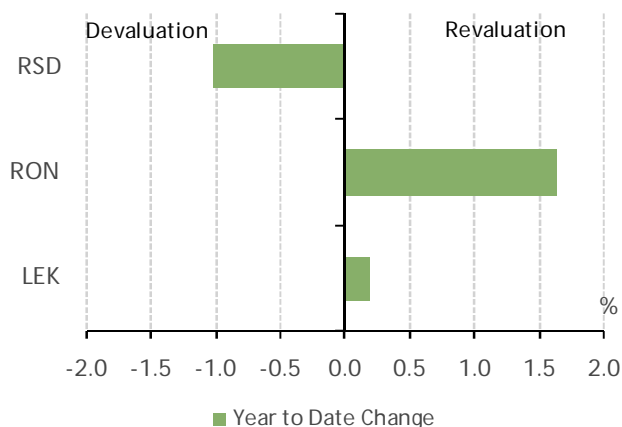




ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

- On June 25th, the Bank of Albania (BoA) decided to keep the key policy rate unchanged at 2.5%, as it is estimated that the impact of past policy rate cuts will be gradually transmitted to the financial markets and provide the appropriate monetary conditions for the return of inflation to the BoA target.
- In Bulgaria, private sector credit increased in May at a marginally faster rate of 1.8% YoY from 1.6% in May 2013, while business loans increased by 2.6% from 3.2% for the same months. Household lending increased by 0.3% in May compared to a decrease of 1.3% in May 2013, whereas private sector deposits increased at a faster rate of 8.3% YoY from 4.8% for the same months. Finally, in May, the liquidity ratio (loans/deposits) moderated to 75.9% from 80.8% in May last year.
- According to the Cyprus Central Bank, real GDP in 2014 is expected to contract less than the Troika's estimate of 4.2%. The main reason for this is the better than expected real GDP performance in 2014Q1.
- In Romania, private sector credit in May contracted by 2.1% YoY in May from -2.4% in the same month last year. Local currency loans increased at a faster rate, but foreign currency loans contracted further. Business loans contracted in May by 3.0% from an increase of 0.1% in May last year, while household loans decreased by 1.2% from -2.6% for the same months. Private sector deposits increased in May at a faster rate of 6.6% YoY from 4.4% in May 2013, while the liquidity ratio (loans/ deposits) was 100.8% from 109.6% for the same months.
- In Serbia, real GDP increased marginally, by 0.1% YoY in 2014Q1 from 3.0% in 2013Q4 and 2.8% in 2013Q1. The main growth driver was exports. However, final consumption and investments contracted in 2014Q1.

Bilateral Exchange Rates vs. the Euro
(27th June 2014)

CDS 5Y USD

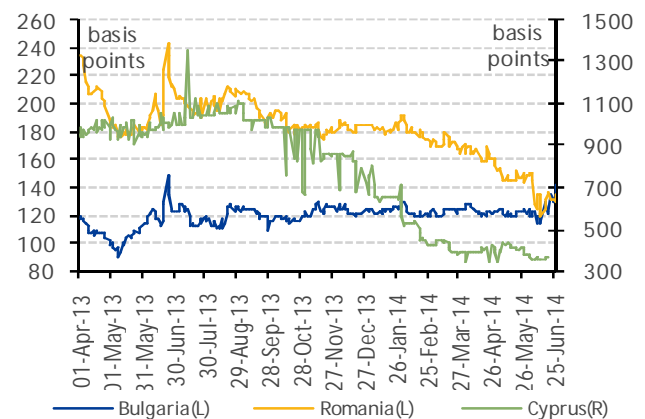


Table of Economic Forecasts

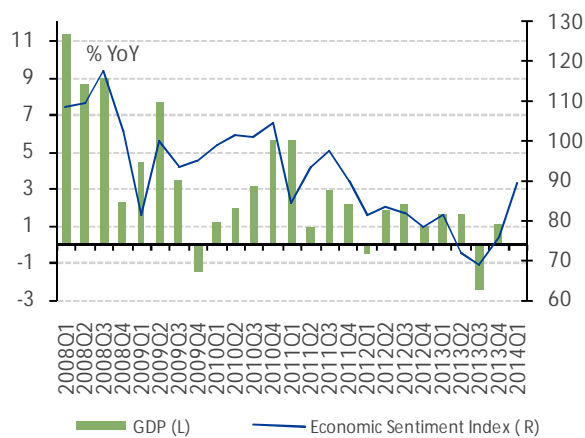
	Real GDP (% YoY)		Inflation		Fiscal Balance (% GDP)		Current Account Balance (% GDP)	
	2013	2014f	2013	2014f	2013	2014f	2013	2014f
Albania	0.4	1.9	1.9	2.5	-4.7	-5.6	-10.6	-11.0
Bulgaria	0.8	1.9	0.9	1.0	-1.9	-1.9	1.9	0.5
Cyprus	-5.4	-4.2	-0.4	0.5	-5.1	-5.5	-1.9	1.0
Romania	3.3	2.9	4.0	3.0	-2.5	-2.9	-1.1	-2.0
Serbia	2.5	1.3	7.9	5.1	-4.8	-6.5	-4.8	-4.9

Source: Piraeus Bank Research, Datastream, Bloomberg

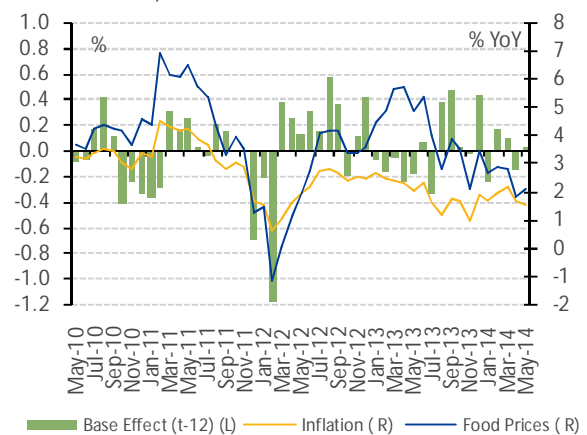
A. ALBANIA

In January-May, the fiscal deficit moderated further to 0.8% of GDP from 2.7% in January-May 2013, as public spending contracted to 11.0% of GDP from 12.4% for the same periods. Revenues increased to 10.2% of GDP in January-May from 9.8% for the same period last year. (Graph 1.2)

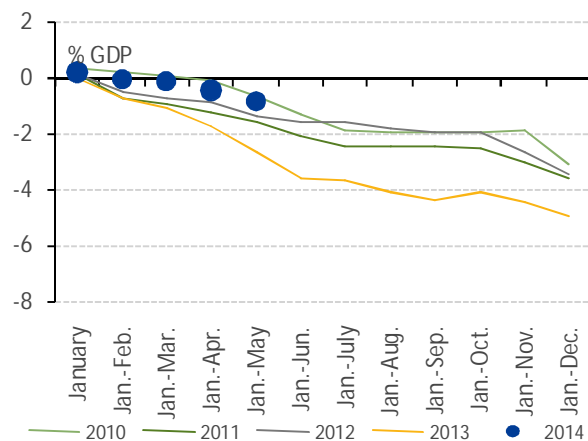
1.0 Real GDP & Economic Sentiment Index



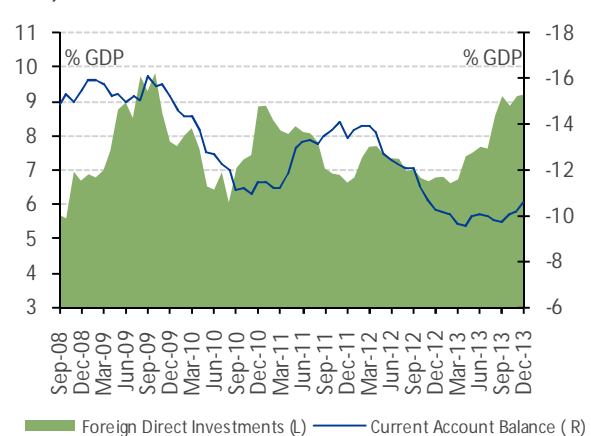
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



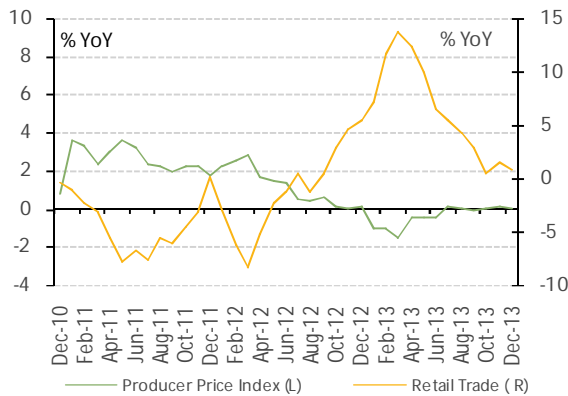
1.3 Current Account Balance & FDIs (12m rolling sum)



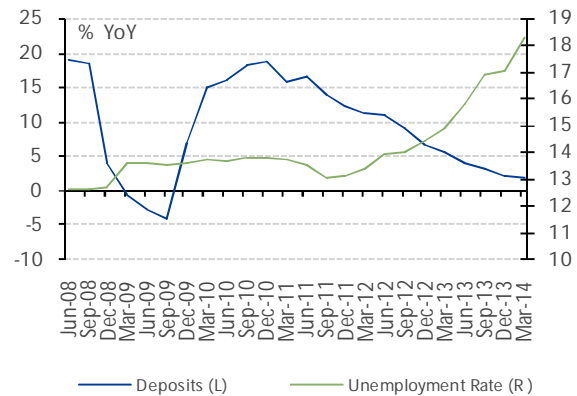
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

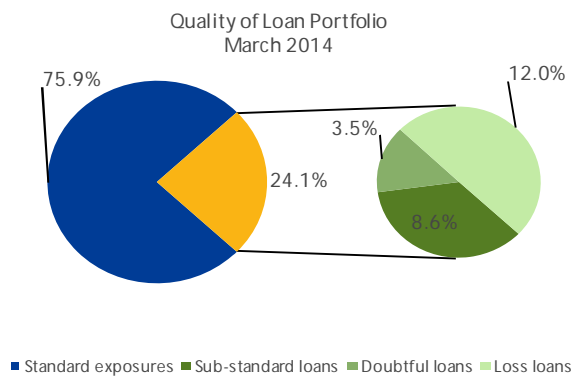
1.4 Producer Price Index & Retail Trade



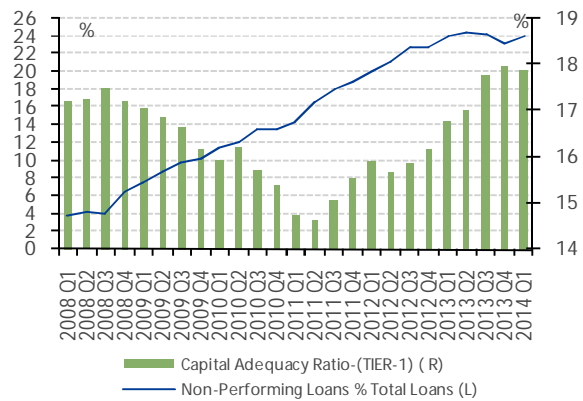
1.5 Total Deposits & Unemployment Rate



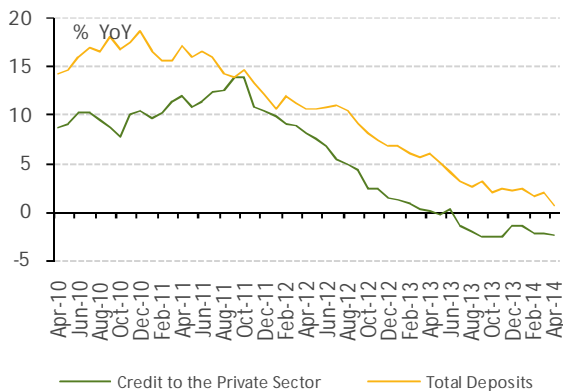
1.6 Quality of Loan Portfolio



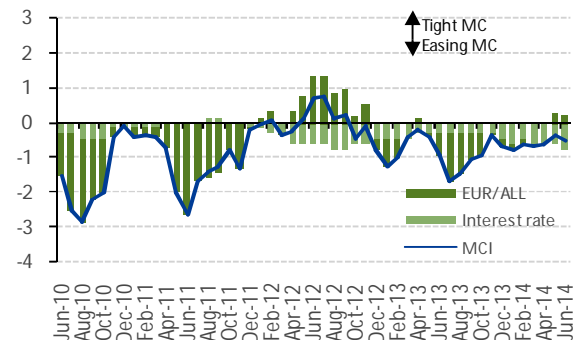
1.7 NPLs & Capital Adequacy Ratio



1.8 Credit Expansion & Total Deposits

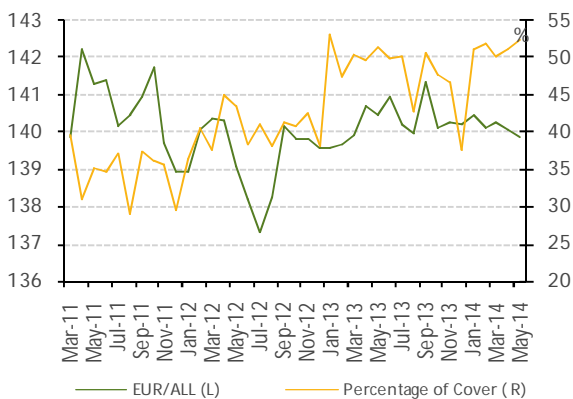


1.9 Monetary Conditions Index (MCI)

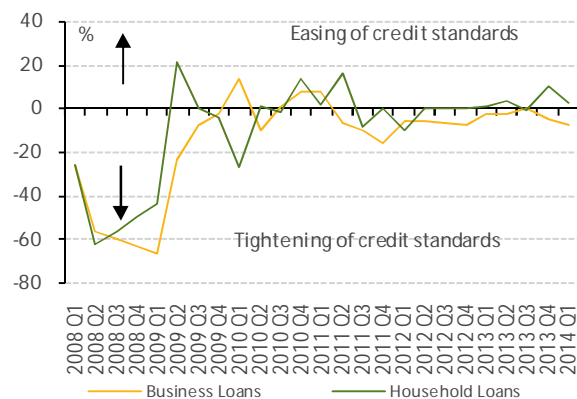


Note: The index is a weighted sum of the annual change in the policy rate (60% weight) and the fx rate (-40% weight)

2.0 EUR/ALL & Imports to Exports Coverage



2.1 Central Bank's Lending Survey

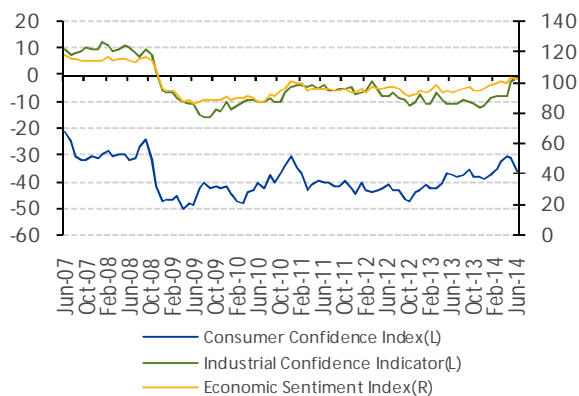


Source: Piraeus Bank Research, Datastream, National Sources

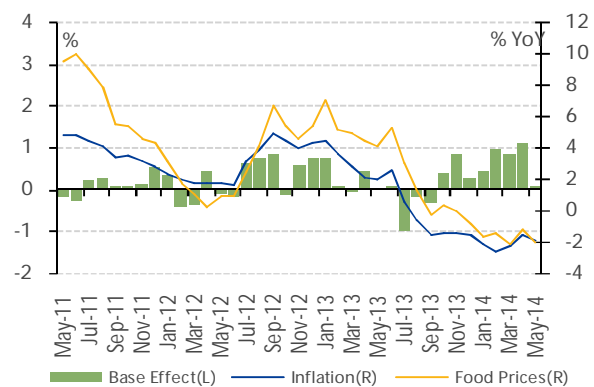
B. BULGARIA

- In January-April, the current account balance turned to a deficit of 0.5% of GDP compared to a surplus of 0.1% in January-April last year, due to the widening of the trade deficit to 2.9% from 1.5% for the same periods. The current account deficit was financed by net FDIs as the latter stood at 0.5% of GDP in January-April from 0.8% for the same period last year. (Graph 1.3)
- In May, foreign exchange reserves decreased by 6.3% YoY compared to an increase of 14.0% in May 2013. In April reserves covered 125.0% of the short-term gross external debt from 124.4% in April 2013. (Graph 1.8)
- In May, private sector credit increased at a marginally faster rate of 1.8% YoY from 1.6% in May 2013, while business loans increased by 2.6% from 3.2% for the same months. Household lending increased by 0.3% in May compared to a decrease of 1.3% in May 2013, whereas private sector deposits increased at a faster rate of 8.3% YoY from 4.8% for the same months. Finally, in May, the liquidity ratio (loans/deposits) moderated to 75.9% from 80.8% in May last year. (Graph 2.0)

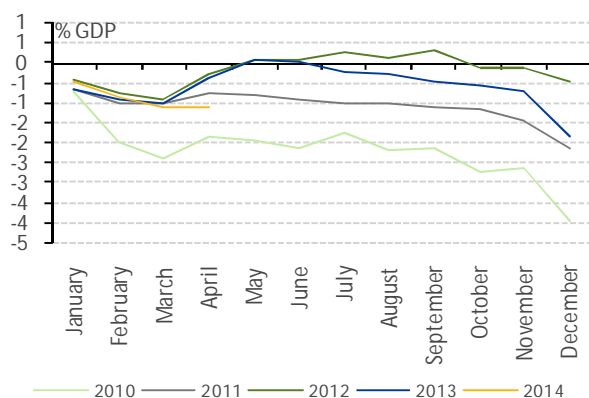
1.0 Leading Indicators



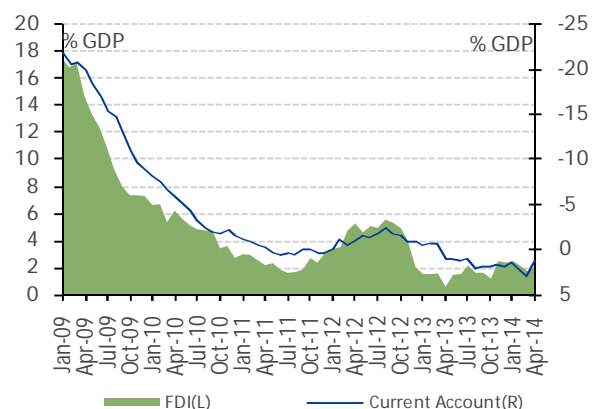
1.1 Inflation & Base Effect



1.2 Fiscal Balance



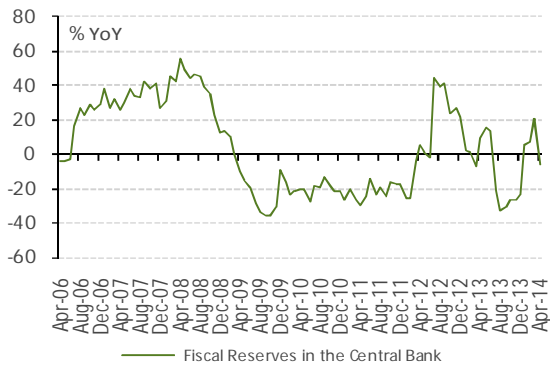
1.3 Current Account Balance & FDIs (12m rolling sum)



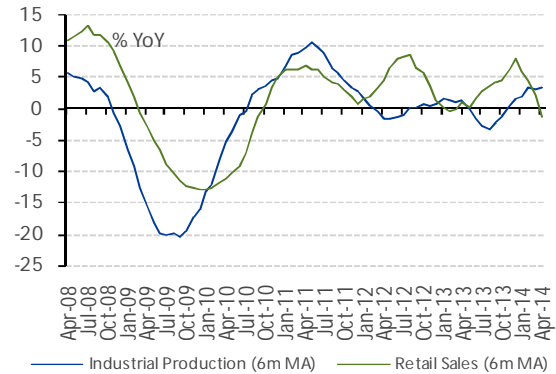
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

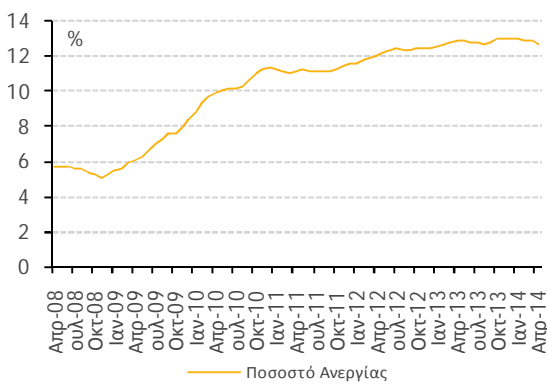
1.4 Fiscal Reserves



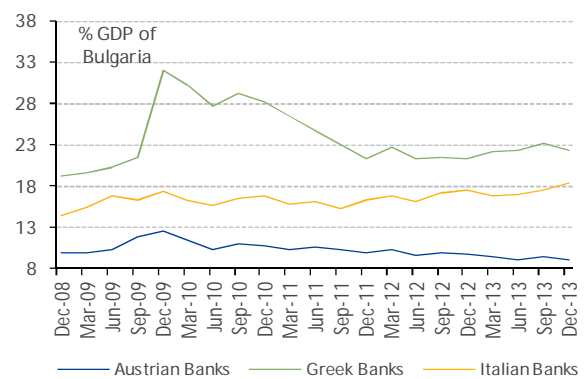
1.5 Industrial Production & Retail Sales



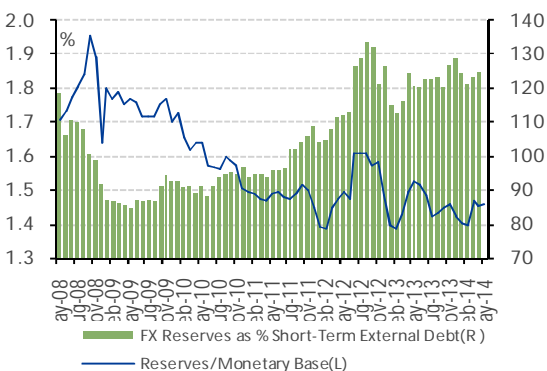
1.6 Unemployment Rate



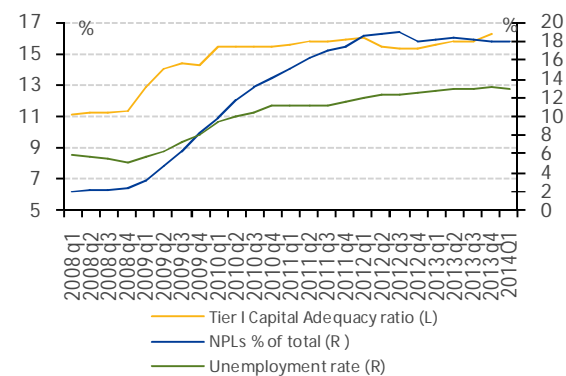
1.7 Foreign Claims



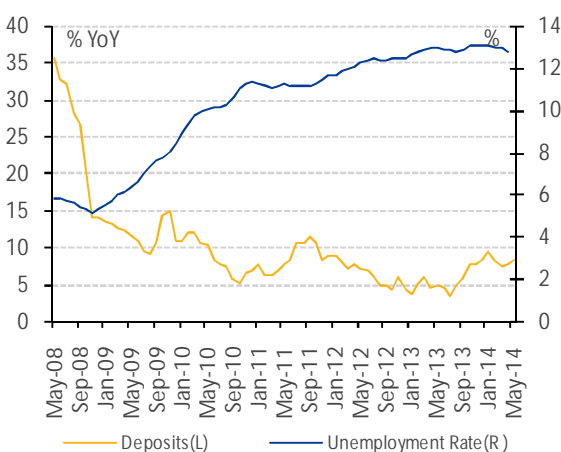
1.8 FX Reserves & Monetary Base



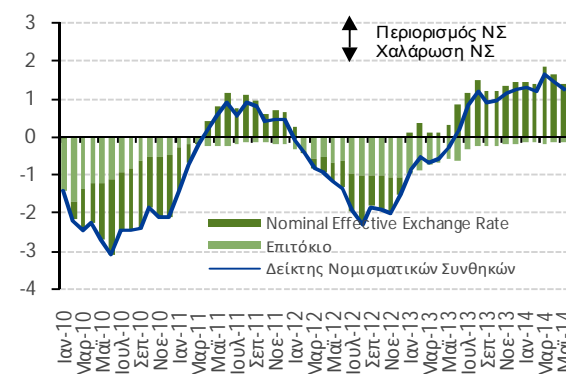
1.9 Unemployment Rate, NPLs & Capital Adequacy



2.0 Deposits & Unemployment Rate



2.1 Monetary Conditions Index (MCI)



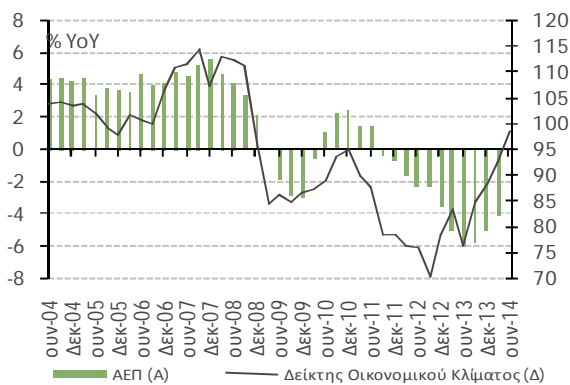
Σημείωση: Ο δείκτης ορίζεται από το σταθμισμένο μέσο όρο των ετήσιων αλλαγών του επιτοκίου SOFIBOR 3-μηνών (στάθμιση: 60%) και της ονομαστικής σταθμισμένης συναλλαγματικής ισοτιμίας (Nominal Effective Exchange Rate-NEER, στάθμιση: 40%).

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

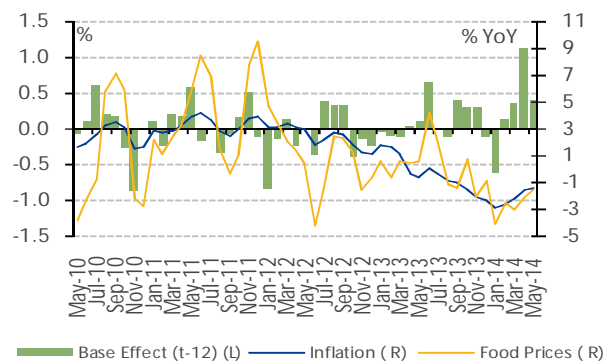
C. CYPRUS

- On June 19th, the Eurogroup welcomed the conclusions of the Troika's fourth review mission on Cyprus's adjustment programme, noting that lending further momentum to the implementation of the structural reform agenda will lead to improved growth prospects. Reducing the stock of non-performing loans remains a key challenge and a prerequisite for the resumption of credit to the private sector. Subject to the Eurogroup's approval, the ESM and IMF are expected to consider the disbursement of EUR 600 million and EUR 86 million respectively in the first half of July.
- In April, industrial production contracted by 6.6%, from an increase of 0.9% in March and a decrease of 9.9% in April 2013. In the tourism sector, tourism arrivals in May increased by 6.1% YoY from an increase of 11.4% in April and a decrease of 0.2% in May last year. (Graph 1.5)
- In January-May 2014 the fiscal balance turned to surplus of 0.9% of GDP from a deficit of 0.5% in January-May 2013 due to a decrease in public spending of 3.8% YoY, as wages decreased by 4.6% YoY. Public revenues in January-May 2014 increased by 1.2% YoY due to the increase in tax and indirect revenues. (Graph 1.2)
- Private sector credit contracted by 9.4% YoY in May 2014 from a decrease of 0.5% in May 2013, as business and household loans both contracted. Private sector deposits contracted by 7.4% YoY in May from -17.9% in May 2013, as residents' deposits contracted by 6.8% from 11.7% for the same months. (Graph 2.0)

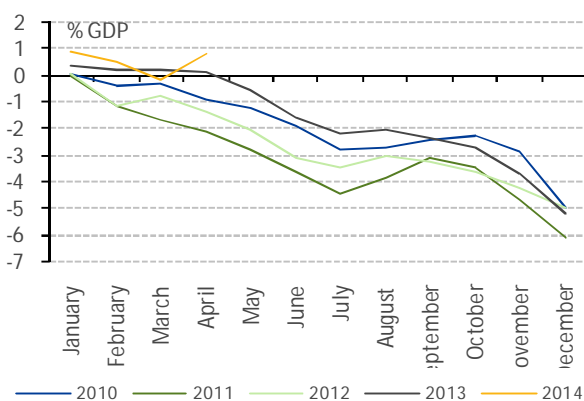
1.0 Real GDP & Economic Sentiment Indicator (ESI)



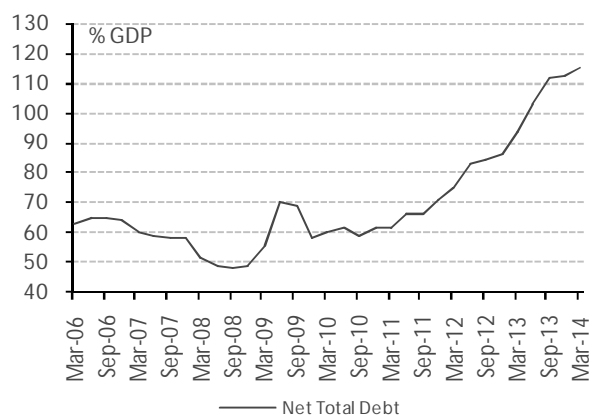
1.1 Inflation & Base Effect



1.2 Fiscal Balance



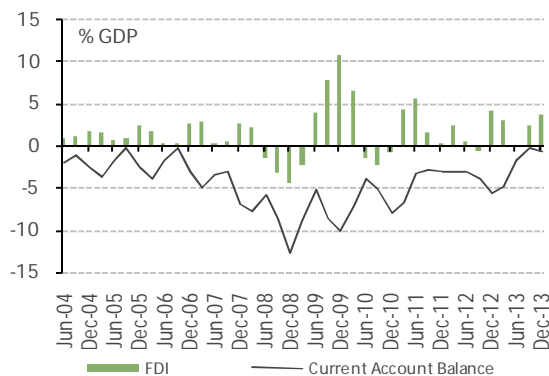
1.3 Public Debt



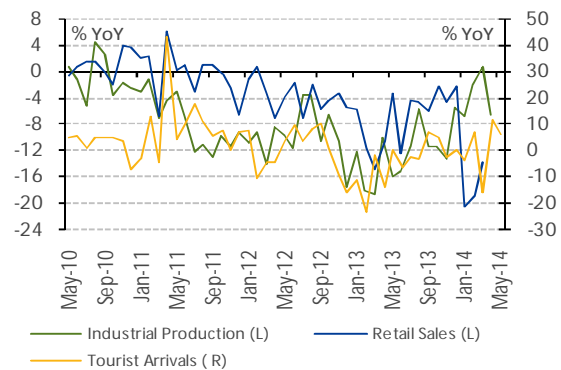
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

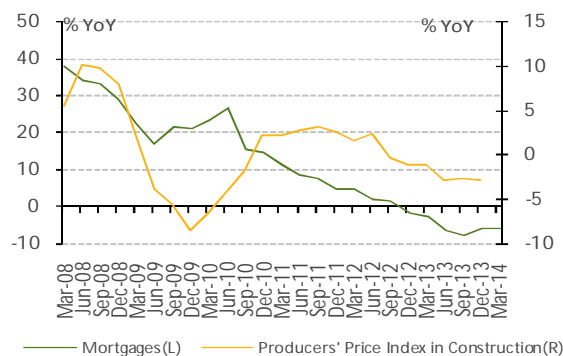
1.4 Current Account Balance (6m MA)



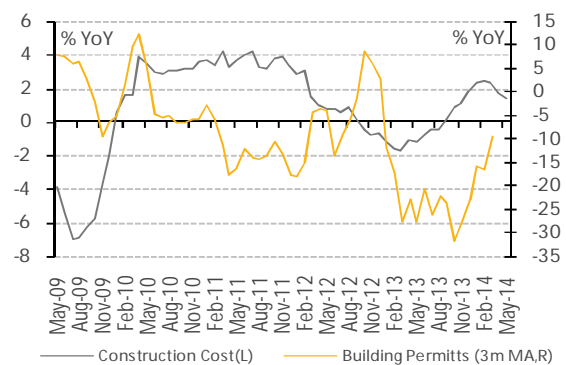
1.5 Industrial Production, Retail Sales & Tourist Arrivals



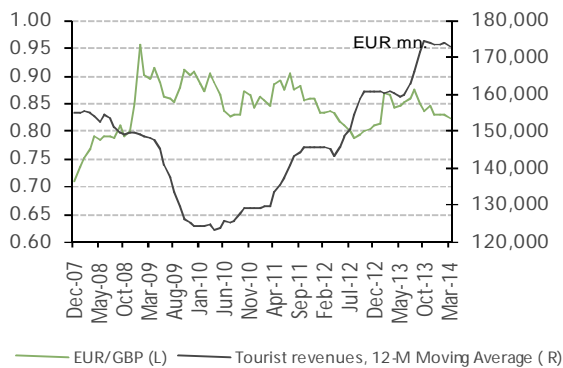
1.6 Mortgage Loans & Producer's Price Index in Construction



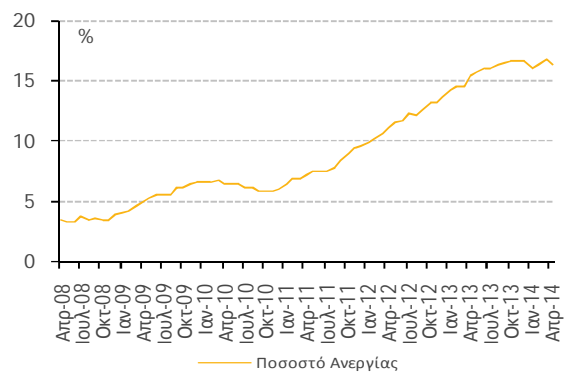
1.7 Construction Cost & Building Permits



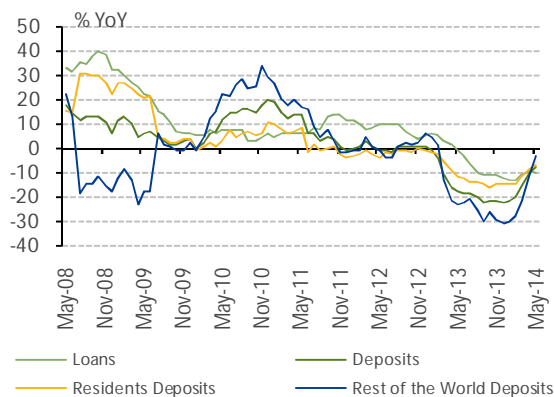
1.8 EUR/GBP & Tourism Revenues



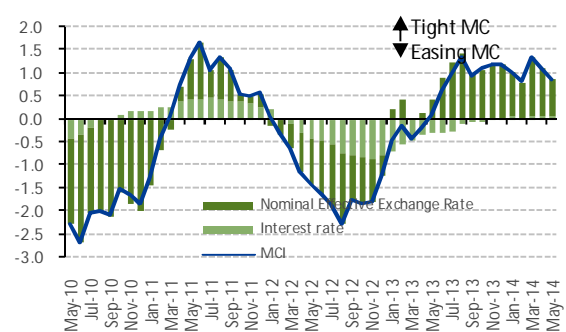
1.9 Unemployment Rate



2.0 Loans & Deposits



2.1 Monetary Conditions Index (MCI)



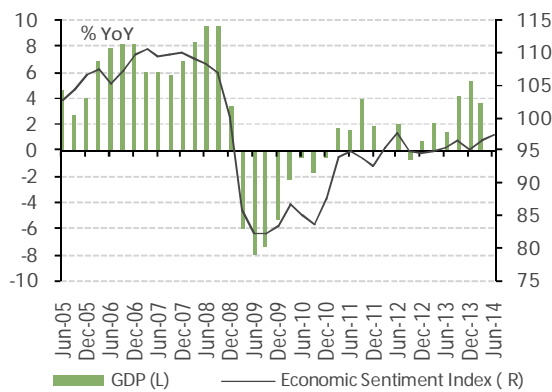
Note: The index is a weighted average of the annual change in interest rate EURIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

Source: Piraeus Bank Research, Datastream, National Sources

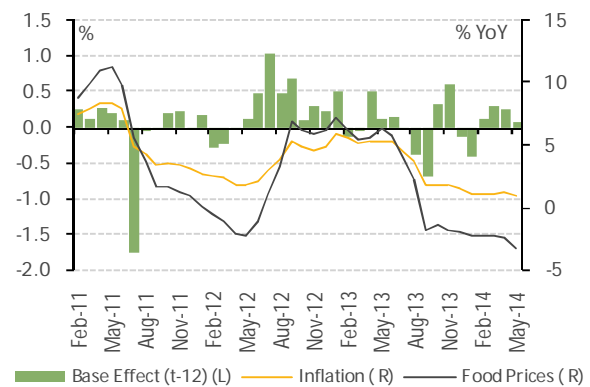
D. ROMANIA

- In January-April, the current account deficit remained almost unchanged from January-April 2013 at 0.2% of GDP, as the trade deficit stood at 0.66% from 0.68% and the income deficit widened to 1.3% of GDP from 0.8% during the same periods. The current account balance was financed, as net FDIs stood at 0.53% of GDP in January-April from 0.50% for the same period last year. (Graph 1.3)
- In April, gross external debt moderated to 63.5% of GDP from 67.7% in 2013. Both medium and short-term external debt declined. (Graph 1.7)
- Private sector credit contracted by 2.1% YoY in May from -2.4% in the same month last year. Local currency loans increased at a faster rate, but foreign currency loans contracted further. Business loans contracted in May by 3.0% from an increase of 0.1% in May last year, while household loans decreased by 1.2% from -2.6% for the same months. Private sector deposits increased in May at a faster rate of 6.6% YoY from 4.4% in May 2013, while the liquidity ratio (loans/ deposits) was 100.8% from 109.6% for the same months. (Graphs 1.8 & 1.9)

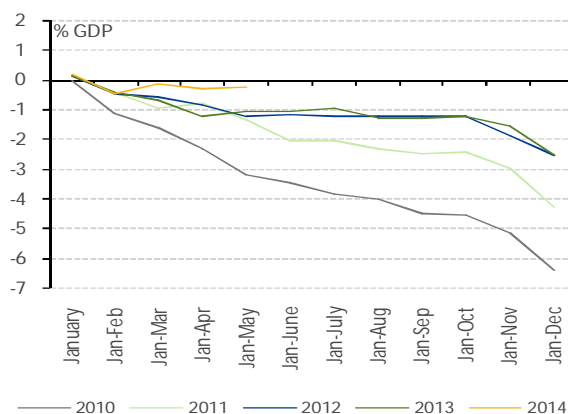
1.0 Leading Indicators



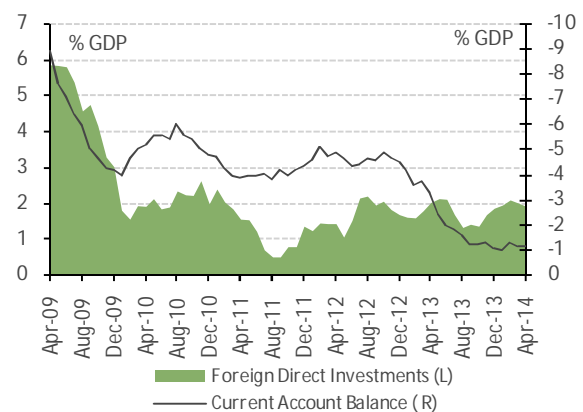
1.1 Inflation & Base Effect



1.2 Fiscal Balance



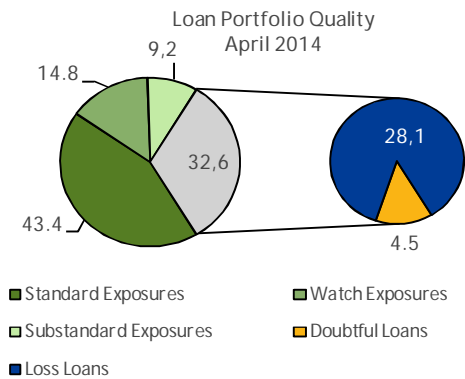
1.3 Current Account Balance & FDIs (12m rolling sum)



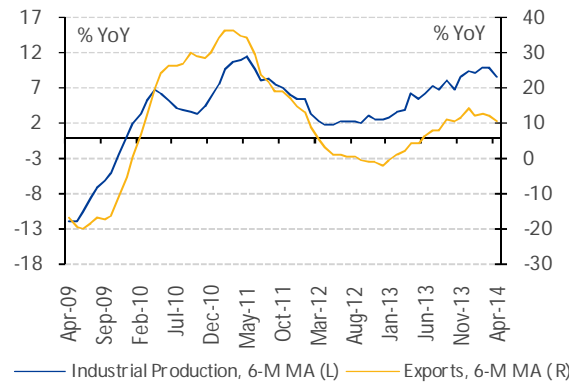
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

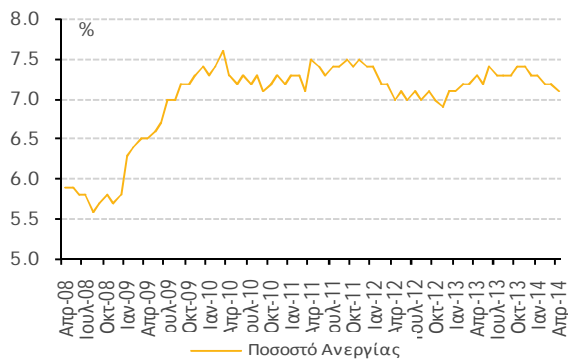
1.4 Loan Portfolio Quality



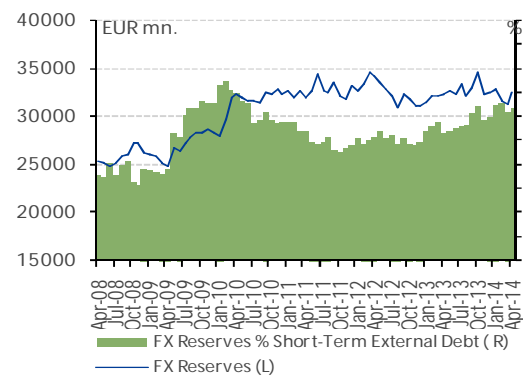
1.5 Industrial Production & Exports



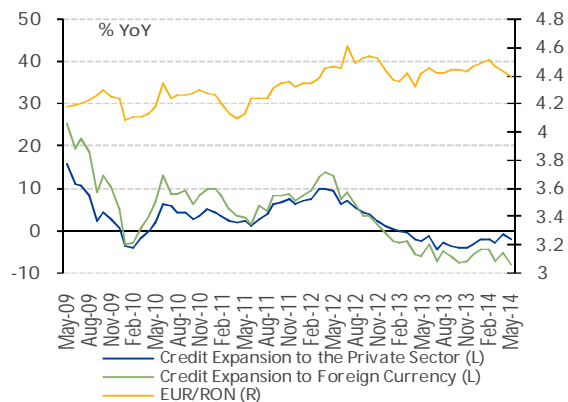
1.6 Unemployment Rate



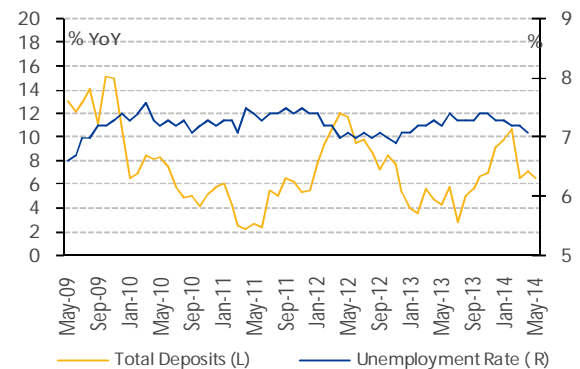
1.7 FX Reserves as % of Short-Term External Debt



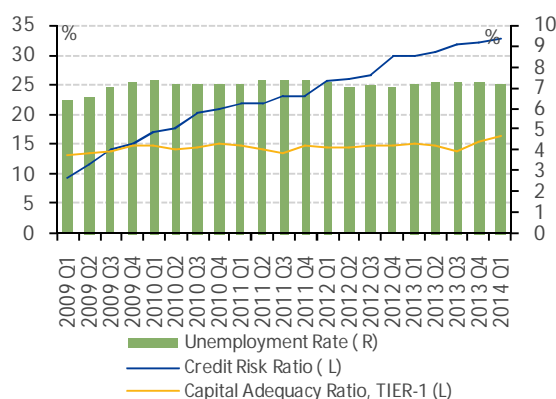
1.8 Credit Expansion & FX Rate



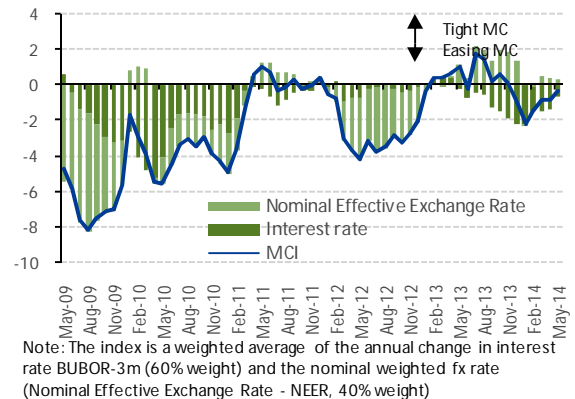
1.9 Deposits & Unemployment Rate



2.0 Unemployment Rate, NPLs & Capital Adequacy



2.1 Monetary Conditions Index (MCI)

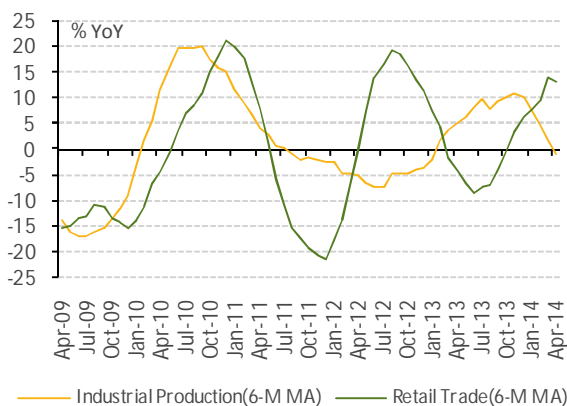


Source: Piraeus Bank Research, Datastream, National Sources

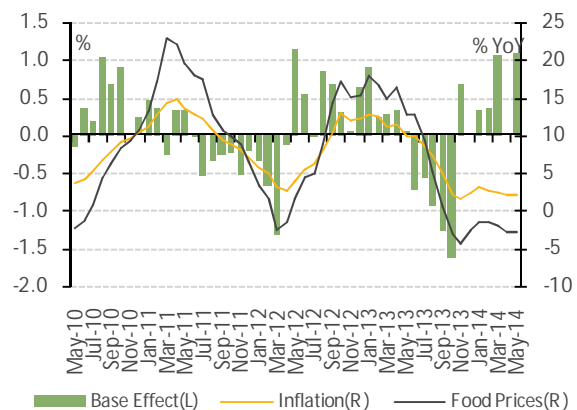
E. SERBIA

- The fiscal deficit in January-May improved significantly to 0.6% of GDP from 2.6% for the same period last year. (Graph 1.2)
- The current account deficit in January-April contracted to 1.2% of GDP from 2.3% in January-April 2013. This was due to a moderation in the trade deficit to 3.4% from 4.8% for the same periods. The current account deficit was financed by net FDIs, as the latter stood at 0.6% of GDP in January-April, unchanged from the same period last year. (Graph 1.3)
- Private sector credit contracted in May at a slower rate of 4.1% YoY from a decrease of 4.6% in May last year, as loans to businesses contracted, and household lending increased at a faster rate. Private sector deposits in May increased by 3.0% YoY from 10.0% in May last year. (Graph 2.0)
- In May 2014, public debt increased to 62.9% of GDP from 63.8% in December 2013. (Graph 1.6)

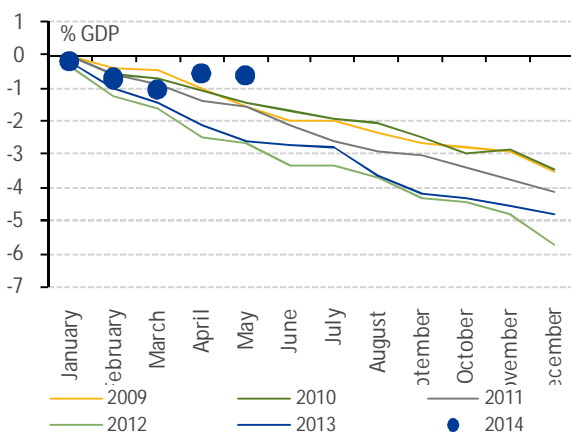
1.0 Leading Indicators



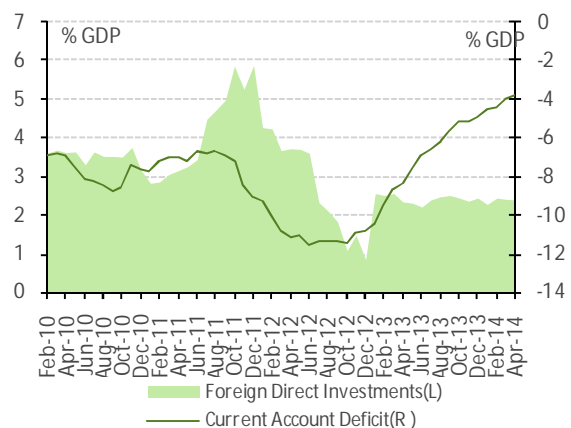
1.1 Inflation & Base Effect



1.2 Fiscal Balance

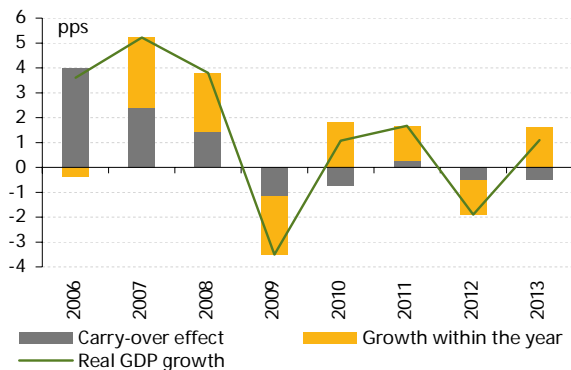


1.3 Current Account Balance & FDIs (12m rolling sum)

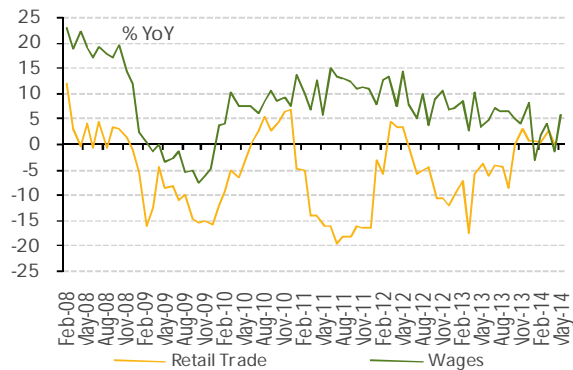


Source: Piraeus Bank Research, Datastream, National Sources

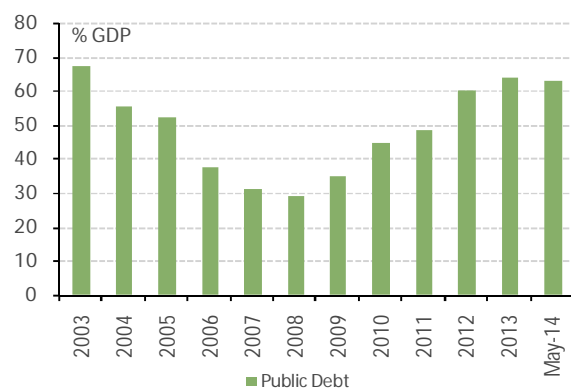
1.4 Carry Over Effect



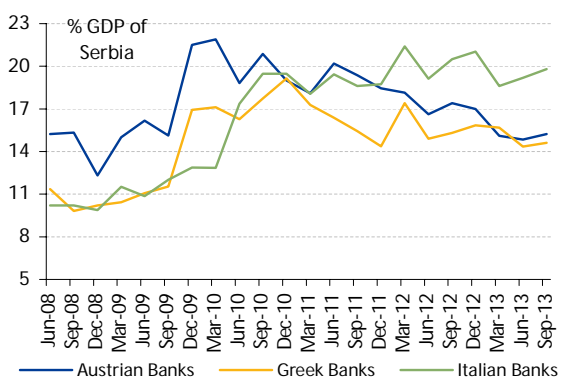
1.5 Retail Sales & Real Wages



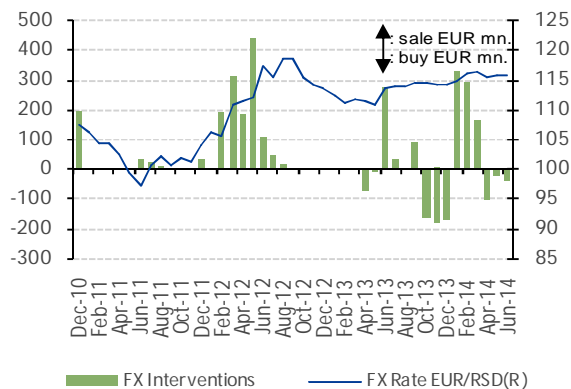
1.6 Public Debt



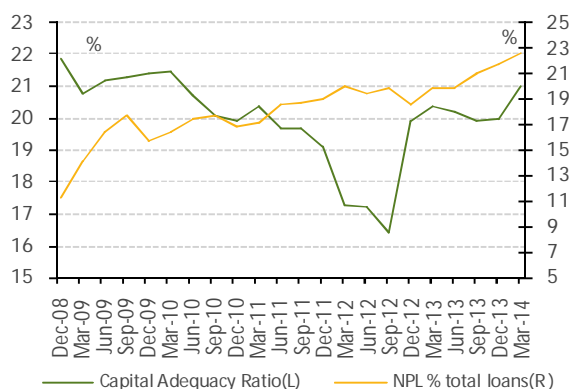
1.7 Foreign Claims



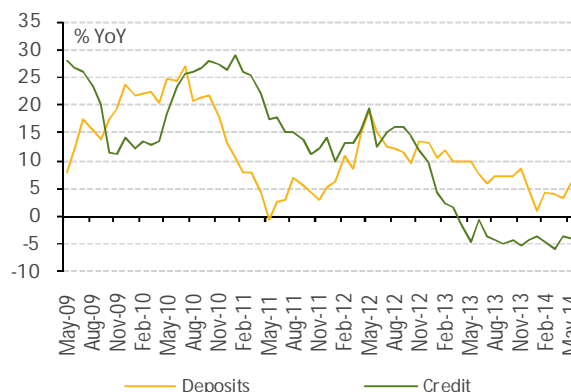
1.8 Central Bank Interventions in the Domestic FX Market & EUR/RSD



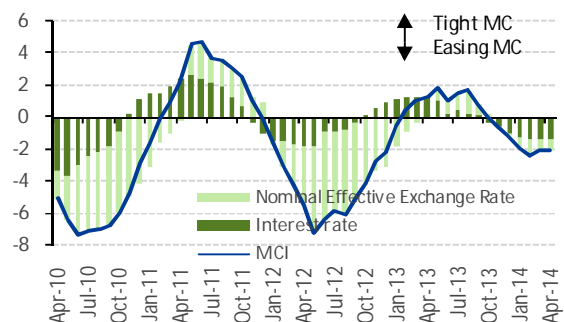
1.9 Capital Adequacy & NPLs



2.0 Private Sector Deposits & Credit



2.1 Monetary Conditions Index (MCI)



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

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

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