



## February 2016

## ECONOMIC INDICATORS BULLETIN FOR SOUTHEASTERN EUROPE

- *In Albania, in January, inflation increased to 1.5% compared to 1.3% in January 2015, as food price growth almost doubled to 4.3% YoY from 2.2% for the same months. However, energy and housing price growth remains in negative territory.*

- *In Bulgaria, in January, private sector credit contracted at a slower rate of 1.9% YoY from a contraction of 8.5% in January 2015, as business loans decreased by 2.0% from -11.9% for the same months and household lending decreased by approximately 2.0%. Private sector deposits stabilised in January, recording an increase of 5.2% compared to 0.2% in January last year.*

- *In Cyprus, in January, total credit contracted by 7.8% YoY from a decrease of 1.7% in January 2015, as business and household loans both contracted at a similar rate. Total deposits increased by 1.3% YoY in January from -4.1% in the same month in 2015, with both business and household deposits playing a significant role in this improvement.*

- *In Romania, in January, total credit increased by 2.7% YoY from -3.7% in January last year, as business and household lending increased at a similar rate. Total deposits increased by 6.5% YoY in January compared to 5.0% in the same month last year.*

- *In Serbia, total loans increased by 0.9% YoY in January from 7.3% in the same month in 2015, with business and household lending both increasing. Total deposits increased by 4.1% YoY in the first month of the current year from 11.6% in January last year.*

### Piraeus Bank

#### Economic Analysis & Investment Strategy

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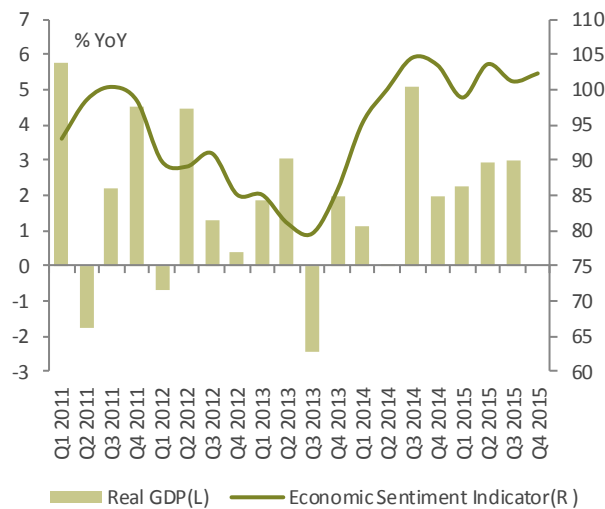
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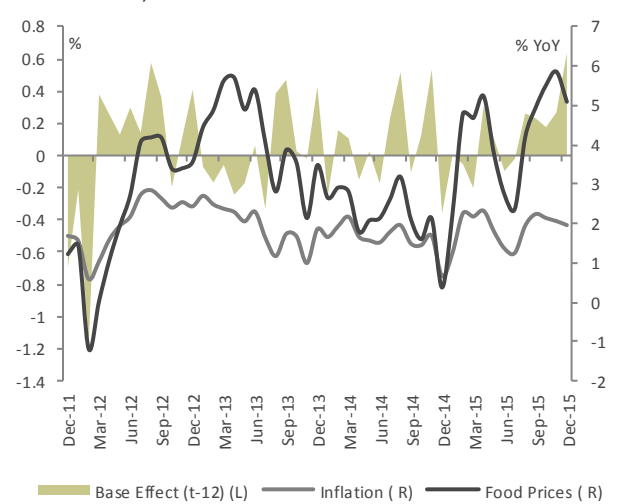
## ALBANIA

- In January, inflation increased to 1.5% compared to 1.3% in January 2015, as food price growth almost doubled to 4.3% YoY from 2.2% for the same months. However, energy and housing price growth remains in negative territory. (Graph 1.1)
- The fiscal surplus in the first month of the year widened to 0.6% from 0.2% in January 2015, due to the improvement in revenues and decline in expenditures. Specifically, in January revenues increased to 2.1% of GDP from 1.8% in January last year, while public expenditures amounted to 1.5% from 1.6%. (Graph 1.2)

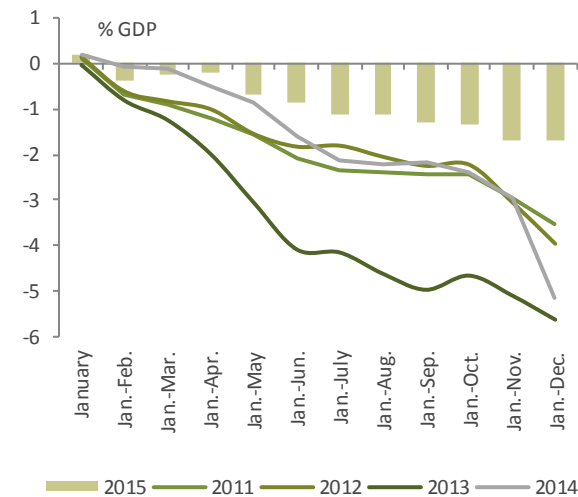
1.0 Real GDP & Economic Sentiment Index



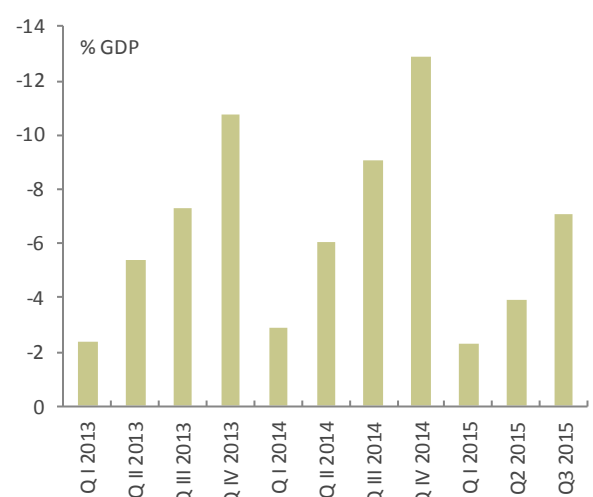
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



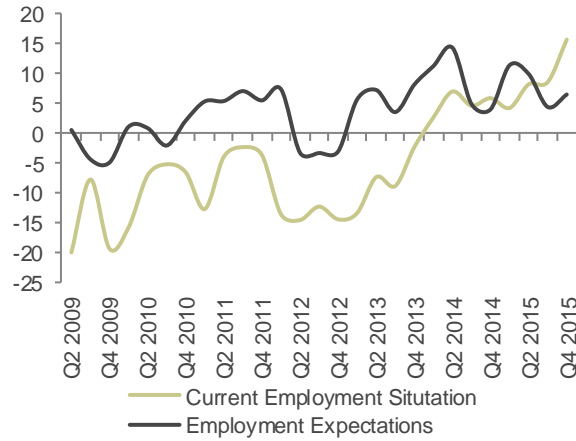
1.3 Current Account Deficit



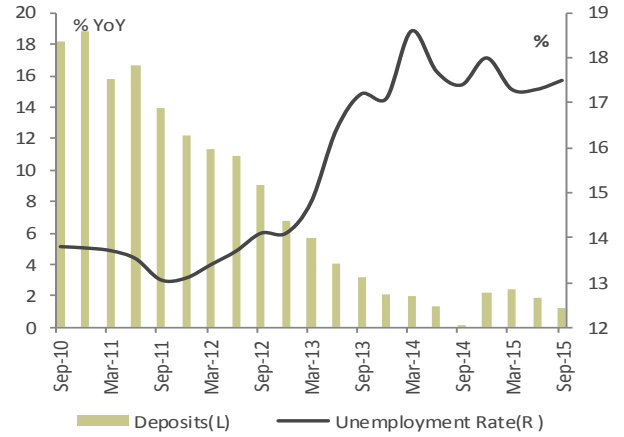
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



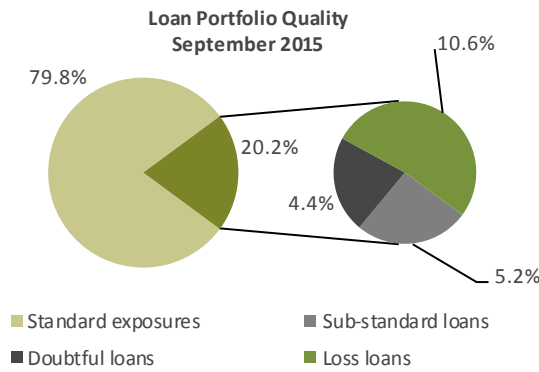
### 1.4 Employment Expectations



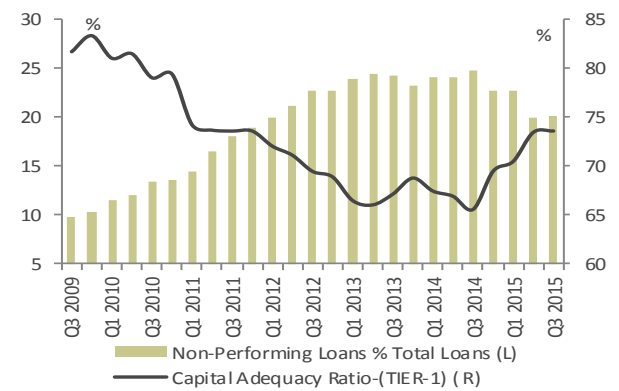
### 1.5 Private Sector Deposits & Unemployment Rate



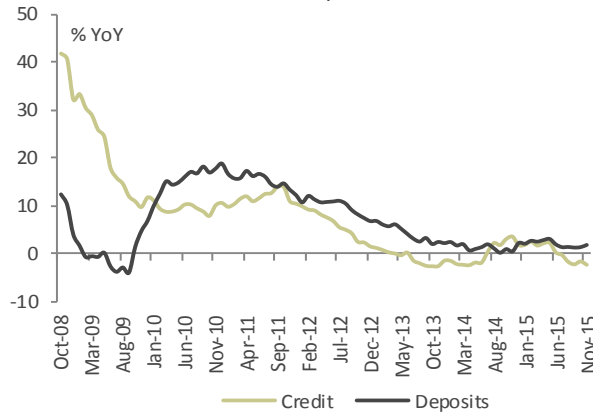
### 1.6 Loan Portfolio Quality



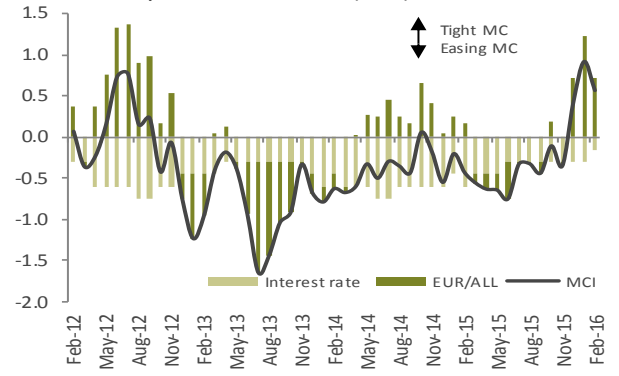
### 1.7 NPLs & Capital Adequacy Ratio



### 1.8 Private Sector Loans & Deposits

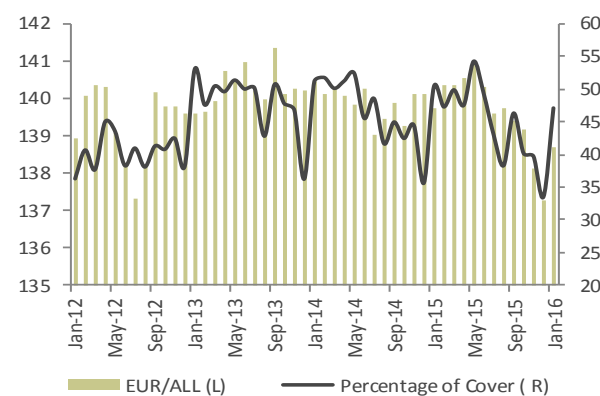


### 1.9 Monetary Conditions Index (MCI)

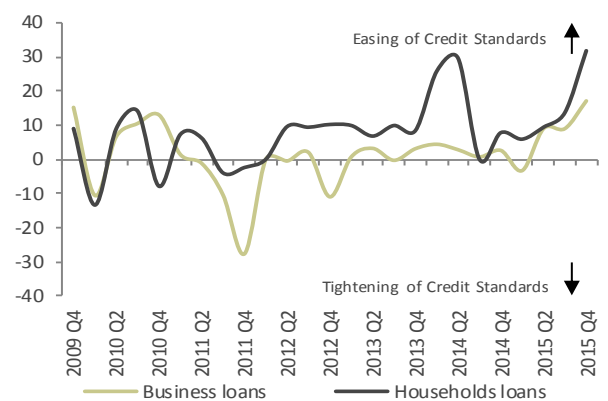


Note: The index is a weighted sum of the annual change in the policy rate (60% weight) and the fx rate (40% weight).

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



### 2.1 Bank of Albania's Lending Survey – Next Quarter

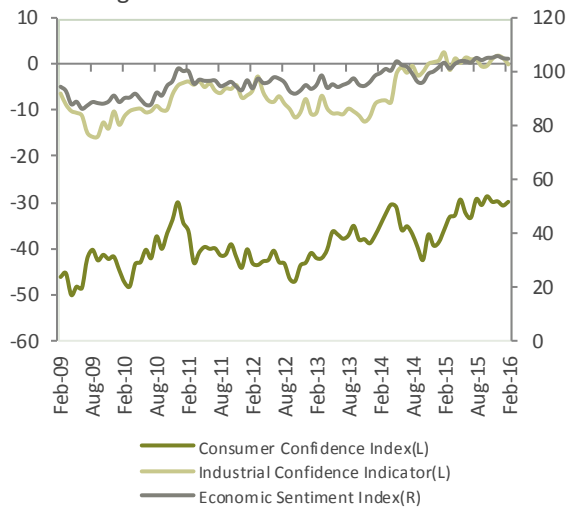


Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg

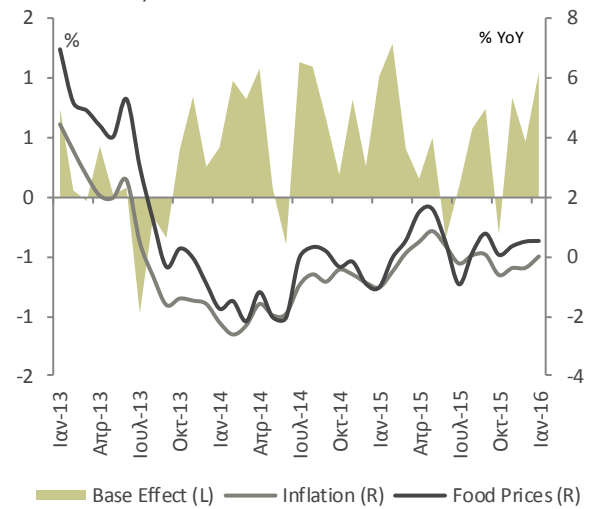
## BULGARIA

- In January, private sector credit contracted at a slower rate by 1.9% YoY from a contraction of 8.5% in January 2015, as business loans decreased by 2.0% from -11.9% for the same months and household lending decreased by circa 2.0%. Private sector deposits have stabilised in January as the recorded an increase of 5.2% compared to 0.2% in January last year. (Graph 2.0)

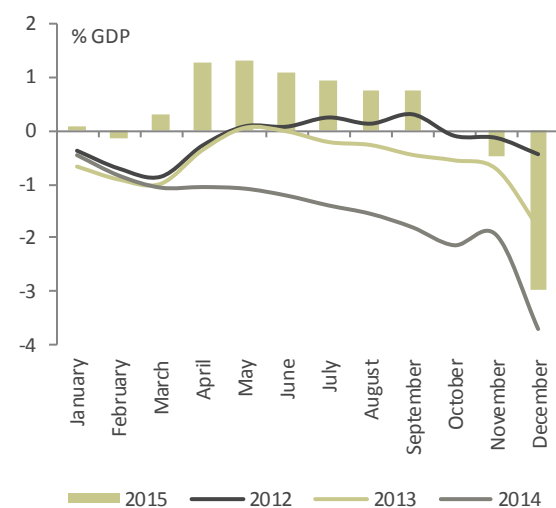
1.0 Leading Indicators



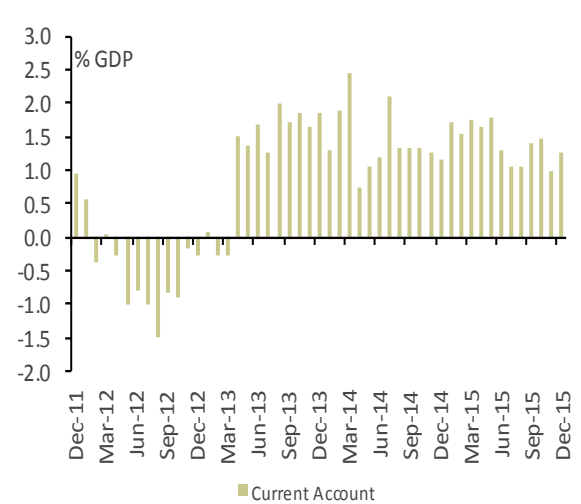
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



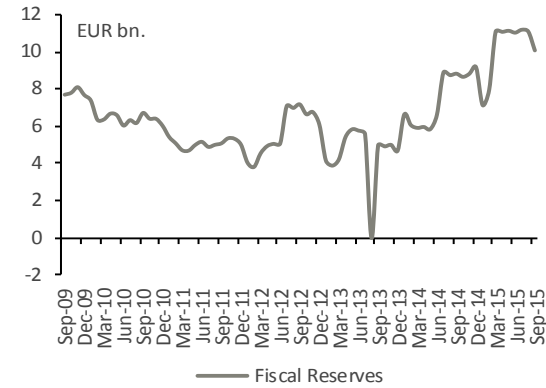
1.3 Current Account Balance



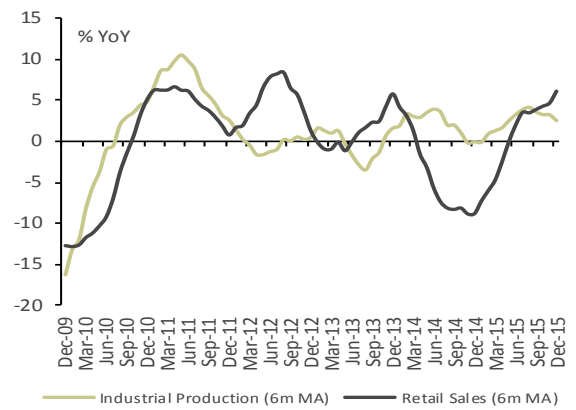
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



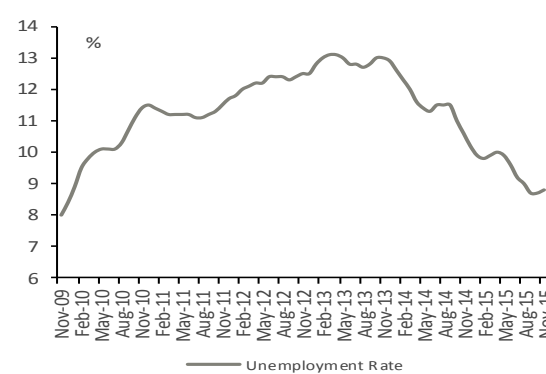
### 1.4 Fiscal Reserves



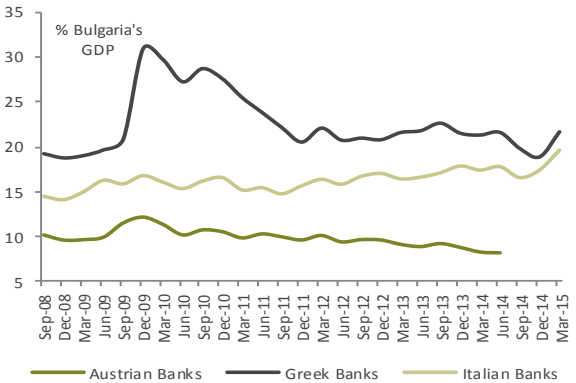
### 1.5 Industrial Production & Retail Sales



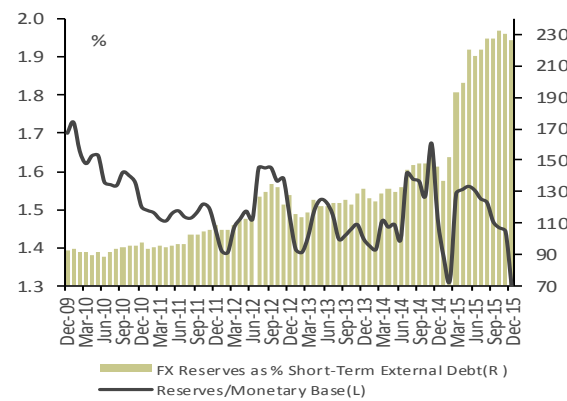
### 1.6 Unemployment Rate



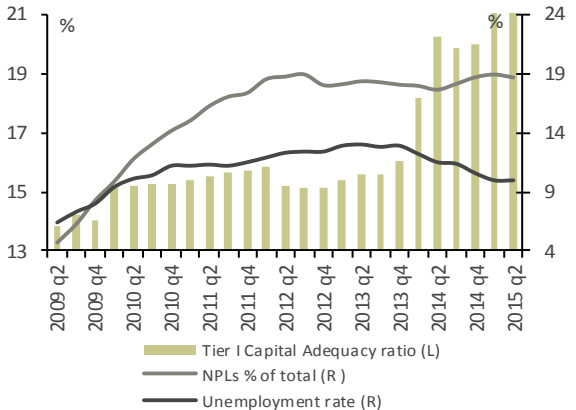
### 1.7 Foreign Claims



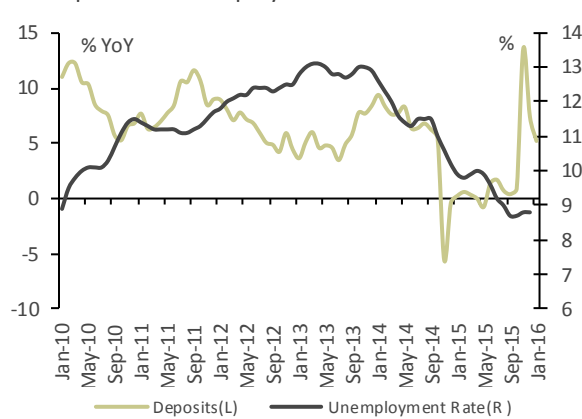
### 1.8 FX Reserves & Monetary Base



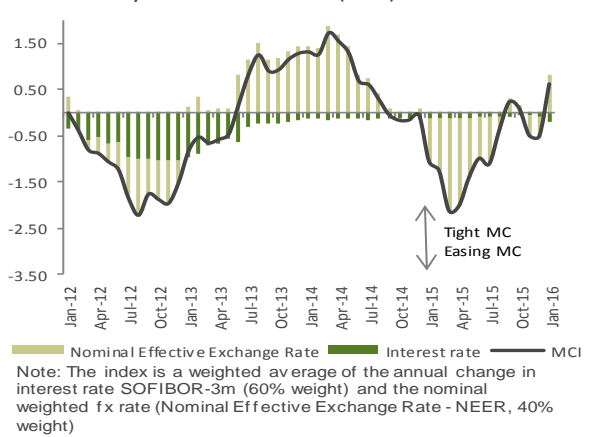
### 1.9 Unemployment Rate, NPLs & Capital Adequacy



### 2.0 Deposits & Unemployment



### 2.1 Monetary Conditions Index (MCI)



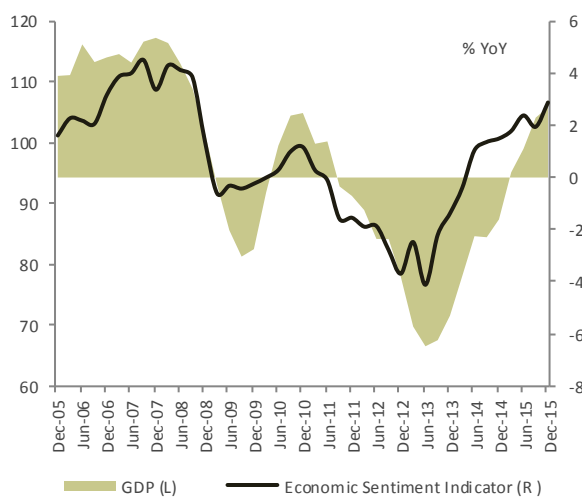
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



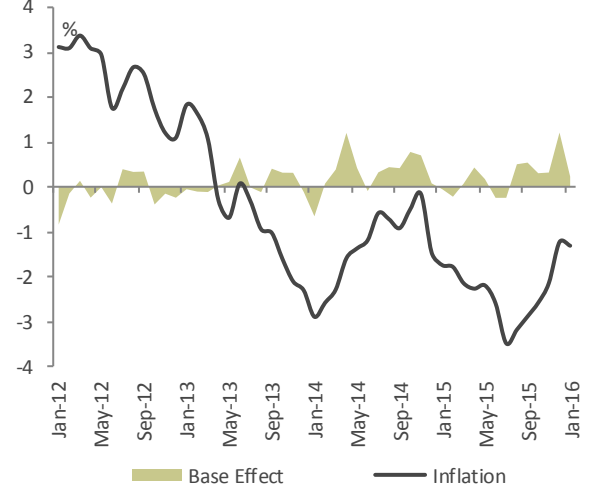
## CYPRUS

- In 2015, the fiscal balance turned to a deficit of 1.4% of GDP compared to a surplus of 0.4% in 2014, as revenues decreased by 1.5% YoY and public spending increased by 2.1% YoY. However, we must note that the primary balance was in surplus in 2015. (Graph 1.1)
- In January, total credit contracted by 7.8% YoY from a decrease of 1.7% in January 2015, as business and household loans both contracted at a similar rate. Total deposits increased by 1.3% YoY in January from -4.1% in the same month in 2015, with both business and household deposits playing a significant role in this improvement. (Graph 2.0)

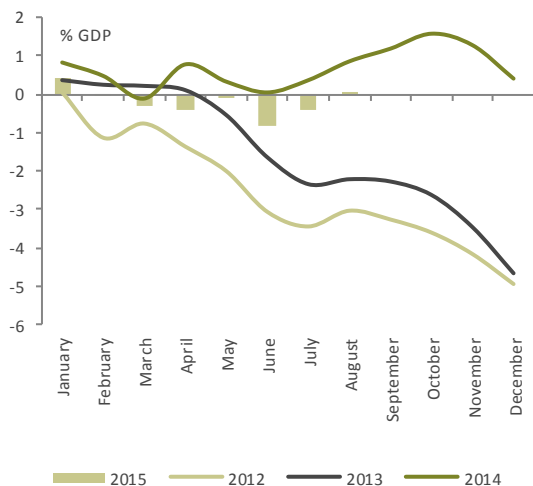
1.0 Real GDP & Economic Sentiment Indicator



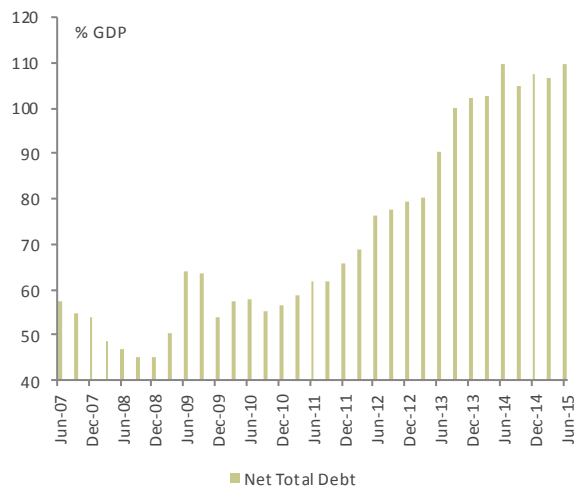
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



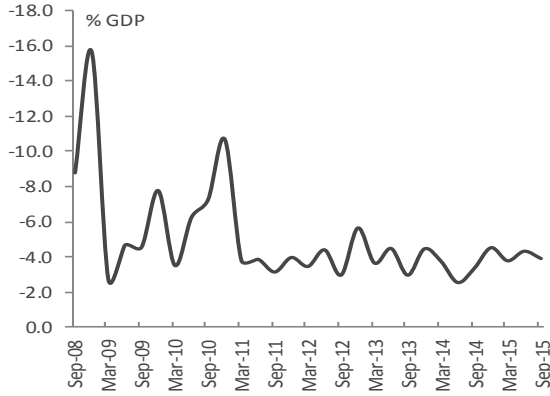
1.3 Public Debt



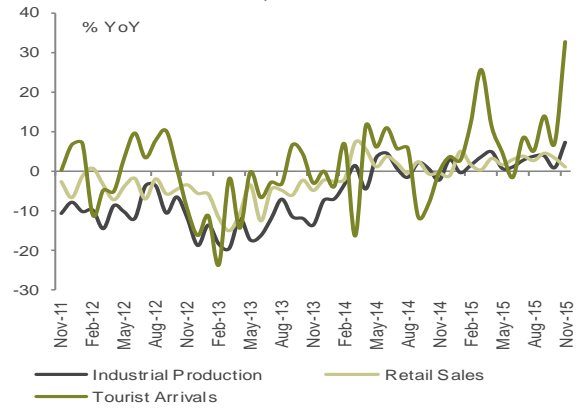
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



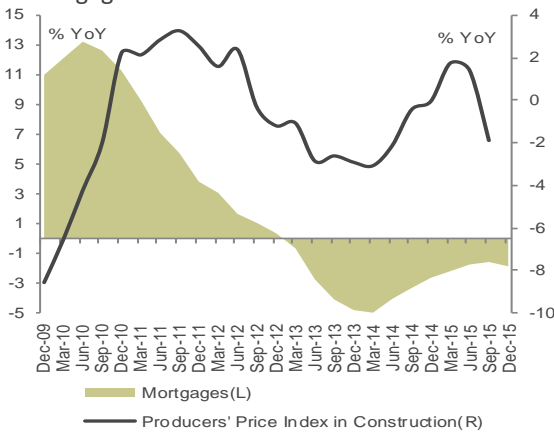
### 1.4 Current Account Balance



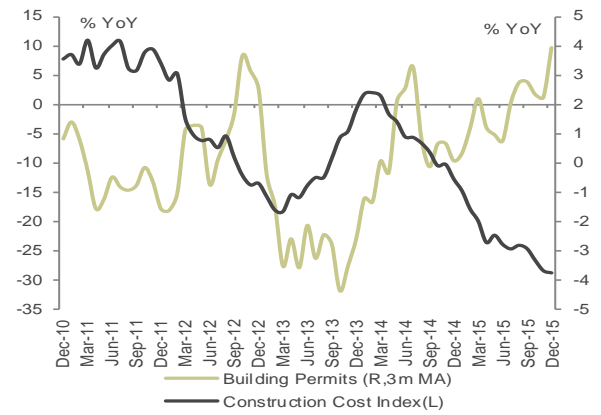
### 1.5 Industrial Production, Retail Sales & Tourist Arrivals



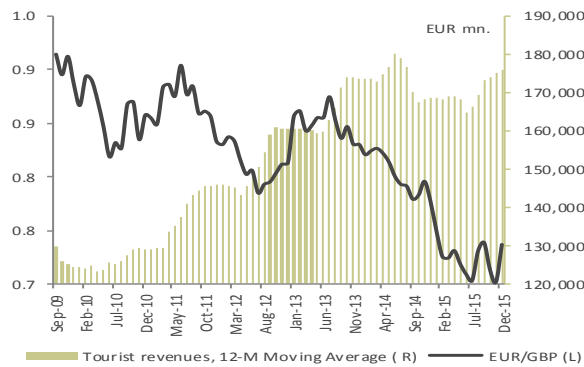
### 1.6 Mortgage Loans & PPI in Construction



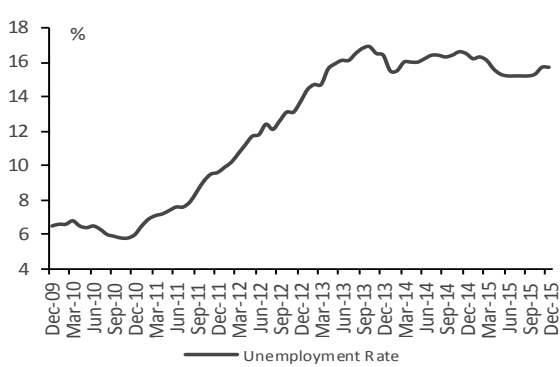
### 1.7 Construction Cost & Building Permits



### 1.8 EUR/GBP & Tourism Revenues



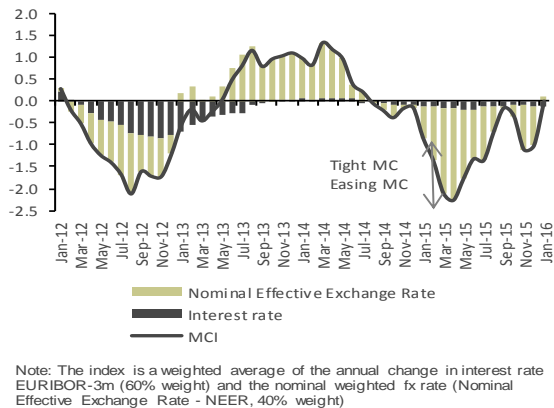
### 1.9 Unemployment Rate



### 2.0 Deposits & Loans



### 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)

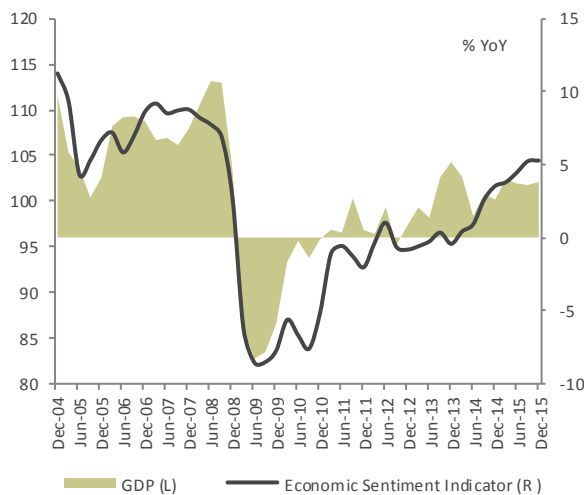
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



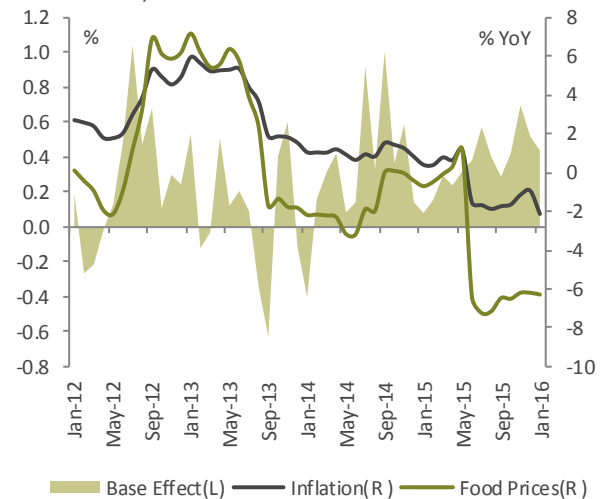
## ROMANIA

- In January, the fiscal deficit widened marginally to 0.7% of GDP compared to 0.6% of GDP in January last year, due to an increase in revenues to 2.8% of GDP from 2.6% for the same months. However, public spending increased in the first month of the current year to 2.1% from 2.0% in January 2015. (Graph 1.2)
- Total credit increased by 2.7% YoY in January from -3.7% in January last year, as business and household lending increased at a similar rate. Total deposits increased by 6.5% YoY in January compared to 5.0% in the same month last year. (Graph 1.8)

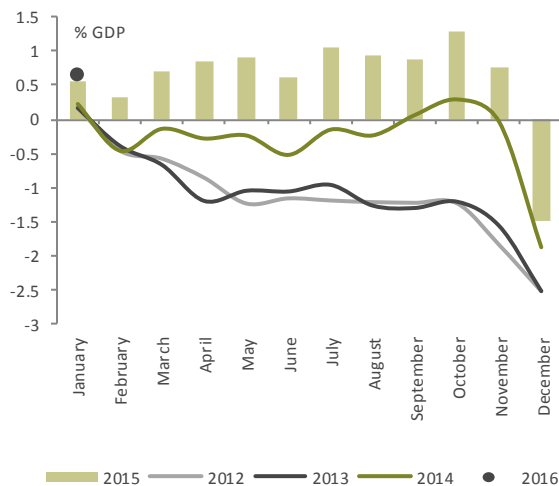
1.0 Leading Indicators



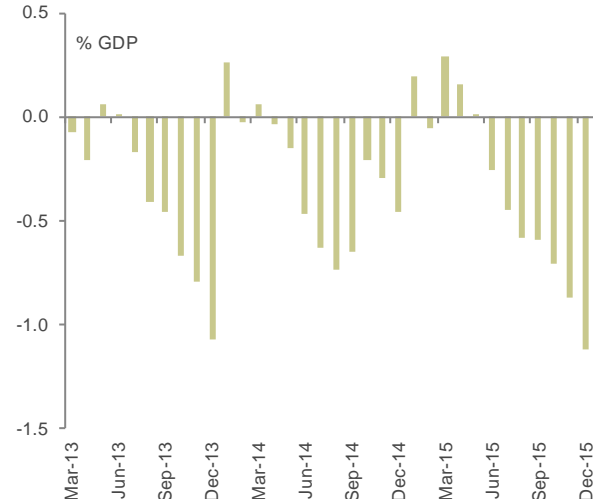
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



1.3 Current Account Balance

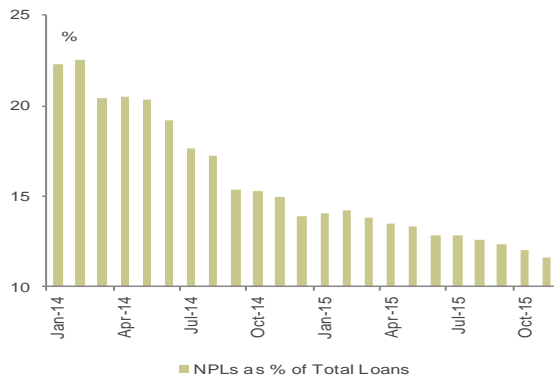


Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg

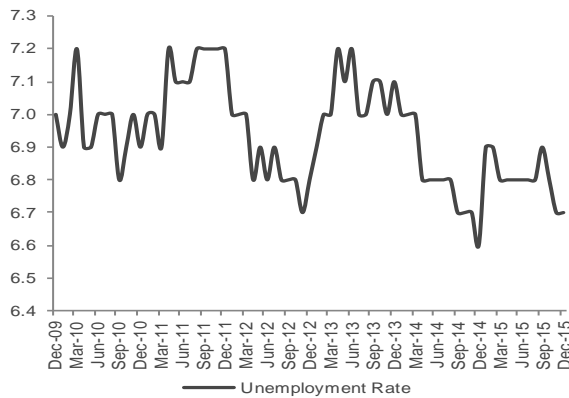




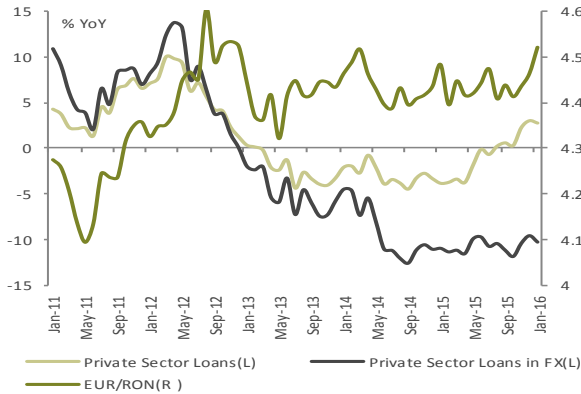
### 1.4 NPLs



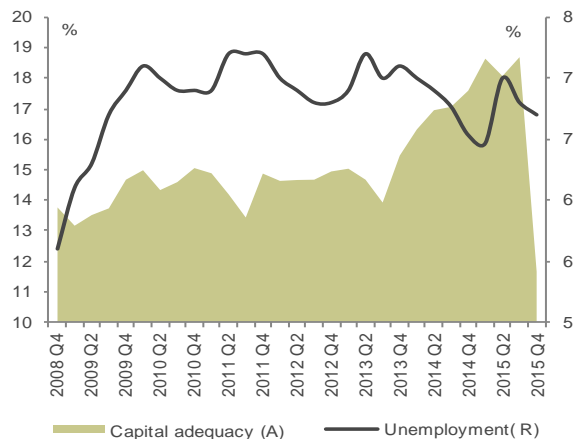
### 1.6 Unemployment Rate



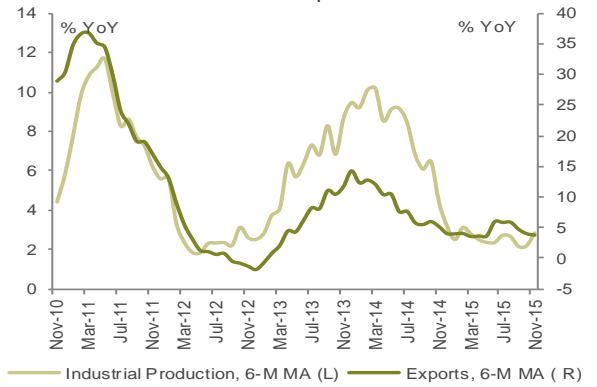
### 1.8 Credit Expansion & FX Rate



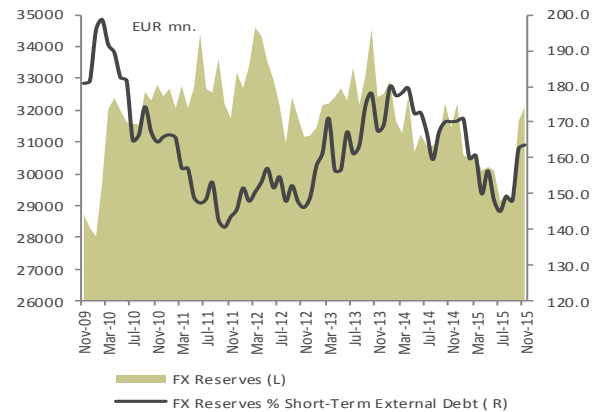
### 2.0 Unemployment Rate & Capital Adequacy



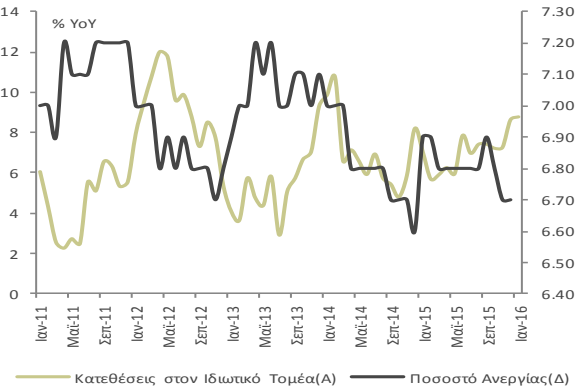
### 1.5 Industrial Production & Exports



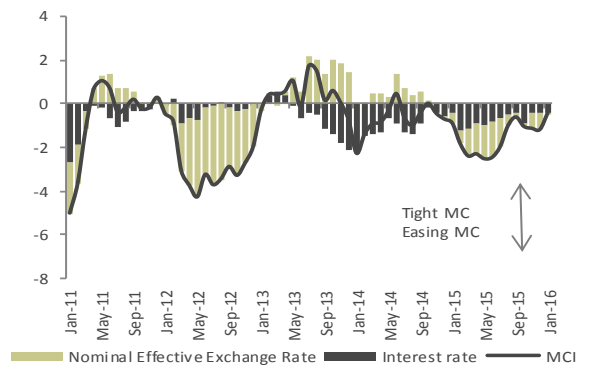
### 1.7 FX Reserves as % of Short-Term External Debt



### 1.9 Deposits & Unemployment Rate



### 2.1 Monetary Conditions Index (MCI)



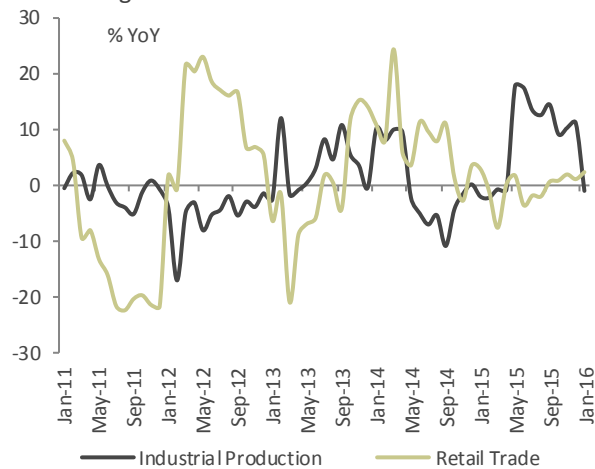
Note: The index is a weighted average of the annual change in interest rate SOFIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

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

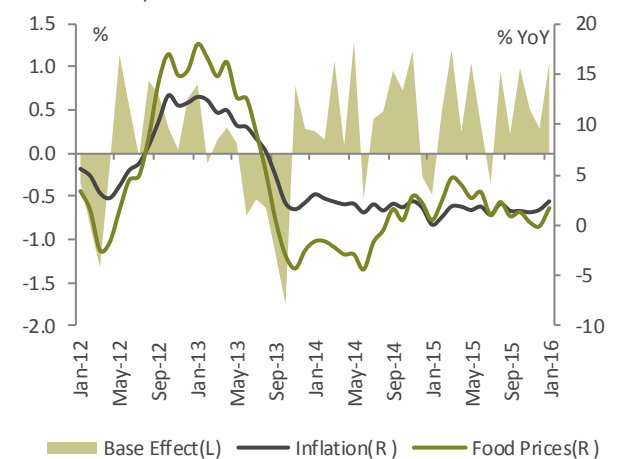
## SERBIA

- In January inflation increased by 2.4% compared to a decrease of 0.1% in January 2015, as food price growth reached 1.7% YoY from 0.5% for the same months. Similar increases were recorded in housing and transport prices. In January, the consumer price index increased by 0.6% on a monthly basis compared to a contraction of 0.2% in December. (Graph 1.1)
- In January, total loans increased by 0.9% YoY from 7.3% in the same month in 2015, with business and household lending both increasing. Total deposits increased by 4.1% YoY in the first month of the current year from 11.6% in January last year. (Graph 2.0)

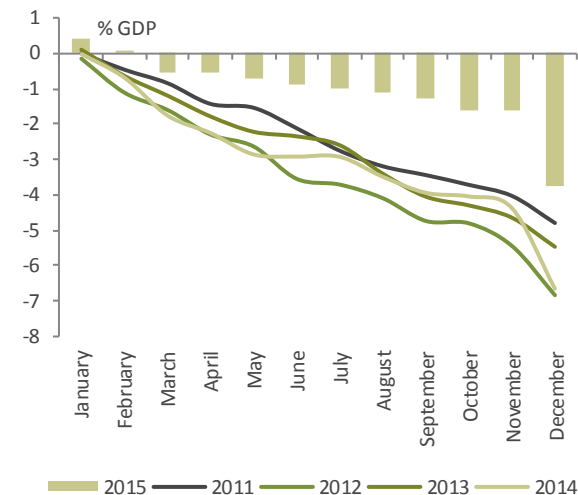
1.0 Leading Indicators



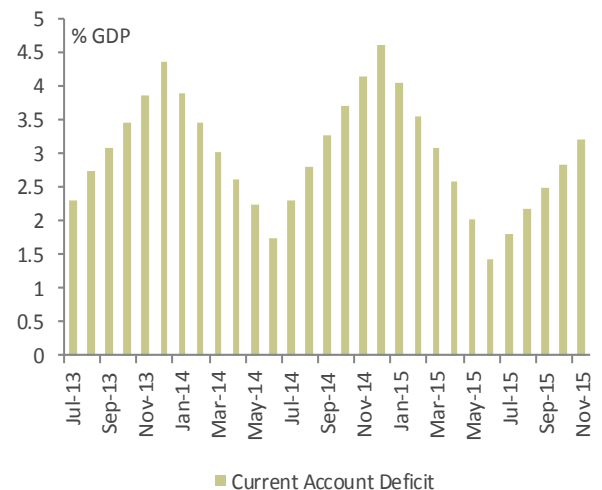
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



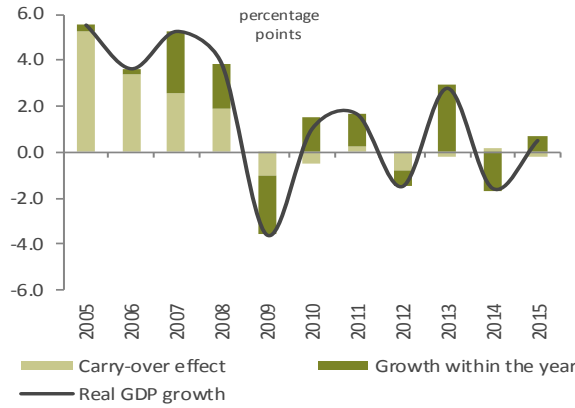
1.3 Current Account Deficit



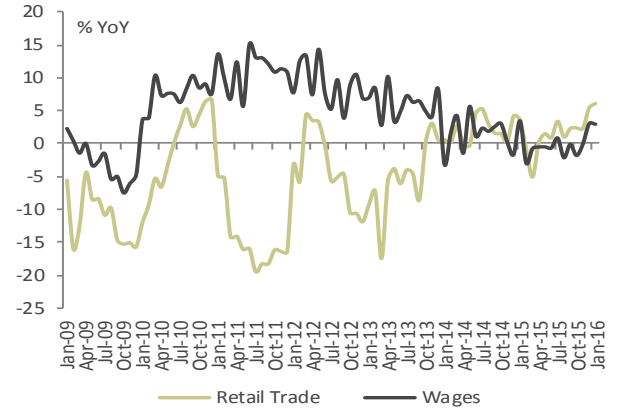
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



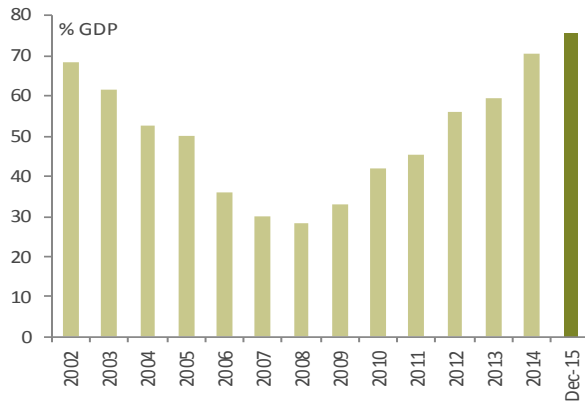
### 1.4 Carry Over Effect



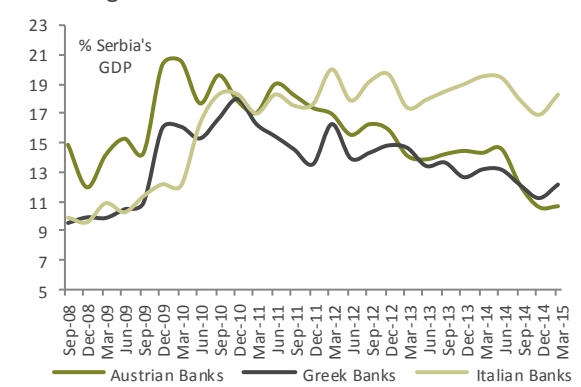
### 1.5 Retail Sales & Real Wages



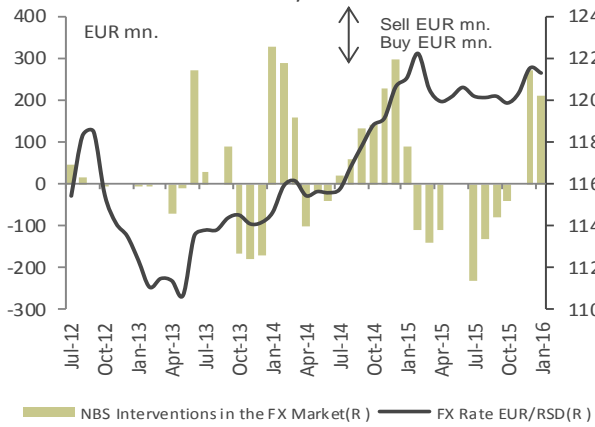
### 1.6 Public Debt



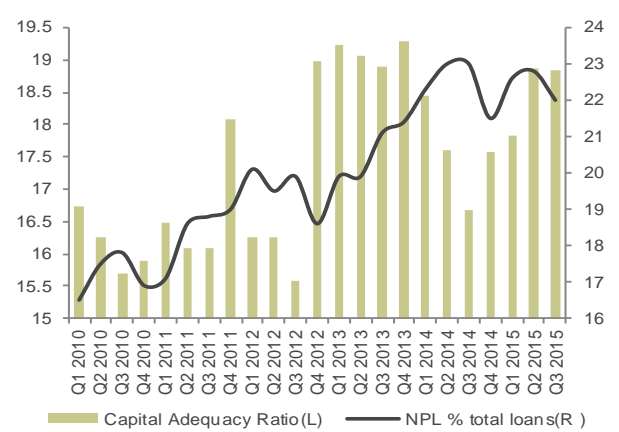
### 1.7 Foreign Claims



### 1.8 National Bank of Serbia Interventions in the Domestic FX Market & EUR/RSD Rate



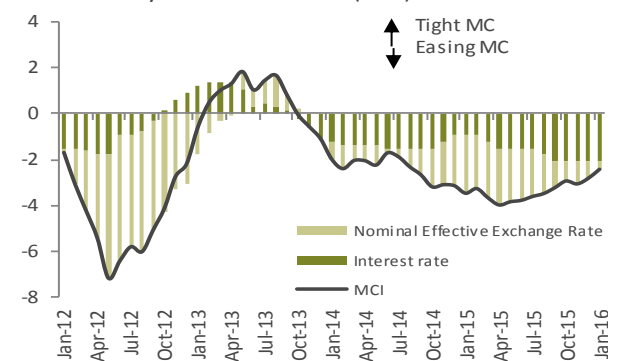
### 1.9 Capital Adequacy & NPLs



### 2.0 Loans & Deposits



### 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, National Sources, Datastream, Bloomberg



|              |                 |               |                        |
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