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Emerging Markets Analysis

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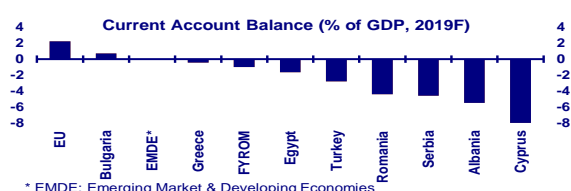
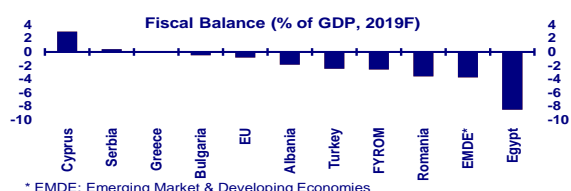
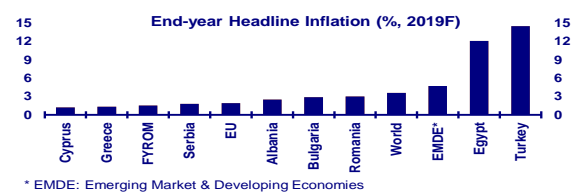
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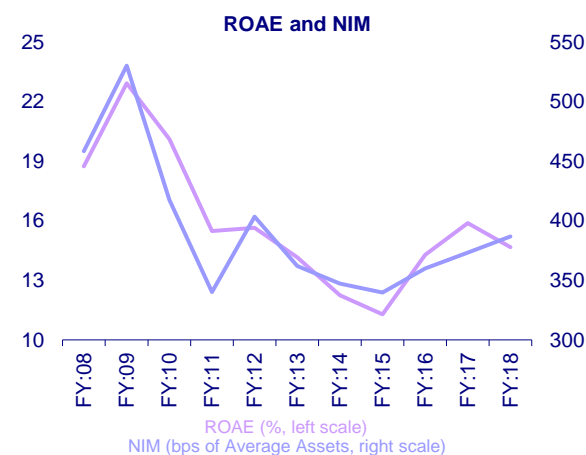
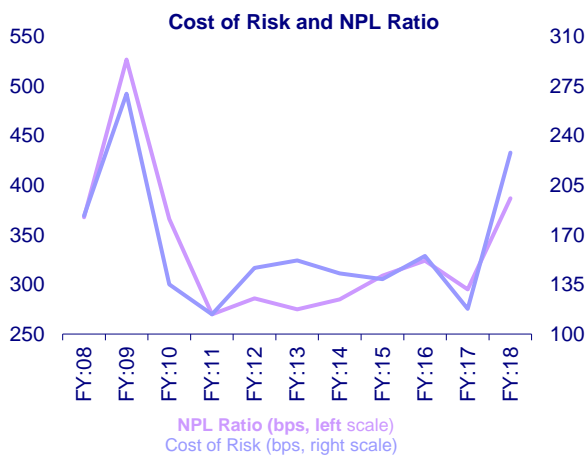
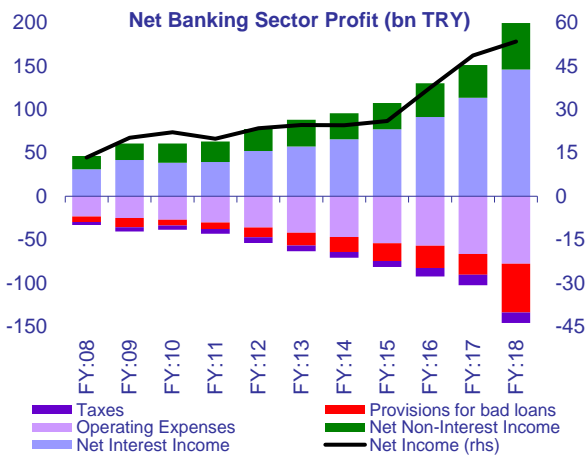
EGYPT 8
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Turkey

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



	11 Feb.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	24.2	23.5	22.0	18.5
TRY/EUR	5.95	6.30	6.60	6.80
Sov. Spread (2020, bps)	284	270	260	240

	11 Feb.	1-W %	YTD %	2-Y %
ISE 100	104,395	2.1	15.4	19.3

	2016	2017	2018E	2019F	2020F
Real GDP Growth (%)	3.2	7.4	2.5	0.2	3.0
Inflation (eop, %)	8.5	11.9	21.0	14.5	11.5
Cur. Acct. Bal. (% GDP)	-3.8	-5.6	-3.6	-2.8	-3.6
Fiscal Bal. (% GDP)	-1.1	-1.5	-1.9	-2.5	-2.5

Banking sector bottom line improved in FY:18 amid a challenging operating environment. The banking sector net profit (after tax) rose by 10.0% to an all-time high of TRY 53.5bn in FY:18 (EUR 9.4bn or 1.4% of estimated 2018 GDP), as banks managed to more than compensate for the sharp rise in the cost of risk (up 110 bps to 228 bps), stemming mainly from the August currency crisis, through a stronger pre-provision margin (up 76 bps to 495 bps). As a result, ROAA and ROAE stood at 14.7% and 1.4%, respectively, in FY:18.

Pre-provision earnings (PPE) before tax rose by c. 44.0% to TRY 122.0bn in FY:18, due to a sharp increase in the top line and strict cost control. Net interest income (NII) rose significantly by 28.9% to TRY 146.2bn in FY:18, supported by both stronger average asset growth and the higher net interest margin (NIM). Specifically, average assets increased by 24.5% in FY:18, largely inflated by the sharp depreciation of the TRY (c. 25% against the USD in FY:18). On the other hand, the NIM (over average assets) strengthened by 14 bps y-o-y to 391 in FY:18, as the negative impact from unfavourable funding costs was more than offset by higher gains from inflation-linked bonds (average inflation rose by 5.0 pps to 16.1% in FY:18) and, to a lesser extent, banks' loan repricing.

Note that the CBRT's effective funding rate and the overnight money market rate rose by 6.2 pps and 5.8 pps, respectively, to 17.7% and 17.9% in FY:18, while average interest rates on new TRY and USD deposits reached multi-year highs of 17.0% and 3.5%, respectively, in FY:18 – up from 11.3% and 2.7% in FY:17 – in line with a tighter monetary policy stance and liquidity conditions (the loans-to-deposits ratio reached a record high of 126.4% at end-2017). On the other hand, in an effort to dampen the negative impact of sharply increasing domestic and external funding costs on their margins, banks increased significantly their lending rates (average interest rates on new TRY retail loans, TRY corporate loans and USD corporate loans reached multi-year highs of 25.3%, 28.2% and 7.1%, respectively, in FY:18 – up from 16.0%, 16.2% and 4.8% in FY:17).

Moreover, net non-interest income (NNII) rose sharply, by 41.4% y-o-y to TRY 53.5bn in FY:18, largely supported by a reversal of losses from securities trading.

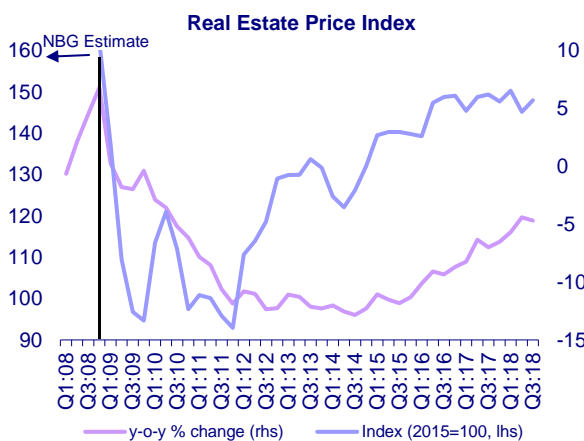
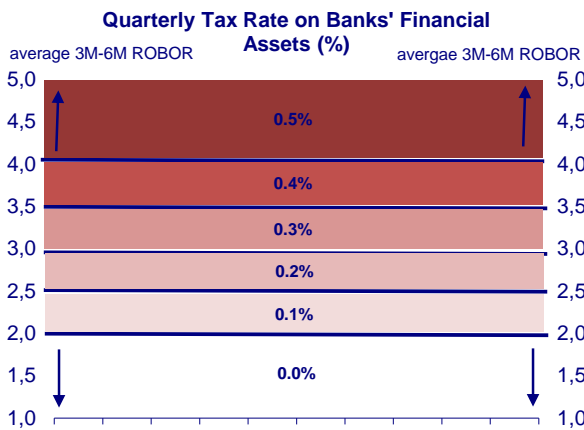
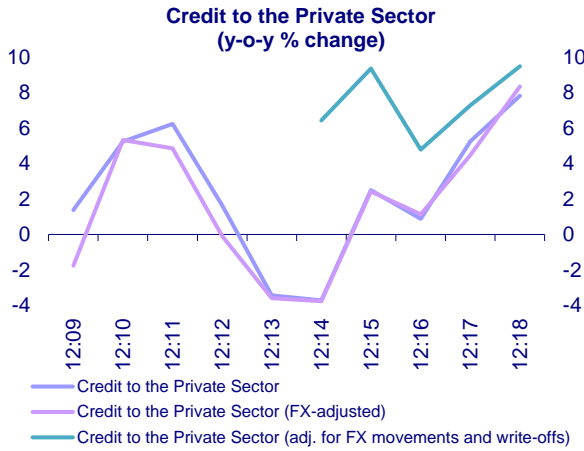
The strong performance of PPE in FY:18 was also underpinned by strict cost control, with operating expenses excluding other provisions rising by c. 16.9% -- broadly in line with average inflation of 16.1%.

Provision charges rose sharply in FY:18 -- up c. 136.0% y-o-y to TRY 56.2bn -- mainly due to the expected sharp increase in NPLs in the coming quarters. Although the reported NPL ratio rose by only 90 bps y-o-y to 3.9% at end-2018, banks increased sharply provision charges due to: i) expectations of a significant rise in NPLs in the coming quarters, on the back of a weaker TRY (the TRY depreciated by c. 28.0% y-o-y against the USD at end-2018) and a significant slowdown in economic activity (see Table); ii) the increase in "stage 2 exposures" ("Watch" loans), due to the implementation of IFRS 9 from January 1st; and iii) the understatement of the NPL ratio, due to recent large restructurings, especially Bereket (energy), Dogus (diversified), Gama (diversified), OTAS (telecom) and Yildiz (consumer). As a result, the cost of risk rose sharply, by 110 bps to a 9-year high of 228 bps.

Bank profitability is set to reverse its upward trend in FY:19. This should result mainly from: i) higher provision charges, in line with sharply rising NPLs; ii) slower credit growth, due to persistently prohibitive lending rates; and iii) narrower net interest margins, reflecting lower gains from inflation-linked bonds and higher funding costs against a backdrop of tight global and domestic liquidity conditions.

Romania

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



Credit expansion strengthened in FY:18, despite the tighter monetary policy stance. Credit to the private sector increased by 7.8% y-o-y at end-2018 against 5.3% at end-2017. Note that headline growth is somewhat understated, due to the continuing (NBR-motivated) write-offs, which have largely helped push down further the NPL ratio to an estimated 4.9% at end-2018 from 6.4% a year ago and a peak of 26.8% in 2014. Adjusted for FX movements and write-offs, credit to the private sector expanded by 9.5% y-o-y at end-2018 against 7.3% at end-2017.

Importantly, the acceleration in credit expansion came despite the tightening in monetary policy, suggesting stronger demand-side pressures. Recall that the NBR raised its key rate by 75 bps to 2.5% in FY:18, with money market rates rising much more at the same time (110 bps on a 1-month basis). The pass-through of higher funding costs to lending rates (especially in the retail segment) was quasi-immediate, despite abundant liquidity in the system (the loan-to-deposit ratio stood at 79.3% at end-2018).

The deposit base continued to expand in FY:18, in line with economic activity. Customer deposits grew by a strong 9.2% y-o-y at end-2018 (up 9.4% y-o-y in FX-adjusted terms), following an increase of 10.1% at end-2017. Deposit growth would have been even stronger had deposit yields not remained subdued, due to abundant liquidity.

Credit expansion is set to slow in the aftermath of the new banking tax. The tax is applied to banks' financial assets and varies based on the upward deviation of ROBOR from a reference rate (see chart). Besides its sizeable impact on bank profitability (down by up to 70%, *ceteris paribus*), the tax implies a significant tightening in financial conditions. Indeed, in face of the tax shock, banks would be prompted to shrink their balance sheets and pass its cost on to the customers. As a result, lending rates are set to rise and the pace of credit expansion should slow this year (up c. 5.0%). Note that Romania is the most credit under-penetrated market in the region, with a loan-to-GDP ratio of 26% against 46% for SEE-4.

The NBR limits the level of household indebtedness. According to the new regulation, effective as of January 2019, the maximum level of household indebtedness (MLHI, i.e. the ratio of monthly debt service to monthly net income) shall be 40% for RON loans and 20% for FX loans. The MLHI shall be raised by 5 pps for first-time home buyers. Note that, until now, the MLHI was defined by banks on a case by case basis. In our view, the impact of the new regulation on the pace of credit expansion should be minimal (the MLHI for mortgage and consumer RON loans currently stands at 47% and 45%, respectively, only slightly higher than the levels provided for in the new regulation).

The real estate market continued to improve in FY:18. The Housing Price Index increased strongly in Q3:18 (up 5.7% y-o-y, a pace broadly equal to that observed over the past 2 years). Indeed, real estate demand remained strong, reflecting the solid rise in disposable income and mortgage lending (both up by a CAGR of c. 13.5% over the past 2 years), with the latter supported by the First House Programme (FHP), under which the State guarantees mortgage loans for first-time buyers.

Tighter monetary conditions are set to affect the real estate market. Despite the extension of the FHP, mortgage expansion should slow in the aftermath of the implementation of the new banking tax. Nevertheless, we expect the real estate sector to overperform, reflecting its attractiveness as an asset class (rental yields stand at 6.0%, above the 10-year bond yield -- c. 5.0%). All said, we see real estate prices rising modestly by c. 4.0% in FY:19.

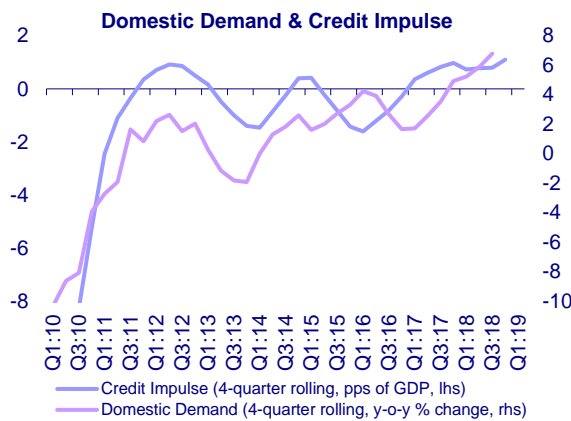
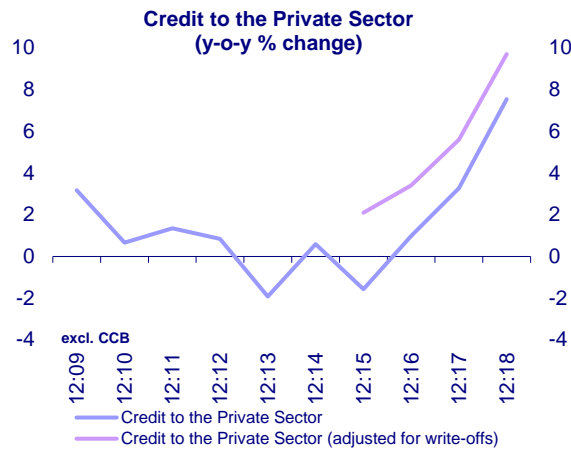
	11 Feb.	3-M F	6-M F	12-M F
1-m ROBOR (%)	3.3	3.0	3.0	3.0
RON/EUR	4.74	4.80	4.82	4.85
Sov. Spread (2024, bps)	147	130	120	110

	11 Feb.	1-W %	YTD %	2-Y %
BET-BK	1,474	1.0	1.2	0.5

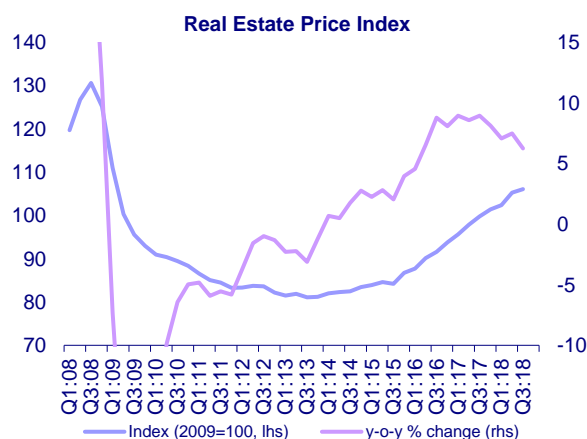
	2016	2017	2018E	2019F	2020F
Real GDP Growth (%)	4.8	7.0	4.2	3.8	3.4
Inflation (eop, %)	-0.5	3.3	3.3	3.0	2.8
Cur. Acct. Bal. (% GDP)	-2.1	-3.2	-4.0	-4.4	-4.7
Fiscal Bal. (% GDP)	-2.4	-2.8	-2.9	-3.6	-3.8

Bulgaria

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



*Adjusted for the bankruptcy of CCB in 2014



	11 Feb.	3-M F	6-M F	12-M F
Base Interest Rate (%)	0.0	0.0	0.0	0.1
BGN/EUR	1.96	1.96	1.96	1.96
Sov. Spread (2022, bps)	56	52	45	40

	11 Feb.	1-W %	YTD %	2-Y %
SOFIX	573	-0.9	-3.5	-5.1

	2016	2017	2018E	2019F	2020F
Real GDP Growth (%)	3.9	3.8	3.3	3.6	3.2
Inflation (eop, %)	0.1	2.8	2.7	2.9	2.7
Cur. Acct. Bal. (% GDP)	2.6	6.5	2.8	0.7	-0.6
Fiscal Bal. (% GDP)	1.6	0.8	0.1	-0.5	-0.5

Lending activity accelerated in FY:18, due to easier credit standards. Credit to the private sector rose by 7.5% y-o-y at end-2018 against 3.3% at end-2017. As a result, the loan-to-GDP ratio reached 50.8% -- well above the SEE-4 average (29.8%).

In our view, the pick-up in credit expansion is due to the gradual easing in credit standards by banks, on the back of the continuing -- albeit at a slow pace -- decline in the NPL ratio (to 7.6% at end-2018 from 10.2% at end-2017). Adjusted for NPL write-offs, credit to the private sector is estimated to have expanded at a faster pace of 9.7% y-o-y at end-2018 against 5.6% at end-2017. The introduction of negative interest rates by the BNB and the increased transparency in the aftermath of the 2016 AQR have also fostered credit expansion.

Deposit growth slowed slightly in FY:18, aligning with credit growth. Customer deposits expanded by a still solid 7.4% y-o-y at end-2018 against of 9.0% at end-2017. Deposit growth would have been stronger had deposit yields not been subdued (currently at c. 0.2% for both BGN and FX-denominated time deposits), due to abundant liquidity, thus favouring other asset classes, i.e. real estate.

Credit activity is set to improve in FY:19, providing support to the economic recovery. Against the backdrop of increased liquidity in the system (the loan-to-deposit ratio stood at 75.4% at end-2018), we expect the pace of credit expansion to pick up, in line with the sustained drop in NPLs (to 6.0% by end-2019). Stronger demand for real estate (see below), together with the extension of a government loan subsidy programme aimed at improving the energy efficiency of residential buildings should also help (currently 1 out of every 3 new retail loans is granted under this scheme). Note, however, that the high level of non-financial corporate indebtedness (estimated by the IMF at c. 80% of GDP -- the highest in the region) remains a stumbling block to credit expansion. All said, we expect credit to the private sector to increase by 9.0% in FY:19, broadly in line with deposit growth.

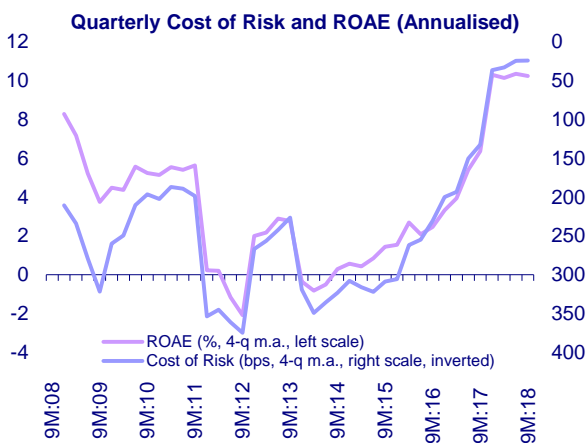
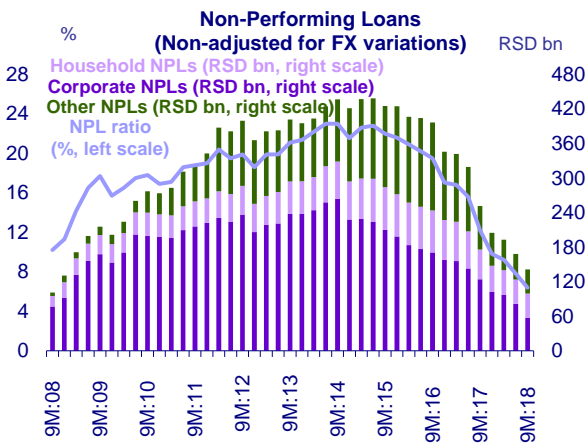
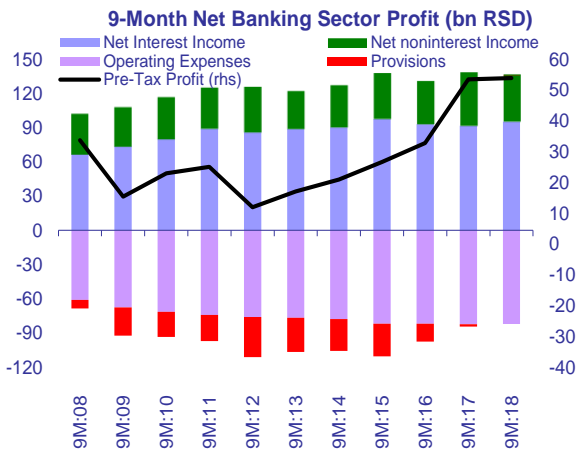
The real estate market "cooled-off" slightly in FY:18, due to supply-side factors. The Housing Price Index increased by 6.3% y-o-y in Q3:18, a somewhat slower pace than in H1:18 (up 7.3% y-o-y) and FY:17 (up 8.7%). The index is now at its early-2009 level, down 19% from its mid-2008 peak but up 31% from its mid-2013 trough.

In our view, the "cooling-off" in the real estate market is mostly due to a sharp increase in supply (the new residential buildings construction index rose by 47.8% y-o-y in Q3:18 against increases of 35.3% y-o-y in H1:18 and 17.5% in FY:17). At the same time, demand for real estate remained robust as suggested by solid mortgage lending growth (up 10.0% y-o-y in Q3:18 against 7.4% at end-2017).

The real estate market is set to pick up in FY:19, on the back of stronger demand. Looking ahead, we expect demand for real estate to strengthen, reflecting: i) the pick-up in economic growth (we see nominal GDP growth accelerating to 8.5% in FY:19 from c. 7.0% in FY:18); ii) a further easing in credit standards by banks, in view of the sustained drop in problematic loans (currently accounting for 12.1% of mortgage loans against a peak of 22.0% at end-2013); and iii) higher FDI inflows to the sector. Importantly, the favourable outlook for the real estate market is further underpinned by its attractiveness as an asset class. Indeed, rental yields currently stand at 6.0%, significantly higher than bond yields (0.9% for the 10-year tenure). Note that the Bulgarian real estate market is still undervalued compared with other markets in the region, with the price-to-income ratio estimated at 8.5 against 12.0 for the SEE-4. All said, we expect real estate prices to rise by 8.0% in FY:19, one of the highest growth rates in the region.

Serbia

BB / Ba3 / BB (S&P / Moody's / Fitch)



	11 Feb.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	2.7	2.9	3.1	3.5
RSD/EUR	118.1	116.5	116.0	115.0
Sov. Spread (2021, bps)	136	120	116	110

	11 Feb.	1-W %	YTD %	2-Y %
BELEX-15	709	1.3	-6.9	1.0

	2016	2017	2018E	2019F	2020F
Real GDP Growth (%)	3.3	2.0	4.3	4.0	3.8
Inflation (eop, %)	1.6	3.0	2.0	1.8	2.0
Cur. Acct. Bal. (% GDP)	-2.9	-5.3	-4.9	-4.6	-4.1
Fiscal Bal. (% GDP)	-1.2	1.1	0.6	0.4	-0.2

The underlying profitability of the banking system is estimated to have improved markedly in FY:18, with ROAE reaching a post-global crisis high. Excluding sizeable exceptional gains in 9M:17, due to bank takeovers (totalling c. RSD 4.5bn in 9M:18, see below), pre-tax profits in the banking sector rose by 10.1% y-o-y, reaching a record high of RSD 53.9bn (c. 1.1% of GDP) in 9M:18. As a result, (annualised) ROAE and ROAA rose to 10.7% and 2.1%, respectively, in 9M:18 from an estimated 10.1% and 2.0% in 9M:17 -- excluding the above-mentioned once-off items in 9M:17.

Large provision reversals (write-backs) sustained profitability in 9M:18. P/L provisions turned slightly negative in 9M:18 (amounting to minus RSD 0.2bn), reflecting: i) the repayment of loans included in the NPL portfolio, facilitated by improved economic prospects, rising wages, the RSD appreciation (by 3.0% against the EUR in 9M:18), and low interest rates; and ii) the continued decline in the NPL ratio. The latter fell for a 14th successive quarter, by a sizeable 5.8 pps y-o-y in Q3:18 to a record low 6.4% from a peak of 23.0% in Q3:14, well below its pre-crisis level (of 10.2% in Q3:08). The decline in the NPL ratio reflects lower NPL formation, restructuring, improved collection, large write-offs (amounting to RSD 26.5bn in 9M:18, or 0.5% of GDP) and the sale of NPLs to non-banking sector entities (c. RSD 26.4bn in 9M:18). Note that total write-offs since end-2015 amounted to a sizeable RSD 182.1bn in 2015-9M:18 (or more than 43% of end-2014 NPLs) and total sales to non-banking sector entities reached RSD 80.4bn over the past 4 years. Moreover, the sharp decline in the NPL ratio was also reinforced by the end-Q3:17 NBS regulation, mandating the transfer of the NPLs that are 100% provisioned to off-balance sheets, as well as the robust rise in credit activity since 2014.

Excluding non-recurrent revenue in 9M:17, (underlying) pre-provision income (PPI) improved on an annual basis in 9M:18 on the back of stronger core income and strict cost control. Excluding extraordinary once-offs (entailing the write-off of part of Marfin Bank's debt in view of its acquisition by the Czech Expobank CZ in Q1:17 and the acquisition of BNP Paribas subsidiary, Findomestic Bank, by the Serbian Direktna Bank in Q3:17), (underlying) PPI increased by 5.1% y-o-y in 9M:18, mainly due to higher net interest income (NII) and strict cost control.

In fact, NII rose by 4.0% y-o-y in 9M:18 (after declining for two successive years). This performance occurred despite the continued compression in the NIM (down by 8 bps y-o-y to a low of 378 bps (annualised) in 9M:18), driven by: i) the drop in non-core NIM, in line with the fall in T-bill rates; and ii) tightening lending-deposit spreads, exacerbated by a faster pace of deposit growth (up 5.7% y-o-y in 9M:18) than loan growth (up 3.6% y-o-y in 9M:18) and higher competition among banks. This negative impact was more than offset by the rise in average interest earning assets (up 6.2% y-o-y in 9M:18). On the other hand, operating expenses remained flat on annual basis in 9M:18 – while average inflation stood at 1.9%. As a result, banking sector efficiency improved, with the cost-to-income ratio, adjusted for 9M:17 once-off revenue, declining by 1.2 pps y-o-y to 60.5% in 9M:18.

The banking sector bottom line is estimated to have continued to strengthen in Q4:18. Underlying profitability (excluding large exceptional gains of RSD 8.6bn in Q4:17, due to the purchase of Jubanka by AIK Bank in Q4:17) is estimated to have improved on an annual basis in Q4:18, supported by sustained provision reversals, and, to a lesser extent, by higher NII. Overall, we estimate that the underlying ROAE reached a post-global crisis peak of c. 10.5% in FY:18 -- up from 8.5% in FY:17 (10.6% including the once-offs).

F.Y.R.O.M.

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

Consolidated Budget (% of GDP)

	2017A	2018 Budget	2018A	2019 Budget	2019 NBG Fcst
Revenue	29.1	29.7	29.1	30.6	30.1
Tax Revenue	25.5	26.4	26.4	26.8	26.8
Personal Inc.	2.5	2.6	2.7	--	--
Corporate Inc.	1.8	2.2	2.3	--	--
VAT (Net)	7.8	7.6	7.6	--	--
Excises	3.7	4.0	3.9	--	--
Import Duties	0.8	0.9	0.9	--	--
Other Taxes	0.1	0.1	0.1	--	--
Soc. Contrib.	8.6	8.7	8.7	--	--
Non-Tax revenue	3.6	3.3	2.7	3.9	3.3
Expenditure	31.8	32.5	30.9	33.2	32.6
Cur. Expenditure	28.7	29.6	29.0	29.4	29.4
Personnel	4.2	4.1	4.1	--	--
G. & Services	2.5	2.7	2.2	--	--
Transfers	20.6	21.6	21.5	--	--
Int. Payments	1.4	1.2	1.2	1.3	1.3
Capital Expend.	3.2	2.9	1.9	3.8	3.2
Fiscal Balance	-2.7	-2.8	-1.8	-2.6	-2.6
Primary Balance	-1.4	-1.6	-0.6	-1.2	-1.2

The 2018 Budget outperformed its deficit target of 2.8% of GDP by a wide margin -- 1.0 pp of GDP -- due to under-executed capital spending and lower-than-budgeted goods & services. The fiscal deficit stood at 1.8% of GDP in FY:18 -- well below its target of 2.8% and the FY:17 outcome of 2.7%. The outperformance resulted from under-executed capital spending (an outcome of 1.9% of GDP against a budgeted 2.9%), reflecting further delays in the clearance of "administrative obstacles" to the resumption of country's key infrastructure projects, and lower-than-budgeted goods & services (an outcome of 2.2% of GDP against a planned 2.7%), likely due to payment delays.

Importantly, tax revenue in FY:18 was in line with its target, supported by strengthening economic activity and better collection. Note that corporate tax revenue (2.3% of GDP) surpassed not only its FY:17 level (1.8%), but also its target (2.2%), mainly reflecting the expiration of tax incentives granted to foreign companies established in country's industrial zones. However, non-tax revenue underperformed its target (an outcome of 2.7% of GDP against a budgeted 3.3%), mainly due to lower-than-projected profits and dividends from state-owned enterprises and foreign donations (mostly EU funds).

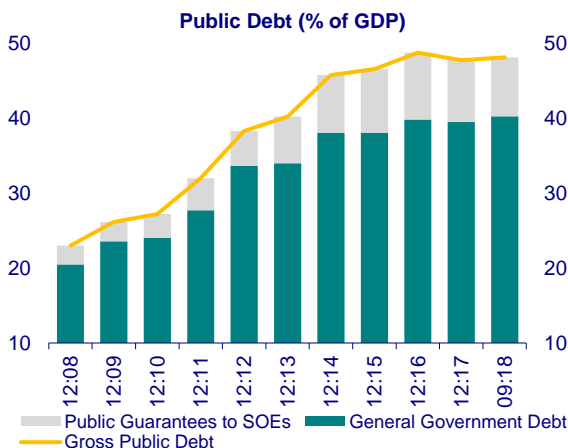
The envisaged fiscal deficit target of 2.6% of GDP for this year requires lower-than-planned spending. The FY:19 Budget envisages an expansionary fiscal stance, targeting a deficit of 2.6% of GDP against the FY:18 fiscal deficit outcome of 1.8%.

Importantly, the 2019 Budget targets for revenue and expenditure (30.6% and 33.2% of GDP, respectively) appear unrealistic, as they were based on overestimated FY:18 outcomes (29.1% and 30.9% of GDP, respectively, against targets of 29.7% and 32.5%), and are set to be revised down via a supplementary Budget in mid-year.

In our view, revenue should reach 30.1% of GDP in FY:19 -- above the FY:18 outcome of 29.1% but below the FY:19 target of 30.6% -- supported by the expected acceleration in nominal GDP and a new set of revenue-enhancing measures (expected to yield 0.4 pps of GDP). The latter includes: i) the introduction of a marginal PIT rate of 18% for the portion of monthly income exceeding MKD 90k (EUR 1.5k or 3.7 times the FY:18 average net wage) on January 1st, which replaced the prior flat 10% PIT rate; ii) a 5 pp hike to the 10% flat rate on capital gains (effective from January 1st); and iii) an increase in pension contribution rates (up 0.4 pps to 18.4%).

Therefore, we estimate that attaining this year's fiscal deficit target of 2.8% of GDP will require the containment of expenditure at 32.6% of GDP -- below the FY:19 target of 33.2% and above the FY:18 outcome of 30.9%. The containment will be supported by the shift in pension benefit indexation to CPI only (from previously half CPI and half real wage growth); but complicated by the establishment of two "means-tested programmes" -- a guaranteed minimum income and an elderly social pension -- aimed to replace less well-targeted social assistance programmes (costing 0.3 pps of GDP, according to the IMF) and, to a lesser extent, a 5% hike in public sector wages starting in September (with an estimated cost of 0.1 pp of GDP).

Overall, we expect the FY:19 Budget to attain its fiscal deficit target of 2.6% of GDP through lower-than-planned capital spending -- 3.2% of GDP against a target of 3.8% and an outcome of 1.9% in FY:18 -- providing a sizeable fiscal impulse of 0.9 pps in cyclically-adjusted terms. Should our forecast materialise, the public debt-to-GDP ratio would rise to 51.8% at end-2019 from an estimated 49.3% at end-2018 -- in line with that calculated by the IMF for emerging markets and developing economies.



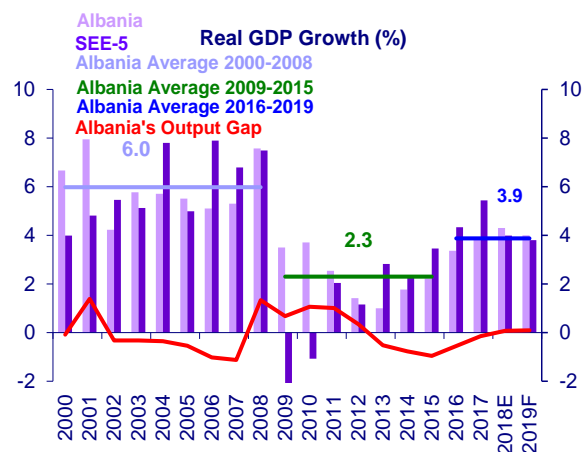
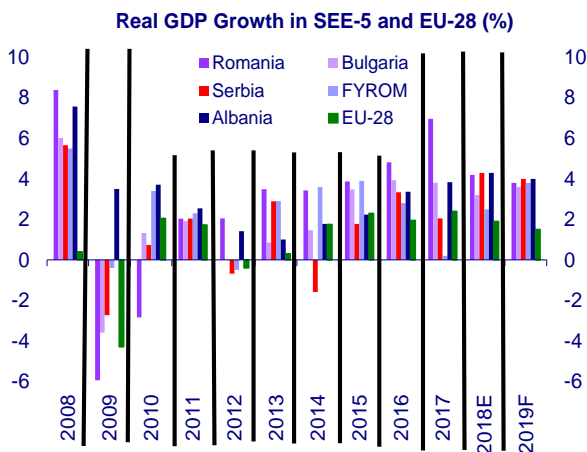
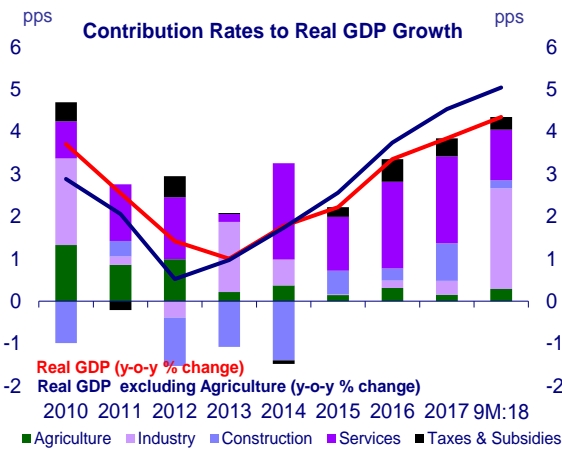
	11 Feb.	3-M F	6-M F	12-M F
1-m SKIBOR (%)	1.2	1.8	2.3	2.8
MKD/EUR	61.3	61.3	61.3	61.3
Sov. Spread (2021. bps)	220	210	190	160

	11 Feb.	1-W %	YTD %	2-Y %
MBI 100	3,617	0.0	4.3	57.7

	2016	2017	2018E	2019F	2020F
Real GDP Growth (%)	2.8	0.2	2.5	3.8	4.0
Inflation (eop. %)	-0.2	2.4	0.9	1.5	1.7
Cur. Acct. Bal. (% GDP)	-2.8	-1.0	0.3	-1.0	-2.2
Fiscal Bal. (% GDP)	-2.7	-2.7	-1.8	-2.6	-2.7

Albania

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



	11 Feb.	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.3	2.2	2.2	2.2
ALL/EUR	123.9	123.8	123.5	122.0
Sov. Spread (bps)	218	215	200	180

	11 Feb.	1-W %	YTD %	2-Y %
Stock Market	---	---	---	---

	2016	2017	2018E	2019F	2020F
Real GDP Growth (%)	3.4	3.8	4.3	4.0	4.2
Inflation (eop, %)	2.2	1.8	1.8	1.8	2.0
Cur. Acct. Bal. (% GDP)	-7.5	-7.5	-6.6	-5.5	-5.2
Fiscal Bal. (% GDP)	-1.8	-2.0	-1.6	-1.9	-1.8

Economic growth is estimated to have reached a post-global crisis high of 4.3% in FY:18 -- up from 3.8% in FY:17 -- largely supported by a sharp rise in electricity production. GDP growth surprised on the upside for a third successive quarter in Q3:18 -- up to a 7-year high of 4.5% y-o-y, broadly unchanged from a strong 4.3% y-o-y in H1:18, mainly due to a spike in electricity production. This outcome brought 9M:18 GDP growth to a post-crisis high of 4.3% y-o-y from 3.9% in 9M:17 and (a 9-year high of) 3.8% in FY:17.

The robust performance in 9M:18 mainly reflects the strengthening in industrial output, expanding by (a record high of) 18.9% y-o-y (contributing a sizeable 2.4 pps to GDP growth in 9M:18) compared with increases of 2.5% in 9M:17 and 2.6% in FY:17. The improvement is estimated to have been largely driven by the strong rebound in electricity generation (which is fully based on hydroelectric production), following a drought-induced decline throughout FY:17 and abundant rainfall this year. In fact, electricity production reached a record high of 7.5GWh in 9M:18 -- more than double its level in 9M:17 -- after having declined sharply by 33.4% y-o-y in 9M:17 and 36.6% in FY:17 (it is estimated to have contributed 1.7 pps to overall GDP growth in 9M:18 after subtracting 0.5 pps in 9M:17).

The expansion in economic activity in 9M:18 was, however, held back by the slowdown in the construction sector (up 2.1% y-o-y in 9M:18 against a strong rise of 12.6% in 9M:17, contributing just 0.2 pps to overall GDP growth in 9M:18 compared with 1.0 pp in 9M:17). This is largely attributed to: i) the completion of the largest part of two major energy projects (i.e. TAP and the Statkraft/Devoll hydropower plant) in FY:17; and ii) lower capital expenditure (up 7.7% y-o-y in 9M:18 against a pre-election sharp rise of 35.1% in 9M:17).

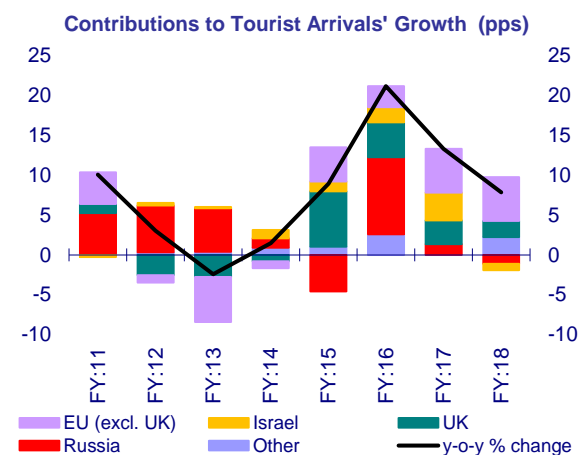
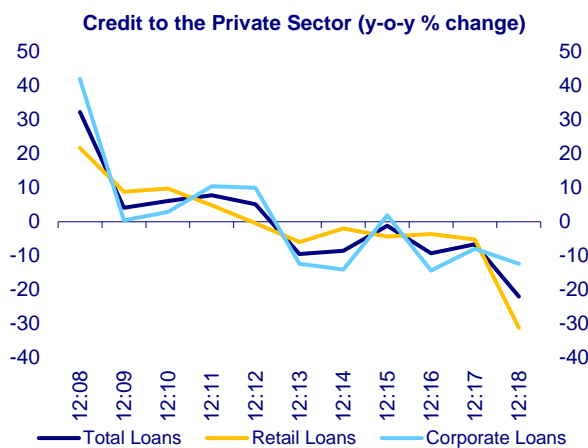
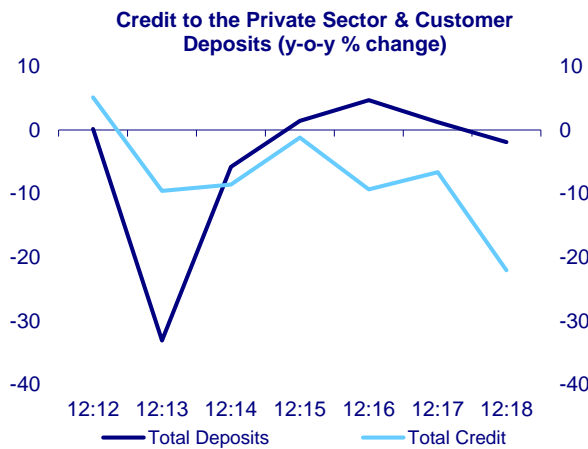
For Q4:18, we estimate that activity strengthened to 4.0% y-o-y in Q4:18 compared with 3.7% y-o-y in Q4:17, as the negative impact, especially on the construction sector, from the completion of large energy projects was more than offset by the continued rebound in electricity production.

Overall, we estimate that GDP growth picked up further in 2018, accelerating, for a fifth successive year, to 4.3% -- the fastest pace in a decade and exceeding its long-term potential of 4.0%. Our estimation was revised up by 0.1 pp, in view of the stronger-than-initially-expected 9M:18 performance and recent trends. Note that Albania is estimated to have experienced the highest FY:18 GDP growth in SEE-5 (along with Serbia). Importantly, the output gap is estimated to have turned positive (0.1% in FY:18 against -0.1% in FY:17) for the first time in 6 years in FY:18.

The pace of GDP growth is set to moderate slightly to a still high 4.0% in FY:19, as the impact from the past year's spike in energy production fades. For 2019, we expect a moderation in activity to a still solid pace of 4.0% -- in line with its long-term potential -- due to: i) a normalization in electricity production, following a (weather-related) strong supply shock in FY:18; and ii) a weaker growth outlook in the country's main trading partners. Nevertheless, activity is set to be underpinned by stronger consumption and strengthening confidence in the domestic economy, reflecting political stability, and the authorities' strong commitment to economic reforms, in view of both the expected approval of a starting date for the launch of EU accession talks in June 2019 and the continued engagement with the IMF under the Post-Programme Monitoring (PPM) process. Activity in FY:19 should also be underpinned by the rebound in credit activity, the continued improvement in the labour market, as well as an accommodative policy mix.

Cyprus

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



Customer deposits declined for the first time in 4 years in 2018, mainly due to heightened depositor uncertainty ahead of the privatisation of Cyprus Cooperative Bank (CCB) – completed in early-September. Customer deposits were down by 1.9% y-o-y in December following a rise of 1.3% a year earlier. The decline would have been sharper had depositor uncertainty not dissipated following the Parliamentary approval of several measures aimed at accelerating the reduction of NPEs, in mid-July. The measures include: i) targeted amendments in the insolvency and foreclosure frameworks (first-adopted in 2015) to strengthen borrowers' payment discipline and improve banks' collateral recovery performance; ii) a subsidy programme, "Estia", aimed at helping "vulnerable" borrowers (subject to income and wealth criteria), who are unable to repay loans secured by their primary residence, to begin servicing their debt; iii) the adoption of a loan securitization framework and a secondary market for NPL sales to incentivize banks to pursue a faster clean-up of their balance sheets; and iv) financial support to CCB (consisting of a capital injection of EUR 3.4bn mainly in the form of government bonds and state guarantees of EUR 2.3bn) to implement a sales agreement on its healthy assets and liabilities with Hellenic Bank -- the third largest bank -- with the remaining assets remaining in the CCB's "Residual Entity", to be owned and financed by the State.

Private sector loans contracted by more than one fifth in 2018, due to the carve-out of CCB's NPEs, continued efforts by banks to clean up their loan books and constrained new lending. Credit to the private sector fell sharply by 22.0% y-o-y in December following a decline of 6.6% at end-2017. The sharper pace of deleveraging was due to the carve-out of CCB's NPEs and, to a lesser extent, banks' increased sales, write-offs and debt-for-asset swaps. Weaker flow effects from a decline in new loan facilities (down 8.9%) also weighed on overall loan growth during 2018, despite a pick-up in new household loans (up 5.7%) on the back of banks' relaxed credit conditions to households. As a result, the lending penetration rate declined to 160.1% of GDP at end-2018 from 216.6% at end-2017 and a peak of 315.0% at end-2012 – still above the EU average of 87.0%.

Tourist arrival growth slowed to single digits in 2018 -- dragged down by the main source countries (the UK, Russia and Israel). Tourist arrival growth moderated to a still robust 7.8% in FY:18 (3.9mn visitors) from 13.3% (3.7mn visitors) in FY:17. The deceleration was mainly due to a decline in arrivals from Russia and Israel (together shaving 6.7 pps off total arrival growth) and a slowdown in arrivals from the UK (the main source country, subtracting 1.0 pp from overall growth). The weaker support from Russian and British visitors can largely be attributed to their gradual return to Turkey and Egypt due to more competitive prices and eased domestic security concerns. On the other hand, the decline in the number of Israeli visitors reflects a normalization after 6 consecutive years of impressive growth (a CAGR of c. 45.0% during 2012-17).

With less support from tourist arrivals and weaker spending per tourist, tourist receipts are estimated to have increased by a modest 2.6% in FY:18 following a strong rise of 11.7% in FY:17.

For this year, despite improved air connectivity and recent measures to support tourist activity, including the establishment of a dedicated Deputy Ministry of Tourism in January, we expect tourist arrival growth to decelerate further to c. 3.0% (4.0mn visitors), mainly due to continued drag from Russian and Israeli visitors and weaker support from British visitors. A disorderly departure by the UK from the EU at end-Q1:19 poses a downside risk to our forecast.

	11 Feb.	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.37	-0.37	-0.37	-0.37
EUR/USD	1.13	1.22	1.24	1.26
Sov. Spread (2020. bps)	136	55	52	50

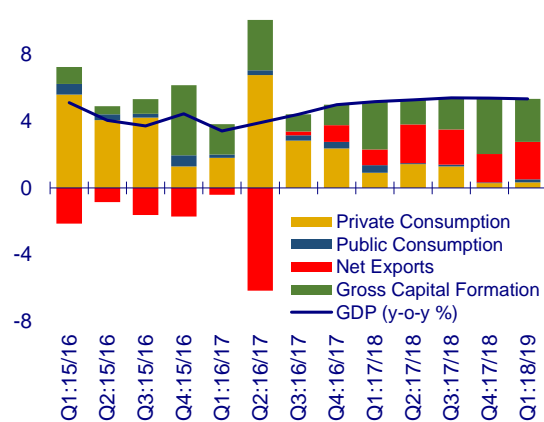
	11 Feb.	1-W %	YTD %	2-Y %
CSE Index	61	0.1	-7.4	-6.8

	2016	2017	2018E	2019F	2020F
Real GDP Growth (%)	4.8	4.2	4.0	3.6	3.2
Inflation (eop. %)	-0.3	-0.6	1.7	1.2	1.4
Cur. Acct. Bal. (% GDP)	-5.1	-8.4	-6.9	-8.0	-7.4
Fiscal Bal. (% GDP)	0.3	1.8	2.8	3.0	3.0

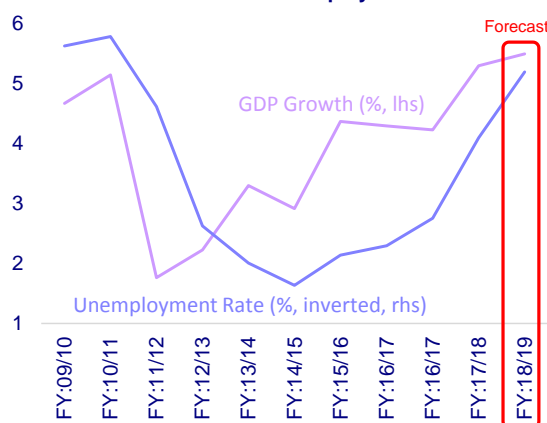
Egypt

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

Contributions to Annual Real GDP Growth (pps)



GDP Growth and Unemployment Rate



Egypt: Selected Macroeconomic Indicators

	2016/17A	2017/18E	2018/19F
GDP Growth, %	4.2	5.3	5.5
Inflation, %, eop	29.8	14.4	14.5
Unemployment, %, aop	12.2	10.9	9.6
Primary Fiscal Bal., GDP	-1.8	0.2	2.0
Overall Fiscal Bal., % GDP	-11.4	-9.8	-8.3
Gross Public Debt, % GDP	103.2	92.6	86.0
Current Acct Bal., % GDP	-5.6	-2.4	-2.5
Gross FX Reserves, USD bn	30.7	44.4	44.8

A: Actual, E: Estimate, F: Forecast
Source: IMF, February 2019

	11 Feb.	3-M F	6-M F	12-M F
O/N Interbank Rate (%)	17.0	15.5	14.0	12.0
EGP/USD	17.6	17.9	18.0	18.0
Sov. Spread (2020. bps)	235	230	210	180

	11 Feb.	1-W %	YTD %	2-Y %
HERMES 100	1,416	3.3	11.5	20.5

	15/16	16/17	17/18E	18/19F	19/20F
Real GDP Growth (%)	4.3	4.2	5.3	5.5	5.8
Inflation (eop. %)	14.0	29.8	14.4	12.5	9.0
Cur. Acct. Bal. (% GDP)	-6.0	-6.0	-2.4	-1.8	-1.5
Fiscal Bal. (% GDP)	-12.5	-10.9	-9.7	-8.8	-8.2

Constitutional amendments may allow President el-Sissi to remain in office until 2034. Parliament's general committee approved a motion submitted by the "Support Egypt" parliamentary majority to amend the country's constitution. The proposed amendments aim, *inter alia*, to: i) extend the presidential term from 4 to 6 years, ii) bring back the post of vice president; iii) create a new upper house of parliament (senate); and iv) reform the judicial system. The amendments allow the current President, el-Sissi, to contest the next presidential election after his second term ends in 2022, and remain in office until 2034. The amendments need to be first endorsed by a two-thirds majority of the 596-seat assembly and then be put to a national referendum for final approval.

GDP growth on track to reach an 11-year high of 5.5% this fiscal year (ending in June 2019). GDP growth accelerated slightly to 5.3% y-o-y in Q1:18/19 (July-September 2017) from 5.2% a year earlier, supported by the continued implementation of the 3-year USD 12bn IMF programme – signed in November 2016.

Importantly, the ongoing adjustment programme continued to shift the structure of economic growth from consumption towards exports and investments, which bodes well for strong and sustainable growth in the coming years. The main measures of this programme are: i) the flotation of the domestic currency; ii) cuts in fuel and gas subsidies; iii) the introduction of the long-awaited VAT and the increase of other taxes; and iv) the containment of the wage bill.

Specifically, private consumption growth moderated to 0.4% y-o-y in Q1:18/19 from 1.1% a year earlier, mainly due to a restrictive monetary policy stance, a tight incomes policy and high inflation. Public consumption growth eased to 2.0% y-o-y in Q1:18/19 from 4.6% a year earlier, in line with a tighter fiscal policy stance. Gross capital formation growth decelerated to a still strong 18.0% y-o-y in Q1:18/19 from 23.5% a year earlier, sustained by large investments in the oil sector. Exports of goods and services rose by 4.0% y-o-y in Q1:18/19, despite a strong base effect (they rose sharply by 127.4% y-o-y in Q1:17/18 following the flotation of the EGP in mid-Q2:16/17 that halved the EGP value), mainly supported by buoyant activity in the tourism sector.

Looking ahead, with high frequency indicators pointing to the continuation of recent trends in Q2-Q3:18/19, we expect GDP growth to reach an 11-year high of 5.5% in FY:18/19. Should our GDP growth forecast materialise, the FY:18/19 unemployment rate would reach a post-Revolution (January 2011) low of 9.8% -- down from 10.9% in FY:17/18 and a peak of 13.4% in FY:13/14.

The IMF Executive Board completed the 4th review of Egypt's economic reform programme. The completion of the review allowed the authorities to draw the equivalent of USD 2bn, bringing total disbursements under the programme to c. USD 10bn.

The IMF Board commended the authorities' strong implementation of the reform programme, which has boosted growth, lowered inflation and unemployment, and reduced the fiscal and external gaps (see Table). The Board also stressed that, although the outlook remains favourable, there is a need for continued consistent policy implementation, to face a more challenging external environment.

The IMF is expected to conduct the fifth and last review of the programme in June. The completion of this review will hinge mainly on: i) the achievement of the 100% cost recovery target for fuel products by end-June; and ii) the observance of this fiscal year's primary surplus target of 2.0% of GDP, which is set to bring the gross public debt down further to 86.0% of GDP from a peak of 103.2% in FY:16/17.

FOREIGN EXCHANGE MARKETS, FEBRUARY 11TH 2019

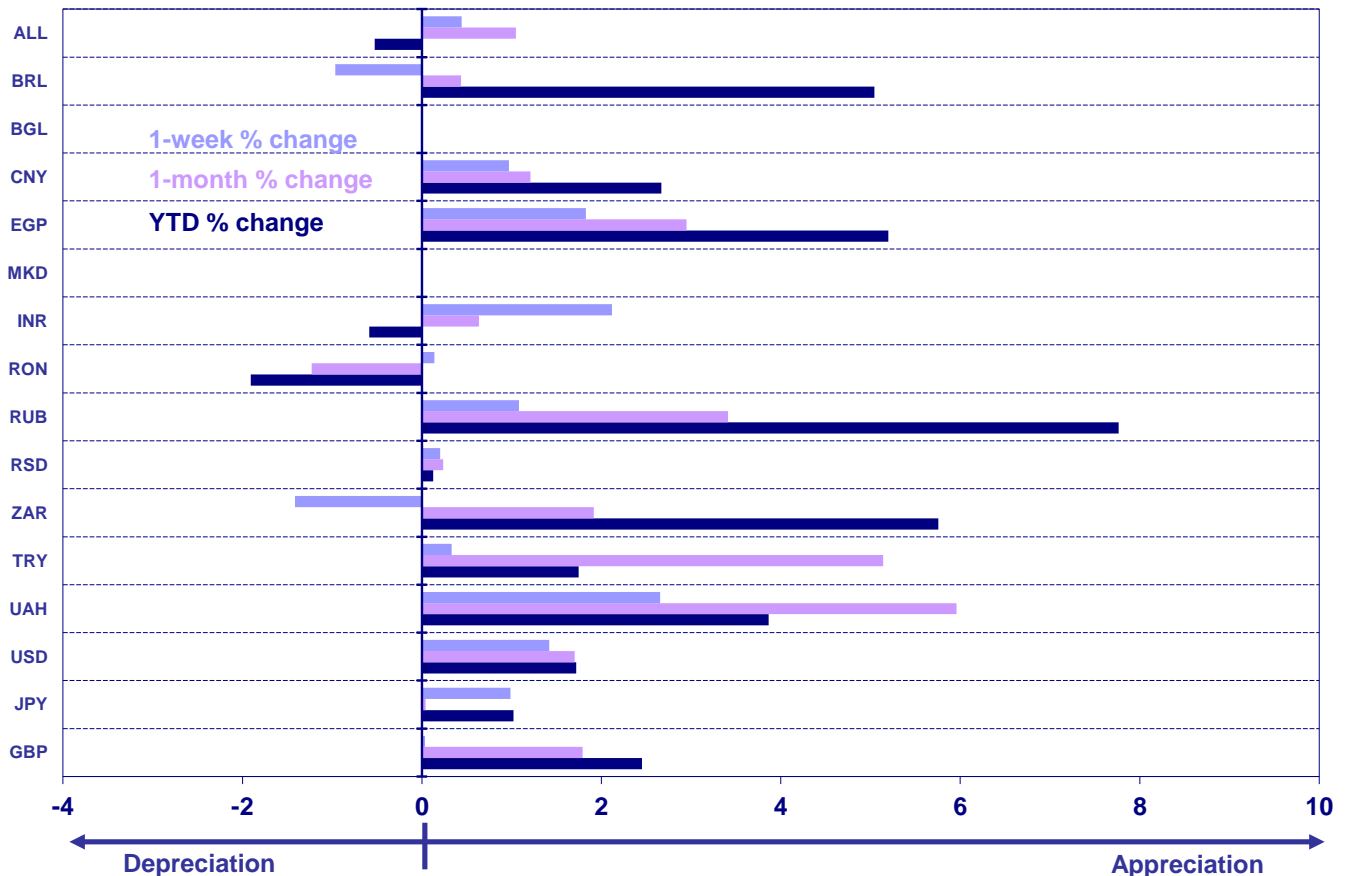
Against the EUR

Currency		2019										2018	2017
		SPOT	1-week %change	1-month %change	YTD %change*	1-year %change	Year-Low	Year-High	3-month Forward rate**	6-month Forward rate**	12-month Forward rate**	% change*	% change*
Albania	ALL	123.9	0.4	1.0	-0.5	7.1	123.6	125.5	124.1	124.0	123.0	7.8	1.9
Brazil	BRL	4.24	-1.0	0.4	5.0	-4.4	4.16	4.46	---	---	4.52	-10.7	-13.9
Bulgaria	BGL	1.96	0.0	0.0	0.0	0.0	1.96	1.96	1.96	1.96	1.96	0.0	0.0
China	CNY	7.66	1.0	1.2	2.7	1.3	7.64	7.88	---	---	7.91	-0.8	-6.0
Egypt	EGP	19.80	1.8	2.9	5.2	8.8	19.66	21.16	---	---	---	0.0	-9.4
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	80.3	2.1	0.6	-0.6	-1.6	79.3	82.3	---	---	---	-3.9	-6.7
Romania	RON	4.74	0.1	-1.2	-1.9	-1.9	4.66	4.78	4.79	4.83	4.93	0.6	-3.0
Russia	RUB	74.2	1.1	3.4	7.8	-4.3	74.0	80.1	75.6	77.2	80.1	-13.4	-6.8
Serbia	RSD	118.1	0.2	0.2	0.1	0.2	118.2	118.5	118.4	118.7	---	0.2	4.2
S. Africa	ZAR	15.6	-1.4	1.9	5.8	-5.9	15.16	16.66	15.9	16.2	16.8	-9.9	-2.7
Turkey	YTL	5.95	0.3	5.1	1.7	-21.5	5.91	6.47	6.29	6.65	7.28	-24.9	-18.4
Ukraine	UAH	30.5	2.7	6.0	3.9	7.9	30.44	32.66	---	---	---	6.0	-15.2
US	USD	1.13	1.4	1.7	1.7	9.0	1.1	1.2	1.14	1.15	1.16	4.6	-12.4
JAPAN	JPY	124.4	1.0	0.0	1.0	7.3	118.8	125.9	124.5	124.5	124.5	7.5	-8.9
UK	GBP	0.88	0.0	1.8	2.5	1.3	0.9	0.9	0.88	0.88	0.89	-1.1	-4.1

* Appreciation (+) / Depreciation (-)

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

Currencies against the EUR (February 11th 2019)



MONEY MARKETS, FEBRUARY 11TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1.1	6.4	---	2.3	---	17.0	---	---	3.5	8.0	---	24.2	6.2	17.1	---	2.4
T/N	---	---	---	---	---	---	---	---	3.6	8.0	2.4	---	7.0	---	---	---
S/W	1.2	6.4	---	2.6	-0.4	---	1.0	---	---	7.8	2.4	---	6.7	17.6	-0.4	2.4
1-Month	1.3	6.4	0.0	2.8	-0.4	---	1.2	6.9	3.3	8.5	2.7	24.2	7.1	19.2	-0.4	2.5
2-Month	---	6.4	---	---	---	---	---	---	---	8.5	2.8	24.1	7.3	---	---	2.6
3-Month	1.5	6.4	---	2.9	---	---	1.5	7.5	3.1	8.5	3.0	24.0	8.0	19.6	---	2.7
6-Month	1.5	6.4	---	3.0	---	---	1.7	---	3.3	8.5	3.2	23.9	7.8	---	---	2.7
1-Year	1.6	6.6	---	3.2	-0.1	---	2.0	---	3.5	8.4	---	23.9	8.1	---	-0.1	2.9

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

LOCAL DEBT MARKETS, FEBRUARY 11TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	---	---	---	---	---	18.1	---	6.4	---	7.8	---	21.1	---	---	-0.5	2.4
6-Month	---	---	---	---	---	18.4	---	6.5	3.2	8.0	3.3	20.7	---	---	-0.5	2.5
12-Month	1.3	---	-0.1	2.4	---	18.2	0.9	6.6	3.3	7.7	2.8	18.6	---	19.0	-0.5	2.5
2-Year	---	---	---	2.6	---	---	1.3	6.8	3.6	7.8	---	17.9	7.2	---	-0.6	2.5
3-Year	---	---	0.0	2.7	0.8	---	---	6.8	4.0	7.8	---	16.6	7.1	17.6	-0.5	2.5
5-Year	3.4	8.3	---	2.9	0.9	18.0	---	7.2	4.3	8.0	3.7	15.2	8.0	---	-0.4	2.5
7-Year	---	---	0.6	---	1.6	17.9	---	7.4	4.4	8.1	---	---	---	---	-0.2	2.6
10-Year	5.9	9.1	0.9	3.1	---	17.8	---	7.5	4.9	8.2	---	14.3	8.8	---	0.1	2.7
15-Year	---	---	---	---	---	---	3.0	7.7	---	8.3	---	---	9.9	---	0.4	---
25-Year	---	---	---	---	---	---	---	---	---	---	---	---	9.9	---	---	---
30-Year	---	---	---	---	---	---	---	7.7	---	---	---	---	9.8	---	0.7	3.0

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

CORPORATE BONDS SUMMARY, FEBRUARY 11TH 2019

		Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Bulgaria	Bulgaria Energy Hld 4.875% '21	EUR	NA/NA	2/8/2021	550	2.0	256	221
South Africa	FirstRand Bank Ltd 4.25% '20	USD	BB/Baa3	30/4/2020	500	4.1	167	146
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.9	142	119
Turkey	Arcelik AS 3.875% '21	EUR	BB+/NA	16/9/2021	350	3.2	371	329
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	6.4	390	367
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	8.7	620	572
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	7.6	516	481
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	8.3	581	532
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	7.4	493	463
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	5.9	349	331

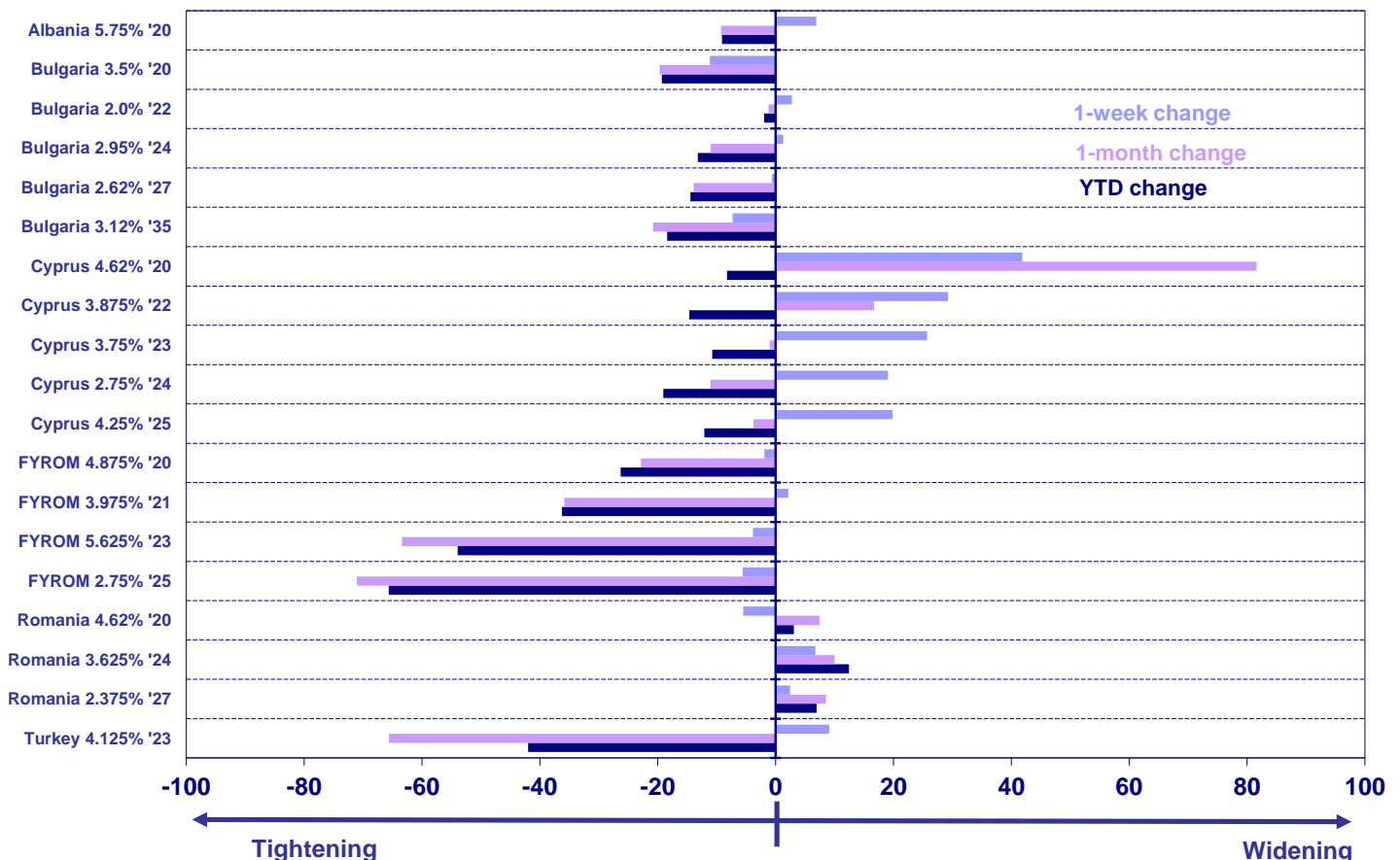
CREDIT DEFAULT SWAP SPREADS. FEBRUARY 11TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	FYROM	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	---	173	71	57	115	376	---	80	105	138	116	318	188	647
10-Year	---	250	103	101	130	419	---	89	147	197	147	374	259	672

EUR-DENOMINATED SOVEREIGN EUROBOND SUMMARY. FEBRUARY 11TH 2019

	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	1.6	218	190
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.1	39	14
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	0.0	56	11
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	0.3	58	15
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	1.0	101	56
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	2.3	196	134
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	0.9	136	114
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1,000	0.7	120	78
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1,000	0.9	129	85
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	1.2	159	109
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	1.6	176	139
FYROM 4.875% '20	EUR	BB-/NA	1/12/2020	178	0.9	149	117
FYROM 3.975% '21	EUR	BB-/NA	24/7/2021	500	1.7	220	482
FYROM 5.625% '23	EUR	BB-/NA	26/7/2023	450	2.2	263	236
FYROM 2.75% '25	EUR	BB-/NA	18/1/2025	500	2.5	275	224
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	0.1	67	35
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	1.1	147	102
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	2.4	241	188
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	3.7	423	369

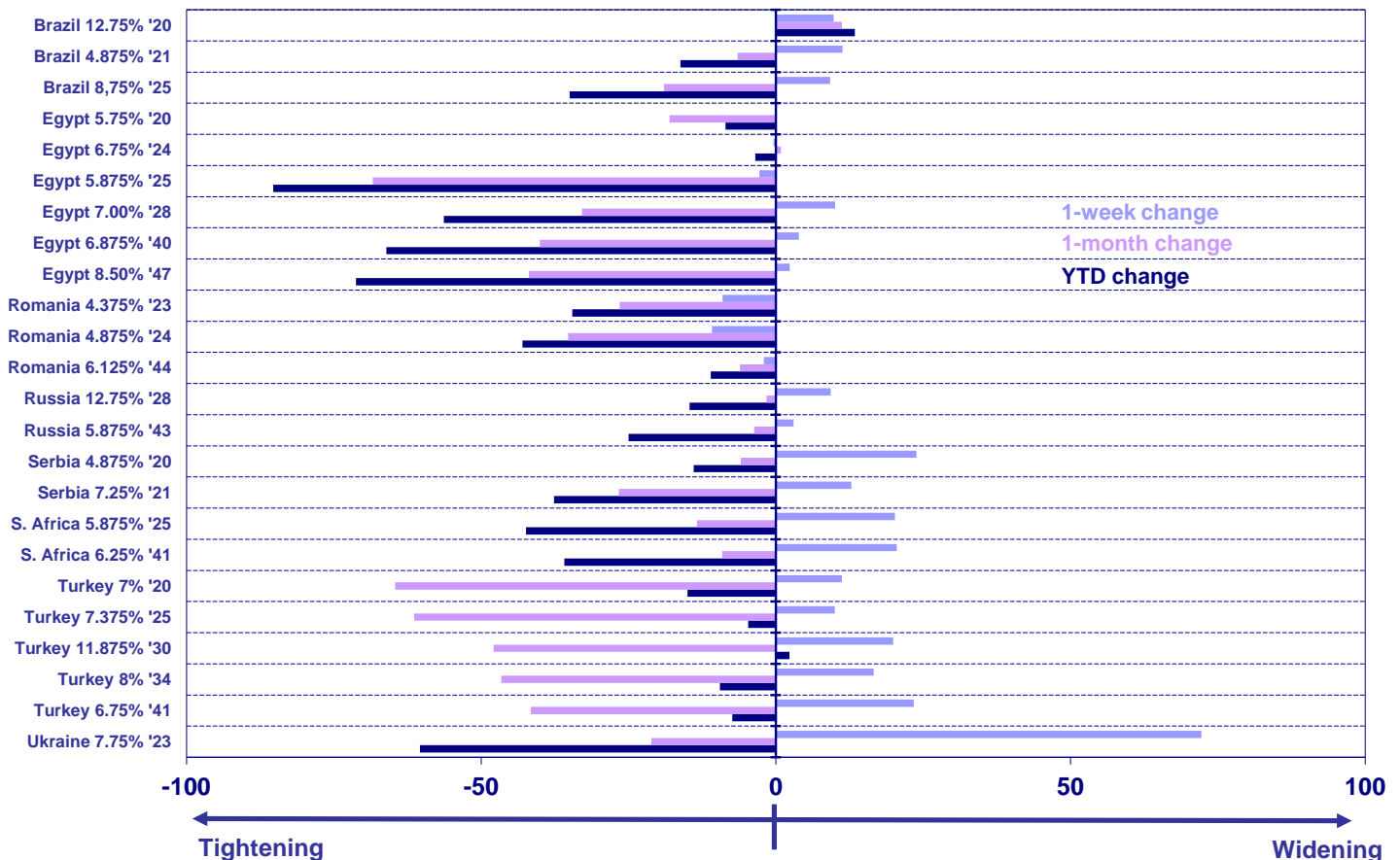
EUR-Denominated Eurobond Spreads (February 11th 2019)



USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY. FEBRUARY 11TH 2019

	Currency	Rating S&P / Moody's	Maturity	Amount Outstanding (in million)	Bid Yield	Gov. Spread	Asset Swap Spread
Brazil 12.75% '20	USD	NA/Ba2	15/1/2020	87	3.4	90	82
Brazil 4.875% '21	USD	NA/Ba2	22/1/2021	2,713	3.5	100	86
Brazil 8.75% '25	USD	NA/Ba2	4/2/2025	688	4.2	168	186
Egypt 5.75% '20	USD	B/B3	29/4/2020	1,000	4.9	235	220
Egypt 6.75% '24	USD	NA/B3	10/11/2024	1,500	6.2	370	359
Egypt 5.875% '25	USD	B/B3	11/6/2025	500	6.8	425	404
Egypt 7.00% '28	USD	NA/B3	10/11/2028	1,000	7.6	500	476
Egypt 6.875% '40	USD	B/B3	30/4/2040	1,500	8.2	524	482
Egypt 8.50% '47	USD	NA/B3	31/1/2047	500	8.8	577	573
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	3.8	136	128
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	3.8	128	121
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	5.2	218	252
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	4.7	209	278
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	5.2	217	246
Serbia 4.875% '20	USD	BB/Ba3	25/2/2020	1,500	3.9	133	120
Serbia 7.25% '21	USD	BB/Ba3	28/9/2021	2,000	3.8	136	129
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	5.1	257	256
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	6.1	312	328
Turkey 7.00% '20	USD	NR/Ba3	5/6/2020	2,000	5.4	284	272
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	6.6	408	408
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	7.2	458	541
Turkey 8.00% '34	USD	NR/Ba3	14/2/2034	1,500	7.3	469	466
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	7.3	435	400
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	9.8	737	684

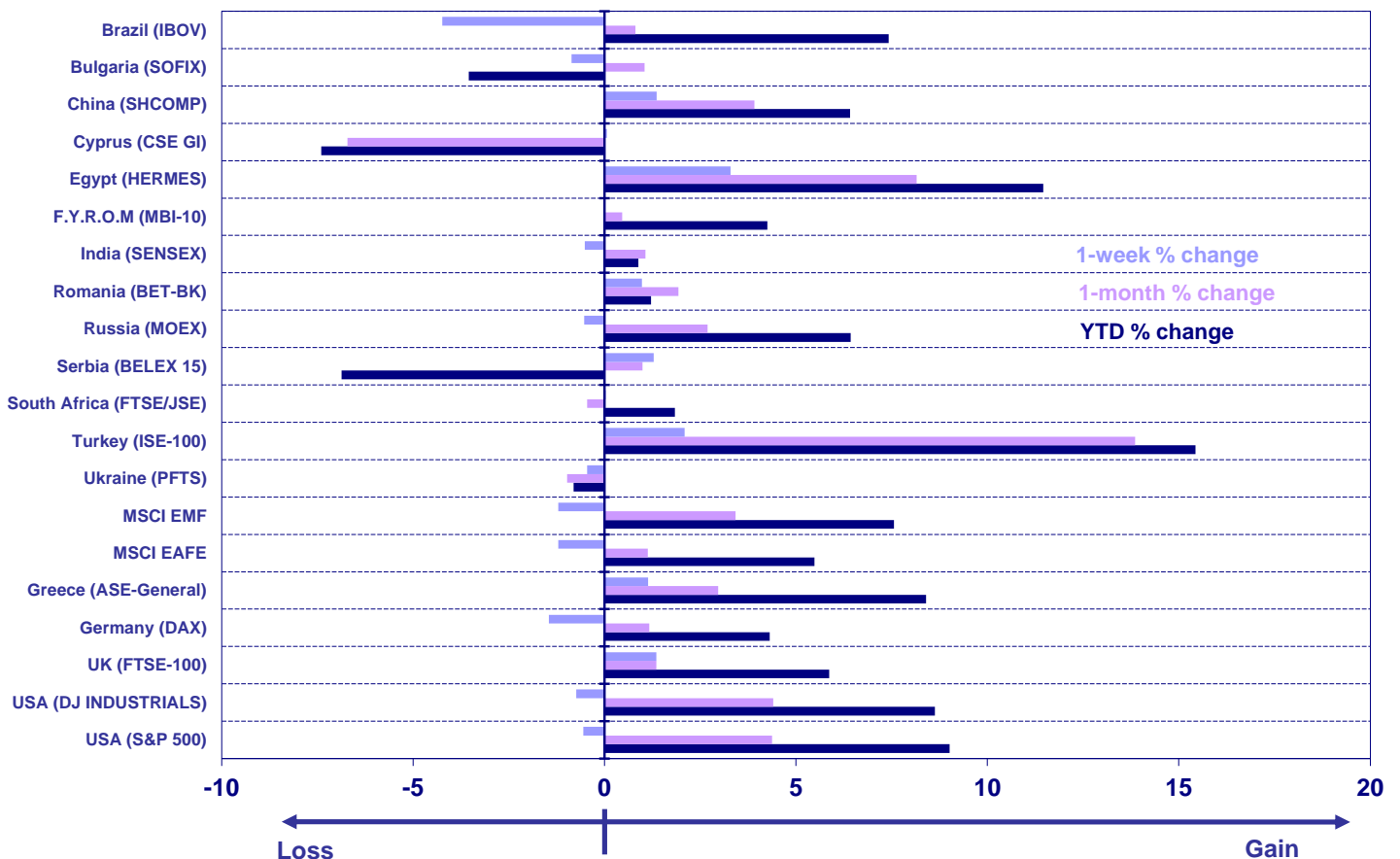
USD-Denominated Eurobond Spreads (February 11th 2019)



STOCK MARKETS PERFORMANCE. FEBRUARY 11TH 2019

	2019							2018		2017		
	Local Currency Terms							EUR Terms	Local Currency Terms	EUR terms	Local Currency terms	EUR terms
	Level	1-week % change	1-month % change	YTD % change	1-year % change	Year-Low	Year-High	YTD % change	% change	% change	% change	% change
Brazil (IBOV)	94,413	-4.2	0.8	7.4	16.7	87,536	98,589	12.6	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	573	-0.9	1.0	-3.5	-17.7	560	594	-3.5	-12.3	-12.3	15.5	15.5
China (SHCOMP)	2,654	1.4	3.9	6.4	-15.9	2,441	2,654	9.3	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	61	0.1	-6.7	-7.4	-12.5	61	67	-7.4	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,416	3.3	8.2	11.5	-4.0	1,290	1,419	14.0	-11.1	-11.1	32.0	18.7
F,Y,R,O,M (MBI)	3,617	0.0	0.5	4.3	31.4	3,467	3,635	4.3	36.6	36.6	18.9	18.9
India (SENSEX)	36,395	-0.5	1.1	0.9	6.1	32,484	38,990	0.6	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,474	1.0	1.9	1.2	-14.4	1,394	1,510	-0.7	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,510	-0.5	2.7	6.4	13.1	2,350	2,552	14.1	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	709	1.3	1.0	-6.9	-7.7	692	760	-6.8	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	53,409	0.0	-0.5	1.8	-5.0	50,907	54,732	8.0	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	104,395	2.1	13.9	15.4	-9.1	87,399	105,930	16.8	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	555	-0.5	-1.0	-0.8	65.4	550	565	3.1	77.5	88.1	18.8	0.8
MSCI EMF	1,035	-1.2	3.4	7.6	-10.2	946	1,054	9.1	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,806	-1.2	1.1	5.5	-10.2	1,709	1,847	7.0	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	655	1.1	3.0	8.4	-20.5	600	659	8.4	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	11,015	-1.4	1.2	4.3	-10.3	10,387	11,372	4.3	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,129	1.4	3.0	5.9	-0.7	6,599	7,188	8.8	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	25,053	-0.7	4.4	8.6	1.8	21,713	26,952	10.2	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,710	-0.6	4.4	9.0	2.0	2,444	2,739	10.6	-6.2	-1.9	19.4	4.7

Equity Indices (February 11th 2019)



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