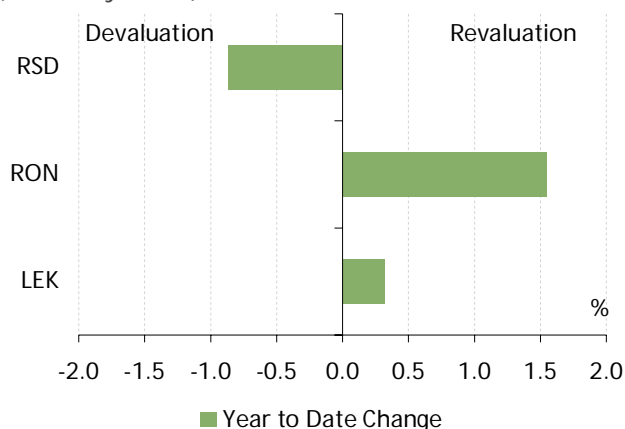




ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

- The Bank of Albania (BoA), in a recent press release, estimated that the financial sector remained stable during H2 2013, despite the economic slowdown. For 2014, fiscal policy is expected to play an active role in the stability of the financial sector.
- In Bulgaria, the capital adequacy ratio for 2013 improved to 16.0% from 15.2% in 2012, while in the first quarter of 2014 non-performing loans as a percentage of total loans amounted to 18.0% from 18.1% in 2013.
- In Cyprus, non-performing loans as a percentage of total loans – according to the International Monetary Fund – amounted to 33.7% in the fourth quarter of 2013 from 18.6% in the fourth quarter of 2012.
- In Romania, non-performing loans as a percentage of total loans amounted to 22.3% in the first quarter of 2014 from 21.9% in 2013.
- In Serbia, the capital adequacy ratio in the first quarter of 2014 improved to 21.0% from 20.0% in 2013, while non-performing loans as a percentage of total loans amounted to 22.6% from 21.7% for the same periods.

Bilateral Exchange Rates vs. the Euro
(29th May 2014)

CDS 5Y USD

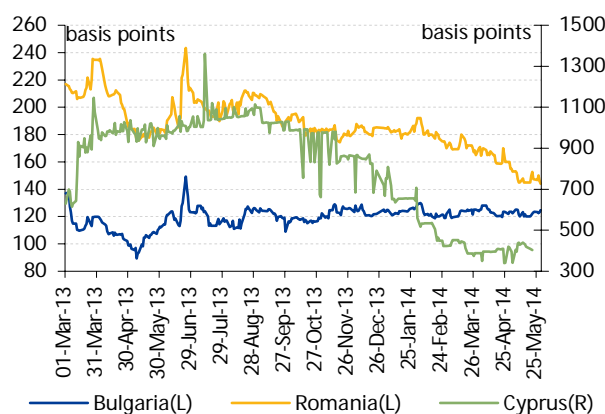


Table of Economic Forecasts

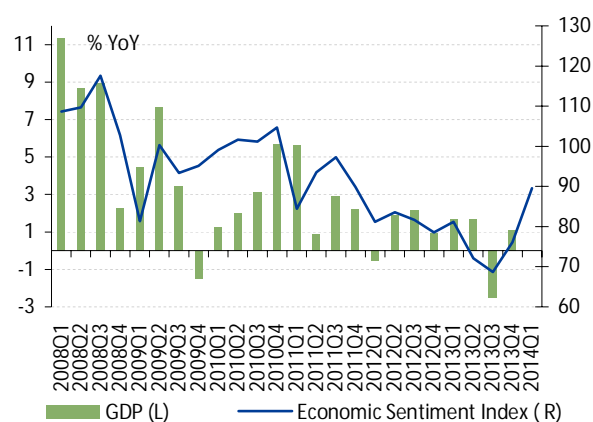
	Real GDP (% YoY)		Inflation		Fiscal Balance (% GDP)		Current Account Balance (% GDP)	
	2013	2014f	2013	2014f	2013	2014f	2013	2014f
Albania	0.4	1.9	1.9	2.5	-4.7	-5.6	-10.6	-11.0
Bulgaria	0.8	1.9	0.9	1.0	-1.9	-1.9	1.9	0.5
Cyprus	-5.4	-4.2	-0.4	0.5	-5.1	-5.5	-1.9	1.0
Romania	3.3	2.9	4.0	3.0	-2.5	-2.9	-1.1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

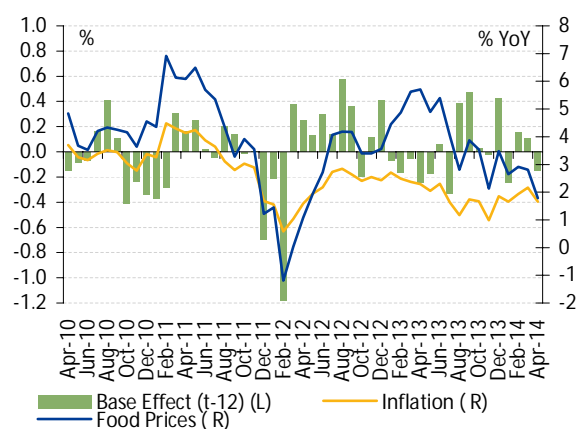
A. ALBANIA

- In January-April, the fiscal deficit moderated significantly to 0.5% of GDP from 1.7% in January-April 2013, as public spending contracted to 8.6% of GDP from 9.6% for the same periods. Revenues increased to 8.2% in January-April from 7.9% for the same period last year. (Graph 1.2)
- The Bank of Albania (BoA), in a recent press release, estimated that the financial sector remained stable during H2 2013, despite the economic slowdown. For 2014, fiscal policy is expected to play an active role in the stability of the financial sector.

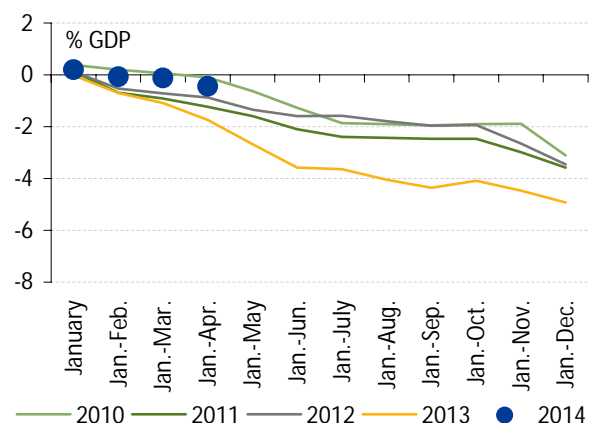
1.0 Real GDP & Economic Sentiment Index



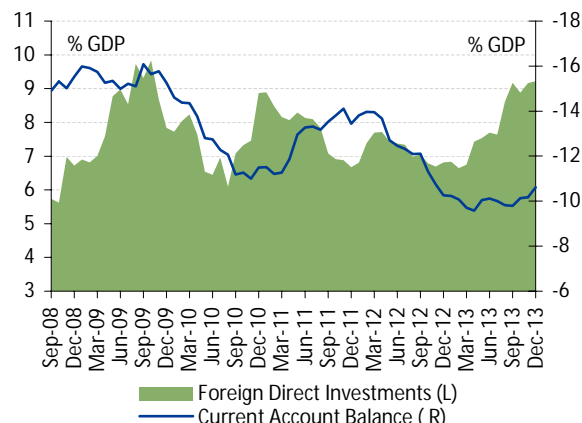
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



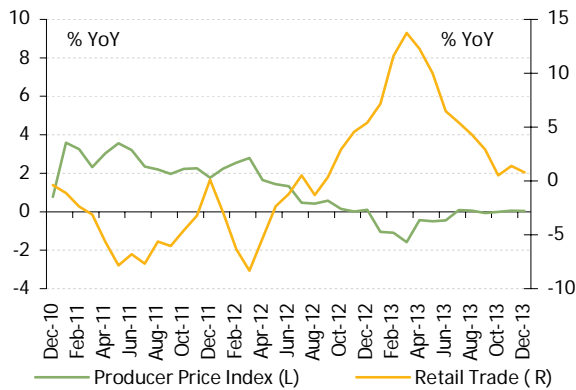
1.3 Current Account Balance & FDIs (12m rolling sum)



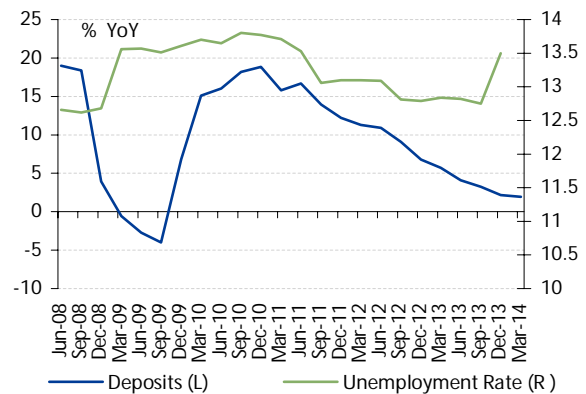
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

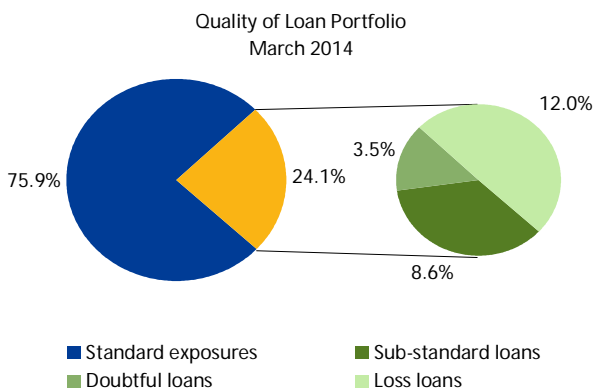
1.4 Producer Price Index & Retail Trade



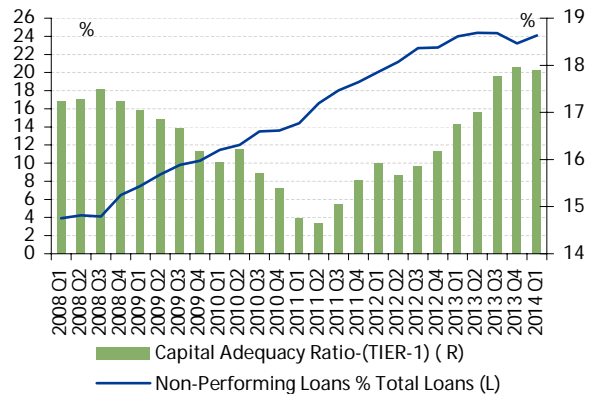
1.5 Total Deposits & Unemployment Rate



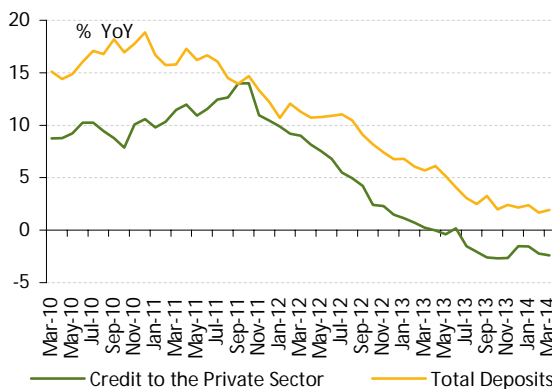
1.6 Quality of Loan Portfolio



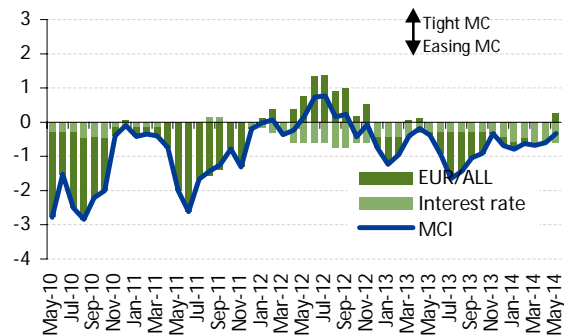
1.7 NPLs & Capital Adequacy Ratio



1.8 Credit Expansion & Total Deposits

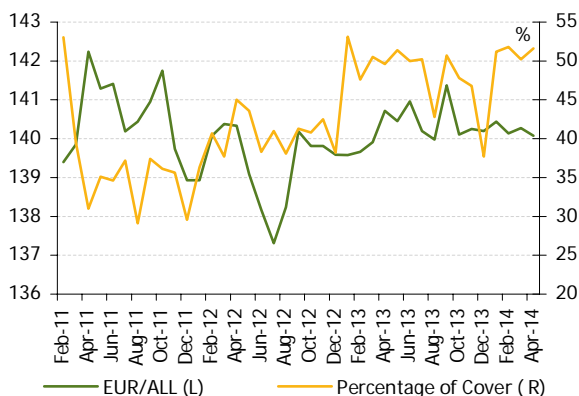


1.9 Monetary Conditions Index (MCI)

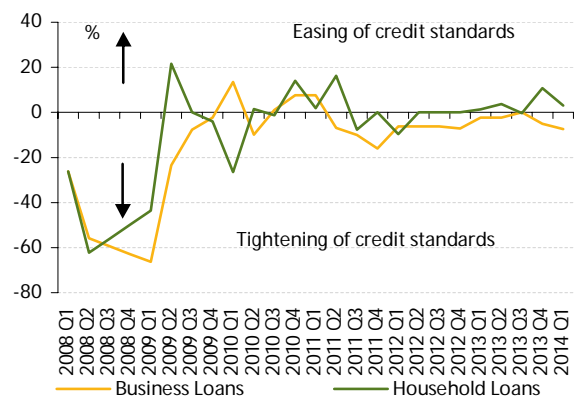


Note: The index is a weighted sum of the annual change in the policy rate (60% weight) and the fx rate (-40% weight)

2.0 EUR/ALL & Imports to Exports Coverage



2.1 Central Bank's Lending Survey

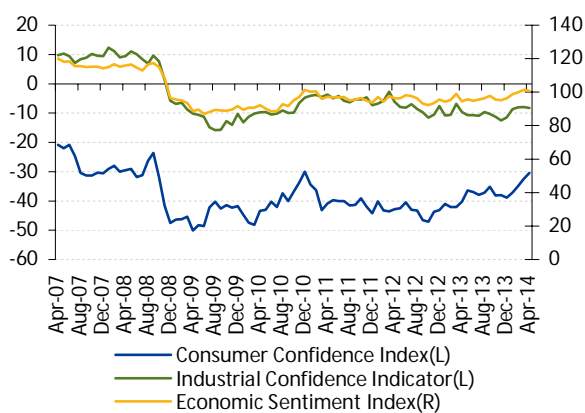


Source: Piraeus Bank Research, Datastream, National Sources

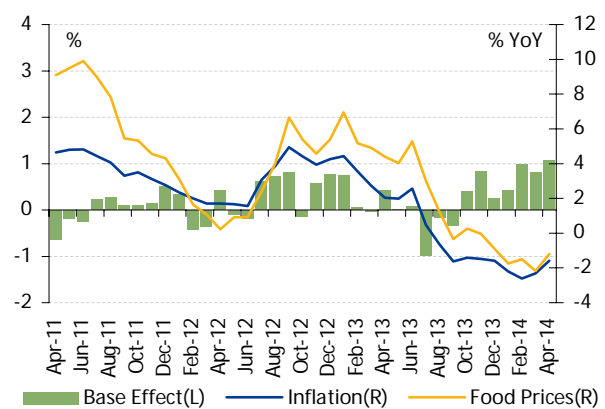
B. BULGARIA

- In January-March, the current account deficit moderated to 0.2% of GDP from 1.0% in January-March 2013, whereas the trade deficit widened to 2.0% of GDP from 1.1% for the same periods. The moderation in the current account deficit in January-March was due to the increase in the current transfers surplus and a reduction in the income deficit. Net FDIs stood at 0.2% of GDP in January-March from 0.9% for the same period last year. (Graph 1.3)
- In April, foreign exchange reserves decreased by 4.2% YoY compared to an increase of 14.9% in April 2013. In March reserves covered 123.0% of the short-term gross external debt from 116.2% in March 2013. (Graph 1.8)
- In April, private sector credit increased at a slower rate of 1.6% YoY from 2.4% in April 2013, while business loans increased by 2.3% from 4.3% for the same months. Household lending increased by 0.2% in April compared with a decrease of 1.2% in April 2013, whereas private sector deposits increased at a faster rate of 7.7% YoY from 4.6% for the same months. Finally, in April, the liquidity ratio (loans/deposits) moderated to 76.7% from 81.3% in April last year. (Graph 2.0)

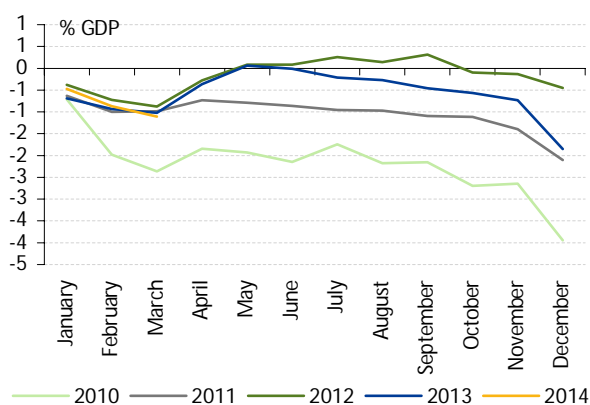
1.0 Leading Indicators



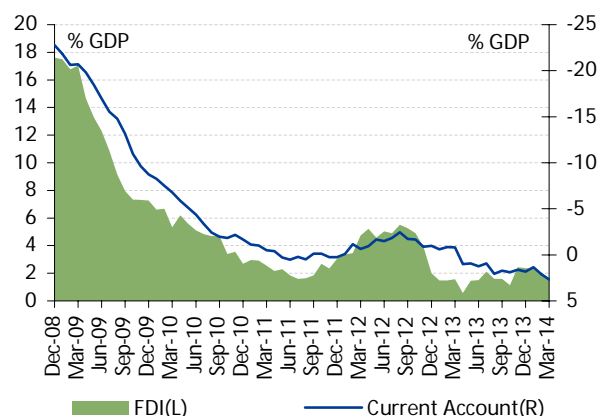
1.1 Inflation & Base Effect



1.2 Fiscal Balance



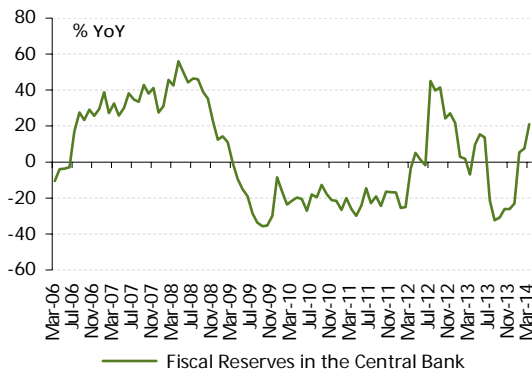
1.3 Current Account Balance & FDIs (12m rolling sum)



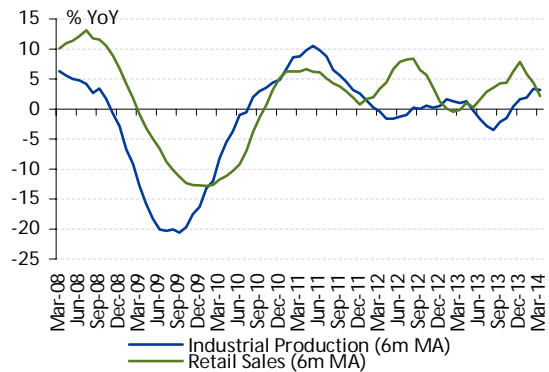
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

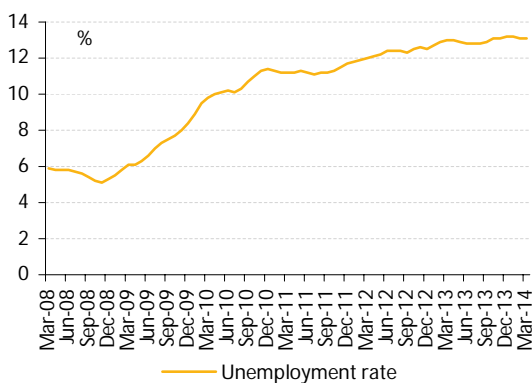
1.4 Fiscal Reserves



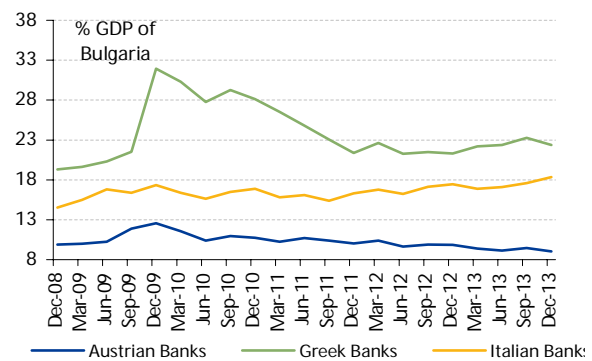
1.5 Industrial Production & Retail Sales



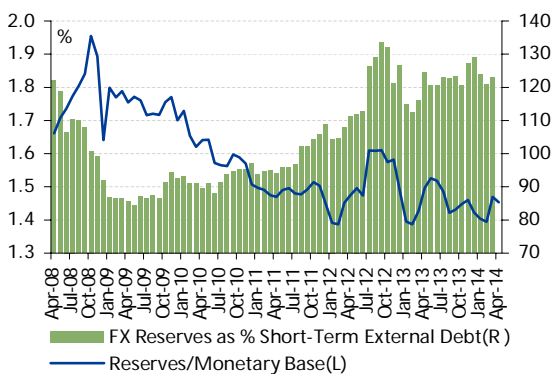
1.6 Unemployment Rate



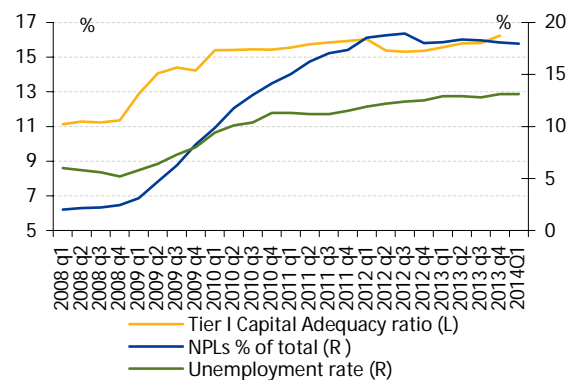
1.7 Foreign Claims



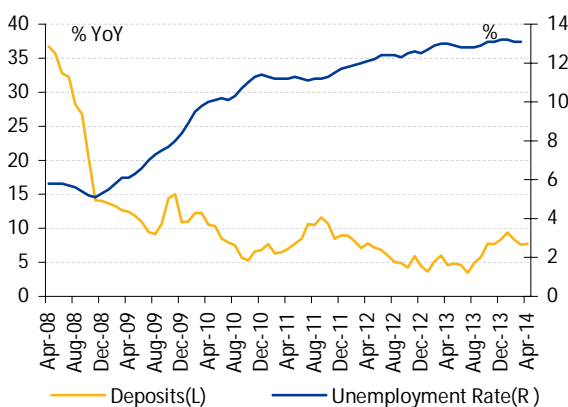
1.8 FX Reserves & Monetary Base



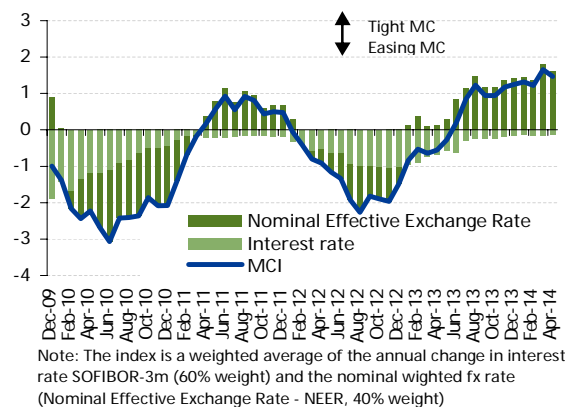
1.9 Unemployment Rate, NPLs & Capital Adequacy



2.0 Deposits & Unemployment Rate



2.1 Monetary Conditions Index (MCI)

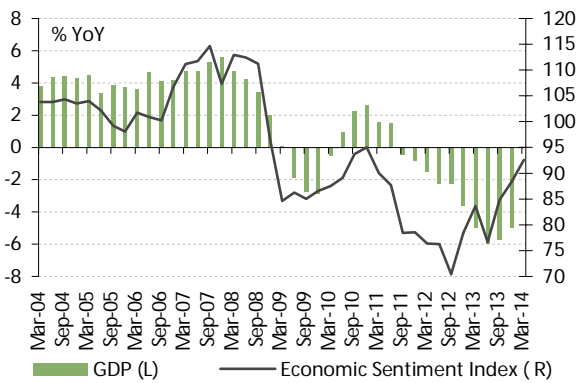


Source: Piraeus Bank Research, Datastream, National Sources, BIS

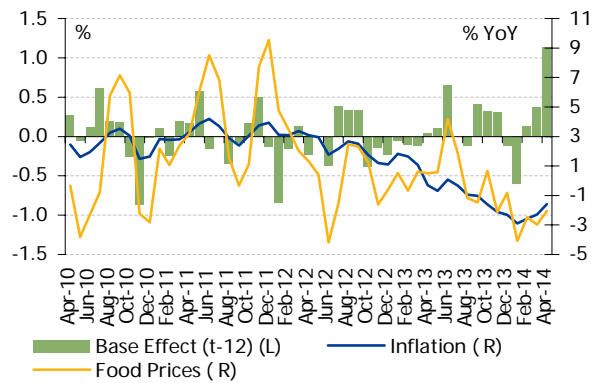
C. CYPRUS

- The troika has completed the fourth review of Cyprus's economic program, noting that fiscal targets for the first quarter of 2014 were met by a considerable margin due to better than expected revenue performance and budget implementation. Progress has also been made with regard to the recapitalisation and consolidation of the cooperative credit sector and banking sector restructuring leading to a further easing of temporary restrictive measures on transactions. Furthermore, the troika has revised its estimate of real GDP for 2014 to 4.2% from 4.8% due to the better than expected outcome for 2013 and other recent indicators pointing to gains in confidence. For 2015, real GDP growth was revised to 0.4% from 0.9% due to high unemployment and non-performing loans which will restrict lending. The key challenges are to effectively reduce non-performing loans, maintain public finances on a sustainable path and strengthen institutional reforms.
- In March, industrial production contracted by 1.3%, from decreases of 2.4% in February and 18.6% in March 2013. In the tourism sector, tourism arrivals in April increased by 11.4% YoY from decreases of 16.3% in March and 14.3% in April 2013. (Graph 1.5)
- In January-April 2014 the fiscal surplus widened to 0.9% of GDP from 0.1% in January-April 2013 due to the decrease in public spending of 4.4% YoY, as wages decreased by 4.7% YoY. Public revenues, in January-April 2014, increased by 1.0% YoY due to the increase in tax revenues. (Graph 1.2)
- Private sector credit contracted by 9.9% YoY in April 2014 from 1.0% in April 2013, as business and household loans both contracted. Private sector deposits contracted by 10.3% YoY in April from -16.0% in April 2013, as residents' deposits contracted by 10.9% from -21.3% for the same months. (Graph 2.0)

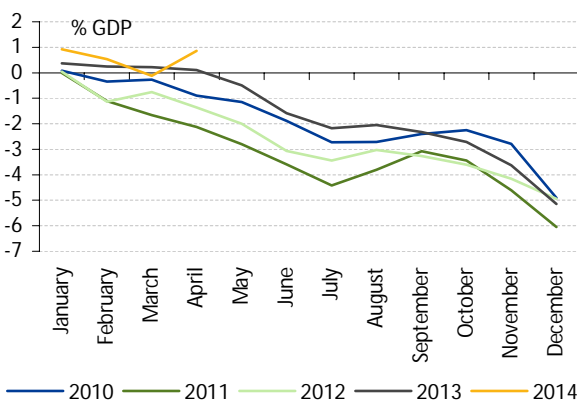
1.0 Real GDP & Economic Sentiment Indicator (ESI)



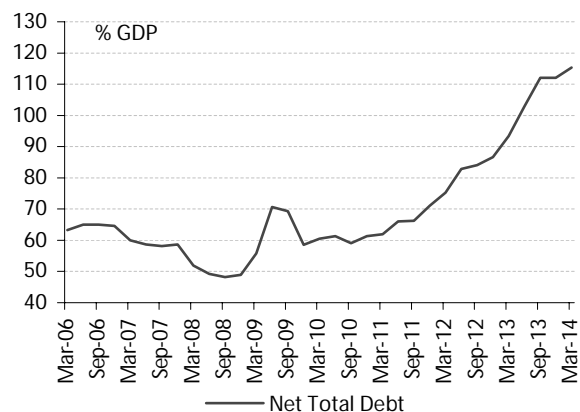
1.1 Inflation & Base Effect



1.2 Fiscal Balance



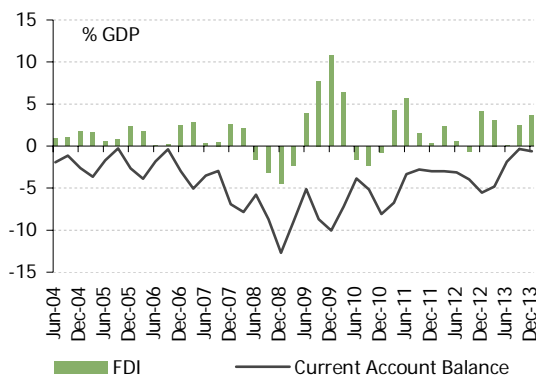
1.3 Public Debt



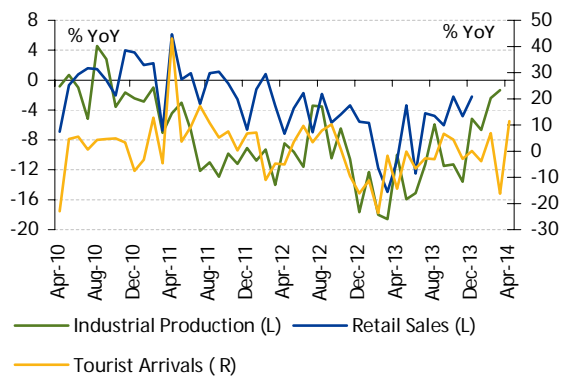
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

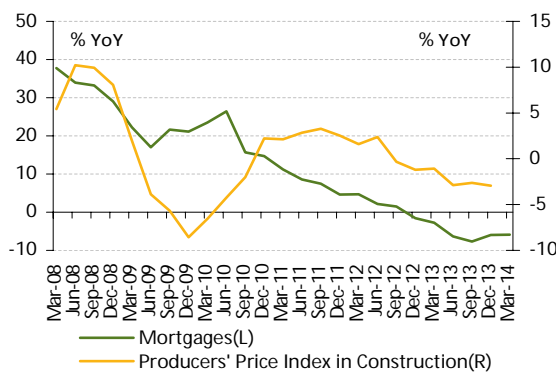
1.4 Current Account Balance (6m MA)



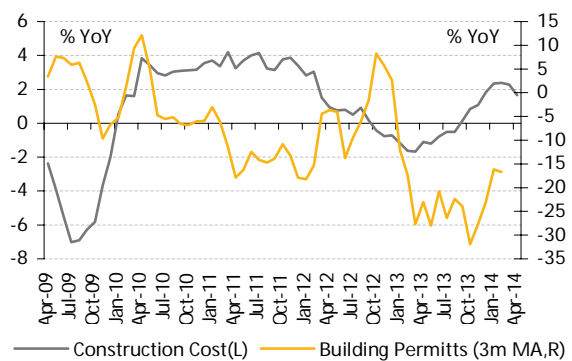
1.5 Industrial Production, Retail Sales & Tourist Arrivals



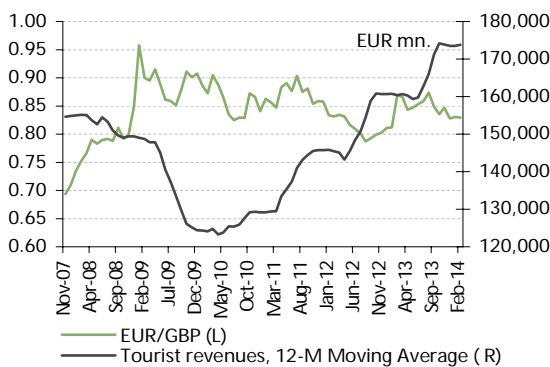
1.6 Mortgage Loans & Producer's Price Index in Construction



1.7 Construction Cost & Building Permits



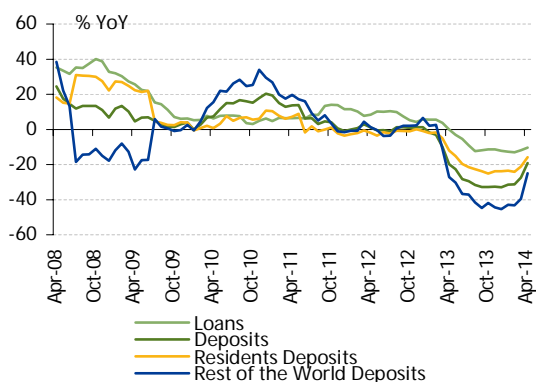
1.8 EUR/GBP & Tourism Revenues



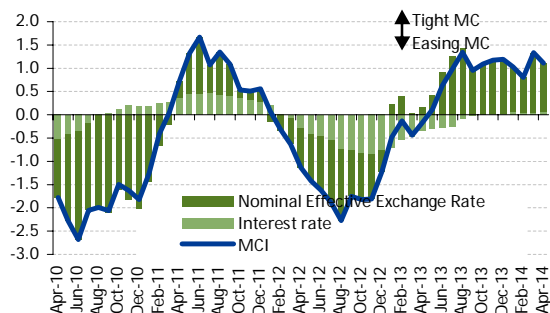
1.9 Unemployment Rate



2.0 Loans & Deposits



2.1 Monetary Conditions Index (MCI)



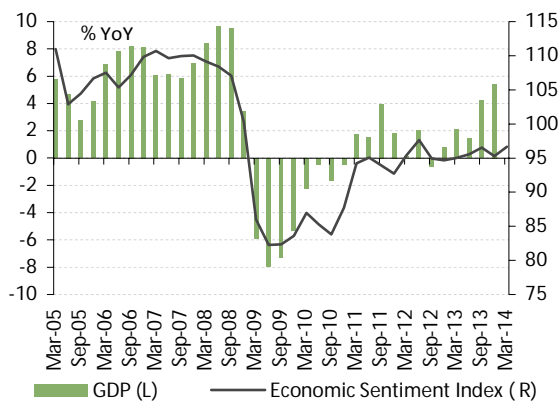
Note: The index is a weighted average of the annual change in interest rate EURIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER. 40% weight)

Source: Piraeus Bank Research, Datastream, National Sources

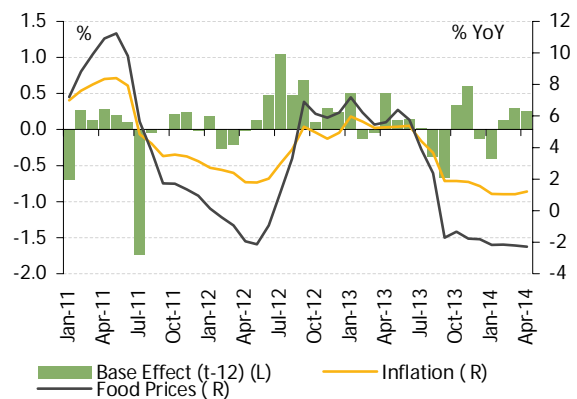
D. ROMANIA

- In January-April, the fiscal deficit moderated to 0.3% of GDP from 1.2% in January-April 2013 due to a decline in public spending to 10.5% of GDP from 11.5% for the same periods. In January-April, revenues decreased to 10.2% of GDP from 10.3% in the same period in 2013. (Graph 1.2)
- In January-March, the current account deficit amounted to 0.2% of GDP compared to a balanced account in January-March 2013, due to the improvement in the trade deficit to 0.37% from 0.39% and the improvement in the income deficit during the same periods. The current account balance was financed, as net FDIs stood at 0.4% in January-March from 0.3% for the same period last year. (Graph 1.3)
- In March, gross external debt moderated to 62.7% of GDP from 67.7% in 2013. Both medium and short-term external debt declined. (Graph 1.7)
- Private sector credit contracted in April, for the 14th consecutive month, by 0.8% YoY from -2.1% in April last year. Local currency loans increased at a faster rate, but foreign currency loans contracted further. Business loans contracted in April by 1.9% from an increase of 0.5% in April last year, while household loans increased by 0.6% from -2.5% for the same months. However, private sector deposits increased in April at a faster rate of 7.1% YoY from 4.8% in April 2013, while the liquidity ratio (loans/ deposits) was 101.5% from 109.6% for the same months. (Graphs 1.8 & 1.9)

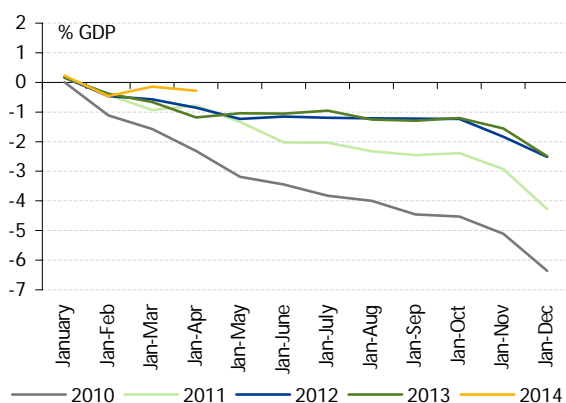
1.0 Leading Indicators



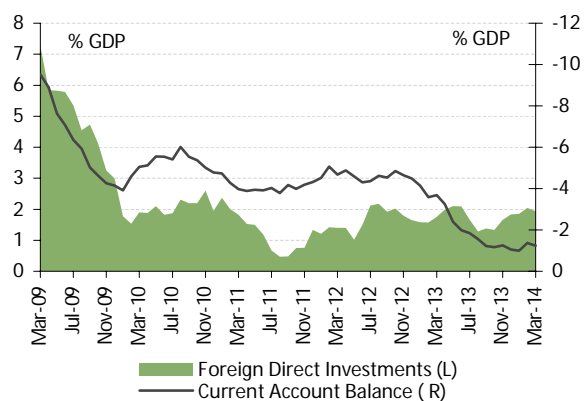
1.1 Inflation & Base Effect



1.2 Fiscal Balance



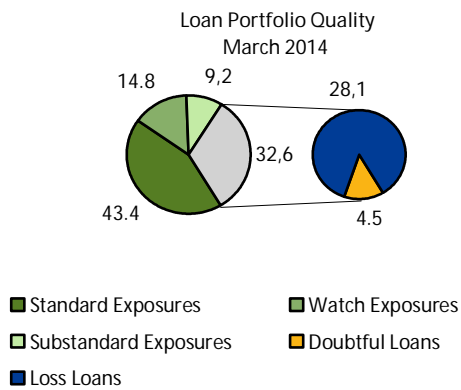
1.3 Current Account Balance & FDIs (12m rolling sum)



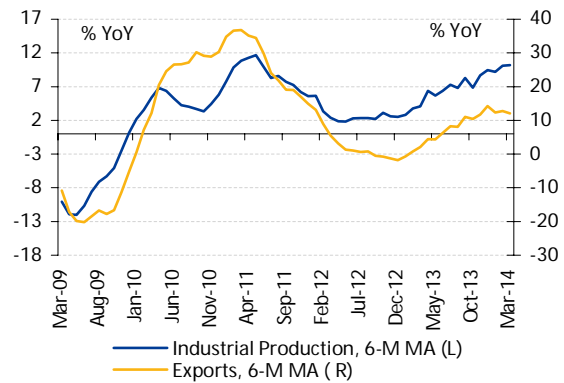
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

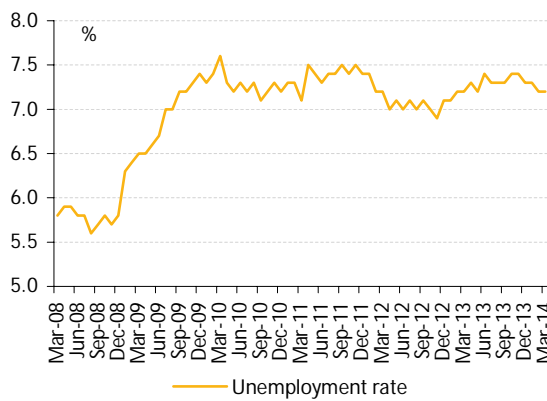
1.4 Loan Portfolio Quality



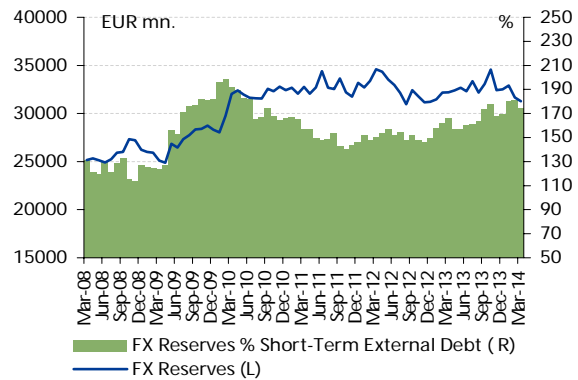
1.5 Industrial Production & Exports



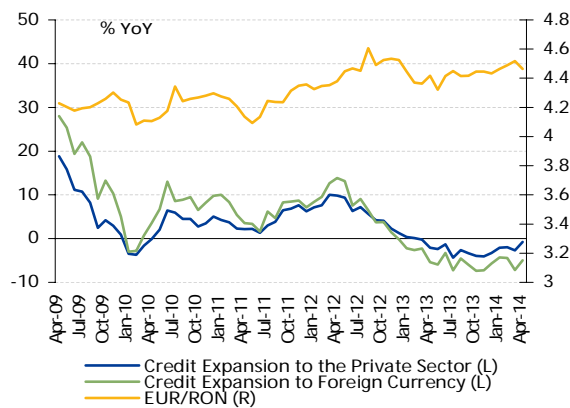
1.6 Unemployment Rate



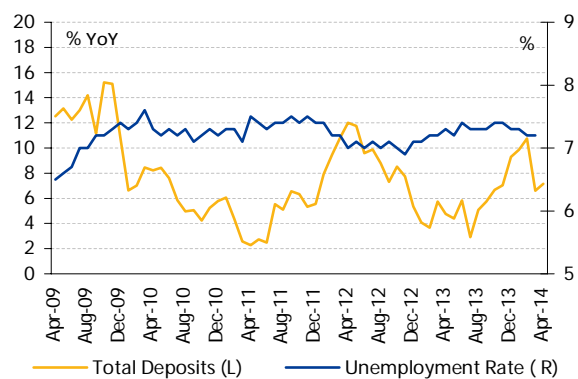
1.7 FX Reserves as % of Short-Term External Debt



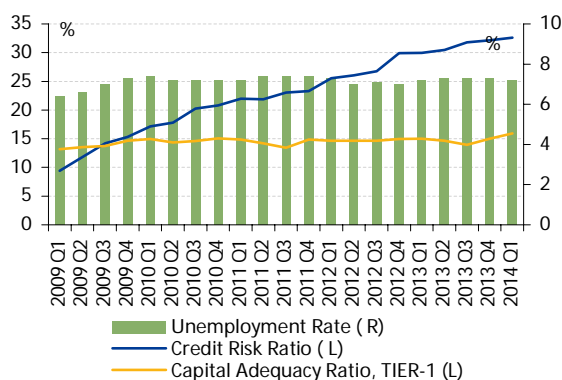
1.8 Credit Expansion & FX Rate



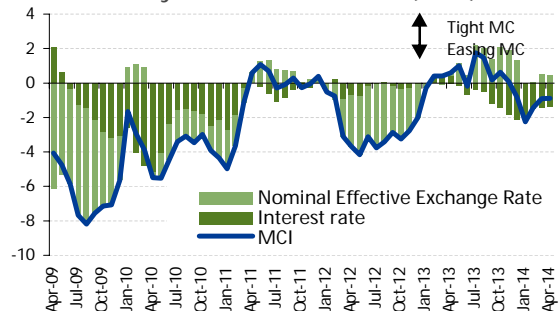
1.9 Deposits & Unemployment Rate



2.0 Unemployment Rate, NPLs & Capital Adequacy



2.1 Monetary Conditions Index (MCI)



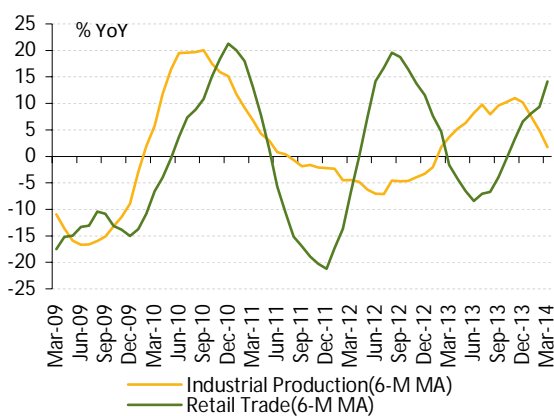
Note: The index is a weighted average of the annual change in interest rate BUBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

Source: Piraeus Bank Research, Datastream, National Sources

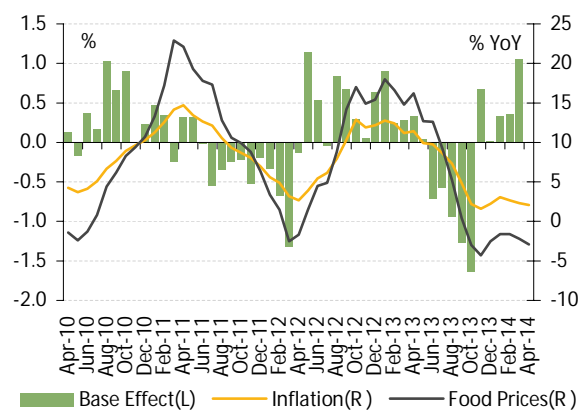
E. SERBIA

- The fiscal deficit in January-April improved significantly to 0.5% of GDP from 2.1% for the same period last year. (Graph 1.2)
- The current account deficit in January-March contracted to 1.0% of GDP from 1.9% in January-March 2013, due to a moderation in the trade deficit to 2.4% from 3.6% for the same periods. The current account deficit was financed by net FDIs, as the latter reached 0.5% of GDP in January-March, unchanged from the same period last year. (Graph 1.3)
- Private sector credit contracted in April to 3.8% YoY from a decrease of 1.3% in April last year, as loans to businesses contracted, and household lending increased at a faster rate. Private sector deposits in April increased by 3.3% YoY from 9.9% in April last year. (Graph 2.0)
- In April 2014, public debt increased to 62.7% of GDP from 63.8% in December 2013. (Graph 1.6)

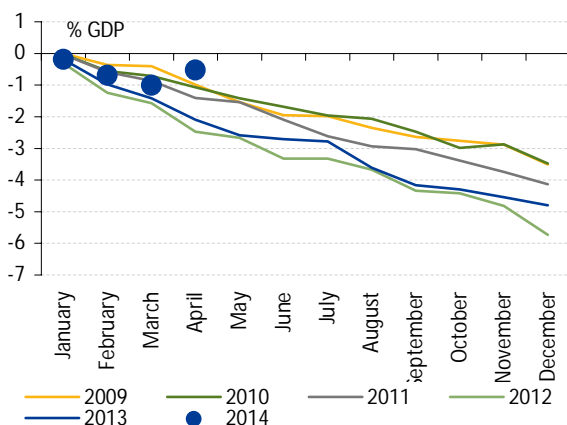
1.0 Leading Indicators



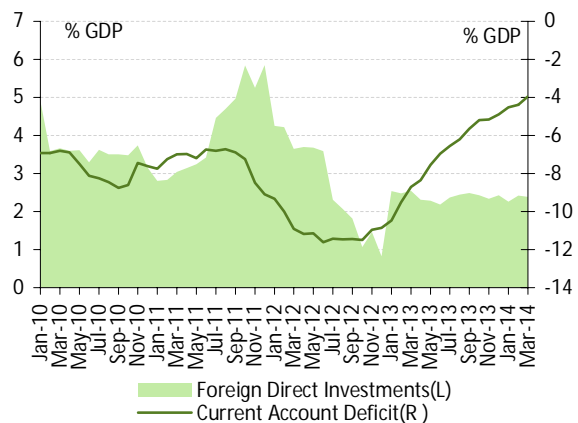
1.1 Inflation & Base Effect



1.2 Fiscal Balance



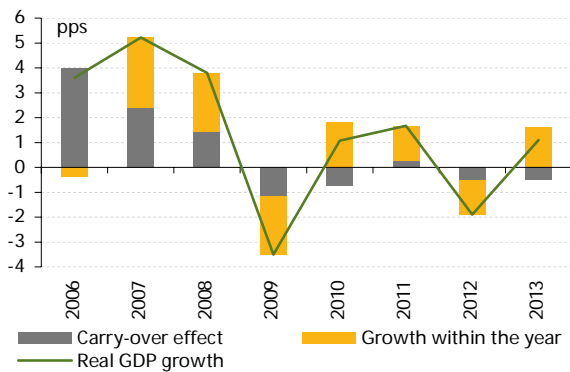
1.3 Current Account Balance & FDIs (12m rolling sum)



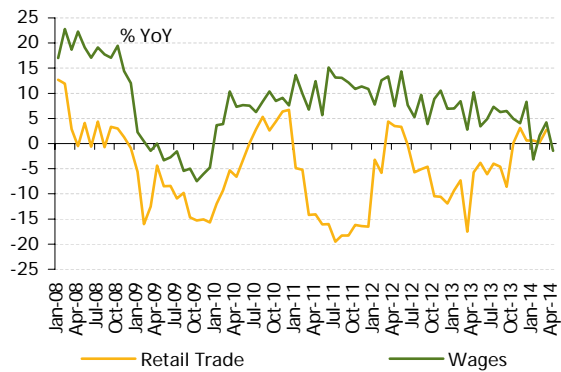
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

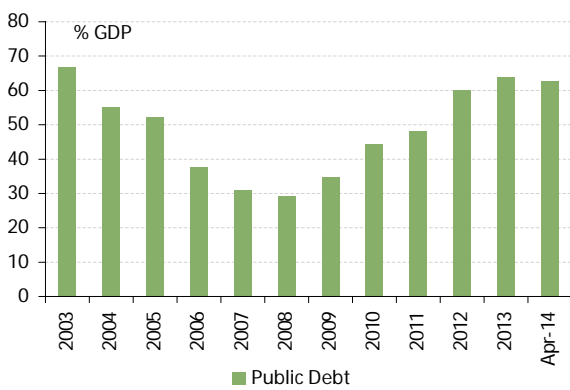
1.4 Carry Over Effect



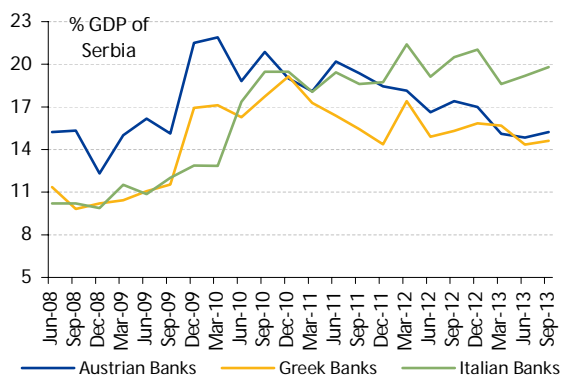
1.5 Retail Sales & Real Wages



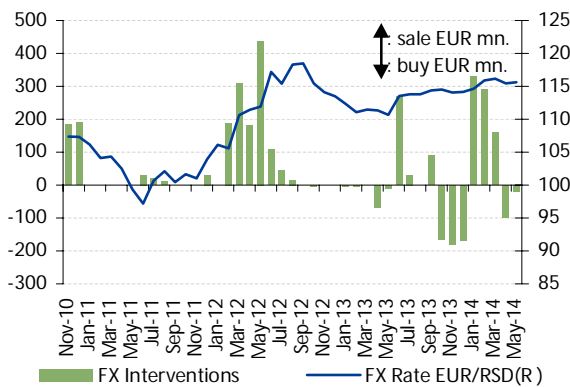
1.6 Public Debt



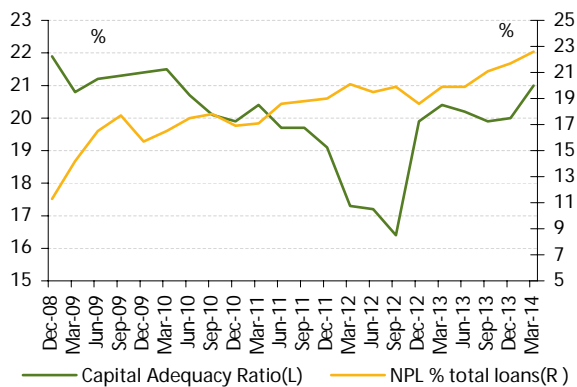
1.7 Foreign Claims



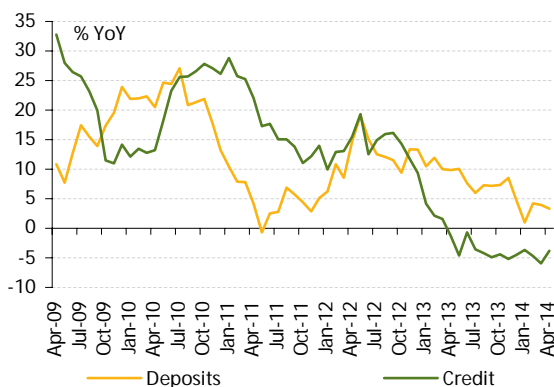
1.8 Central Bank Interventions in the Domestic FX Market & EUR/RSD



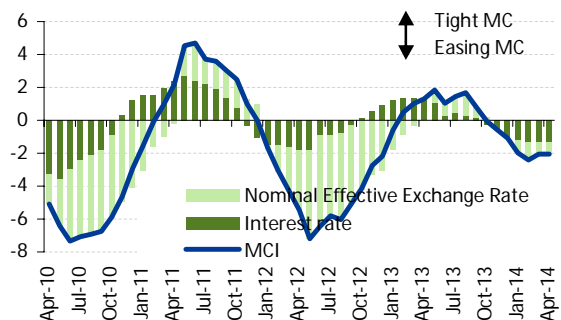
1.9 Capital Adequacy & NPLs



2.0 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 - NEER, 40% weight)

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

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