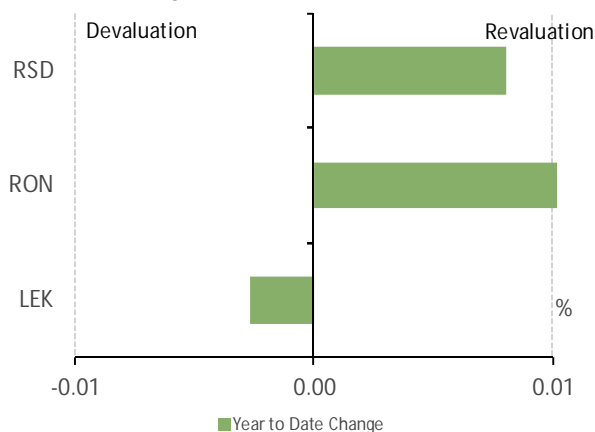




ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

- The International Monetary Fund (IMF) concluded Albania's Second and Third Review under the Extended Arrangement at end-February. The conclusion makes possible the disbursement of EUR 58.8mn., while the country has received EUR 117.7mn in total. The IMF welcomes the significant progress the authorities have made in successfully implementing the necessary actions and reforms.
- According to a recent report by the European Commission, Bulgaria's macroeconomic imbalances originate from the banking turmoil in 2014 and the current conditions in the labour market.
- In Cyprus, total credit in October contracted at a slower rate of 1.2% YoY from a decrease of 12.8% in January 2014, as business and household loans both decreased at a similar rate. Total deposits contracted at a significantly slower rate of 4.1% YoY in January from a decrease of 21.5% in the same month last year.
- The International rating agency Fitch, affirmed on February 27th Romania's sovereign rating at BBB- with a Stable outlook. The main factors influencing this decision are the positive economic prospects and the better-than-the-country's-peers fiscal sector.
- In Serbia, the IMF concluded the Article IV Annual Review in February, noting that the Serbian economy faces significant headwinds, as real GDP contracted in 2014, the unemployment rate remains elevated, inflation remains at low levels and public debt continues to increase. At the same time, the government and the IMF reached an agreement for a precautionary Stand-By Arrangement of EUR 1.2bn, with the main priorities being reforms in the fiscal and banking sector.

Bilateral Exchange Rates vs. the Euro
(27th February 2015)

CDS 5Y USD

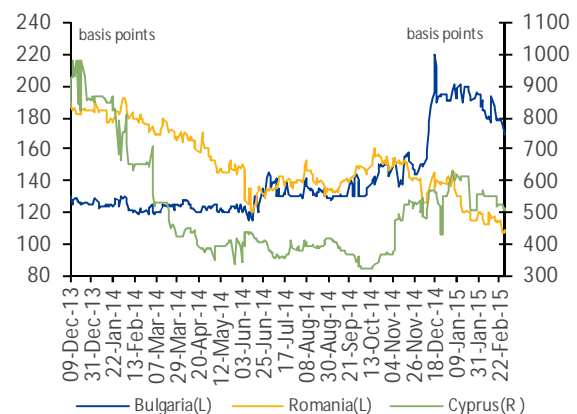


Table of Economic Forecasts

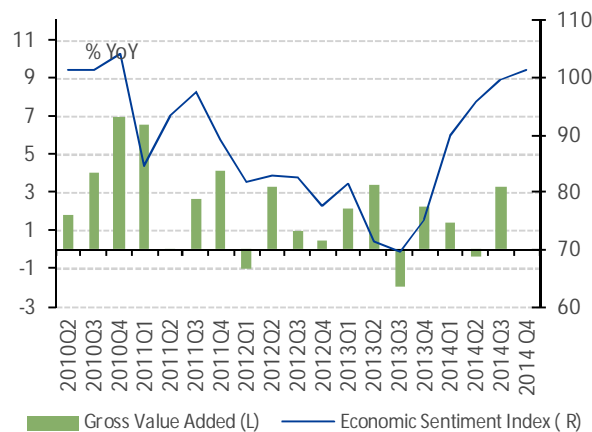
	Real GDP (% YoY)		Inflation		Fiscal Balance (% GDP)		Current Account Balance (% GDP)	
	2014e	2015f	2014	2015f	2014	2015f	2014e	2015f
Albania	1.9	2.5	1.6	2.5	-5.1	-4.0	-11.0	-11.5
Bulgaria	1.5	1.9	-1.4	-0.3	-3.9	-2.9	0.1	1.9
Cyprus	-2.3	0.5	-1.4	-0.5	0.4	-1.0	-9.0	-5.0
Romania	2.9	2.9	1.1	1.5	-1.9	-1.9	-0.5	-1.9
Serbia	-1.8	0.5	2.1	3.0	-6.5	-6.5	-5.3	-5.0

Source: Piraeus Bank Research, Datastream, Bloomberg

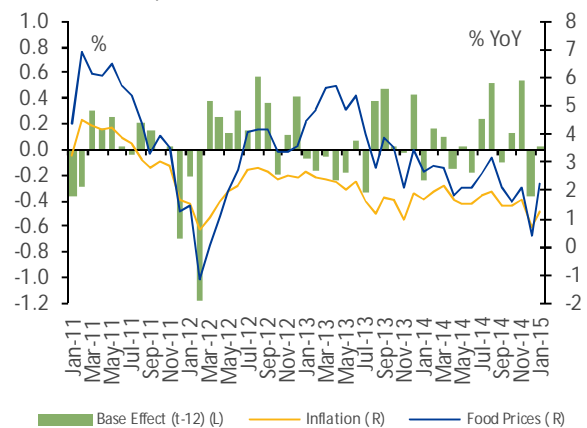
A. ALBANIA

- According to the 2014Q4 Lending Conditions Survey conducted by the Bank of Albania, the lending conditions in 2014Q4 for businesses tightened, while for the current quarter they are expected to ease. Households' lending conditions tightened in 2014Q4, while in 2015Q1 conditions are expected to ease. (Graph 2.1)

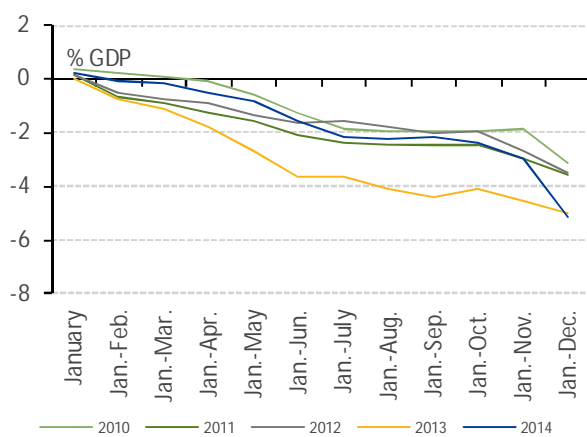
1.0 Real GDP & Economic Sentiment Index



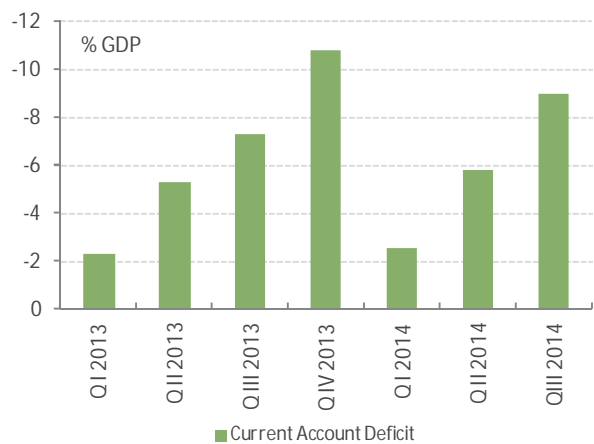
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



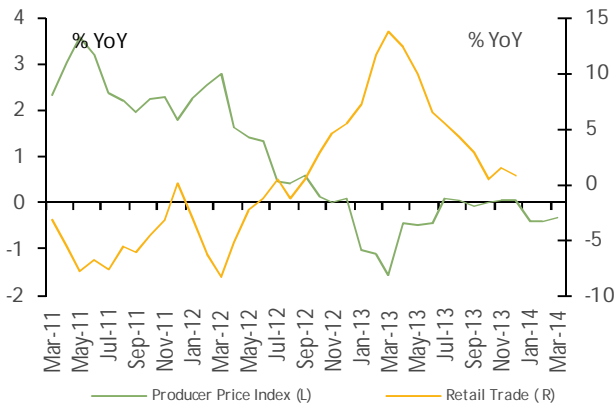
1.3 Current Account Balance



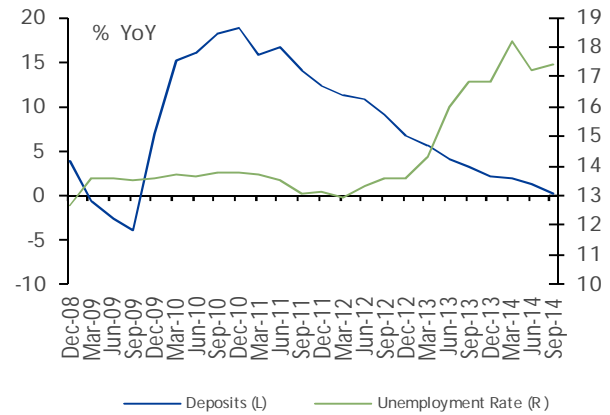
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

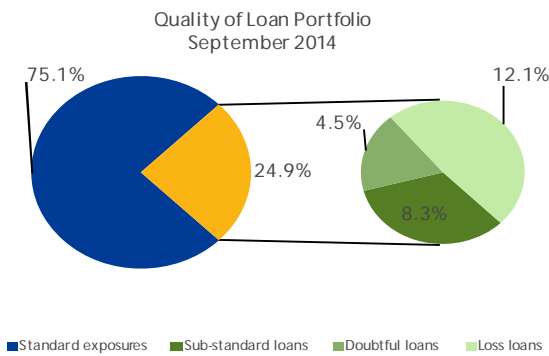
1.4 Producer Price Index & Retail Trade



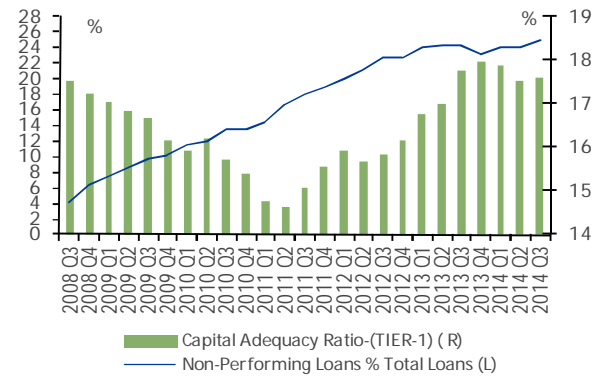
1.5 Total Deposits & Unemployment Rate



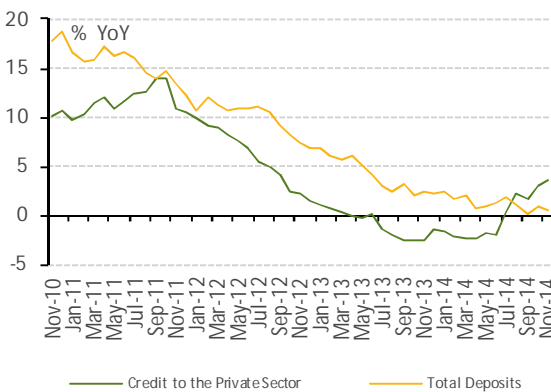
1.6 Quality of Loan Portfolio



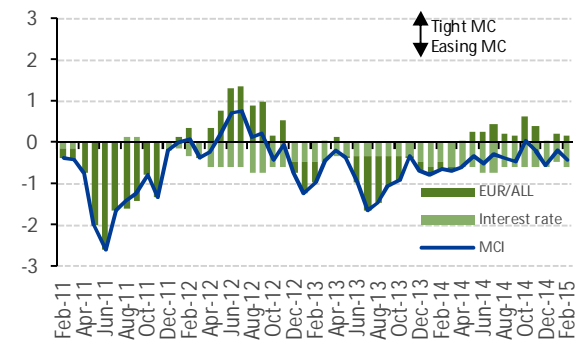
1.7 NPLs & Capital Adequacy Ratio



1.8 Credit Expansion & Total Deposits

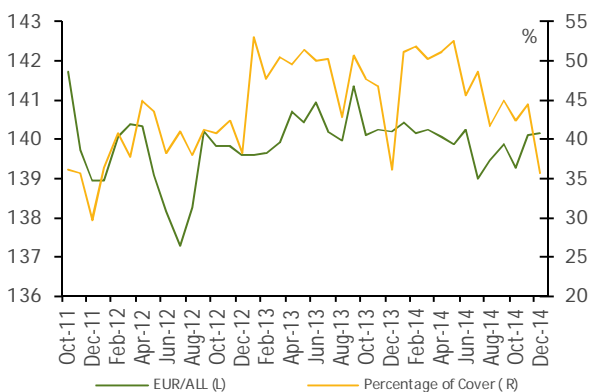


1.9 Monetary Conditions Index (MCI)

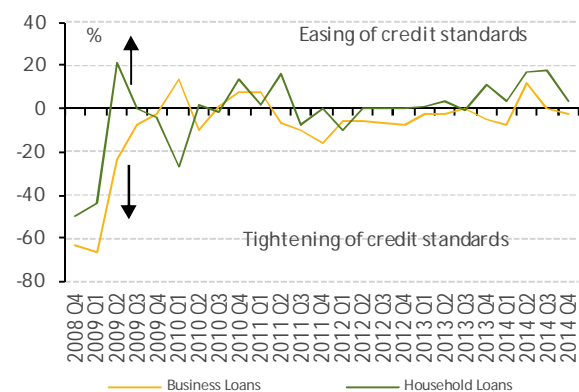


Note: The index is a weighted sum of the annual change in the policy rate (60% weight) and the fx rate (40% weight).

2.0 EUR/ALL & Imports to Exports Coverage



2.1 Central Bank's Lending Survey

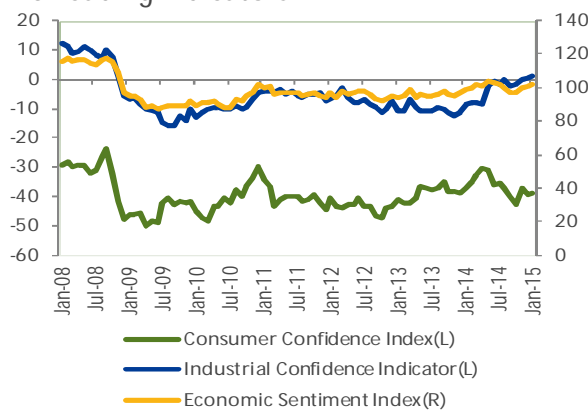


Source: Piraeus Bank Research, Datastream, National Sources

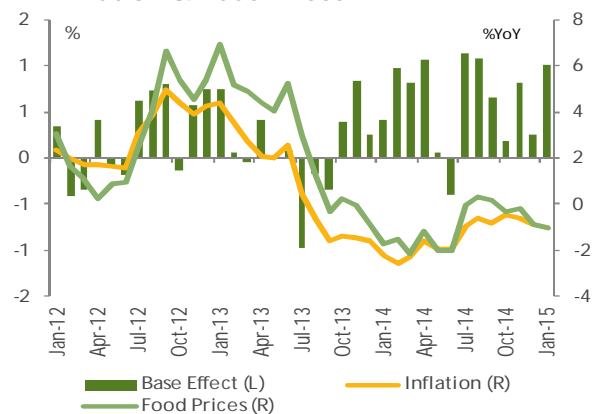
B. BULGARIA

- The current account surplus shrank to 0.1% of GDP in 2014 from 2.1% in 2013, due to the widening of the trade deficit to 7.3% of GDP from 5.9% for the same years. Both the widening of the services surplus and the contraction in the income deficit contributed positively to the current account surplus, whereas the current transfers' surplus declined. In 2014, the current account surplus was financed by net FDIs as the latter stood at 2.9% of GDP from 3.1% in 2013. (Graph 1.3)
- In January, non-performing loans as a percentage of total loans increased to 19.0% from 18.1% in the same month last year. (Graph 1.9)
- In January, private sector credit contracted by 8.5% YoY from an increase of 0.5% in January 2014, as business loans decreased by 11.9% from 0.6% for the same months. Household lending contracted by 2.0% in January compared with a decrease of 0.2% in January 2014, whereas private sector deposits increased at a slower rate of 0.3% YoY from 9.4% for the same months. (Graph 2.0)

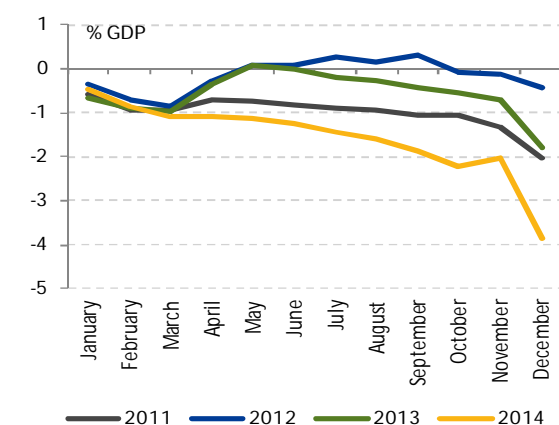
1.0 Leading Indicators



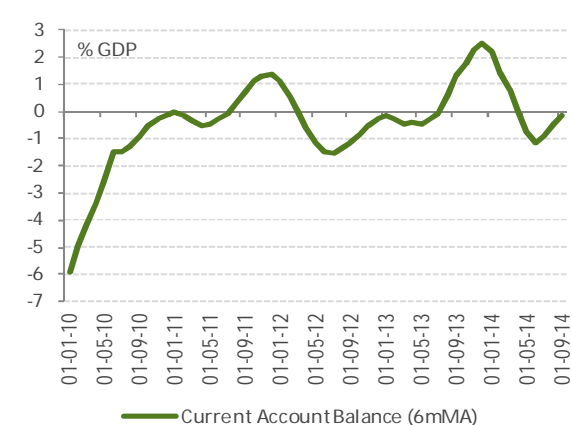
1.1 Inflation & Base Effect



1.2 Fiscal Balance



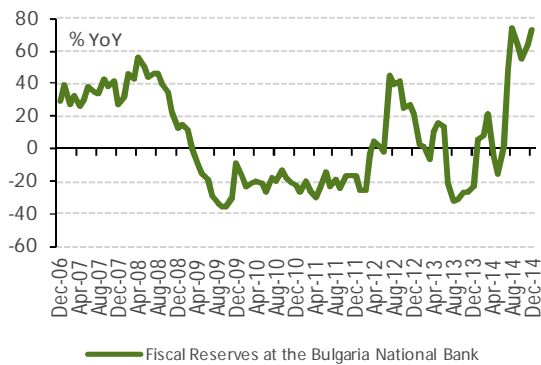
1.3 Current Account Balance



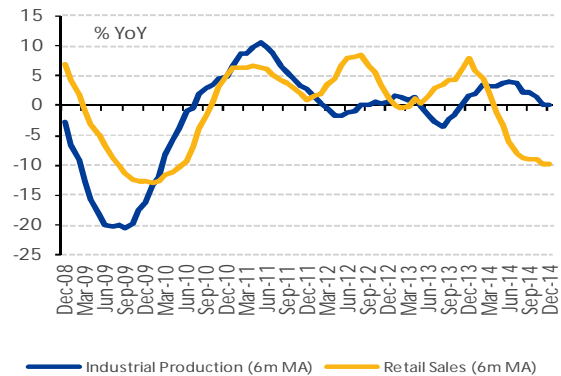
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

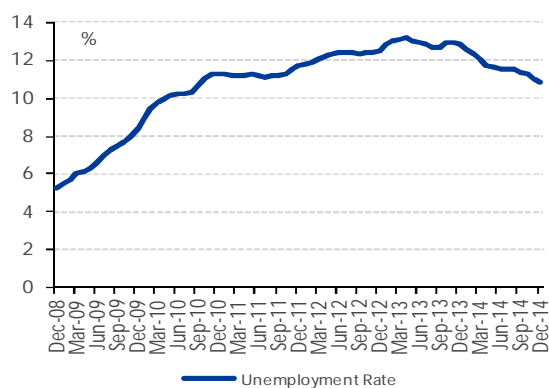
1.4 Fiscal Reserves



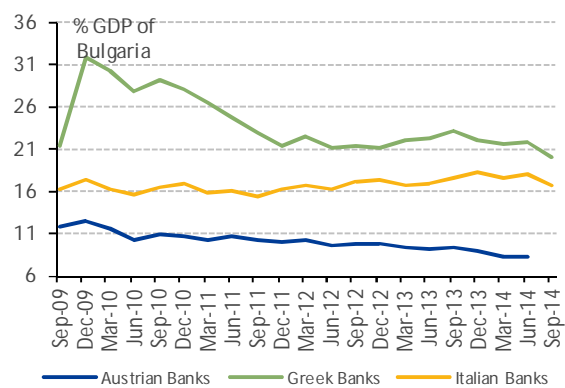
1.5 Industrial Production & Retail Sales



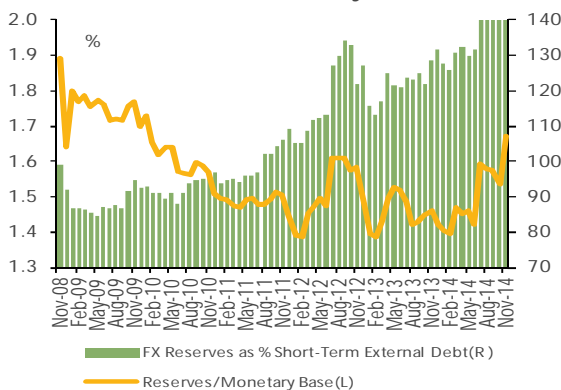
1.6 Unemployment Rate



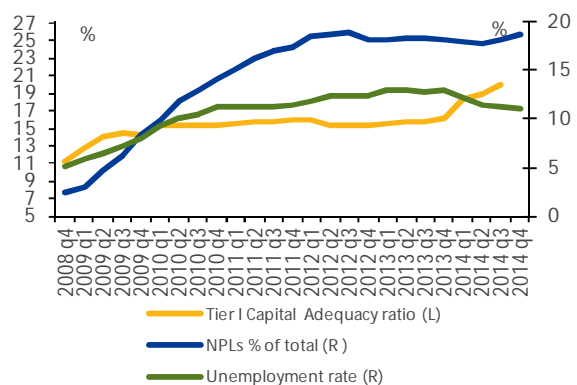
1.7 Foreign Claims



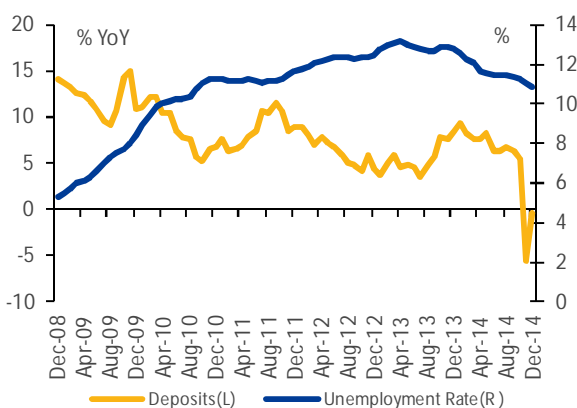
1.8 FX Reserves & Monetary Base



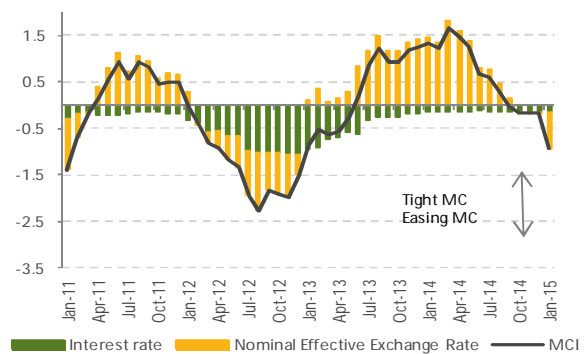
1.9 Unemployment Rate, NPLs & Capital Adequacy



2.0 Deposits & Unemployment Rate



2.1 Monetary Conditions Index (MCI)



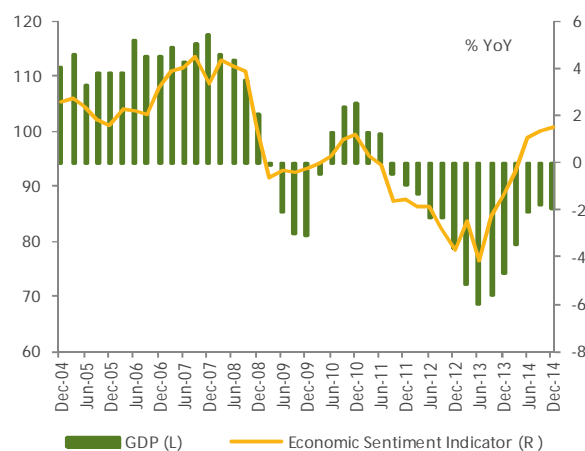
Note: The index is a weighted average of the annual change in interest rate SOFIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

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

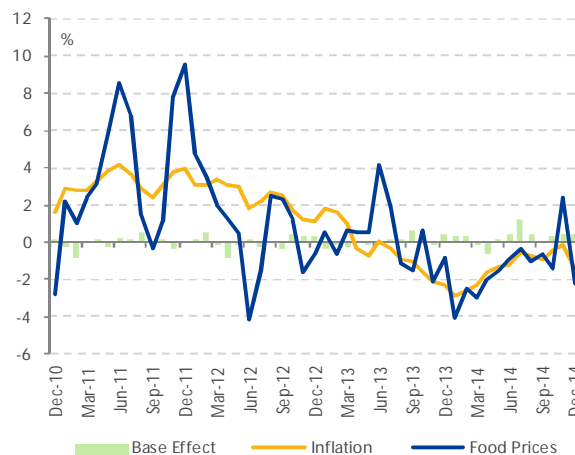
C. CYPRUS

- In the tourism sector, tourism arrivals in January increased by 2.8% YoY from 3.7% in December and -3.8% in January 2014. In January, industrial production contracted by 1.0%, from -0.6% in December and an increase of 2.3% in January last year. (Graph 1.5 & 1.8)
- In October, total credit contracted at a slower rate of 1.2% YoY from a decrease of 12.8% in January 2014, as business and household loans both decreased at a similar rate. Total deposits contracted at a significantly slower rate of 4.1% YoY in January from a decrease of 21.5% in the same month last year. (Graph 2.0)

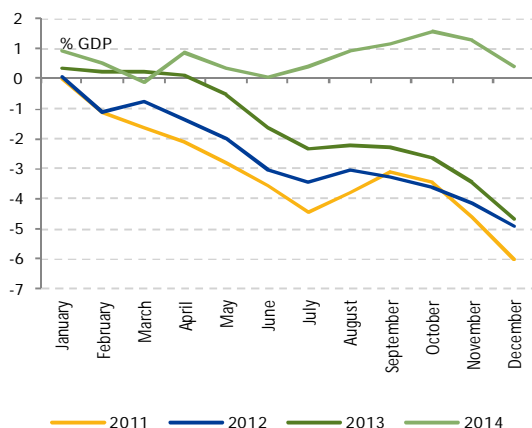
1.0 Real GDP & Economic Sentiment Indicator (ESI)



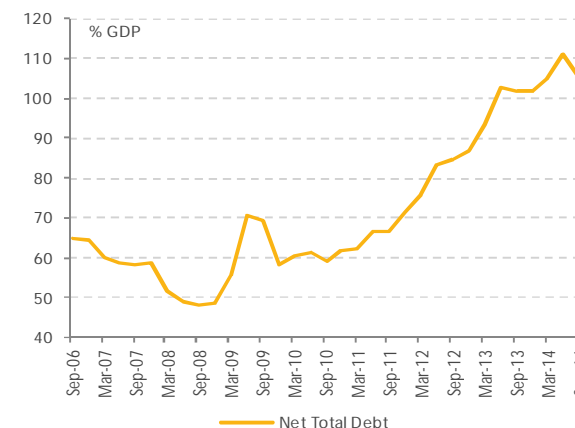
1.1 Inflation & Base Effect



1.2 Fiscal Balance



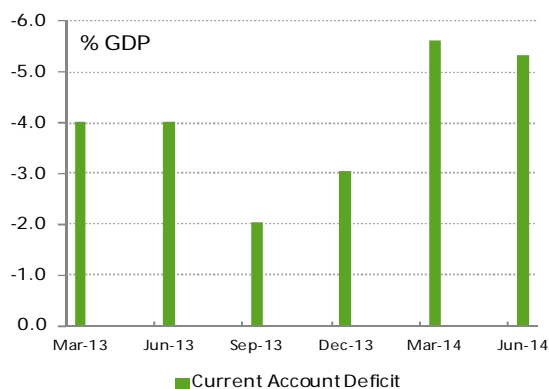
1.3 Public Debt



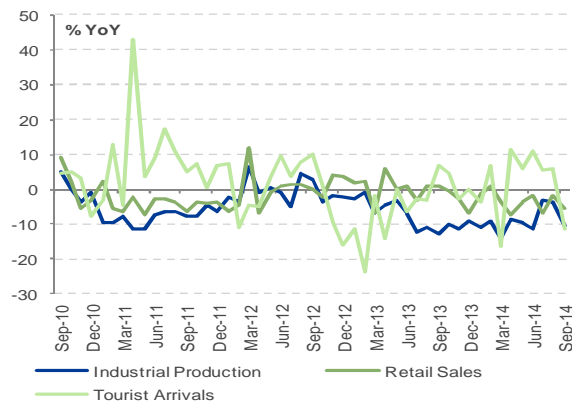
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

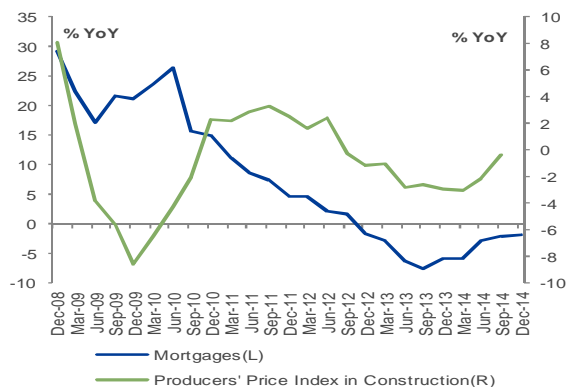
1.4 Current Account Balance (6m MA)



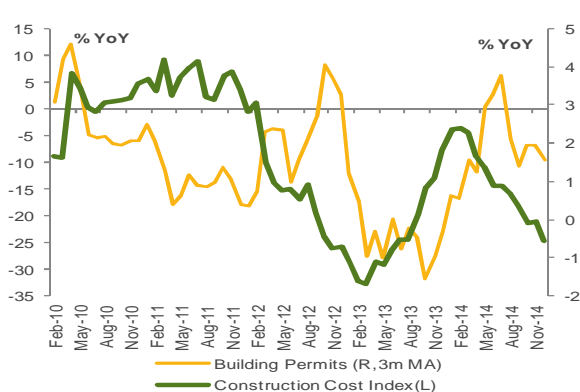
1.5 Industrial Production, Retail Sales & Tourist Arrivals



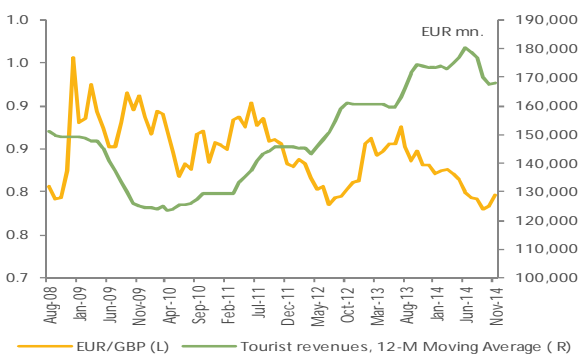
1.6 Mortgage Loans & Producer's Price Index in Construction



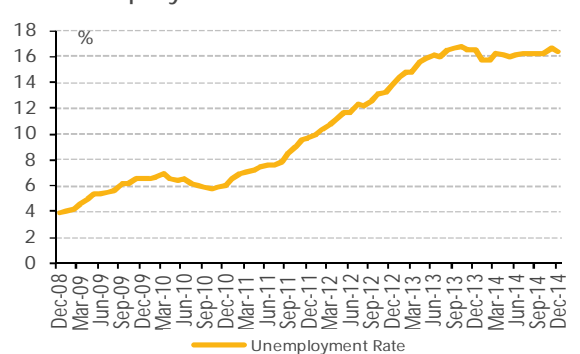
1.7 Construction Cost & Building Permits



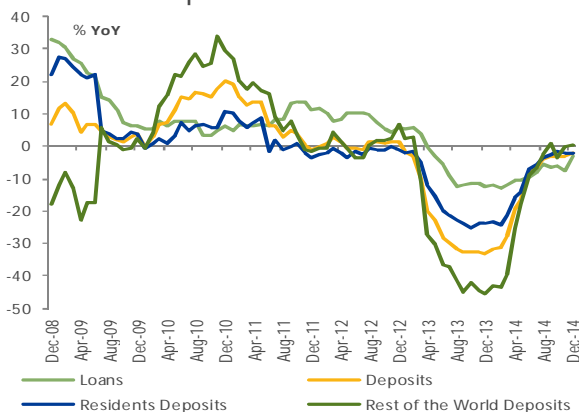
1.8 EUR/GBP & Tourism Revenues



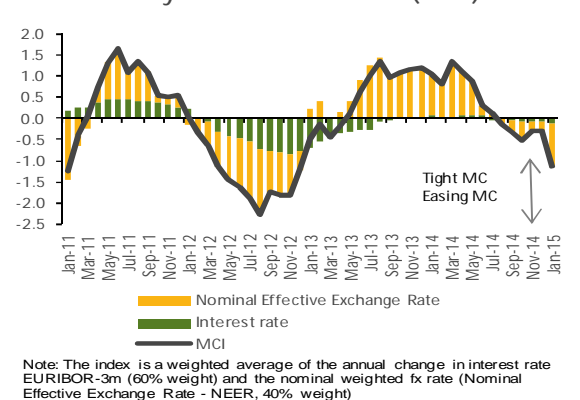
1.9 Unemployment Rate



2.0 Loans & Deposits



2.1 Monetary Conditions Index (MCI)



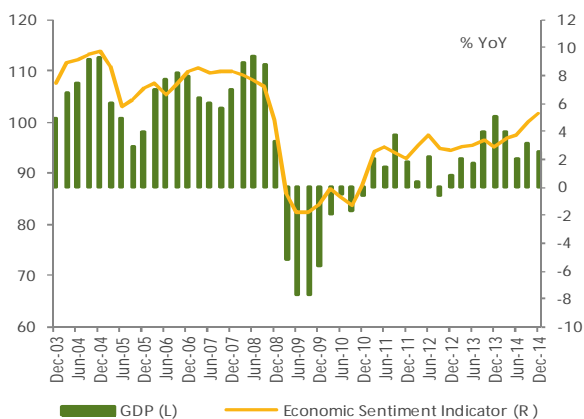
Note: The index is a weighted average of the annual change in interest rate EURIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

Source: Piraeus Bank Research, Datastream, National Sources

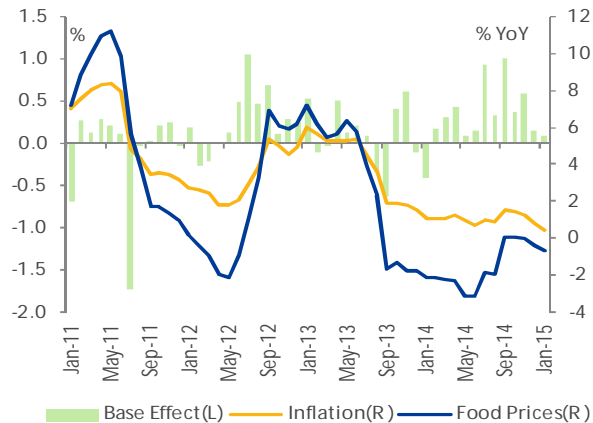
D. ROMANIA

- In January, the fiscal surplus was 0.6% of GDP from 0.2% in January last year, as public spending declined to 2.1% of GDP from 2.4% for the same months. Revenues amounted to 2.6% of GDP in January from 2.7% for January 2014. (Graph 1.2)
- Total credit in January contracted by 3.7% YoY from a decrease of 2.0% in January last year, while private sector credit decreased by 3.8% from -2.1% in the same months. Local currency loans in the private sector increased at a faster rate of 6.9% in January from 1.2% in the same month last year, but foreign currency loans contracted further by 11.0% from -4.5%. Total deposits increased in January by 5.0% YoY from 12.5% in January 2014, while private sector deposits increased by 7.0% from 9.9% for the same months. (Graphs 1.8 & 1.9)

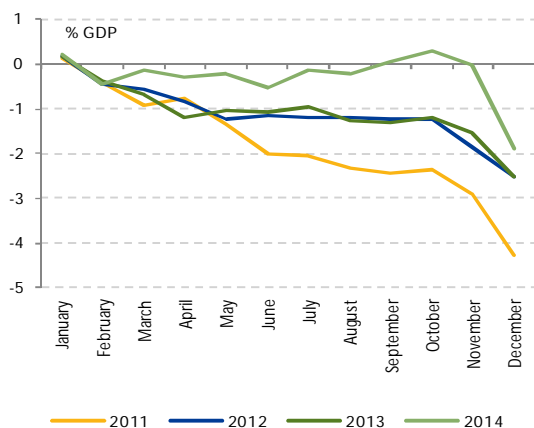
1.0 Leading Indicators



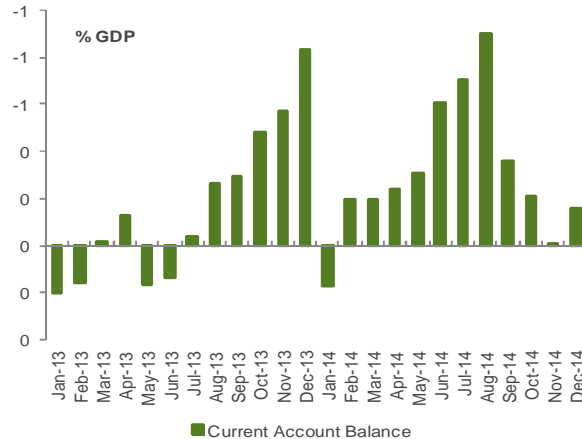
1.1 Inflation & Base Effect



1.2 Fiscal Balance



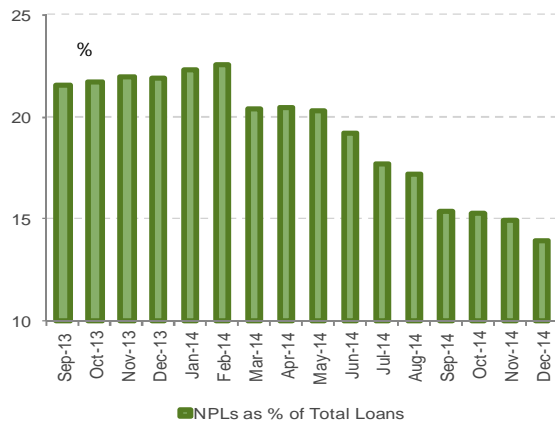
1.3 Current Account Balance



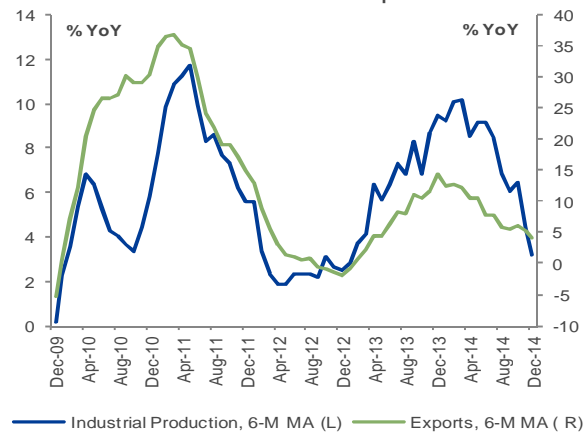
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

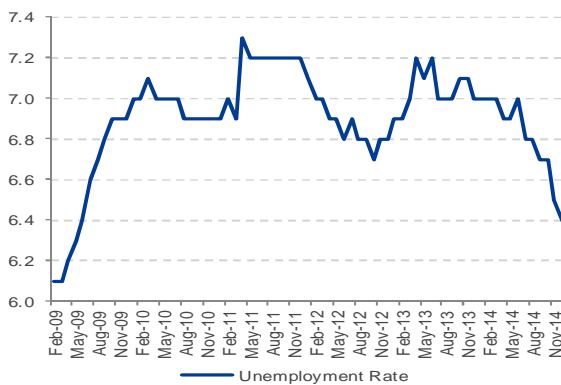
1.4 Non-Performing Loans



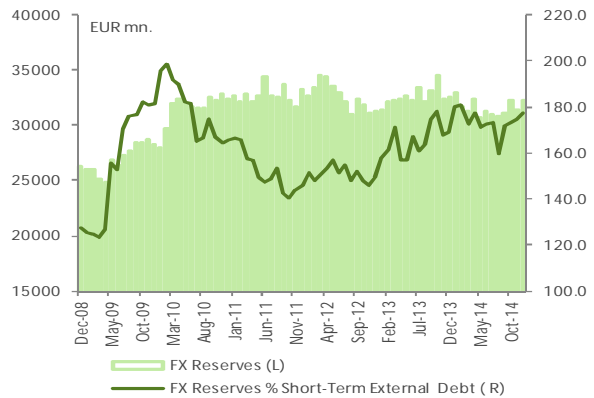
1.5 Industrial Production & Exports



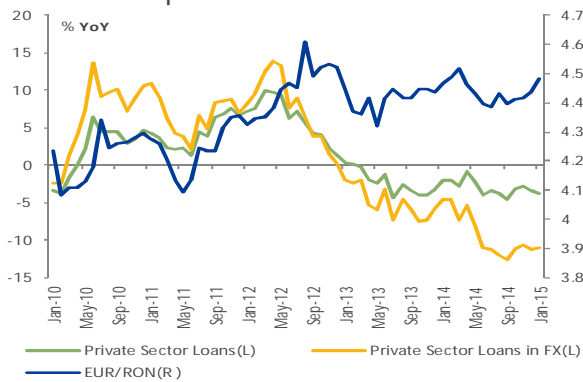
1.6 Unemployment Rate



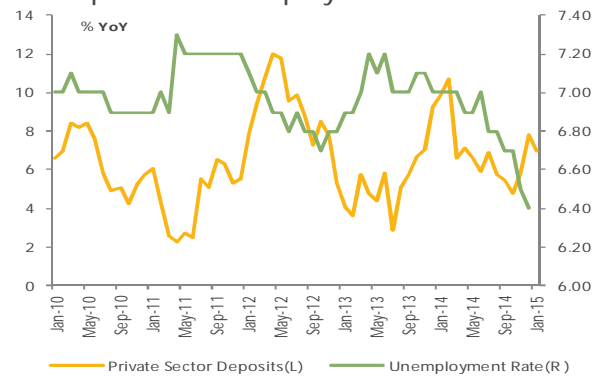
1.7 FX Reserves as % of Short-Term External Debt



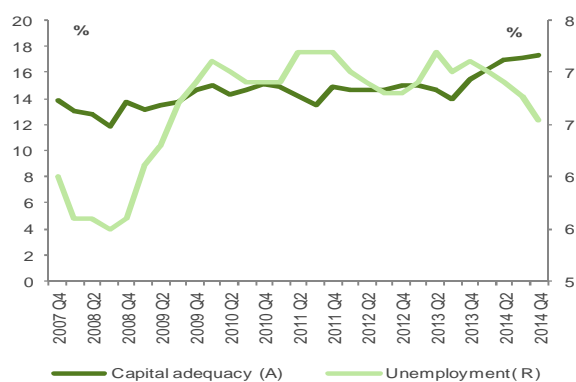
1.8 Credit Expansion & FX Rate



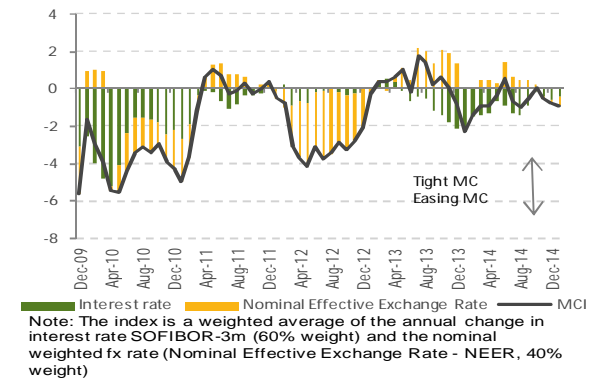
1.9 Deposits & Unemployment Rate



2.0 Unemployment Rate & Capital Adequacy



2.1 Monetary Conditions Index (MCI)

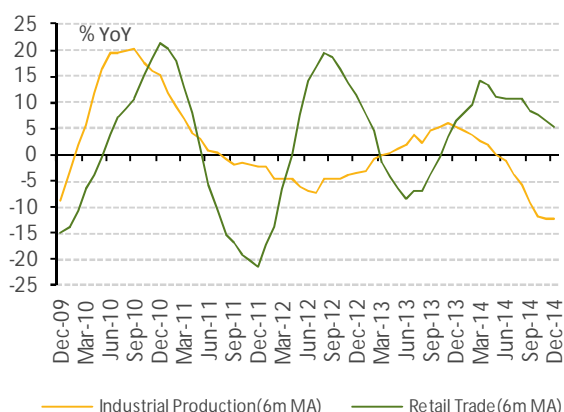


Source: Piraeus Bank Research, Datastream, National Sources

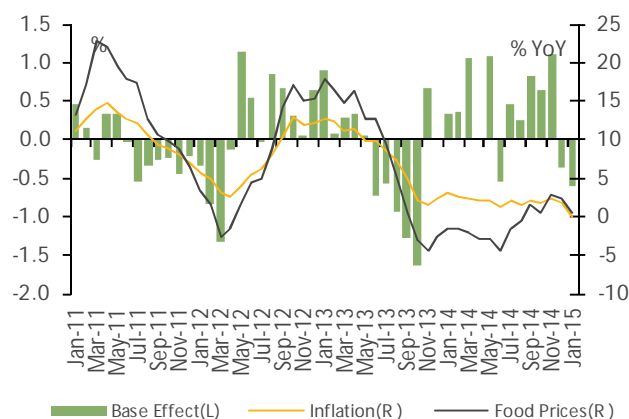
E. SERBIA

- In 2014Q4, real GDP contracted by 1.8% YoY from -1.6% in the flash estimates and an increase of 3.3% in 2013Q4. In 2014, economic activity decreased by an average of 1.8% YoY from an increase of 2.6% in the previous year, with final consumption contributing negatively to real GDP.
- In January, public debt increased to 72.3% of GDP from 70.9% in 2014. (Graph 1.6)
- In 2014, non-performing loans as a percentage of total loans stood at 22.5% from 21.4% in the previous year. (Graph 1.9)

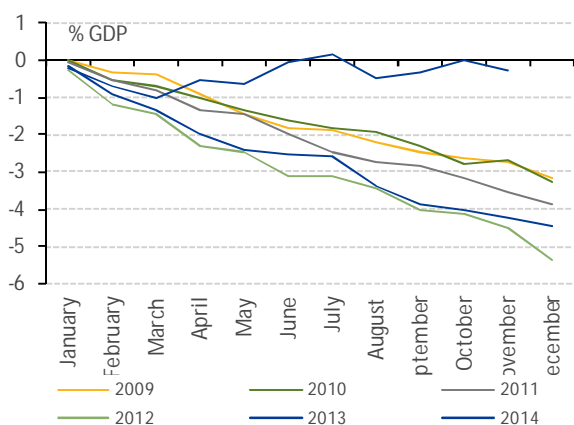
1.0 Leading Indicators



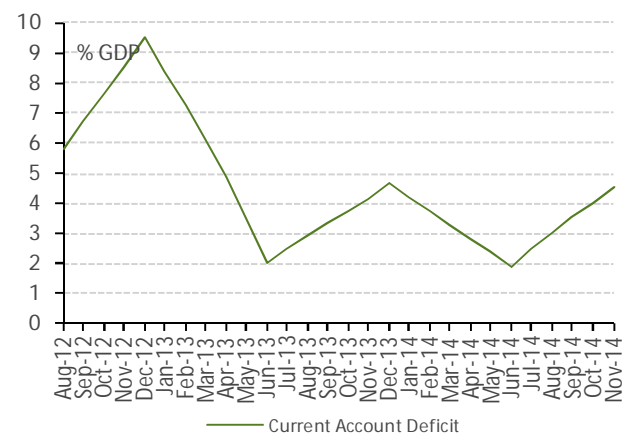
1.1 Inflation & Base Effect



1.2 Fiscal Balance



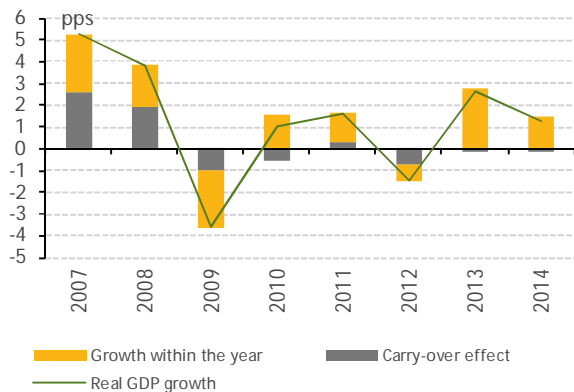
1.3 Current Account Balance



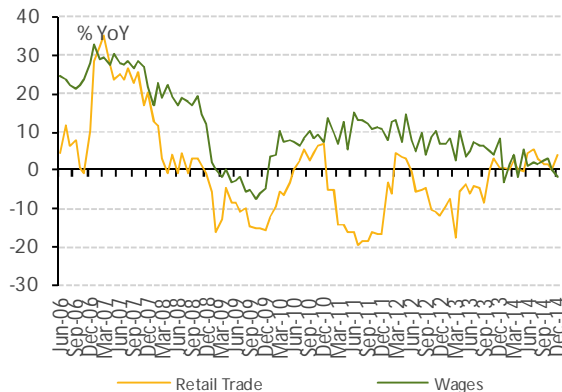
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

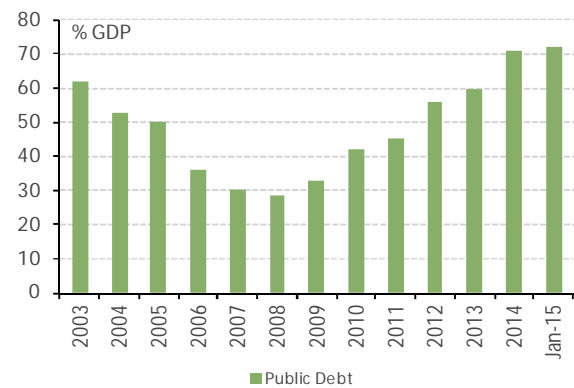
1.4 Carry Over Effect



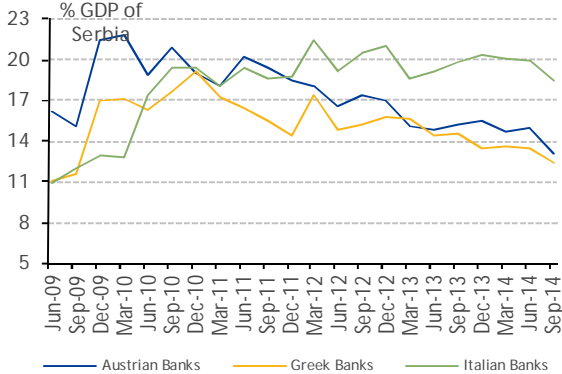
1.5 Retail Sales & Real Wages



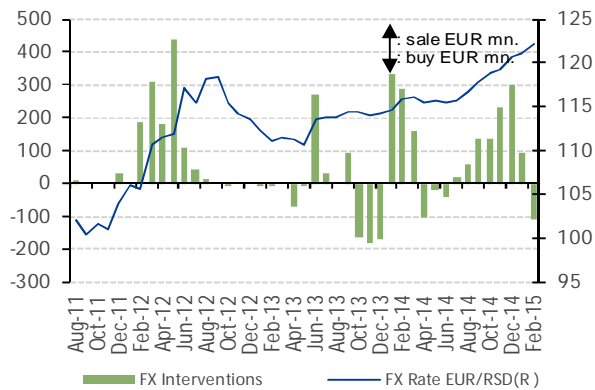
1.6 Public Debt



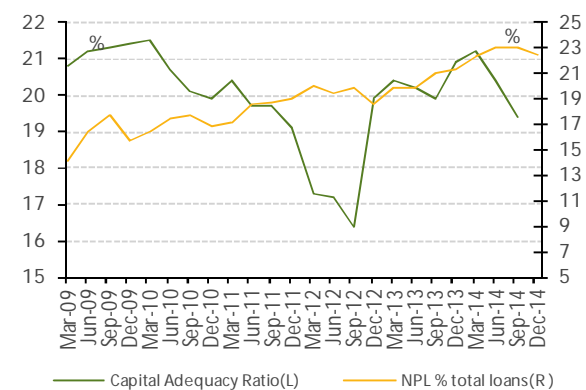
1.7 Foreign Claims



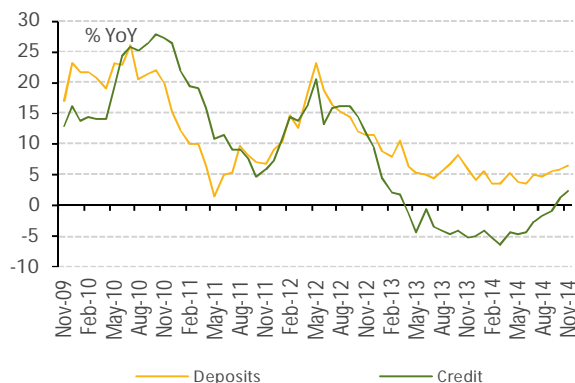
1.8 Central Bank Interventions in the Domestic FX Market & EUR/RSD



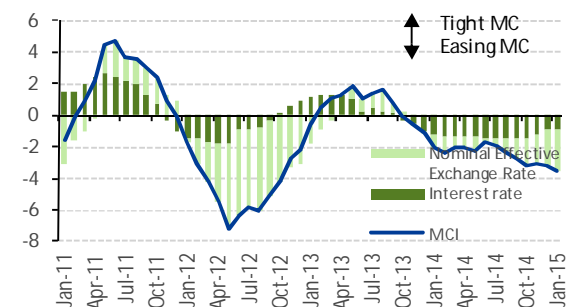
1.9 Capital Adequacy & NPLs



2.0 Deposits & Credit



2.1 Monetary Conditions Index (MCI)



Note: The index is a weighted average of the annual change in policy rate (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate).

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

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