



## ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

- The international rating agency S&P affirmed on April 10<sup>th</sup> Albania's long- and short-term sovereign rating in local and foreign currency at B/B respectively with a Stable Outlook. According to S&P, the government is expected to reduce the fiscal deficit during 2015-16, while the Economic Programme with the International Monetary Fund (IMF) is expected to facilitate necessary reforms, thus servicing the public debt.
- The international rating agency Fitch affirmed on April 24<sup>th</sup> Cyprus' sovereign rating at B- with a Positive Outlook. According to Fitch, fiscal consolidation has improved more than expected and thus positively contributed to the decline in public debt (as a % of GDP). However, the economic recovery remains fragile.
- The international rating agency S&P affirmed on April 10<sup>th</sup> Romania's long- and short-term sovereign rating in local and foreign currency at BBB-/A-3 respectively with a Stable Outlook. According to S&P, economic activity is expected to average 3.0% in 2015-16 with domestic demand predicted to be the key driver. Additionally, the stable economic conditions in the country are expected to counterbalance the fiscal consolidation.
- The international rating agency S&P downgraded on April 10<sup>th</sup> Ukraine's long-term sovereign rating in foreign currency to CC from CCC- with a Negative Outlook. According to S&P, the government's intention to restructure foreign currency commercial debt and similar actions meet the criteria for a default.
- The international rating agency Moody's upgraded on April 7<sup>th</sup> Egypt's sovereign rating to B3 from Caa1 with a Stable Outlook. According to Moody's, the current macroeconomic conditions in the country have improved, the external sector imbalances have moderated and the government's commitment to further economic and fiscal reforms are credit positive.

## Sovereign Rating

	Fitch		Moody's				S&P		
	LT Foreign	Date of	LT Rating	Outlook	Date of	LT/ST	Outlook	Date of	
	Currency/Local	Outlook							Last Action
	Currency								
Albania	--	--	B1	Stable	Aug-14	B/B	Positive	Apr-15	
Bulgaria	BBB-/BBB	Stable	Baa2	Stable	Jul-11	BB+/B	Stable	Dec-14	
Cyprus	B-/B	Positive	B3	Stable	Nov-14	B+/B	Positive	Mar-15	
Egypt	B/B	Stable	B3	Stable	Apr-15	B-/B	Stable	Nov-14	
Romania	BBB-/BBB	Stable	Baa3	Stable	Apr-14	BBB-/A-3	Stable	Apr-15	
Serbia	B+/B+	Stable	B1	Stable	Jul-13	BB-/B	Negative	Jan-15	
Ukraine	CC/WD(ukr)	--	Ca	Negative	Mar-15	CC/C	Negative	Apr-15	

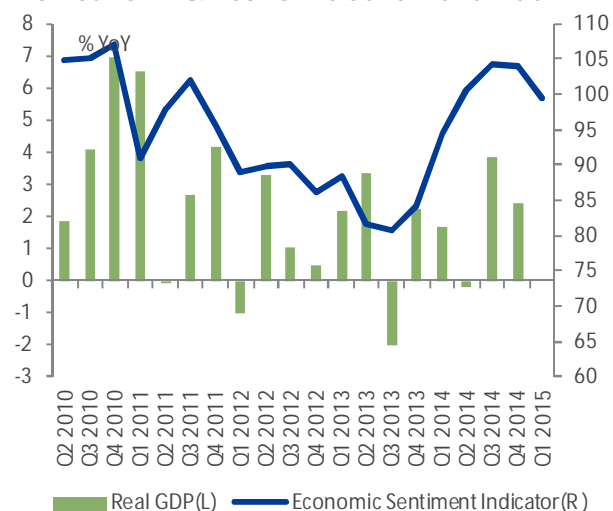
Upgrade
Downgrade
Affirm

Source: Piraeus Bank Research, Fitch, Moody's, S&P

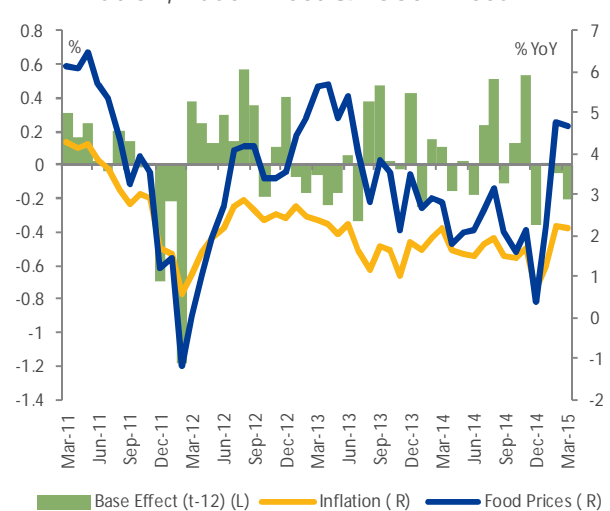
## A. ALBANIA

- In 2015Q1, the economic sentiment indicator fell to 99.5 from 104.1 in 2014Q4 and 94.5 in 2014Q1, standing 4.6 pps below the threshold that separates positive from negative replies in the survey conducted. The moderation of the economic sentiment indicator in 2015Q1 is due to the decline in sentiment in all sectors of the economy and in consumers. (Graph 1.0)
- In 2015Q1, the fiscal deficit widened to 0.3% of GDP from 0.1% in 2014Q1, due to the increase in public spending to 6.2% from 6.1% in the same periods. In 2015Q1, revenues remained relatively unchanged compared to the same period last year at 6.0% of GDP. (Graph 1.2)
- In March, private sector lending increased by 1.6% YoY from a contraction of 2.4% in March last year, as business loans increased by 1.3% from -3.4% in the same months. Household lending increased by 3.5% YoY in March compared to 0.4% in March last year, while private sector deposits increased by 2.5% from 2.0% in the same months. (Graphs 1.5 & 1.8)

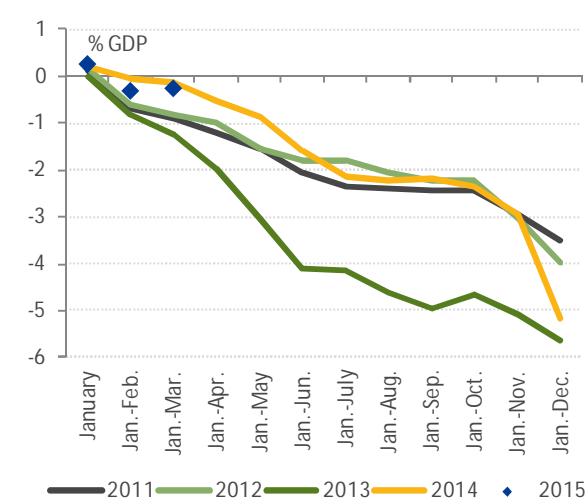
1.0 Real GDP & Economic Sentiment Index



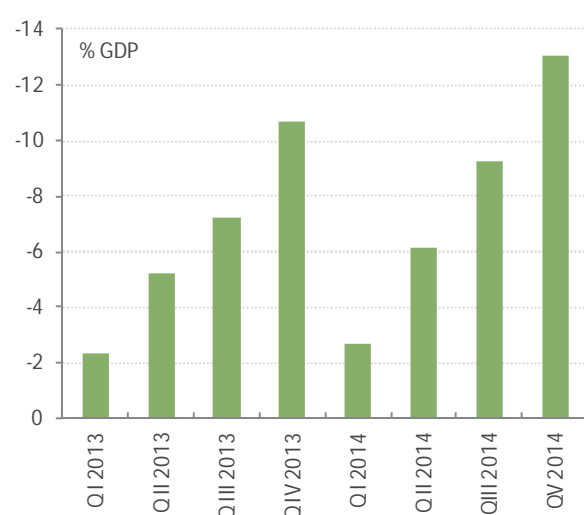
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



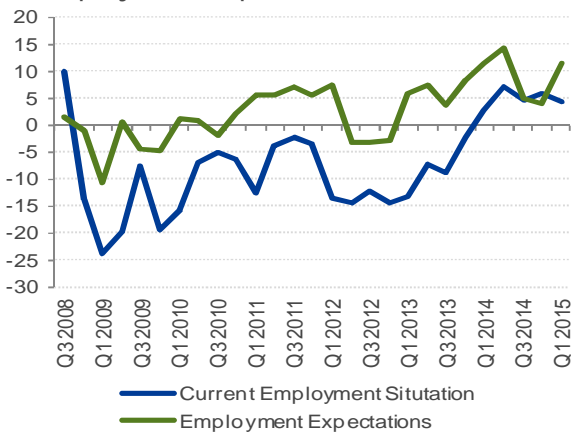
1.3 Current Account Deficit



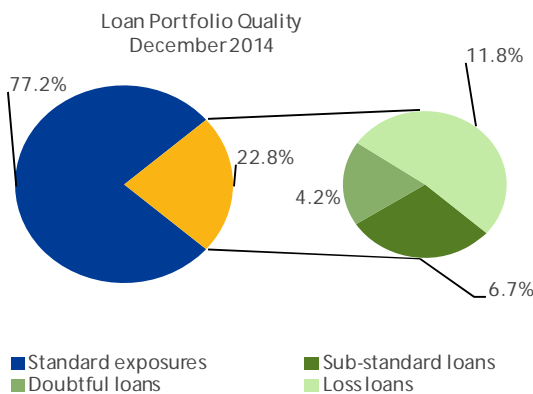
Source: Piraeus Bank Research, Datastream, National Sources

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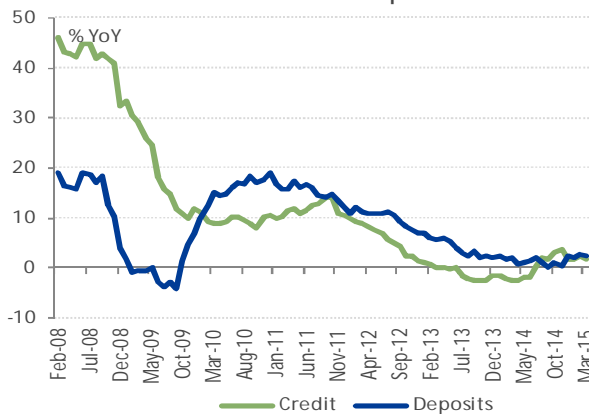
### 1.4 Employment Expectations



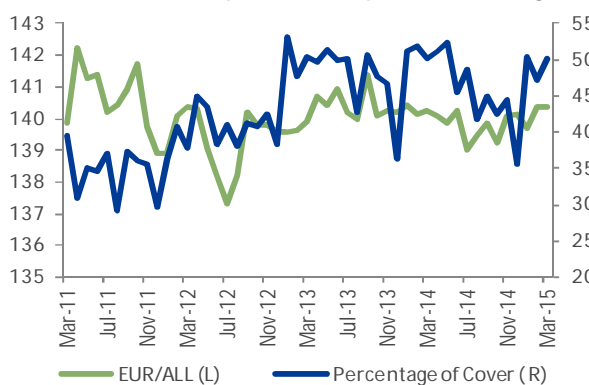
### 1.6 Loan Portfolio Quality



### 1.8 Private Sector Credit & Deposits

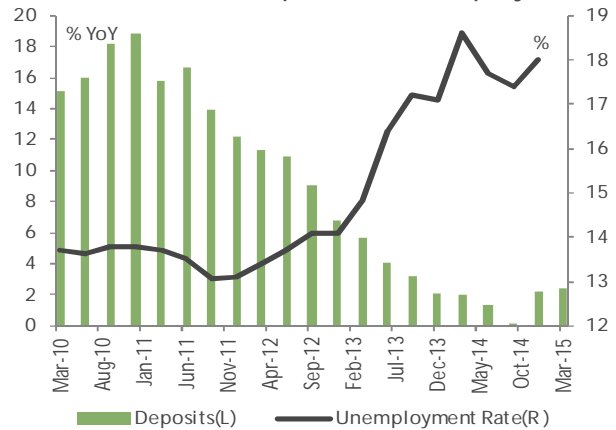


### 2.0 EUR/ALL & Imports to Exports Coverage

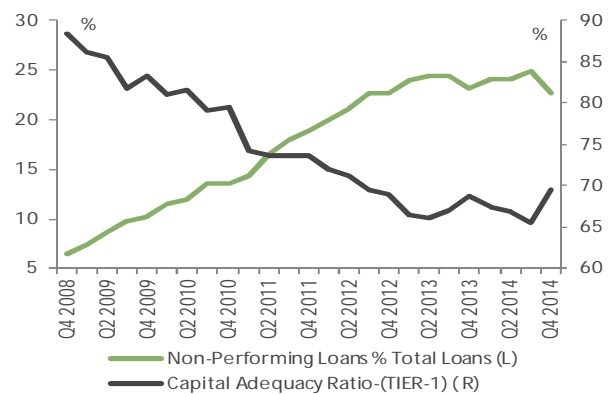


Source: Piraeus Bank Research, Datastream, National Sources

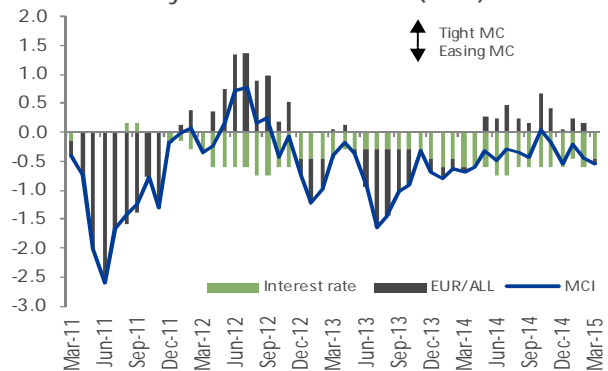
### 1.5 Private Sector Deposits & Unemployment Rate



### 1.7 NPLs & Capital Adequacy Ratio

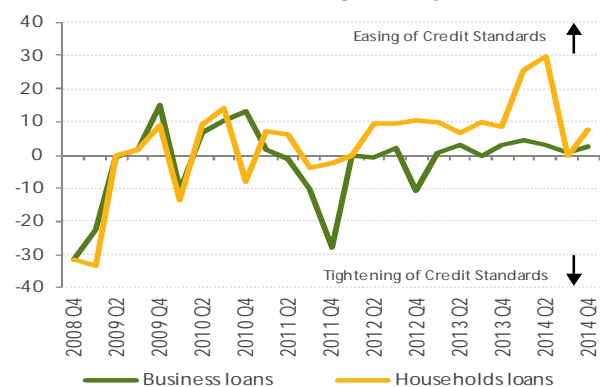


### 1.9 Monetary Conditions Index (MCI)



Note: The index is a weighted sum of the annual change in the policy rate (60% weight) and the fx rate (40% weight).

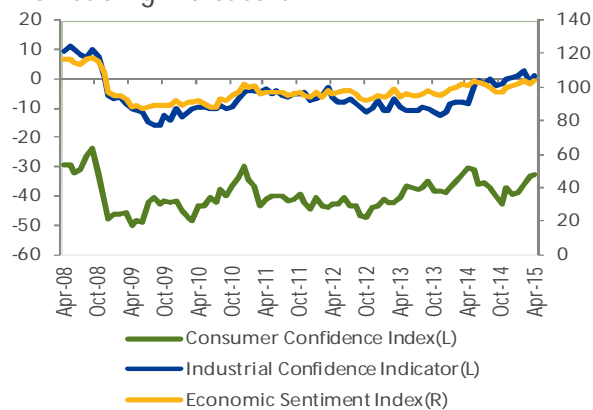
### 2.1 Central Bank's Lending Survey in the next Q.



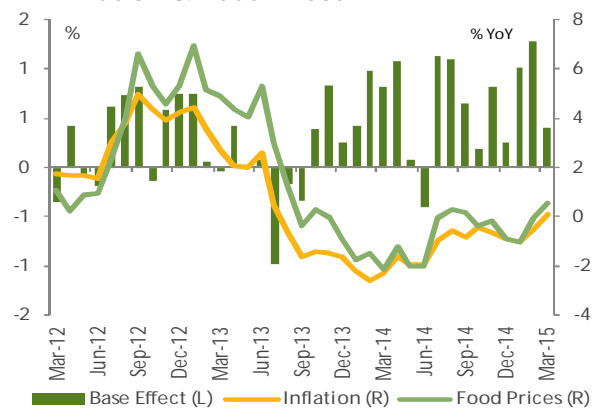
## B. BULGARIA

- The current account deficit shrank to 0.6% of GDP in Jan-Feb according to the new methodology from 1.2% in Jan-Feb 2014, as the trade deficit contracted to 0.6% compared to 1.2% for the same periods. Additionally, the widening of the secondary income in Jan-Feb to 0.3% from 0.2% in Jan-Feb last year contributed positively to the current account balance. In Jan-Feb, the services surplus moderated to 0.5% from 0.6% in Jan-Feb 2014 and the primary income deficit reached 0.3% from 0.2% for the same periods. (Graph 1.3)
- In March, non-performing loans as a percentage of total loans increased to 18.9% from 18.0% in the same month last year. (Graph 1.9)
- In March, private sector credit contracted by 9.2% YoY from an increase of 0.5% in March 2014, as business loans decreased by 13.1% from 1.7% for the same months. Household lending contracted by 1.8% in March from an increase of 0.3% in March 2014, whereas private sector deposits increased at a significantly slower rate of 0.4% YoY from 7.6% for the same months. (Graph 2.0)
- According to Eurostat, the fiscal deficit widened to 2.8% of GDP in 2014 from 0.9% in 2013, due to the increase in public spending and the respective decline in revenues. Additionally, public debt increased to 27.6% of GDP in 2014 from 18.3% in 2013.

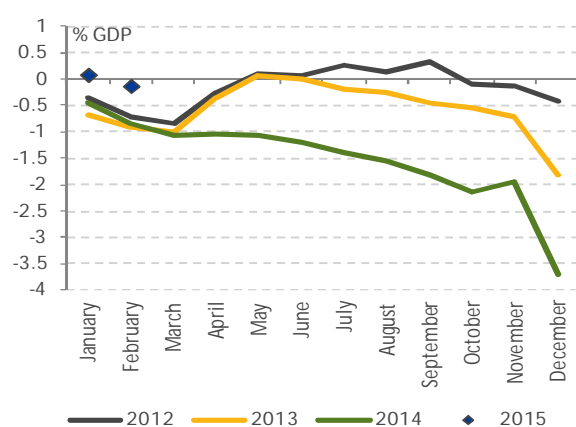
1.0 Leading Indicators



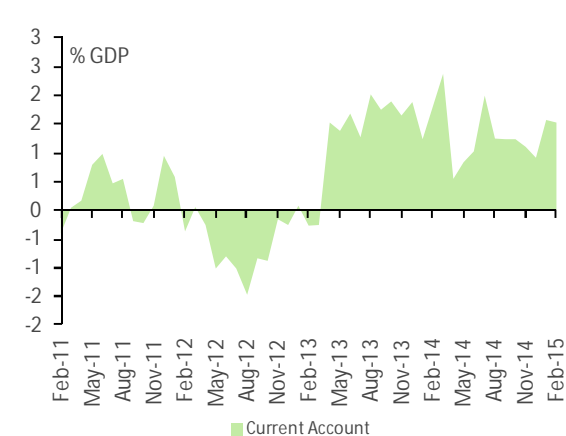
1.1 Inflation & Base Effect



1.2 Fiscal Balance



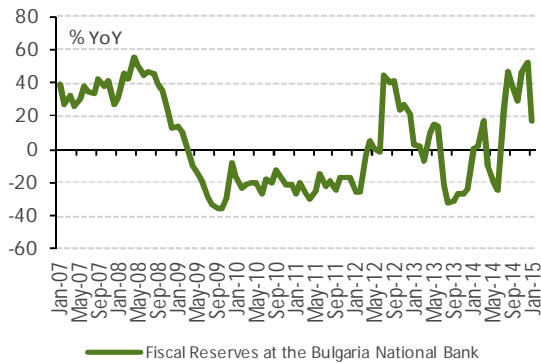
1.3 Current Account Balance



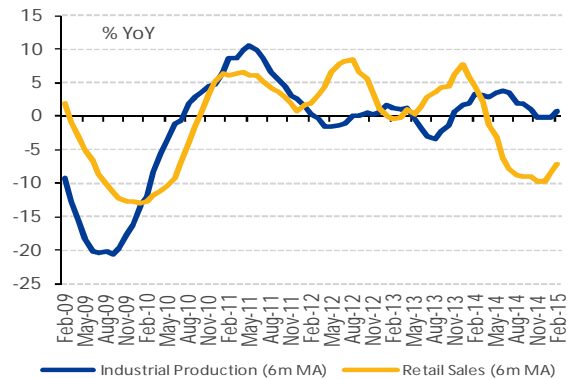
Source: Piraeus Bank Research, Datastream, National Sources

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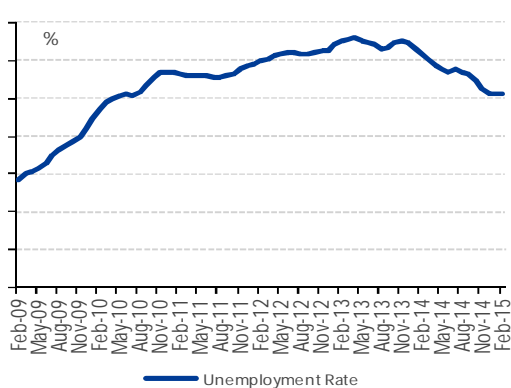
### 1.4 Fiscal Reserves



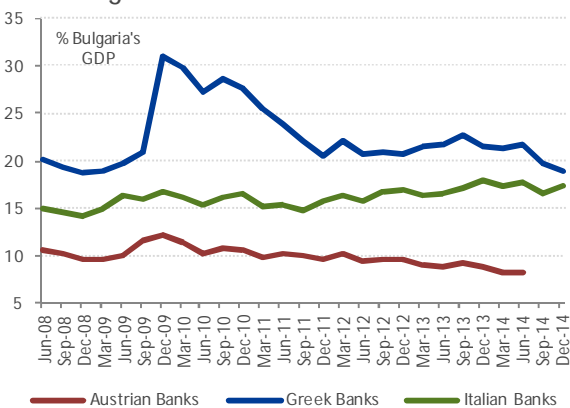
### 1.5 Industrial Production & Retail Sales



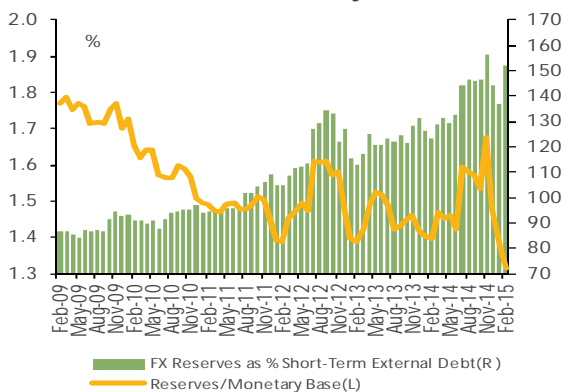
### 1.6 Unemployment Rate



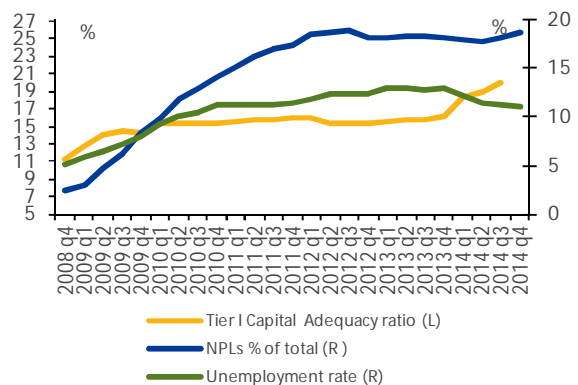
### 1.7 Foreign Claims



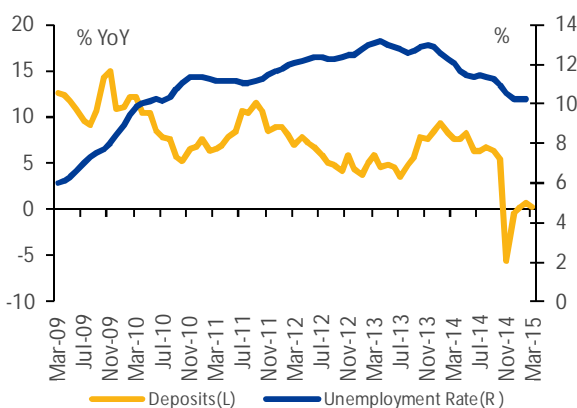
### 1.8 FX Reserves & Monetary Base



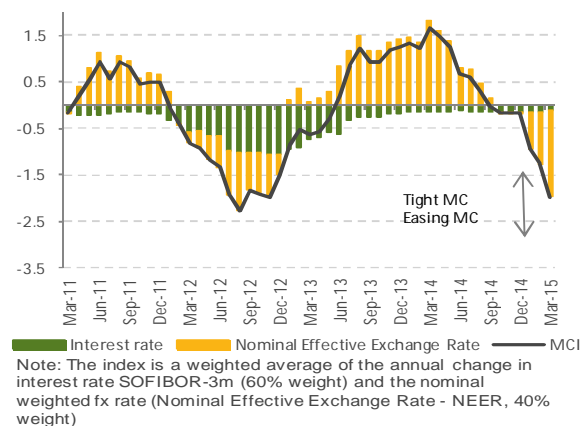
### 1.9 Unemployment Rate, NPLs & Capital Adequacy



### 2.0 Deposits & Unemployment Rate



### 2.1 Monetary Conditions Index (MCI)

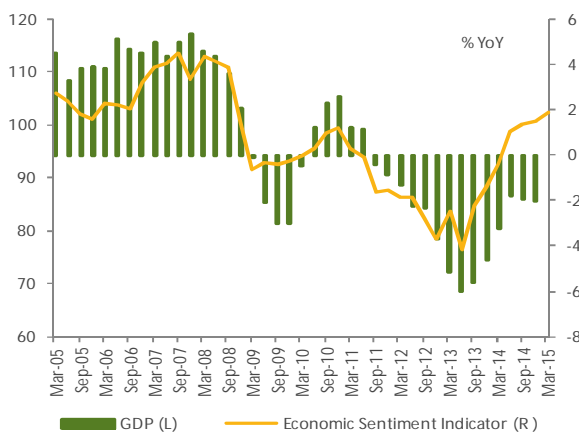


Source: Piraeus Bank Research, Datastream, National Sources, BIS

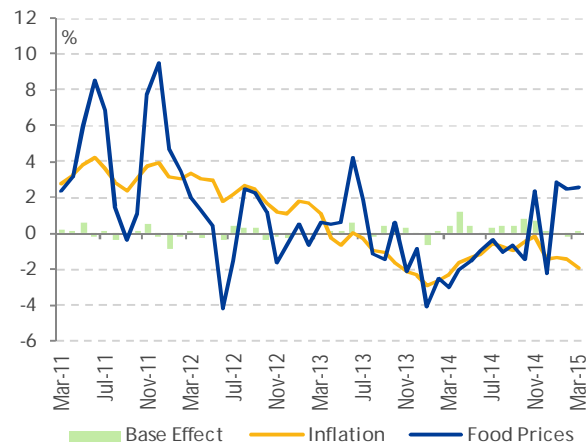
## C. CYPRUS

- At its meeting on April 24<sup>th</sup>, the Eurogroup welcomed the adoption of the foreclosures bill by the Cypriot parliament, which paves the way for the completion of the Economic Programme’s review. Additionally, the Eurogroup welcomed the lift of all capital control measures on banking transactions both domestically and abroad.
- On April 28<sup>th</sup>, the Cypriot government issued a seven-year bond of total amount EUR 1bn. Signalling the country’s successful access to international markets. The coupon was defined at 3.875% and the yield amounted to 4.0%.
- The fiscal deficit in 2015Q1 widened to 0.3% of GDP from 0.1% in 2014Q1, due to the contraction in revenues of 2.6% YoY. Public spending decreased in 2015Q1 by 1.0% YoY. (Graph 1.2)
- In the tourism sector, tourism arrivals in March increased by 25.7% YoY from a decrease of 16.3% in March 2014. In February, retail trade increased by 3.1%, from a contraction of 2.8% in February last year. (Graph 1.5)
- In March, total credit contracted at a slower rate of 2.0% YoY from a contraction of 10.5% in March 2014, as business and household loans both decreased at a similar rate. Total deposits contracted at a significantly slower rate of 3.6% YoY in March from a decrease of 15.3% in the same month last year. (Graph 2.0)
- According to Eurostat, the fiscal deficit widened to 8.8% of GDP in 2014 from 4.9% in 2013, due to the increase in public spending and the support for financial institutions. Additionally, public debt increased to 107.5% of GDP in 2014 from 102.2% in 2013.
- In 2014, non-performing loans made up 47.5% of total loans from 50.2% in November and 42.1% in 2013, with significantly high levels in firms and households.

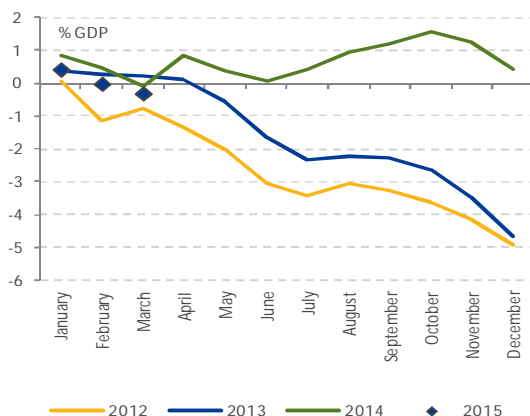
1.0 Real GDP & Economic Sentiment Indicator (ESI)



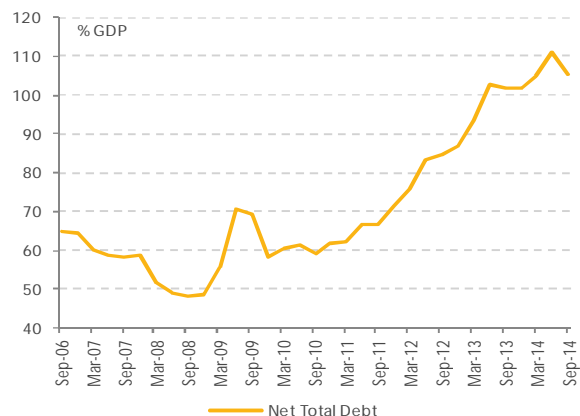
1.1 Inflation & Base Effect



1.2 Fiscal Balance



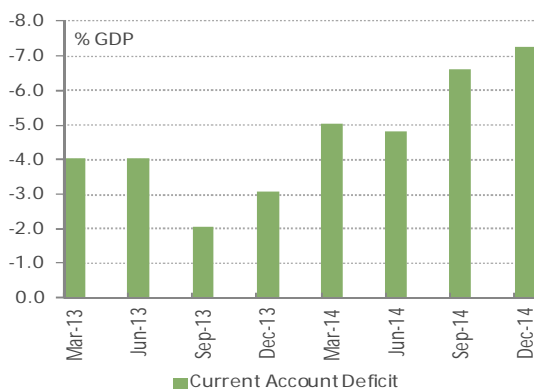
1.3 Public Debt



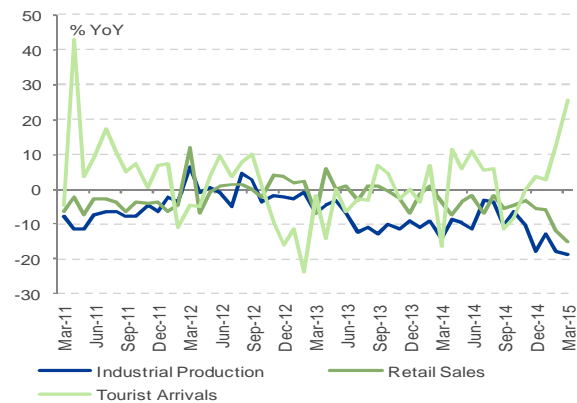
Source: Piraeus Bank Research, Datastream, National Sources

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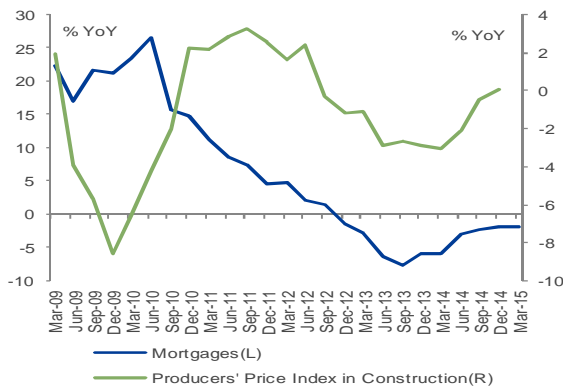
### 1.4 Current Account Balance (6m MA)



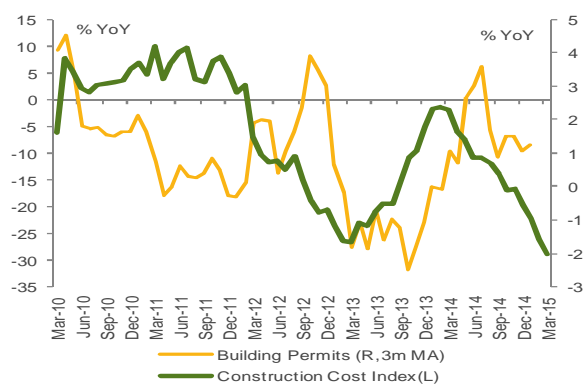
### 1.5 Industrial Production, Retail Sales & Tourist Arrivals



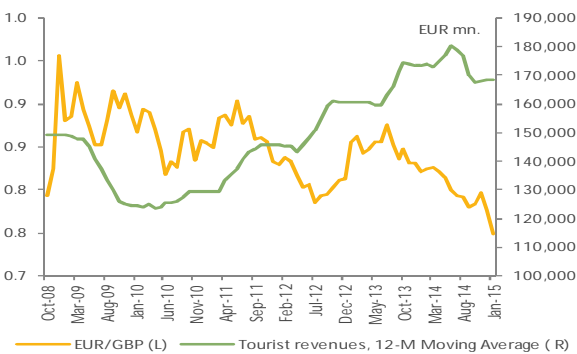
### 1.6 Mortgage Loans & Producer's Price Index in Construction



### 1.7 Construction Cost & Building Permits



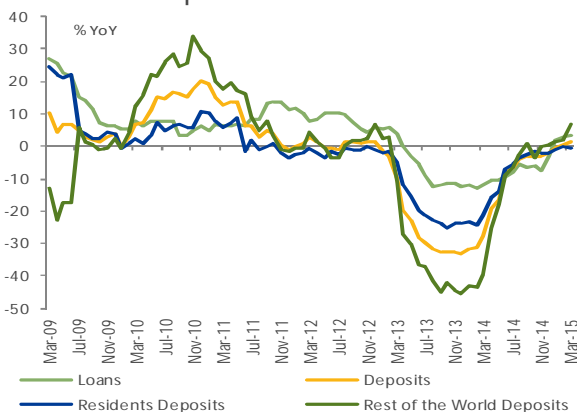
### 1.8 EUR/GBP & Tourism Revenues



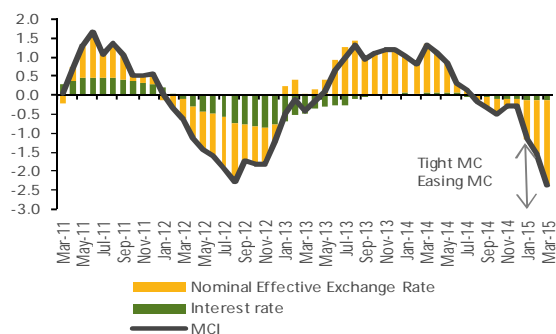
### 1.9 Unemployment Rate



### 2.0 Loans & Deposits



### 2.1 Monetary Conditions Index (MCI)



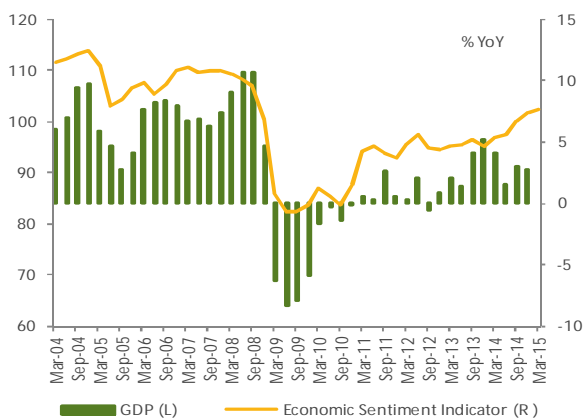
Note: The index is a weighted average of the annual change in interest rate EURIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

Source: Piraeus Bank Research, Datastream, National Sources

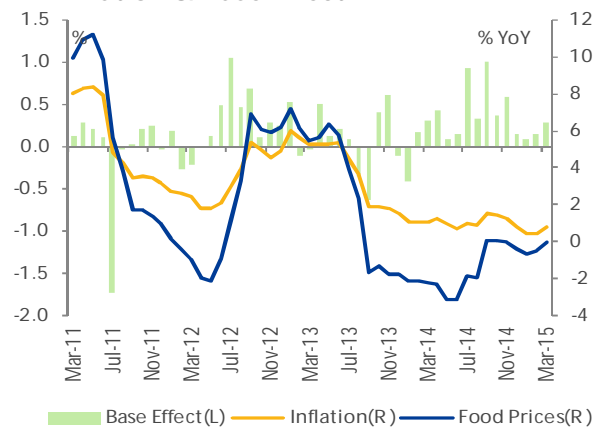
## D. ROMANIA

- In 2015Q1, the fiscal balance turned to a surplus of 0.7% of GDP from a deficit of 0.1% in 2014Q1, as public spending declined to 7.1% of GDP from 7.4% for the same quarters. Revenues increased to 7.8% of GDP in 2015Q1 from 7.3% for 2014Q1. (Graph 1.2)
- In Jan-Feb, the current account balanced turned to surplus of 0.2% of GDP from a deficit of 0.2% in Jan-Mar 2014, as the trade deficit moderated to 0.3% from 0.4%, while the services surplus remained unchanged at 0.6% in the same periods. Additionally, both the moderation in the primary income deficit to 0.2% in Jan-Mar from 0.4% in the same period last year and the secondary income surplus of 0.1% from a deficit of 0.03% in the same periods contributed positively. (Graph 1.3)
- In February, non-performing loans increased to 14.3% of total loans compared to 13.9% in December last year. (Graph 1.4)
- Total credit in March contracted by 3.2% YoY from a decrease of 2.6% in March last year, while private sector credit declined by 3.4% from -2.7% in the same months. Local currency loans in the private sector increased at a faster rate of 7.7% in March from 4.4% in the same month last year, but foreign currency loans contracted further by 11.2% from -7.4% in the same months. Total deposits increased in March by 6.7% YoY from 13.1% in March 2014, while private sector deposits increased by 5.9% from 6.6% for the same months. (Graphs 1.8 & 1.9)
- According to Eurostat, the fiscal deficit moderated to 1.5% of GDP in 2014 from 2.2% in 2013, due to the decrease in public spending and the respective improvement in revenues. Additionally, public debt increased to 39.8% of GDP in 2014 from 38.0% in 2013.

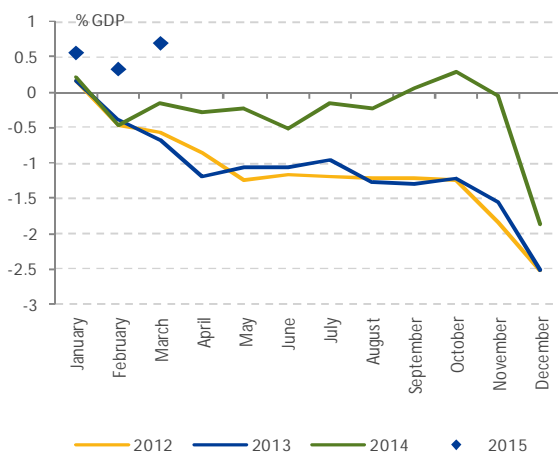
### 1.0 Leading Indicators



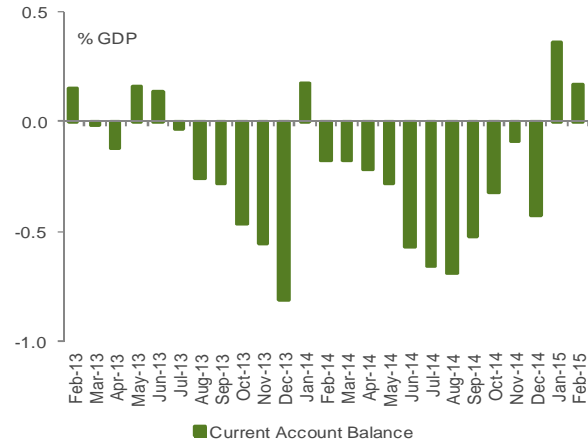
### 1.1 Inflation & Base Effect



### 1.2 Fiscal Balance



### 1.3 Current Account Balance

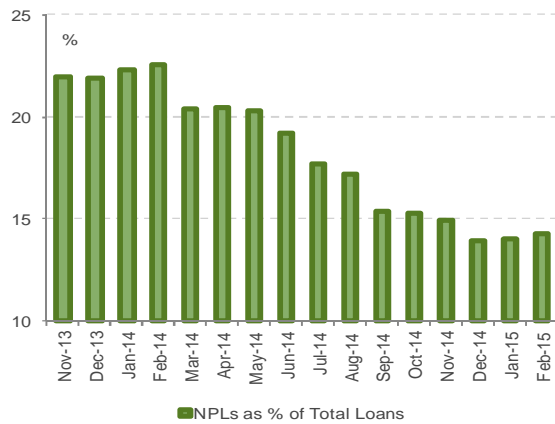


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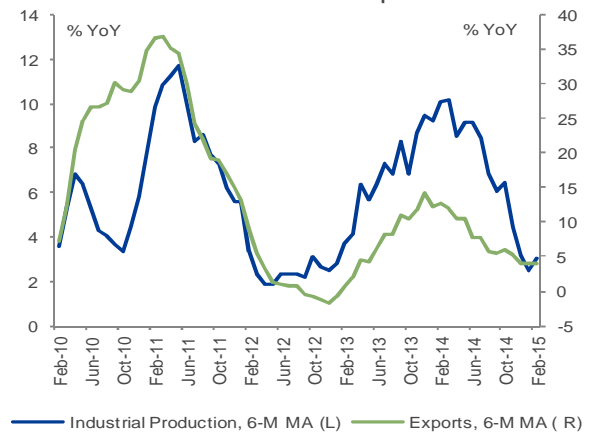


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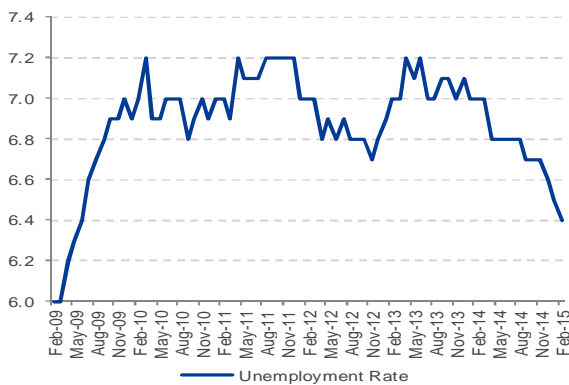
### 1.4 Non-Performing Loans



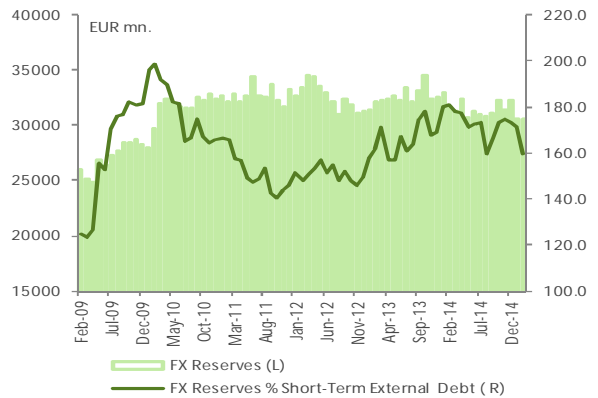
### 1.5 Industrial Production & Exports



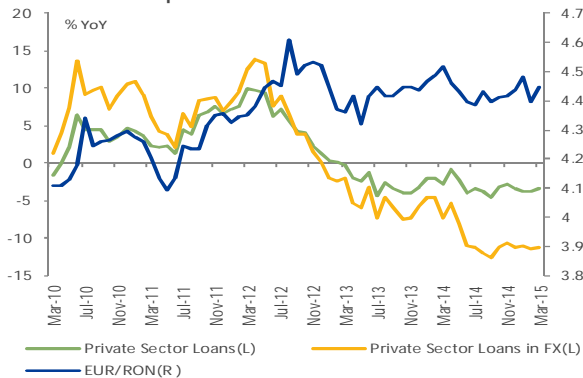
### 1.6 Unemployment Rate



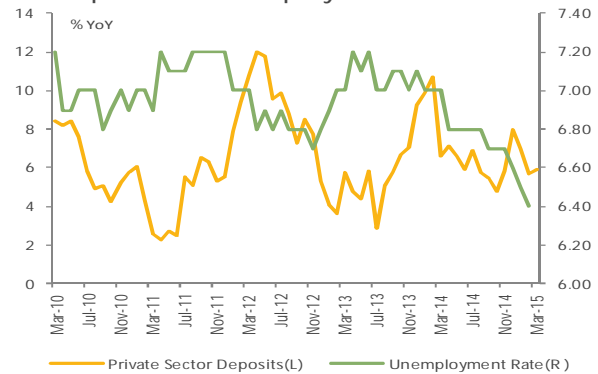
### 1.7 FX Reserves as % of Short-Term External Debt



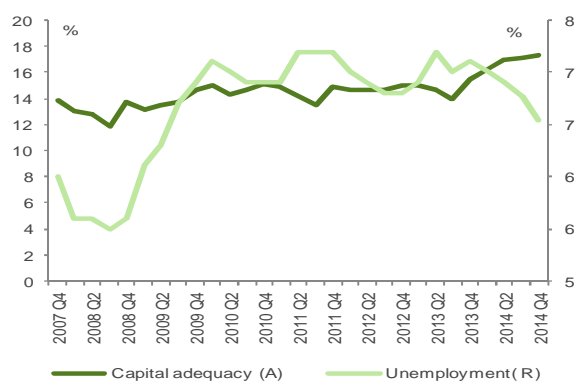
### 1.8 Credit Expansion & FX Rate



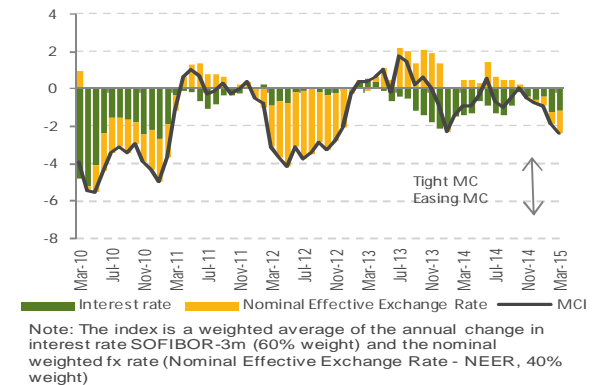
### 1.9 Deposits & Unemployment Rate



### 2.0 Unemployment Rate & Capital Adequacy



### 2.1 Monetary Conditions Index (MCI)

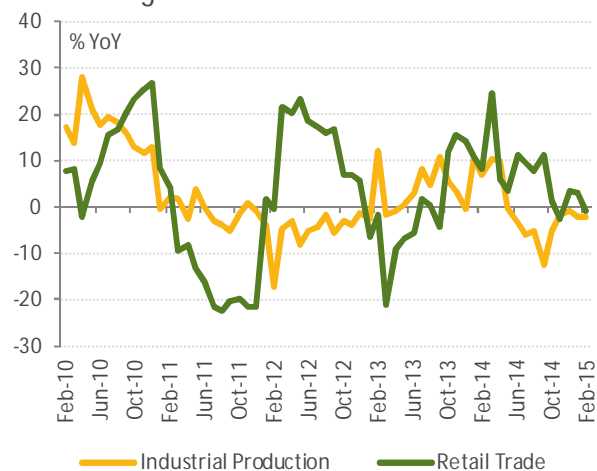


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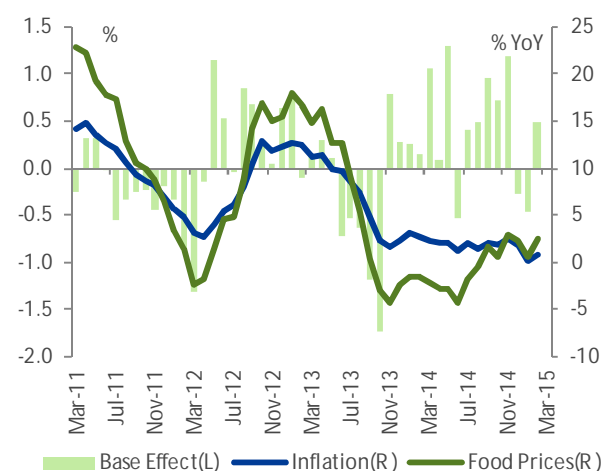
## E. SERBIA

- In 2015Q1, the fiscal deficit shrank to 0.5% of GDP from 1.8% in 2014Q1, due to the increase in revenues and the decline in public spending. Specifically, in Jan-Mar of the current year, revenues were 9.6% of GDP from 9.1% in Jan-Mar last year, while public spending declined to 10.1% from 10.9% for the same periods. (Graph 1.2)
- In Jan-Feb, the current account deficit was 0.5% of GDP compared to 0.8% in Jan-Feb 2014, as the trade deficit moderated to 1.7% from 1.9% in the same periods. Both the expansion of the services and secondary income surpluses as well as the moderation in the primary income deficit contributed positively to the current account balance. (Graph 1.3)
- In March, public debt increased to 73.3% of GDP from 70.9% in 2014. (Graph 1.6)
- In February, total loans increased by 6.2% YoY from 7.3% in January and a contraction of 5.1% in February 2014, while business and household lending both increased. Total deposits increased by 9.4% YoY in February from 11.6% in January and 3.6% in February last year. (Graph 2.0)

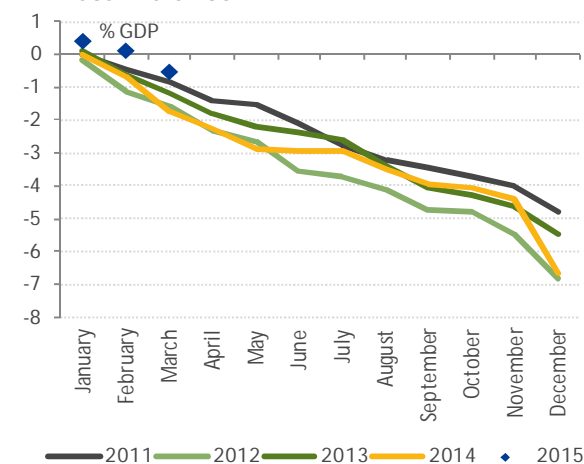
1.0 Leading Indicators



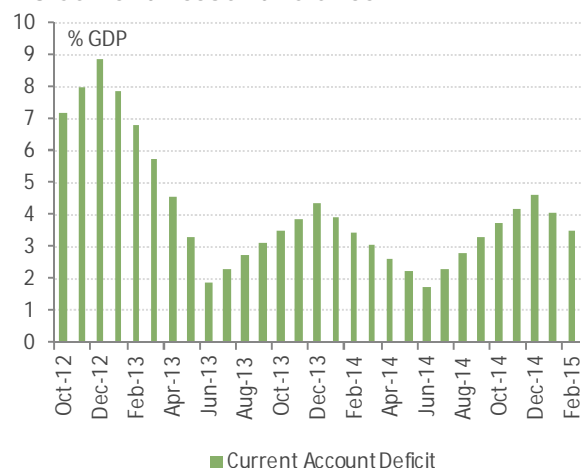
1.1 Inflation & Base Effect



1.2 Fiscal Balance



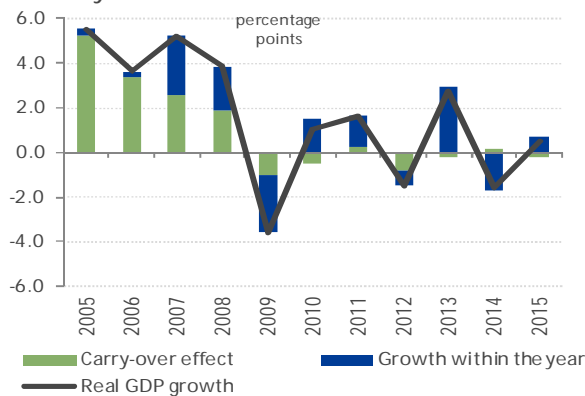
1.3 Current Account Balance



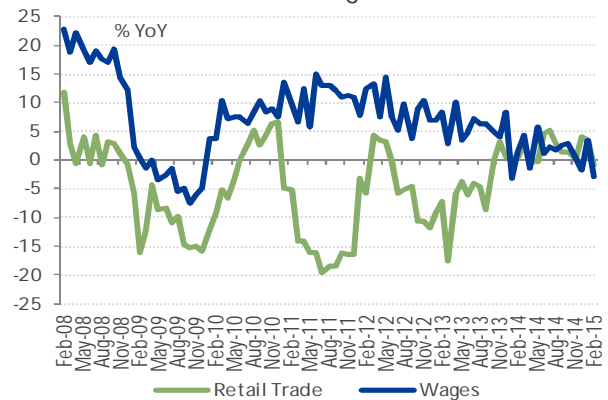
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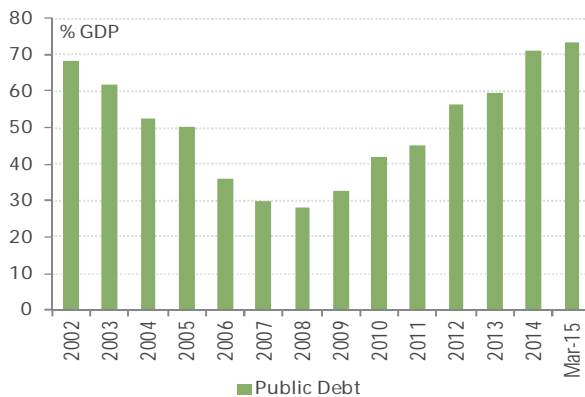
### 1.4 Carry Over Effect



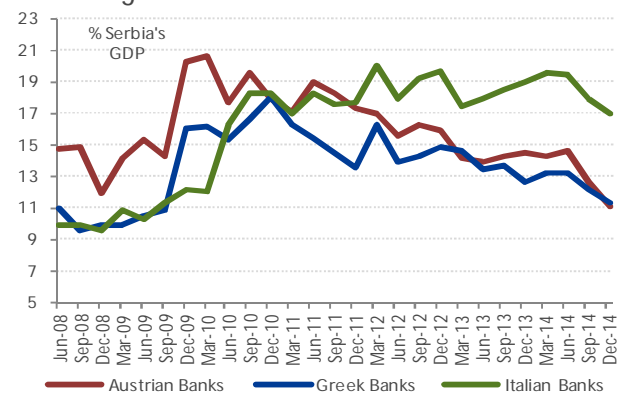
### 1.5 Retail Sales & Real Wages



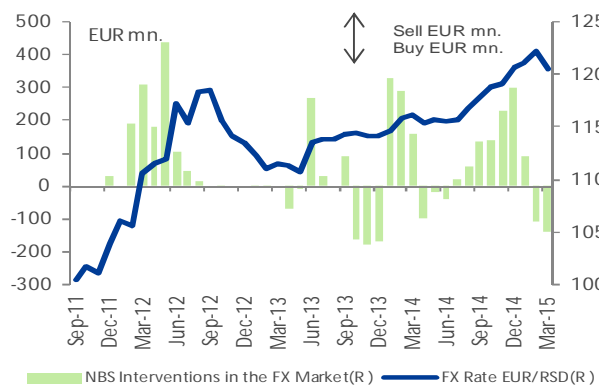
### 1.6 Public Debt



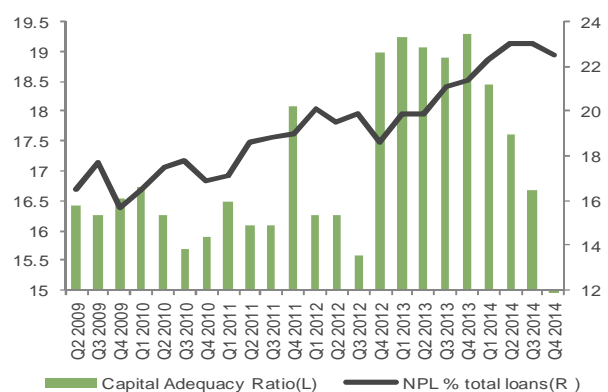
### 1.7 Foreign Claims



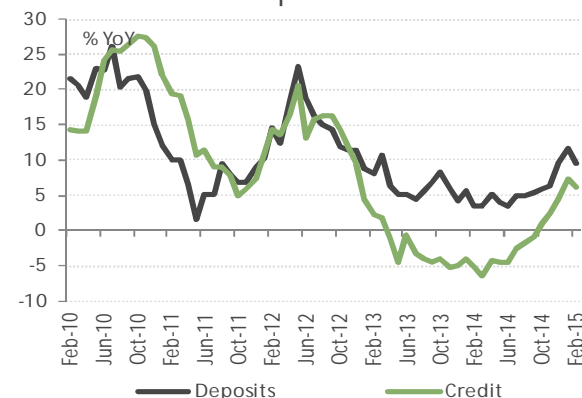
### 1.8 Central Bank Interventions in the Domestic FX Market & EUR/RSD



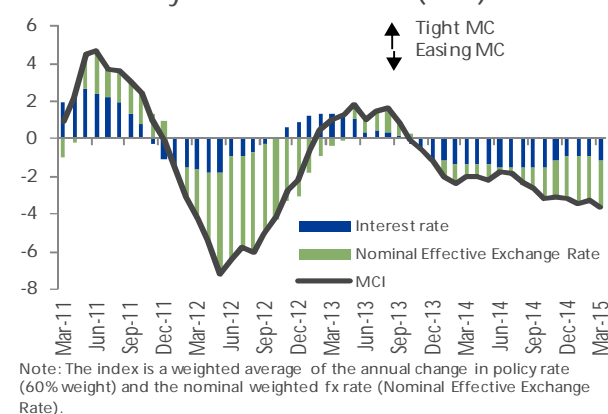
### 1.9 Capital Adequacy & NPLs



### 2.0 Private Sector Deposits & Credit



### 2.1 Monetary Conditions Index (MCI)



Source: Piraeus Bank Research, Datastream, National Sources, BIS

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