NATIONAL BANK

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Weekly Report

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NBG - Economic Analysis Division
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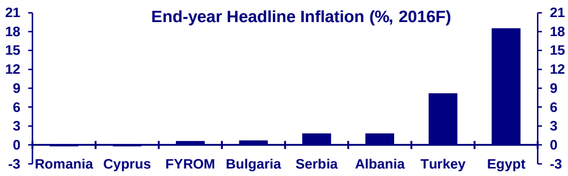
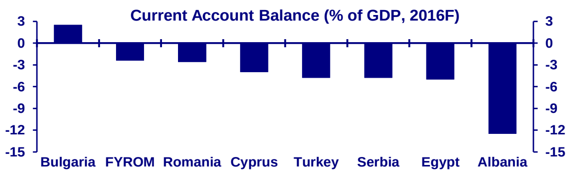
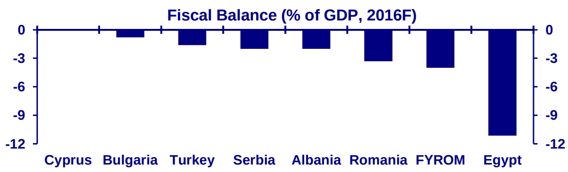


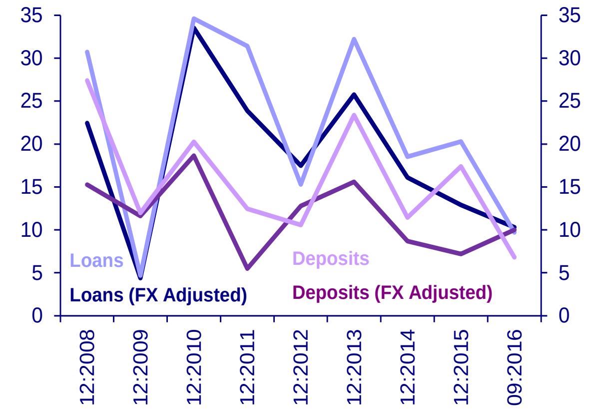




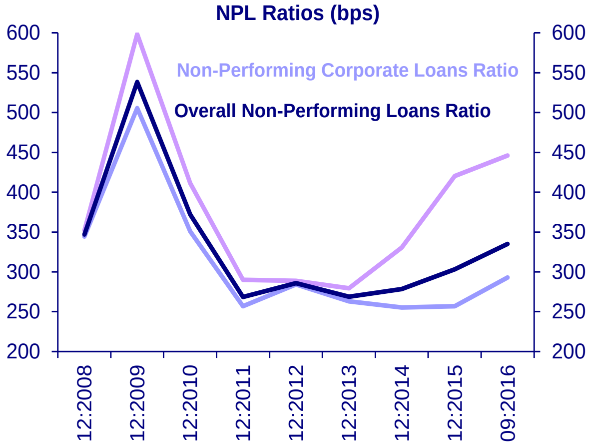
Turkey

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

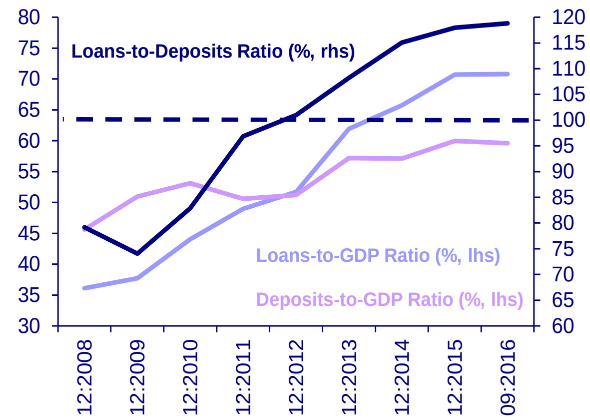
Loans and Deposits (y-o-y % change)



NPL Ratios (bps)



Penetration and Liquidity Indicators



	17 Oct.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	8.7	9.2	9.5	9.8
TRY/EUR	3.40	3.36	3.32	3.30
Sov. Spread (2019, bps)	254	250	230	200

	17 Oct.	1-W %	YTD %	2-Y %
ISE 100	77,438	-0.5	5.8	2.5

	2013	2014	2015	2016F	2017F
Real GDP Growth (%)	4.2	3.0	4.0	3.2	3.0
Inflation (eop, %)	7.4	8.2	8.8	8.2	7.5
Cur. Acct. Bal. (% GDP)	-7.7	-5.5	-4.5	-4.8	-5.2
Fiscal Bal. (% GDP)	-1.2	-1.3	-1.2	-1.6	-2.2

Customer deposits (FX-adjusted) gained momentum in 9M:16, underpinned by stronger competition for TRY deposits. Growth in customer deposits, adjusted for FX variations, accelerated to 10% y-o-y at end-September from 7.2% at end-2015. However, the unadjusted growth rate slowed sharply to 6.8% y-o-y at end-September from 17.4% at end-December, in view of the relatively large share of FX-denominated deposits in total deposits (42.4% at end-2015) and the strengthening of the domestic currency (an appreciation of 1.0% y-o-y against the USD at end-September compared with a depreciation of 20.0% at end-December).

From a currency perspective, the acceleration in overall deposits (FX-adjusted) appears to have largely been driven by a more attractive remuneration of TRY-denominated deposits (interest rates on new TRY deposits rose on average by 0.8 pps y-o-y to 10.5% in 9M:16), reflecting tight TRY liquidity conditions (the TRY loan-to-deposit ratio stood at a record high 138.3% at end-2015), with TRY deposits rising sharply by 18.7% y-o-y at end-September against a rise of 7.5% y-o-y at end-December.

Lending activity (FX-adjusted) slowed in 9M:16, due to tighter credit conditions. Lending growth, adjusted for FX movements, slowed to 10.3% y-o-y at end-September from 12.9% at end-December -- well below the CBRT's implicit reference level of 15.0%. The unadjusted growth rate slowed at a faster pace, to 9.7% y-o-y at end-September from 20.3% at end-December.

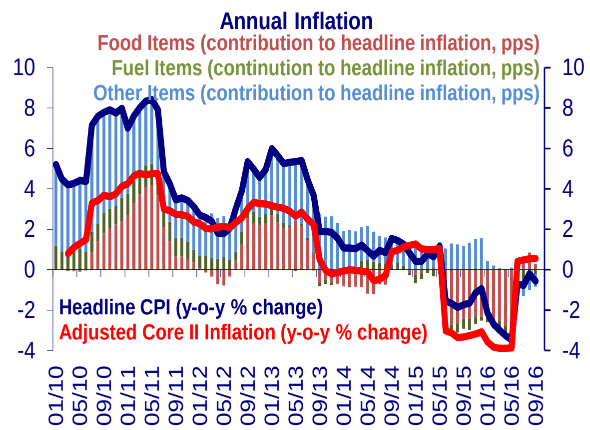
The deceleration was largely driven by higher lending interest rates (interest rates on new TRY loans for households -- comprising personal, auto and mortgages -- and corporates rose on average by 2.2 pps and 1.9 pps y-o-y, respectively, to 16.7% and 15.8% in 9M:16), reflecting tighter credit conditions in view of deteriorating bank asset quality. Indeed, the overall NPL ratio deteriorated for an eleventh consecutive quarter, reaching a 4½-year high of 3.4% at end-September, with the NPL ratios for the retail and corporate segments rising to multi-year highs of 4.5% and 2.9%, respectively, at end-September from 4.2% and 2.6% at end-2015. Note that in 9M:16, for the first time in 3 years, the corporate segment contributed to the deterioration of the overall NPL ratio, mainly due to SME lending, hit hard by the exacerbating crisis in the tourism sector. The latter started in summer 2015, following the Government's involvement in the war against the ISIS and the collapse of a 2-year ceasefire with the Kurdistan Workers Party militant group, and was aggravated by Russian sanctions after the downing of a Russian military jet last November.

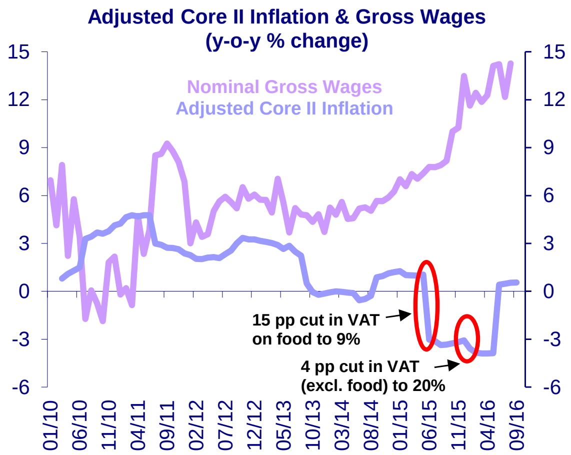
Specifically, growth in corporate lending (representing 72.0% of total lending at end-2015) eased to 11.9% y-o-y at end-September from 14.4% at end-December, while that in retail lending slowed to 6.8% y-o-y at end-September from 9.6% at end-December. The latter continued to be negatively affected by the maintenance of the previous years' macro-prudential measures. Note that the weakening in the retail segment was broad-based, with growth in the sub-segments credit cards, consumer and mortgages moderating to 8.9%, 6.1% and 10.7% y-o-y, respectively, at end-September from 13.0%, 8.6% and 14.9% at end-2015, while the decline in the auto sub-segment slowed to -0.9% y-o-y at end September from -6.8% at end-2015.

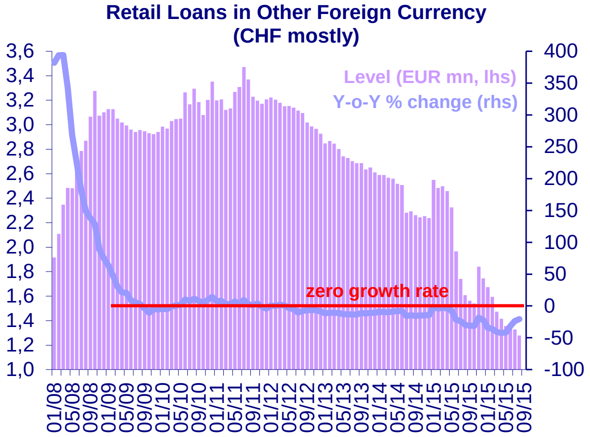
As a result, the lending penetration rate (loans-to-GDP ratio) remained broadly unchanged at end-September from a high of 70.7% at end-2015. Moreover, liquidity pressures increased, with the gross loan-to-deposit ratio rising to an all-time high of 118.8% at end-September (116.1% on a net basis) from 118.0% at end-2015.

Romania

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







	17 Oct.	3-M F	6-M F	12-M F
1-m ROBOR (%)	0.6	0.9	1.2	1.5
RON/EUR	4.51	4.48	4.49	4.50
Sov. Spread (2024, bps)	176	180	170	150

	17 Oct.	1-W %	YTD %	2-Y %
BET-BK	1,305	-0.1	-2.7	4.4

	2013	2014	2015	2016F	2017F
Real GDP Growth (%)	3.5	3.0	3.8	5.0	3.5
Inflation (eop, %)	1.6	0.8	-0.9	-0.2	2.0
Cur. Acct. Bal. (% GDP)	-1.1	-0.7	-1.2	-2.6	-3.2
Fiscal Bal. (% GDP)	-2.5	-1.7	-1.5	-3.3	-3.0

Headline inflation declines to -0.6% y-o-y in September from -0.2% in August, due to lower food prices. Following 3 months of increase, due to base effects, food inflation fell in September (to 0.8% y-o-y from 2.3% in August), driven by the sharp decline in prices of fruit and vegetables (down 1.2% y-o-y in September against a rise of 8.7% in August). The latter is due to supply-side effects from a stronger-than-usual crop as well as lower costing imports from the EU amid a Russian ban on agricultural imports. At the same time, fuel deflation eased further (to -2.6% y-o-y in September from -4.5% in August), in line with developments in global oil prices. Excluding volatile and regulated prices, adjusted core II inflation was broadly flat at 0.5% y-o-y for a fourth consecutive month in September.

Headline inflation should remain subdued until end-2016. Looking ahead, stronger domestic demand, on the back of: i) a looser incomes policy, including large hikes in public wages (exceeding 15.0% in some sectors), pensions (up 5.0%) and social benefits and its spillover to the private sector; and ii) higher global oil prices (we project the price of Brent to rise by 11.7% y-o-y in RON terms in 10-12M:16 against a drop of 23.5% in 9M:16) should put upward pressure on headline inflation. As a result, we see headline inflation at -0.2% at end-2016, with adjusted core II inflation rising to 1.0% at the same time.

Inflation is set to pick up rapidly in FY:17, despite tax cuts. The standard VAT rate will be cut by 1 pp to 19% and the special excise duty on fuels (worth EUR 0.07 per litre) will be eliminated in January 2017, together shaving c. 0.6 pps off headline inflation. Nevertheless, inflation is set to accelerate next year, reflecting: i) stronger domestic demand, on the back, *inter alia*, of an expansionary fiscal policy (assuming that the proposed 5 pp cut in social security contributions is passed by Parliament, the fiscal impulse could reach up to 1.0 pp of GDP in FY:17); and ii) higher energy prices (we project the price of Brent to rise by 24.0% y-o-y in RON terms in FY:17). At the same time, the implementation of the controversial law under which at least 51% of food products sold in retail chains should come from domestic producers could fuel food inflation. Overall, we see headline inflation at 2.0% at year-end, within the NBR's target range (2.5±1%), with adjusted core II inflation even higher at 2.8%.

Parliament approves CHF-loan conversion at historical exchange rates. The law allows for the conversion of CHF loans into RON at the exchange rate valid when the loan was contracted. Recall that CHF-indebted households have been put under pressure since early-2015, when the Swiss central bank abandoned the currency's peg against the EUR, causing a marked appreciation of the CHF. Indeed, the RON is now c. 10% weaker against the CHF than it was in early-2015. The law was strongly supported by both the PSD and the PNL ahead of the December general elections.

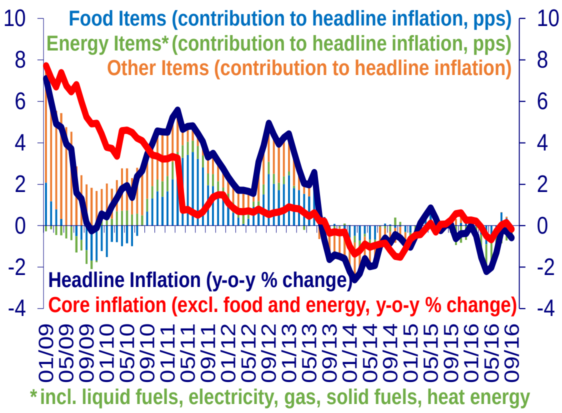
Importantly, the impact of this initiative on the banking system should be manageable, in view of the low stock of CHF loans (CHF retail loans amount up to EUR 1.3bn, accounting for 5.1% of total retail loans). The NBR estimates that banks could suffer losses worth up to EUR 0.5bn (0.3% of GDP), which could, in turn, push down the system's capital adequacy ratio (CAR) to 17.3% from current levels of 19.1%. Worryingly, the NBR warns that two non-systemic banks could see their CARs falling below the minimum regulatory threshold of 8.0%.

Experience from Hungary, Poland and Croatia, which have undertaken similar initiatives, suggests that banks in Romania would appeal this measure in the Constitutional Court. At the same time, the EC is likely to pressure the Government to assume part of the banks' losses.

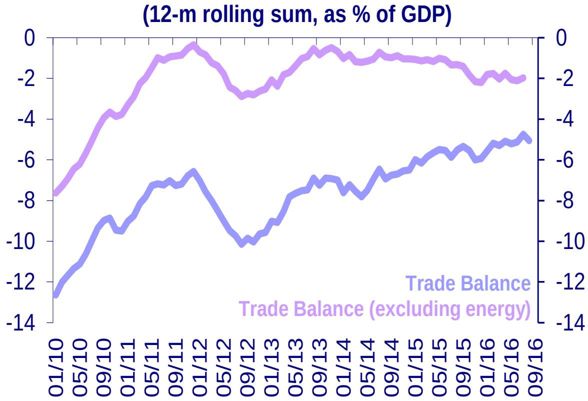
Bulgaria

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

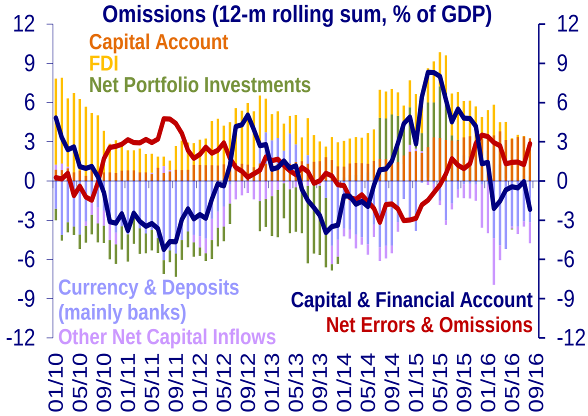
Annual Inflation



Trade Balance
(12-m rolling sum, as % of GDP)



Capital & Financial Account and Net Errors & Omissions (12-m rolling sum, % of GDP)



	17 Oct.	3-M F	6-M F	12-M F
1-m SOFIBOR (%)	0.1	0.1	0.1	0.1
BGN/EUR	1.96	1.96	1.96	1.96
Sov. Spread (2022, bps)	118	128	125	120

	17 Oct.	1-W %	YTD %	2-Y %
SOFIX	506	-0.3	9.8	-2.3

	2013	2014	2015	2016F	2017F
Real GDP Growth (%)	1.3	1.5	3.0	2.8	2.6
Inflation (eop, %)	-1.6	-0.9	-0.4	0.0	0.6
Cur. Acct. Bal. (% GDP)	1.3	0.1	0.4	2.5	1.3
Fiscal Bal. (% GDP)	-1.8	-3.7	-2.9	-0.8	-0.2

Headline inflation reverts to -0.6% y-o-y in September from -0.3% in August due to lower food prices. Food inflation declined in September (to -0.4% y-o-y from 1.1% in August), due to a sharp decline in volatile food prices (by 1.2% y-o-y in September against a rise of 7.1% in August). The drop in food inflation was partly offset by the moderation in energy deflation (to -2.1% y-o-y in September from -4.0% in August), in line with developments in global oil markets. Adjusting for food and energy prices, core inflation declined to -0.2% y-o-y in September from 0.1% in August, driven by a correction in prices of entertainment and accommodation services, which had risen sharply in the previous months, reflecting a rebound in tourism activity.

Headline inflation to remain subdued at least until end-2017. Despite weak domestic demand (the output gap is projected to remain negative at c. -0.3% by end-2017), we expect headline inflation to embark on an mild upward trend, reflecting: i) higher global oil prices (the price of Brent is projected to rise by 10.4% y-o-y in BGN terms in 10-12M:16 and 24.5% in FY:17 against a drop of 24.2% in 9M:16); and ii) an expected upside correction in volatile food prices due to a relatively poor harvest in FY:16. All said, we see headline inflation picking up to 0.0% at end-2016 and 0.6% at end-2017, still below its long-term average. Core inflation should also remain depressed, ending 2016 at -0.2% and rising slightly to 0.2% at end-2017.

The current account surplus (CAS) rose sharply to 2.8% of GDP on 12-month rolling basis in August from 0.4% at end-2015. The CAS rose markedly by 2.4 pps y-o-y to 4.2% of GDP in 8M:16. Specifically, the trade deficit narrowed in 8M:16 (by 0.9 pps y-o-y to 2.4% of GDP), solely due to favourable oil prices (the energy trade deficit was down by 1.0 pp of GDP y-o-y in 8M:16). At the same time, following its sharp deterioration in FY:15, the income deficit narrowed in 8M:16 (by 1.8 pps y-o-y to 1.7% of GDP), on the back of lower profit outflows.

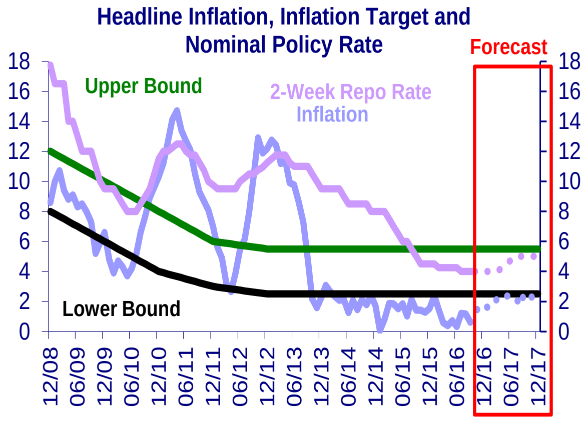
Eurobond issuance from the sovereign and the state-owned energy company, BEH, keep the capital & financial account "in the black" in 8M:16, despite difficult external financing conditions for the private sector. Proceeds from the placement of a sovereign Eurobond worth 4.4% of GDP in March and a Eurobond by BEH worth 1.2% of GDP in July kept net portfolio investment high in 8M:16 (at 2.3% of GDP, though lower than in 8M:15 -- 3.3% of GDP, with the latter also including net Eurobond proceeds worth 4.8%).

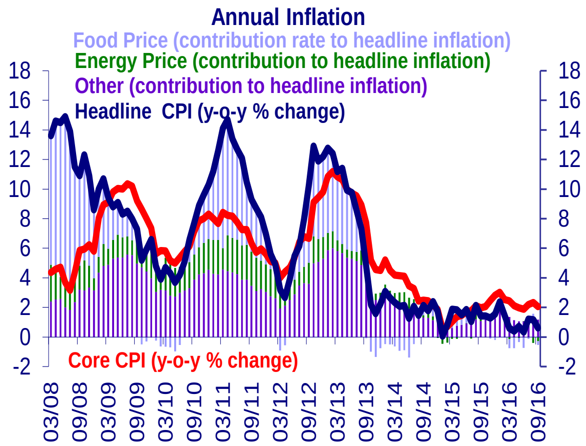
At the same time, capital outflows from the banking system accelerated in 8M:16 (to 4.0% of GDP from 1.2% in 8M:15), largely due to the placement of deposits abroad, and net lending to the non-financial sector weakened (with net repayments of 1.1% of GDP in 8M:16 against inflows of 0.7% in 8M:15). All said, the overall balance deteriorated (by 1.7 pps y-o-y), but remained in surplus (6.0% of GDP), with FX reserves rising significantly to EUR 21.8bn in August from EUR 19.0bn at end-2015.

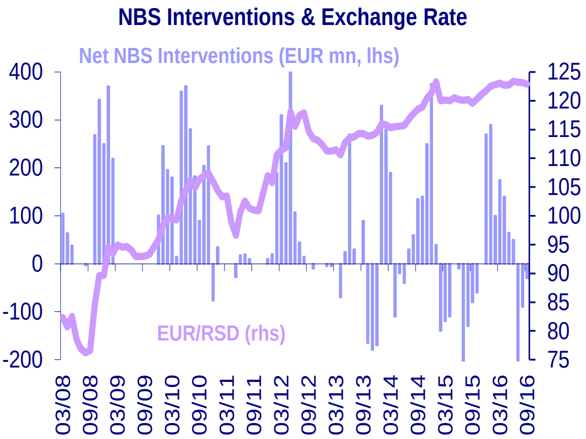
Bulgaria to remain the best performer in the region in FY:16, with a CAS of 2.5% of GDP. Looking ahead, despite persistently weak domestic demand, we expect pressures on the trade deficit to increase, reflecting higher global oil prices (see above). Importantly, external financing should not be an issue, in view of the large CAS. Projecting that: i) net FDI inflows continue at their current rate (reaching 3.0% of GDP in FY:16 against 1.9% y-t-d, lower than the FY:15 level of 3.6%); ii) portfolio investment outflows are limited (bringing the FY:16 figure to 2.0% of GDP against 2.3% y-t-d, still higher than the FY:15 outcome of 1.3%); and iii) the debt rollover rate remains at current levels (c. 80%, much lower, however, than in FY:15 -- 100%), we see FX reserves at EUR 22.0bn at end-2016 (up EUR 3.0bn y-o-y), covering 11 months of GNFS imports.

Serbia

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







	17 Oct.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	3.3	3.4	3.5	3.8
RSD/EUR	123.1	125.1	125.4	125.7
Sov. Spread (2021, bps)	262	230	220	180

	17 Oct.	1-W %	YTD %	2-Y %
BELEX-15	640	-0.3	1.5	-7.6

	2013	2014	2015	2016F	2017F
Real GDP Growth (%)	2.6	-1.8	0.7	2.5	2.7
Inflation (eop, %)	2.2	1.7	1.5	1.8	2.2
Cur. Acct. Bal. (% GDP)	-6.1	-6.0	-4.8	-4.8	-5.0
Fiscal Bal. (% GDP)	-5.5	-6.6	-3.8	-2.0	-2.0

Headline inflation slowed to 0.6% y-o-y in September, due to favourable food prices. Headline inflation slowed to 0.6% y-o-y in September, half its level in August, but above a record low of 0.3% in June. The moderation in September inflation resulted from the drop in food prices (with a 28.6% share in the CPI basket, subtracting 0.3 pps from annual headline inflation in September after contributing 0.3 pps in August). This was largely driven by the (unexpected) decline in unprocessed food, i.e. volatile prices of vegetables -- which usually increase during the summer -- due to a good harvest this year, as well as lower fresh meat prices (together subtracting 0.1 pp from September inflation after contributing 0.4 pps in August).

Moreover, core inflation (that excludes food and energy prices, and accounts for 55.8% of the CPI basket) also contributed to the moderation of headline inflation between August and September. It slowed slightly to 2.1% y-o-y in September, from 2.3% in August, but still remained above a trough of 1.9% in June. Core inflation would have been higher since the beginning of the year had the rebound in private consumption (up 1.1% y-o-y in H1:16 against a decline of 0.6% in FY:15) not been offset by RSD stability, low regulated prices, and low imported inflation.

Inflation is set to embark on a steady upward trend, ending 2017 around the lower bound of the NBS target range. Inflation should embark on a mild upward trend in Q4:16, reaching 1.8% by end-2016 -- remaining below the NBS lower bound (of 2.5%) for a 4th successive year. The increase will result from: i) the normalization of food prices from their end-2015 low; ii) the sustained rebound in consumption in H2:16; iii) higher global oil prices (up by an estimated 12.2% y-o-y in RSD terms in Q4:16 against a drop of 22.7% in 9M:16); and iv) the impact of the 3.8% hike in electricity prices from October 1st, set to add 0.2 pps to inflation. Our end-2016 projection was revised down (from 2.4% previously), in view of a slower-than-initially-expected increase in food prices, due to a good harvest.

Inflation is set to converge towards the lower bound of the NBS target range by end-2017. It should reach 2.2% at end-2017 (downwardly revised by 0.6 pps), on the back of higher global food and oil prices (we see the latter up by an estimated 27.3% in RSD terms in FY:17 against a drop of 15.3% in FY:16), as well as the recovery in domestic demand.

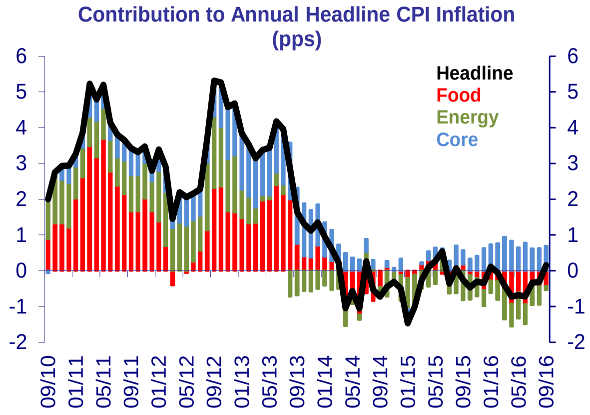
NBS to keep its key rate on hold until the initiation of a new cycle of monetary policy tightening in April. The NBS maintained its 2-week repo rate unchanged, for a 3rd successive month, at its October meeting, at a record low of 4.0% (still by far the highest in SEE-5), following a 25 bp cut in July.

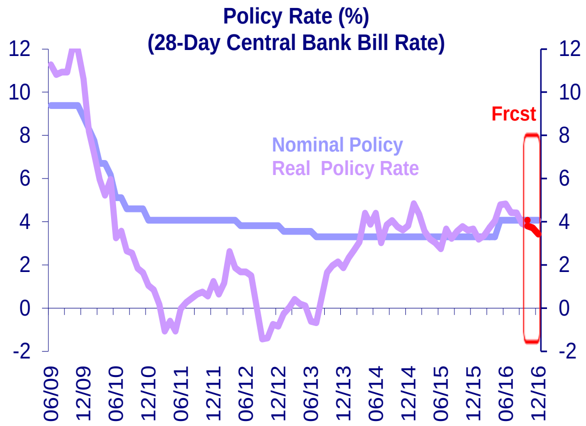
Note that cumulative rate cuts have reached 775 bps since the initiation of the cycle of monetary policy easing in May 2013. Moreover, further monetary policy easing has been provided through the reduction in RRRs on FX liabilities since September 2015, when the NBS announced that reserve requirement ratios (RRRs) on both long-term (over two years) and short-term FX liabilities will be cut gradually by 6 pps to 13% and 20%, respectively, by February.

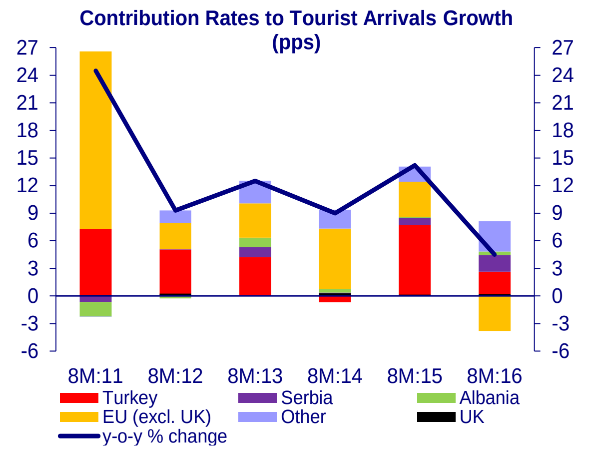
Going forward, the NBS is set to maintain its policy rate unchanged at 4.0% until end-year, in view of the weak global risk appetite for emerging market assets and gradually increasing inflationary pressures. Thereafter, monetary policy tightening is set to resume in 2017. We expect the NBS to gradually increase the key policy rate, by 100 bps by end-2017, to 5.0%. Should our forecasts materialise, the monetary policy stance will tighten slightly, with the *ex post* policy rate, in real and compounded terms, standing at 2.8% at end-2017 up from 2.2% at end-2016, remaining below its 2007-15 average of 4.0%.

F.Y.R.O.M.

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







	17 Oct.	3-M F	6-M F	12-M F
1-m SKIBOR (%)	1.7	1.7	1.7	1.7
MKD/EUR	61.3	61.3	61.3	61.3
Sov. Spread (2021. bps)	394	390	380	350

	17 Oct.	1-W %	YTD %	2-Y %
MBI 100	1,989	0.6	8.5	9.1

	2013	2014	2015	2016F	2017F
Real GDP Growth (%)	2.7	3.5	3.7	2.4	3.6
Inflation (eop. %)	1.4	-0.5	-0.3	0.6	1.3
Cur. Acct. Bal. (% GDP)	-1.6	-0.5	-2.1	-2.4	-2.8
Fiscal Bal. (% GDP)	-3.8	-4.2	-3.5	-4.0	-3.2

Headline inflation turned positive, for the first time in 8 months, in September (+0.2% y-o-y), mainly due to a slower energy deflation. Energy prices (accounting for 15% of the CPI basket) declined to -0.7% y-o-y in September from -3.5% y-o-y in August, in line with developments in global oil prices. On the other hand, core inflation (excluding food and energy prices and accounting for 44% of the CPI basket) accelerated in September (to 1.6% y-o-y from 1.4% y-o-y in August), on the back, of increasing demand side pressures, due, *inter alia*, to: i) improving labour market conditions (the unemployment rate declined by 2.8 pps y-o-y to a low 24.2% in H1:16 and employment increased by 2.7% y-o-y in H1:16); and ii) a looser incomes policy (including a 5% rise in both public sector pensions and social assistance, effective since January 1st and a 14.7% hike in the minimum wage to EUR 179 since March 1st).

Food inflation was broadly unchanged at -1.1% y-o-y in September, as a sharper decline in volatile prices of fruit and vegetables (-4.2% y-o-y in September against -3.9% y-o-y in August), reflecting favourable weather conditions, was broadly offset by a slower decrease in food prices, excluding fruit and vegetables (-0.4% y-o-y against -0.5% y-o-y in August).

Looking ahead, inflation should continue on a mild upward trend, reflecting: i) higher global oil prices (we project the price of Brent to rise by c.10% y-o-y, in MKD terms, in Q4:16 against a drop of 24.2% in 9M:16); ii) the gradual normalization of volatile food prices; and iii) the continued recovery in domestic demand. Overall, we see headline and core inflation ending 2016 at 0.6% and 2.3% y-o-y, respectively, up from -0.3% and 1.4% at end-2015.

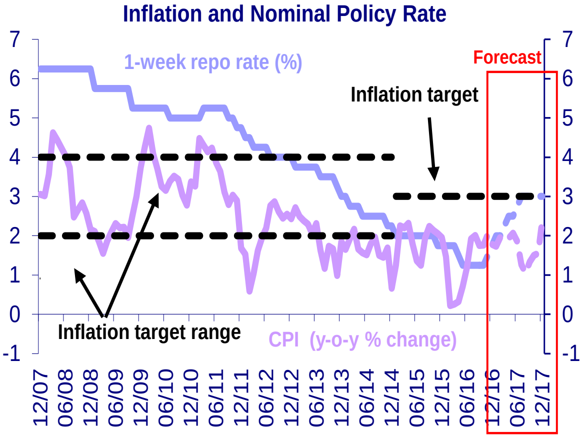
The Central Bank is set to maintain its key rate on hold at 4.0% until the dissipation of domestic political uncertainty. Despite subdued inflation and the absence of pressure on FX reserves, we expect the Central Bank to maintain its key rate (28-day Central Bank bill rate) on hold at 4.0% at least until after the early-December legislative elections. Note that amid escalating domestic political uncertainty in early-Q2:16, large withdrawals of deposits from domestic banks and rumours of a sharp devaluation of the MKD prompted the central bank to hike sharply its central rate by 75 bps to 4.0%. Should our forecasts materialise, the *ex post* policy rate would moderate to 3.4% in real and compounded terms at end-2016 from 3.7% at end-2015, pointing to persistently tight monetary policy conditions.

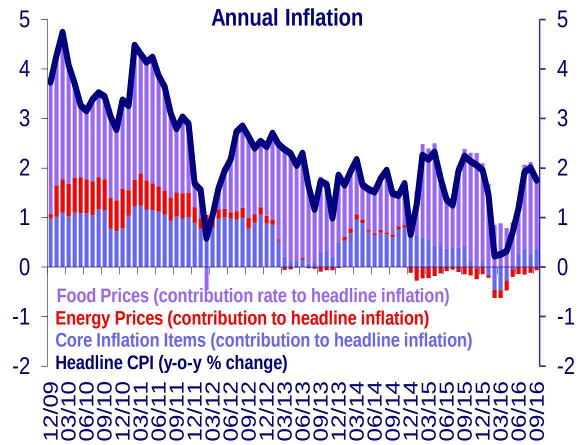
Tourist arrivals rose modestly in 8M:16. Tourist arrivals increased by 4.5% y-o-y to a record high 351.0k in the first eight months of the year, following a rise of 14.2% in FY:15. This positive performance was driven by: i) Turkey – the main source country (18.7% of total tourists in FY:15) – up 13.0% y-o-y in 8M:16; and ii) neighbouring countries Serbia and Albania -- accounting for 9.0% and 3.8%, respectively, of total tourists in FY:15 – up 20.3% y-o-y and 11.2% y-o-y, respectively. These gains more than offset a decline in arrivals from the EU (51.3% of total arrivals in FY:15), by 6.7% y-o-y in 8M:16. The decrease in arrivals from the EU would have been even sharper had arrivals from neighbouring Bulgaria (6% of total arrivals in FY:15) not increased sharply (up 23.7% y-o-y in 8M:16). Encouragingly, excluding the EU, Turkey, Serbia and Albania, arrivals also rose sharply by 17.2% y-o-y in 8M:16 compared with 9.0% y-o-y in 8M:15, mainly due to a significant increase in arrivals from Bosnia-Herzegovina and Kosovo.

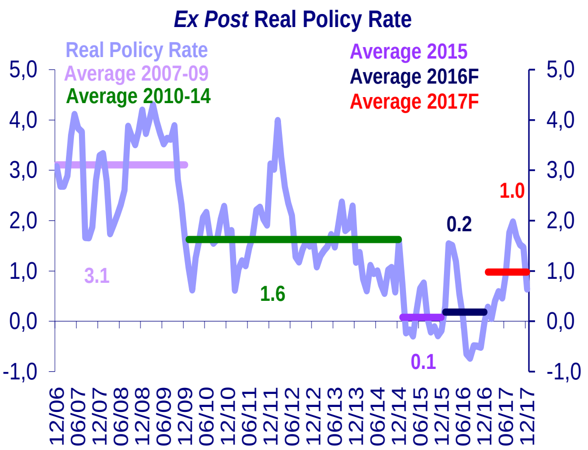
Going forward, we expect tourist arrival growth to slow slightly during the rest of the year, due to a decline in arrivals from the largest source country, Turkey, due to the exacerbating economic slowdown. All said, we see tourist arrivals rising modestly by c. 4.0% to a high 505k in 2016.

Albania

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







	17 Oct.	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.6	2.2	2.2	2.2
ALL/EUR	136.5	138.5	138.7	139.0
Sov. Spread (bps)	371	340	320	300

	17 Oct.	1-W %	YTD %	2-Y %
Stock Market	- - -	- - -	- - -	- - -

	2013	2014	2015	2016F	2017F
Real GDP Growth (%)	1.0	1.8	2.8	3.3	3.7
Inflation (eop, %)	1.9	0.7	2.0	1.8	2.4
Cur. Acct. Bal. (% GDP)	-10.9	-12.9	-10.7	-12.5	-13.0
Fiscal Bal. (% GDP)	-5.0	-5.2	-3.6	-2.0	-2.0

The parliamentary approval of the remaining six laws required for the enactment of the judiciary reform increases the country's chances to open EU accession talks. On October 6th, Parliament passed the remaining six (out of seven) laws, required for the implementation of the country's judiciary reform. One law (regarding the anti-corruption structure) was supported by the opposition Democratic Party, while the other five laws were approved only by the ruling coalition, with the opposition boycotting the vote. Note that the 7th law, the Vetting Law (allowing the assessment of property holdings of judges and prosecutors and their professional efficiency, in an attempt to remove corrupt judges) was approved by Parliament at end-August.

Recall that the (long-awaited) amendment of the Constitution in view of the launch of a comprehensive judiciary reform was unanimously passed by Parliament on July 22nd, following pressure from the EU and US. It is set to eradicate bribery and corruption, reinforce independence, efficiency and accountability of judges, as well as enhance decision enforcement. Concrete progress on the enactment of the reform would help Albania (a candidate country since June 2014) secure a positive recommendation from the EC, expected by the end of this month, for the launch of EU membership talks.

Headline inflation declined to 1.8% y-o-y in September, as lower food prices more than offset the deterioration in core inflation. Headline inflation eased slightly to 1.8% y-o-y in September from 2.0% in August, but remained well above a record low of 0.2% in February. It is important to note that headline inflation has fluctuated well below the BoA's current target of 3.0% for almost five years. The decline was driven by lower prices of vegetables (contributing 0.8 pps in September headline inflation against 1.1 pp in August). However, core inflation (that excludes food and energy, and accounts for 53.2% of the CPI basket) moved in the opposite direction (up to 0.7% y-o-y in September from 0.5% in August after having remained in negative territory in the first five months of the year), in line with the gradual recovery in private consumption (up 2.8% y-o-y in H1:16 against a drop of 2.0% in H1:15).

Headline inflation is set to converge towards the BoA's target by end-2017. Inflation is set to fluctuate around its current level in Q4:16, ending 2016 at 1.8% -- almost half the BoA's target, and 0.2 pps below the end-2015 outcome. In fact, inflationary pressures arising from the gradual recovery in domestic demand and higher international oil and food prices will be broadly offset by favourable imported inflation, the absence of depreciation pressures on the domestic currency and a tight fiscal policy stance. Upside risks to our forecast arise from frequent end-year floods and their impact on volatile food items.

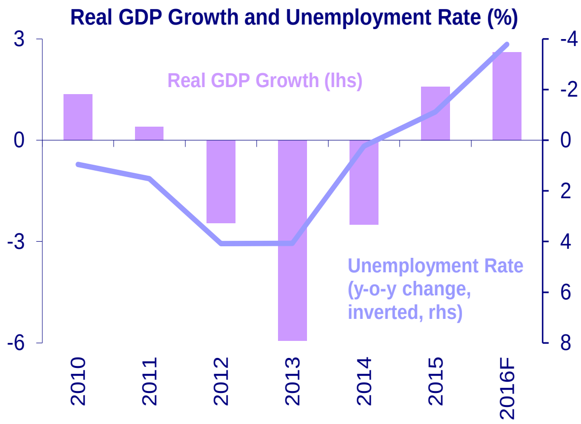
Inflation is set to pick up gradually in FY:17, reaching a 7-year high of 2.4% at the end of the year, due to higher global oil and food prices and a sustained rise in core inflation. Nevertheless, inflation will remain well anchored and significantly below BoA's target (for a 7th successive year), on the back of a persisting negative output gap.

Increasing inflationary pressures and a risk of overheating strengthen the BoA's hand to initiate a new cycle of monetary policy tightening. Despite steadily rising inflation, the BoA maintained its key policy rate (1-week repo) unchanged at a record low of 1.25% in October, following two cuts in Q2:16 by a cumulative 50 bps. Note that since the initiation of the cycle of monetary policy easing in September 2011, the policy rate has been cut by a sizeable 400 bps.

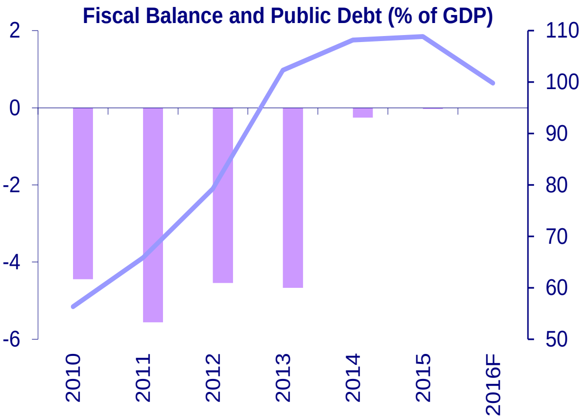
Looking ahead, we expect the BoA to raise its policy rate by 50 bps by end-2016 and a further 125 bps by end-2017, reflecting increasing inflationary pressures and efforts to prevent the overheating of the economy. Should our forecasts materialise, the *ex post* real policy rate should increase to 0.6% at end-2017 from 0.0% at end-2016.

Cyprus

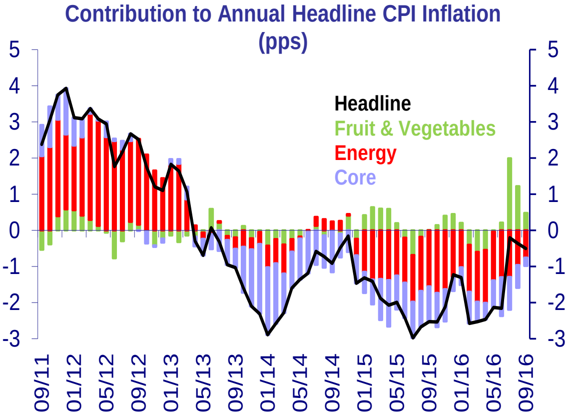
BB / B1 / B+ (S&P / Moody's / Fitch)



F: NBG Forecast



F: NBG Forecast



	17 Oct.	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.37	-0.37	-0.37	-0.37
EUR/USD	1.10	1.10	1.08	1.05
Sov. Spread (2020. bps)	277	260	250	230

	17 Oct.	1-W %	YTD %	2-Y %
CSE Index	67	1.0	-1.0	-40.3

	2013	2014	2015	2016F	2017F
Real GDP Growth (%)	-6.0	-1.5	1.7	2.6	2.2
Inflation (eop. %)	-2.3	-1.5	-1.2	-0.2	1.0
Cur. Acct. Bal. (% GDP)	-4.9	-4.3	-2.9	-4.0	-4.3
Fiscal Bal. (% GDP)	-4.7	-0.2	0.0	0.0	0.2

Reforms must be accelerated according to the EC-ECB Post-Programme Surveillance (PPS) mission. Following the first PPS mission to Cyprus, the EC and the ECB confirmed that the country's 3-year adjustment programme (April 2013-March 2016) has started to bear fruit, but efforts to make the economy more competitive have slowed considerably since the end of the programme. Note that Cyprus fell 18 places to 83rd among 138 economies in this year's World Economic Forum-Global competitiveness index, recording the second consecutive year of decline.

According to the mission, the reforms implemented during the programme have led to a better-than-expected economic performance and positive developments in the financial sector.

Indeed, the mission expects: i) economic growth to surpass 2.5% this year; ii) unemployment rate to continue its downward trend; and iii) the Government to achieve its FY:16 primary surplus target. Nevertheless, the mission recommended that the authorities resist increasing pressures to ease the fiscal stance in view of the need to anchor the downward path of public debt. It also voiced the need to find well-specified measures to compensate for the abolition of the immovable property tax or any other unexpected fiscal slippage.

Moreover, the mission said that the return of confidence and favourable economic environment have helped banks broaden their deposit base, improve their liquidity, strengthen their capital base, and reduce their outstanding stock of non-performing loans (NPLs). The mission also underlined the need to accelerate the pace of reduction of NPLs by stepping up the implementation of the new insolvency and foreclosure frameworks.

Finally, the mission recommended the acceleration of the pace of structural reforms. Specifically, it stressed the need to renew the reform momentum in key areas, such as public administration and the national health system. Moreover, it underlined that in view of improving further the business environment and attracting more investment, progress must be achieved in key areas such as the setting up of a sustainable and efficient system for transferring title deeds, the modernization of the justice system, the reform of the electricity market and privatizations.

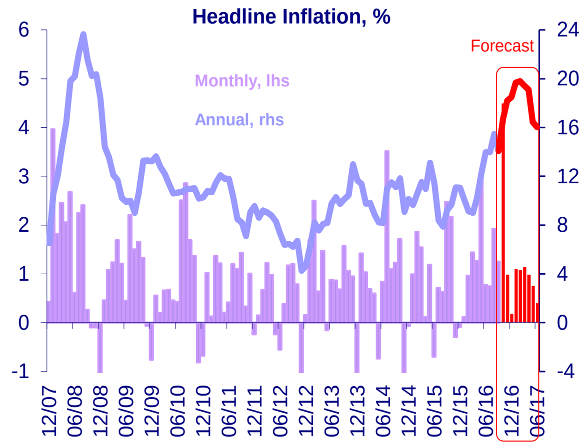
Headline inflation declined to -0.5% y-o-y in September from -0.4% in August. The decline was driven by a downside correction in prices of volatile fruit and vegetables, for a second consecutive month (up 14.0% y-o-y in September against an increase of 35.4% y-o-y in August and a recent high of 57.5% y-o-y in July), on the back of a better harvest.

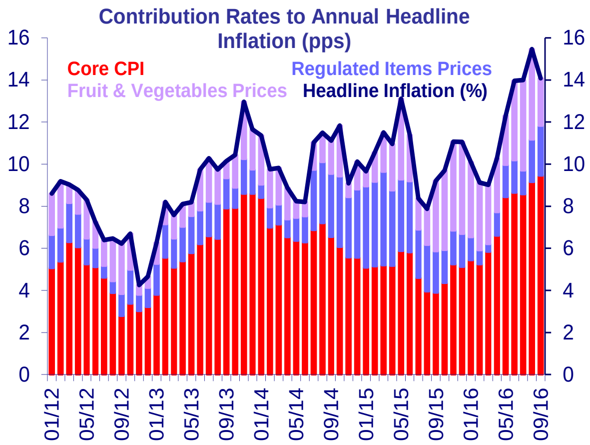
The decline in headline inflation in September was, however, tempered by higher core inflation and less favourable energy prices. Indeed, core inflation (excluding volatile food and energy prices and accounting for 87.6% of the CPI basket) rose to -0.3% y-o-y in September from -0.7% in August, reflecting recovering private consumption (up 2.7% y-o-y in real terms in H1:16). Moreover, energy prices (accounting for 9.0% of the CPI basket) declined at a faster pace (by 8.5% y-o-y in September against a decline of 10.7% y-o-y in August), in line with developments in global oil prices.

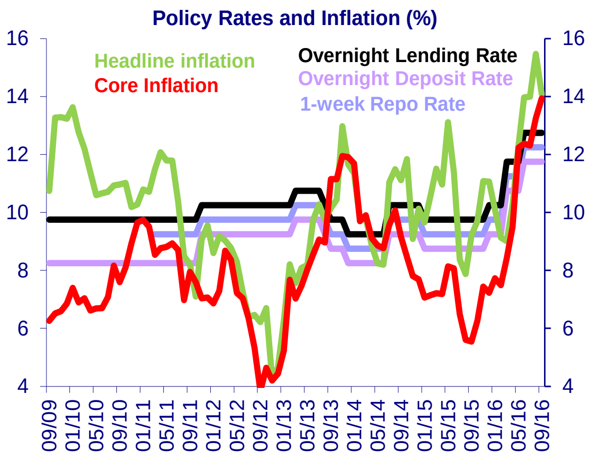
Deflation to continue for a fourth successive year in 2016, albeit at a significantly slower pace. Annual headline and core inflation are expected to resume their upward trend in September, on the back of: i) the ongoing recovery in domestic demand (we see real GDP growth accelerating to 2.6% in FY:16 from 1.7% in FY:15); and ii) higher global oil prices (we project the price of Brent to rise by c. 10% y-o-y, in EUR terms in Q4:16 against a drop of 24.2% in 9M:16). Overall, we expect headline and core inflation to end the year at -0.2% and 1.0% y-o-y, respectively, up from -1.2% and -0.4% at end-2015.

Egypt

B- / B3 / B (S&P / Moody's / Fitch)







	17 Oct.	3-M F	6-M F	12-M F
O/N Interbank Rate (%)	11.9	13.8	12.8	11.5
EGP/USD	8.88	10.5	10.5	11.5
Sov. Spread (2020. bps)	412	350	300	220

	17 Oct.	1-W %	YTD %	2-Y %
HERMES 100	730	-1.1	16.0	-11.3

	12/13	13/14	14/15	15/16E	16/17F
Real GDP Growth (%)	2.1	2.2	4.2	3.8	3.5
Inflation (eop. %)	9.8	8.2	11.4	14.0	16.0
Cur. Acct. Bal. (% GDP)	-2.4	-0.8	-3.7	-5.5	-4.0
Fiscal Bal. (% GDP)	-13.0	-12.2	-11.5	-11.8	-10.5

Headline inflation declined for the first time in 6 months to 14.1% y-o-y in September from a 7-year high of 15.5% y-o-y in August, due to a significant downside correction in prices of fruit & vegetables. The growth pace of volatile prices of fruit & vegetables moderated sharply to 16.8% y-o-y in September from 36.2% in August (shaving 2.0 pps from inflation between August and September). The positive impact from prices of fruit & vegetables was, however, partly offset by accelerating regulated prices and higher core inflation (each adding 0.3 pps to inflation between August and September).

Indeed, core inflation rose to a 7-year high of 13.9% y-o-y in September from 13.3% in August, reflecting the entry into force of the new VAT at a rate of 13% on September 9th. Note that the impact of the new VAT on headline inflation is estimated to be only 1.2 pps, due to the exemption of 56 commodities, including all essential food goods, dairy products, baby formula and all local and imported medicine accounting for c. 20% of the index. The pick-up in core inflation also reflects supply shortages. Recall also that amid a severe USD shortage, the Central Bank of Egypt (CBE) imposed stricter rules on financing imports in early-January, prioritising the import of basic goods.

Moreover, regulated prices increased at a faster pace for a second successive month in September (up 12.7% y-o-y against 10.6% in August), mainly reflecting the impact of the new VAT on prices of "tobacco and related products" (adding 0.32 pps to headline inflation between August and September).

Headline inflation set to peak at c. 20.0% in February 2017. Looking ahead, in view of widely-anticipated sharp devaluation of the domestic currency and large increase in fuel prices in the coming weeks, we foresee headline inflation peaking at 19.8% y-o-y in February 2017 and embarking on a downward trend thereafter, supported by favourable base effects. Recall that both the reduction of energy subsidies (through price increases) and the move towards a more flexible exchange rate policy, focused on achieving a market-clearing rate, are *sine qua non* conditions for the approval of the much-needed USD 12bn 3-year extended fund facility (EEF) by the IMF Executive Board. We expect the CBE to devalue sharply the domestic currency by c. 20.0% to EGP 11.0 per USD (set to add 3.0 pps to headline inflation), in a bid to eliminate the flourishing parallel foreign exchange market, where the USD was traded at around EGP 13.0 at end-September against EGP 8.88 in the official market. We also see the Government increasing prices of fuel and gas by 20%-40% (set to add 2.0 pps to headline inflation). Overall, we expect headline inflation to end the current fiscal year (June 2017) at 16.0% y-o-y -- above the end-2015/16 outcome of 14.0%. Core inflation should end 2016/17 at 16.2% y-o-y -- well above the end-2015/16 outcome of 12.4%.

The CBE set to proceed with sharp hikes of its policy rates by end-December. In a bid to curb inflationary pressures from the sharp devaluation of the domestic currency and the reduction of energy subsidies, as well as to enhance demand for the EGP, the CBE is set to increase its policy rates further. We expect the CBE to hike its policy rates by 300 bps and 100 bps, respectively, at its MPC meetings on November 17th and December 29th, and thereafter remain on hold at least until June (end-2016/17), bringing total hikes to 700 bps since the initiation of the cycle of monetary policy tightening last December. As a result, the overnight deposit, 1-week repo, and overnight lending rates should stand at multi-year highs of 15.75%, 16.25%, and 16.75%, respectively, during H2:16/17 (0.9%, 1.4% and 1.9% in *ex post*, real and compounded terms at end-H2:16/17 (June 2017) -- up from -1.4%, -0.9%, and -0.4% in September).

FOREIGN EXCHANGE MARKETS, OCTOBER 17TH 2016

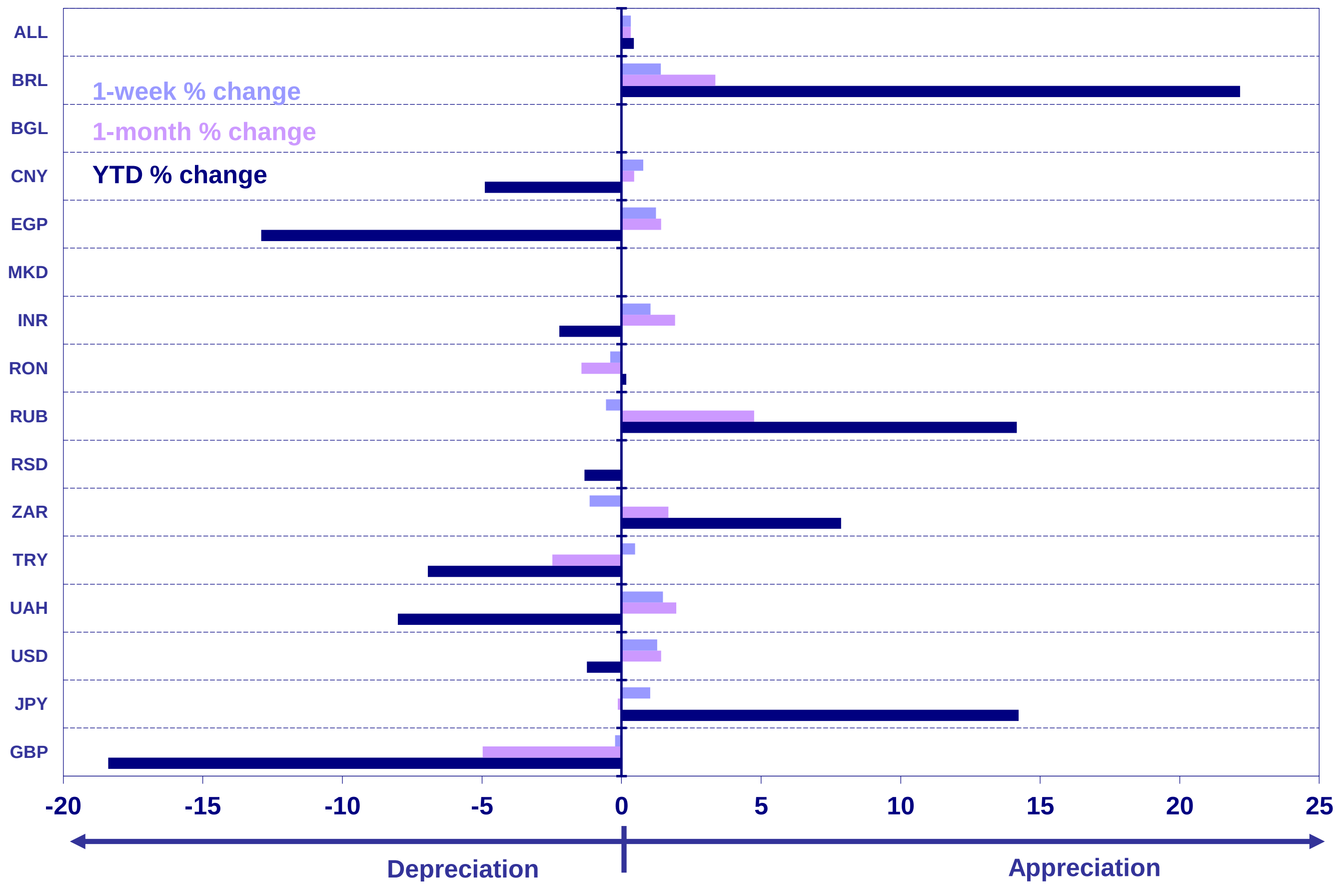
Against the EUR

	Currency	2016 SPOT	1-week %change	1-month %change	YTD %change*	1-year %change	Year-Low	Year-High	3-month Forward rate**	6-month Forward rate**	12-month Forward rate**	2015 % change*	2014 % change*
Albania	ALL	136.5	0.3	0.3	0.4	2.4	135.9	139.5	136.8	136.7	135.6	2.0	0.1
Brazil	BRL	3.52	1.4	3.4	22.2	25.0	3.48	4.55	4.01	3.99	3.95	-25.2	1.0
Bulgaria	BGL	1.96	0.0	0.0	0.0	0.0	1.96	1.96	1.96	1.96	1.96	0.0	0.0
China	CNY	7.40	0.8	0.4	-4.9	-2.8	6.99	7.56	7.63	7.63	7.63	6.7	10.8
Egypt	EGP	9.74	1.2	1.4	-12.9	-7.2	8.26	10.23	- - -	- - -	- - -	2.1	10.6
FYROM	MKD	61.3	0.0	0.0	0.0	0.0	61.3	61.3	61.3	61.3	61.3	0.0	0.0
India	INR	73.5	1.0	1.9	-2.2	0.1	71.3	77.8	78.6	- - -	- - -	6.6	12.3
Romania	RON	4.51	-0.4	-1.4	0.2	-2.0	4.44	4.56	4.52	4.53	4.55	-0.8	-0.5
Russia	RUB	69.4	-0.6	4.8	14.2	1.6	68.9	75.1	71.3	73.0	76.4	-15.1	-32.8
Serbia	RSD	123.1	0.0	0.0	-1.3	-2.7	121.6	124.3	124.1	125.1	- - -	-0.1	-5.6
S. Africa	ZAR	15.6	-1.1	1.7	7.9	-3.2	14.77	18.58	15.9	16.2	17.0	-16.6	3.0
Turkey	YTL	3.40	0.5	-2.5	-6.9	-3.4	3.12	3.44	3.48	3.56	3.73	-10.8	4.4
Ukraine	UAH	28.3	1.5	2.0	-8.0	-15.2	25.06	30.32	33.6	- - -	- - -	-27.5	-40.8
US	USD	1.10	1.3	1.4	-1.2	3.0	1.1	1.2	1.10	1.11	1.12	11.4	13.6
JAPAN	JPY	114.2	1.0	-0.1	14.2	18.5	109.6	132.3	114.3	114.2	114.2	11.0	-0.1
UK	GBP	0.90	-0.2	-5.0	-18.4	-18.9	0.7	0.9	0.91	0.91	0.91	5.3	7.0

* Appreciation (+) / Depreciation (-)

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

Currencies against the EUR (October 17th 2016)



Money Markets, October 17th 2016

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.3	14.1	0.0	2.2	- - -	11.9	- - -	- - -	0.5	10.8	- - -	8.3	8.5	15.4	- - -	0.4
T/N	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	0.5	10.3	3.0	- - -	7.5	- - -	- - -	- - -
S/W	1.3	14.1	0.0	2.4	-0.4	- - -	1.3	- - -	- - -	10.4	3.0	- - -	7.5	15.8	-0.4	0.5
1-Month	1.6	13.9	0.1	2.7	-0.4	- - -	1.7	6.6	0.6	11.3	3.3	8.7	7.9	17.4	-0.4	0.5
2-Month	- - -	13.7	0.1	- - -	-0.3	- - -	- - -	- - -	- - -	10.9	3.4	8.9	8.2	- - -	-0.3	0.7
3-Month	1.7	13.5	0.1	2.8	-0.3	- - -	2.1	6.6	0.7	10.8	3.5	9.0	8.5	18.3	-0.3	0.9
6-Month	1.9	13.0	0.3	2.9	-0.2	- - -	2.4	- - -	0.9	11.7	3.7	9.3	8.7	- - -	-0.2	1.3
1-Year	2.2	12.3	0.7	3.0	-0.1	- - -	3.0	- - -	1.1	11.0	- - -	9.5	9.1	- - -	-0.1	1.6

Local Debt Markets, October 17th 2016

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	0.9	- - -	- - -	- - -	- - -	14.3	1.6	6.4	- - -	10.1	2.9	8.2	- - -	- - -	-0.8	0.3
6-Month	0.9	- - -	- - -	- - -	- - -	15.8	2.3	6.4	0.5	10.1	3.1	8.4	- - -	- - -	-0.7	0.4
12-Month	1.8	- - -	0.1	2.2	- - -	16.4	2.6	6.6	0.7	9.4	3.9	8.4	- - -	15.2	-0.7	0.7
2-Year	1.9	- - -	- - -	2.3	- - -	- - -	2.0	6.6	0.7	8.7	- - -	8.8	7.9	- - -	-0.7	0.8
3-Year	- - -	- - -	0.4	2.4	1.8	- - -	2.7	6.6	1.5	8.9	- - -	8.6	8.1	- - -	-0.7	1.0
5-Year	- - -	11.2	- - -	2.5	- - -	17.3	2.7	6.7	2.2	8.8	5.5	9.4	8.3	16.0	-0.5	1.3
7-Year	- - -	- - -	1.2	- - -	3.1	17.4	- - -	6.8	2.7	8.6	- - -	- - -	- - -	- - -	-0.4	1.6
10-Year	- - -	11.4	1.9	2.7	3.4	17.4	3.8	6.8	3.1	8.5	- - -	9.8	8.9	- - -	0.1	1.8
15-Year	- - -	- - -	- - -	- - -	- - -	- - -	4.3	7.2	- - -	8.7	- - -	- - -	9.3	- - -	0.2	- - -
25-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	9.5	- - -	- - -	- - -
30-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	7.2	- - -	- - -	- - -	- - -	9.5	- - -	0.7	2.5

*For Albania. FYROM and Ukraine primary market yields are reported

Corporate Bonds Summary, October 17th 2016

		Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Bulgaria	**Bulgaria Energy Hld 4.25% '18**	EUR	NA/NA	7/11/2018	500	2.8	341	297
	Bulgarian Telecom. 6.625% '18	EUR	B-/B1	15/11/2018	400	5.3	593	547
Cyprus	**Aroundtown Property 3% '21**	EUR	NA/NA	9/12/2021	200	2.0	257	210
Russia	**Gazprom 8.2% '19**	RUB	BB+/NA	9/4/2019	10,000	10.1	143	- - -
	Gazprom 8.9% '21	RUB	BB+/NA	26/1/2021	10,000	9.5	81	- - -
South Africa	**FirstRand Bank Ltd 4.25% '20**	USD	BBB-/Baa2	30/4/2020	500	3.3	212	219
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.5	118	71
Turkey	**Vakiflar Bankasi 3.5% '19**	EUR	NA/Baa3	17/6/2019	500	3.3	393	343
	Garanti Bankasi 3.38%'19	EUR	NA/Baa3	8/7/2019	500	2.9	354	305
	Arcelik AS 3.875% '21	EUR	BB+/NA	16/9/2021	350	3.4	386	345
	Turkiye Is Bankasi 6% '22	USD	NA/Ba3	24/10/2022	1,000	6.0	474	458

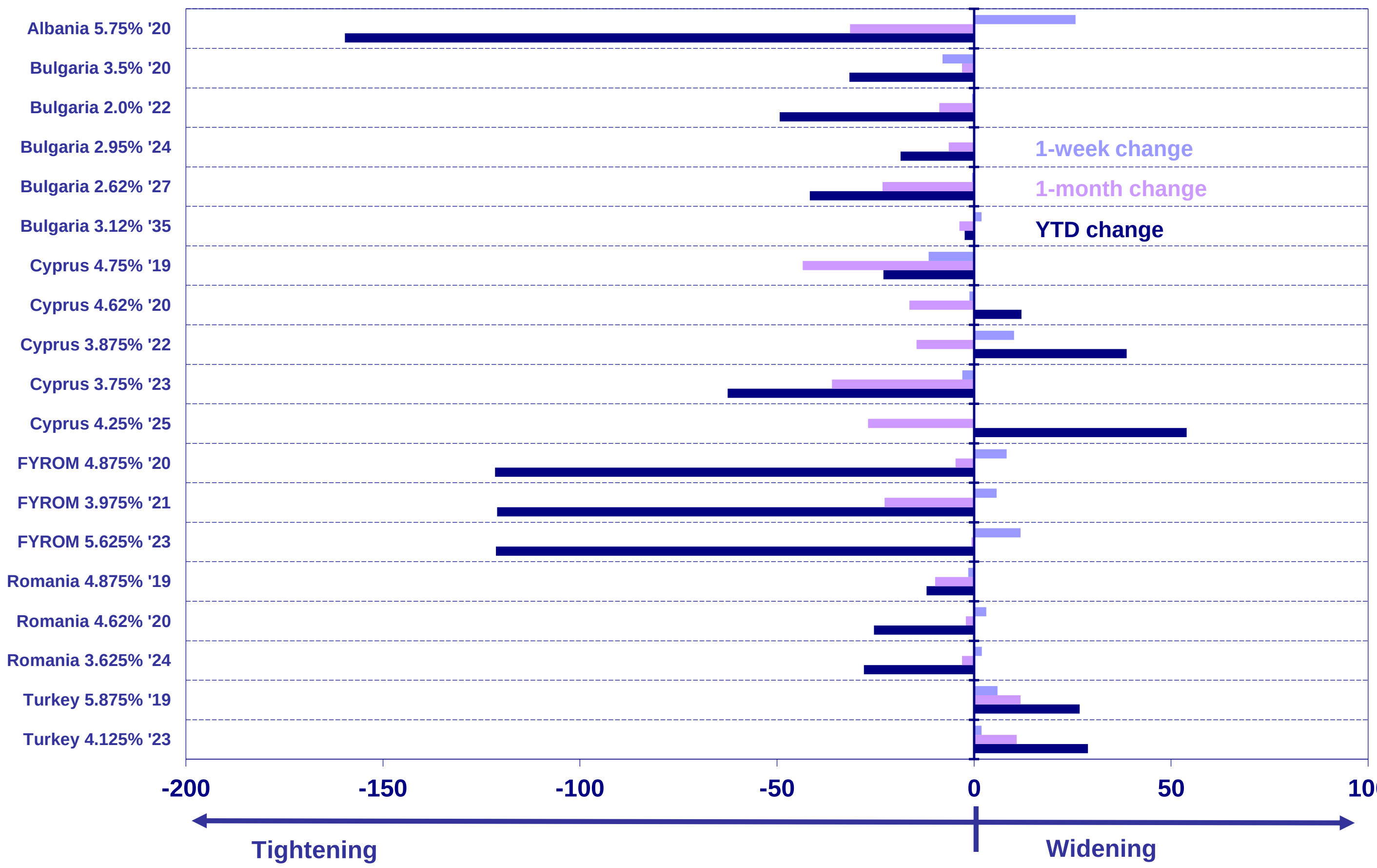
Credit Default Swap Spreads, October 17th 2016

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	- - -	264	139	108	246	480	- - -	136	106	235	197	252	259	- - -
10-Year	- - -	332	185	155	272	490	- - -	144	147	292	248	309	316	- - -

EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY, OCTOBER 17TH 2016

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Albania 5.75% '20	EUR	B+/B1	12/11/2020	450	3.1	371	339
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	0.4	110	64
Bulgaria 2.0% '22	EUR	BB+/Baa2	26/3/2022	1,250	0.8	118	81
Bulgaria 2.95% '24	EUR	BB+/Baa2	3/9/2024	1,493	1.5	172	135
Bulgaria 2.62% '27	EUR	BB+/Baa2	26/3/2027	1,000	1.9	184	146
Bulgaria 3.12% '35	EUR	BB+/Baa2	26/3/2035	900	2.9	249	207
Cyprus 4.75% '19	EUR	BB-/NA	25/6/2019	566	1.8	247	207
Cyprus 4.62% '20	EUR	BB-/B1	3/2/2020	770	2.1	277	238
Cyprus 3.875% '22	EUR	NA/B1	6/5/2022	1,000	3.1	354	316
Cyprus 3.75% '23	EUR	NA/NA	26/7/2023	1,000	3.1	349	309
Cyprus 4.25% '25	EUR	NA/B1	4/11/2025	1,000	3.4	347	312
FYROM 4.875% '20	EUR	BB-/NA	1/12/2020	270	3.3	395	355
FYROM 3.975% '21	EUR	BB-/NA	24/7/2021	500	3.5	394	525
FYROM 5.625% '23	EUR	BB-/NA	26/7/2023	450	4.5	483	449
Romania 4.875% '19	EUR	BBB-/Baa3	7/11/2019	1,500	0.2	87	43
Romania 4.62% '20	EUR	BBB-/Baa3	18/9/2020	2,000	0.3	89	47
Romania 3.625% '24	EUR	BBB-/Baa3	24/4/2024	1,250	1.5	176	146
Turkey 5.875% '19	EUR	NR/Baa3	11/4/2023	1,250	1.9	254	218
Turkey 4.125% '23	EUR	B+/B1	12/11/2020	1,000	3.0	337	302

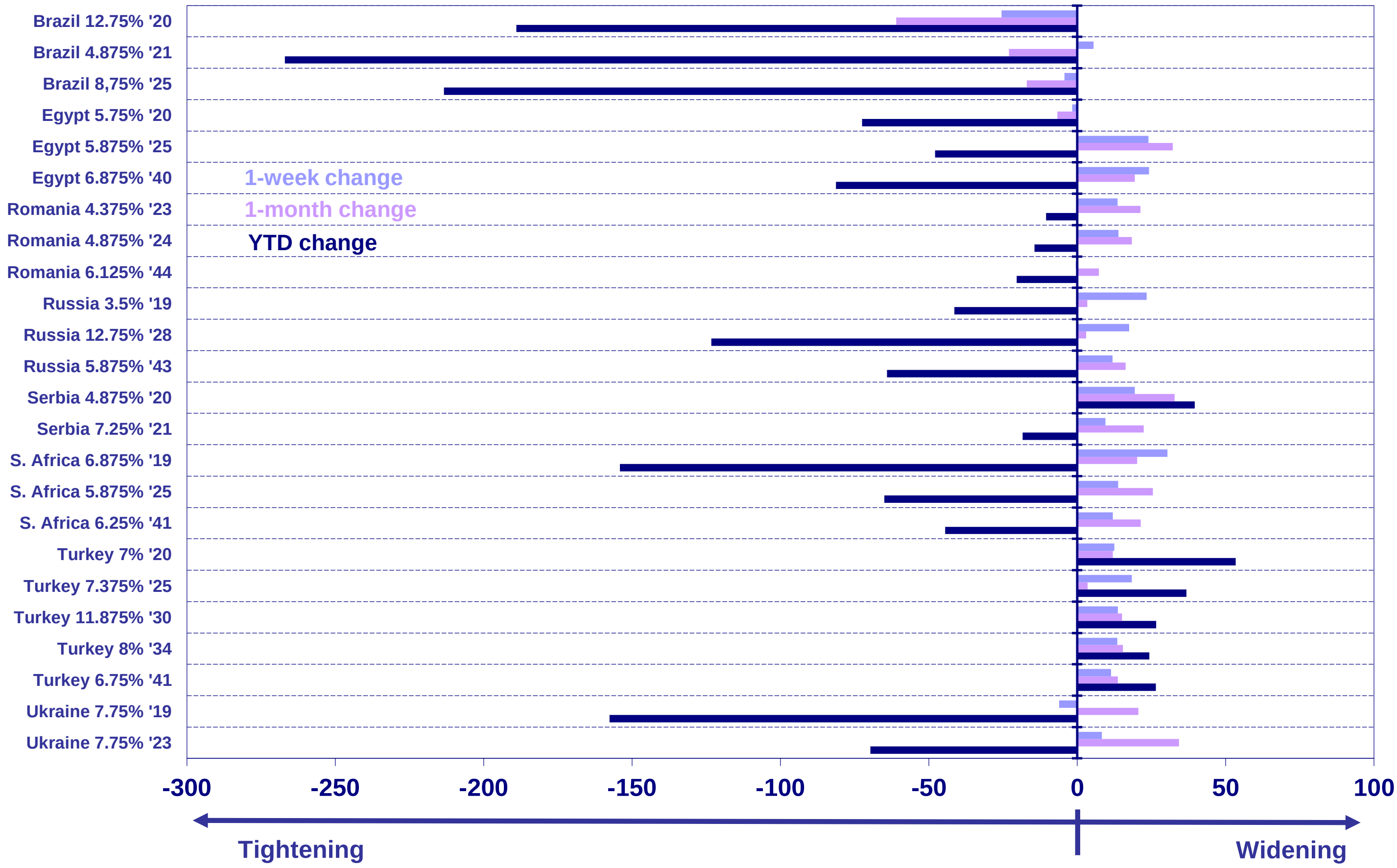
EUR-Denominated Eurobond Spreads (October 17th 2016)



USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY, OCTOBER 17TH 2016

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Brazil 12.75% '20	USD	BB/Ba2	15/1/2020	234	2.8	177	189
Brazil 4.875% '21	USD	BB/Ba2	22/1/2021	2,988	3.4	212	221
Brazil 8.75% '25	USD	BB/Ba2	4/2/2025	969	4.5	294	348
Egypt 5.75% '20	USD	B-/B3	11/6/2025	1,000	5.1	412	393
Egypt 5.875% '25	USD	B-/B3	30/4/2040	1,500	7.0	524	517
Egypt 6.875% '40	USD	BBB-/Baa3	22/8/2023	500	7.6	505	525
Romania 4.375% '23	USD	BBB-/Baa3	22/1/2024	1,500	3.0	150	170
Romania 4.875% '24	USD	BBB-/Baa3	22/1/2044	1,000	3.1	152	173
Romania 6.125% '44	USD	BB+/Ba1	16/1/2019	1,000	4.3	176	275
Russia 3.5% '19	USD	BB+/Ba1	24/6/2028	1,500	2.7	187	162
Russia 12.75% '28	USD	BB+/Ba1	16/9/2043	2,500	4.3	253	382
Russia 5.875% '43	USD	BB-/B1	25/2/2020	1,500	4.9	239	321
Serbia 4.875% '20	USD	BB-/B1	28/9/2021	1,500	3.9	289	274
Serbia 7.25% '21	USD	BBB-/Baa2	27/5/2019	2,000	3.9	262	279
S. Africa 6.875% '19	USD	BBB-/Baa2	16/9/2025	2,000	2.7	175	172
S. Africa 5.875% '25	USD	BBB-/Baa2	8/3/2041	2,000	4.4	264	302
S. Africa 6.25% '41	USD	NR/Baa3	5/6/2020	750	5.1	262	349
Turkey 7% '20	USD	NR/Baa3	5/2/2025	2,000	3.9	292	287
Turkey 7.375% '25	USD	NR/Baa3	15/1/2030	3,250	4.7	314	349
Turkey 11.875% '30	USD	NR/Baa3	14/2/2034	1,500	5.1	332	465
Turkey 8% '34	USD	NR/Baa3	14/1/2041	1,500	5.5	372	423
Turkey 6.75% '41	USD	B-/Caa3	1/9/2019	3,000	5.6	309	375
Ukraine 7.75% '19	USD	B-/Caa3	1/9/2023	1,744	8.3	731	701
Ukraine 7.75% '23	USD	BB/Ba2	15/1/2020	1,355	8.6	700	686

USD-Denominated Eurobond Spreads (October 17th 2016)



Stock Markets Performance, October 17th 2016

	2016								2015		2014	
	Local Currency Terms							EUR Terms	Local Currency Terms	EUR terms	Local Currency terms	EUR terms
	Level	1-week % change	1-month % change	YTD % change	1-year % change	Year-Low	Year-High	YTD % change	% change		% change	
Brazil (IBOV)	62,696	1.7	9.8	44.6	32.1	37,046	62,696	77.8	-13.3	-35.3	-2.9	-2.0
Bulgaria (SOFIX)	506	-0.3	6.4	9.8	14.6	432	520	9.8	-11.7	-11.7	6.2	6.2
China (SHCOMP)	3,041	-0.2	1.3	-14.9	-10.2	2,638	3,539	-18.5	9.4	16.5	52.9	69.5
Cyprus (CSE GI)	67	1.0	-2.2	-1.0	-10.0	64	70	-1.0	-20.9	-20.9	-17.0	-17.0
Egypt (HERMES)	730	-1.1	2.0	16.0	7.5	521	753	1.8	-24.4	-25.7	23.5	36.6
F.Y.R.O.M (MBI)	1,989	0.6	1.9	8.5	17.3	1,699	1,992	8.5	-0.6	-0.6	6.1	6.1
India (SENSEX)	27,530	-2.0	-3.7	6.0	0.6	22,495	29,077	4.9	-5.0	0.7	29.9	44.7
Romania (BET-BK)	1,305	-0.1	0.3	-2.7	-2.9	1,150	1,329	-2.4	2.6	1.6	3.7	3.5
Russia (RTS)	4,462	-2.2	-0.2	12.7	12.9	3,509	4,688	30.0	30.3	9.5	-6.9	-37.4
Serbia (BELEX-15)	640	-0.3	1.3	1.5	1.8	570	647	0.2	-3.4	-3.5	19.5	12.8
South Africa (FTSE/JSE)	50,769	-1.8	-2.1	-0.1	-4.5	45,976	54,704	9.2	1.9	-15.1	7.6	10.9
Turkey (ISE 100)	77,438	-0.5	1.9	5.8	-2.9	68,230	86,931	-0.9	-16.3	-25.4	26.4	32.0
Ukraine (PFTS)	245	1.0	7.3	2.0	-11.8	215	256	-5.9	-37.8	-54.8	28.7	-24.2
MSCI EMF	895	-2.6	1.0	13.0	3.2	687	930	12.3	-17.0	-7.5	-4.6	8.2
MSCI EAFE	1,657	-2.1	-0.5	-4.1	-5.6	1,492	1,735	-4.7	-3.3	7.7	-7.3	5.8
Greece (ASE-General)	586	0.5	4.7	-4.1	-14.5	421	659	-4.1	-23.6	-23.6	-28.9	-28.9
Germany (XETRA DAX)	10,504	-1.1	2.2	-2.2	3.3	8,699	10,802	-2.2	-4.9	-4.9	2.7	2.7
UK (FTSE-100)	6,948	-2.1	3.5	10.7	9.4	5,500	7,130	-9.6	-4.9	0.1	-2.7	4.1
Japan (NIKKEI-225)	16,900	0.2	2.3	-11.2	-6.8	14,864	18,951	2.4	9.1	20.2	7.1	7.0
USA (DJ INDUSTRIALS)	18,086	-1.3	-0.2	2.7	5.0	15,451	18,668	2.1	-2.2	9.3	7.5	22.2
USA (S&P 500)	2,127	-1.7	-0.6	3.1	4.6	1,810	2,194	2.4	-0.7	10.9	11.4	26.6

Equity Indices (October 17th 2016)