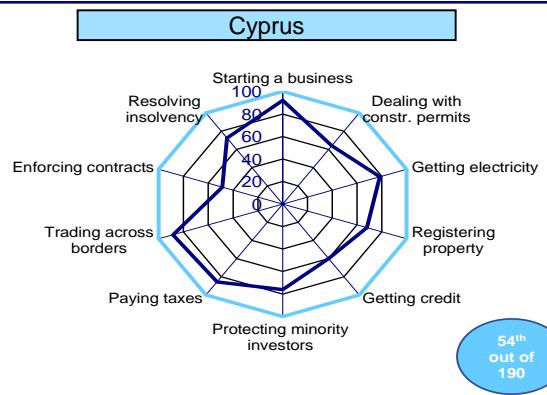
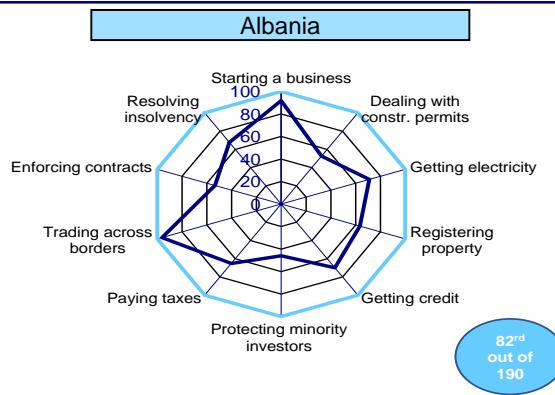
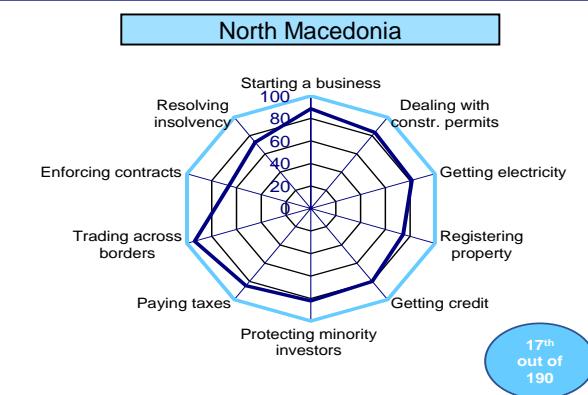
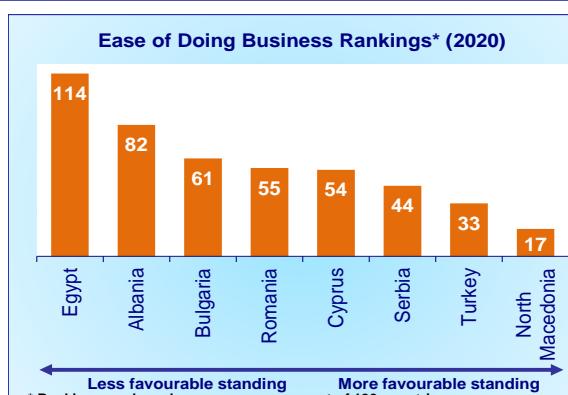
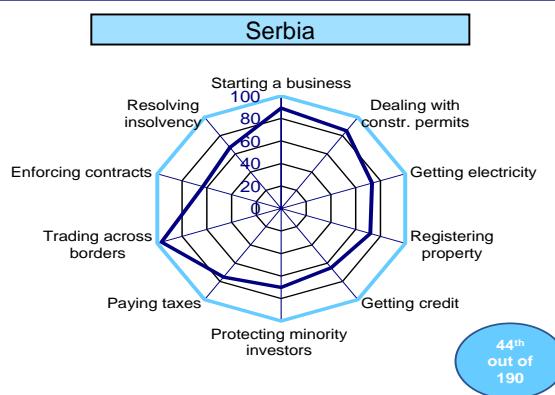
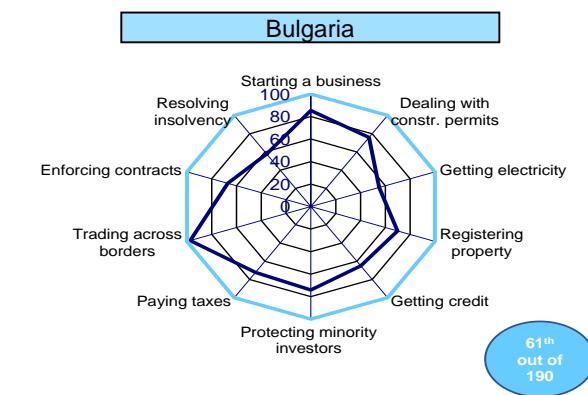
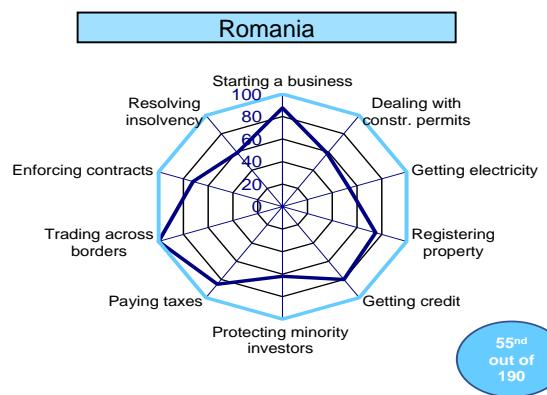
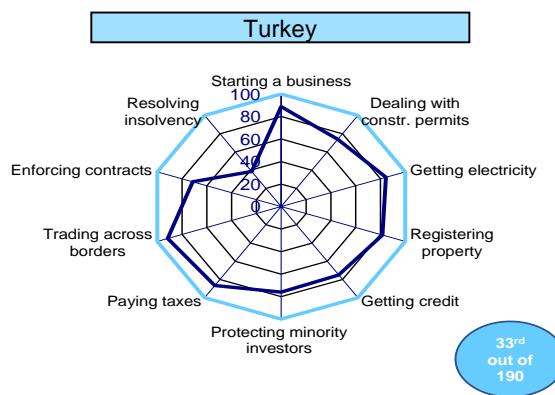


**Egypt**

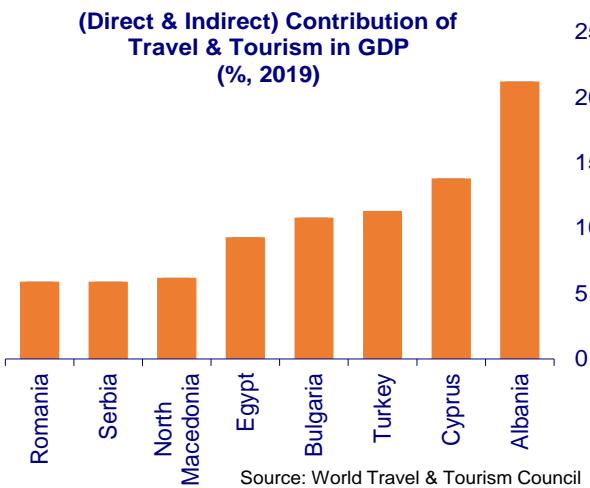
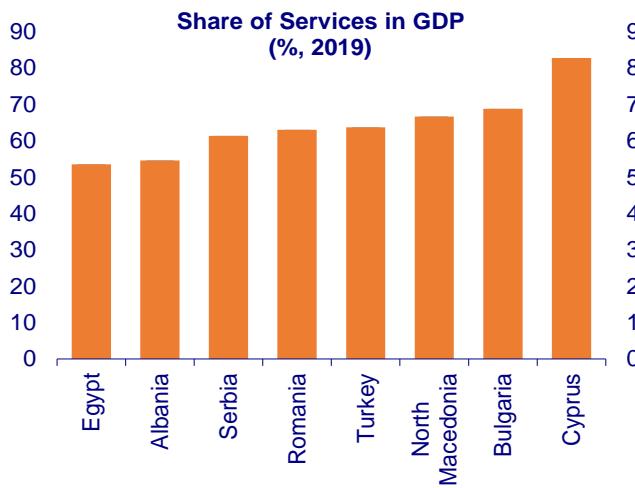
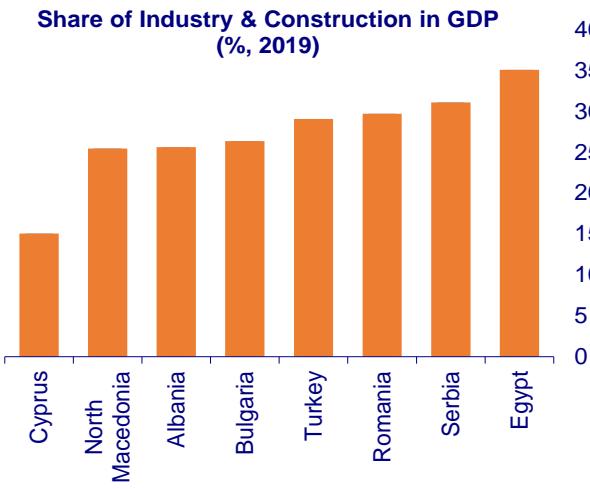
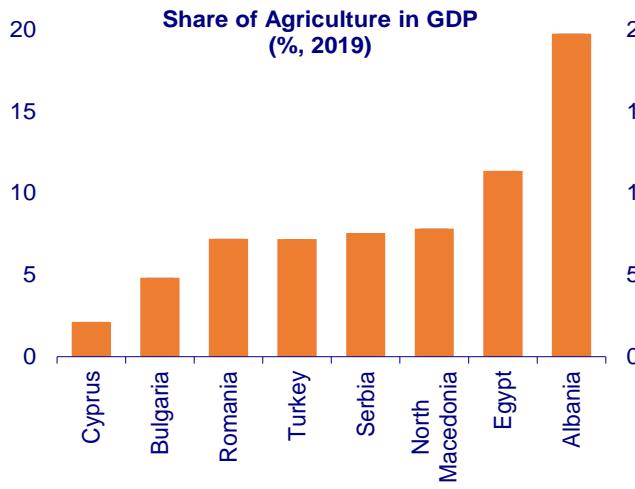


# Ease of doing business index 2020 (World Bank)

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



The economies of Serbia, Romania and Turkey appear to be more well-diversified compared with their peers to withstand the COVID-19 shock  
 The significant reliance of Albania and Cyprus on tourism could act as a brake on recovery



Source: World Travel & Tourism Council

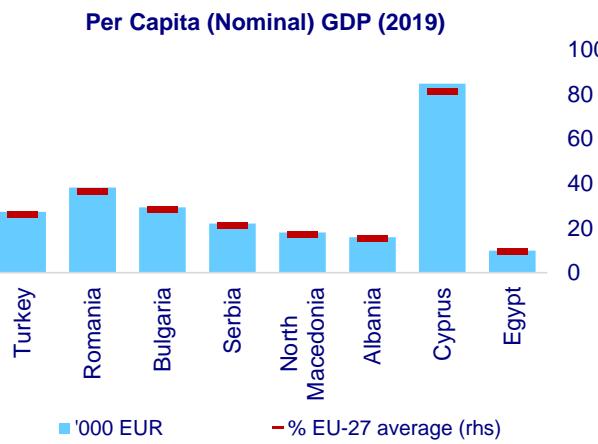
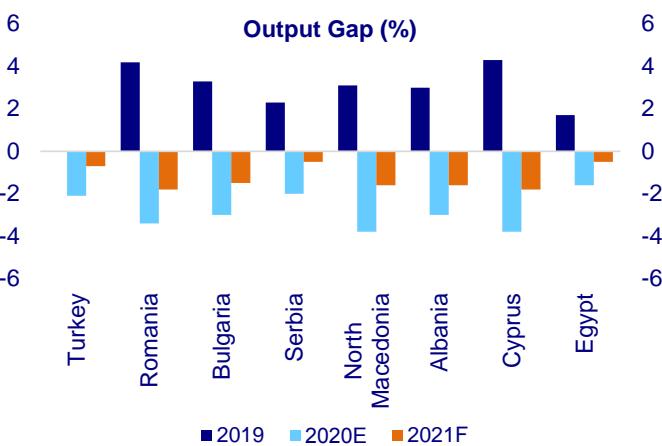
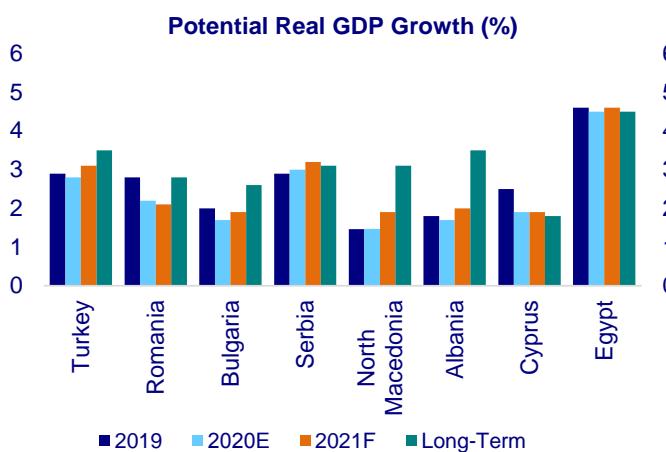
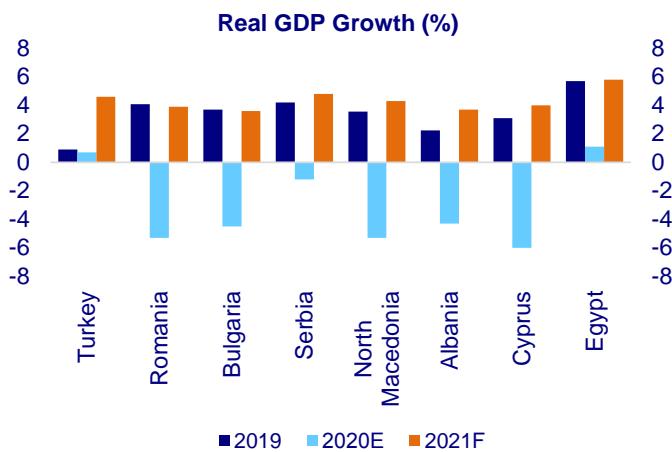
# Real GDP growth, potential real GDP growth, output gap and per capita (nominal) GDP

All economies under review are estimated to have contracted in 2020, with the exception of Turkey and Egypt

In addition to the fallout from COVID-19, the economic performance of Albania has been also affected by the impact of the end-2019 devastating earthquake

Still, the performance of the economies under review was better than that of euro area economies

Long-term potential GDP growth is estimated to have been affected by the pandemic and its implications (unweighted, down c. 0.5 pps)



# Real GDP (4-quarter rolling, y-o-y % change)

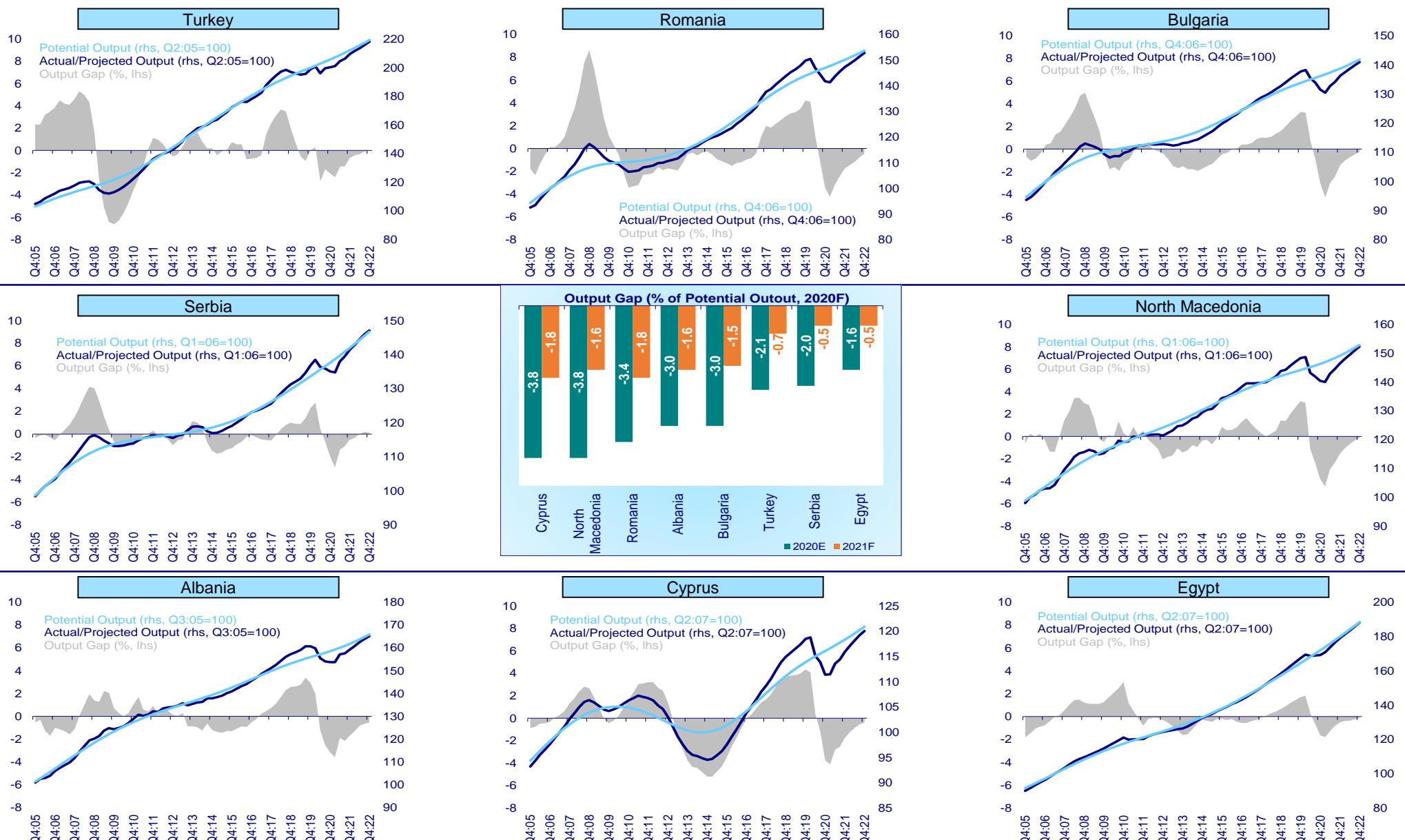
Q3:20 saw a strong, albeit partial, rebound in economic activity in all the economies under review, following the trough in Q2:20

Economic momentum is estimated to have been lost again in Q4:20, due to the reinstatement of containment measures, in light of the second COVID-19 wave



# Output gap (4-quarter rolling)

The negative output gap in most of the economies under review is expected to close only in 2022



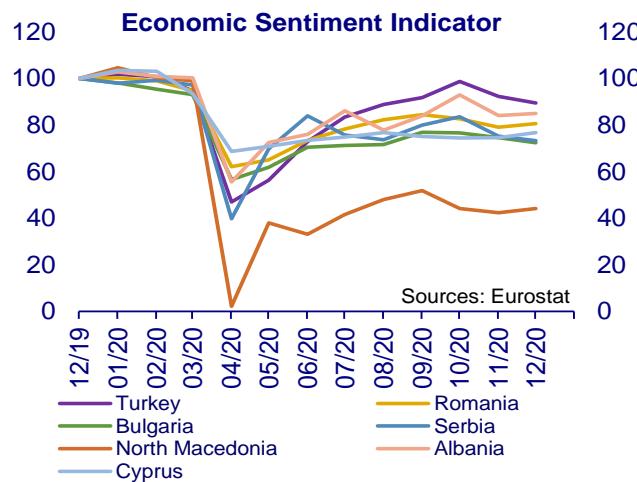
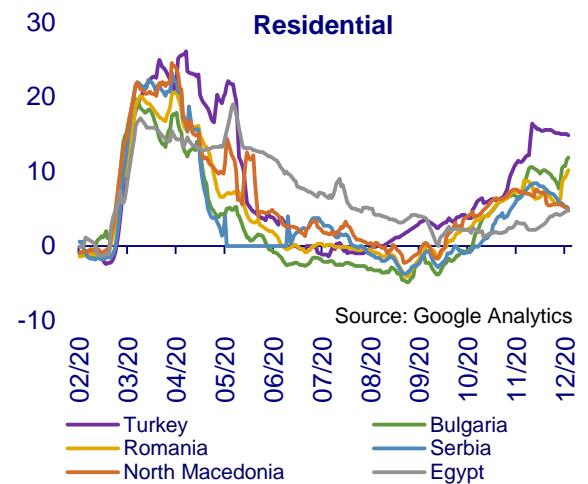
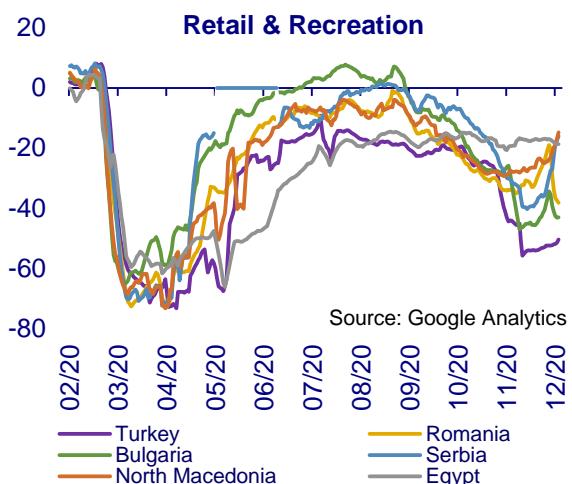
# Community Mobility (7-day m.a., percent change from baseline) & Economic Sentiment (Dec. 2019=100)

Community mobility dropped again in the wake of the reinstatement of COVID-19 containment measures

However, the deterioration was less pronounced compared with the first wave in Q2:20

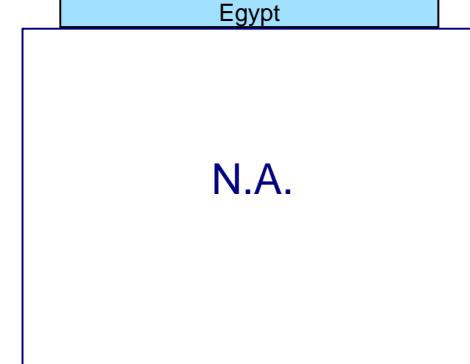
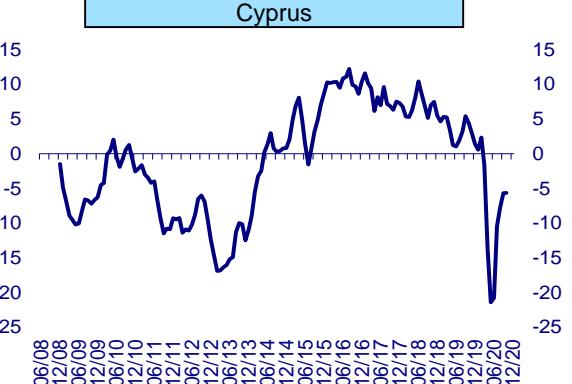
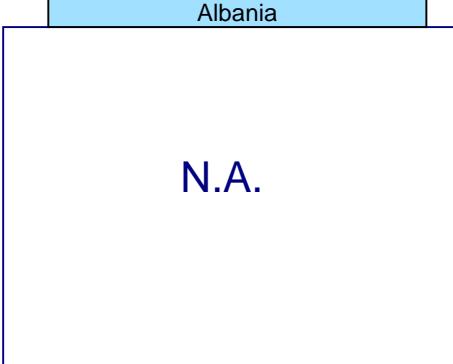
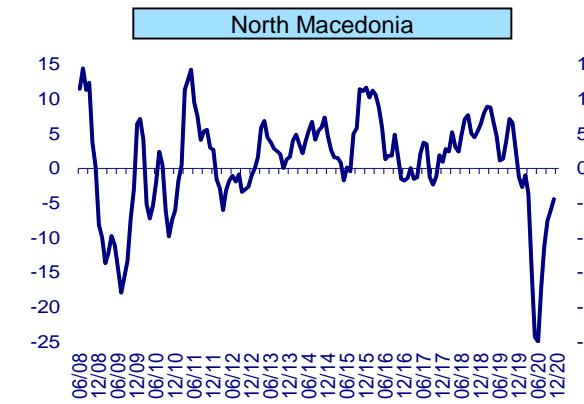
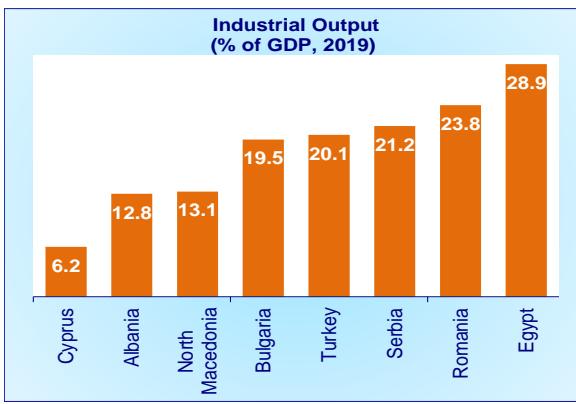
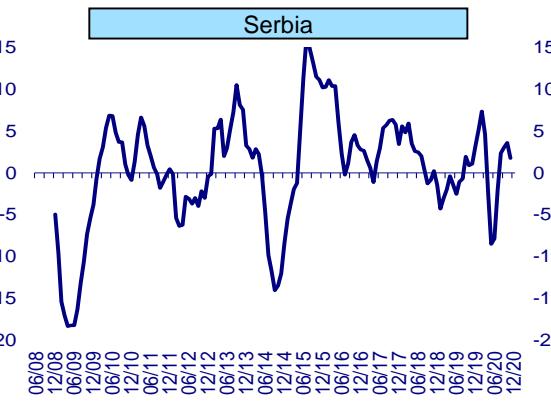
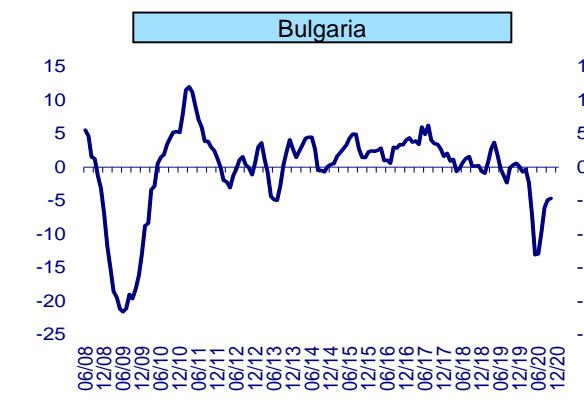
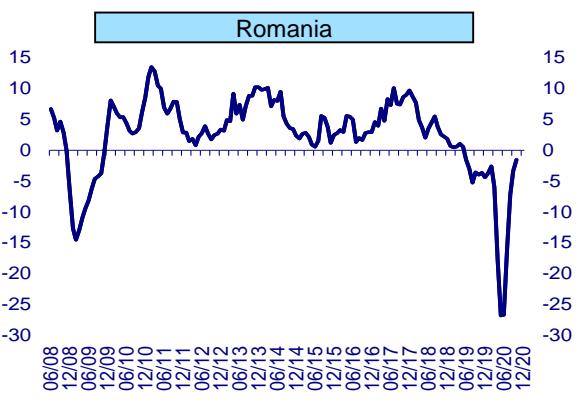
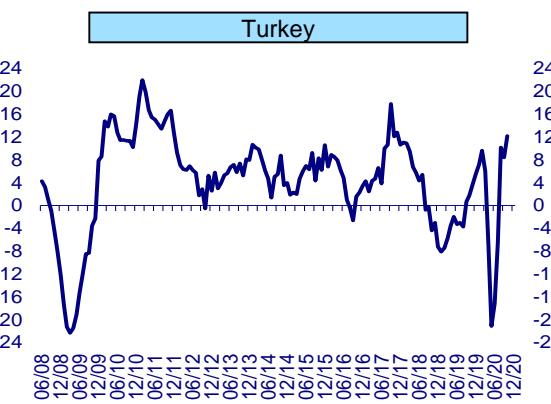
Economic sentiment also weakened, albeit mildly, likely due to encouraging news on the vaccine front

Under our baseline scenario, we expect some sort of social distancing measures to remain in place until mid-2021



# Industrial production (3-month rolling, y-o-y % change)

The better targeting of containment measures during the second COVID-19 wave should prevent large-scale supply-side disruptions in the industrial sector



## Retail Sales (constant terms, 3-month rolling, y-o-y % change)

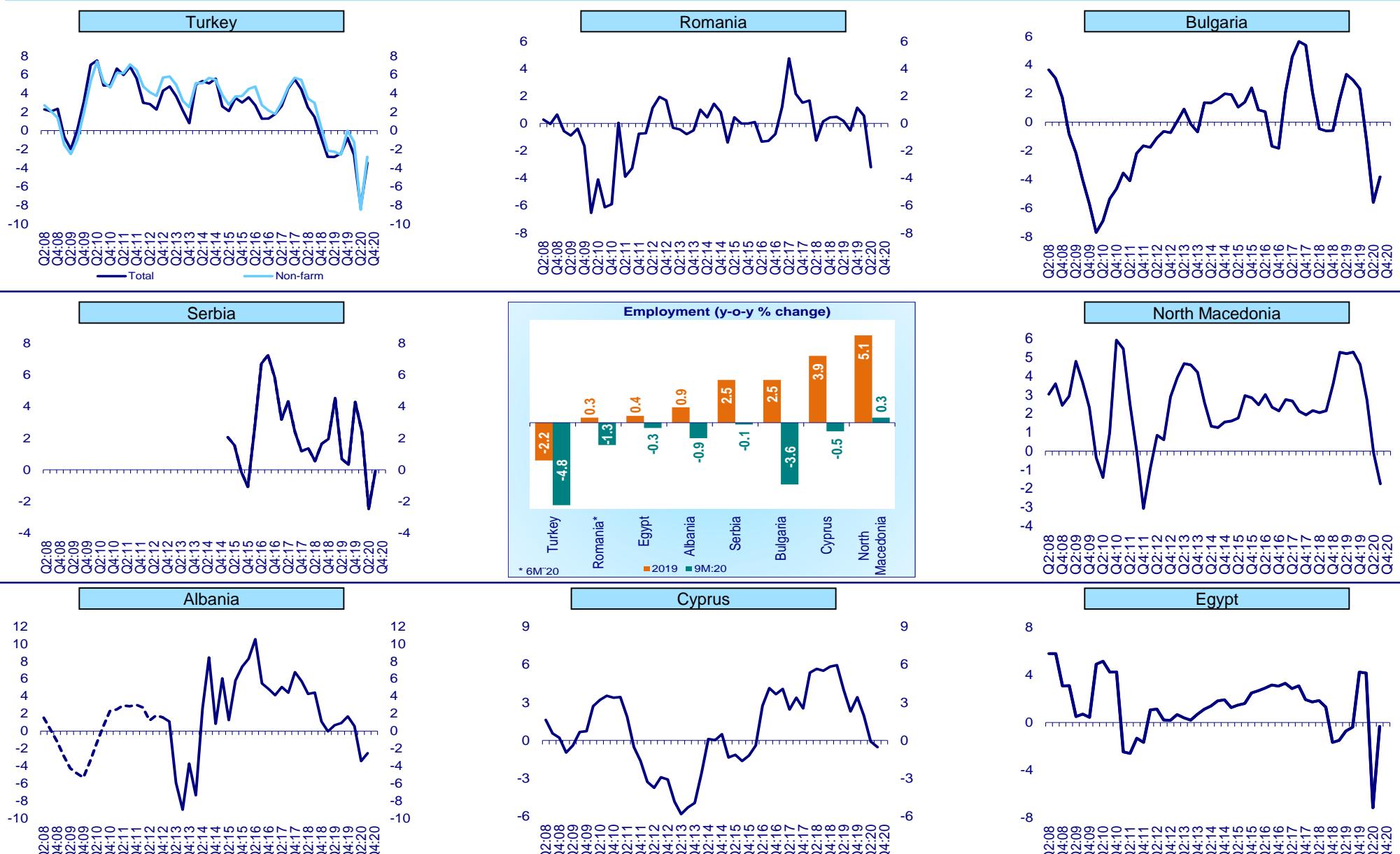
The better preparedness of the retail sector (involving increased use of electronic sales channels) for the second round of restrictions, together with a milder deterioration in consumer confidence compared with the first COVID-19 wave, should provide some support to retail sales



# Employment growth (y-o-y % change)

Employment growth has deteriorated sharply in all the economies under review, with Q3:20 seeing, however, some timid signs of improvement

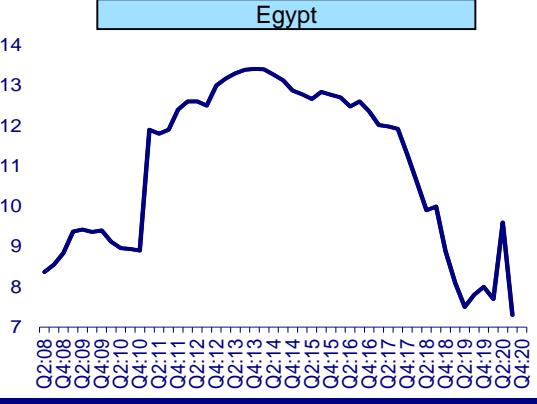
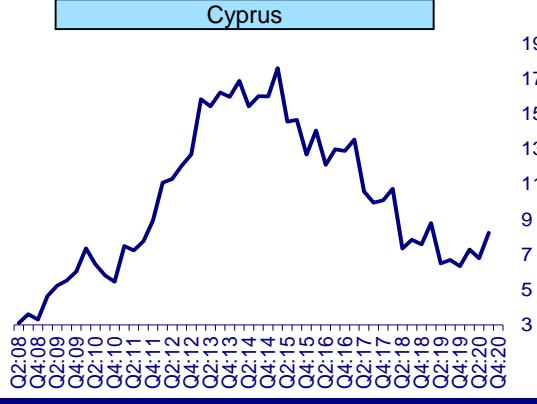
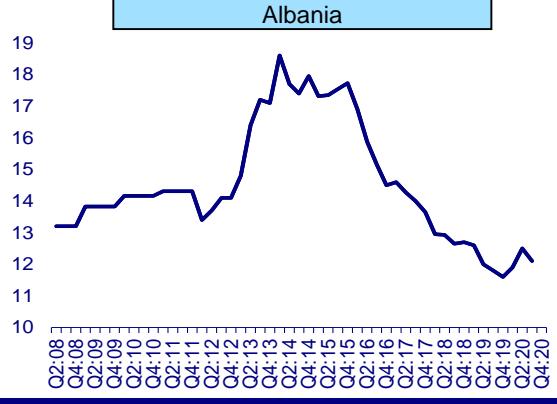
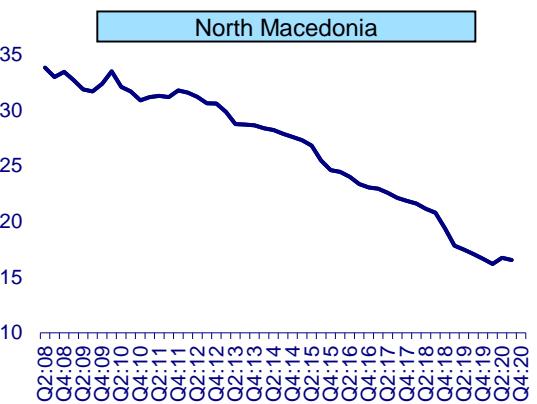
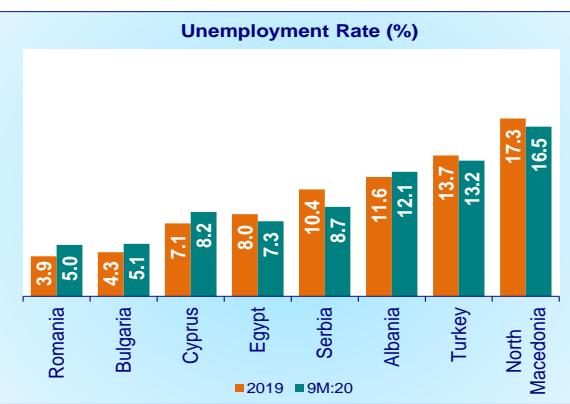
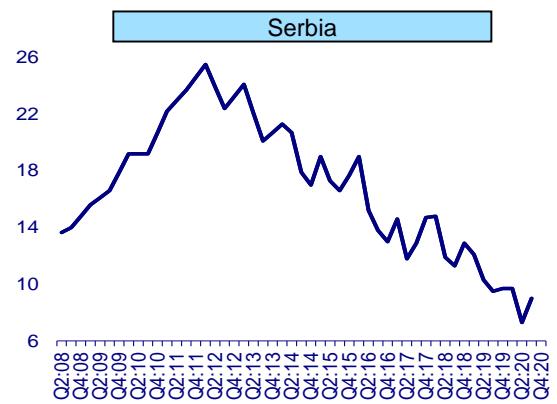
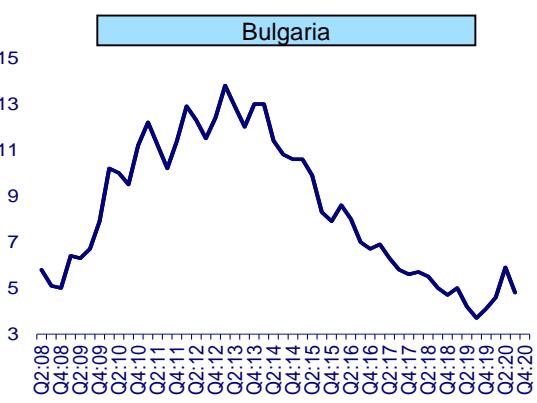
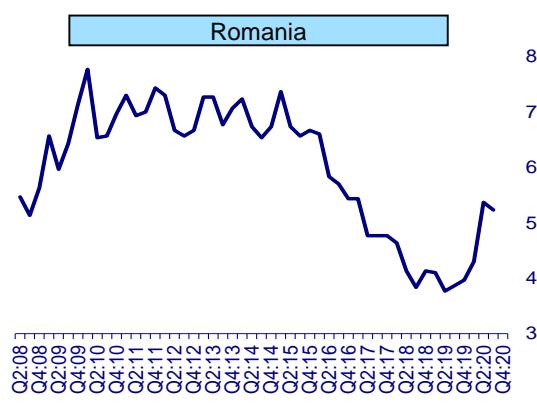
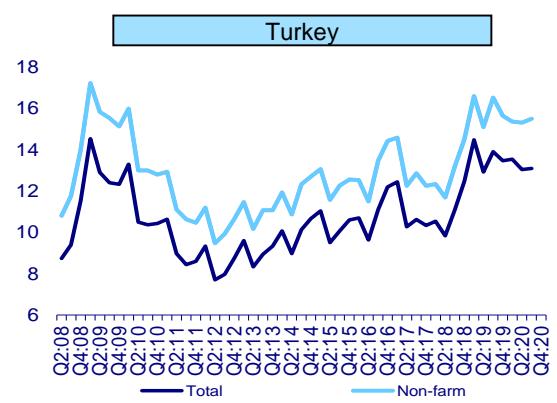
The labour market picture would have been much bleaker without the state-sponsored short-term employment schemes



# Unemployment rate (%)

Unemployment is set to remain elevated in most economies under review, reflecting the expiration of the emergency employment schemes implemented in 2020

The drop in the participation rate masks the underlying deterioration in labour market conditions



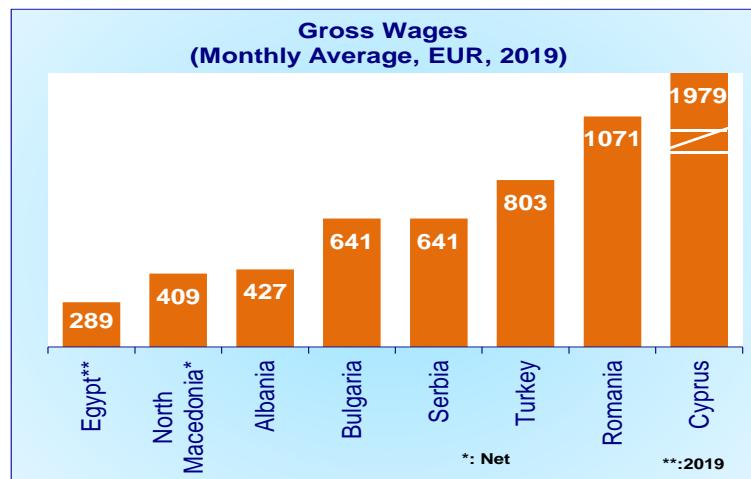
# Nominal and real wages (y-o-y % change)

Wage growth has decelerated in most countries under review, in line with an increase in labour market slack and COVID-19-related losses in productivity  
 The moderation in wage growth would have been sharper without the state-sponsored wage subsidy schemes and the bonuses granted to healthcare workers



North Macedonia and Albania remain the most competitive countries in terms of labour costs in Southeastern Europe

Bulgaria and North Macedonia have the most favourable personal and corporate income tax rates

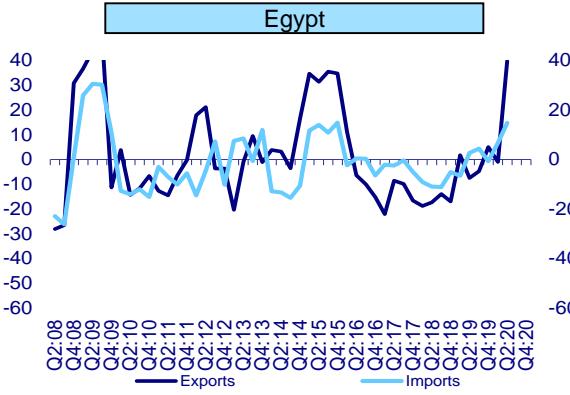
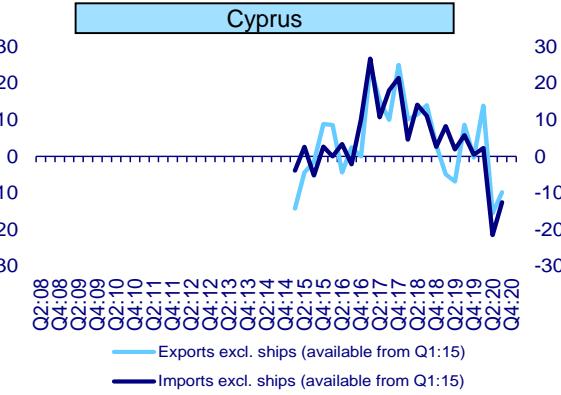
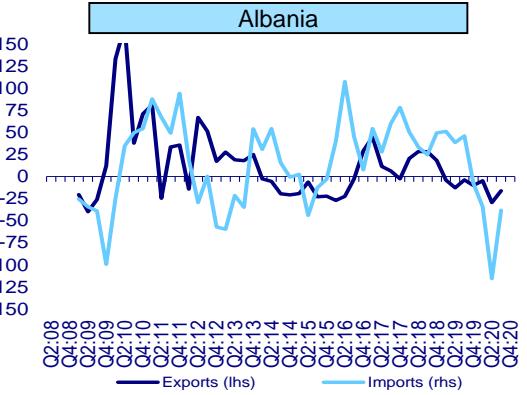
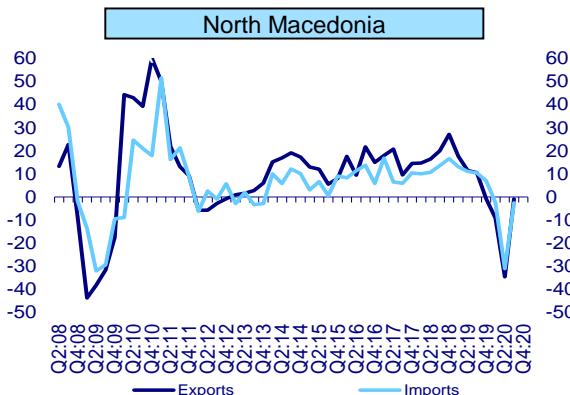
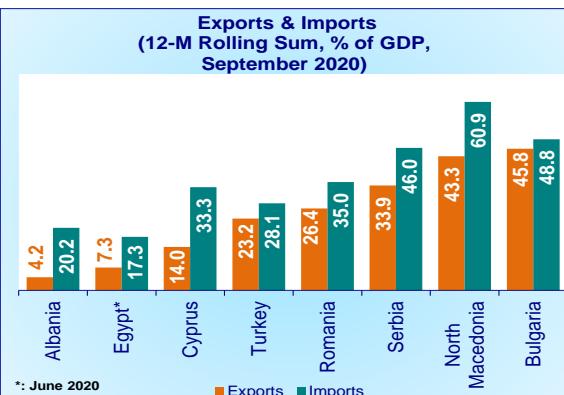
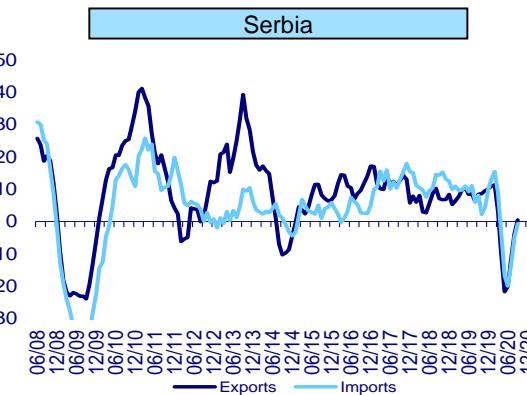
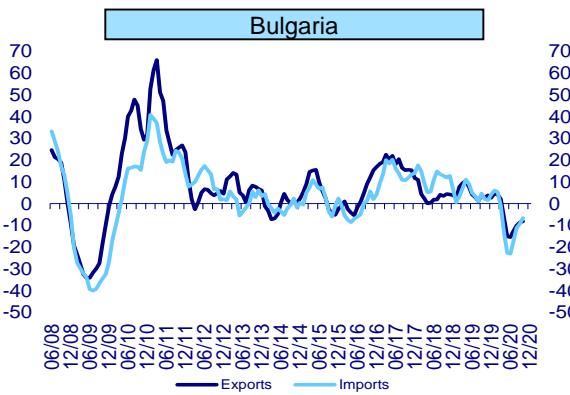
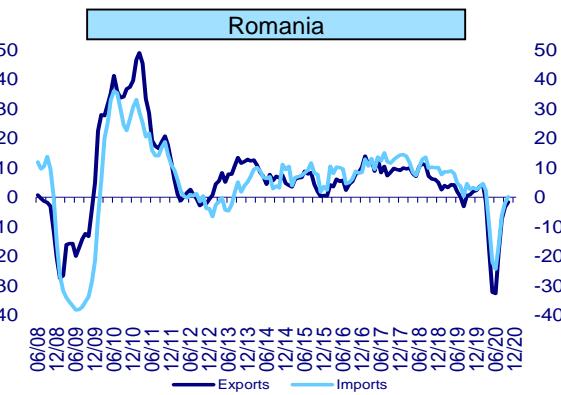
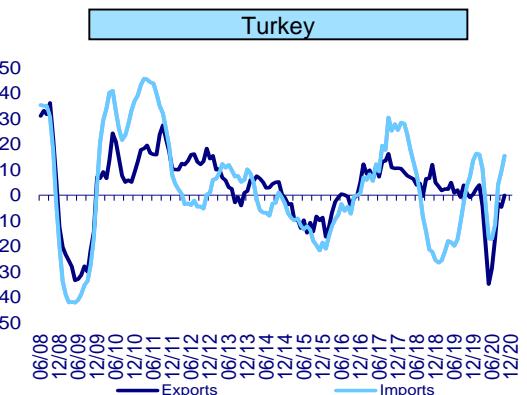


Tax Rates (%)		
	Personal Income	Corporate Income
Turkey	15.0 - 35.0	22.0
Romania	10.0	16.0
Bulgaria	10.0	10.0
Serbia	10.0 – 20.0	15.0
North Macedonia	10.0 – 18.0	10.0
Albania	13.0 - 23.0	5.0 - 15.0
Cyprus	20.0 - 35.0	12.5
Egypt	14.0 - 22.5	22.5
Greece	9.0 - 44.0	24.0

# External trade (3-month rolling, y-o-y % change)

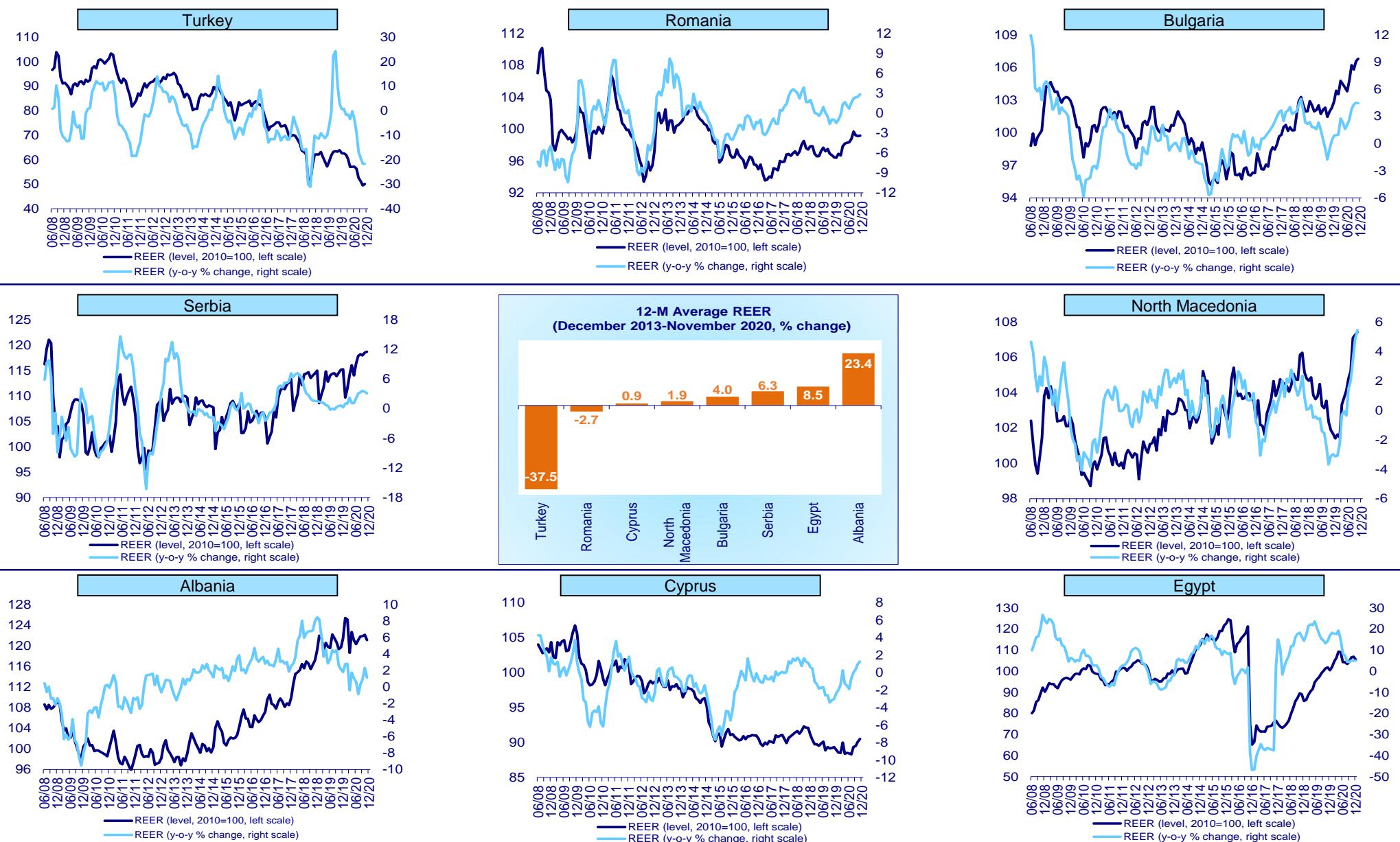
External trade rebounded in Q3:20, following the partial restoration of global supply chains and the reopening of economies

Momentum is estimated to have been somewhat lost again in Q4:20



# CPI-based real effective exchange rate

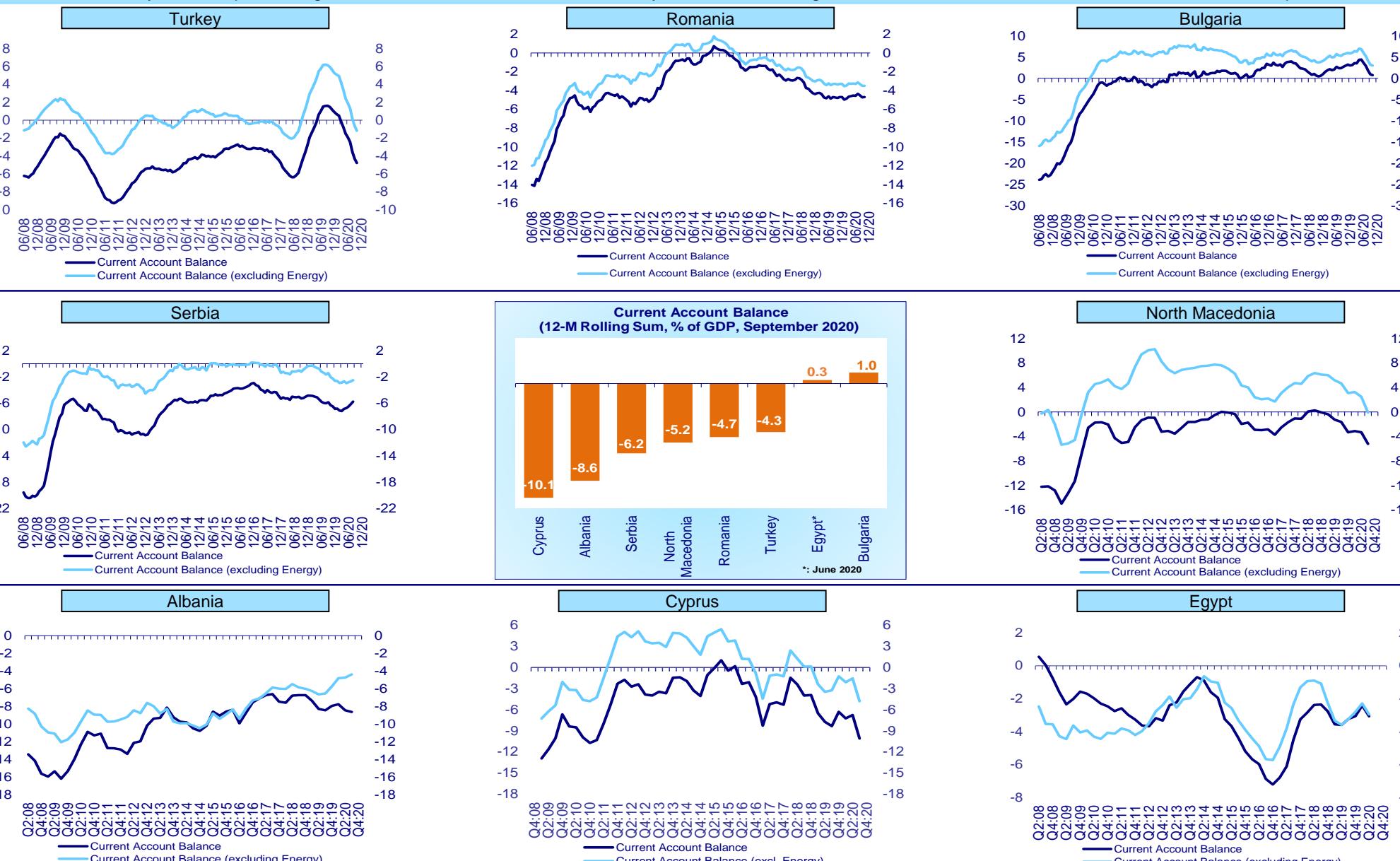
Turkey's external competitiveness has improved significantly over the past 7 years



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

Despite favourable global oil prices, external imbalances deteriorated in most economies under review in 2020, driven by shocks to trade and tourism (Albania, Cyprus, Egypt and Bulgaria) and remittances (North Macedonia)

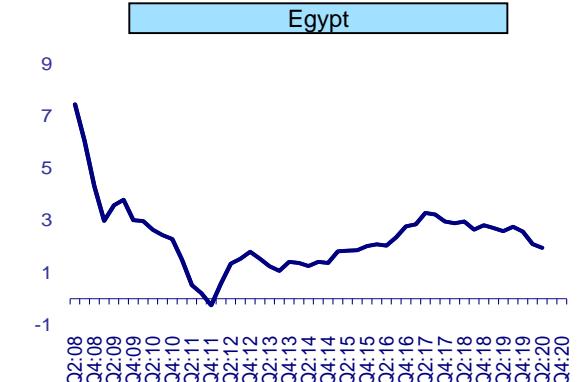
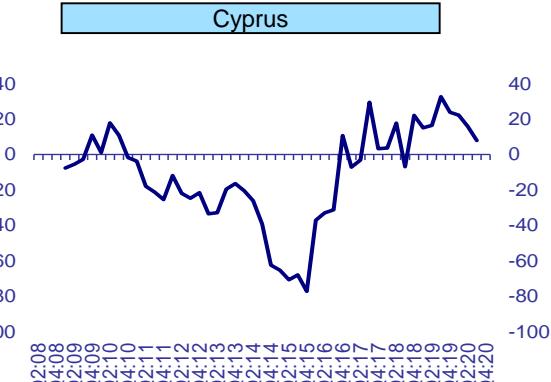
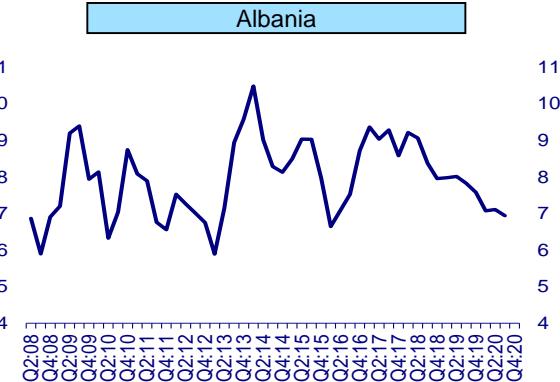
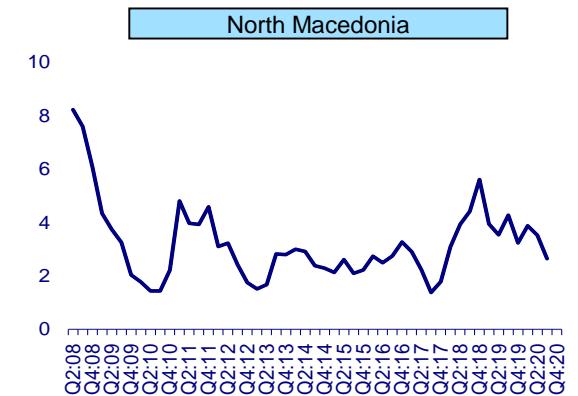
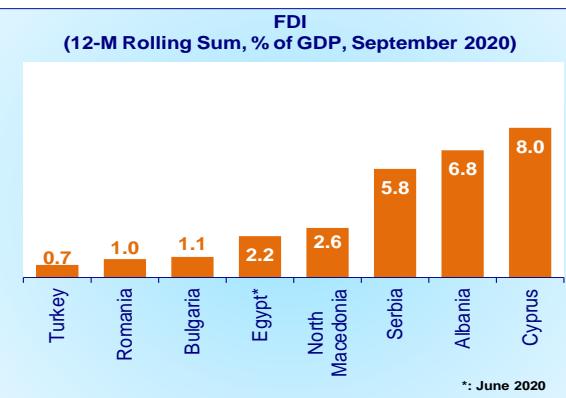
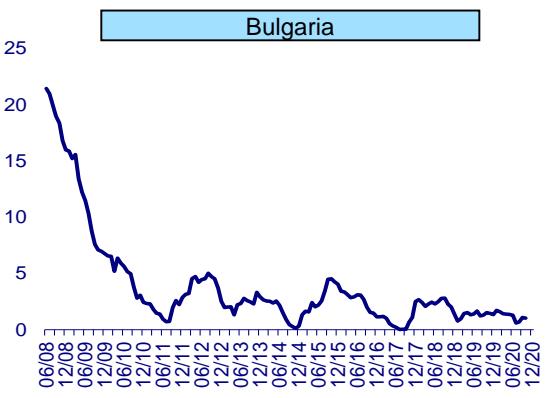
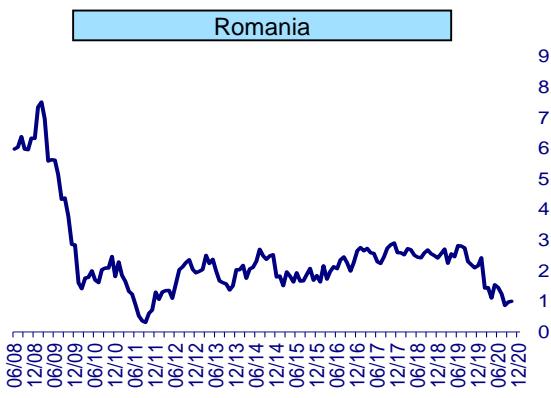
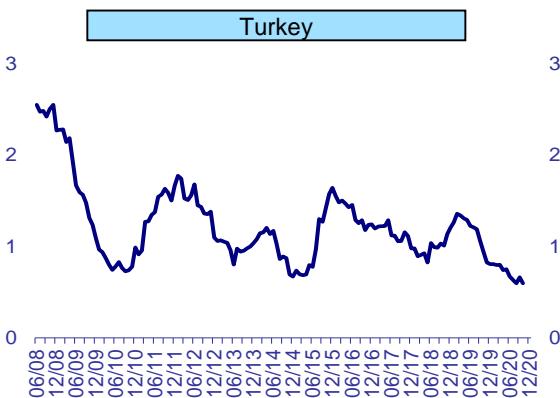
In Turkey, the sharp widening in the current account deficit was mainly the result of stronger domestic demand, on the back of a sizeable credit impulse



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

The pandemic has caused disruptions in FDI in all the economies under review

FDI is unlikely to revive soon, reflecting still heightened uncertainty and an increase in idle capacity



# Other net capital flows, excluding IMF funding and net errors and omissions (12-month rolling, % of GDP)

Heightened uncertainty amid the pandemic led to net capital outflows from the private sector in most economies under review in 2020

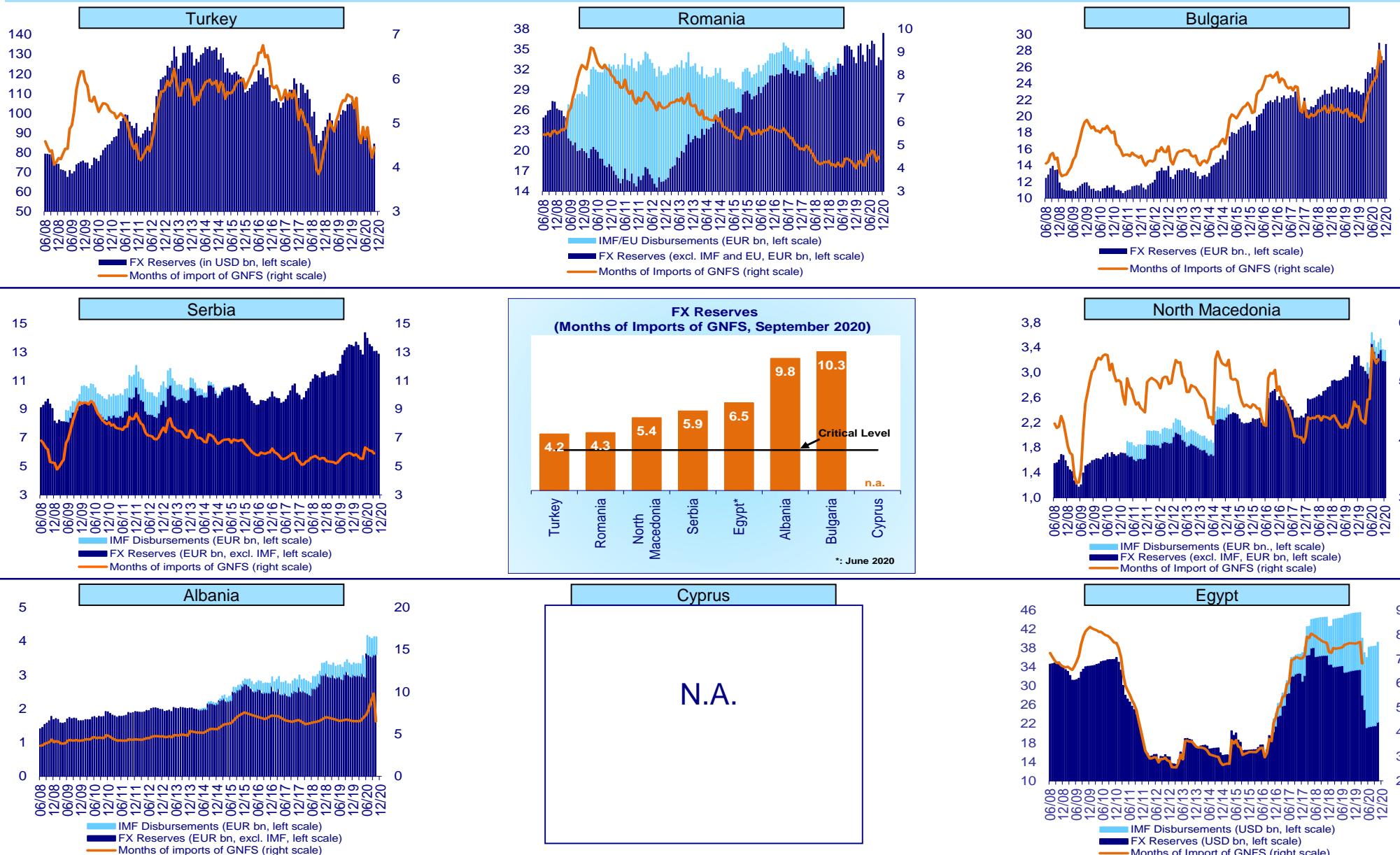
This deterioration was (in most cases) more than offset by increased sovereign Eurobond issuance



# Foreign exchange reserves

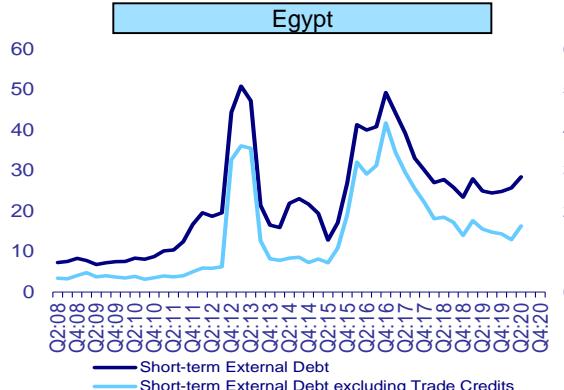
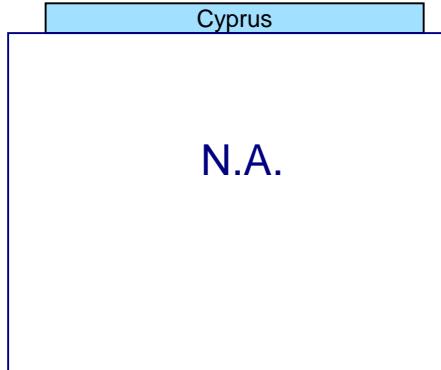
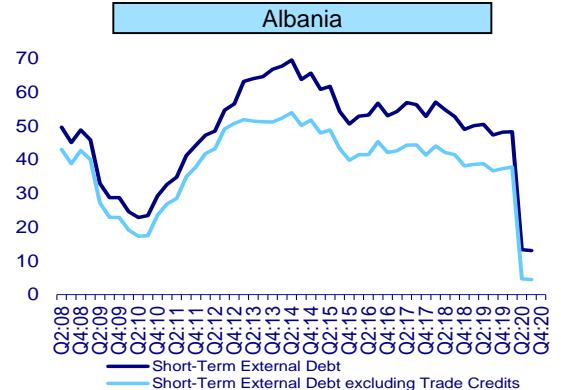
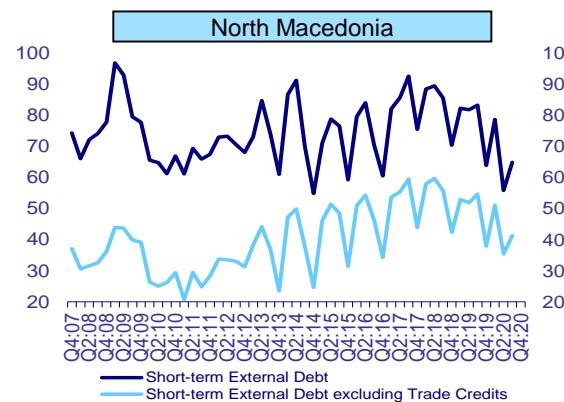
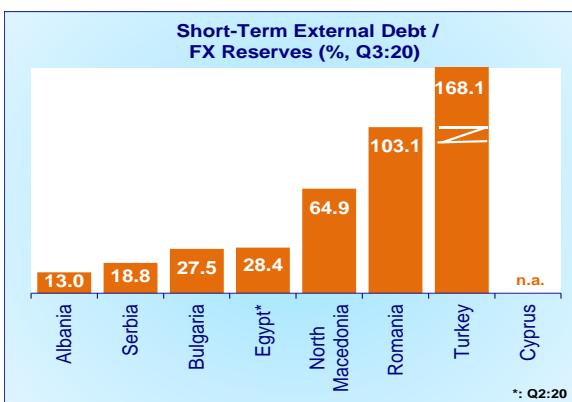
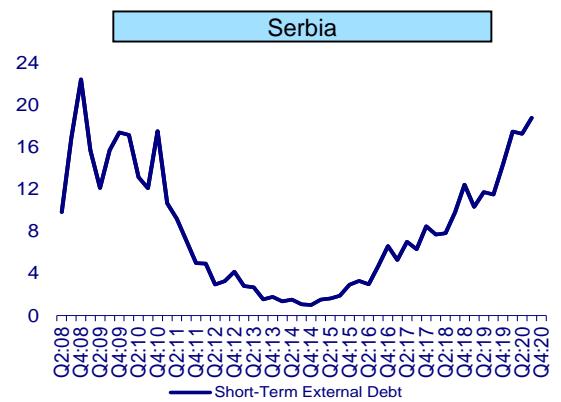
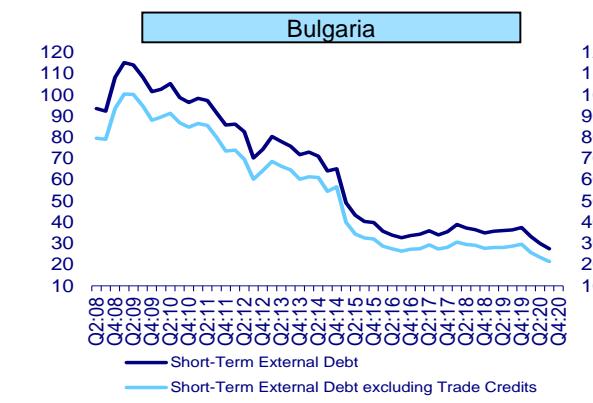
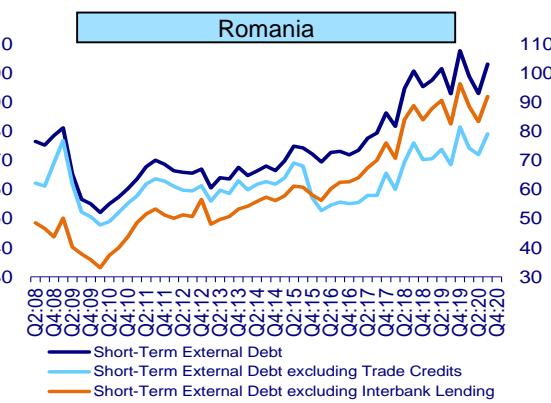
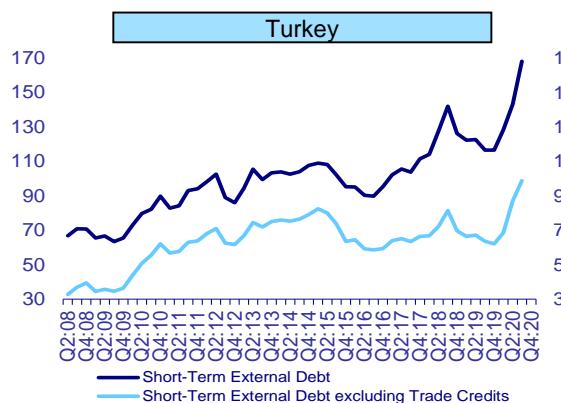
FX reserves stand at adequate levels for all countries under review

The picture is, however, misleading in the case of Turkey, where the CBRT has increased its FX and gold borrowing from banks to replenish its FX reserve base, which has been eroded, following massive interventions in the FX market. Adjusted for the latter, Turkey's net FX reserves are estimated to have turned negative



# 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)

Despite higher global oil prices, external imbalances are set to improve in most economies under review in 2021, driven by stronger external demand from their key trade partner, the EU

In Turkey, the current account deficit should narrow markedly this year, in line with a moderation in domestic demand, on the back of tighter monetary policy conditions

Turkey	Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
Current account balance	0.9	-5.2	-3.5	-2.9
Net FDI	0.8	0.5	0.6	0.6
Other net capital inflows *	-0.1	0.6	0.9	1.3

Romania	Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
Current account balance	-4.7	-4.6	-4.3	-4.3
Net FDI	2.2	1.1	1.3	1.5
Other net capital inflows *	2.9	5.6	3.3	3.3

Bulgaria	Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
Current account balance	3.0	0.8	1.8	1.7
Net FDI	1.3	1.0	1.0	1.1
Other net capital inflows *	-5.2	7.8	-1.4	-3.3

Serbia	Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
Current account balance	-6.9	-5.5	-5.7	-5.8
Net FDI	7.8	5.0	5.3	5.6
Other net capital inflows *	3.1	-0.2	1.5	1.7

North Macedonia	Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
Current account balance	-3.3	-5.0	-3.8	-3.4
Net FDI	3.2	2.1	2.3	2.6
Other net capital inflows *	3.4	3.8	2.4	2.7

Albania	Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
Current account balance	-8.0	-9.2	-8.3	-7.6
Net FDI	7.6	6.3	6.4	6.7
Other net capital inflows *	-1.5	6.8	0.2	0.4

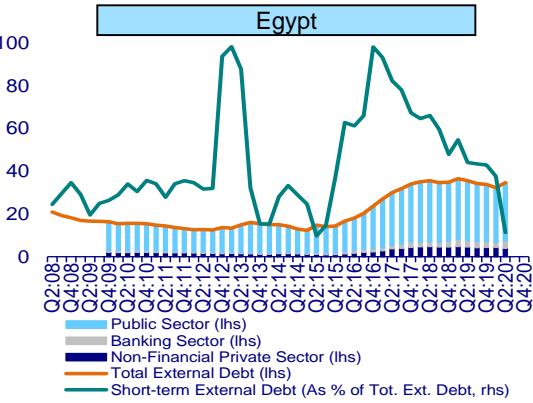
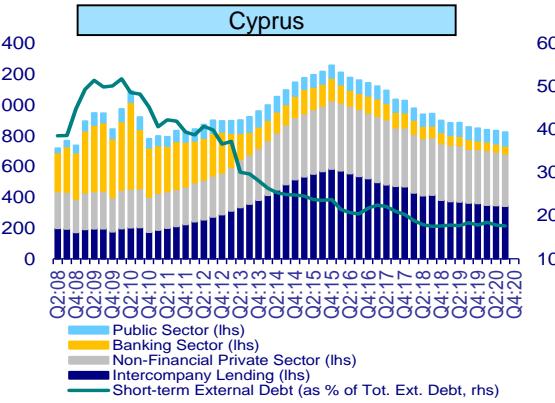
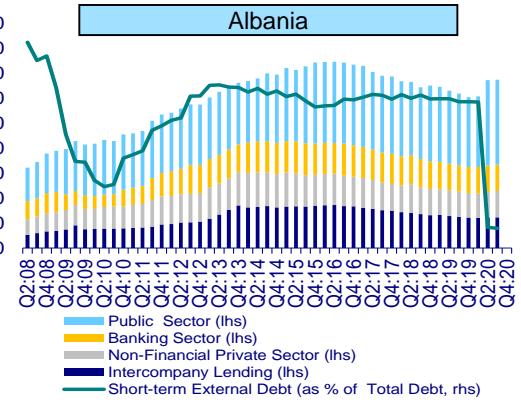
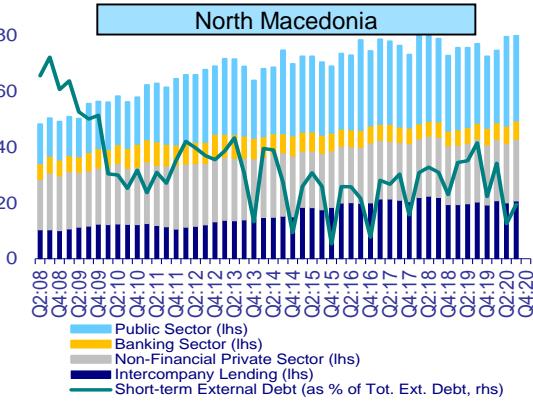
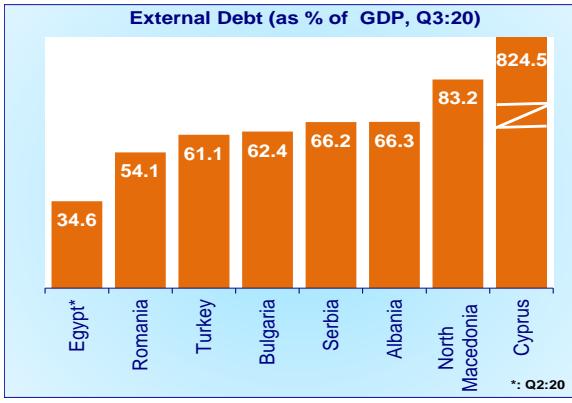
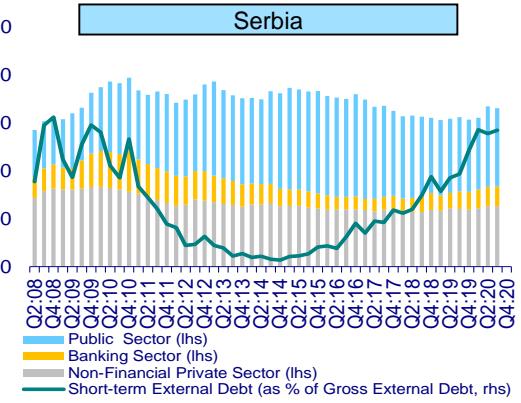
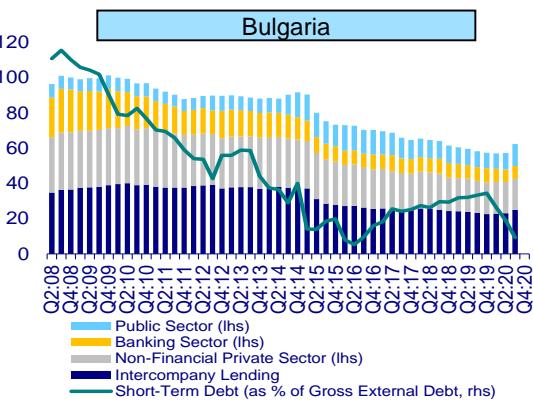
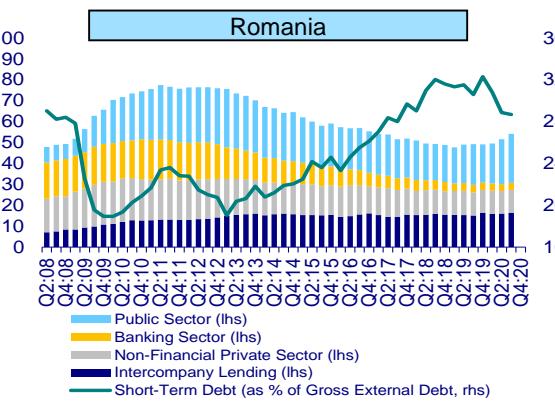
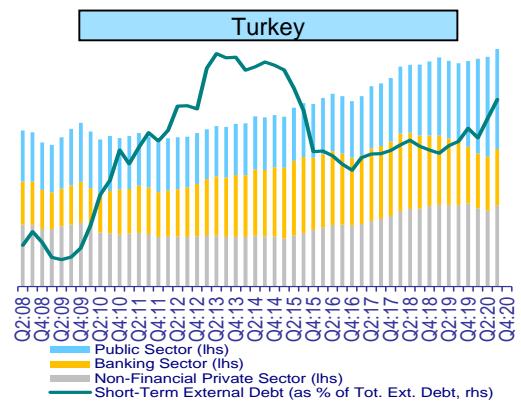
Cyprus	Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
Current account balance	-6.3	-9.3	-7.4	-5.9
Net FDI	23.8	10.2	12.7	14.5
Other net capital inflows *	-17.7	-1.5	-5.3	-8.6

Egypt #	June 19	June 20	June 21F	June 22F
Current account balance	-3.6	-3.1	-3.5	-3.2
Net FDI	2.6	2.0	1.7	1.7
Other net capital inflows *	1.0	-2.2	1.7	1.7

\*: excluding IMF and ESM funding and net errors and omissions, #: Fiscal year ending on June 30<sup>th</sup>

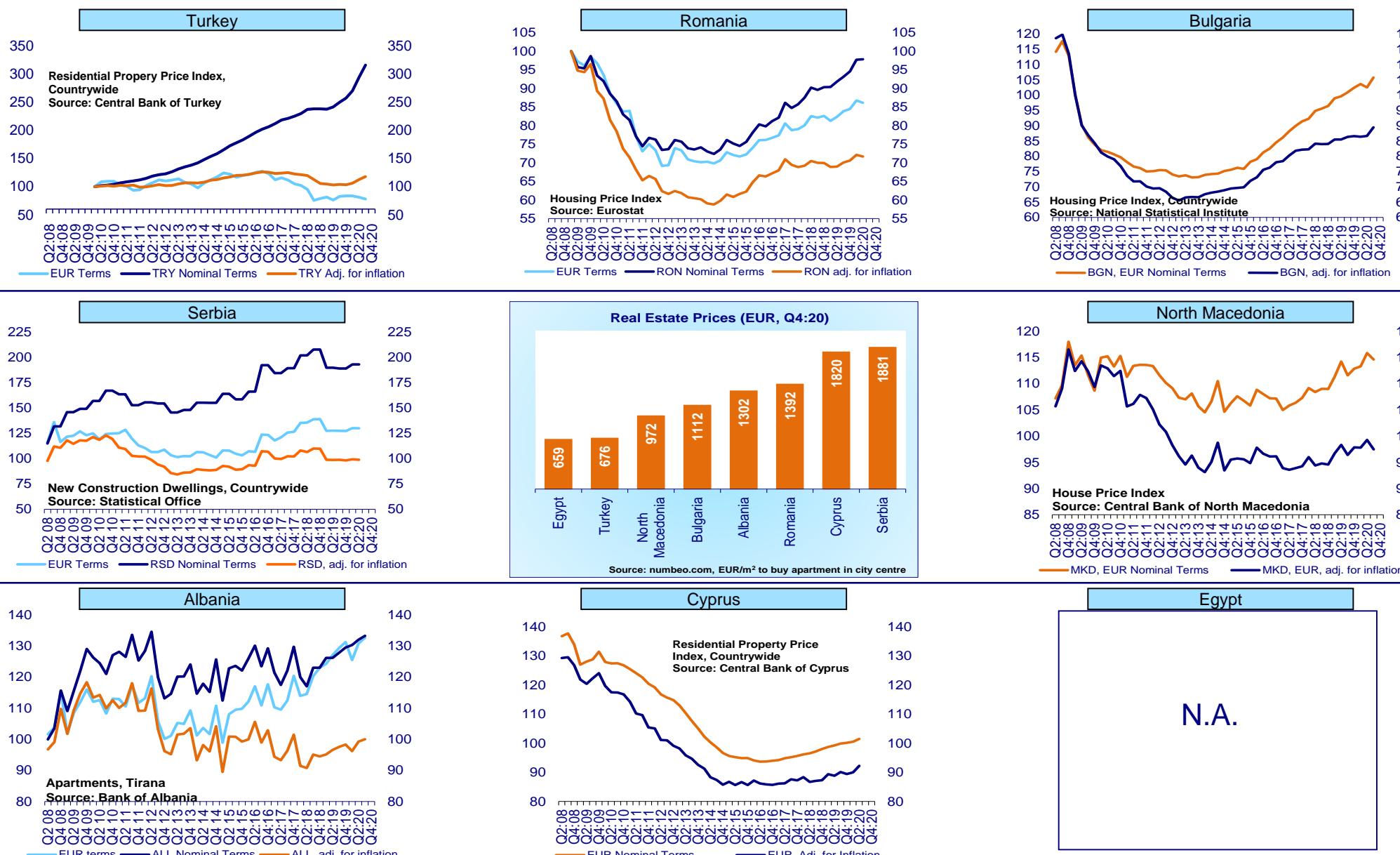
## External debt (% of GDP)

In most countries under review, external debt is on the rise, as higher net debt repayments by the private sector are more than offset by higher net lending to the public sector to finance its policy response to the COVID-19 shock



# Real estate prices

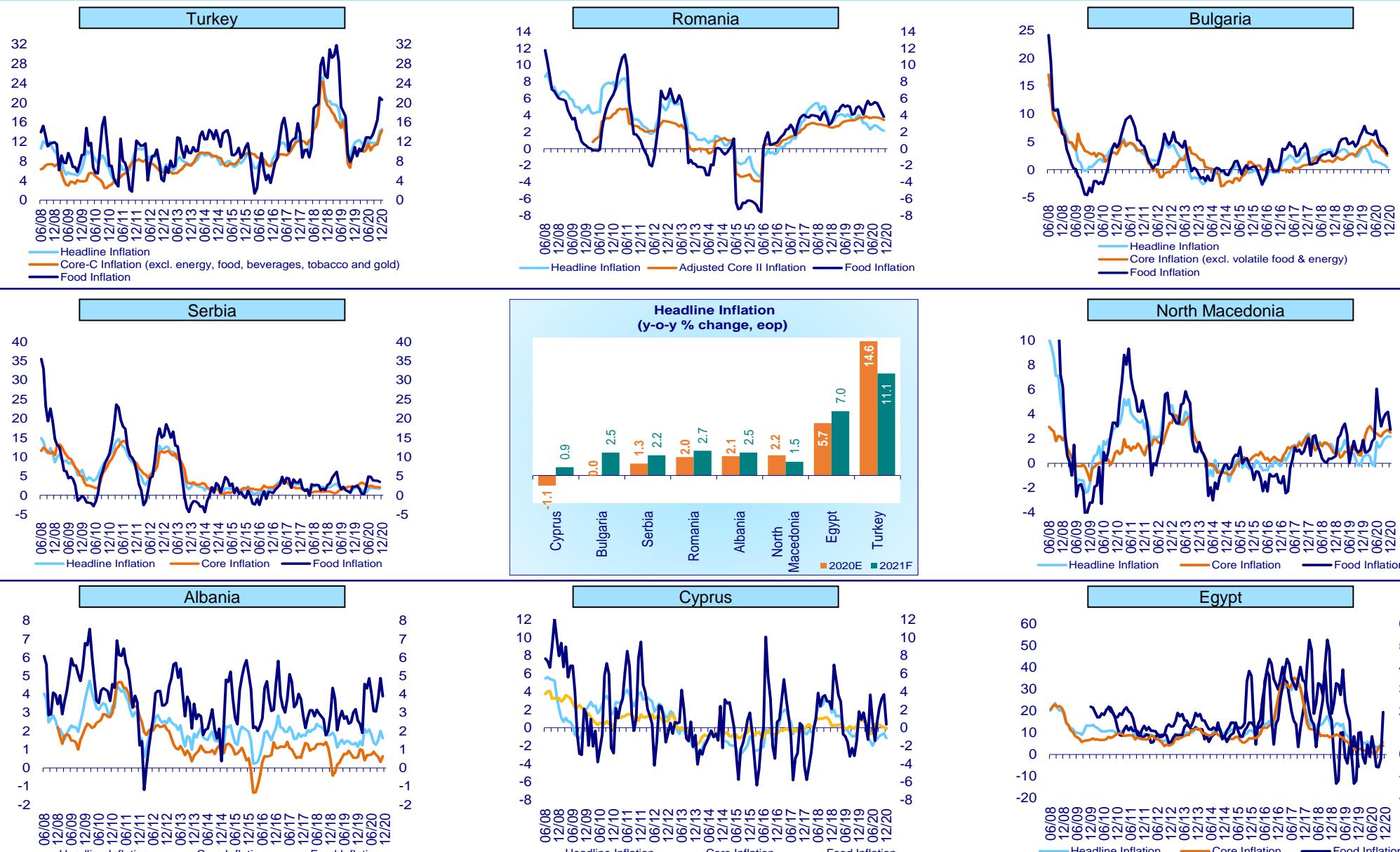
Real estate prices continued to rise in real terms in most countries under review, despite the impact of the pandemic



# Inflation (%)

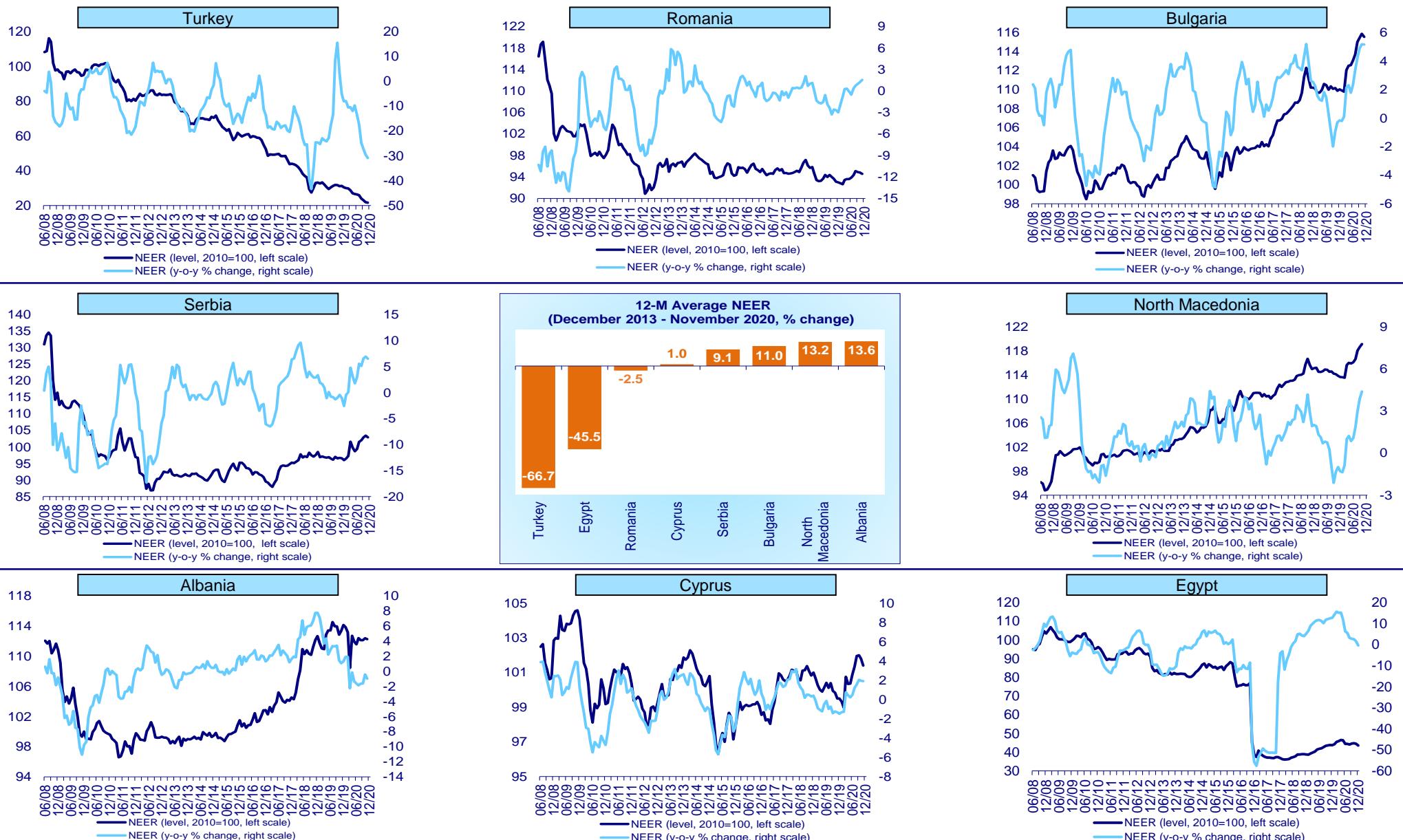
Weaker demand-side pressures, reflecting the lack of opportunity and/or confidence to spend, together with favourable energy prices have kept inflation subdued in most countries under review

In Turkey, headline inflation is on the rise, reflecting the impact of the recent sharp depreciation of the TRY



# CPI-based nominal effective exchange rate

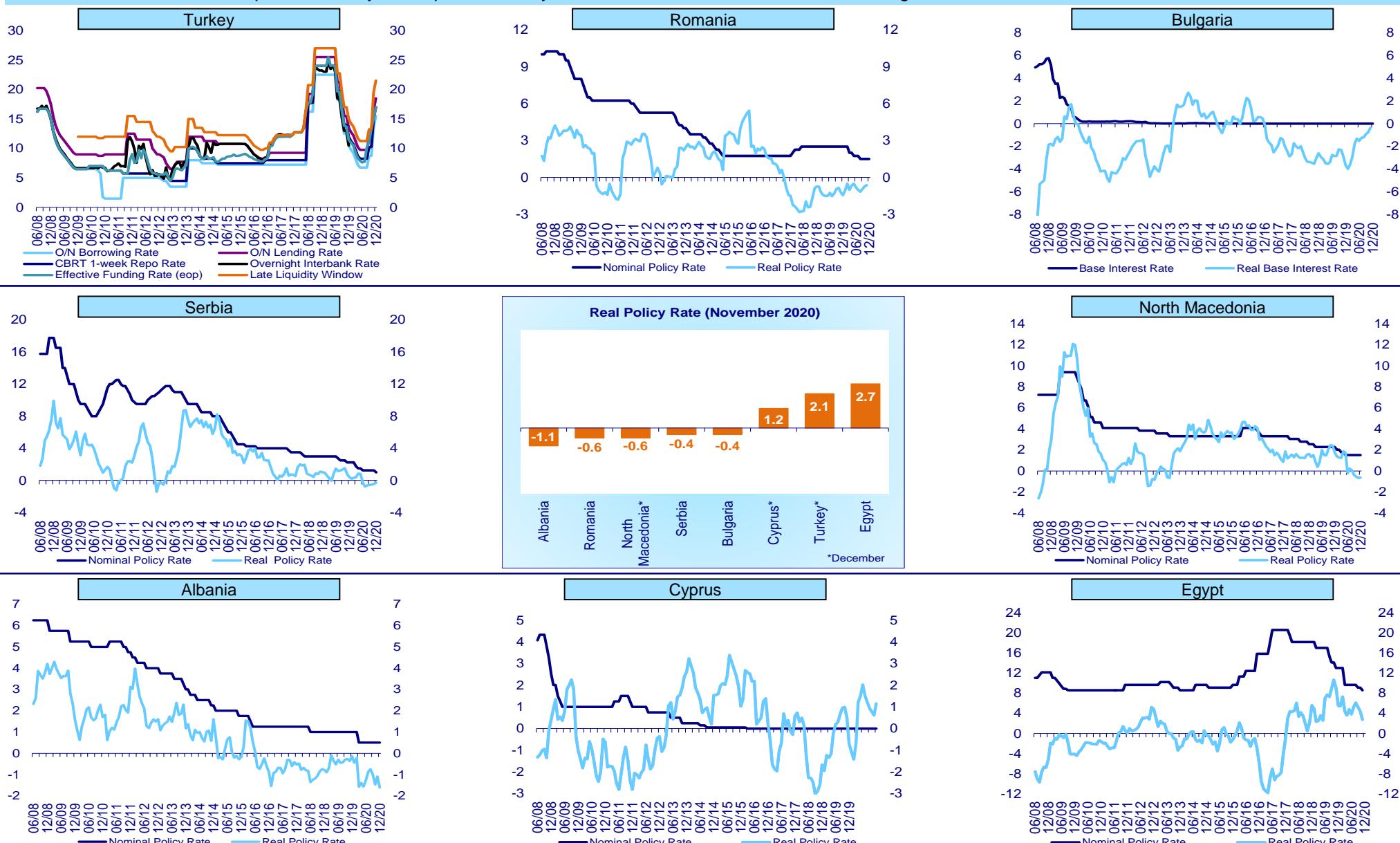
The TRY and the EGP have depreciated significantly in nominal terms over the past 7 years



## Policy rate

In Turkey, in view of rising external imbalances, negative net FX reserves and sky-rocketing inflation, the Central Bank raised its key policy rate by an additional 675 bps in Q4:20 (to 17.0% or 2.5% in real ex-post terms, among the highest worldwide), following a 200 bp hike in Q3:20

With the exception of Turkey, we expect monetary conditions to remain accommodative throughout 2021 in all the economies under review



## Reserve requirement ratios

In a bid to improve the effectiveness of the monetary policy transmission mechanism, the Central Bank of Turkey abolished the link between real lending growth and reserve requirement rates

**Turkey**

**Romania**

**Bulgaria**

**Reserve Requirement Ratios (%)**

**Reserve Requirement Ratios (%)**

**Reserve Requirement Ratios (%)**

	Dec. 2018	Dec. 2019	Dec. 2020
LC Liabilities	1.5-8.0	1.0-7.0	1.0-6.0
FC Liabilities	4.0-20.0	5.0-23.0	5.0-22.0

	Dec. 2018	Dec. 2019	Dec. 2020
LC Liabilities	8.0	8.0	8.0
FC Liabilities	8.0	8.0	5.0

	Dec. 2018	Dec. 2019	Dec. 2020
LC Liabilities	10.0	10.0	10.0
FC Liabilities	5.0	5.0	5.0

**Serbia**

**North Macedonia**

**Albania**

**Reserve Requirement Ratios (%)**

**Reserve Requirement Ratios (%)**

**Reserve Requirement Ratios (%)**

	Dec. 2018	Dec. 2019	Dec. 2020
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

	Dec. 2018	Dec. 2019	Dec. 2020
LC Liabilities	8.0	8.0	8.0
FC Liabilities	15.0	15.0	15.0

	Dec. 2018	Dec. 2019	Dec. 2020
LC Liabilities	5.0-7.5	5.0-7.5	5.0-7.5
FC Liabilities	12.5-20.0	12.5-20.0	12.5-20.0

**Cyprus**

**Egypt**

**Reserve Requirement Ratios (%)**

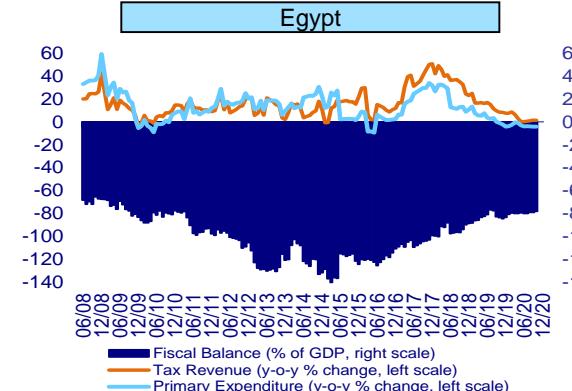
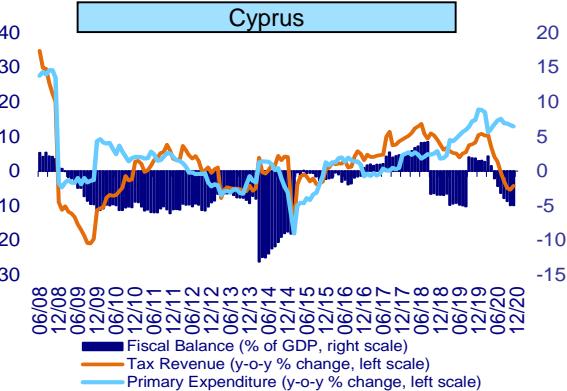
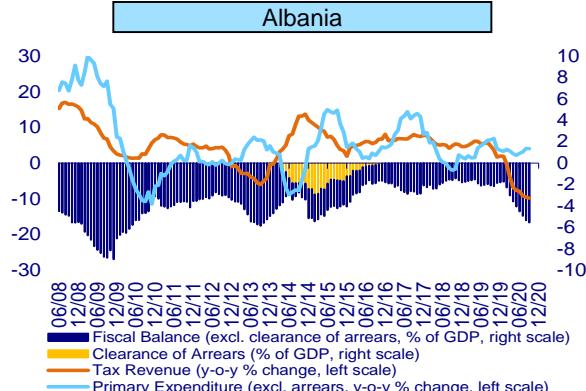
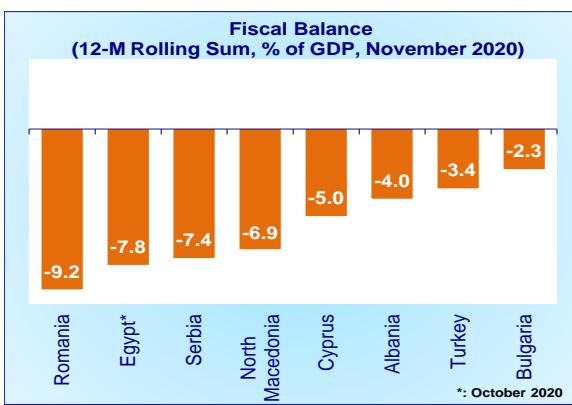
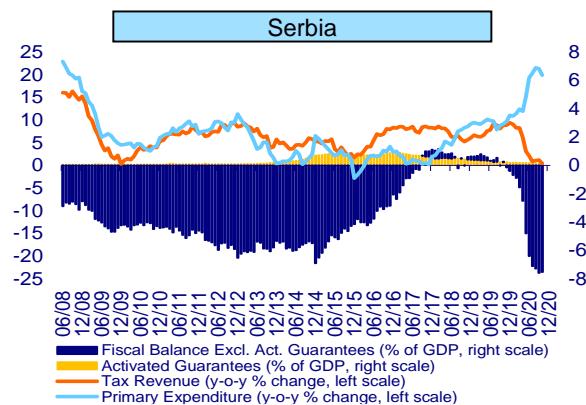
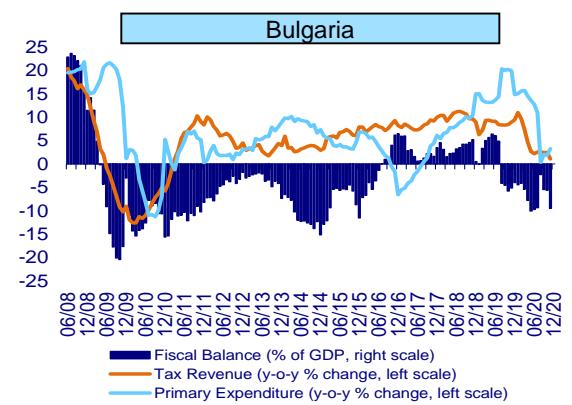
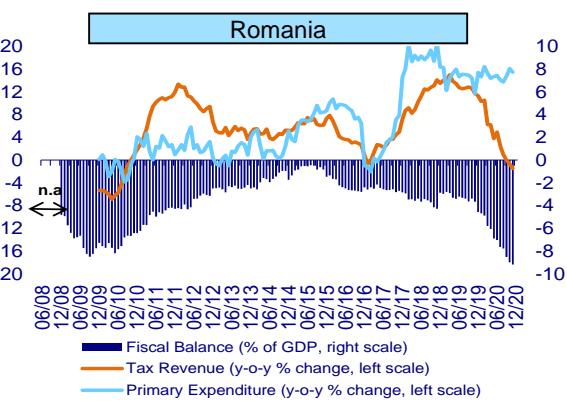
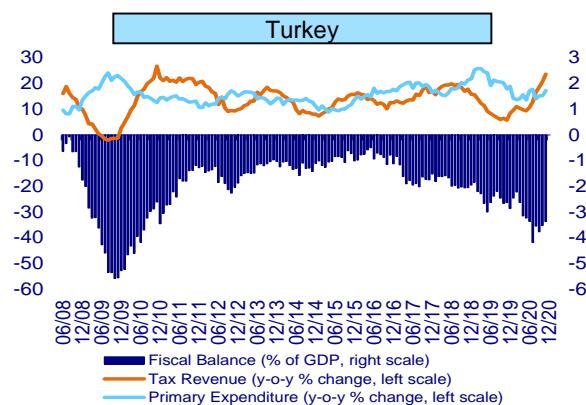
**Reserve Requirement Ratios (%)**

	Dec. 2018	Dec. 2019	Dec. 2020
LC Liabilities	1.0	1.0	1.0
FC Liabilities	1.0	1.0	1.0

	Dec. 2018	Dec. 2019	Dec. 2020
LC Liabilities	14.0	14.0	14.0
FC Liabilities	---	---	---

# Fiscal performance (12-month rolling)

Weaker tax revenue and higher current spending to address the impact of the COVID-19 shock led to an unprecedented deterioration in fiscal balances in 2020  
 The fiscal response in most of the economies under review was, however, smaller than that of advanced economies, reflecting a relatively smaller fiscal space



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

The phasing-out of the emergency schemes implemented in 2020, together with the economic recovery, should compress the budget deficit in all the economies under review in 2021.

Nevertheless, fiscal balances are unlikely to revert to their pre-crisis levels soon

### Turkey

Dec. 19*	Dec. 20E	Dec. 21F	Dec. 22F
-2.9	-4.0	-3.5	-3.0

### Romania

Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
-4.6	-9.8	-7.0	-4.8

### Bulgaria

Dec. 19*	Dec. 20E	Dec. 21F	Dec. 22F
-1.0	-3.0	-3.0	-1.2

\*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. 19	Dec. 20E	Dec. 21F	Dec. 22F
-0.2	-8.8	-3.8	-2.0

### North Macedonia

Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
-2.0	-7.6	-4.5	-3.0

### Albania

Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
-1.9	-7.0	-5.8	-3.3

### Cyprus

Dec. 19	Dec. 20E	Dec. 21F	Dec. 22F
1.5	-5.8	-2.0	-0.5

### Egypt\*

Jun. 19	Jun. 20E	Jun. 21F	Jun. 22F
-8.1	-8.0	-8.0	-7.1

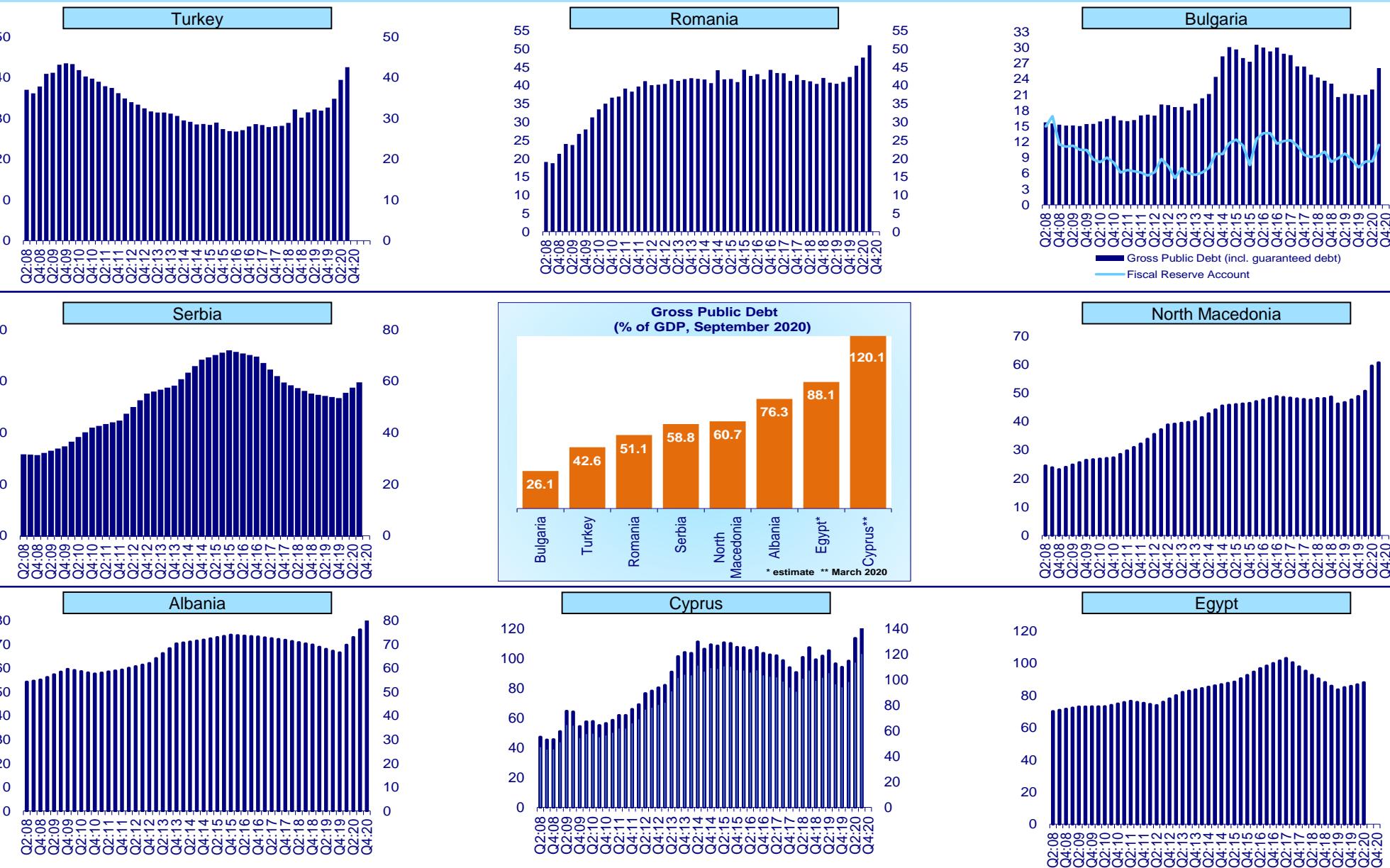
\*: Fiscal year ending on June 30<sup>th</sup>.

# Public debt (% of GDP)

Gross public debt rose substantially in 2020, as a result of the sharp deterioration in fiscal balances and economic contraction

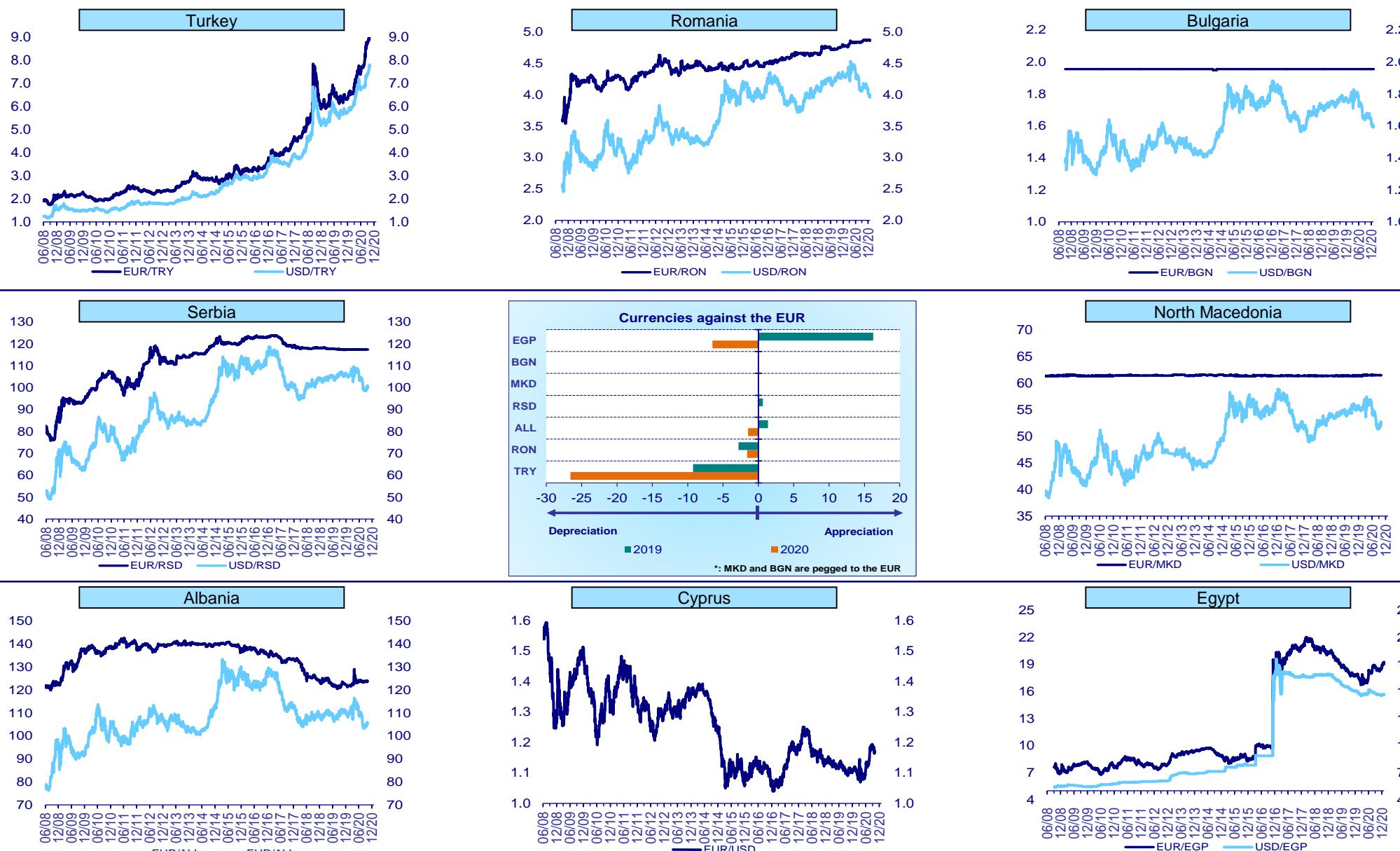
A (timid) correction is on the cards in 2021

Potential calls on the state guarantees granted during the crisis could delay the reduction in public debt



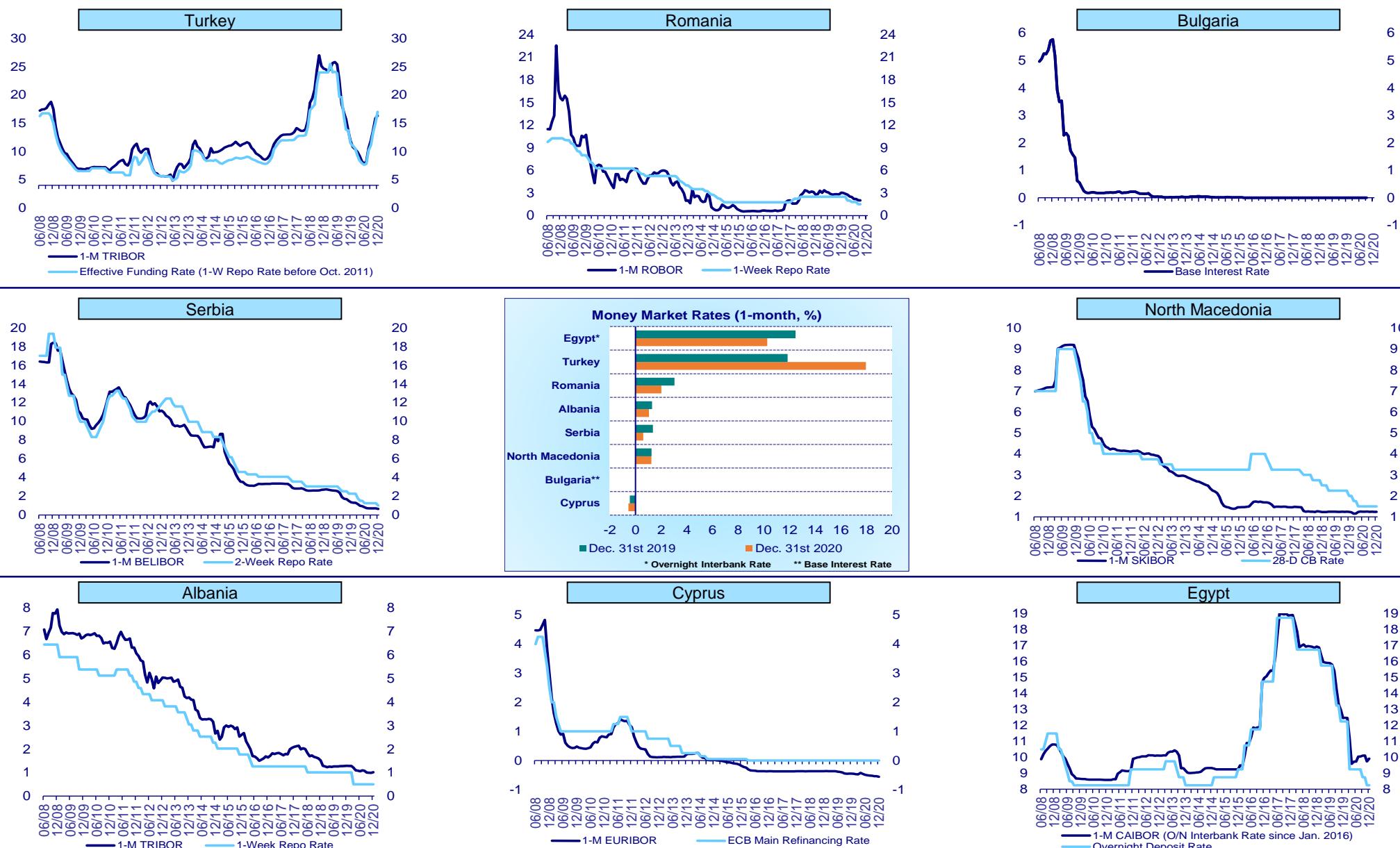
# Exchange rates

The TRY appears to have stabilised, following the aggressive tightening in monetary policy in Q4:20



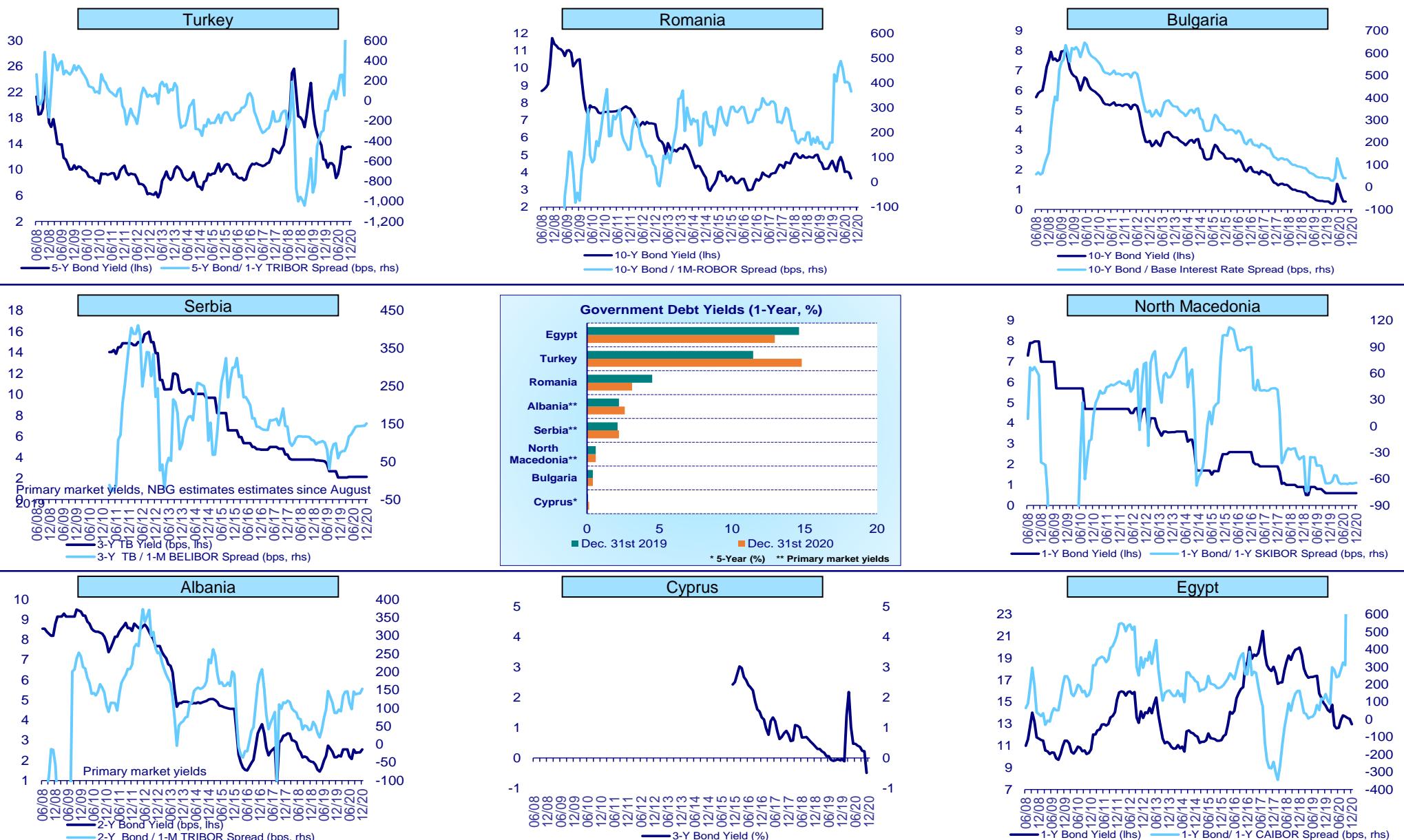
# Money market rates (%)

Money market rates remain subdued in all countries under review, with the exception of Turkey, reflecting accommodative monetary policy conditions



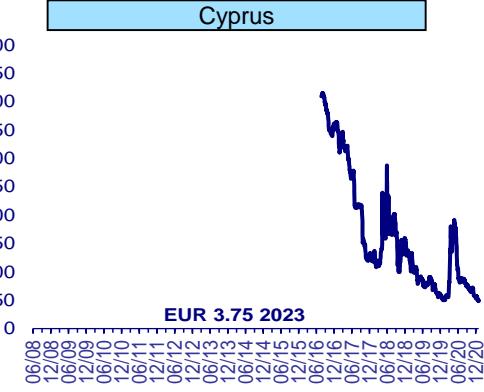
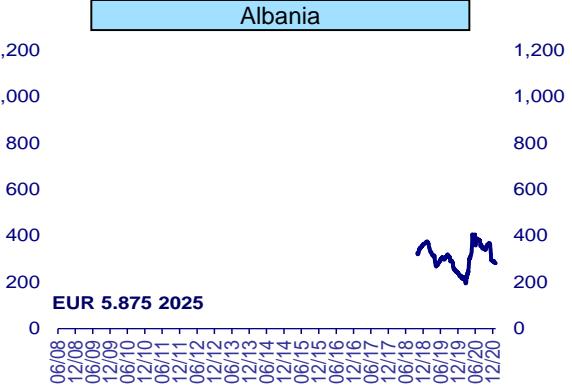
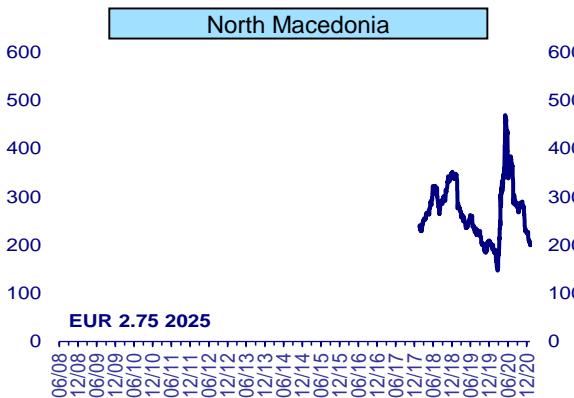
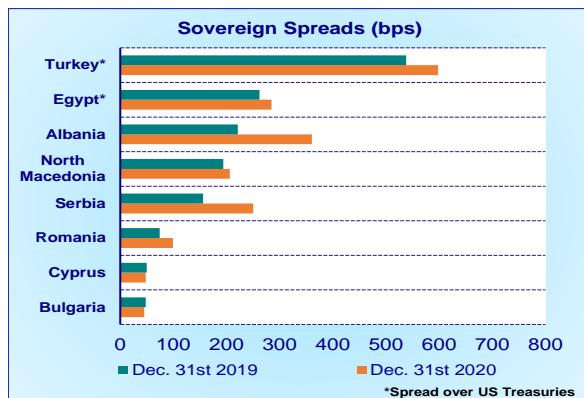
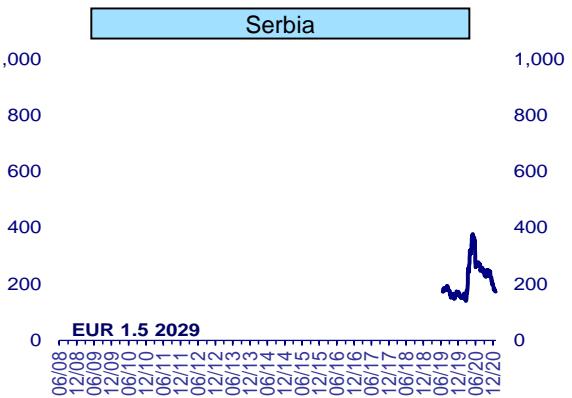
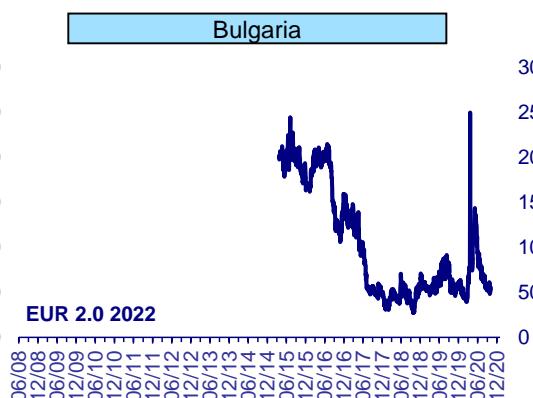
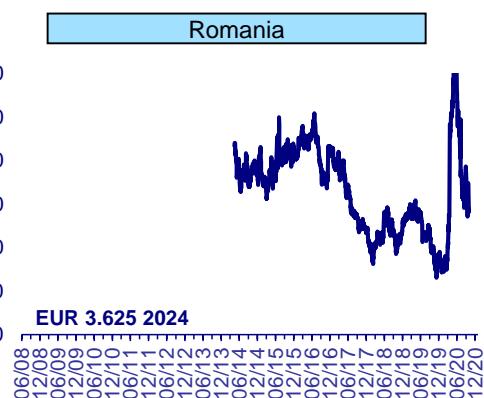
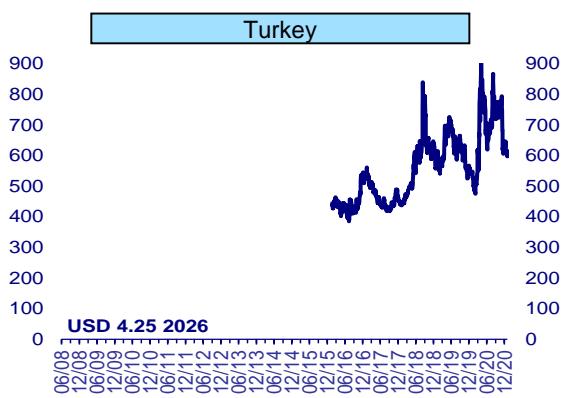
# Government debt yields (%)

Despite rising public financing needs, Government debt yields have eased in all countries under review, with the exception of Turkey, reflecting abundant liquidity in the market



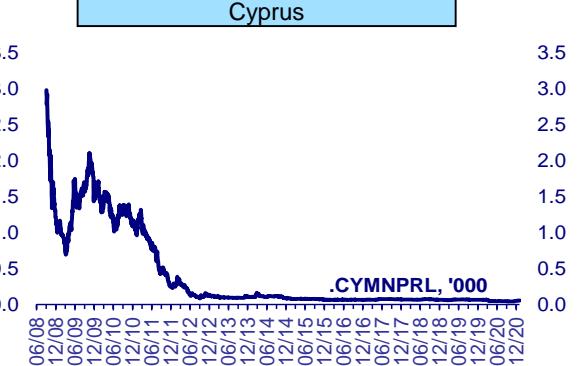
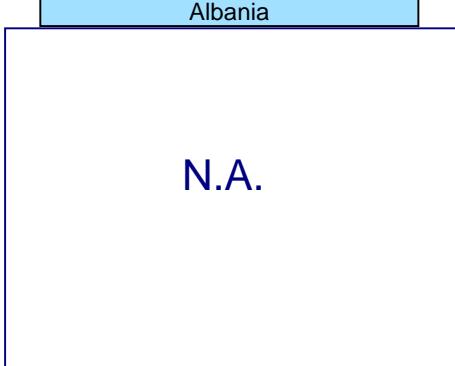
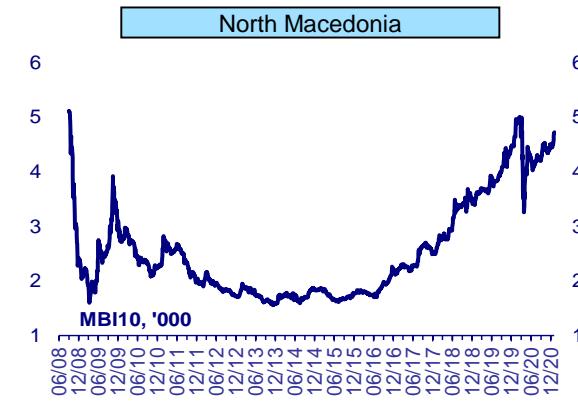
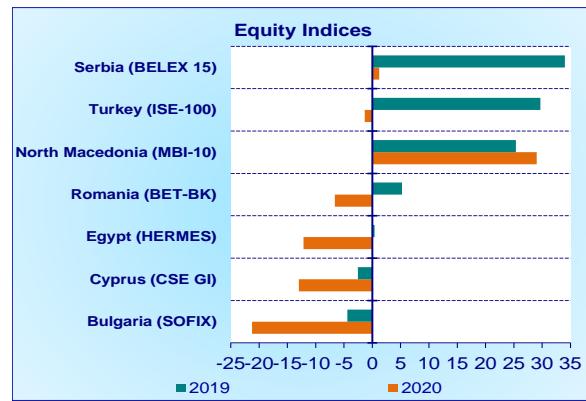
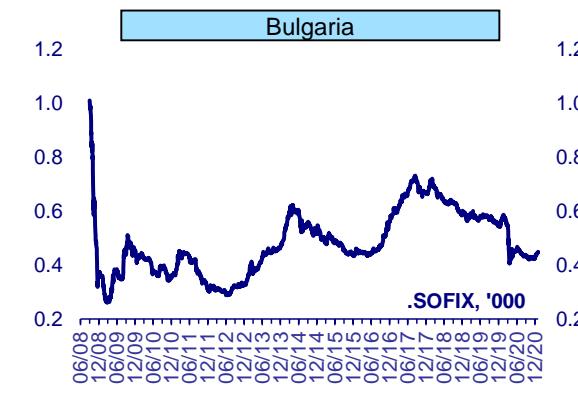
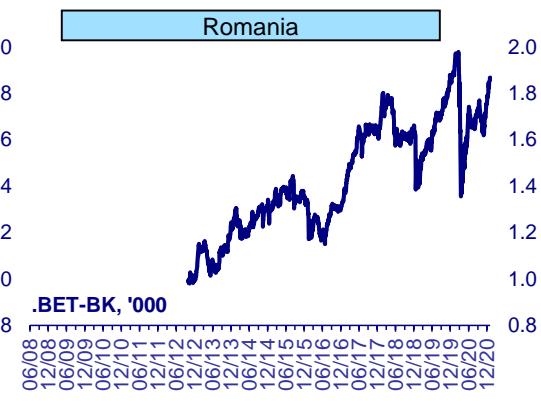
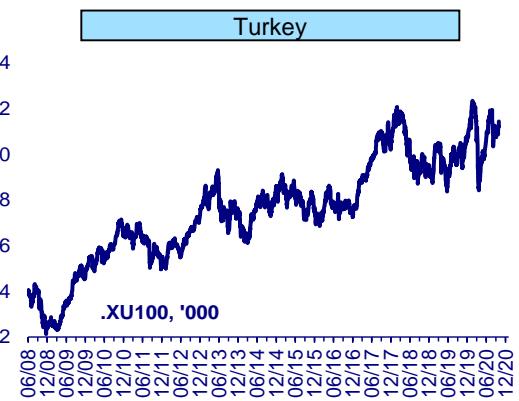
# Sovereign spreads (bps)

With the exception of Turkey, sovereign spreads in all countries under review have narrowed significantly from their earlier peaks, approaching their pre-COVID-19 lows



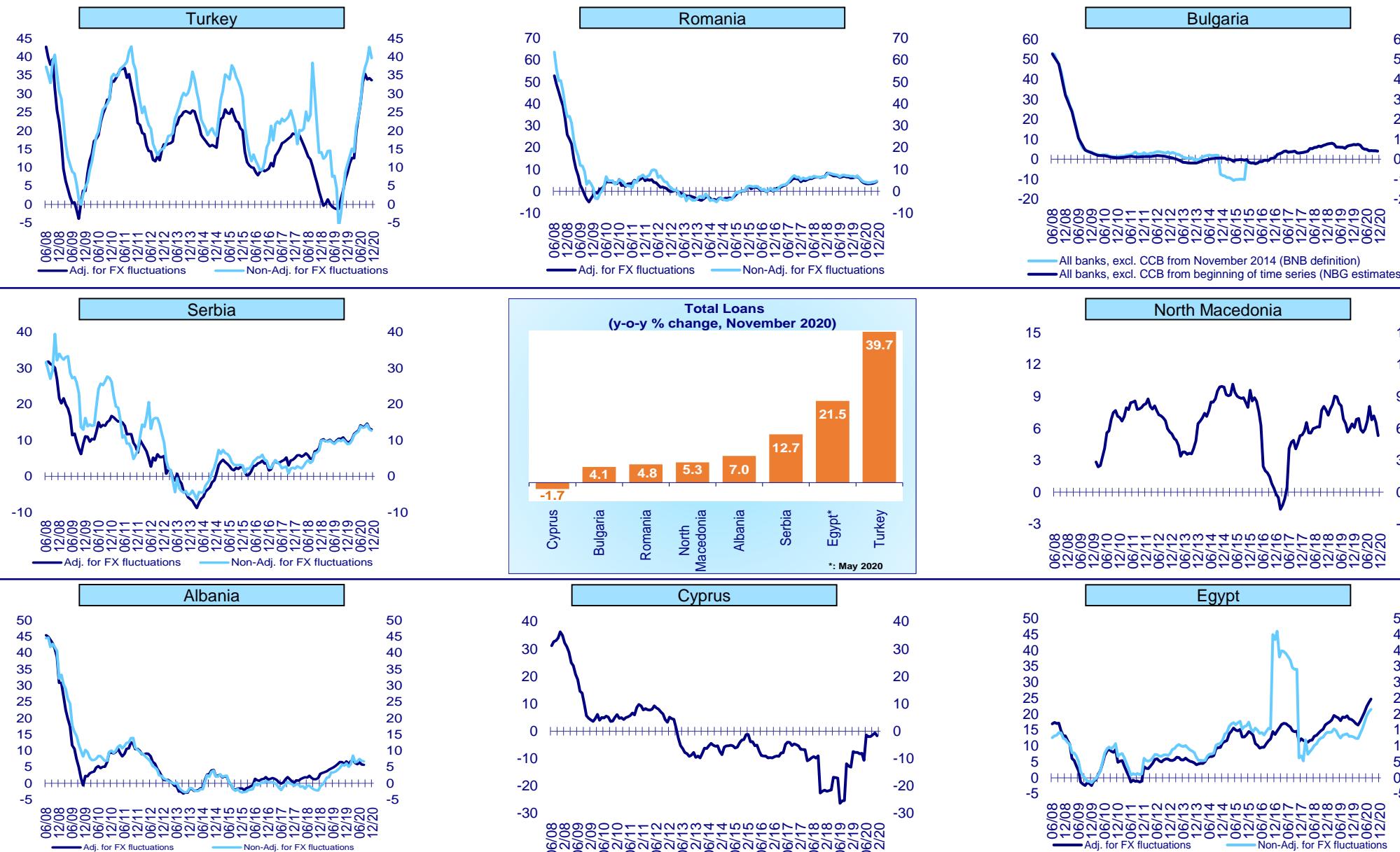
# Stock market

Stock markets have rebounded following the precipitous fall in March, but they still remain below their pre-COVID-19 levels



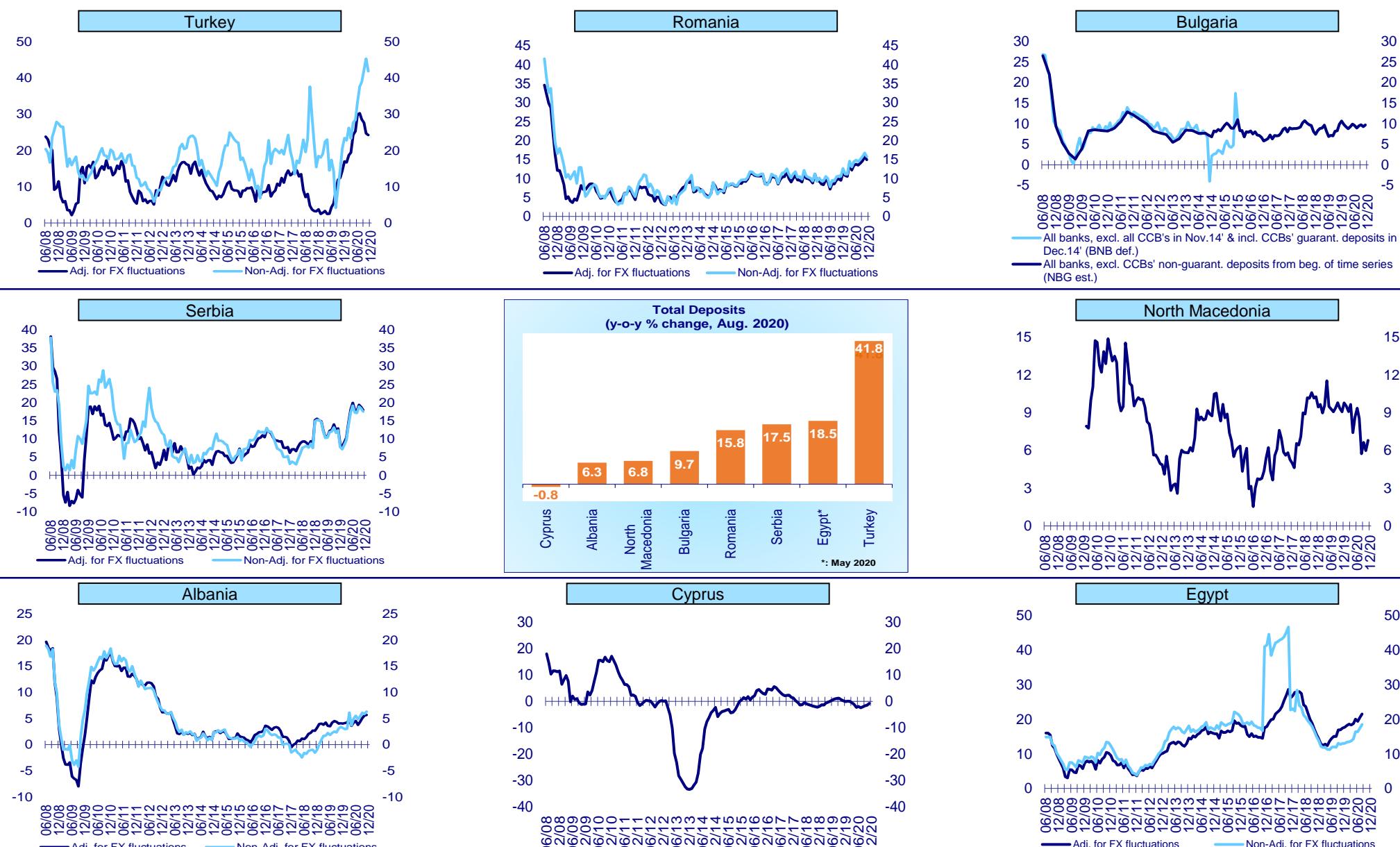
# Total loans (y-o-y % change)

Lending activity in all countries under review has been supported by Government guarantee schemes  
In Turkey, lending activity is projected to lose momentum, in line with tighter monetary policy conditions



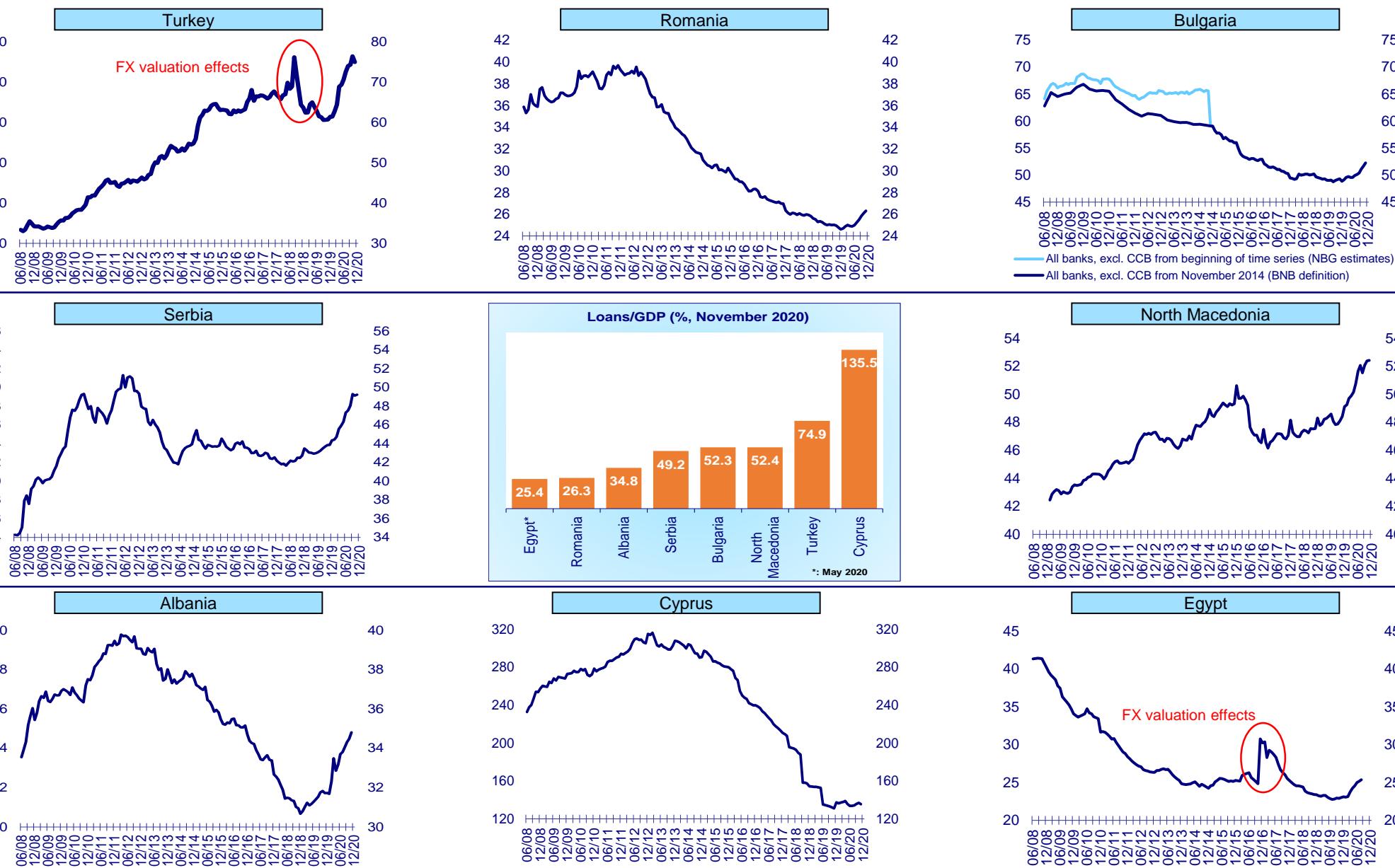
# Total deposits (y-o-y % change)

In most countries under review, deposits expanded slightly faster than loans



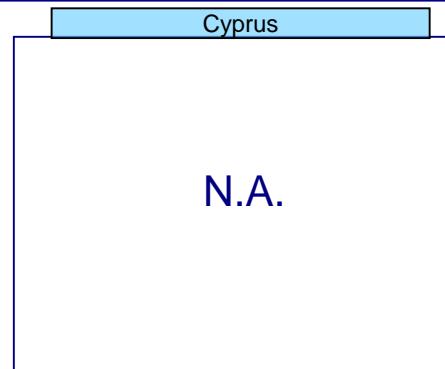
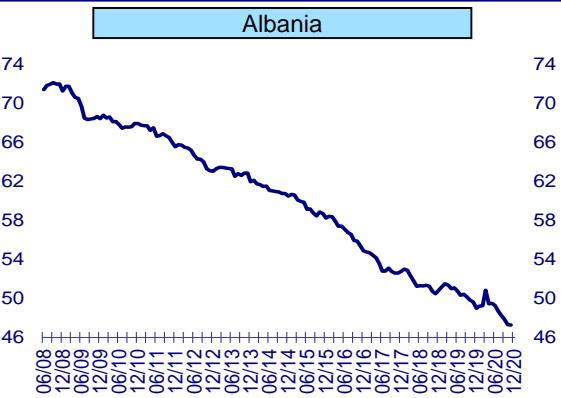
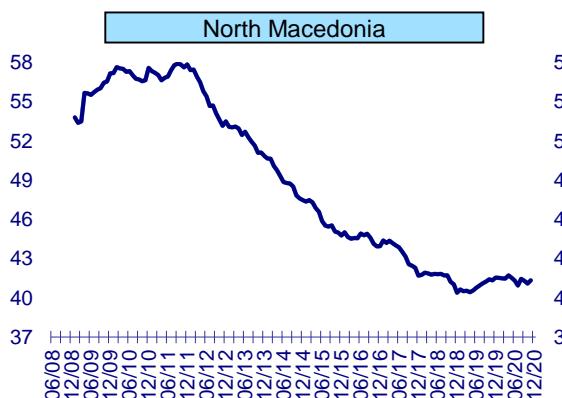
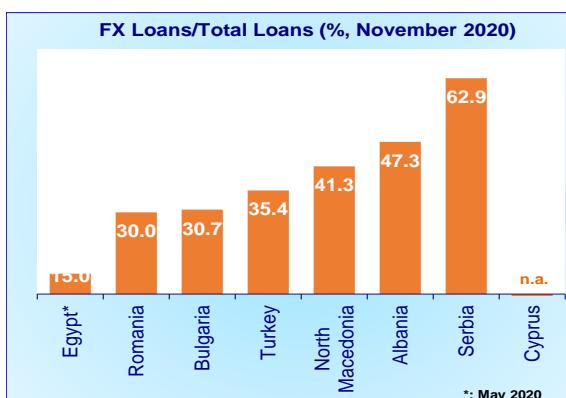
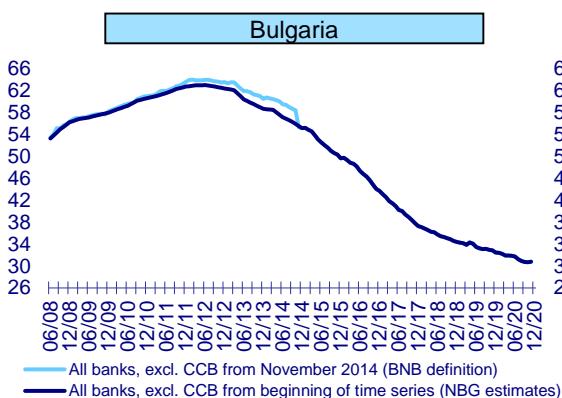
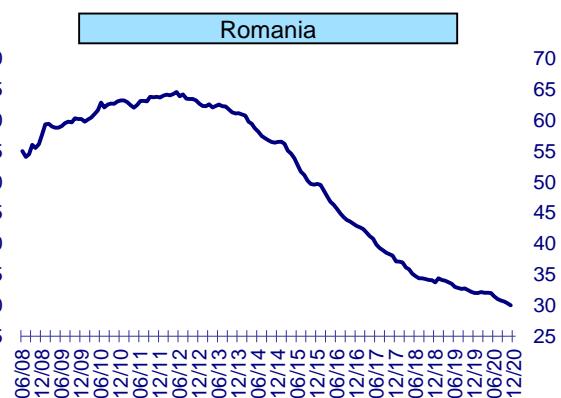
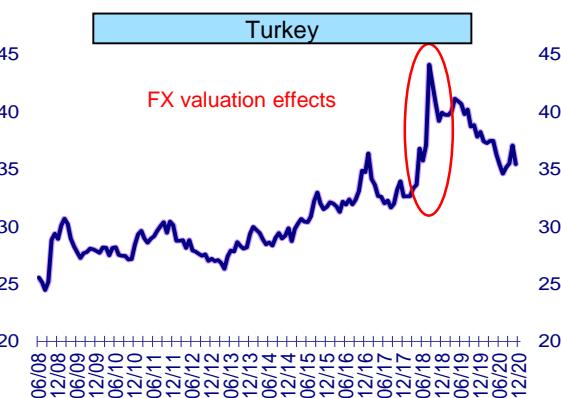
# Total loans-to-GDP ratio (%)

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



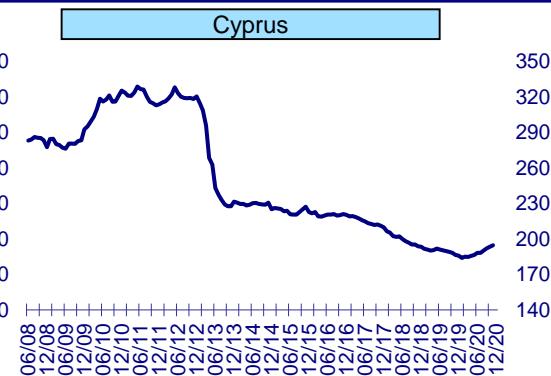
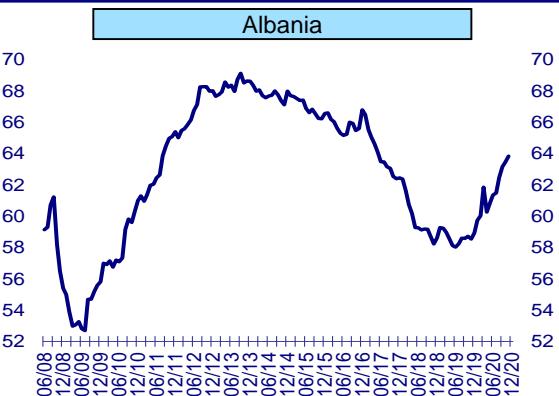
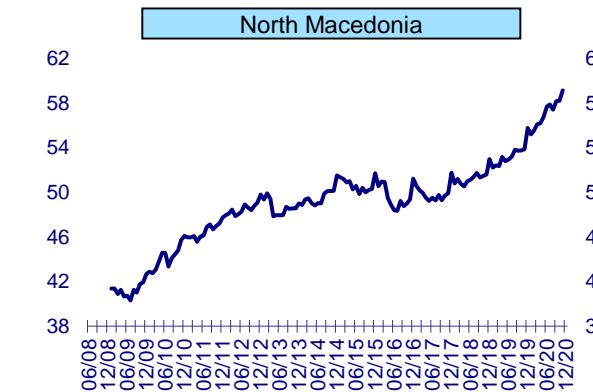
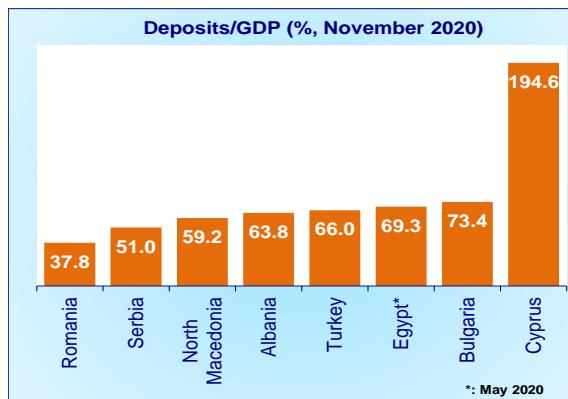
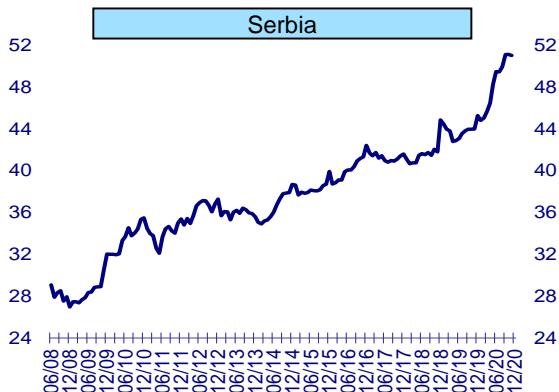
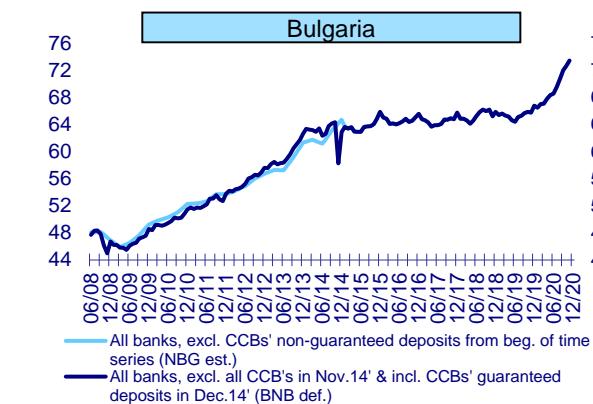
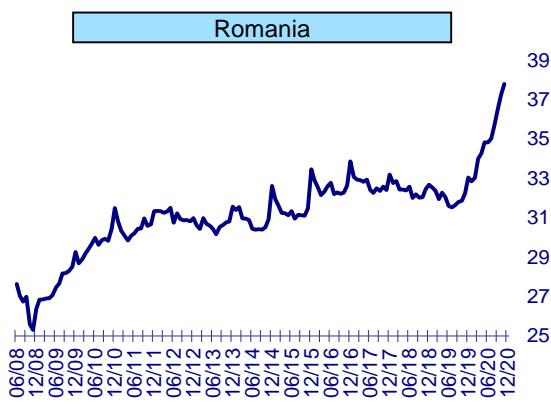
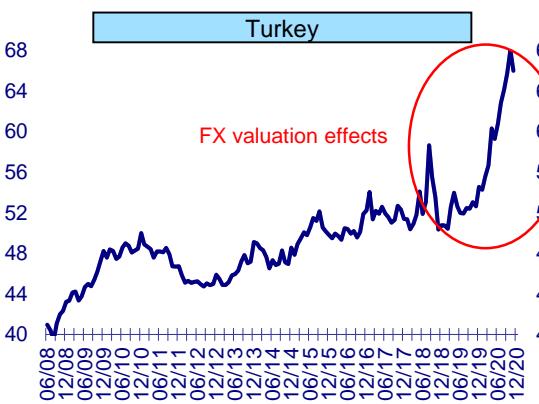
## FX loans-to-total loans ratio (%)

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



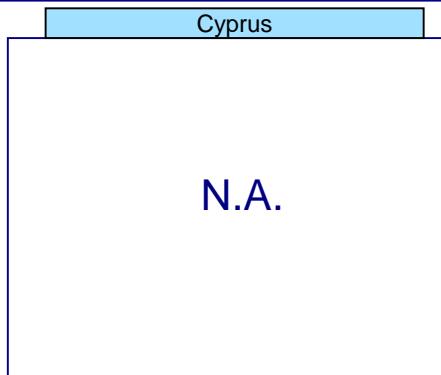
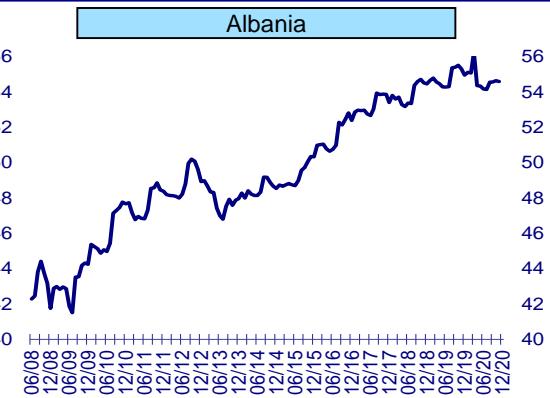
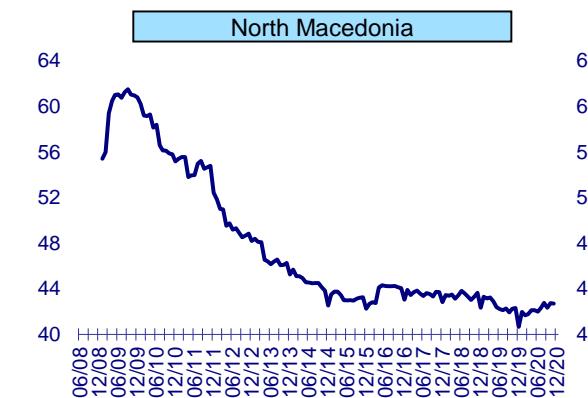
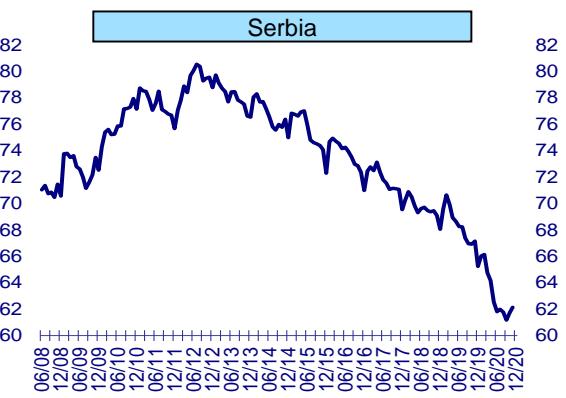
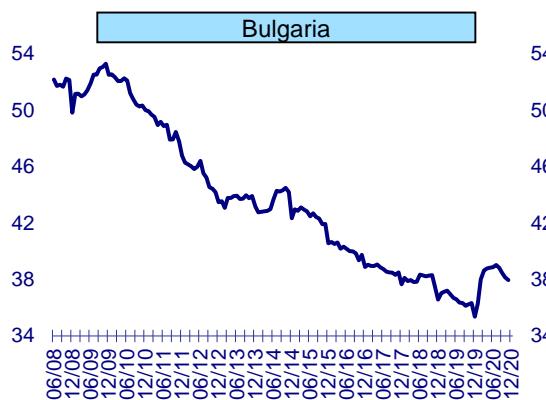
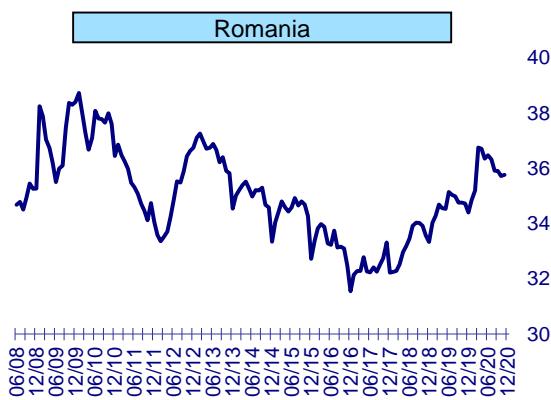
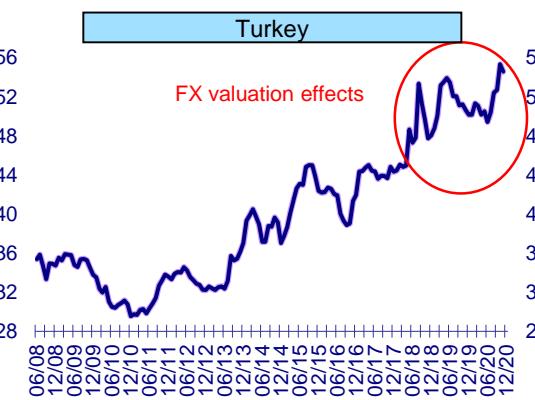
## Total deposits-to-GDP ratio (%)

In most countries under review, deposit growth has strengthened, due, *inter alia*, the increase in the savings rate, amid heightened uncertainty



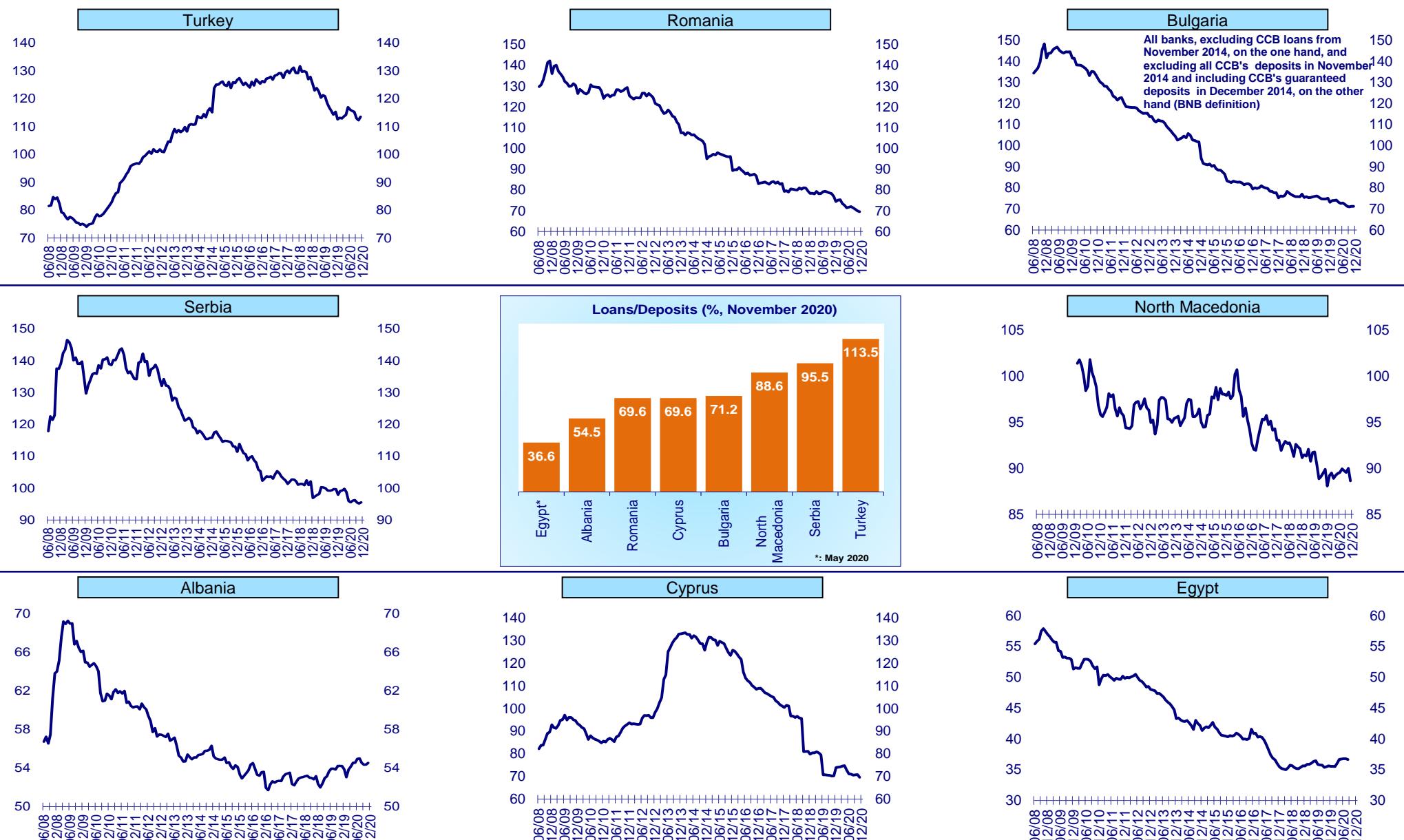
# FX deposits-to-total deposits ratio (%)

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



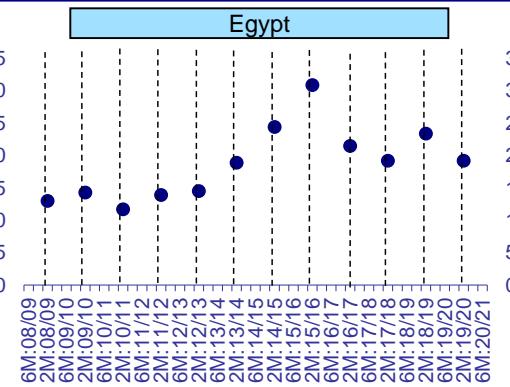
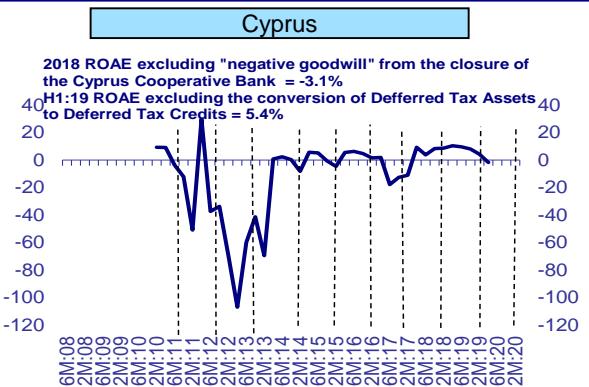
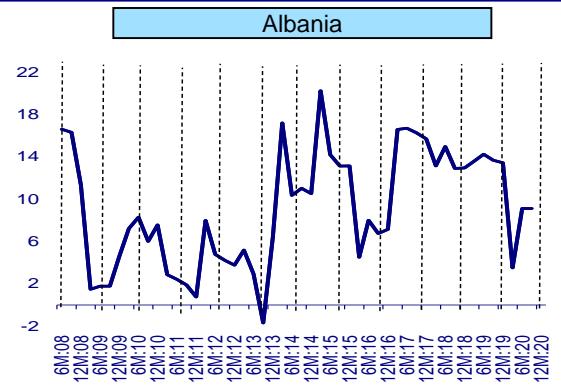
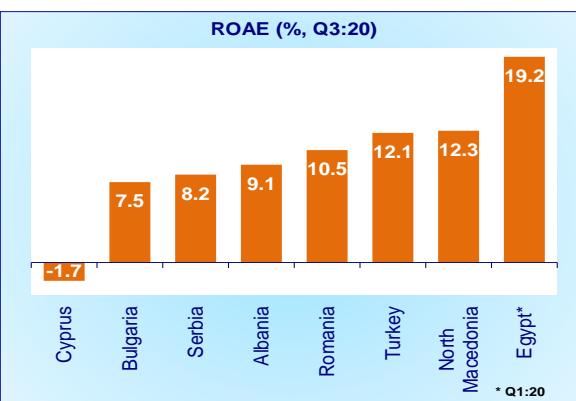
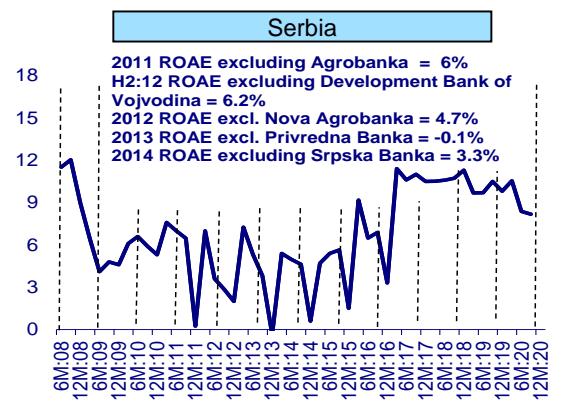
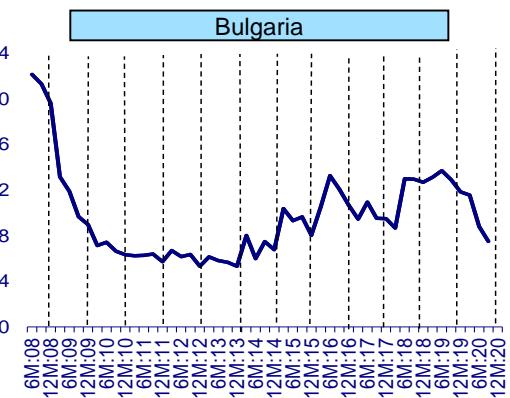
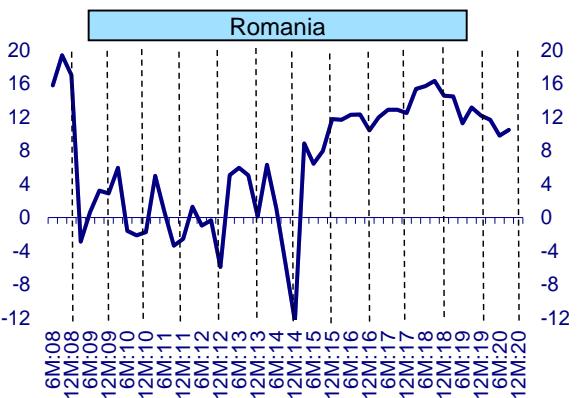
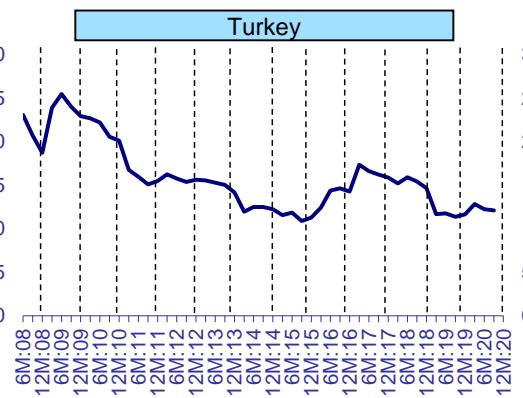
# Total loans-to-total deposits ratio (%)

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



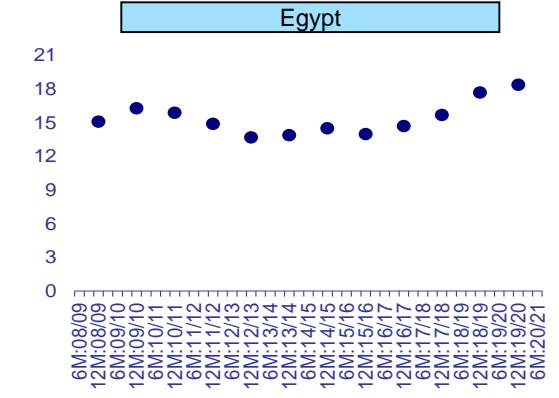
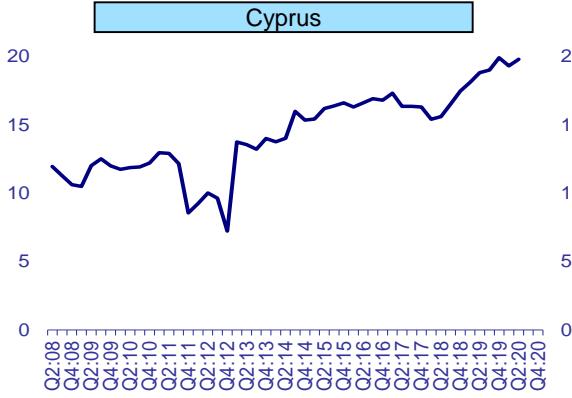
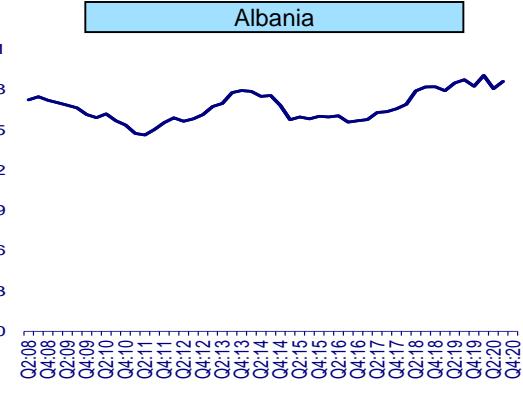
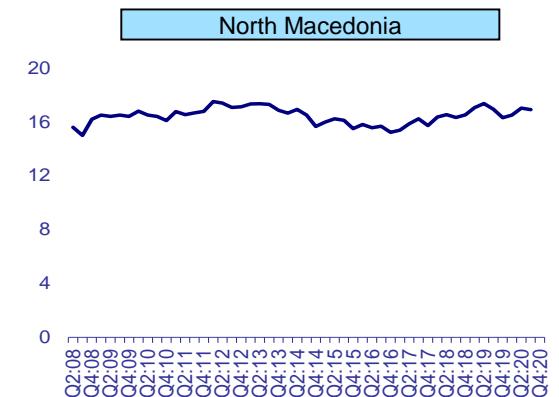
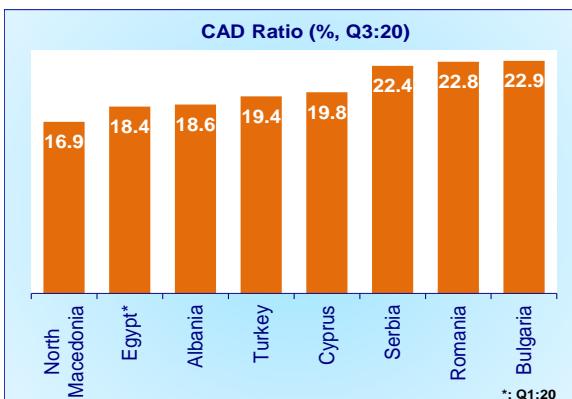
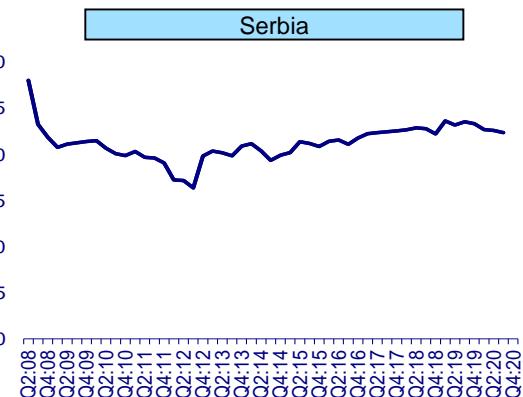
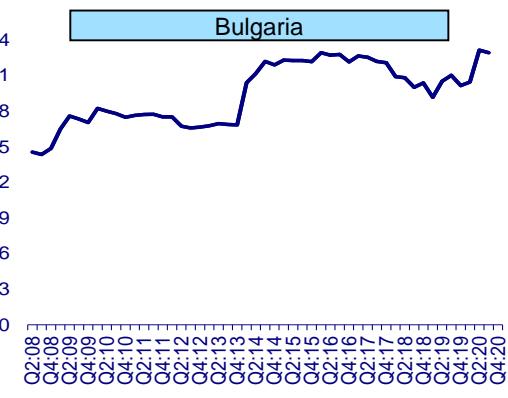
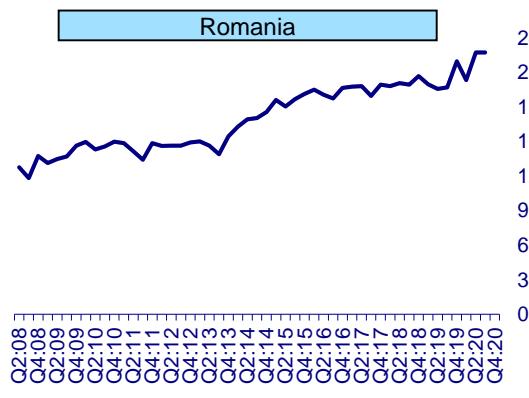
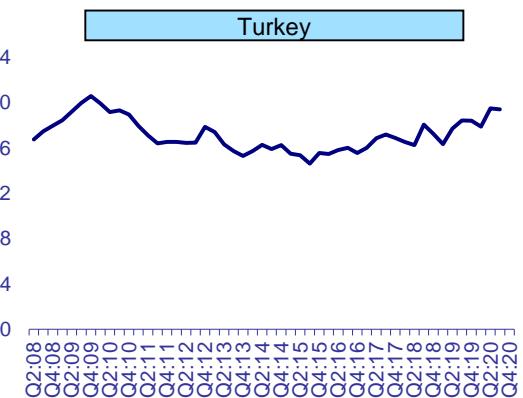
# Return-to-average equity ratio (%), cumulative and annualised)

Amid a weaker operating environment, banking system profitability has come under pressure, mainly due to higher provisioning



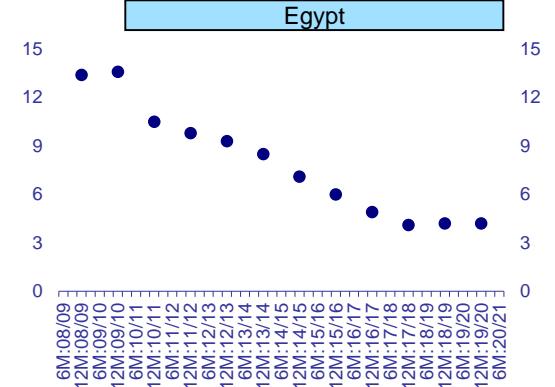
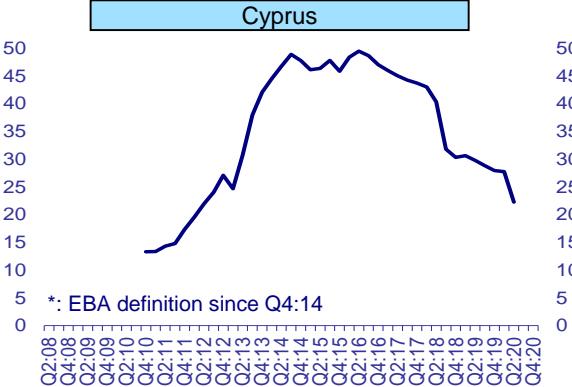
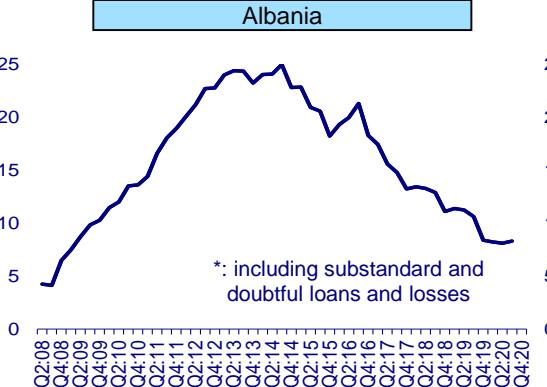
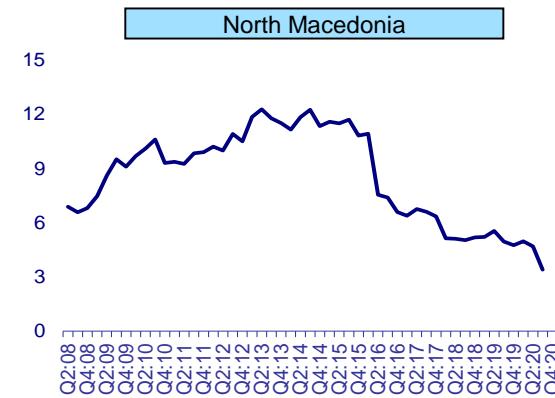
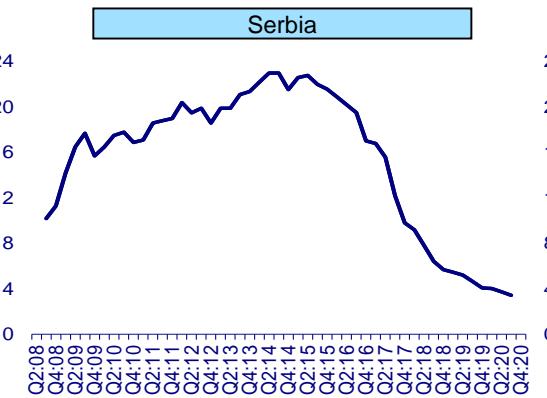
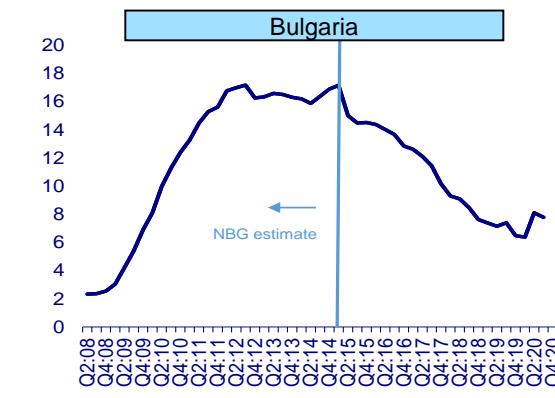
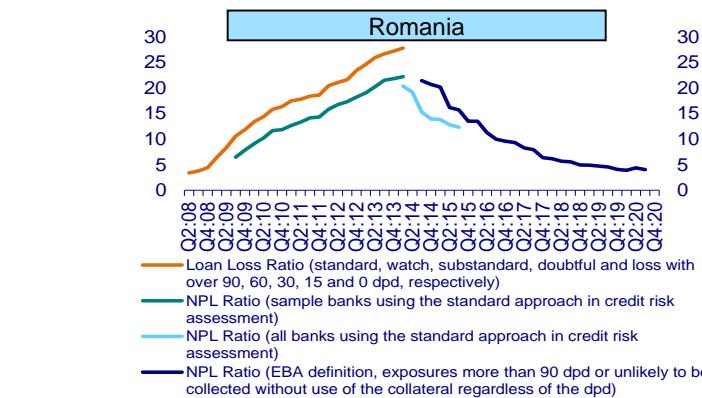
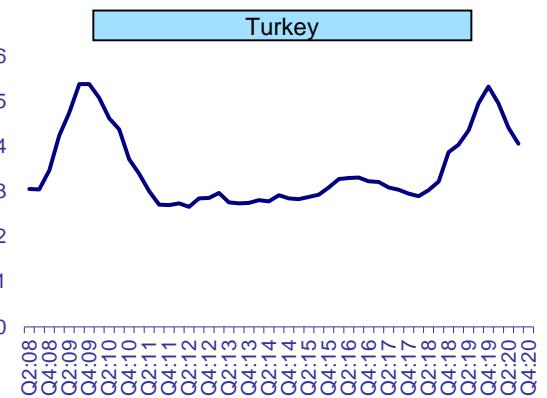
# Capital adequacy ratio (%)

Banking systems in all countries under review remain well-capitalised, though they will be tested in this downturn



## Non-performing loans ratio (%)

The underlying deterioration in credit quality is yet to be seen in most countries under review, reflecting the debt moratoria in place since the outbreak of the pandemic  
 These schemes are due to be phased-out gradually in the period ahead



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

Foreign Ownership (% of Total Assets, Dec. 2019)							
Turkey	Romania	Bulgaria	Serbia	North Macedonia	Albania	Cyprus <sup>a</sup>	Egypt <sup>b</sup>
23.2	73.7	76.5	75.7	70.1	78.0	21.1	55.0

<sup>a</sup>: 30.06.2019

<sup>b</sup>: 31.12.2015

**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.