

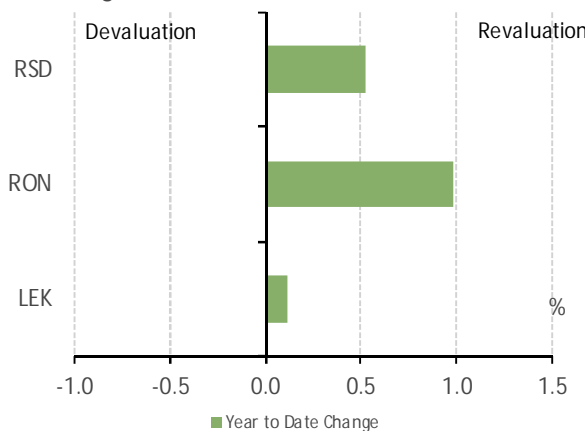


ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

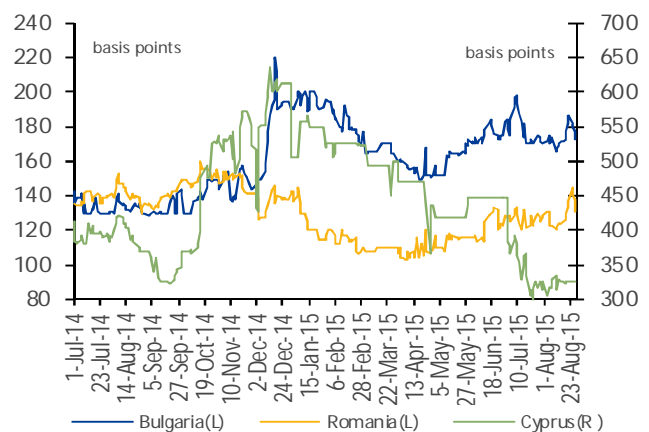
According to flash estimates, economic activity in the countries that we focus on shows signs of significant recovery and improvement this year, particularly in Cyprus and Serbia where real GDP rates returned to positive territory.

- In Albania, economic activity picked up in 2015Q1 as real GDP increased to 2.8% from 2.4% in 2014Q4 and 0.7% in 2014Q1.
- In Bulgaria, according to the flash estimates, real GDP in 2015Q2 increased at a faster rate of 2.2% YoY compared to 2.0% in 2015Q1, while on a quarterly basis real GDP increased by 0.4% from 0.9% in the same periods.
- In Cyprus, economic activity increased for a second consecutive quarter, according to the flash estimates. Specifically, real GDP increased by 0.9% YoY in 2015Q2 from 0.2% in 2015Q1, while on a quarterly basis real GDP increased by 0.5% compared to 1.4% in the same periods.
- In Romania, according to the flash estimates, real GDP increased by 3.7% YoY in 2015Q2 from 3.8% in 2015Q1. On a quarterly basis, real GDP increased marginally by 0.1% in 2015Q2 compared to 1.4% in the previous quarter.
- In Serbia, according to the flash estimates, in 2015Q2 real GDP increased for the first time after five quarters of posting negative figures. Specifically, real GDP increased by 0.9% YoY in 2015Q2 compared to a decrease of 1.8% in 2015Q1 and 1.2% in 2014Q2.

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



CDS 5Y USD

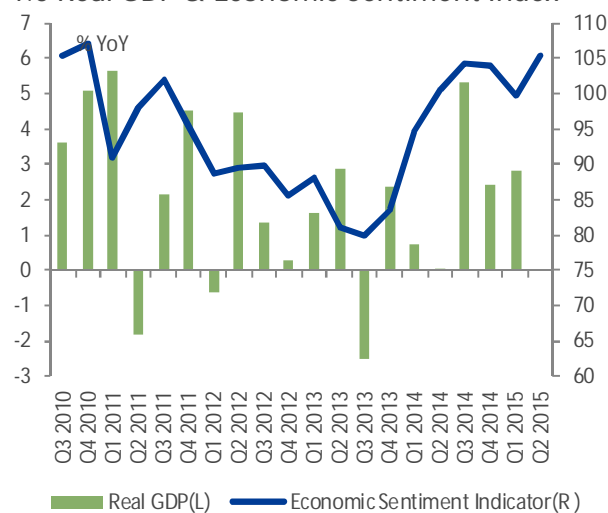


Source: Piraeus Bank Research, Datastream, Bloomberg

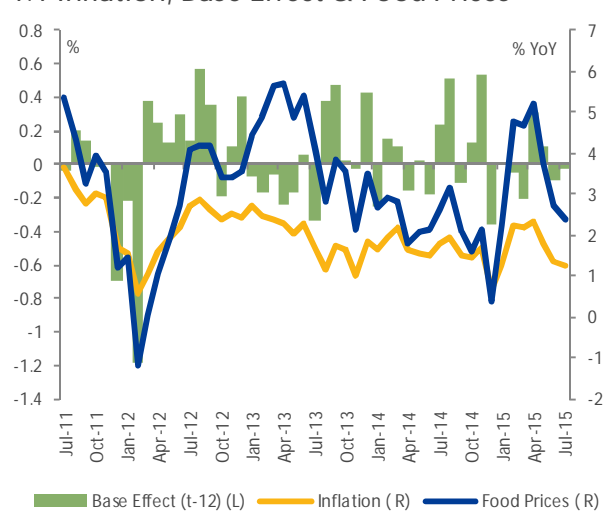
A. ALBANIA

- In 2015H1, the fiscal deficit contracted to 0.9% of GDP from 1.6% in 2014H1, due to a decrease in public spending to 13.5% from 14.1% in the same periods. In 2015H1, revenues increased marginally to 12.6% of GDP from 12.5% in the same period last year. (Graph 1.2)
- In June, private sector lending increased by 0.2% YoY from a contraction of 1.9% in June last year, as business loans increased by 0.6% from -2.2% in the same months. Household lending increased by 2.5% YoY in June compared to a decline of 0.8% in June last year, while private sector deposits increased by 1.9% from 1.3% in the same months. (Graphs 1.5 & 1.8)
- The Bank of Albania (BoA) decided in its August 6 monetary policy meeting to maintain the key policy rate unchanged at 2.0%, as the level of inflation is expected to gradually increase in the next two years. The main factor responsible for the increase in prices is the recovery in economic activity. (Graph 2.1)

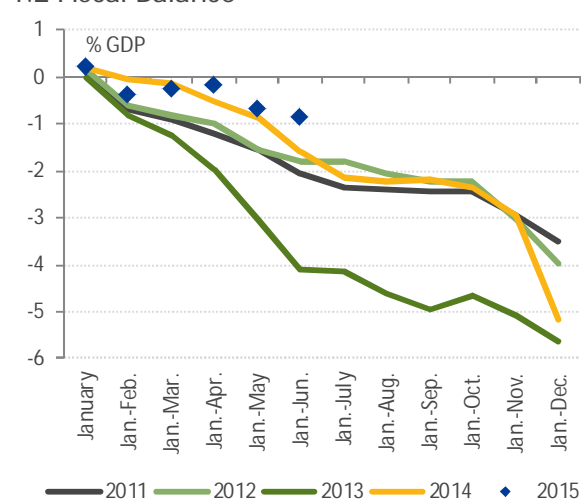
1.0 Real GDP & Economic Sentiment Index



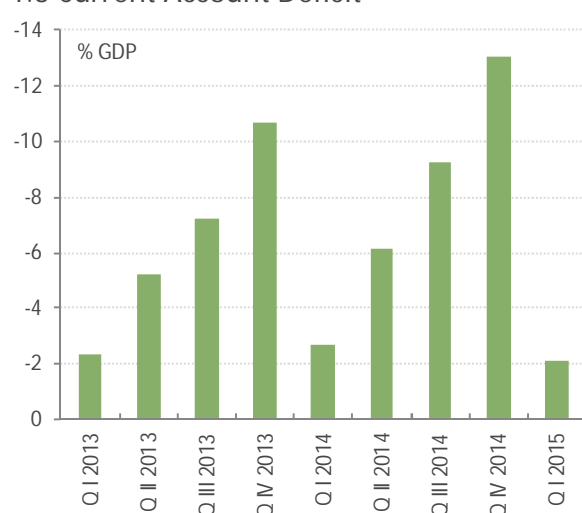
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



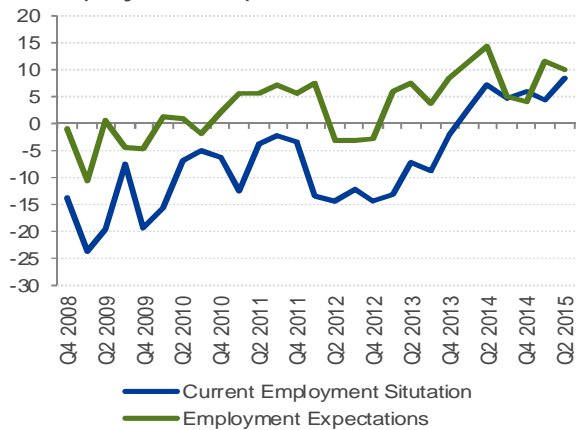
1.3 Current Account Deficit



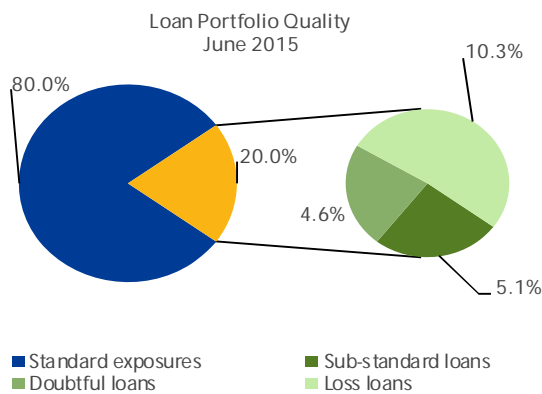
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

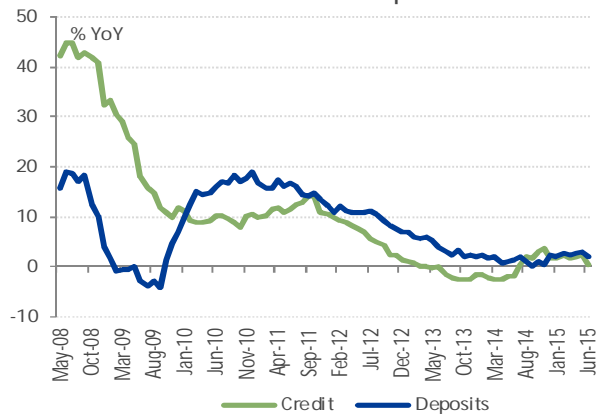
1.4 Employment Expectations



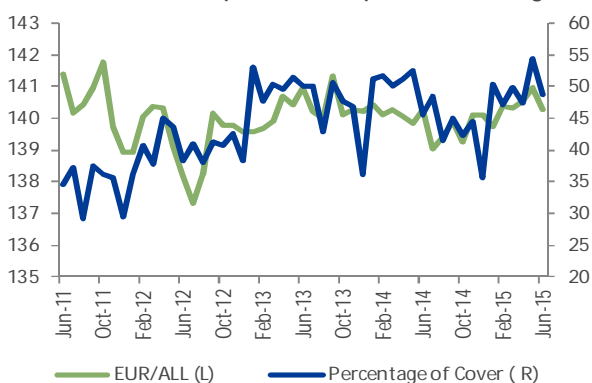
1.6 Loan Portfolio Quality



1.8 Private Sector Credit & Deposits

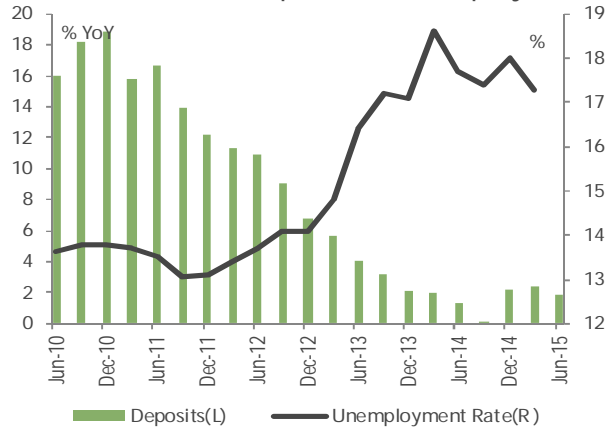


2.0 EUR/ALL & Imports to Exports Coverage

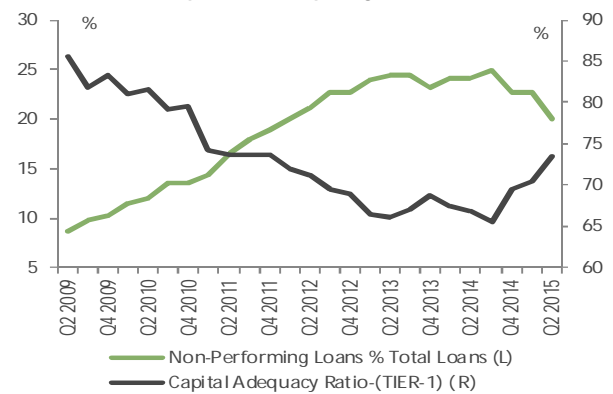


Source: Piraeus Bank Research, Datastream, National Sources

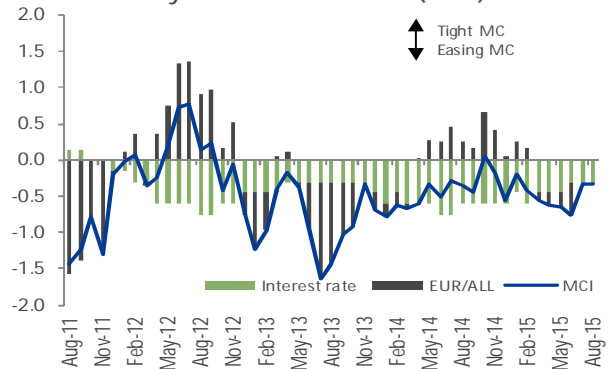
1.5 Private Sector Deposits & Unemployment Rate



1.7 NPLs & Capital Adequacy Ratio

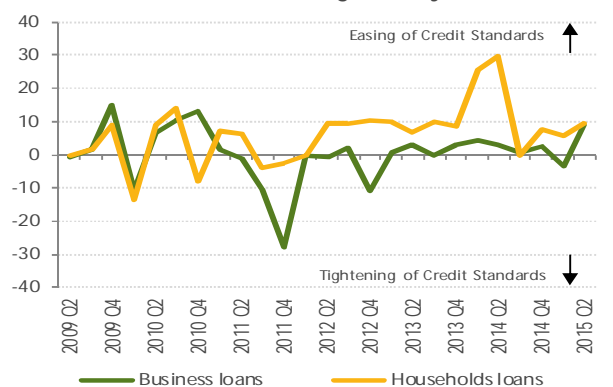


1.9 Monetary Conditions Index (MCI)



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

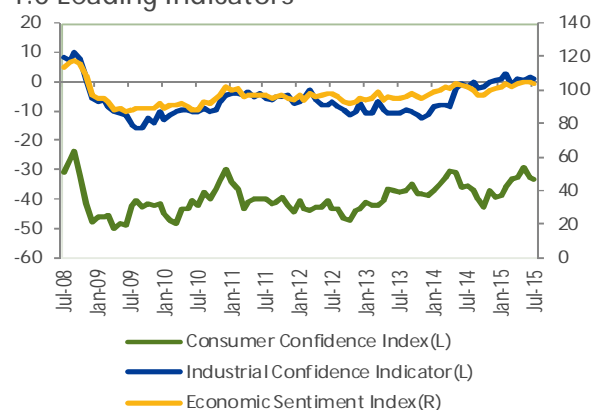
2.1 Central Bank's Lending Survey in the next Q.



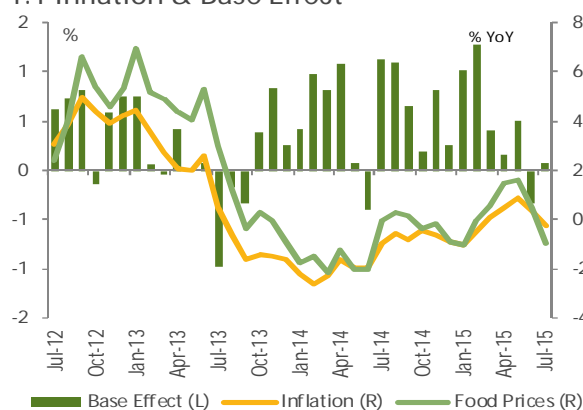
B. BULGARIA

- The current account balance turned to a surplus in 2015H1 of 0.8% of GDP compared to a deficit of 0.4% in 2014H1, as the trade deficit moderated to 2.9% from 4.3% in the same periods. The widening of the secondary income surplus contributed positively to the current account surplus. (Graph 1.3)
- In July, private sector credit contracted further by 10.2% YoY from an increase of 1.8% in July 2014, as business loans decreased by 14.6% from an increase of 2.7% in the same months. Household lending contracted by 1.7% in July from an increase of 0.1% in July 2014, while private sector deposits decreased marginally by 1.7% YoY from 6.4% for the same months. (Graph 2.0)

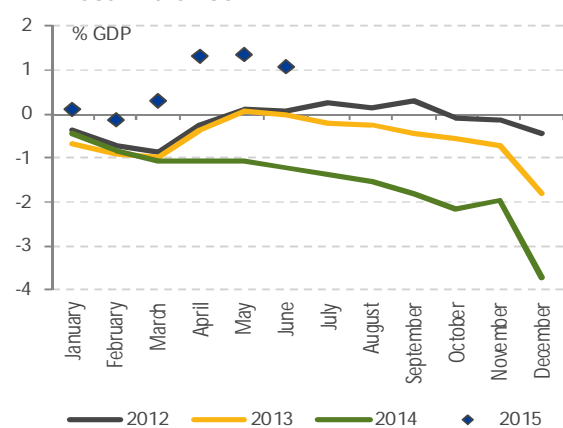
1.0 Leading Indicators



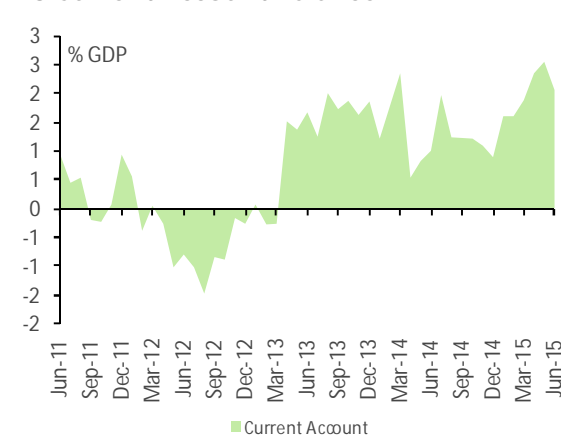
1.1 Inflation & Base Effect



1.2 Fiscal Balance



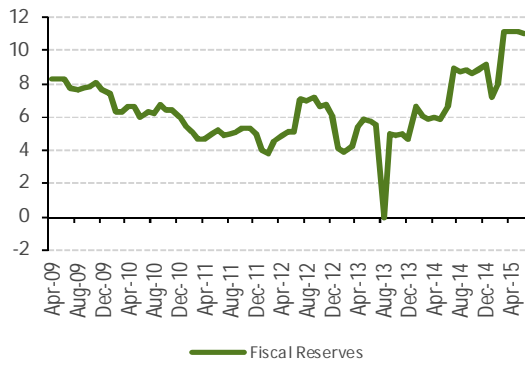
1.3 Current Account Balance



Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

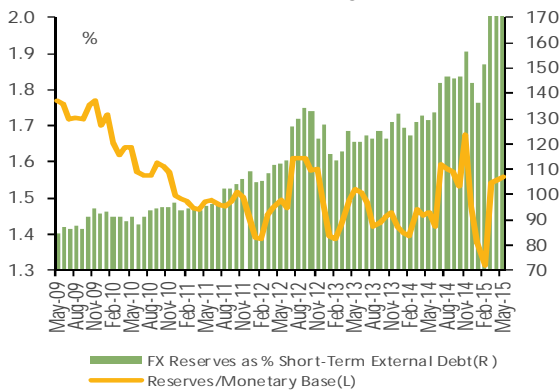
1.4 Fiscal Reserves



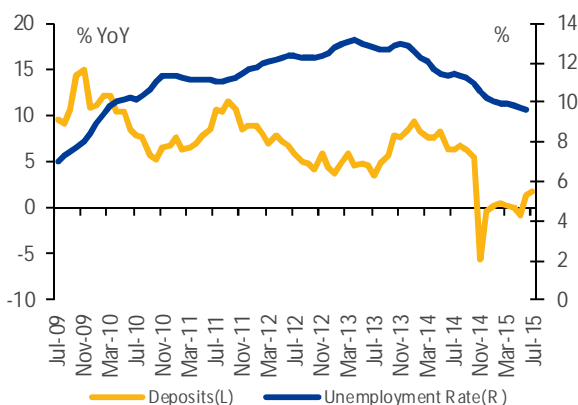
1.6 Unemployment Rate



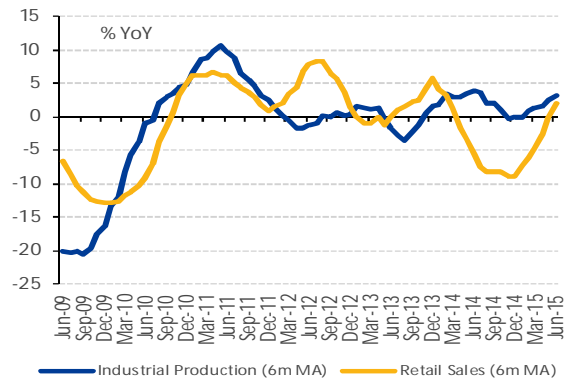
1.8 FX Reserves & Monetary Base



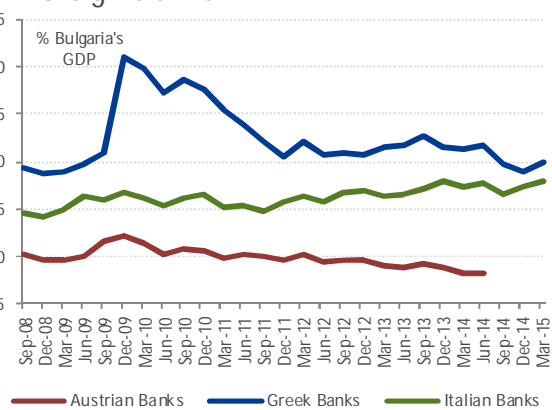
2.0 Deposits & Unemployment Rate



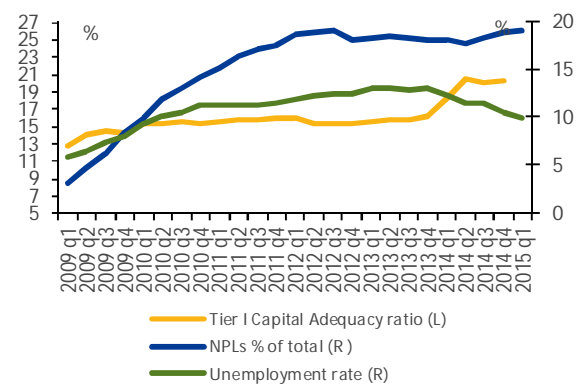
1.5 Industrial Production & Retail Sales



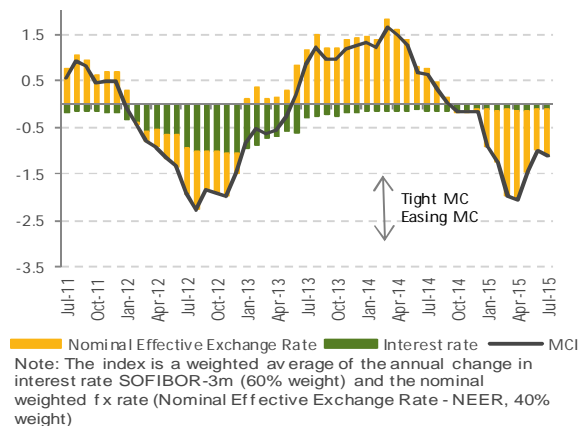
1.7 Foreign Claims



1.9 Unemployment Rate, NPLs & Capital Adequacy



2.1 Monetary Conditions Index (MCI)

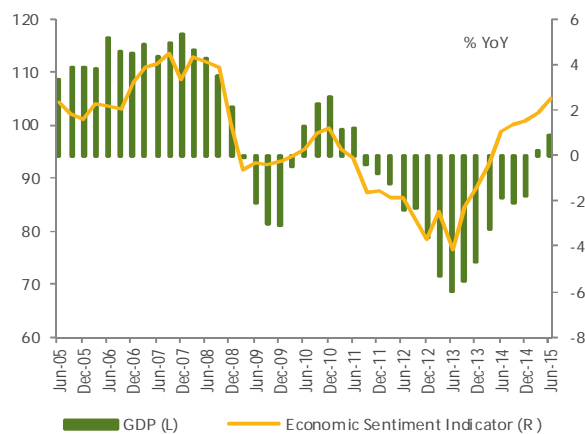


Source: Piraeus Bank Research, Datastream, National Sources, BIS

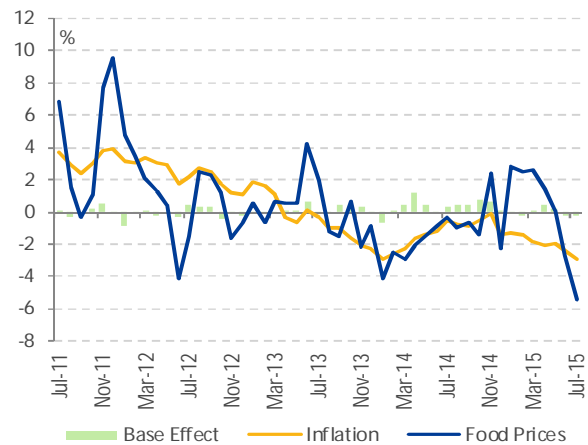
C. CYPRUS

- In July, total credit contracted by 2.2% YoY from a contraction of 8.0% in July 2014, as business and household loans both decreased at a similar rate. Private sector deposits decreased by 4.7% YoY in July from -4.6% in the same month last year. (Graph 2.0)
- In June, non-performing loans as a share of total loans were 46.06% compared to 45.81% in May and 46.72% in June last year, with the level of NPLs in the construction sector being particularly high.

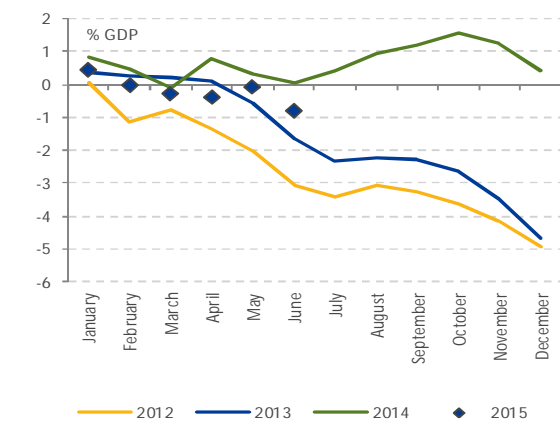
1.0 Real GDP & Economic Sentiment Indicator (ESI)



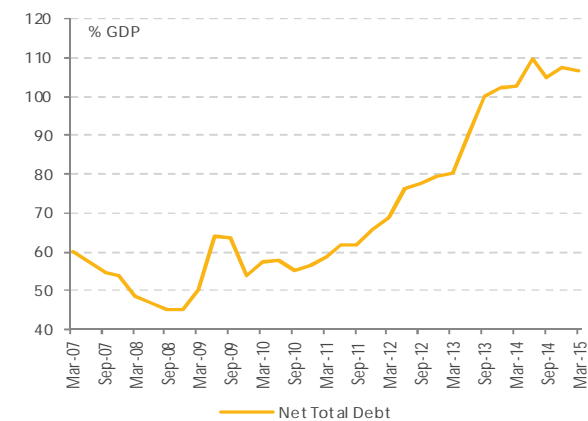
1.1 Inflation & Base Effect



1.2 Fiscal Balance



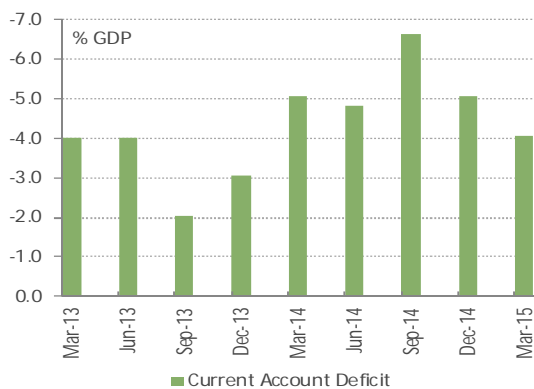
1.3 Public Debt



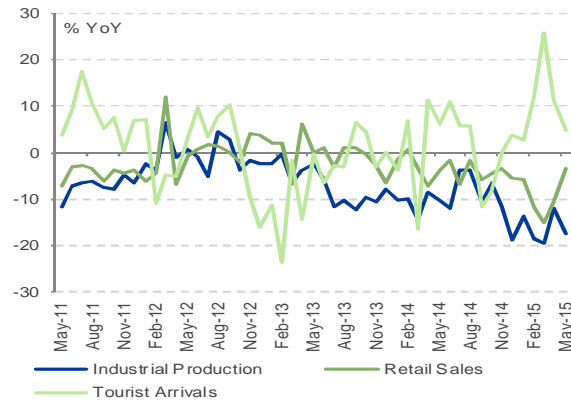
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

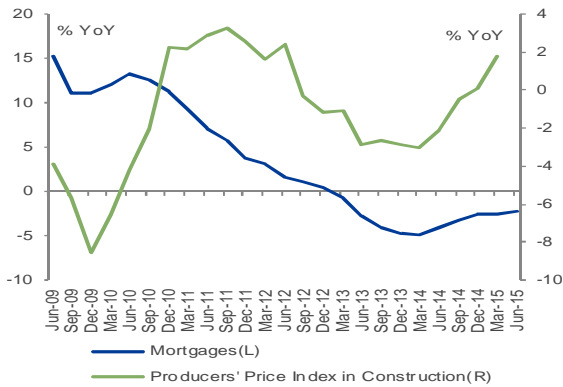
1.4 Current Account Balance (6m MA)



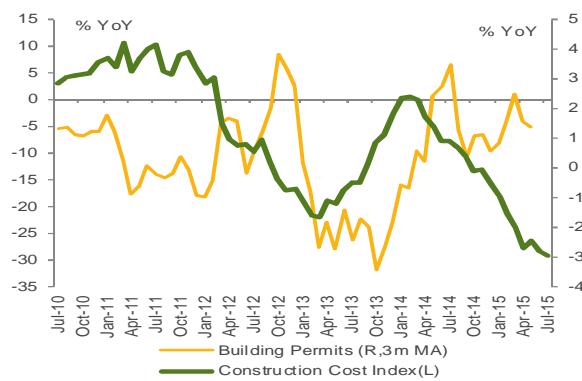
1.5 Industrial Production, Retail Sales & Tourist Arrivals



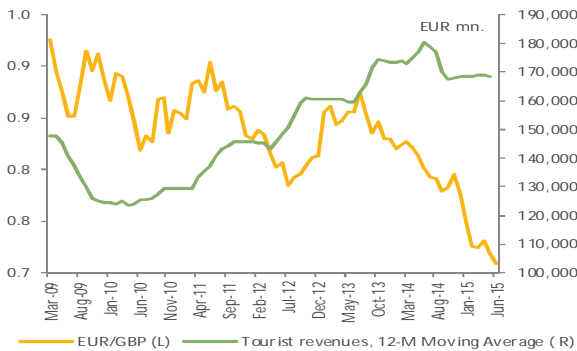
1.6 Mortgage Loans & Producer's Price Index in Construction



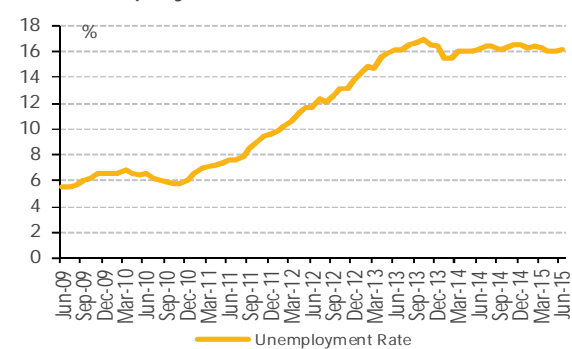
1.7 Construction Cost & Building Permits



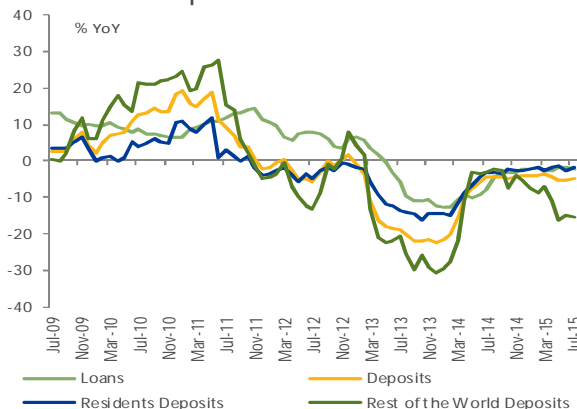
1.8 EUR/GBP & Tourism Revenues



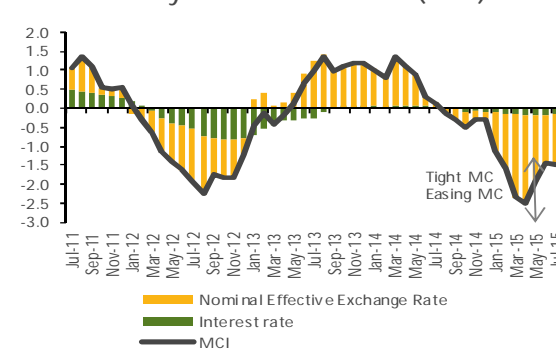
1.9 Unemployment Rate



2.0 Loans & Deposits



2.1 Monetary Conditions Index (MCI)



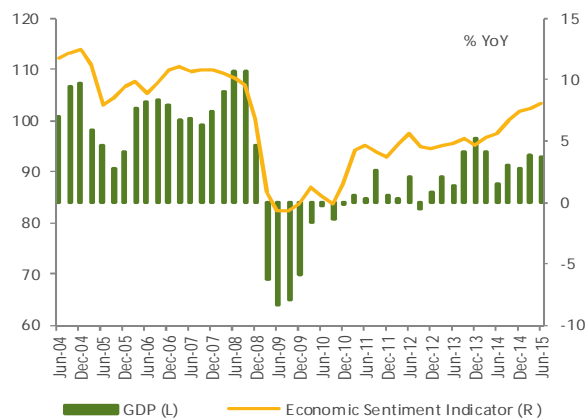
Note: The index is a weighted average of the annual change in interest rate EURIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

Source: Piraeus Bank Research, Datastream, National Sources

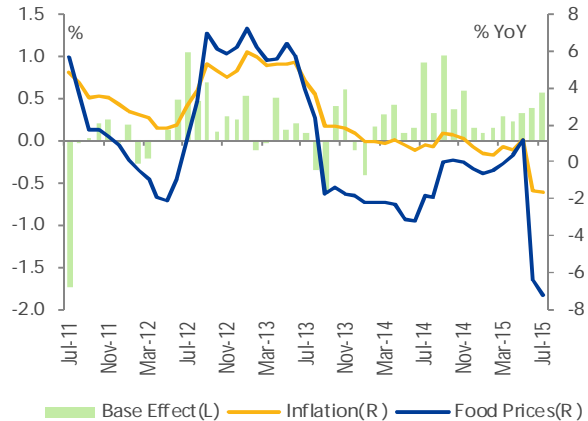
D. ROMANIA

- In Jan-Jul, the fiscal balance turned to a surplus of 1.0% of GDP from a deficit of 0.2% in Jan-Jul 2014, as public spending declined to 17.8% of GDP from 18.2% for the same periods. Revenues increased to 18.8% of GDP in Jan-Jul from 18.1% for the same period last year. (Graph 1.2)
- In 2015H1, the current account deficit amounted to 0.2% of GDP, compared to 0.6% in 2014H1, as the trade deficit remained stable at 1.7% for the same periods. The widening of the secondary income surplus contributed positively to the current account. (Graph 1.3)
- Total credit in July decreased by 0.5% YoY from -3.3% in July last year, while private sector credit fell by 0.7% from -3.4% in the same months. Local currency loans in the private sector increased by 12.7% in July from 8.6% in the same month last year, but foreign currency loans contracted by 10.8% from -11.2% in the same months. Total deposits increased by 5.7% YoY in July from 11.1% in July 2014, while private sector deposits increased by 7.0% from 6.9% for the same months. (Graphs 1.8 & 1.9)
- The National Bank of Romania (BNR) in its August 4 meeting decided to maintain the key policy rate unchanged at 1.75%, to pursue adequate liquidity management in the banking system and maintain the current levels of the minimum reserve requirements of credit institutions. The ongoing domestic and international uncertainty regarding economic policies are affecting inflationary pressures accordingly according to the BNR. (Graph 2.1)

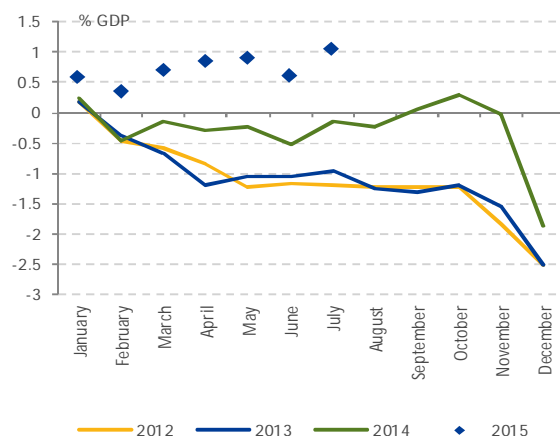
1.0 Leading Indicators



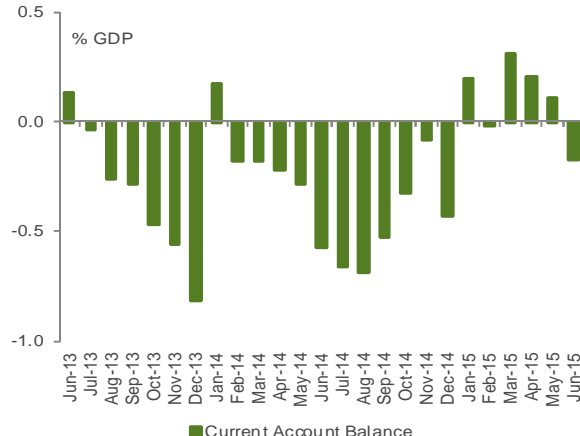
1.1 Inflation & Base Effect



1.2 Fiscal Balance



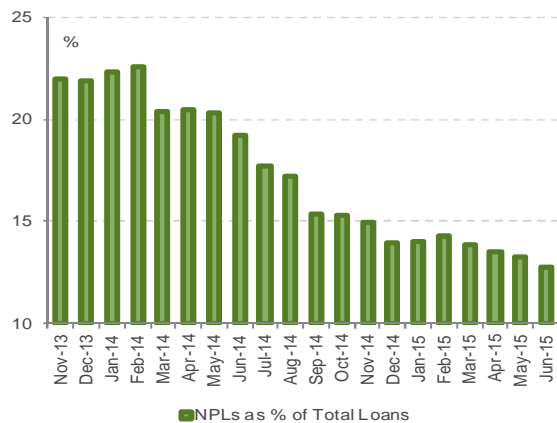
1.3 Current Account Balance



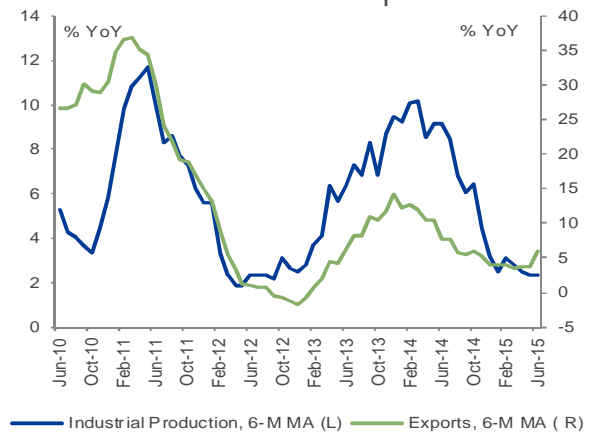
Source: Piraeus Bank Research, Datastream, National Sources

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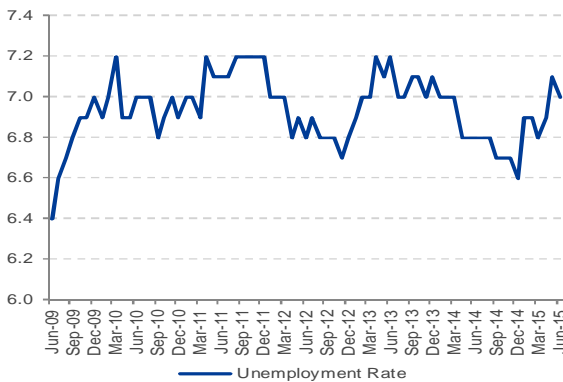
1.4 Non-Performing Loans



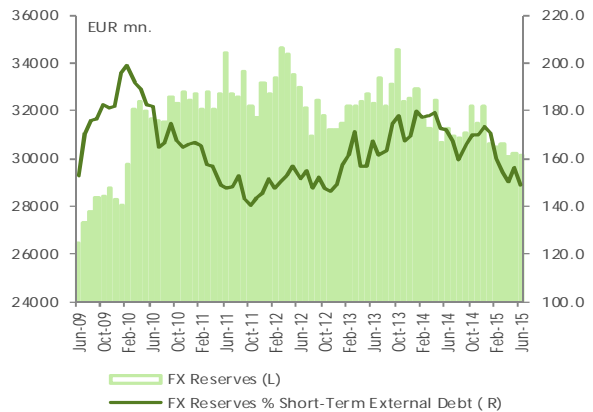
1.5 Industrial Production & Exports



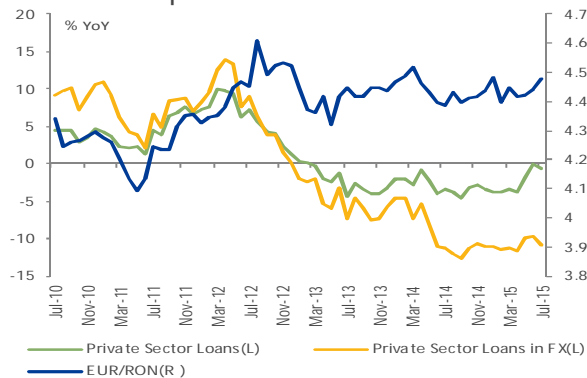
1.6 Unemployment Rate



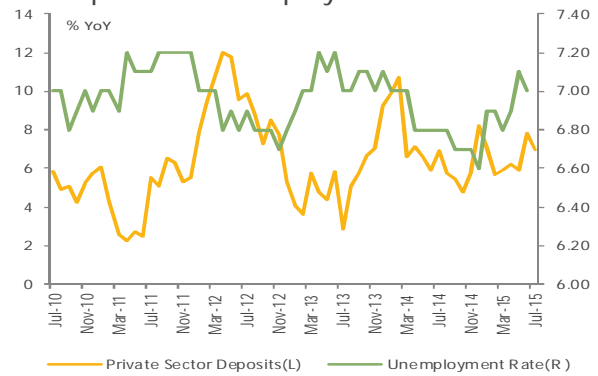
1.7 FX Reserves as % of Short-Term External Debt



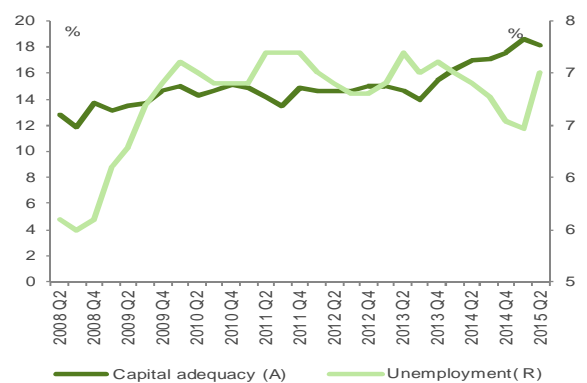
1.8 Credit Expansion & FX Rate



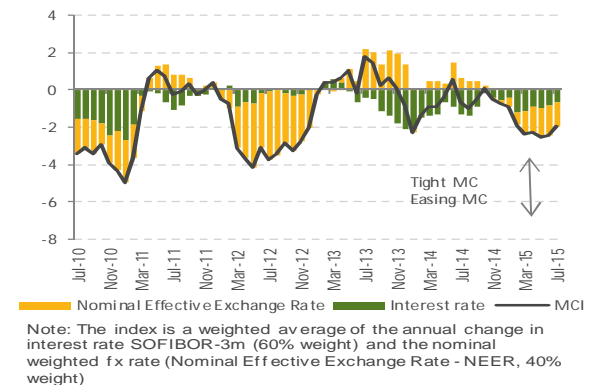
1.9 Deposits & Unemployment Rate



2.0 Unemployment Rate & Capital Adequacy



2.1 Monetary Conditions Index (MCI)

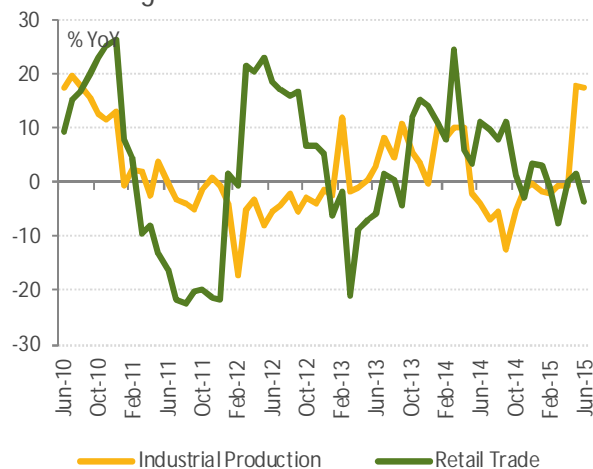


Source: Piraeus Bank Research, Datastream, National Sources

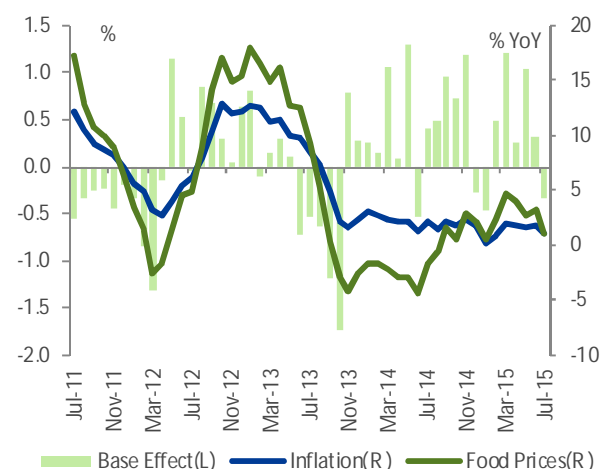
E. SERBIA

- In Jan-Jul, the fiscal deficit shrank significantly to 1.0% of GDP from 2.9% in Jan-Jul 2014, due to an increase in revenues and a moderation in public spending. Specifically, in Jan-Jul, revenues were 24.1% of GDP from 23.3% in Jan-Jul last year, while public spending amounted to 25.1% from 26.2% for the same periods. (Graph 1.2)
- In 2015H1, the current account deficit was 2.0% of GDP compared to 3.3% in 2014H1, as the trade deficit amounted to 5.3% compared to 5.9% for the same periods. Both the expansion of the services surplus and the moderation in the primary income deficit contributed positively to the current account balance. (Graph 1.3)
- In July, public debt increased to 72.3% of GDP from 70.9% in 2014. (Graph 1.6)
- In July, total loans increased by 3.9% YoY from 5.4% in June and a contraction of 2.6% in July 2014, with business and household lending both increasing. Total deposits increased by 7.0% YoY in July from 8.9% in June and 5.0% in July last year. (Graph 2.0)
- The National Bank of Serbia (NBS) decided in its August 13 meeting to cut the key policy rate by 50 basis points to 5.5%. The current domestic and international deflationary environment, the improvement in macroeconomic conditions and the stabilisation of inflation expectations leave space for the easing of monetary policy. (Graph 2.1)

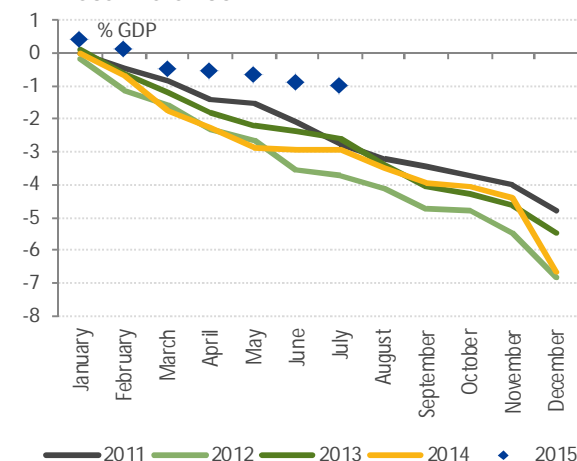
1.0 Leading Indicators



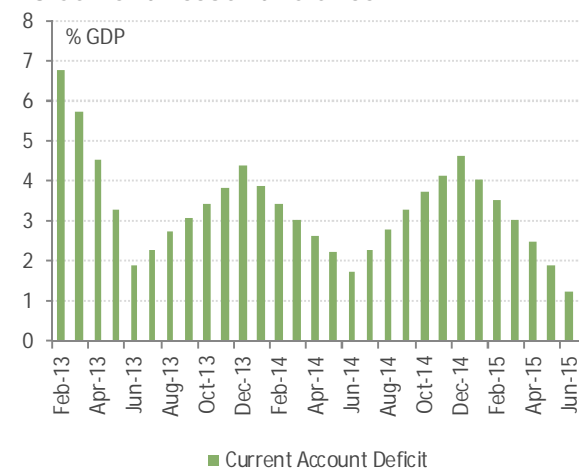
1.1 Inflation & Base Effect



1.2 Fiscal Balance



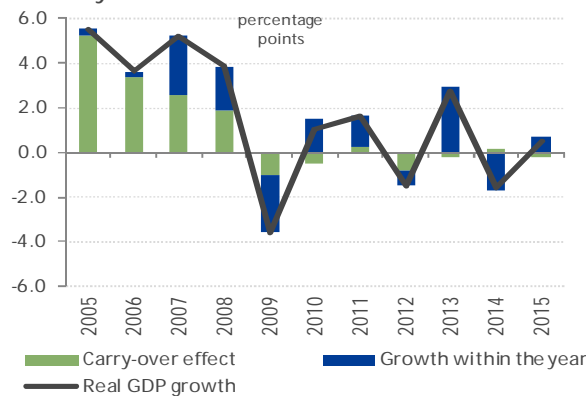
1.3 Current Account Balance



Source: Piraeus Bank Research, Datastream, National Sources

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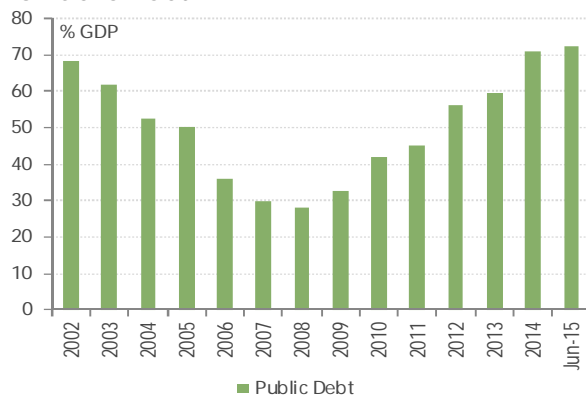
1.4 Carry Over Effect



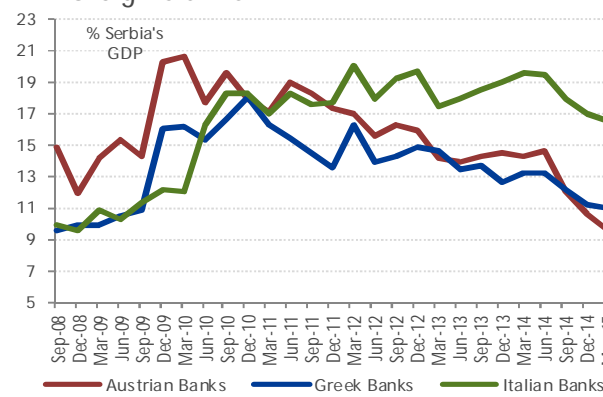
1.5 Retail Sales & Real Wages



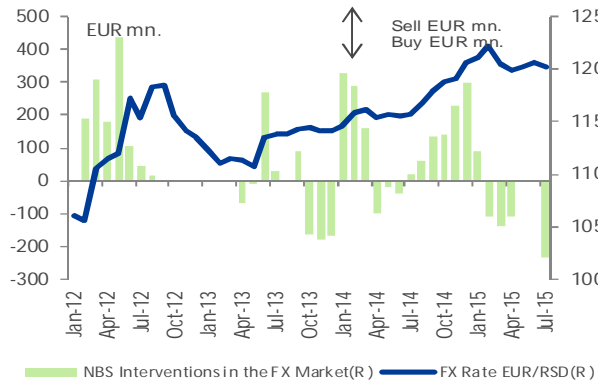
1.6 Public Debt



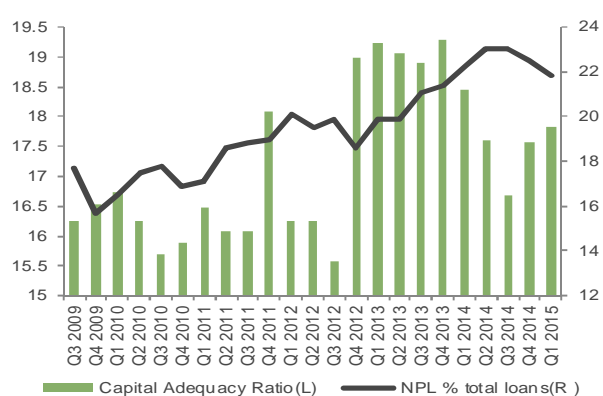
1.7 Foreign Claims



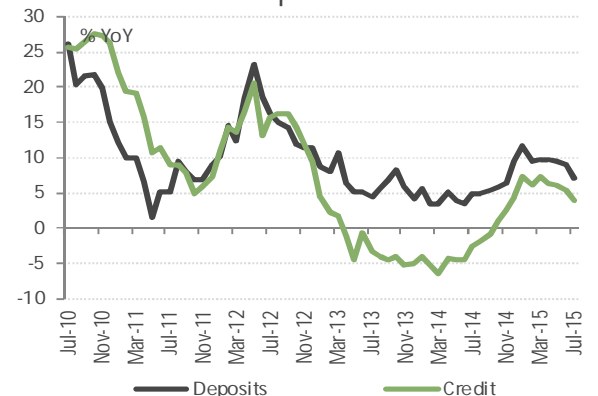
1.8 Central Bank Interventions in the Domestic FX Market & EUR/RSD



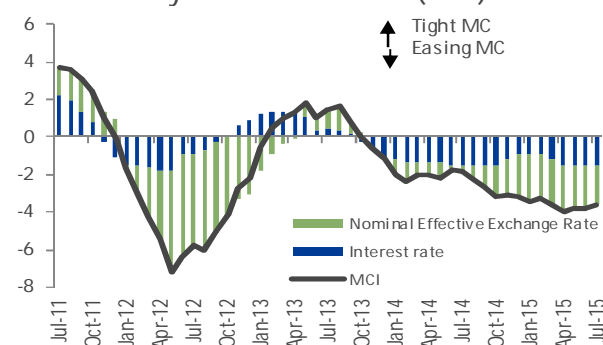
1.9 Capital Adequacy & NPLs



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 Exchange Rate).

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

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