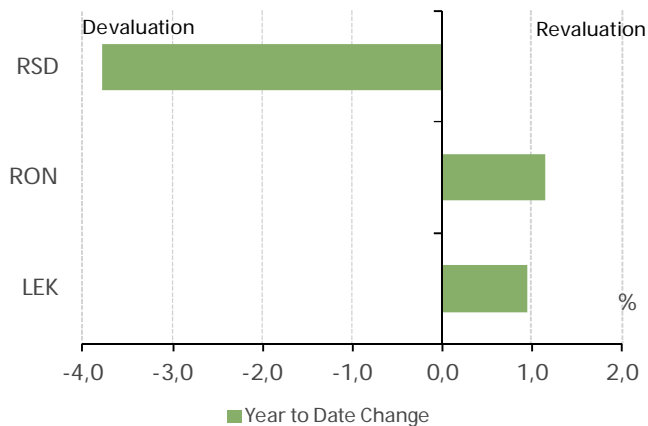




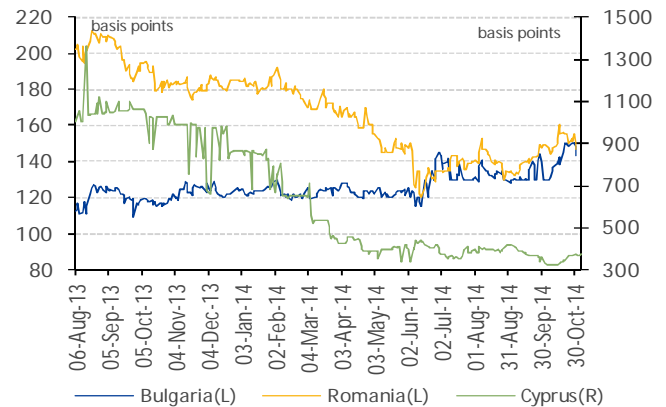
## ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

- On October 27th, the Bank of Albania (BoA), decided to keep the key policy rate at 2.5% for the fourth consecutive month, as it is estimated that the current monetary policy provides the conditions necessary to achieve the BoA inflation target.
- According to Eurostat's second estimate, Bulgaria's general government deficit in 2013 was revised downwards to 1.2% of GDP from 1.5% in the first estimate, due to the decline in public spending. Public debt in 2013 was revised downwards to 18.3% of GDP from 18.9% in the first estimate.
- On October 24th, the international rating agency Standard and Poor's revised upwards Cyprus' long-term foreign and local currency sovereign ratings to B+ from B and with stable outlook. Additionally, on the same day, the international rating agency, Fitch Ratings revised Cyprus's outlook to positive from stable and affirmed its long-term foreign and local currency Issuer Default Ratings (IDRs) at B-. The significant fiscal consolidation and better than expected economic activity in 2014H1 are the main reasons for the upgrades.
- On October 17th, the international rating agency Standard and Poor's, affirmed Romania's long and short-term foreign and local currency sovereign ratings at BBB-/A-3 respectively with stable outlook. The positive expectations for economic activity as well as the country's prudent fiscal policy are the main reasons for the affirmation, while the stable outlook reflects the estimate that the fiscal adjustment will cover any external imbalances risks.
- According to the flash estimate of the Statistical Office, Serbia's real GDP in 2014Q3 contracted significantly as expected to 3.6% YoY from a decrease of 1.1% in 2014Q2 and an increase of 3.8% in 2013Q3. The main reasons for this contraction were the May floods, as well as the high base effect from the previous year.

Bilateral Exchange Rates vs. the Euro (31<sup>st</sup> October 2014)



CDS 5Y USD



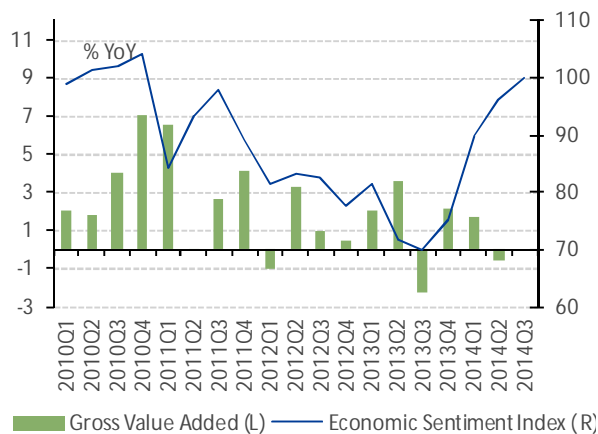
|          | S&P Rating View | Recent S&P Action Outlook/Action |
|----------|-----------------|----------------------------------|
| Albania  | B               | POSITIVE                         |
| Bulgaria | BBB-            | STABLE                           |
| Cyprus   | B+              | STABLE                           |
| Romania  | BBB-            | STABLE                           |
| Serbia   | BB-             | NEGATIVE                         |
| Ukraine  | CCC             | STABLE                           |

Source: Piraeus Bank Research, Datastream, Bloomberg

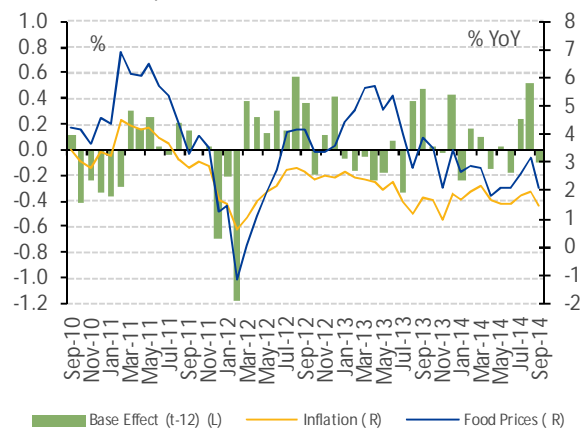
## A. ALBANIA

- In 2014Q3, the economic sentiment indicator increased to its highest level since 2011, reaching 100 from 96.2 in Q2 2014 and 70.0 in 2013Q3. The current level of 100 is the threshold that separates positive from negative replies in the survey conducted. This significant improvement in the economic sentiment indicator in 2014Q3 was mainly due to the improved sentiment in the majority of the sectors of the economy, mainly in the industry, construction and services sectors. The trade sector, however, contributed negatively to the economic sentiment indicator in 2014Q3. (Graph 1.0)
- In January-September, the fiscal deficit moderated significantly to 2.2% of GDP from 4.4% in January-September 2013, as revenues increased to 19.1% from 17.5% for the same periods. Public spending contracted to 21.3% in January-September from 21.9% for the same period last year. (Graph 1.2)
- In September, private sector credit increased for the third consecutive month after fifteen months of contraction. Specifically, lending increased by 1.7% YoY in September from 2.2% YoY in August and -2.6% in September 2013. Business loans in September increased by 2.7% from an increase of 3.2% in August and a decrease of 3.7% in September last year, while loans to households increased by 0.4% YoY from 0.8% and 0.4% for the same months. Total deposits in September increased at a slower rate of 0.1% from 1.1% in August and 3.3% for the same month in 2013. (Graph 1.5 & 1.8)

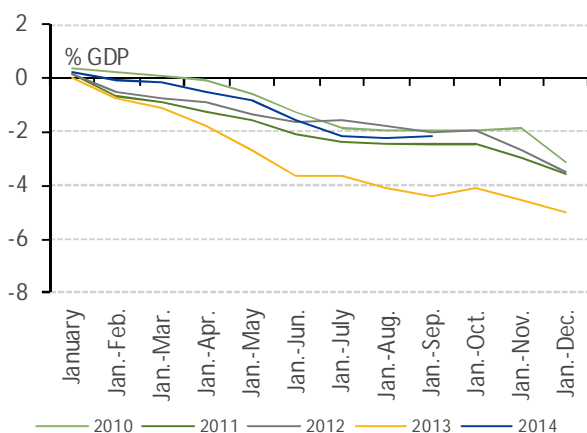
1.0 Real GDP & Economic Sentiment Index



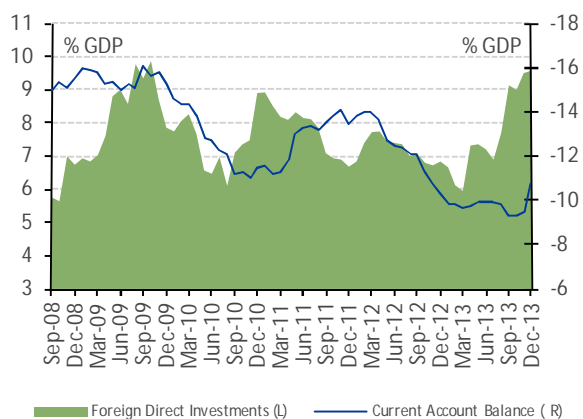
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



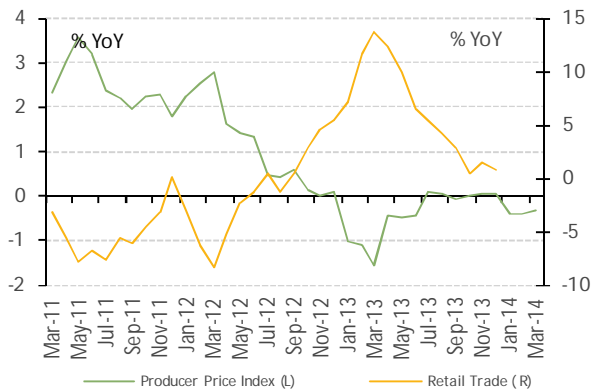
1.3 Current Account Balance & FDIs (12m rolling sum)



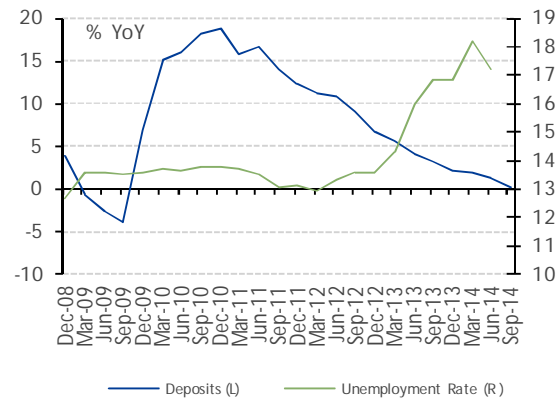
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

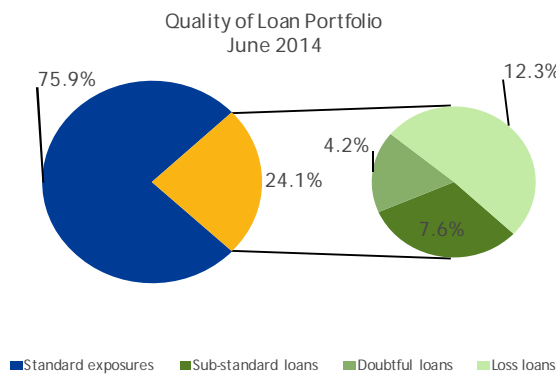
### 1.4 Producer Price Index & Retail Trade



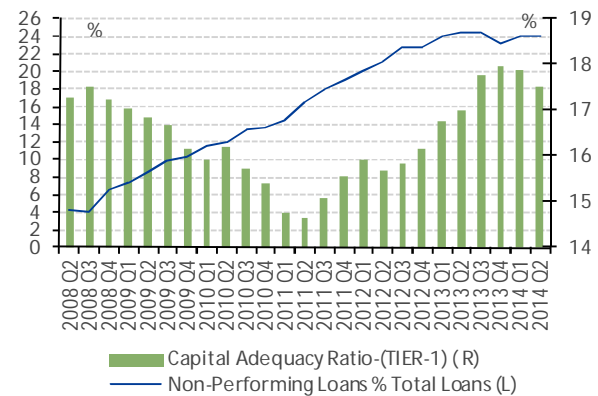
### 1.5 Total Deposits & Unemployment Rate



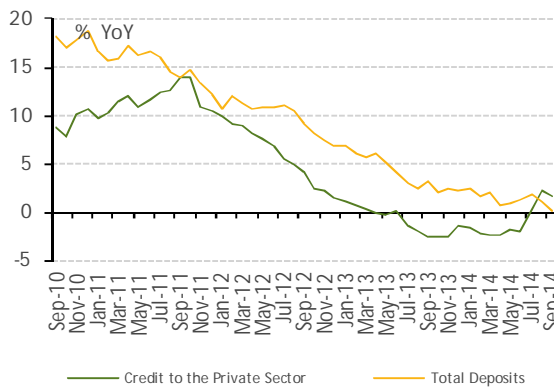
### 1.6 Quality of Loan Portfolio



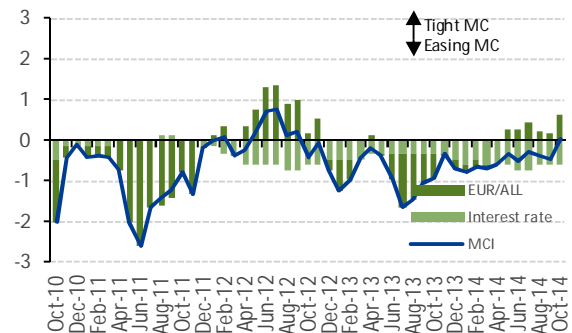
### 1.7 NPLs & Capital Adequacy Ratio



### 1.8 Credit Expansion & Total Deposits

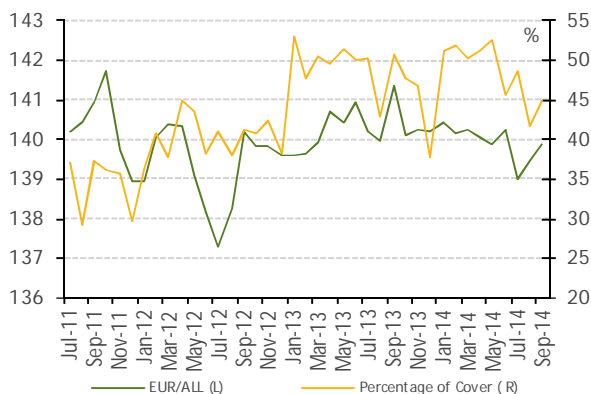


### 1.9 Monetary Conditions Index (MCI)

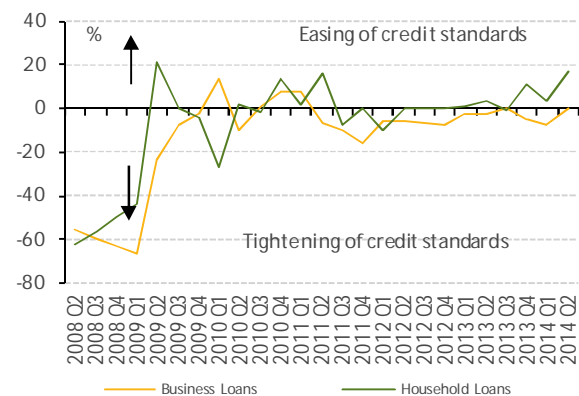


Note: The index is a weighted sum of the annual change in the policy rate (60% weight) and the fx rate (40% weight).

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



### 2.1 Central Bank's Lending Survey

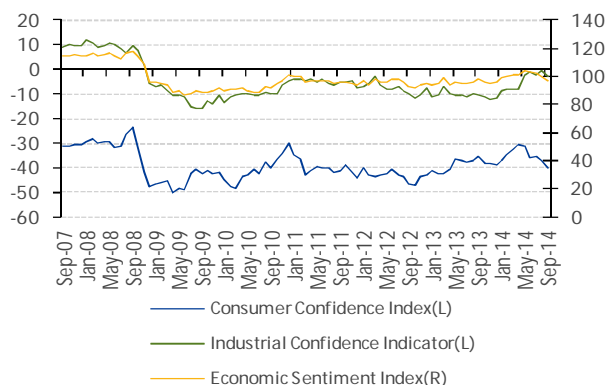


Source: Piraeus Bank Research, Datastream, National Sources

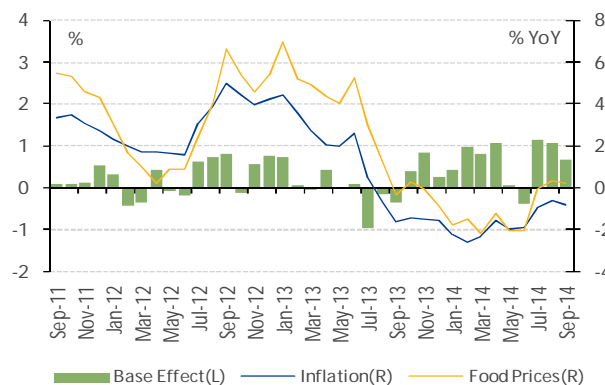
## B. BULGARIA

- In September, foreign exchange reserves increased by 4.9% YoY compared to a decrease of 0.3% in September 2013. In August, reserves covered 148.3% of the short-term gross external debt from 123.1% for the same month last year
- In September, private sector credit increased at a faster rate of 2.0% YoY from 0.7% in September 2013, while business loans increased by 3.0% from 1.4% for the same months. Household lending increased marginally by 0.1% in September compared with a decrease of 0.6% in September 2013, whereas private sector deposits increased at a faster rate of 6.2% YoY from 5.8% for the same months. Finally, in September, the liquidity ratio (loans/deposits) moderated to 75.4% from 78.5% in September last year. (Graph 2.0)

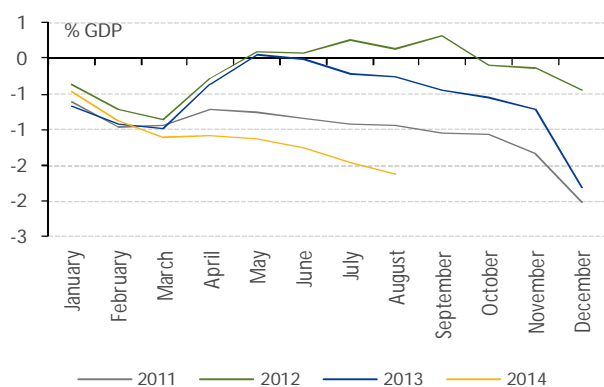
### 1.0 Leading Indicators



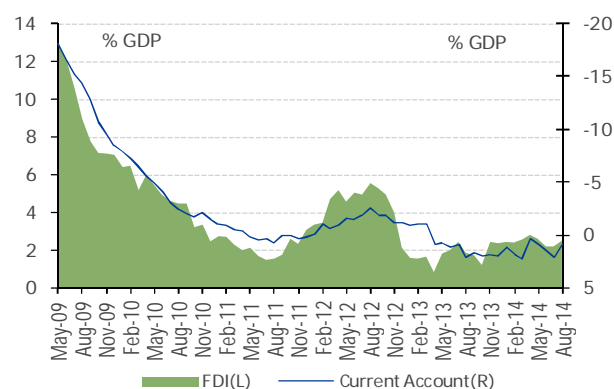
### 1.1 Inflation & Base Effect



### 1.2 Fiscal Balance



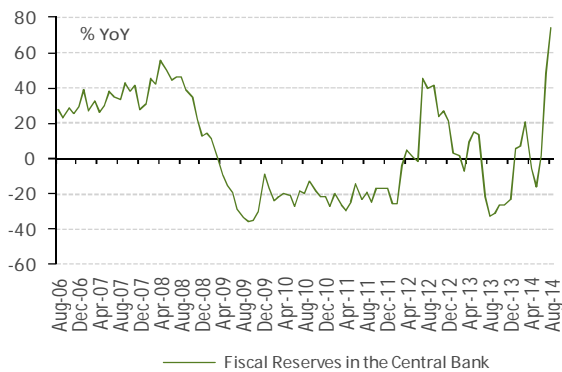
### 1.3 Current Account Balance & FDIs (12m rolling sum)



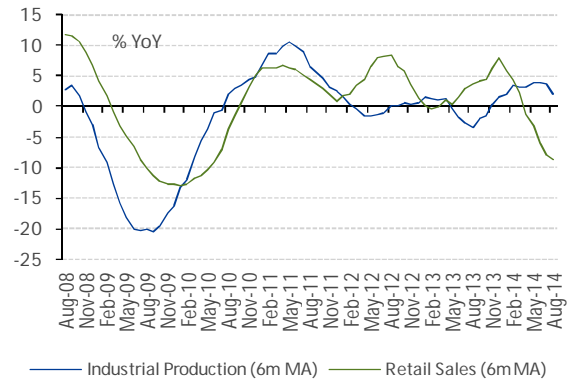
Source: Piraeus Bank Research, Datastream, National Sources

ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

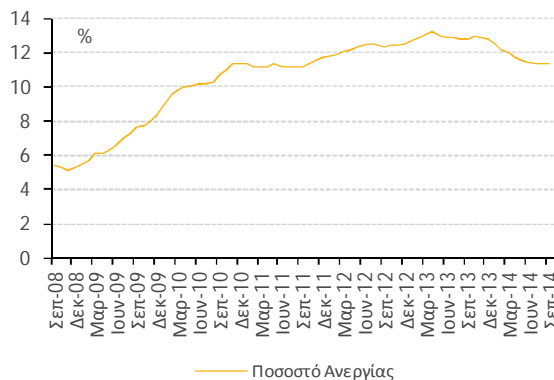
### 1.4 Fiscal Reserves



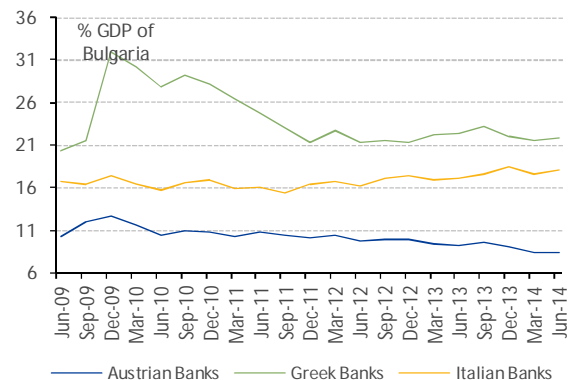
### 1.5 Industrial Production & Retail Sales



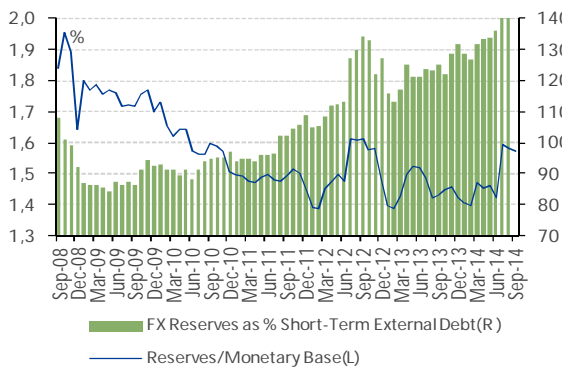
### 1.6 Unemployment Rate



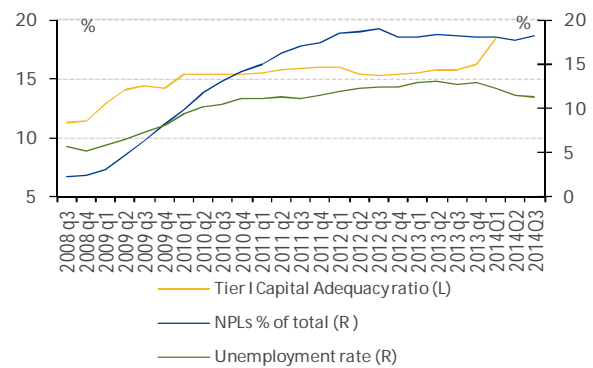
### 1.7 Foreign Claims



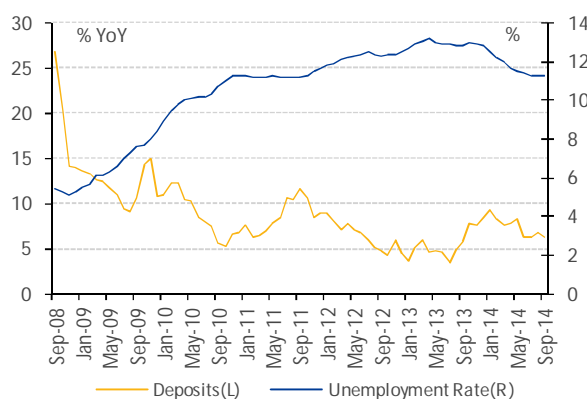
### 1.8 FX Reserves & Monetary Base



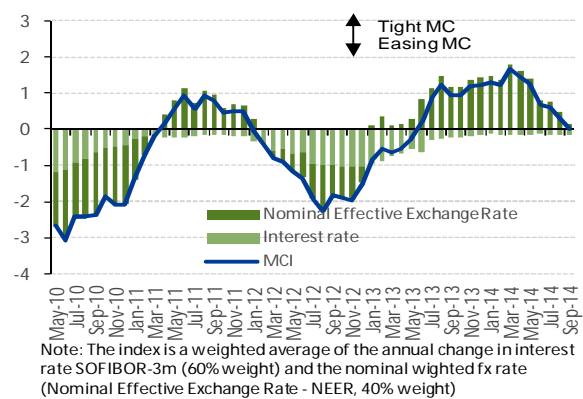
### 1.9 Unemployment Rate, NPLs & Capital Adequacy



### 2.0 Deposits & Unemployment Rate



### 2.1 Monetary Conditions Index (MCI)

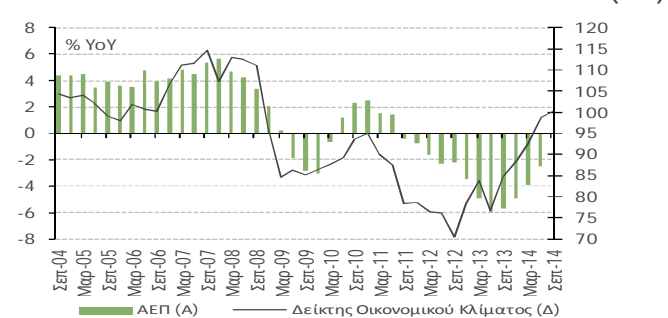


Source: Piraeus Bank Research, Datastream, National Sources, BIS

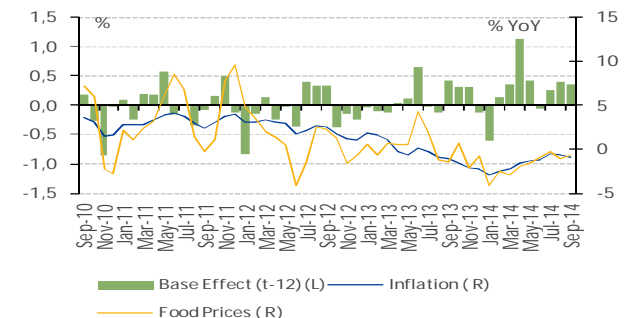
## C. CYPRUS

- On October 24th, the international rating agency Standard and Poor's revised upwards its long-term foreign and local currency sovereign credit ratings to B+ from B and with stable outlook. The main reasons behind this upgrade are: Cyprus' strong commitment to the economic adjustment programme, the better than expected economic recovery in the current year (with the services sector being particularly resilient), the fiscal consolidation with the deficit reduction and finally the expectation that the programme will continue despite the recent delays in Cyprus' parliament adopting the foreclosure bill. On October 24th, the international rating agency, Fitch Ratings revised Cyprus's outlook to positive from stable and affirmed its long-term foreign and local currency Issuer Default Ratings (IDRs) at B-. The outlook revision reflects the fiscal adjustment that is outperforming the programme targets, the better than expected economic recovery in 2014H1 and the issuance of new debt in 2014, just one year after the government signed the Memorandum of Understanding.
- In January-September, the fiscal balance turned to a surplus of 1.3% of GDP compared to a deficit of 2.5% in January-September 2013, as public spending contracted by 7.2% YoY. More specifically wages and other current transfers contracted by 4.8% and 10.2% respectively in January-September, while revenues increased by 4.5% YoY as tax revenues increased by 5.4% YoY. (Graph 1.2)
- In the tourism sector, tourism arrivals contracted in September – after five months of increases – by 11.5% YoY from increases of 5.9% in August and 6.7% in September last year. In August, tourism revenues decreased by 7.2% from a decrease of 5.1% in July and an increase of 12.0% in August last year. (Graph 1.5 & 1.8)
- In August, industrial production contracted by 0.4%, from an increase of 0.2% in July and a decrease of 5.6% in August last year, whereas retail sales increased by 1.5% YoY from 2.9% and a decrease of 4.8% for the same months. (Graph 1.5)
- Private sector credit in September, contracted at a slower rate of 2.6% YoY from a decrease of 10.7% in September 2013, as business and household loans both decreased. Private sector deposits contracted by 4.4% YoY in September from a decrease of 22.2% in September last year, whereas residents' deposits contracted by 3.4% from -14.7% for the same months. (Graph 2.0)
- According to Eurostat's second estimate, the general government deficit in 2013 was revised downwards to 4.9% of GDP from 5.4% in the first estimate, due to the decline in public spending. Public debt in 2013 was revised downwards to 102.2% of GDP from 111.7% in the first estimate.

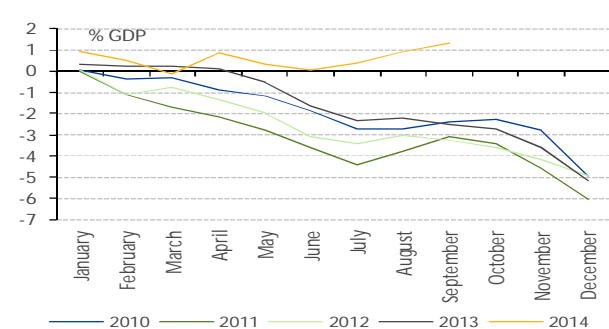
### 1.0 Real GDP & Economic Sentiment Indicator (ESI)



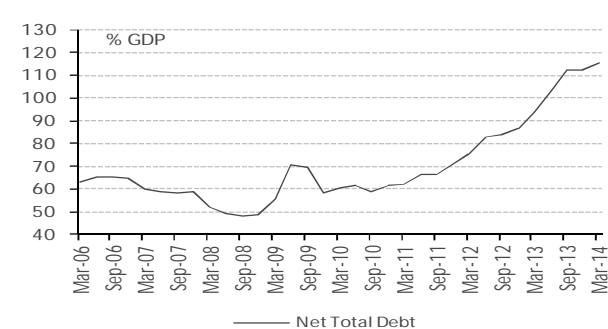
### 1.1 Inflation & Base Effect



### 1.2 Fiscal Balance



### 1.3 Public Debt

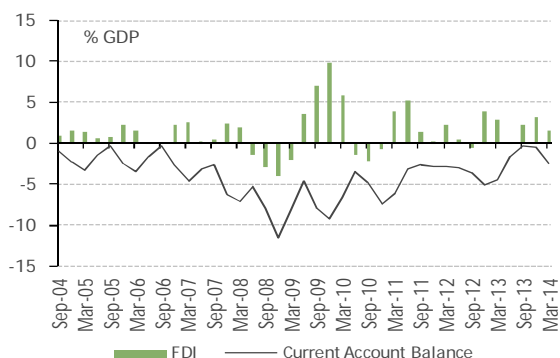


Source: Piraeus Bank Research, Datastream, National Sources

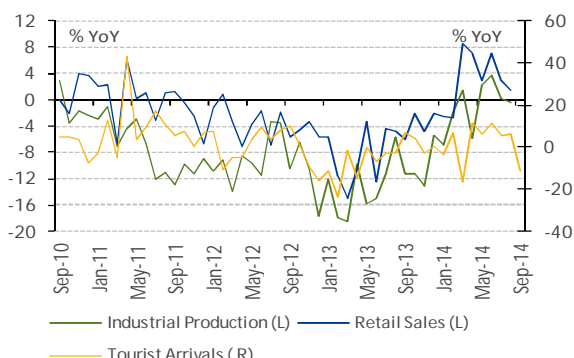


ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

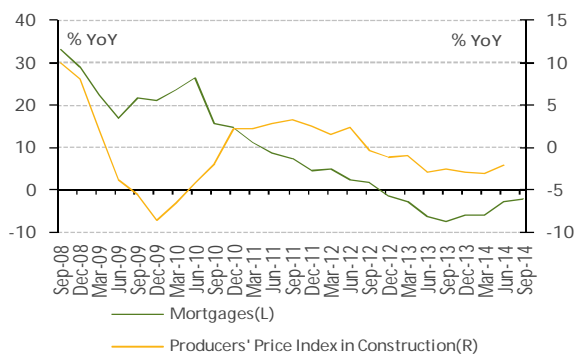
### 1.4 Current Account Balance (6m MA)



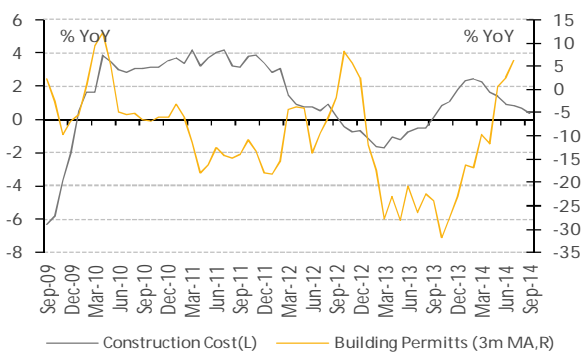
### 1.5 Industrial Production, Retail Sales & Tourist Arrivals



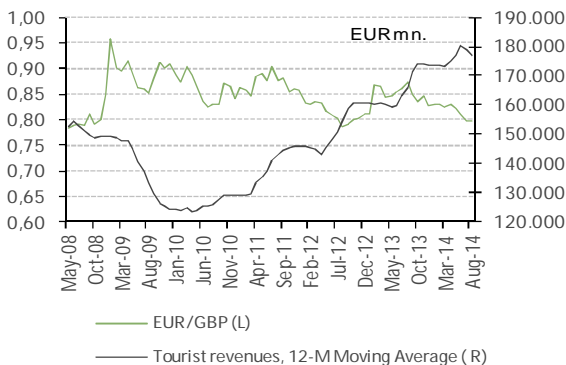
### 1.6 Mortgage Loans & Producer's Price Index in Construction



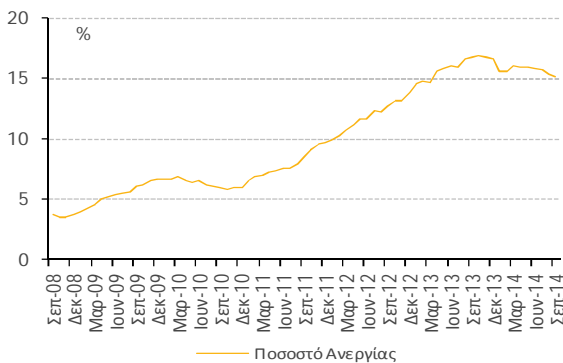
### 1.7 Construction Cost & Building Permits



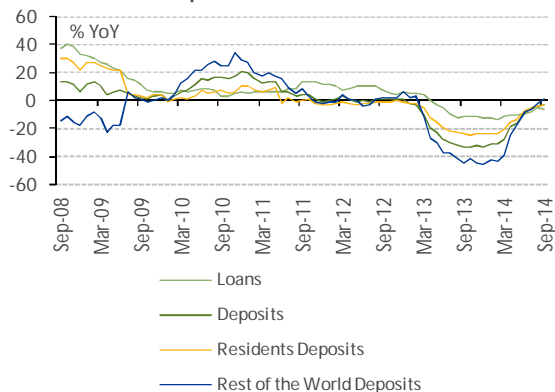
### 1.8 EUR/GBP & Tourism Revenues



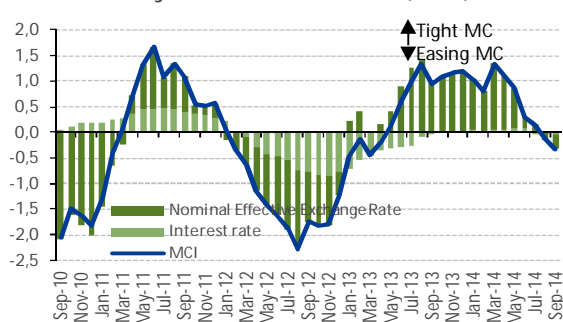
### 1.9 Unemployment Rate



### 2.0 Loans & Deposits



### 2.1 Monetary Conditions Index (MCI)



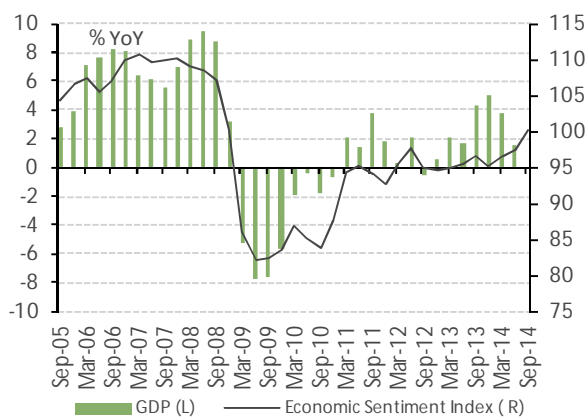
Note: The index is a weighted average of the annual change in interest rate EURIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

Source: Piraeus Bank Research, Datastream, National Sources

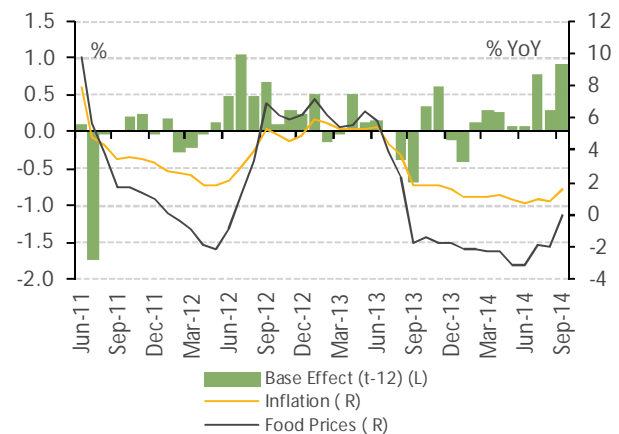
## D. ROMANIA

- Private sector credit contracted in September at a faster rate of 4.5% YoY from a decrease of 3.3% in September last year. Local currency loans increased at a faster rate, but foreign currency loans contracted further. Lending to businesses contracted in September by 6.2% from -4.2% in September last year, while household loans decreased by 2.5% from -2.3% for the same months. However, private sector deposits increased at a slower rate in September of 5.4% YoY from 5.7% in September 2013, while the liquidity ratio (loans/deposits) was 98.4% from 108.6% for the same months. (Graphs 1.8 & 1.9)
- In January-September, the fiscal balance turned to a surplus of 0.1% of GDP compared to a deficit of 1.3% in January-September 2013, as public spending contracted to 23.3% of GDP from 24.8% for the same periods. Public revenues in January-September amounted to 23.4% of GDP from 23.5% for the same period last year. (Graph 1.2)
- According to Eurostat's second estimate, the general government deficit in 2013 was revised marginally downwards to 2.2% of GDP from 2.3% in the first estimate, due to the increase in public revenues. Public debt in 2013 was revised downwards to 37.9% of GDP from 38.4% in the first estimate.

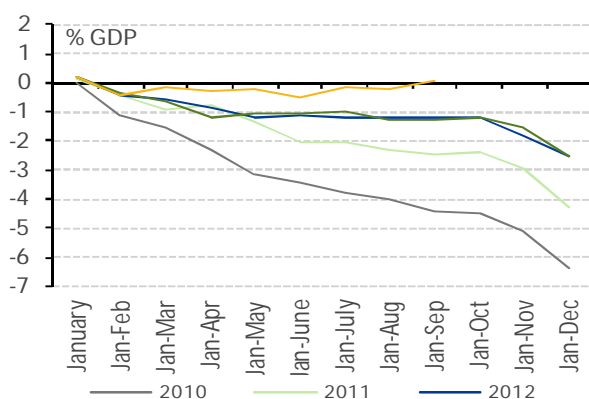
### 1.0 Leading Indicators



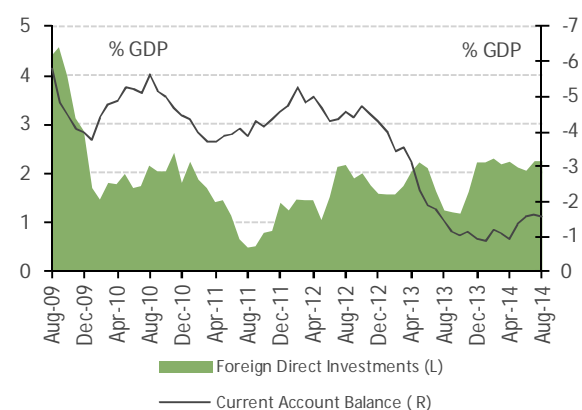
### 1.1 Inflation & Base Effect



### 1.2 Fiscal Balance



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

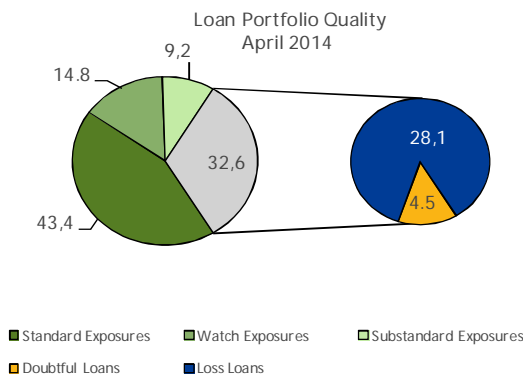


Source: Piraeus Bank Research, Datastream, National Sources

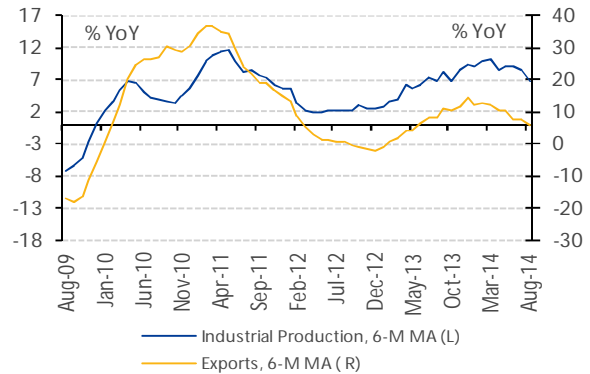


ECONOMIC INDICATORS BULLETIN FOR SOUTH-EASTERN EUROPE

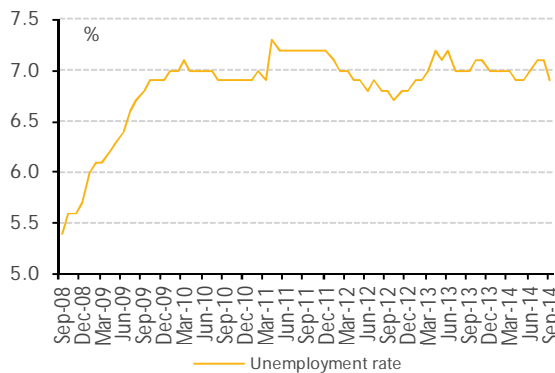
### 1.4 Loan Portfolio Quality



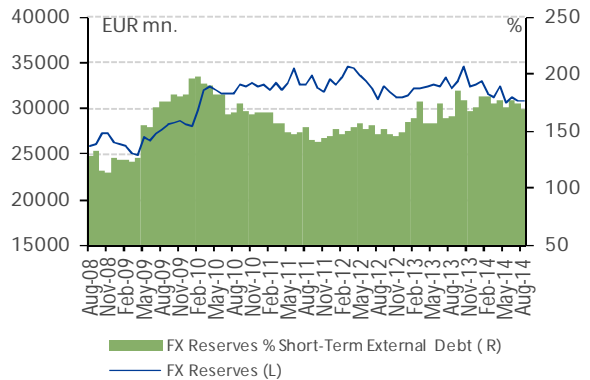
### 1.5 Industrial Production & Exports



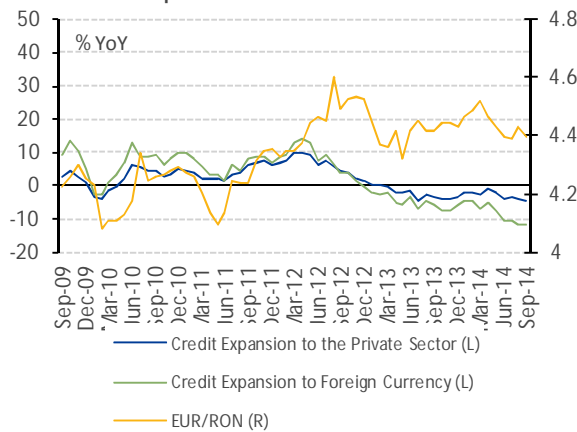
### 1.6 Unemployment Rate



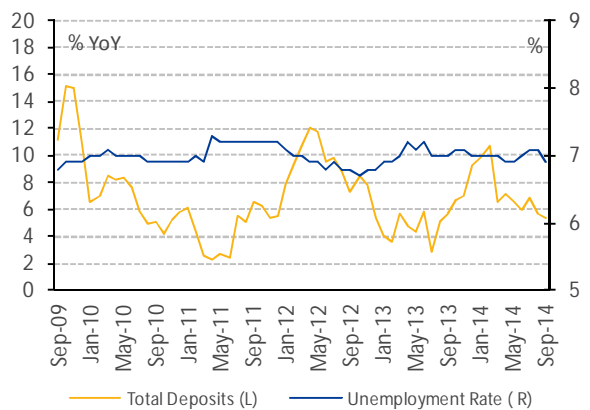
### 1.7 FX Reserves as % of Short-Term External Debt



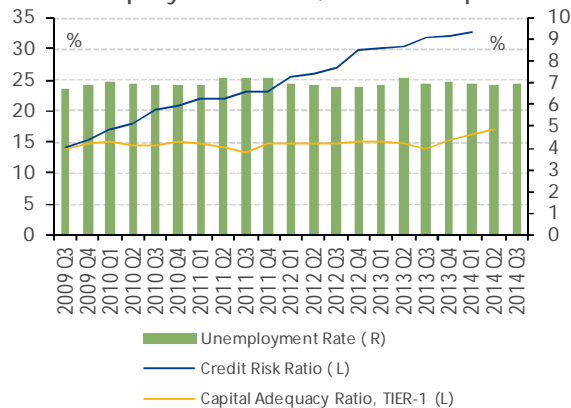
### 1.8 Credit Expansion & FX Rate



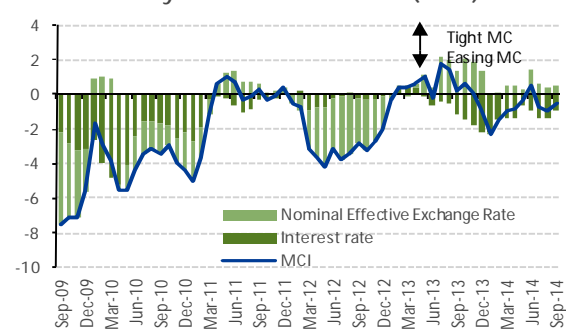
### 1.9 Deposits & Unemployment Rate



### 2.0 Unemployment Rate, NPLs & Capital Adequacy



### 2.1 Monetary Conditions Index (MCI)



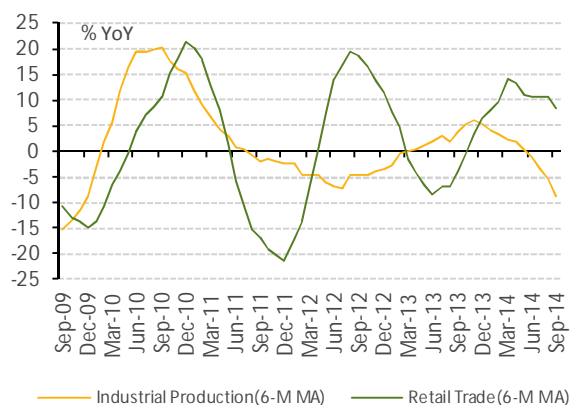
Note: The index is a weighted average of the annual change in interest rate BUBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40% weight)

Source: Piraeus Bank Research, Datastream, National Sources

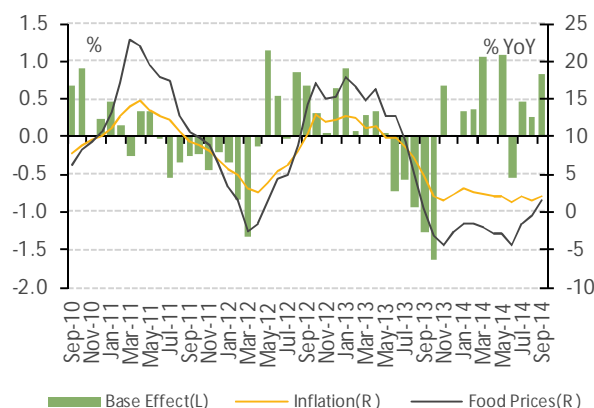
## E. SERBIA

- In 2014Q3, the unemployment rate moderated significantly to a historical low of 17.6% from 17.6% from 20.3% in 2014Q2 and 22.1 in 2013.
- Private sector credit contracted in September at a slower rate of 0.3% YoY from a decrease of 4.9% in September last year, as loans to businesses contracted, and household lending increased further. Private sector deposits in September increased by 6.3% YoY from 7.2% in September last year. (Graph 2.0)

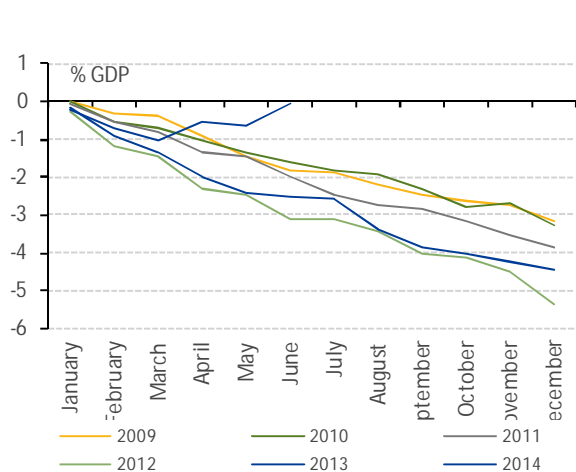
### 1.0 Leading Indicators



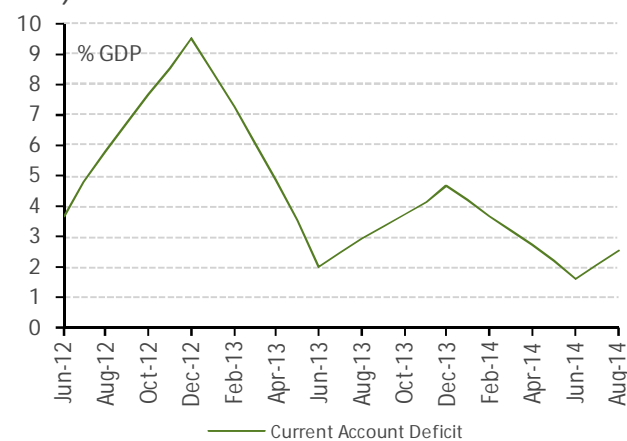
### 1.1 Inflation & Base Effect



### 1.2 Fiscal Balance

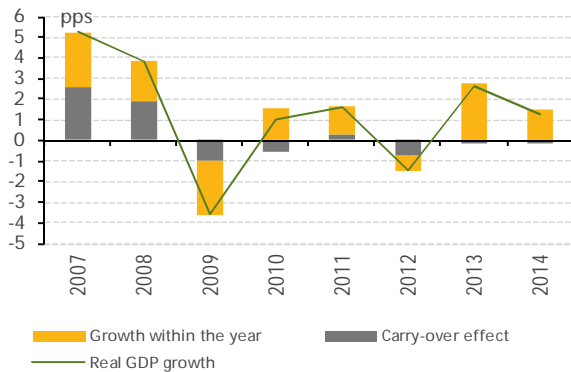


### 1.3 Current Account Balance & FDIs (12m rolling sum)

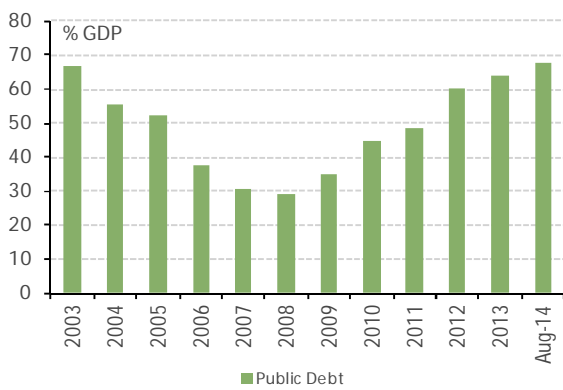


Source: Piraeus Bank Research, Datastream, National Sources

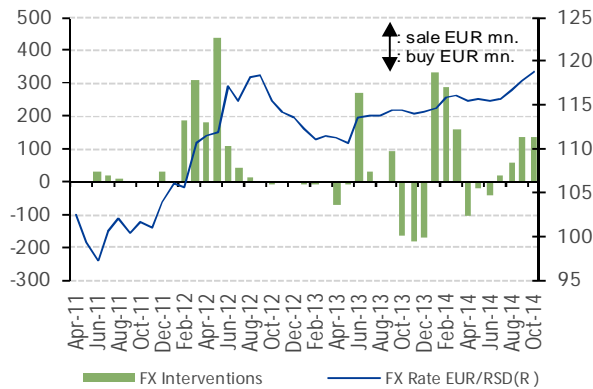
### 1.4 Carry Over Effect



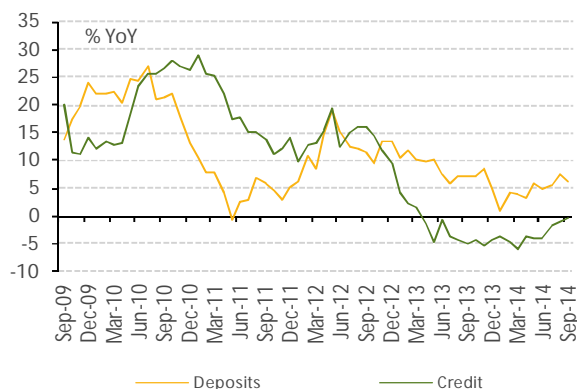
### 1.6 Public Debt



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

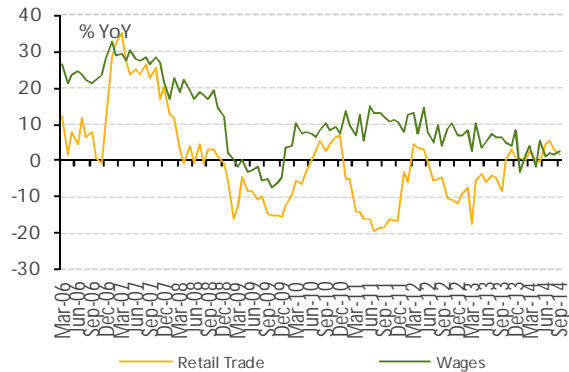


### 2.0 Private Sector Deposits & Credit

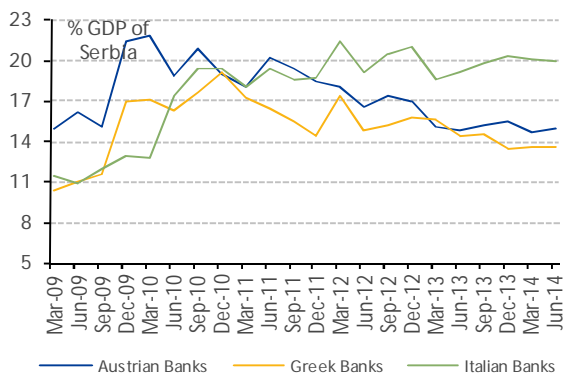


Source: Piraeus Bank Research, Datastream, National Sources, BIS

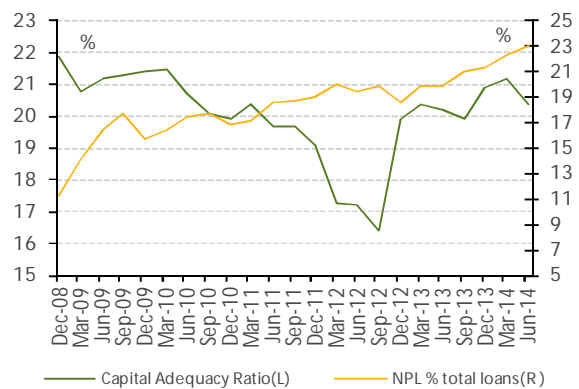
### 1.5 Retail Sales & Real Wages



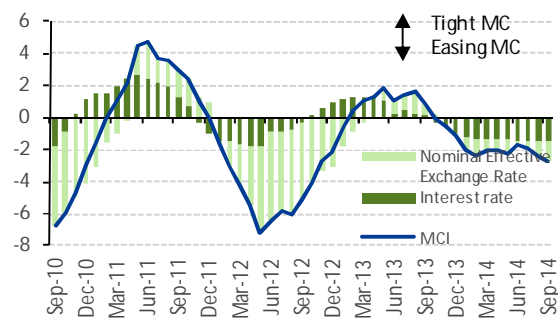
### 1.7 Foreign Claims



### 1.9 Capital Adequacy & NPLs



### 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).

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