



May 2016

ECONOMIC INDICATORS BULLETIN FOR SOUTHEASTERN
EUROPE

- *In Albania, in Q1-2016 the ratio of non-performing loans to total loans decreased to 18.9% compared to 22.7% in Q1-2015. In 2015, NPLs made up 17.4% of total loans from 22.8 in 2014.*
- *In Bulgaria, in Q1-2016 total NPLs moderated to 17.7% of total loans from 18.1% in 2015.*
- *In Cyprus, in Q1-2016 the ratio of NPLs to total loans reached 48.4% compared to 45.8% in 2015.*
- *In Romania, in Q1-2016 the ratio of NPLs to total loans declined to 13.5% from 20.2% in the same period last year.*
- *In Serbia, in Q1-2016 NPLs moderated to 20.9% of the total loan portfolio compared to 22.3% in 2015.*

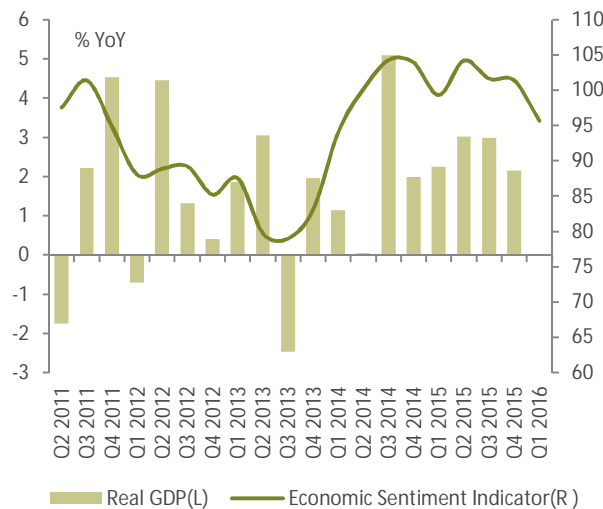
Piraeus Bank

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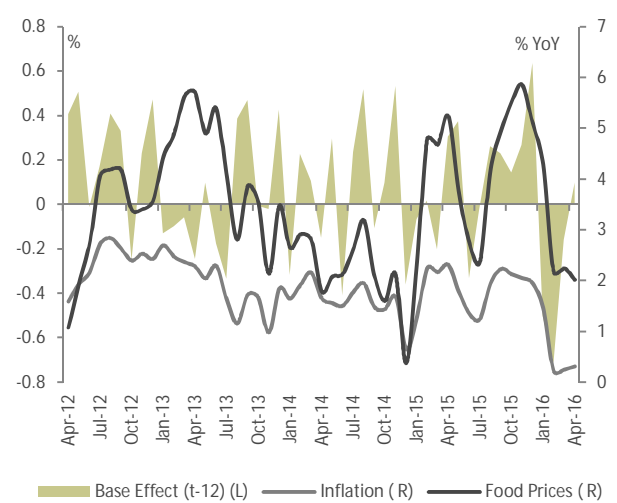
ALBANIA

- The fiscal balance in Jan-Apr turned to a surplus of 1.1% compared to a deficit of 0.2% in Jan-Apr 2015, due to the improvement in revenues and a decline in expenditures. Specifically, in Jan-Apr revenues increased to 8.5% of GDP from 8.3% in Jan-Apr last year, while public spending amounted to 7.5% from 8.6% in the same period. (Graph 1.2)
- In 2015, the current account deficit moderated to 11.1% of GDP from 12.9% in 2014. The main factors that contributed positively to the moderation of the current account deficit were the increase in the services surplus to 5.0% of GDP in 2015 from 3.2% in 2014, as well as the improvement of the secondary income to 7.4% from 7.2% for the same years. The trade deficit was 22.1% in 2015 unchanged from 2014, while the primary income deficit widened to 1.4% from 1.2% for the same years. (Graph 1.3)
- In April, private sector lending contracted by 1.8% YoY from 2.1% in April 2015, as business loans decreased by 3.0% from an increase of 1.9% for the same months. Loans to households increased marginally by 0.5% in April from 3.2% in April 2015, while deposits in the private sector increased at a slower rate of 0.2% from 2.8% for the same months. (Graph 1.8)

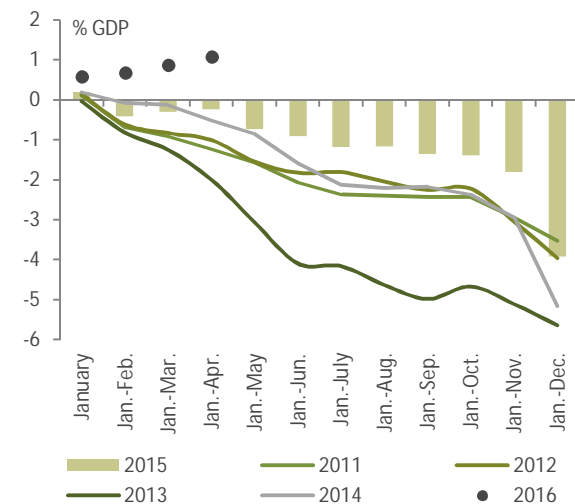
1.0 Real GDP & Economic Sentiment Index



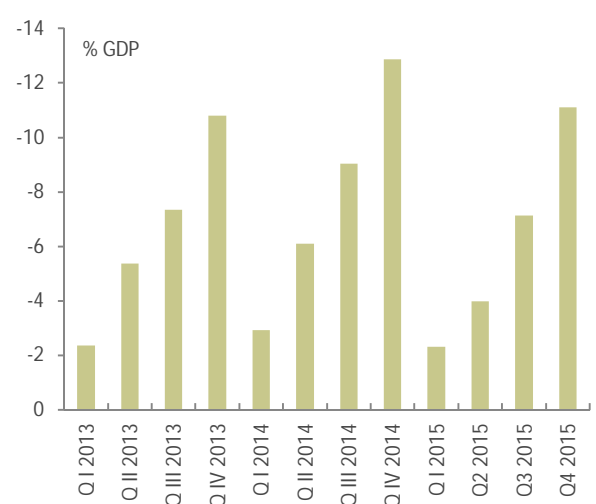
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



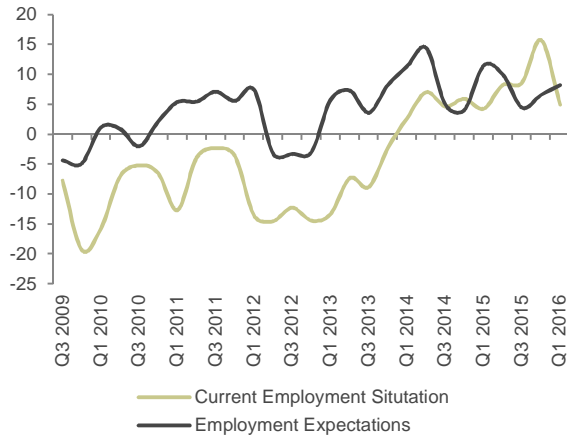
1.3 Current Account Deficit



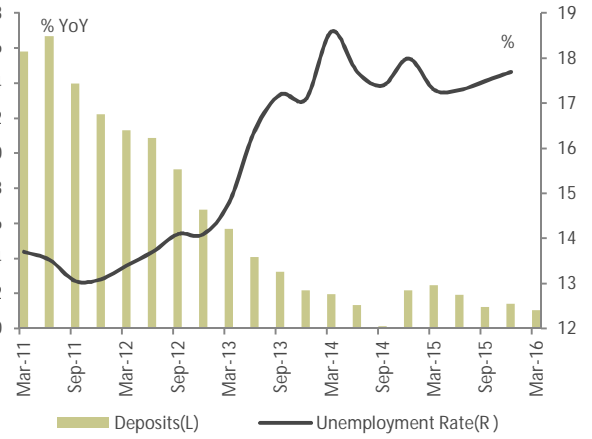
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



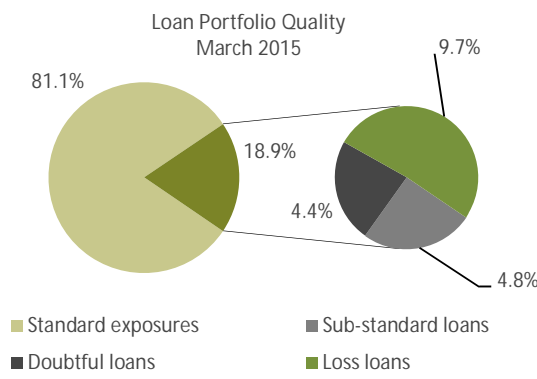
1.4 Employment Expectations



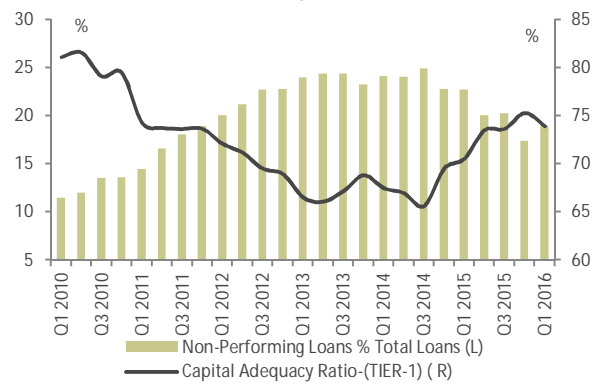
1.5 Private Sector Deposits & Unemployment Rate



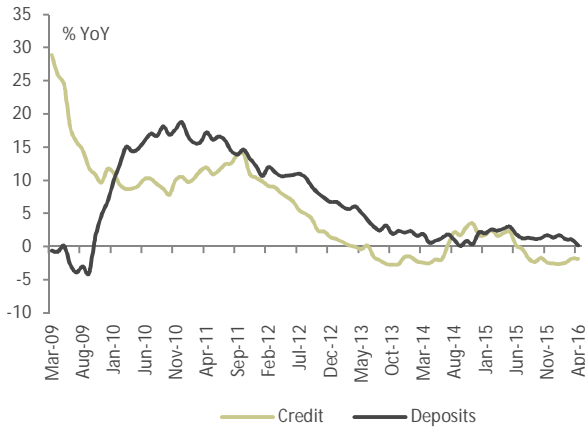
1.6 Loan Portfolio Quality



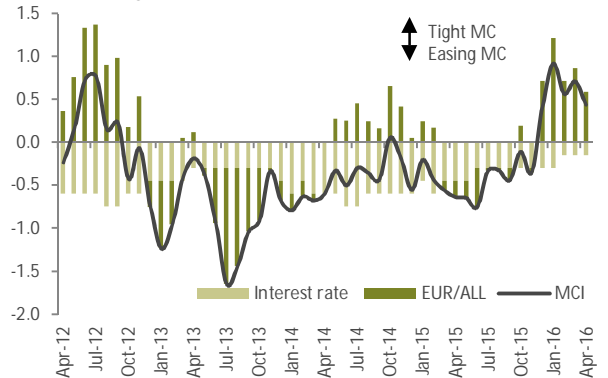
1.7 NPLs & Capital Adequacy Ratio



1.8 Private Sector Loans & Deposits

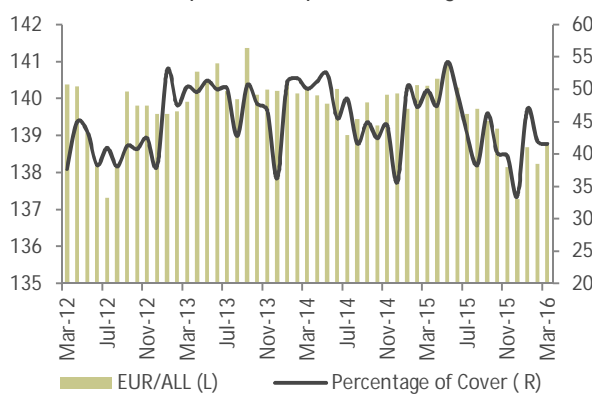


1.9 Monetary Conditions Index (MCI)

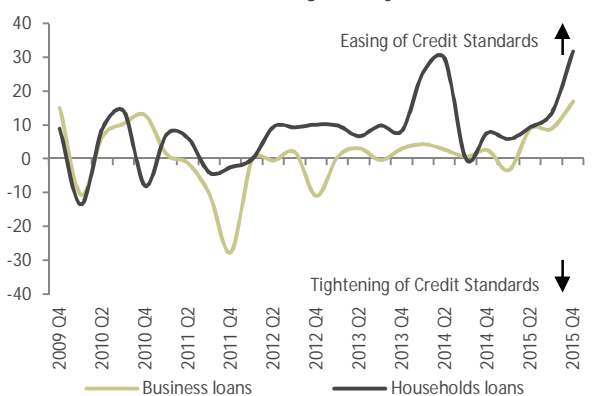


Note: The index is a weighted sum of the annual change in the policy rate (60% weight) and the fx rate (40% weight).

2.0 EUR/ALL & Imports to Exports Coverage



2.1 Bank of Albania's Lending Survey – Next Quarter

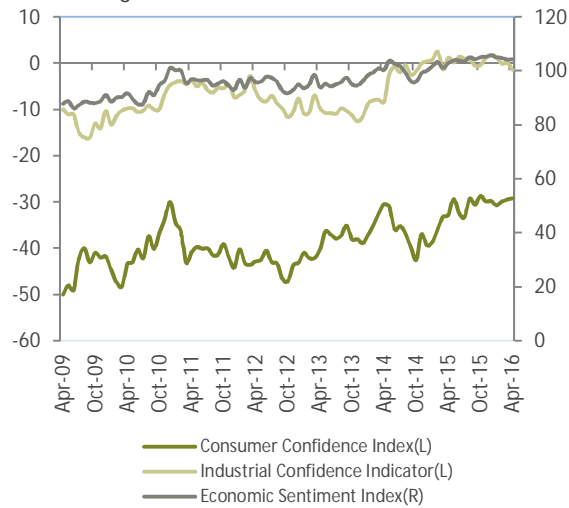


Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg

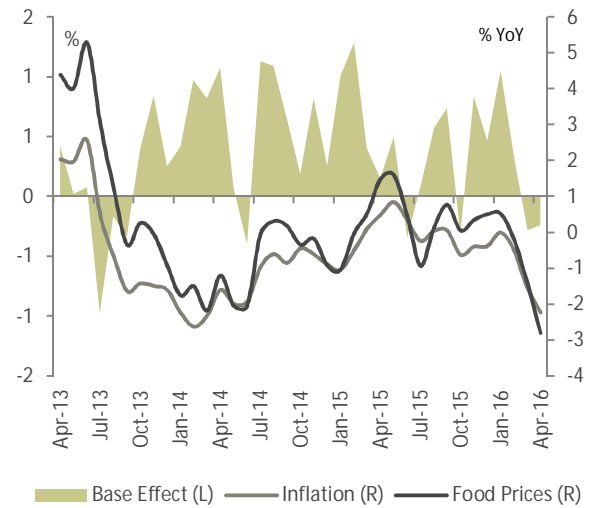
BULGARIA

- In March, private sector credit contracted at a slower rate of 2.3% YoY from a contraction of 9.2% in March 2015, as business loans decreased by 2.7% from -13.1% for the same months and household lending decreased by approximately 1.5% from -1.8%. Private sector deposits stabilised in March as they recorded an increase of 4.5% compared to 0.3% in March last year. (Graph 2.0)

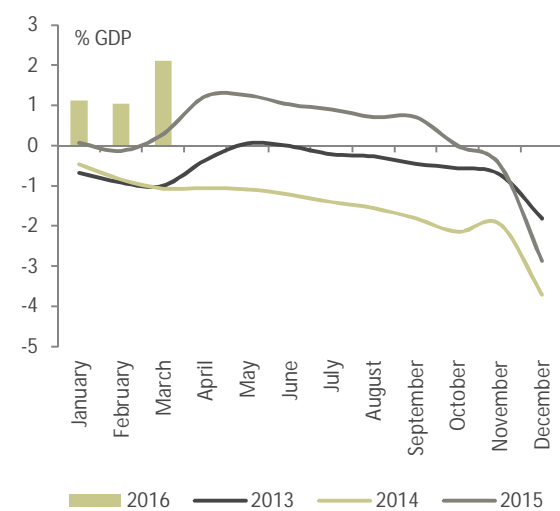
1.0 Leading Indicators



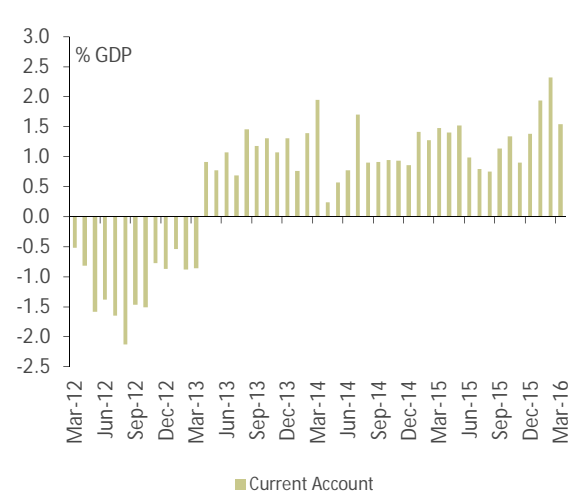
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



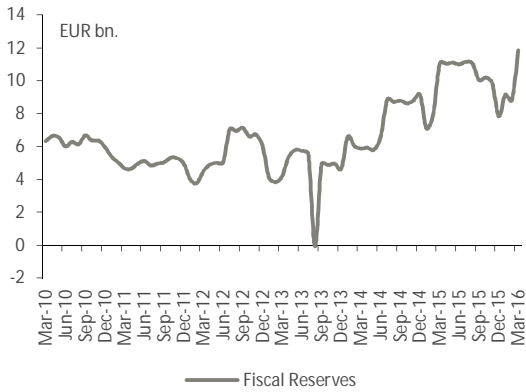
1.3 Current Account Balance



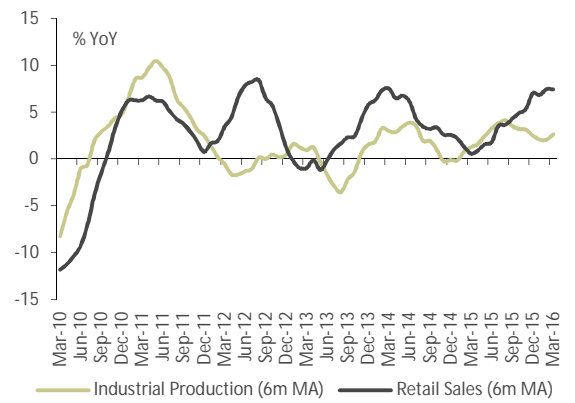
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



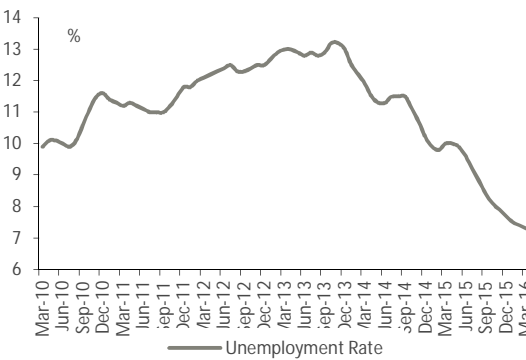
1.4 Fiscal Reserves



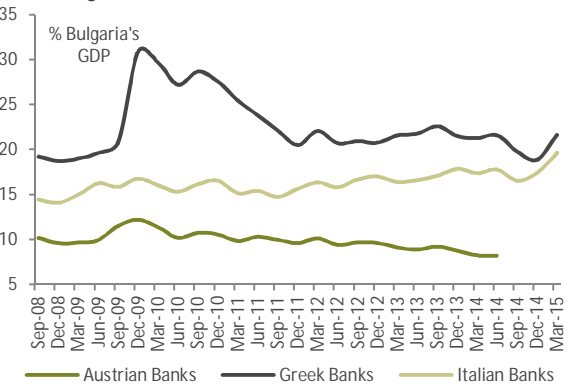
1.5 Industrial Production & Retail Sales



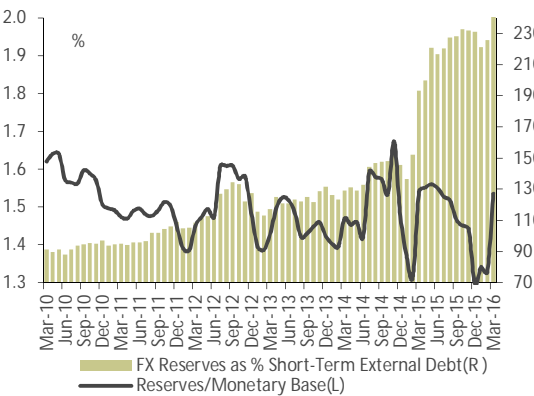
1.6 Unemployment Rate



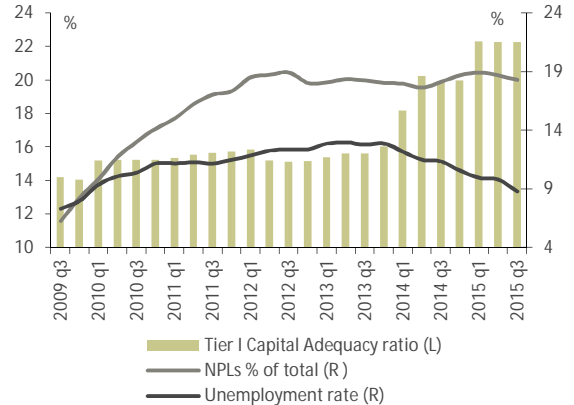
1.7 Foreign Claims



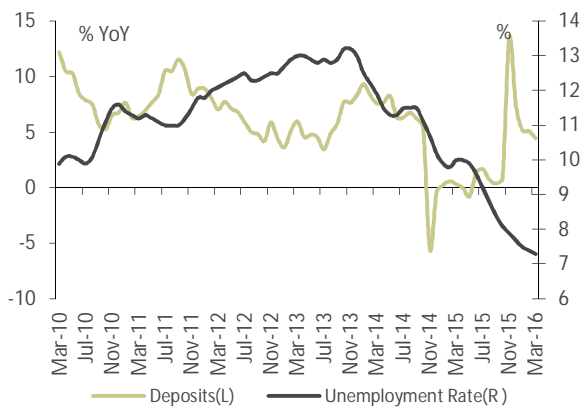
1.8 FX Reserves & Monetary Base



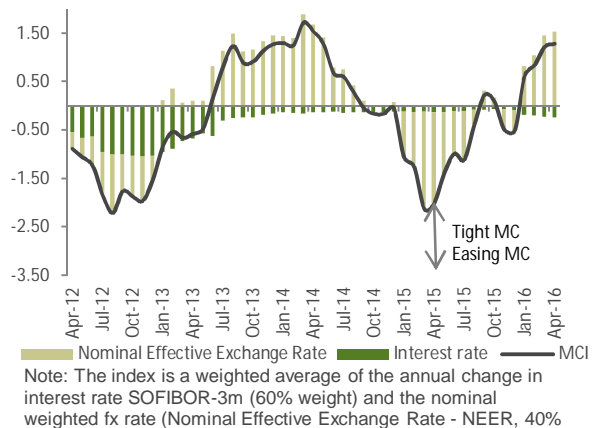
1.9 Unemployment Rate, NPLs & Capital Adequacy



2.0 Deposits & Unemployment



2.1 Monetary Conditions Index (MCI)



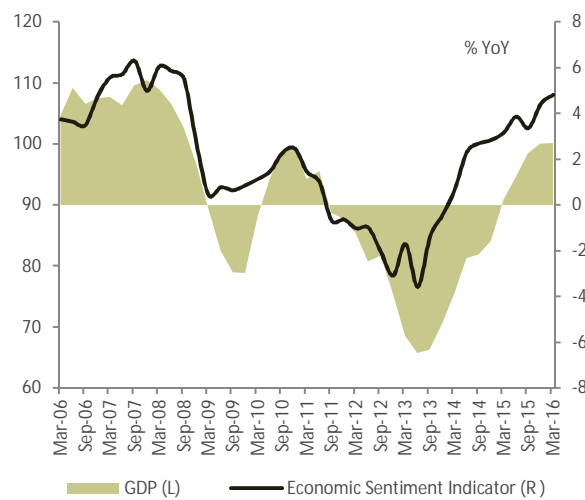
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



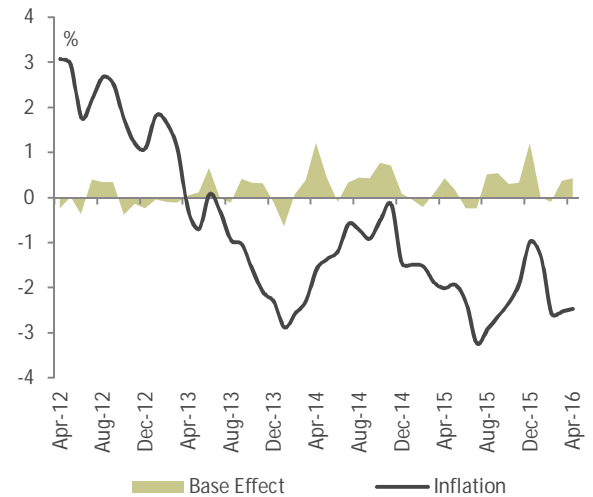
CYPRUS

- In Q1-2016, the fiscal balance turned to a deficit of 0.4% of GDP compared to a balanced budget in Q1-2015, as revenues decreased and public spending grew. (Graph 1.1)
- In April, total credit contracted by 7.3% YoY from a decrease of 2.8% in April 2015, as business and household loans both contracted at a similar rate. Total deposits increased by 2.4% YoY in April from -4.3% in the same month in 2015, with both business and household deposits playing a significant role in this improvement. (Graph 2.0)

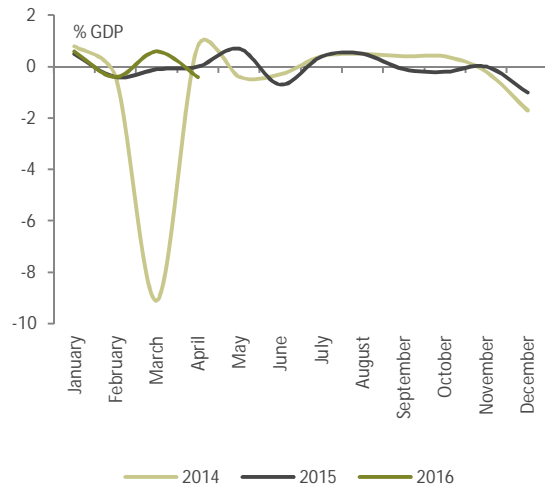
1.0 Real GDP & Economic Sentiment Indicator



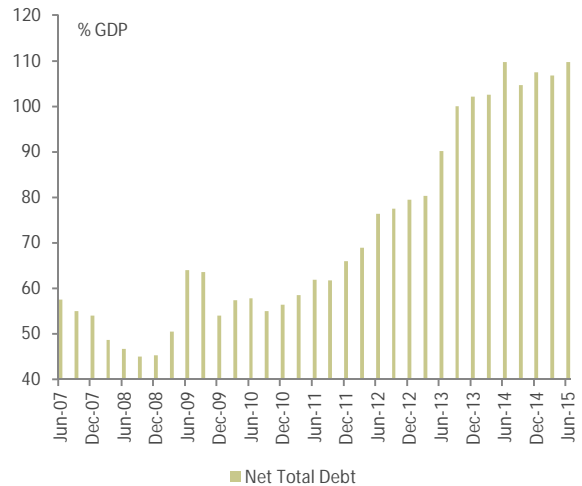
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



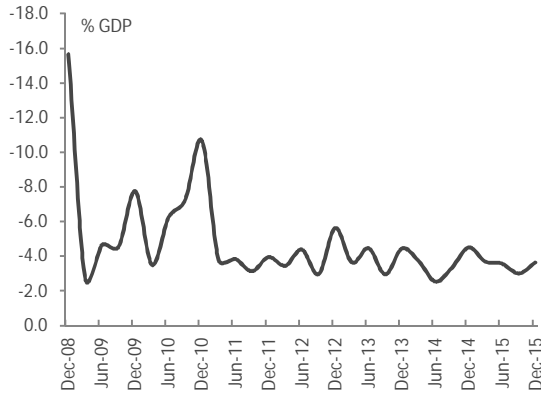
1.3 Public Debt



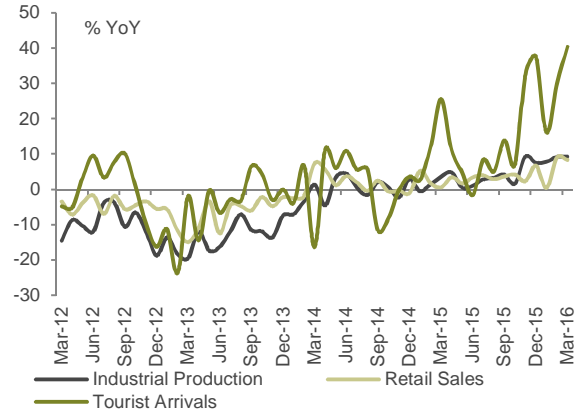
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



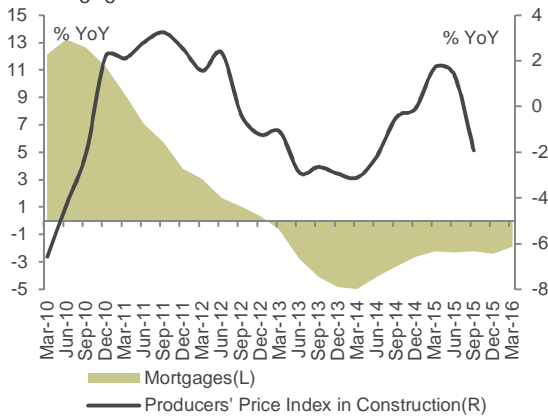
1.4 Current Account Balance



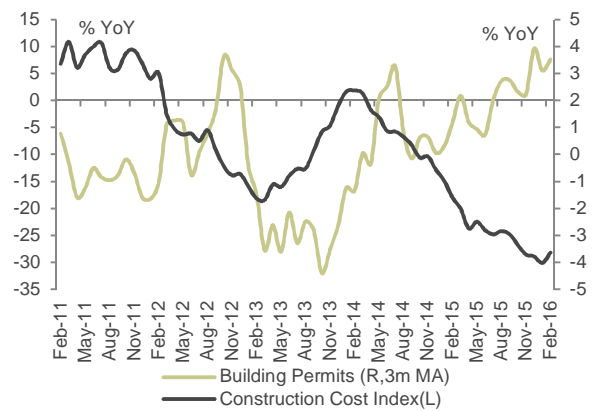
1.5 Industrial Production, Retail Sales & Tourist Arrivals



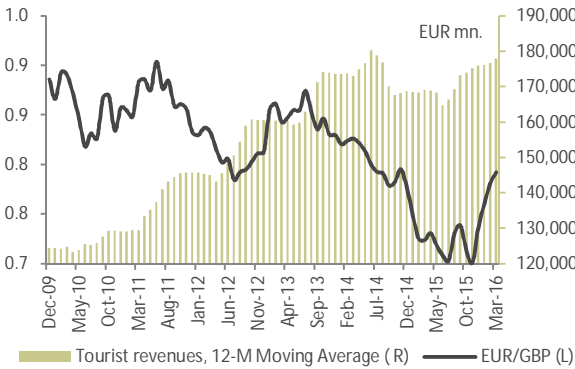
1.6 Mortgage Loans & PPI in Construction



1.7 Construction Cost & Building Permits



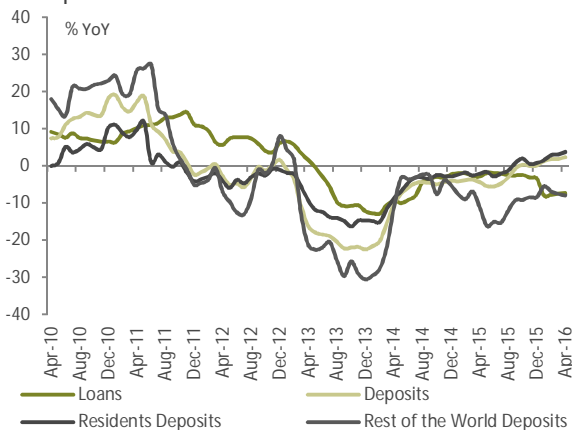
1.8 EUR/GBP & Tourism Revenues



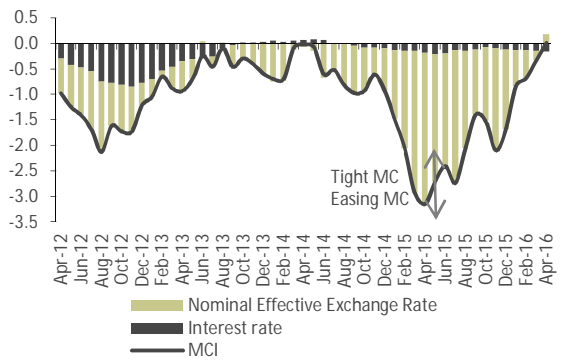
1.9 Unemployment Rate



2.0 Deposits & Loans



2.1 Monetary Conditions Index (MCI)



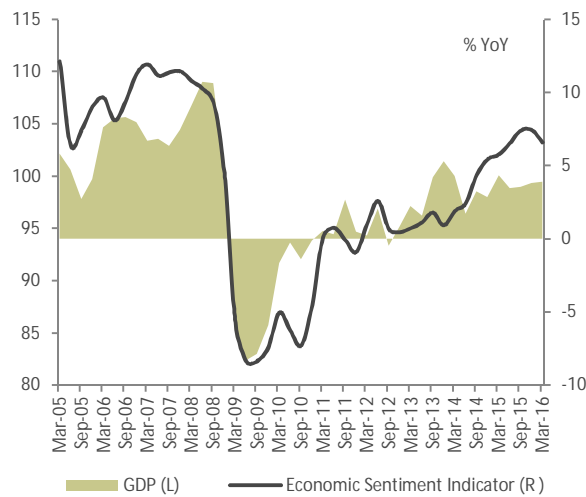
Note: The index is a weighted average of the annual change in interest rate EURIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal)

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

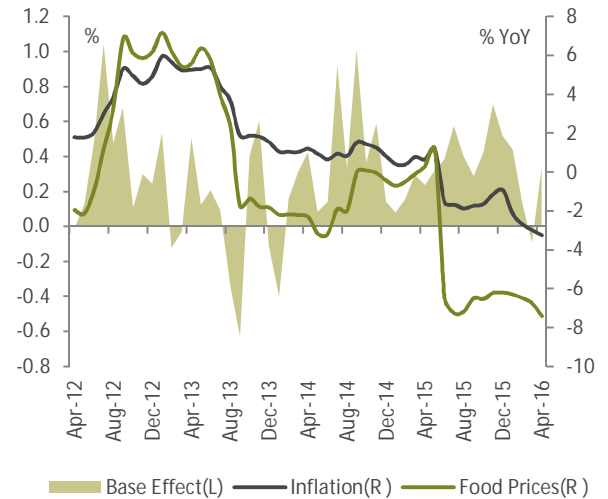
ROMANIA

- In Q1-2016, the fiscal deficit moderated marginally to 0.4% of GDP compared to 0.7% of GDP in Q1-2015, due to a decline in revenues. (Graph 1.2)
- In March, total credit increased by 2.8% YoY from -3.2% in March last year, as business and household lending increased at a similar rate. Total deposits increased by 7.4% YoY in March compared to 6.8% in the same month last year. (Graph 1.8)

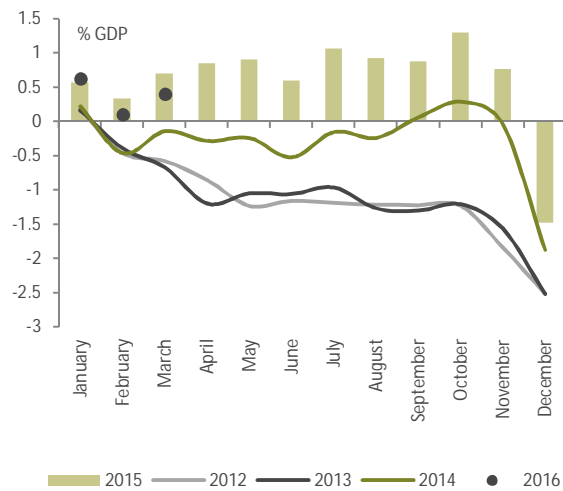
1.0 Leading Indicators



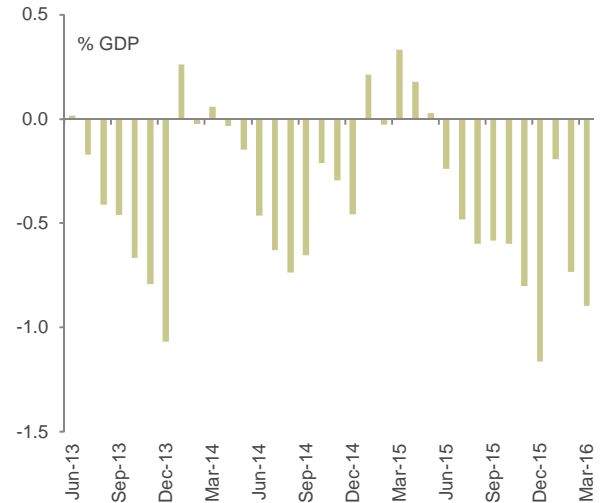
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



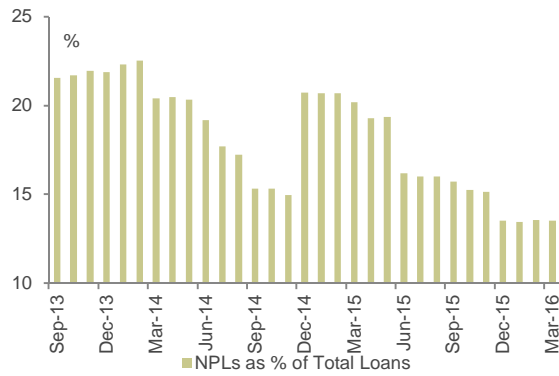
1.3 Current Account Balance



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



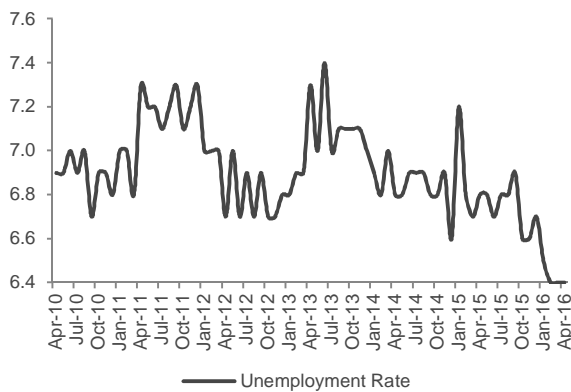
1.4 NPLs



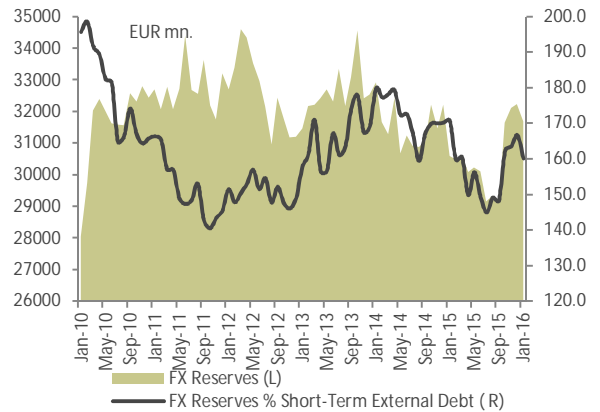
1.5 Industrial Production & Exports



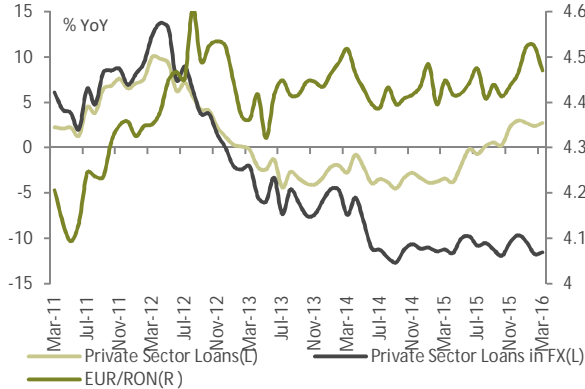
1.6 Unemployment Rate



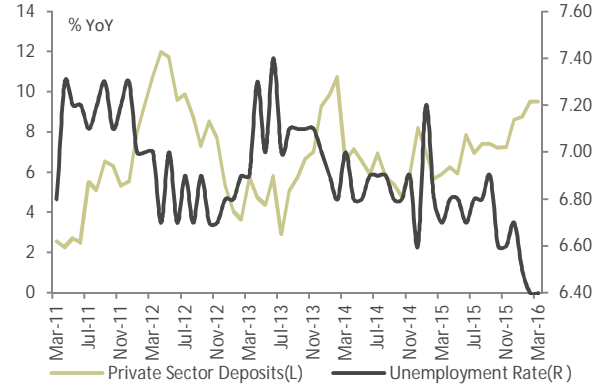
1.7 FX Reserves as % of Short-Term External Debt



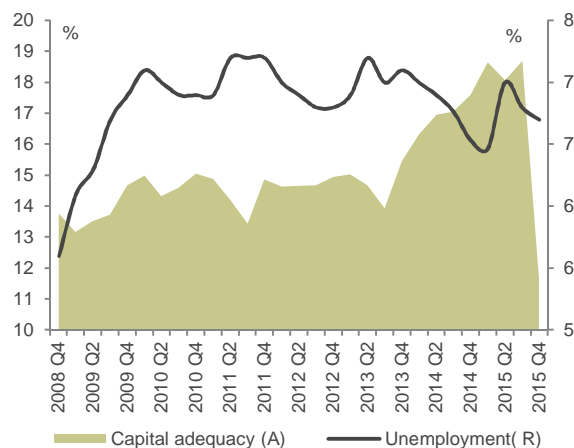
1.8 Credit Expansion & FX Rate



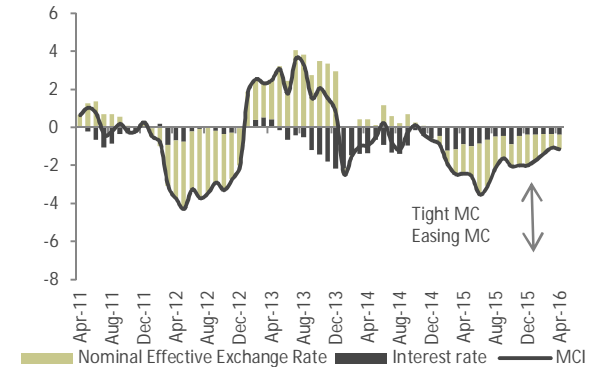
1.9 Deposits & Unemployment Rate



2.0 Unemployment Rate & Capital Adequacy



2.1 Monetary Conditions Index (MCI)



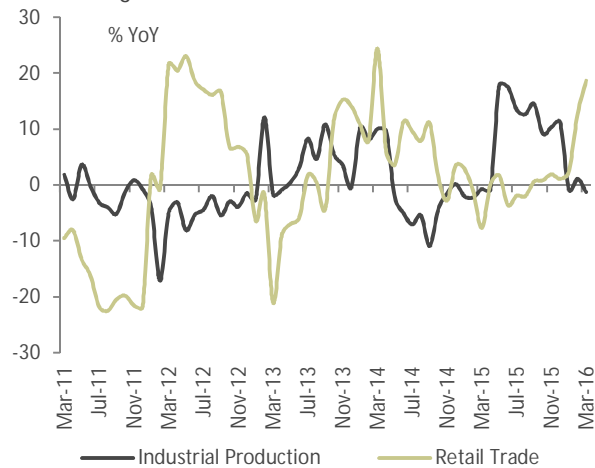
Note: The index is a weighted average of the annual change in interest rate SOFIBOR-3m (60% weight) and the nominal weighted fx rate (Nominal Effective Exchange Rate - NEER, 40%)

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

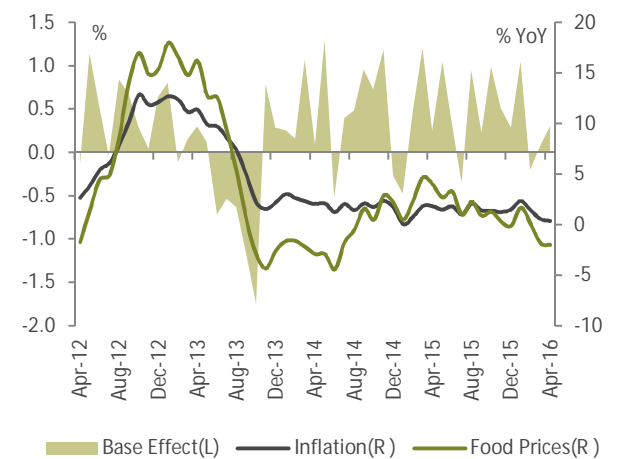
SERBIA

- In Q1-2016, economic activity improved significantly, as real GDP increased by 3.5% YoY from 1.3% in Q4-2015. The main factors that contributed positively to economic activity were the significant increases in both exports and investments. (Graph 1.0)
- In April, public debt amounted to 71.3% of GDP, compared to 76.0% in 2015. (Graph 1.6)
- In April, total loans increased by 2.9% YoY from 6.4% in the same month in 2015, with business and household lending both increasing at a similar rate. Total deposits increased by 7.2% YoY in April from 9.8% in April last year. (Graph 2.0)

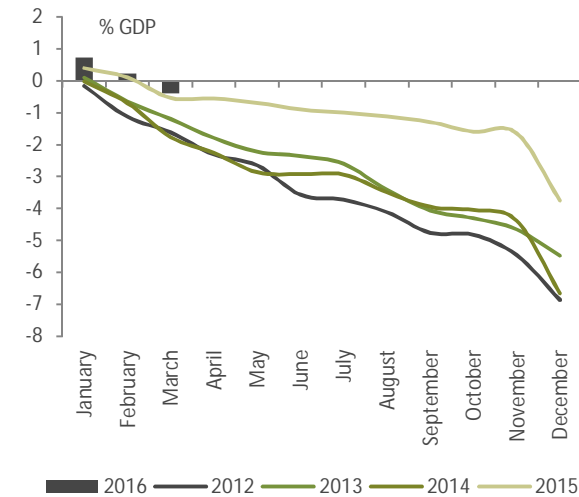
1.0 Leading Indicators



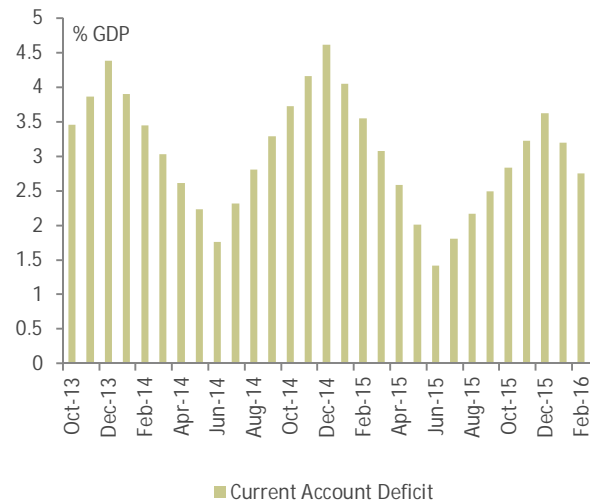
1.1 Inflation, Base Effect & Food Prices



1.2 Fiscal Balance



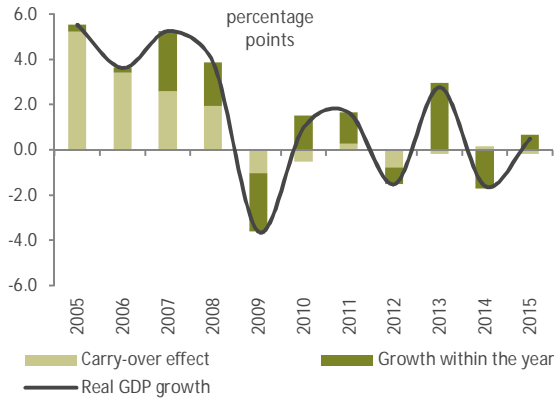
1.3 Current Account Deficit



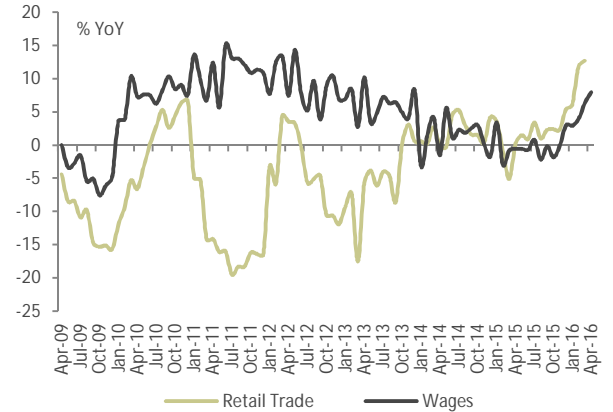
Source: Piraeus Bank Research, National Sources, Datastream, Bloomberg



1.4 Carry Over Effect



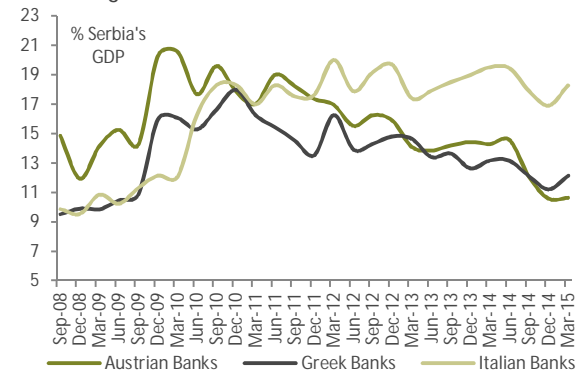
1.5 Retail Sales & Real Wages



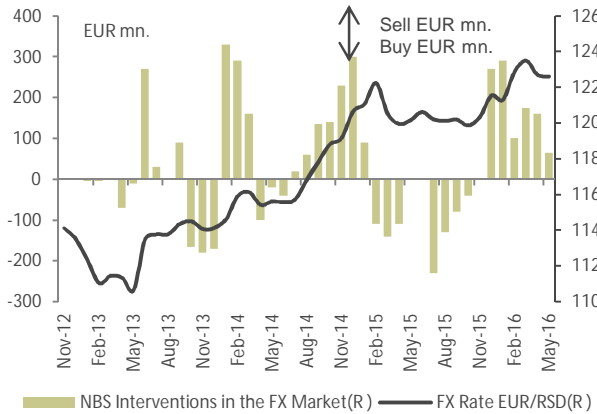
1.6 Public Debt



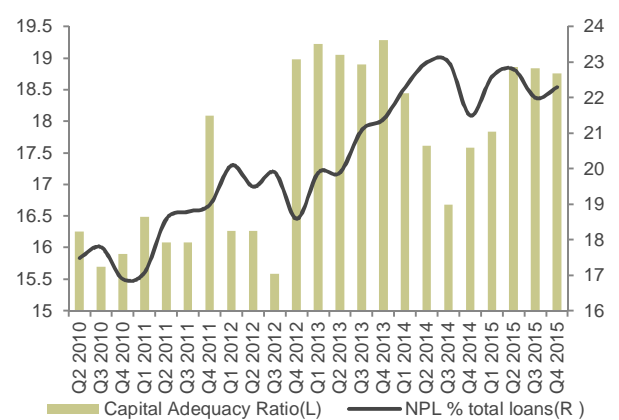
1.7 Foreign Claims



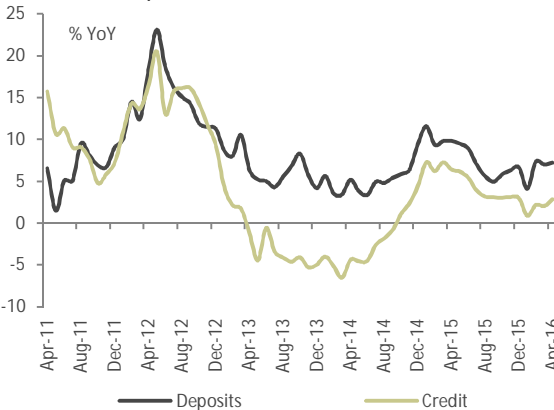
1.8 National Bank of Serbia Interventions in the Domestic FX Market & EUR/RSD Rate



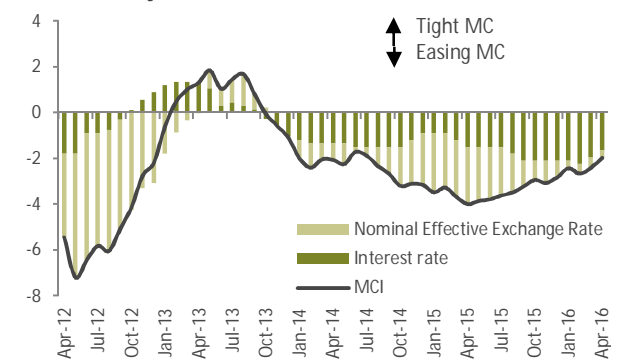
1.9 Capital Adequacy & NPLs



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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- a. The figures presented herein refer to the past and that the past performance is not a reliable indicator of future performance.
- b. In case the figures refer to simulated past performance, that past performance is not a reliable indicator of future performance.
- c. The return on investments might be positively or negatively affected as a result of currency fluctuations, in case the figures are denominated in a foreign currency (other than Euro).
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- e. The tax treatment of the information as well as transactions pertained in this document, depends on each investor's individual circumstances and may be subject to change in the future. As a result, the recipient should seek for independent advice in relation to the applicable tax legislation.

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