Economic Analysis Division
Emerging Markets Analysis
Bi-Weekly Report
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NATIONAL BANK OF GREECE

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Emerging Markets Analysis

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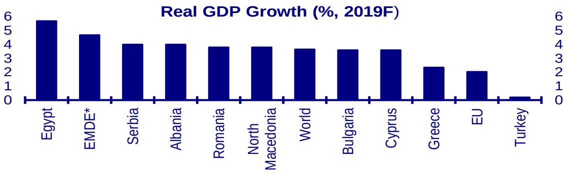
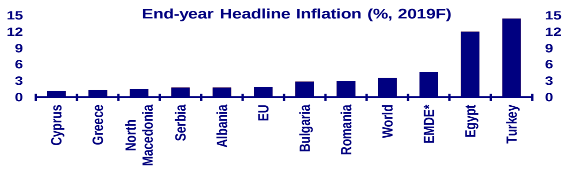


* EMDE: Emerging Market & Developing Economies



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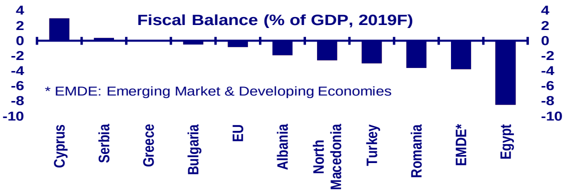
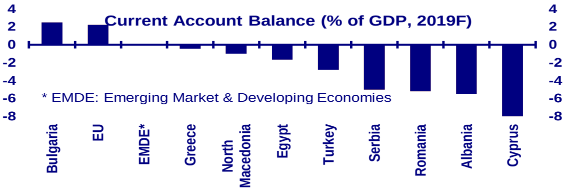




Headline inflation declined to a 4-month low of 19.7% y-o-y, mainly due to weak domestic demand and less unfavourable food prices

The CBRT is likely to maintain its key policy rate on hold at 24.0% at least until May, before initiating a new cycle of monetary policy easing

Buoyant tourist activity contributed significantly to the strong external adjustment in 2018

The current account deficit reached a 6-year high of 4.7% of GDP in FY:18 against 3.2% in FY:17, on the back of stronger domestic demand

The CAD is set to widen further to an alarming 5.2% of GDP in FY:19

Weaker external demand from outside the EU, combined with stronger domestic demand and higher global oil prices, pushed down the current account surplus to 4.6% of GDP in FY:18 from an upwardly-revised 6.5% in FY:17

Bulgaria is set to remain the best performer in the region, despite the expected sharp decline in the current account surplus to 2.5% of GDP in FY:19

GDP growth rebounded to a post-global crisis high of 4.3% in FY:18 from 2.0% in FY:17

GDP growth is set to moderate to a still high 3.6% in FY:19 -- remaining above its long-term potential of 3.5% for a 2nd successive year

The current account deficit shrunk to a 13-year low of 0.3% of GDP in FY:18, due to a significant improvement in the trade balance

Large (net) FDI inflows and Eurobond proceeds brought FX reserves to a record high of EUR 2.9bn in FY:18

Political turmoil jeopardises the opening of EU membership negotiations

The banking sector's ROAE weakened to a still solid 13.0% in FY:18

The 2018 Budget would have met its surplus target of 2.9% of GDP had it not been for the one-off EUR 1.7bn (8.1% of GDP) fiscal burden from the sale of Cyprus Cooperative Bank to Hellenic Bank

Fiscal prudence to continue this year

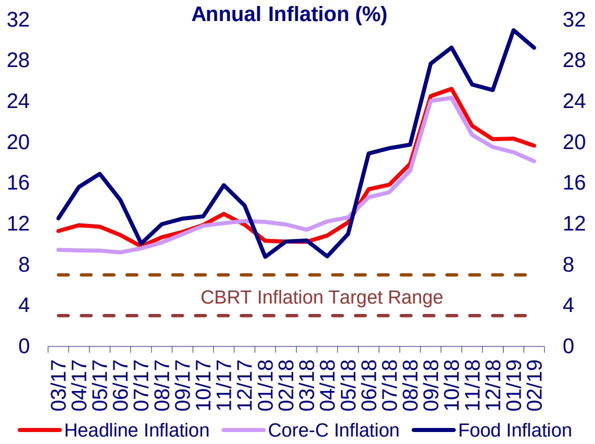
Credit to the private sector (FX-adjusted) picked up for a third consecutive quarter in Q2:18/19, on the back of stronger loan supply and demand

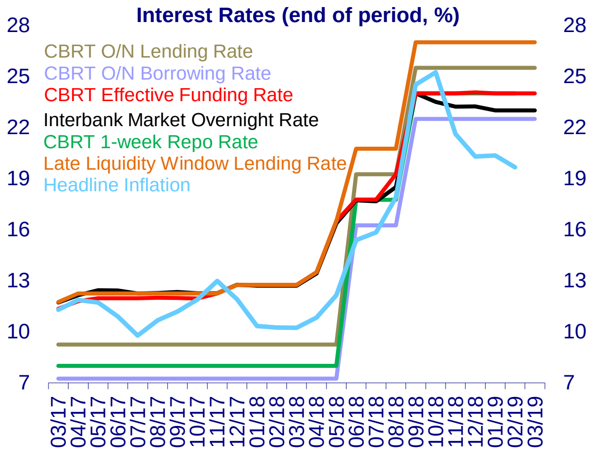
Customer deposits (FX-adjusted) lost momentum for a third successive quarter in Q2:18/19, due to lower EGP remuneration rates and strong base effects

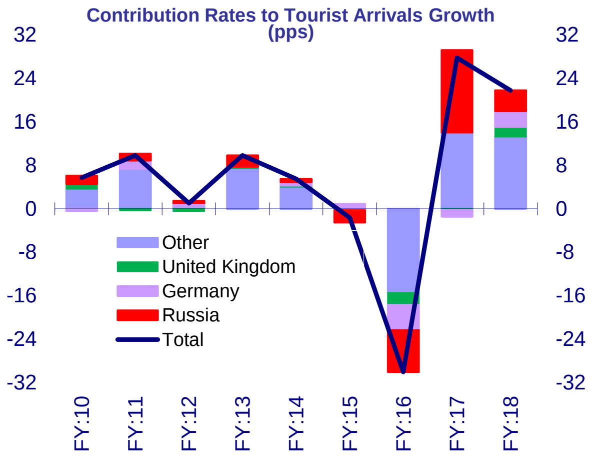
The unemployment rate is set to return to single digits this fiscal year (ending in June)

Turkey

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







	11 Mar.	3-M F	6-M F	12-M F
1-m TRIBOR (%)	24.1	23.5	22.0	18.5
TRY/EUR	6.12	6.30	6.60	6.80
Sov. Spread (2025, bps)	429	405	380	340

	11 Mar.	1-W %	YTD %	2-Y %
ISE 100	100,850	-3.2	11.5	12.5

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.2	7.4	2.6	0.2	3.0
Inflation (eop, %)	8.5	11.9	20.3	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	-3.0	-3.0

Headline inflation declined to a 4-month low of 19.7% y-o-y, mainly due to weak domestic demand and less unfavourable food prices. Despite unsupportive base effects and higher energy prices, headline inflation slowed to 19.7% y-o-y in February from 20.4% in January, due to a decline in core inflation and a deceleration in food prices. Indeed, the CBRT's favourite core inflation measure, CPI-C, moderated to a 4-month low of 18.1% y-o-y in February from 19.0% in January, due to a lack of demand-pull pressures, a stable exchange rate and a tight monetary policy stance. Moreover, food inflation declined to 29.3% y-o-y in February from a multi-year high of 31.0% in January, partly due to the government's initiative to provide cheaper fruit & vegetables through municipality-run points of sale.

Looking ahead, we expect headline inflation to end this year at 14.5% y-o-y -- below the end-2018 outcome of 20.3% and broadly in line with the CBRT's latest forecast of 14.6% -- mainly supported by: i) a gradual normalization in agricultural production; ii) a milder depreciation of the TRY; and iii) a tight monetary policy stance. Note, however, that by the end of the year, headline inflation is set to peak at about 21.0% y-o-y in May, as the temporary tax cuts (on automotive, white goods and furniture) come to an end, before falling to a trough of 10.0% in October, due to strong base effects (inflation stood at a 16-year high of 24.5% a year earlier).

The CBRT is likely to maintain its key policy rate on hold at 24.0% at least until May, before initiating a new cycle of monetary policy easing. As expected, at its March 6th MPC meeting, the CBRT remained on hold, due to still elevated inflation expectations and the lack of a significant improvement in pricing behaviour. Moreover, it reiterated that it will maintain the tight monetary policy stance until the inflation outlook displays a significant improvement and underlined its determination to deliver further monetary tightening, if needed.

Looking ahead, with inflation likely to fluctuate around 20.0% until May, the CBRT is set to maintain its 1-week repo unchanged at 24.0% until then, in a bid to contain eventual depreciation pressures on the TRY, re-anchor inflation expectations and preserve its hard-won credibility. From June, when inflation is expected to embark on a downward trend, the CBRT is set to start a new cycle of monetary policy loosening, cutting its central rate gradually by 600 bps to 18.0% by December.

Buoyant tourist activity contributed significantly to the strong external adjustment in 2018. Tourist arrivals rose sharply by 21.8% to an all-time high of 39.5mn in FY:18, supported by more competitive prices (the TRY depreciated against the equally-weighted EUR and USD basket by c. 26.0% in FY:18) and easing domestic security concerns (the number of terrorist incidents fell significantly, to 19 in FY:18 from 55 in 2017 and 102 in 2016).

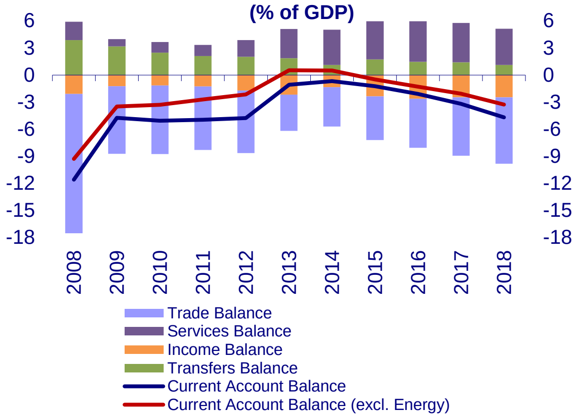
Importantly, arrivals from Germany and the UK, two key source countries, rose sharply in FY:18 (c. 26.0% and c. 36.0%, respectively), following two consecutive years of decline. Moreover, the number of Russian tourists posted solid growth of 26.5% in FY:18, despite a very strong base effect (arrivals from Russia rose sharply by c. 440.0% in FY:17 following the removal of the sanctions imposed by Russia in the wake of the downing of one of its military jets in late-November 2015).

Not surprisingly, due to cheaper prices in USD terms, tourist receipts rose (up 12.2%) at a slower pace than tourist arrivals (up 21.8%) in FY:18. However, tourist receipts contributed significantly to the sharp decline in the current account deficit to 3.6% of GDP in FY:18 from 5.6% in FY:17, rising by USD 2.7bn (or 0.7 pps of GDP) to USD a 3-year high of USD 25.2bn (3.3% of GDP).

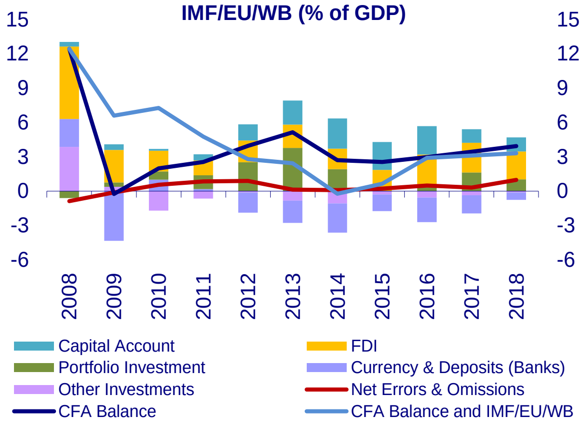
Romania

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

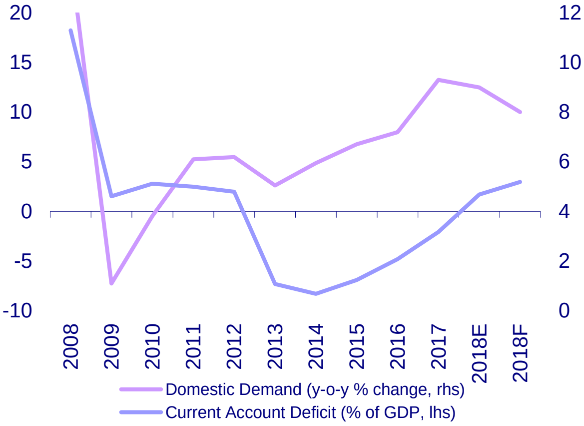
Current Account Balance (% of GDP)



Capital & Financial Account (CFA) and IMF/EU/WB (% of GDP)



Current Account Deficit & Domestic Demand



	11 Mar.	3-M F	6-M F	12-M F
1-m ROBOR (%)	2.8	3.0	3.0	3.0
RON/EUR	4.75	4.80	4.82	4.85
Sov. Spread (2024, bps)	136	130	120	110

	11 Mar.	1-W %	YTD %	2-Y %
BET-BK	1,541	0.5	5.8	3.9

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	4.8	7.0	4.1	3.8	3.4
Inflation (eop, %)	-0.5	3.3	3.3	3.0	2.8
Cur. Acct. Bal. (% GDP)	-2.1	-3.2	-4.7	-5.2	-5.5
Fiscal Bal. (% GDP)	-2.4	-2.8	-2.9	-3.6	-3.8

The current account deficit (CAD) reached a 6-year high of 4.7% of GDP in FY:18 against 3.2% in FY:17, on the back of stronger domestic demand. The main factor was the trade deficit, which widened markedly in FY:18 (up 0.8 pps to 7.3% of GDP), in line with stronger private consumption and, to a lesser extent, adverse developments in global oil markets (the energy trade deficit widened by 0.3 pps of GDP). The former was fueled by the loose incomes policy (public wages rose by up to 45% in certain sectors and pensions were up by 10%) and its spillover to the private sector. Note, however, that the impact of the loose incomes policy was curtailed by the shift in the bulk of the social security contributions' burden onto employees. The trade deficit would have been larger had it not been for the bumper summer harvest. Importantly, despite the slowdown in the EU, Romania's main trade partner (absorbing 75% of the country's exports), non-energy and non-food exports strengthened in FY:18 (up 8.2% or 0.2 pps of GDP), suggesting gains in external competitiveness. On a negative note, the services surplus narrowed in FY:18 (down 0.3 pps to 4.0% of GDP), mainly on the back of stronger domestic demand for tourist services, adding to the deterioration in the CAD.

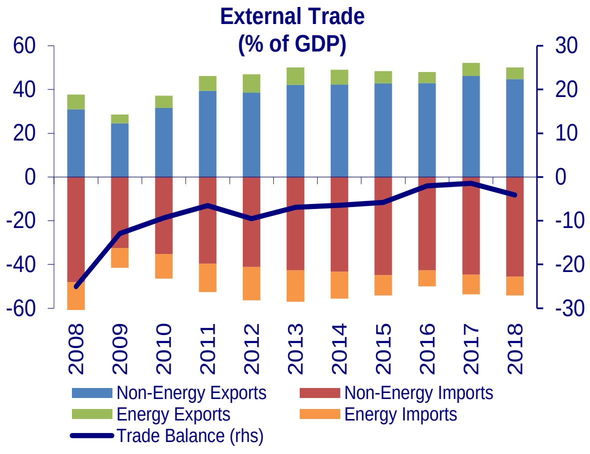
The overall balance (excluding debt repayments to the EU) remained marginally "in the black" in FY:18, despite the widening in the CAD. Specifically, capital outflows from the banking system were contained in FY:18 (to 0.6% of GDP from 1.6% in FY:17), mainly due to lower placement of deposits abroad by domestic banks, and net lending to the non-financial private sector improved slightly (with net repayments of just 0.1% of GDP in FY:18 against 0.5% in FY:17). At the same time, net FDI inflows remained subdued (at 2.4% of GDP in FY:18 against 2.6% in FY:17), covering 52% of the CAD against 82% in FY:17. Net portfolio investment also declined in FY:18 (to 1.0% of GDP from 1.6% in FY:17), but solely due to lower net sovereign Eurobond issuance (0.7% of GDP in FY:18 against 1.5% in FY:17). Note that the capital & financial account may be larger than suggested by the above figures, as net errors and omissions (the bulk of which is historically related to unrecorded capital flows) stood at 1.0% of GDP in FY:18. All said, the overall balance deteriorated (by 0.4 pps), but remained in surplus (0.2% of GDP) in FY:18. The latter was eroded, however, by a debt repayment to the EU (worth 0.6% of GDP), leading FX reserves to decline to EUR 33.1bn at end-2018 from EUR 33.5bn at end-2017.

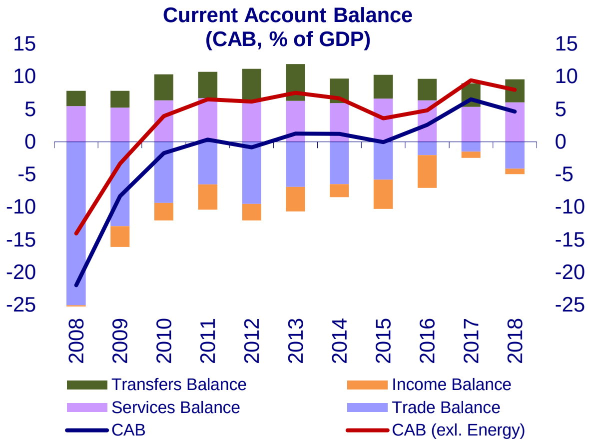
The CAD is set to widen further to an alarming 5.2% of GDP in FY:19. Looking ahead, the trade deficit is set to continue to widen, albeit at a slower pace compared with FY:18, reflecting: i) a further build-up in domestic demand (real GDP growth is projected to slow to a still strong 3.8% in FY:19 from 4.1% in FY:18, above its long-term potential of 3.0%), on the back of a large fiscal impulse (0.7 pps of GDP); and ii) the continuing slowdown in the EU.

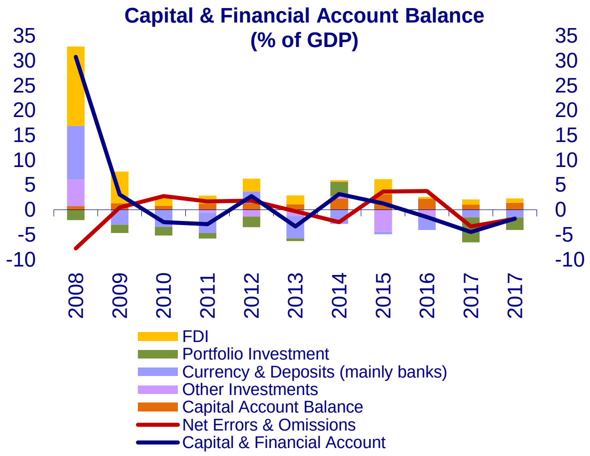
The larger CAD, combined with the continuing debt repayments to the EU (0.5% of GDP in FY:19), should put further pressure on FX reserves. Projecting that: i) net FDI inflows remain subdued at their FY:18 level (c. 2.5% of GDP); ii) the maturing external debt rollover rate declines (to 75% in FY:19 from 86% in FY:18), amid concerns over fiscal and legislative instability and unpredictability (recall the recently-introduced-but-soon-to-be-revised controversial bank tax); and iii) capital transfers rise (to 1.8% of GDP in FY:19 from 1.2% in FY:18) on the back of better absorption of EU funds, we foresee FX reserves declining by EUR 2.4bn in FY:19 to a critical level of EUR 30.7bn (covering just 3½ months of GNFS imports).

Bulgaria

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







	11 Mar.	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)	52	45	43	40

	11 Mar.	1-W %	YTD %	2-Y %
SOFIX	584	-0.2	-1.8	-6.6

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.9	3.8	3.1	3.6	3.2
Inflation (eop, %)	0.1	2.8	2.7	2.9	2.7
Cur. Acct. Bal. (% GDP)	2.6	6.5	4.6	2.5	1.8
Fiscal Bal. (% GDP)	1.6	0.8	0.1	-0.5	-0.5

Weaker external demand from outside the EU, combined with stronger domestic demand and higher global oil prices, pushed down the current account surplus (CAS) to 4.6% of GDP in FY:18 from an upwardly-revised 6.5% in FY:17. The main driver was the trade deficit, which widened markedly in FY:18 (by 2.6 pps to 4.1% of GDP), in line with: i) stronger domestic demand, reflecting a loose incomes policy (public wages were up 8.7%) and its spillover to the private sector, as well as tighter labour market conditions (unemployment fell to a historical low of 5.2% in FY:18 from 6.2% in FY:17); ii) higher global oil prices (the energy trade deficit widened by 0.5 pps of GDP); and iii) the sharp decline in the country's exports to its non-EU partners (down 12.5% in FY:18), due to the appreciation of the EUR to which the BGN is pegged (up 5.7% in real terms in FY:18) and the slowdown in Turkey, Bulgaria's largest trade partner outside the EU (absorbing 24% of Bulgaria's exports to non-EU countries). The deterioration in the trade deficit was partly offset by a larger services surplus (up 0.7 pps to 6.0% of GDP), mainly on the back of higher net exports of IT and financial services. Note that Bulgaria has emerged as an attractive outsourcing destination for business services, due to its favourable tax regime and low labour costs.

Against the backdrop of increased domestic liquidity, net capital outflows continued in FY:18, albeit at a slower pace compared with the previous year. Capital outflows from banks persisted in FY:18 (reaching 1.5% of GDP, broadly unchanged compared with FY:17) and net portfolio investment outflows continued, albeit on a smaller scale (amounting to 2.5% of GDP in FY:18 against a high of 5.0% in FY:17). In our view, the bulk of these outflows is related to the placement of domestic excess liquidity abroad (note that the banking system's loan-to-deposit ratio has declined to 75% from its peak of c. 150% at end-2008) and does not suggest weaker confidence in Bulgarian assets.

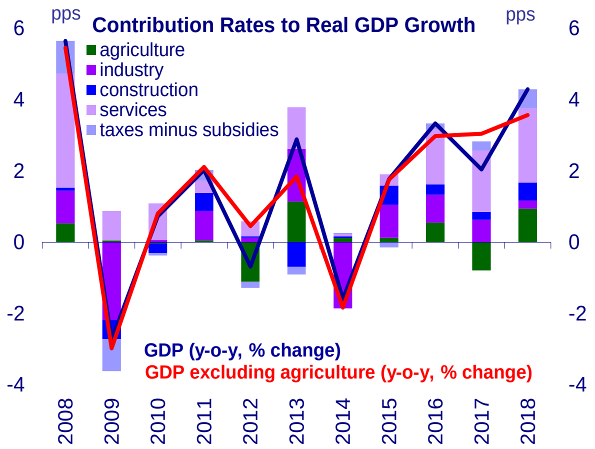
The relative improvement in the capital & financial account may have been larger than suggested by the above figures, as net errors & omissions (the bulk of which is historically related to unrecorded capital flows) were down in FY:18 (to -1.8% of GDP from -3.4% in FY:17). All said, the overall balance improved sharply in FY:18 (by 2.8 pps y-o-y) to a surplus of 2.5% of GDP, with FX reserves reaching a high of EUR 23.6bn at end-2018 against EUR 22.3bn at end-2017, providing strong support to the currency board arrangement (the FX reserves-to-reserve money ratio stands at c. 150%).

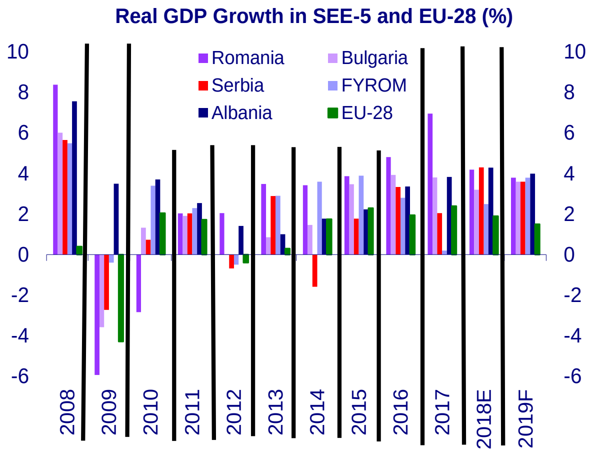
Bulgaria is set to remain the best performer in the region, despite the expected sharp decline in the CAS to 2.5% of GDP in FY:19. Despite more favourable global oil prices, pressures on the trade deficit are set to persist in FY:19, in view of the economic slowdown in Bulgaria's main trade partner, the EU (absorbing 68% of the country's exports), on the one hand, and strong domestic demand, on the other. The latter should be supported by a large fiscal stimulus (c. 0.6 pps of GDP for a second consecutive year in FY:19). The deterioration in the trade deficit should be partly offset by lower profit and dividend outflows.

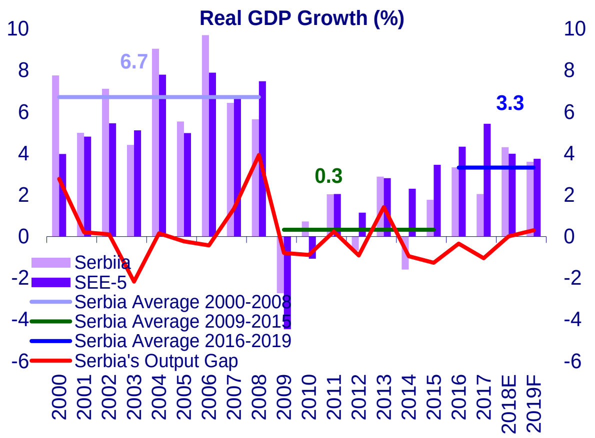
With the current account still in surplus, however, covering external financing needs should not be an issue. Under our baseline scenario, projecting that: i) net FDI inflows remain at FY:18 levels (c. 2.2% of GDP), *reflecting*, inter alia, high domestic savings; ii) the maturing debt rollover rate eases slightly (to 90% in FY:19 from 93% in FY:18); and iii) capital transfers improve (to 2.0% of GDP in FY:19 from 1.4% in FY:18), on the back of better absorption of EU funds, we foresee FX reserves rising further by EUR 1.6bn to EUR 25.2bn at end-2019 (covering more than 9 months of GNFS imports).

Serbia

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







	11 Mar.	3-M F	6-M F	12-M F
1-m BELIBOR (%)	2.7	2.9	3.1	3.5
RSD/EUR	118.0	116.5	116.0	115.0
Sov. Spread (2021, bps)	141	136	125	110

	11 Mar.	1-W %	YTD %	2-Y %
BELEX-15	695	0.3	-8.7	-6.0

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	3.3	2.0	4.3	3.6	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

GDP growth rebounded to a post-global crisis high of 4.3% in FY:18 from 2.0% in FY:17. GDP grew at a solid pace of 3.4% y-o-y in Q4:18, albeit moderating from 4.9% in 9M:18. The moderation in Q4:18 was mainly driven by the slowdown in external demand, mainly due to: i) weaker activity in EU -- Serbia's main trading partner, accounting for a sizeable ⅔ of Serbia's exports -- to 1.4% y-o-y in Q4:18 from 2.1% in 9M:18; and ii) the imposition by Kosovo of a 100% tariff on imports from Serbia in November 2018, effectively halting trade with Kosovo (the latter accounts for 3.0% of Serbia's exports, mainly food). The slowdown in activity in Q4:18 also reflects: i) base effects; and ii) temporary supply shocks, including the temporary 2-month halt in production by the carmaker's FIAT in Q4:18 (FIAT accounted for a sizeable 4.4% of Serbia's exports in FY:18).

Despite the weak Q4:18 performance, GDP growth reached a 10-year high of 4.3% in FY:18 -- up from a weak 2.0% in FY:17 and well above its long-term potential of 3.5%. Importantly, the improvement in FY:18 was broadly based, with the industrial sector a notable exception.

In fact, growth in agricultural production turned positive and reached double digits in FY:18 (up by a 5-year high of 15.6%, contributing a sizeable 0.9 pps to real GDP growth), after a drought-related decline in FY:17 (by 11.2%, subtracting 0.8 pps from growth). Importantly, even excluding agriculture, GDP growth strengthened to a post-crisis high of 3.6% in FY:18, compared with a robust level of 3.0% in FY:17.

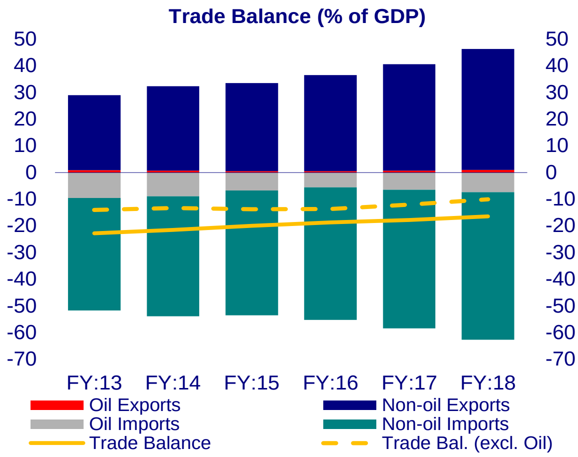
Moreover, growth in the services sector accelerated to a post-global crisis high of 4.0% in FY:18 -- up from 3.3% in FY:17 (increasing its contribution to overall GDP growth to 2.1 pps in FY:18 from 1.7 pps in FY:17), despite tighter monetary policy (the average *ex-post* real policy rate rose to 1.2% in FY:18 from 0.7% in FY:17). The acceleration was underpinned by: i) a looser fiscal policy (a fiscal impulse of 0.5 pps of GDP y-o-y in FY:18 following a sharp consolidation of 2.3 pps of GDP y-o-y in FY:17); ii) lower inflation (that boosted disposable income); iii) the improvement in labour market conditions (with real wages increasing by 6.5% in FY:18 following a rise of 1.5 in FY:17, while the unemployment rate fell to a 18-year low of 12.7% in FY:18 from 13.5% in FY:17); iv) the rebound in credit activity; and v) higher remittances inflows.

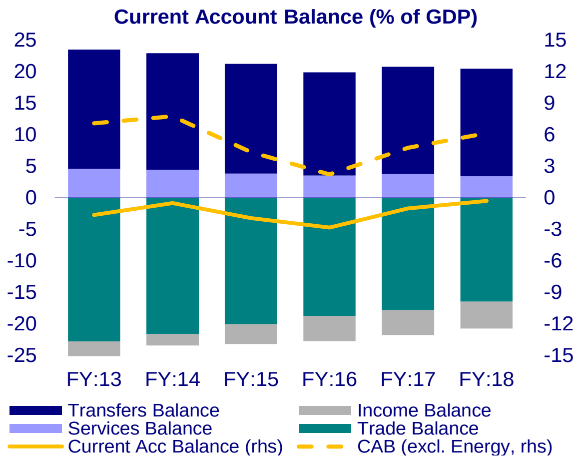
The construction sector also contributed to the rebound in activity in FY:18, posting double digit growth (up 12.7% and contributing 0.5 pps to overall growth in FY:18 against a rise of 5.7% in FY:17), supported by higher infrastructure projects (capital expenditure was up sharply by 48.9% y-o-y in FY:18 against a drop of 3.9% in FY:17) and a base effect from the prolonged cold spell in early 2017.

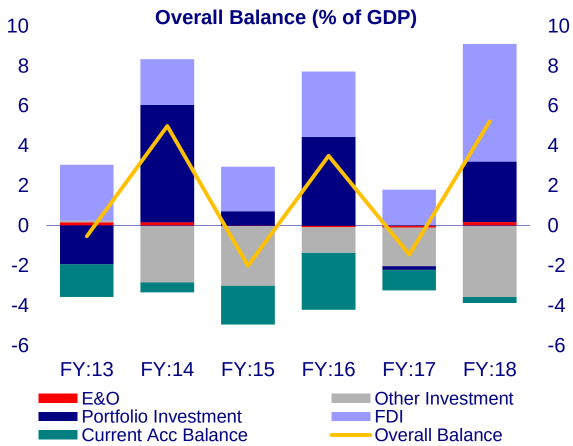
GDP growth is set to moderate to a still high 3.6% in FY:19 -- remaining above its long-term potential of 3.5% for a 2nd successive year. The expected moderation in activity should result from a normalization in agricultural output. Excluding agriculture, GDP growth is set to moderate less abruptly, to 3.5% in FY:19 from 3.6% in FY:18, due to the slowdown in the EU this year (to 1.5% y-o-y from 2.0% in FY:18, according to the EC's winter forecast) and the negative impact of the imposition of Kosovo tariffs. Nevertheless, activity should be supported by: i) stronger private consumption, on the back of the 9.0% increase in public sector wages, a rise in pensions and an 8.6% rise in the minimum wage; ii) improved confidence in the domestic economy, on the back of strong fundamentals and continued engagement with the IMF through the Policy Coordination Instrument (PCI); and iii) the increased production in the copper mine, RTB Bor, following its acquisition from the Chinese company, Zijin, at end-2018. Overall, we see FY:19 GDP growth at 3.6%.

North Macedonia

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







	11 Mar.	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)	200	210	190	160

	11 Mar.	1-W %	YTD %	2-Y %
MBI 100	3,674	0.2	5.9	63.7

	2016	2017	2018	2019F	2020F
Real GDP Growth (%)	2.8	0.2	2.7	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	-1.5
Fiscal Bal. (% GDP)	-2.7	-2.7	-1.8	-2.6	-2.7

The current account deficit (CAD) shrunk to a 13-year low of 0.3% of GDP in FY:18, due to a significant improvement in the trade balance. External adjustment continued, for a second consecutive year, in FY:18 with the CAD narrowing from a peak of 2.8% of GDP in FY:16 to 1.0% of GDP in FY:17 and 0.3% of GDP in FY:18. The improved current account performance in FY:18 was exclusively due to a smaller trade deficit (down 1.4 pps of GDP).

The lower trade deficit in FY:18 reflects a sharp rise in exports (up 19.8%, led by exports of machinery and transport equipment and chemicals), which outpaced that in imports (up 12.9%). Higher exports were supported by increased production in the country's technological and industrial development zones (accounting for c. 40% of merchandise export volumes), despite increased capacity constraints and the withdrawal of prior tax exemptions to foreign companies. On the other hand, imports were contained by subdued domestic demand (up 0.8% in FY:18), partly due to low support from import-intensive infrastructure investment. The narrowing in the FY:18 trade deficit would have been even larger had energy imports not increased significantly (up 16.7%), in line with developments in global oil prices. Indeed, the underlying trade deficit (excluding energy) narrowed by 1.9 pps of GDP, bringing the underlying current account balance (excl. energy) to a surplus of 6.0% of GDP from 4.8% in FY:17.

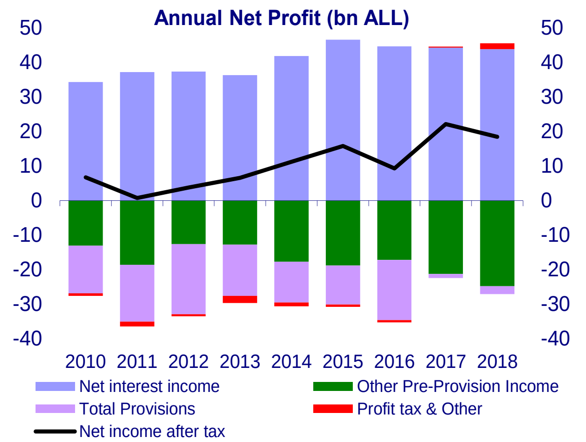
The improvement in the CAD in FY:18 was contained by a narrower services surplus (by 0.4 pps of GDP), mainly due to weaker receipts from "*charges for the use of intellectual property*", and a wider income deficit (by 0.3 pps of GDP), reflecting higher profits and dividends outflows (which were, however, largely reinvested in the country).

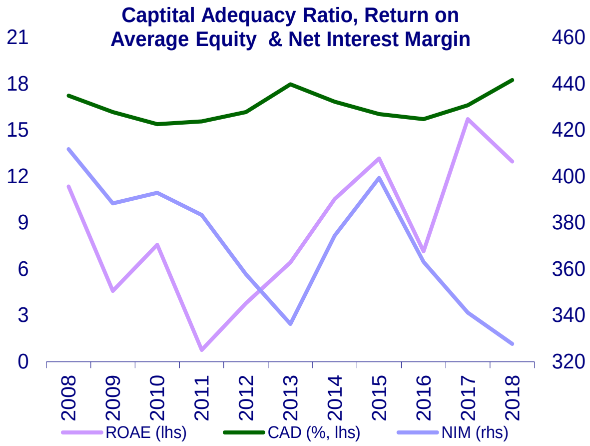
Large (net) FDI inflows and Eurobond proceeds brought FX reserves to a record high of EUR 2.9bn in FY:18. The capital and financial account (CFA) turned into a surplus of 5.5% of GDP in FY:18 from a deficit of 0.4% of GDP in FY:17. The improvement was mainly due to a sharp rise in (net) FDI inflows (up 245%, mainly in the flourishing manufacturing sector), which reached an all-time high of EUR 622mn (5.9% of GDP). The increase in FDI inflows was supported by increased investor confidence in the domestic economy, following the return of political stability in H2:17, and Government efforts to resolve disputes with neighbouring Greece and Bulgaria -- a *sine qua non* condition for the start of EU membership negotiations and joining NATO -- and, to a lesser extent, large reinvested profits (accounting for ⅓ of total FDI inflows). Portfolio investment also improved in FY:18, turning into a surplus of 3.0% of GDP from a deficit of 0.2% of GDP in FY:17, following the placement of a 7-year sovereign Eurobond in early-Q1:18 (EUR 500mn or 4.7% of GDP). The FY:18 CFA surplus would have been higher had it not been for lower (net) trade credit inflows (down 1.8 pps of GDP), likely attributed to corporates shifting to domestic bank credit (corporate loans rose by 3.5%, following a decline of 2.5% in FY:17), due to moderating lending interest rates and easing credit conditions. Reflecting CAD and CFA developments and positive (net) errors and omissions (0.2% of GDP), the overall balance turned into a sizeable surplus of 5.2% of GDP in FY:18, from a deficit of 1.5% of GDP in FY:17. As a result, FX reserves rose by EUR 530mn to a record high of EUR 2.9bn at end-2018, covering 4.4 months of GNFS imports.

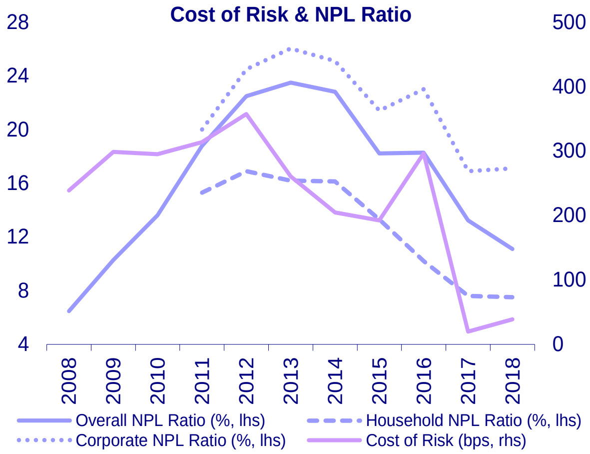
For this year, we expect the CAD to reverse course, rising to a still manageable level of 1.0%. The deterioration will result mainly from a widening trade deficit, reflecting a build-up in domestic demand, in line with strengthening economic confidence, ahead of the opening of EU accession talks.

Albania

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







	11 Mar.	3-M F	6-M F	12-M F
1-m TRIBOR (mid, %)	1.2	2.2	2.2	2.2
ALL/EUR	124.5	123.8	123.5	122.0
Sov. Spread (bps)	218	215	200	180

	11 Mar.	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

Political turmoil jeopardises the opening of EU membership negotiations. In mid-February, almost all the opposition lawmakers gave up their parliamentary seats, demanding early elections, due to corruption allegations.

The EU strongly denounced the opposition's resignation from Parliament, and urged PM E. Rama -- who reshuffled more than half of its cabinet at end-December in response to mass protests -- to resolve the turmoil before the European Council's decision on June 19th on granting Albania a starting date for EU accession talks.

The banking sector's ROAE weakened to a still solid level of 13.0% in FY:18. Net profit (after tax) declined by 16.7% to a still high ALL 18.4bn (EUR 114.1mn or 1.1% of GDP) in FY:18, reflecting the negative impact from securities revaluation and higher provisions. As a result, ROAE and ROAA moderated to a still strong 13.0% and 1.2%, respectively, in FY:18 -- remaining in double digits for a 2nd successive year -- from record highs of 15.7% and 1.5% in FY:17.

Pre-provision income (PPI) declined in FY:18. PPI was down by 17.1% y-o-y in FY:18, mainly due to weaker (net) non-interest income (NNII), reflecting negative securities revaluation. PPI was also dragged down by the continued decline in net interest income (NII).

Indeed, NII (accounting for c. 83.0% of gross operating income) declined for a 3rd successive year by 1.0% y-o-y in FY:18, as higher average interest earning assets (up 2.2% in FY:18) were more than offset by the continued compression of NIM for a 3rd successive year (down 13 bps y-o-y to a record low of 328 bps in FY:18). Recall that the compression of the NIM reflects both: i) the narrowing of the loan spreads at a faster pace than deposit spreads in an environment of declining interest rates and strong competition for lending market share; and ii) the sharp drop in public domestic debt yields.

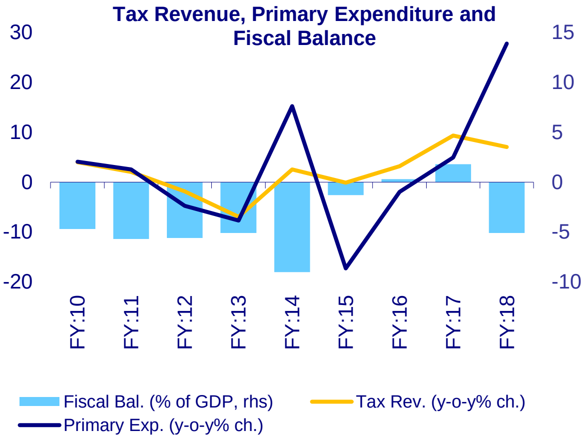
The decline in PPI in FY:18 would have been sharper had operating expenses not been contained (up 1.4% -- below the 2.0% average inflation). The modest rise in operating expenses reflects subdued personnel expenditure (up just 0.2%), likely on the back of two mergers in FY:18 (after the sales of Veneto Banka to Intesa Sanpaolo and NBG Albania to American Bank of Investments). "Other expenditure" rose by 2.1% in FY:18, partly due to the payment of the annual contribution to the Resolution Fund (amounting to ALL 632mn for FY:18). Reflecting operating income and operating expenses developments, banking sector efficiency deteriorated, with the cost-to-income ratio rising by 4.8 pps y-o-y to (a record high) 64.0% in FY:18.

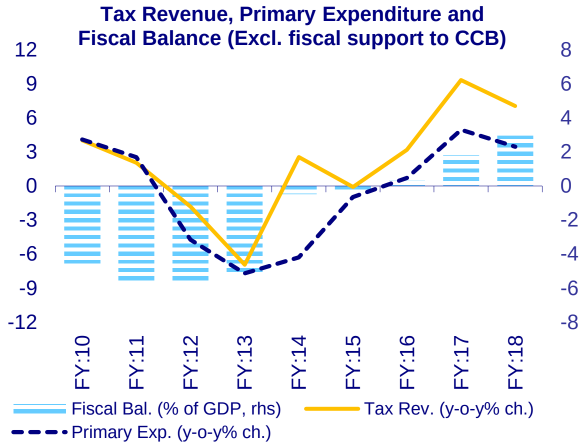
The cost of risk increased slightly in FY:18. P/L provisions rose to ALL 2.3bn in FY:18 from (a very low base of) ALL 1.2bn in FY:17 -- yet absorbing just 9.8% of pre-provision earnings. The rise in provisions occurred despite the continued decline in the NPL ratio, by 2.2 pps y-o-y to a 9-year low of 11.1% at end-2018 -- well below its post-crisis peak of 25.0% at end-2014.

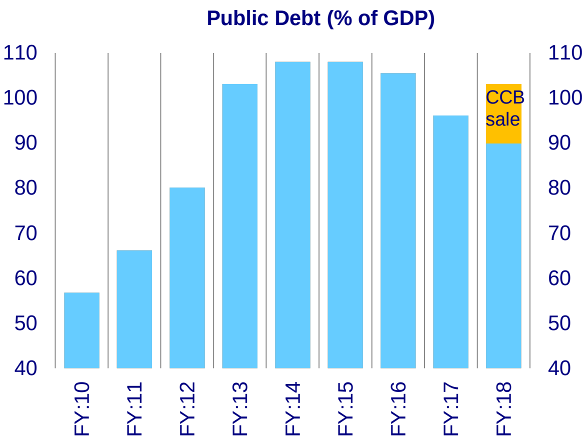
The downward trend in the NPL ratio was supported by: i) strengthening activity and improved collection (reinforced by improved economic prospects, rising wages, the marked ALL appreciation and low interest rates); ii) credit restructuring and large write-offs (with the latter amounting to an estimated ALL 59.3bn in 2015-2018, or 44.0% of end-2014 NPLs); and iii) the 2015 regulation mandating the obligatory write-off of loans held in "loss" category for more than three years. As a result, the cost of risk increased moderately to a still low 39 bps in FY:18 from 20 bps in FY:17 -- its lowest level on record -- well below the FY:16 level of 296 bps.

Cyprus

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







	11 Mar.	3-M F	6-M F	12-M F
1-m EURIBOR (%)	-0.37	-0.37	-0.37	-0.37
EUR/USD	1.12	1.22	1.24	1.26
Sov. Spread (2025, bps)	144	130	120	100

	11 Mar.	1-W %	YTD %	2-Y %
CSE Index	63	-2.3	-5.2	-5.9

	2016	2017	2018E	2019F	2020F
Real GDP Growth (%)	4.8	4.5	3.9	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	-5.1	3.1	3.0

The 2018 Budget would have met its surplus target of 2.9% of GDP had it not been for the one-off EUR 1.7bn (8.1% of GDP) fiscal burden from the sale of Cyprus Cooperative Bank (CCB) to Hellenic Bank (HB). Recall that in July 2018, in an effort to accelerate the clean-up of banks' loan books, Parliament approved, *inter alia*, the provision of financial support to CCB (mainly through the issue of bonds) to implement a sales agreement on its healthy assets and liabilities with HB – the country's third largest bank -- with the remaining assets transferred to the CCB's "residual entity" (an asset management company owned and financed by the State). The fiscal burden from the split and sale of CCB -- reflecting mainly a valuation loss on CCB's impaired loans, the take-over of CCB's fixed assets served as collateral and the provision of State guarantees to HB -- turned the fiscal balance from a surplus of 1.8% of GDP in FY:17 into a deficit of 5.1% of GDP in FY:18. However, excluding the one-off fiscal burden, the 2018 budget balance posted a surplus of 3.0% of GDP -- slightly surpassing its target of 2.9% of GDP and exceeding the FY:17 outcome of 1.8% of GDP.

Importantly, the rise in the FY:18 budget surplus (excluding the one-off financial support to CCB) resulted from both higher tax revenue and lower primary spending. Indeed, tax revenue rose by 0.3 pps of GDP, driven by stronger VAT receipts. On the other hand, despite higher goods and services spending (up 0.3 pps of GDP), mainly due to an unfavourable energy bill, primary outlays (excl. the one-off financial support to CCB) declined by 0.6 pps of GDP, due to lower transfers, wage bill and capital expenditure (down 0.3 pps, 0.2 pps and 0.4 pps of GDP respectively). Note that the wage bill in FY:18 was down despite the resumption of the Cost of Living Allowance (COLA) and automatic wage increments for public sector employees from January 2018 as well as the gradual withdrawal of payroll cuts imposed in the wake of the crisis in July.

Fiscal prudence to continue this year. The FY:19 Budget envisages a broadly neutral fiscal stance, targeting a surplus of 3.1% of GDP -- up 0.1 pp from the FY:18 fiscal surplus outcome of 3.0% of GDP (excl. the one-off fiscal support to CCB). Total revenue and expenditure (excl. the one-off financial support to CCB) are projected to rise by 4.8% and 4.4%, respectively, compared with the FY:18 outcomes.

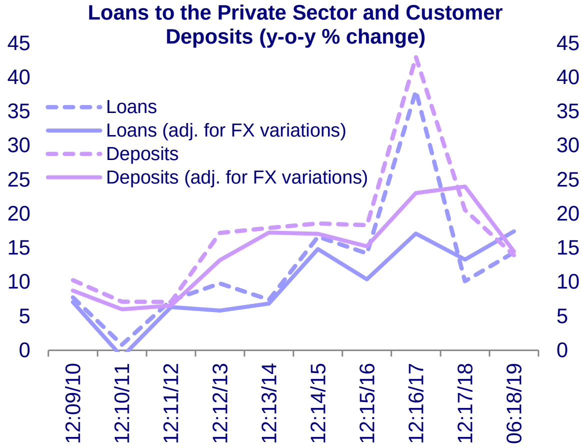
The revenue growth target appears within reach in view of the projected nominal GDP growth (5.1%) and the impact of adopted increases in social security contributions (SSC, expected to yield 0.7 pps of GDP), which is set to partly compensate for lower non-tax revenue (down 1.3 pps of GDP). The rise in SSC will result from a 0.5 pp hike in the rate of social insurance to 8.3% (from January 1st) and the introduction of public health insurance for employees and employers (with respective rates of 1.7% and 1.85%) on March 1st due to the rollout of the National Health Insurance System.

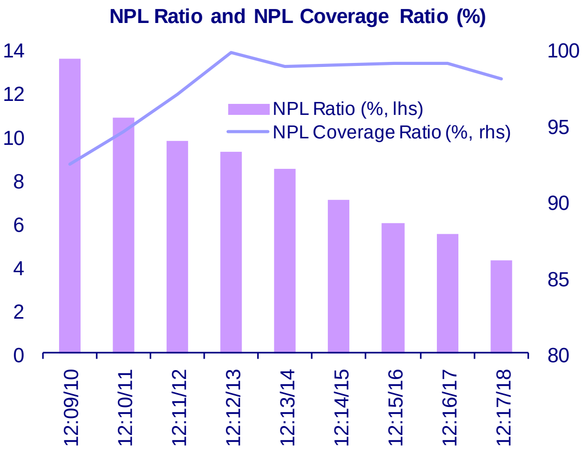
On the other hand, the total outlays growth target is also attainable, as a further decline in transfers is expected to compensate for the impact from the full withdrawal of payroll cuts (an estimated cost of 0.2 pps of GDP) and the first-time payment of subsidies of the recently-adopted "*Estia*" subsidy scheme, aimed at helping "vulnerable" borrowers who are unable to repay loans secured with their primary residence to begin servicing their debt (estimated at 0.1 pp of GDP).

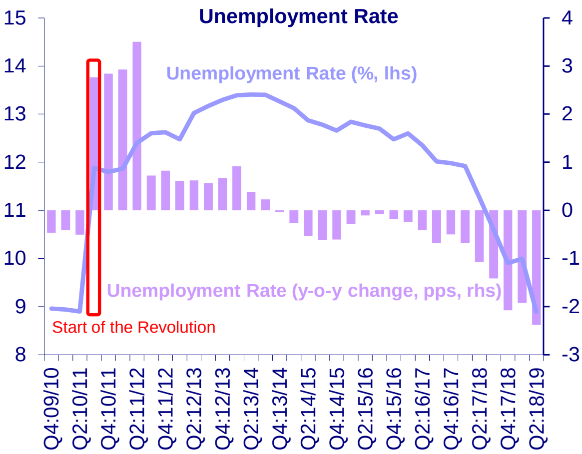
Should the 2019 Budget surplus target of c. 3.0% of GDP materialise, the public debt-to-GDP ratio would decline to c. 96.0% at end-2019 -- close to its end-2017 level of 96.1% -- after reaching a peak of 104.2% at end-2018.

Egypt

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







	11 Mar.	3-M F	6-M F	12-M F
O/N Interbank Rate (%)	16.1	15.5	14.0	12.0
EGP/USD	17.4	17.6	17.8	18.0
Sov. Spread (2025, bps)	362	350	330	290

	11 Mar.	1-W %	YTD %	2-Y %
HERMES 100	1,455	1.9	14.6	26.0

	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

Credit to the private sector (FX-adjusted) picked up for a third consecutive quarter in Q2:18/19, on the back of stronger loan supply and demand. Adjusted for FX movements, lending growth accelerated to a multi-year high of 17.5% y-o-y at end-Q2:18/19 (December 2018) from 13.3% at end-Q4:17/18 and a 7-quarter low of 11.6% at end-Q3:17/18. The acceleration in lending activity was driven by both loan supply and demand. Indeed, supply of loans was sustained in Q2:18/19 by banks' ample liquidity (the total loan-to-total deposit ratio stood at 45.9% at end-2017/18), good asset quality metrics (see below), a strong capital base (the capital adequacy ratio reached a multi-year high of 15.6% at end-2017/18), as well as a brighter economic outlook. On the other hand, demand for loans strengthened further in Q2:18/19, on the back of the improving economic outlook (GDP growth is expected to accelerate to a 10-year high of 5.5% in FY:18/19) and declining lending interest rates from prohibitive levels (average rates on up to 12 months EGP-denominated loans declined by 1.7 pps to 17.9% between Q3:17/18 and Q2:18/19).

Customer deposits (FX-adjusted) lost momentum for a third successive quarter in Q2:18/19, due to lower EGP remuneration rates and strong base effects. Adjusted for FX fluctuations, growth in customer deposits decelerated to a still strong 14.5% y-o-y at end-Q2:18/19 from 24.0% at end-Q4:17/18 and a multi-year high of 28.5% at end-Q3:17/18. The deceleration is attributed to less attractive remuneration of deposits (average interest rates on 1 to 3 months, 4 to 6 months and 7 to 12 months EGP-denominated deposits declined by 1.3 pps, 1.0 pp and 1.1 pp, respectively, to 12.0%, 12.8% and 12.4% between Q3:17/18 and Q2:18/19) and unsupportive base effects (FX adjusted deposits grew at a CAGR of 24% between Q2:16/17 -- when Egypt secured IMF financial support -- and Q2:17/18).

The NPL ratio declined further, to a multi-year low of 4.3%, and the NPL coverage ratio remained close to the 100% threshold at end-2017/18. The NPL ratio continued on its downward trend for an eighth consecutive year in 2017/18 – to 4.3% from 5.5% at end-2016/17 and a peak of 13.6% at end-2009/10. The improvement in 2017/18 was supported by the acceleration in economic activity (GDP growth rose to 5.3% y-o-y in FY:17/18 from 4.2% in FY:16/17), the stabilisation of the domestic currency and tight credit standards. Furthermore, although declining by 1 pp in 2017/18, the NPL coverage ratio remained close to the 100% threshold for a fifth consecutive fiscal year.

The unemployment rate is set to return to single digits this fiscal year (ending in June). The unemployment rate declined by an all-time high of -2.4 pps y-o-y to a 9-year low of 8.9% in Q2:18/19 (October-December 2018). The sharp decline in Q2:18/19 was supported by accelerating economic activity (real GDP growth reached a 4¼-year high of 5.5% y-o-y in Q2:18/19), reflecting strengthening confidence in the domestic economy, on the back of the continued solid implementation of the ongoing IMF-supported programme. Recall that in early-February, the IMF Executive Board completed the fourth review of Egypt's economic reform programme – supported by the 3-year USD 12bn Extended Fund facility – allowing the authorities to draw the equivalent of USD 2bn, bringing total disbursements under the programme to c. USD 10bn.

Looking ahead, projecting continued strong implementation of the IMF-supported programme, we expect the recent positive trends to continue throughout the rest of the fiscal year (ending in June), bringing the FY:18/19 unemployment rate to the pre-Revolution low of 9.0% (December 2010) -- down from 10.9% in FY:17/18 and a peak of 13.4% in FY:13/14.

FOREIGN EXCHANGE MARKETS, MARCH 11TH 2019

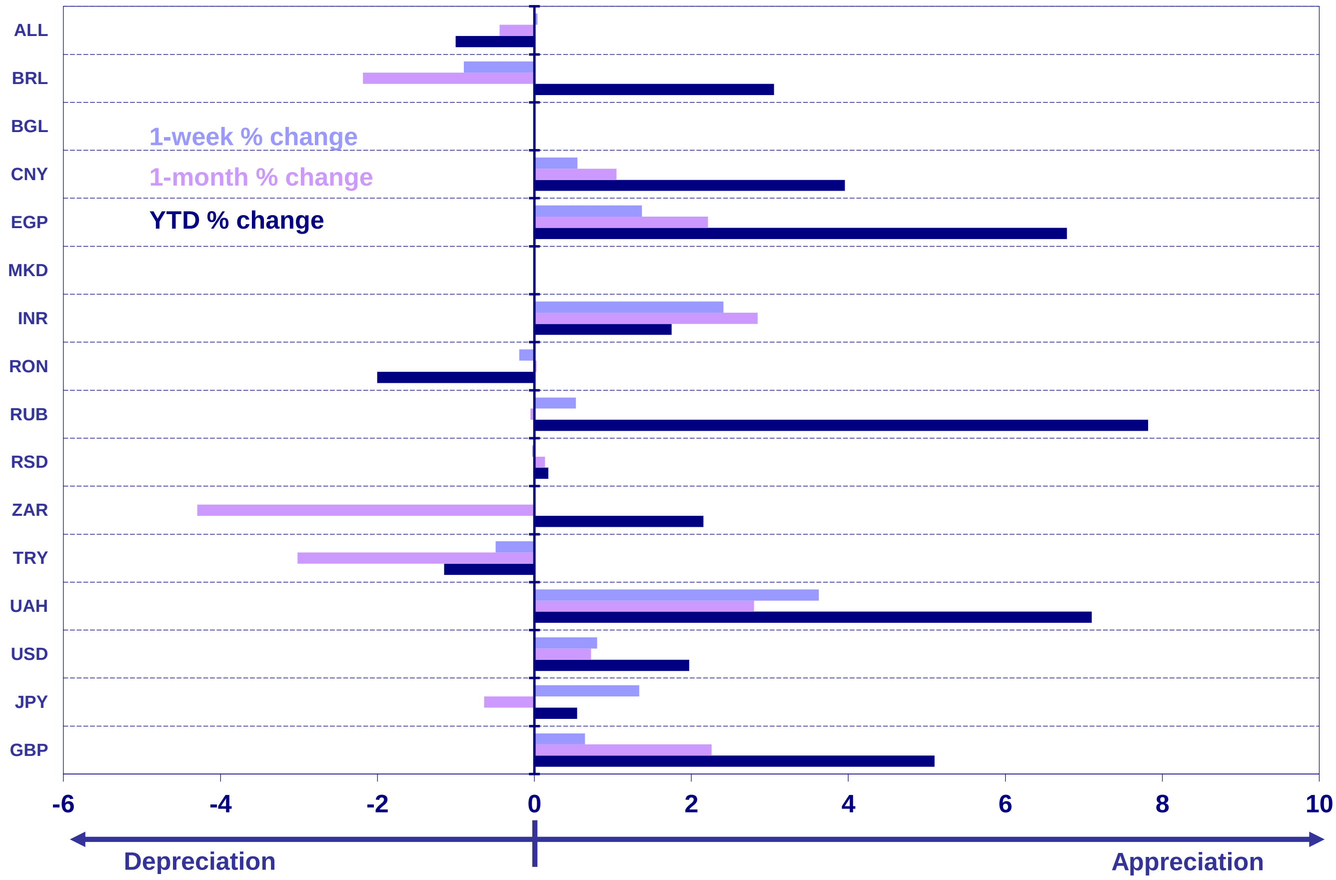
Against the EUR

	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	124.5	0.0	-0.4	-1.0	5.6	123.6	125.9	124.7	124.6	123.2	7.8	1.9
Brazil	BRL	4.32	-0.9	-2.2	3.1	-6.9	4.16	4.46	- - -	- - -	4.61	-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	7.56	0.5	1.0	4.0	3.0	7.51	7.88	- - -	- - -	7.80	-0.8	-6.0
Egypt	EGP	19.51	1.4	2.2	6.8	10.5	19.64	21.16	- - -	- - -	- - -	0.0	-9.4
North Macedonia	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	78.4	2.4	2.8	1.7	2.0	78.2	82.3	- - -	- - -	- - -	-3.9	-6.7
Romania	RON	4.75	-0.2	0.0	-2.0	-1.8	4.66	4.78	4.79	4.84	4.93	0.6	-3.0
Russia	RUB	74.1	0.5	-0.1	7.8	-5.3	73.9	80.1	75.6	77.1	80.0	-13.4	-6.8
Serbia	RSD	118.0	0.0	0.1	0.2	-0.1	118.0	118.5	118.3	118.5	- - -	0.2	4.2
S. Africa	ZAR	16.1	0.0	-4.3	2.2	-9.6	15.16	16.66	16.4	16.7	17.4	-9.9	-2.7
Turkey	YTL	6.12	-0.5	-3.0	-1.2	-22.6	5.91	6.47	6.49	6.84	7.50	-24.9	-18.4
Ukraine	UAH	29.6	3.6	2.8	7.1	7.9	29.55	32.66	- - -	- - -	- - -	6.0	-15.2
US	USD	1.12	0.8	0.7	2.0	9.6	1.1	1.2	1.13	1.14	1.16	4.6	-12.4
JAPAN	JPY	125.0	1.3	-0.6	0.5	5.0	118.8	127.5	125.1	125.2	125.2	7.5	-8.9
UK	GBP	0.85	0.6	2.3	5.1	3.7	0.8	0.9	0.86	0.86	0.87	-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 (March 11th 2019)



MONEY MARKETS, MARCH 11TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
O/N	1,1	6,4	- - -	2,1	- - -	16.1	- - -	- - -	1,8	7,7	- - -	24,1	6,5	17,3	- - -	2,4
T/N	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	1,8	8,0	2,3	- - -	7,0	- - -	- - -	- - -
S/W	1,1	6,4	- - -	2,4	-0,4	- - -	1,1	- - -	- - -	8,0	2,3	- - -	6,8	17,6	-0,4	2,4
1-Month	1,2	6,4	0.0	2,7	-0,4	- - -	1,2	7,2	2,8	7,9	2,7	24,1	7,0	19,1	-0,4	2,5
2-Month	- - -	6,4	- - -	- - -	- - -	- - -	- - -	- - -	- - -	8,2	2,8	24,1	7,0	- - -	- - -	2,6
3-Month	1,4	6,4	- - -	2,8	- - -	- - -	1,5	7,5	3,1	8,1	3,0	24,0	7,1	19,6	- - -	2,6
6-Month	1,5	6,4	- - -	2,9	- - -	- - -	1,7	- - -	3,3	8,1	3,1	23,8	7,3	- - -	- - -	2,7
1-Year	1,5	6,5	- - -	3,1	-0,1	- - -	2,0	- - -	3,5	8,5	- - -	23,6	8,3	- - -	-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, MARCH 11TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine	EU	US
3-Month	- - -	- - -	- - -	- - -	- - -	17.6	- - -	6.4	- - -	7.7	- - -	19.3	- - -	- - -	-0.5	2.4
6-Month	1.1	- - -	- - -	- - -	- - -	17.7	- - -	6.5	2.7	7.8	3.3	19.7	- - -	- - -	-0.5	2.5
12-Month	1.2	- - -	-0.1	2.4	- - -	17.6	0.9	6.5	3.4	7.4	2.9	19.1	- - -	19.3	-0.6	2.5
2-Year	1.6	- - -	- - -	2.8	- - -	- - -	1.3	6.6	3.2	7.6	- - -	17.8	7.1	- - -	-0.5	2.5
3-Year	2.0	- - -	-0.2	2.8	0.8	- - -	- - -	6.7	3.8	8.0	- - -	17.7	7.1	17.9	-0.5	2.5
5-Year	3.4	8.1	- - -	3.0	0.7	16.9	- - -	7.0	4.1	8.2	4.0	16.3	7.8	- - -	-0.4	2.4
7-Year	3.8	- - -	0.5	- - -	1.3	16.8	- - -	7.4	4.5	8.3	- - -	- - -	- - -	- - -	-0.2	2.5
10-Year	5.9	8.9	0.7	3.2	- - -	16.7	- - -	7.5	4.7	8.5	- - -	15.0	8.7	- - -	0.1	2.6
15-Year	- - -	- - -	- - -	- - -	- - -	- - -	3.0	7.8	- - -	8.5	- - -	- - -	9.9	- - -	0.3	- - -
25-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	9.7	- - -	- - -	- - -
30-Year	- - -	- - -	- - -	- - -	- - -	- - -	- - -	7.8	- - -	- - -	- - -	- - -	9.7	- - -	0.7	3.0

*For Albania. North Macedonia and Ukraine primary market yields are reported

CORPORATE BONDS SUMMARY, MARCH 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	1.9	244	212
South Africa	**FirstRand Bank Ltd 4.25% '20**	USD	BB/Baa3	30/4/2020	500	4.1	159	144
	FirstRand Bank Ltd 2.25% '20	EUR	NA/NA	30/1/2020	100	0.9	146	119
Turkey	**Arcelik AS 3.875% '21**	EUR	BB+/NA	16/9/2021	350	3.3	378	338
	Garanti Bank 5.25% '22	USD	NA/Ba3	13/9/2022	750	6.6	415	389
	Turkiye Is Bankasi 6% '22	USD	NA/B2	24/10/2022	1,000	9.3	683	624
	Vakifbank 5.75% '23	USD	NA/B1	30/1/2023	650	8.0	558	518
	TSKB 5.5% '23	USD	NA/B2	16/1/2023	350	8.6	615	562
	Petkim 5.875% '23	USD	NA/B1	26/1/2023	500	7.7	524	490
	KOC Holding 5.25% '23	USD	BBB-/Ba2	15/3/2023	750	6.4	392	370

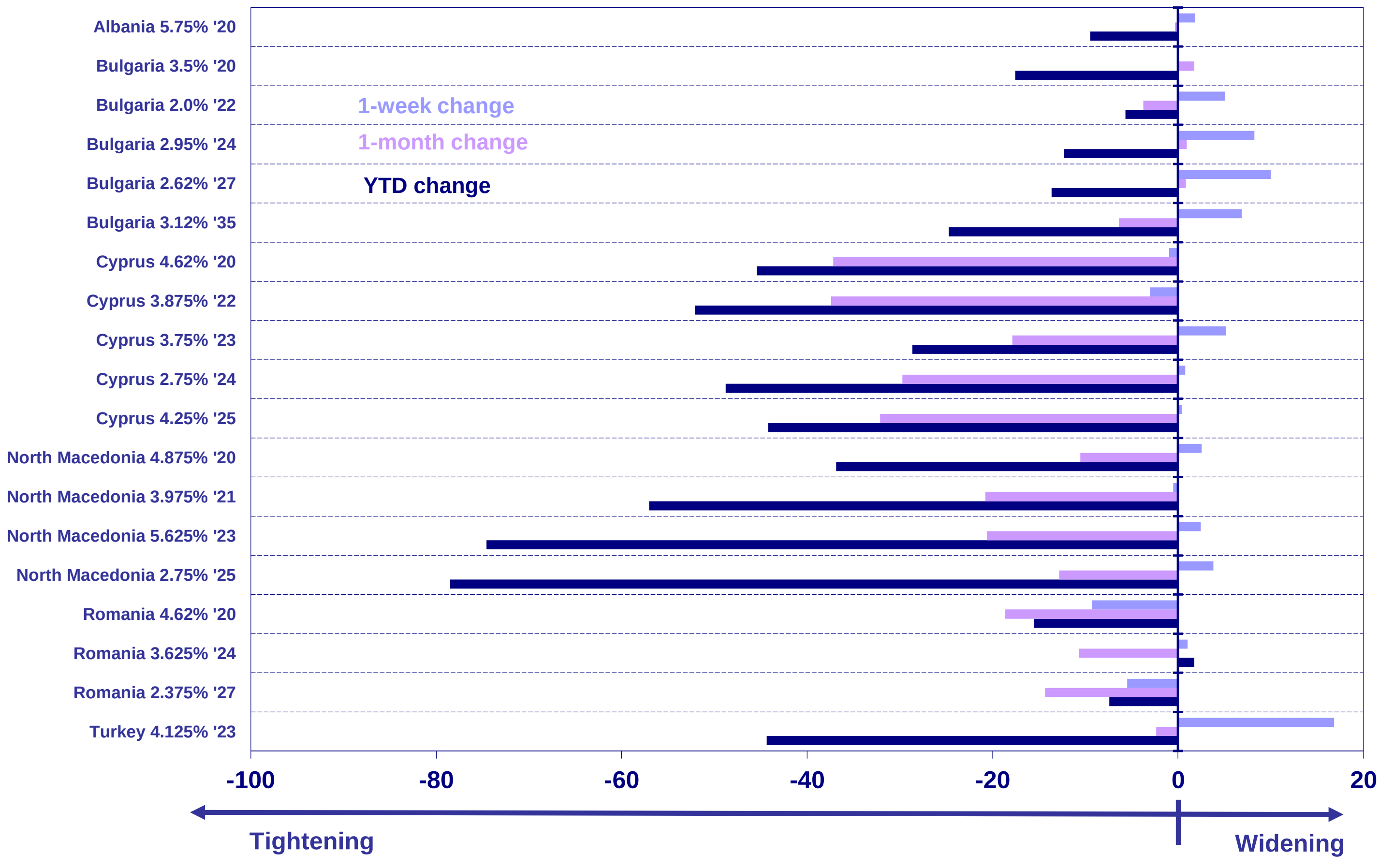
CREDIT DEFAULT SWAP SPREADS. MARCH 11TH 2019

	Albania	Brazil	Bulgaria	China	Cyprus	Egypt	North Macedonia	India	Romania	Russia	Serbia	Turkey	S. Africa	Ukraine
5-Year	- - -	155	71	50	105	362	- - -	95	104	124	116	325	177	647
10-Year	- - -	237	103	91	120	410	- - -	104	146	184	147	383	248	673

EUR-Denominated Sovereign Eurobond Summary. March 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	197
Bulgaria 3.5% '20	EUR	NA/NA	16/1/2020	145	-0.1	41	15
Bulgaria 2.0% '22	EUR	BBB-/Baa2	26/3/2022	1,250	0.0	52	10
Bulgaria 2.95% '24	EUR	BBB-/Baa2	3/9/2024	1,493	0.3	59	18
Bulgaria 2.62% '27	EUR	BBB-/Baa2	26/3/2027	1,000	0.9	102	60
Bulgaria 3.12% '35	EUR	BBB-/Baa2	26/3/2035	900	2.2	189	134
Cyprus 4.62% '20	EUR	BBB-/Ba2	3/2/2020	668	0.4	99	73
Cyprus 3.875% '22	EUR	NA/Ba2	6/5/2022	1,000	0.3	83	42
Cyprus 3.75% '23	EUR	NA/Ba2	26/7/2023	1,000	0.7	111	69
Cyprus 2.75% '24	EUR	NA/Ba2	27/6/2024	850	0.9	129	84
Cyprus 4.25% '25	EUR	NA/Ba2	4/11/2025	1,000	1.2	144	109
North Macedonia 4.875% '20	EUR	BB-/NA	1/12/2020	178	0.8	138	113
North Macedonia 3.975% '21	EUR	BB-/NA	24/7/2021	500	1.5	200	462
North Macedonia 5.625% '23	EUR	BB-/NA	26/7/2023	450	2.0	242	218
North Macedonia 2.75% '25	EUR	BB-/NA	18/1/2025	500	2.3	263	216
Romania 4.62% '20	EUR	BBB-/BBB-	18/9/2020	2,000	-0.1	48	22
Romania 3.625% '24	EUR	BBB-/BBB-	24/4/2024	1,250	1.0	136	95
Romania 2.375% '27	EUR	BBB-/BBB-	19/4/2027	2,000	2.2	227	179
Turkey 4.125% '23	EUR	NR/Ba3	11/4/2023	1,000	3.7	421	372

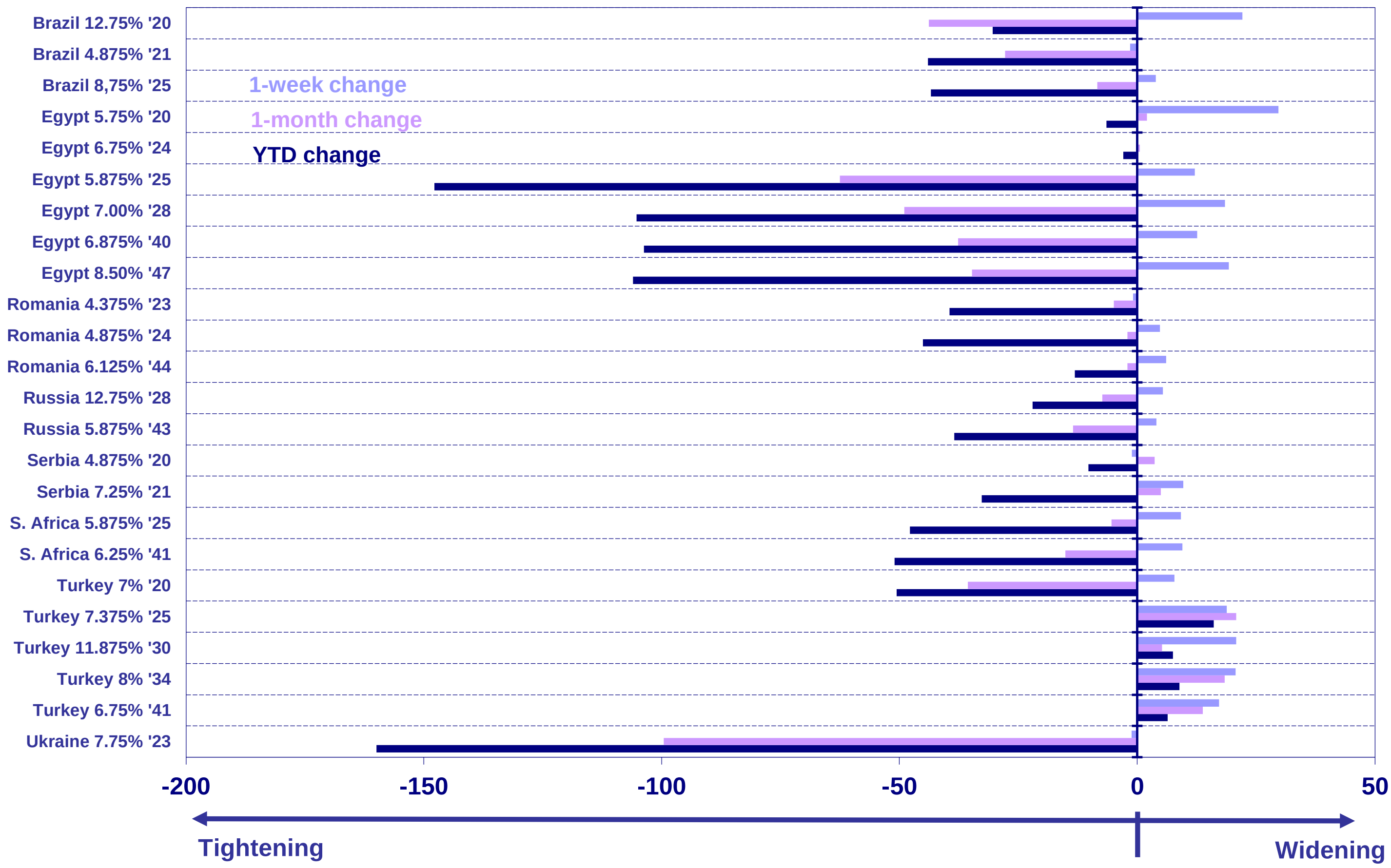
EUR-Denominated Eurobond Spreads (March 11th 2019)



USD-DENOMINATED SOVEREIGN EUROBOND SUMMARY. MARCH 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	3.0	46	35
Brazil 4.875% '21	USD	NA/Ba2	22/1/2021	2,713	3.2	72	58
Brazil 8.75% '25	USD	NA/Ba2	4/2/2025	688	4.0	159	168
Egypt 5.75% '20	USD	B/B3	29/4/2020	1,000	4.9	237	222
Egypt 6.75% '24	USD	NA/B3	10/11/2024	1,500	6.2	370	361
Egypt 5.875% '25	USD	B/B3	11/6/2025	500	6.2	362	352
Egypt 7.00% '28	USD	NA/B3	10/11/2028	1,000	7.2	451	439
Egypt 6.875% '40	USD	B/B3	30/4/2040	1,500	7.9	487	462
Egypt 8.50% '47	USD	NA/B3	31/1/2047	500	8.5	542	554
Romania 4.375% '23	USD	BBB-/BBB-	22/8/2023	1,500	3.8	131	124
Romania 4.875% '24	USD	BBB-/BBB-	22/1/2024	1,000	3.7	126	120
Romania 6.125% '44	USD	BBB-/BBB-	22/1/2044	1,000	5.2	216	253
Russia 12.75% '28	USD	BBB-/Baa3	24/6/2028	2,500	4.7	202	271
Russia 5.875% '43	USD	BBB-/Baa3	16/9/2043	1,500	5.1	203	237
Serbia 4.875% '20	USD	BB/Ba3	25/2/2020	1,500	3.9	137	123
Serbia 7.25% '21	USD	BB/Ba3	28/9/2021	2,000	3.9	141	133
S. Africa 5.875% '25	USD	BB/Baa3	16/9/2025	2,000	5.0	252	252
S. Africa 6.25% '41	USD	BB/Baa3	8/3/2041	750	6.0	297	318
Turkey 7.00% '20	USD	NR/Ba3	5/6/2020	2,000	5.0	248	237
Turkey 7.375% '25	USD	NR/Ba3	5/2/2025	3,250	6.7	429	420
Turkey 11.875% '30	USD	NR/Ba3	15/1/2030	1,500	7.3	464	547
Turkey 8.00% '34	USD	NR/Ba3	14/2/2034	1,500	7.5	487	479
Turkey 6.75% '41	USD	NR/Ba3	14/1/2041	3,000	7.5	449	409
Ukraine 7.75% '23	USD	B-/Caa1	1/9/2023	1,355	8.8	637	605

USD-Denominated Eurobond Spreads (March 11th 2019)



STOCK MARKETS PERFORMANCE. MARCH 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	
Brazil (IBOV)	98,027	3.6	2.8	11.5	12.8	87,536	98,589	14.7	15.0	2.5	26.9	9.5
Bulgaria (SOFIX)	584	-0.2	1.5	-1.8	-14.3	560	594	-1.8	-12.3	-12.3	15.5	15.5
China (SHCOMP)	3,027	0.0	15.6	21.4	-9.0	2,441	3,130	26.3	-24.6	-25.2	6.6	-0.3
Cyprus (CSE GI)	63	-2.3	1.6	-5.2	-8.9	60	67	-5.2	-3.9	-3.9	4.7	4.7
Egypt (HERMES)	1,455	1.9	3.2	14.6	-10.3	1,290	1,465	19.0	-11.1	-11.1	32.0	18.7
North Macedonia (MBI)	3,674	0.2	1.6	5.9	29.2	3,467	3,708	5.9	36.6	36.6	18.9	18.9
India (SENSEX)	37,054	2.7	1.4	2.7	9.2	32,484	38,990	4.6	5.9	1.6	27.9	19.3
Romania (BET-BK)	1,541	0.5	2.8	5.8	-12.9	1,394	1,542	3.8	-11.6	-11.1	22.8	19.1
Russia (MOEX)	2,466	-0.3	-1.5	4.6	6.4	2,350	2,552	12.2	0.9	-12.3	-16.2	-21.9
Serbia (BELEX-15)	695	0.3	-2.1	-8.7	-5.9	668	760	-8.6	0.2	0.5	5.9	10.3
South Africa (FTSE/JSE)	55,581	-1.1	4.4	6.0	-6.1	50,907	56,847	8.5	-11.4	-20.1	17.5	14.3
Turkey (ISE 100)	100,850	-3.2	-1.6	11.5	-14.8	87,399	105,930	9.6	-20.9	-40.5	47.6	20.5
Ukraine (PFTS)	556	-0.1	0.6	-0.7	57.1	550	568	6.4	77.5	88.1	18.8	0.8
MSCI EMF	1,041	-1.2	0.5	8.2	-14.8	946	1,070	10.0	-16.6	-12.8	34.3	17.7
MSCI EAFE	1,850	-1.5	2.5	8.0	-10.1	1,709	1,879	9.8	-16.1	-12.3	21.8	6.7
Greece (ASE-General)	697	-1.1	7.2	15.4	-16.3	600	723	15.4	-23.6	-23.6	24.7	24.7
Germany (XETRA DAX)	11,543	-0.4	5.8	9.3	-7.0	10,387	11,677	9.3	-18.3	-18.3	12.5	12.5
UK (FTSE-100)	7,131	-0.1	0.8	5.9	-1.2	6,599	7,262	11.6	-12.5	-13.5	7.6	3.2
USA (DJ INDUSTRIALS)	25,651	-0.7	2.2	11.2	1.9	21,713	26,952	13.1	-5.6	-1.3	25.1	9.6
USA (S&P 500)	2,783	-0.3	2.8	12.0	0.0	2,444	2,817	13.9	-6.2	-1.9	19.4	4.7

Equity Indices (March 11th 2019)