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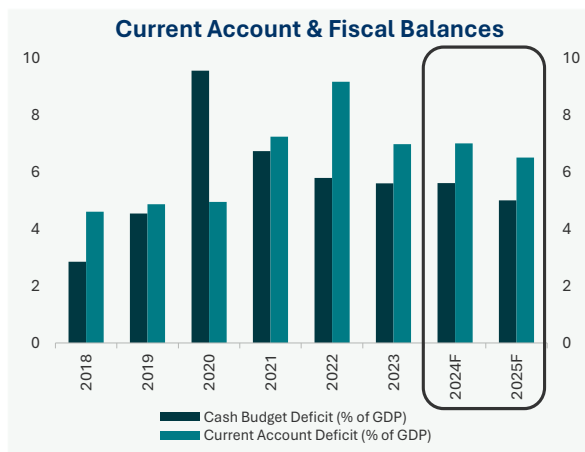
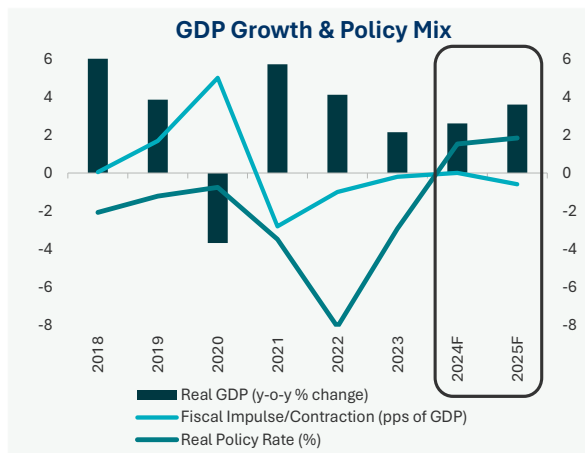
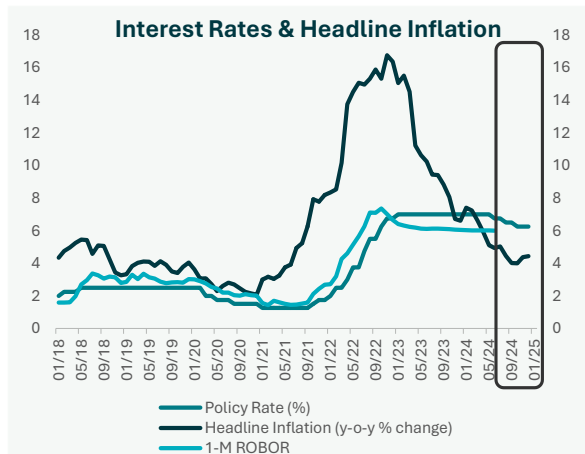
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# Romania

BBB- / Baa3 / BBB- (S&P / Moody's / Fitch)



|                         | 22 July | 3-M F | 6-M F | 12-M F |
|-------------------------|---------|-------|-------|--------|
| 1-M ROBOR(%)            | 5.8     | 5.4   | 5.2   | 4.7    |
| RON/EUR                 | 4.97    | 4.99  | 5.00  | 5.03   |
| Sov. Spread (2029, bps) | 247     | 250   | 240   | 230    |

|        | 22 July | 1-W % | YTD % | 2-Y % |
|--------|---------|-------|-------|-------|
| BET-BK | 3,464   | 0.3   | 20.0  | 54.9  |

|                         | 2021 | 2022 | 2023 | 2024F | 2025F |
|-------------------------|------|------|------|-------|-------|
| Real GDP Growth (%)     | 5.7  | 4.1  | 2.1  | 2.6   | 3.6   |
| Inflation (eop, %)      | 8.2  | 16.4 | 6.7  | 4.4   | 3.8   |
| Cur. Acct. Bal. (% GDP) | -7.2 | -9.2 | -7.0 | -7.2  | -6.7  |
| Fiscal Bal. (% GDP)     | -6.7 | -5.8 | -5.6 | -5.6  | -5.0  |

Sources: Reuters, INSSE, BNRO, Ministry of Finance & NBG estimates

**NBR kicks off monetary policy easing, with a 25 bps rate cut.** As expected, at its July meeting, the NBR cut its key 2-week repo and overnight deposit facility rates by 25 bps to 6.75% and 5.75%, respectively. Note that the latter rate appears to be more relevant in the context of the system's large liquidity surplus (currently standing at c. 2.8% of GDP against virtually nil in late-2022, largely driven by sizeable inflows of EU funds).

**Fiscal consolidation challenges and strong upside risks to inflation point to a cautious monetary policy easing cycle.** Tight financing conditions combined with Government's measures to cap basic food prices and later favourable global commodity (especially energy) price developments have helped in bringing inflation down. The latter currently stands at a 3-year low of 4.9% y-o-y, down from 6.6% at end-2023 and its peak of 16.8% in late-2022, but still above its pre-pandemic average of c. 2.0% and the NBR's target range of 2.5±1%.

Still, inflation risks are clearly tilted to the upside. Indeed, nominal wages are growing at double-digit rates (up c. 17.0% y-o-y in 4M:24 following 14.5% on average in FY:23), reflecting a loose incomes policy and its spillover to the private sector as well as structural issues in the labour market, while pensions (already up 13.8% in January) are due to rise further in September, following last year legislative changes. At the same time, uncertainty as regards potential repercussions from ongoing geopolitical tensions remains elevated.

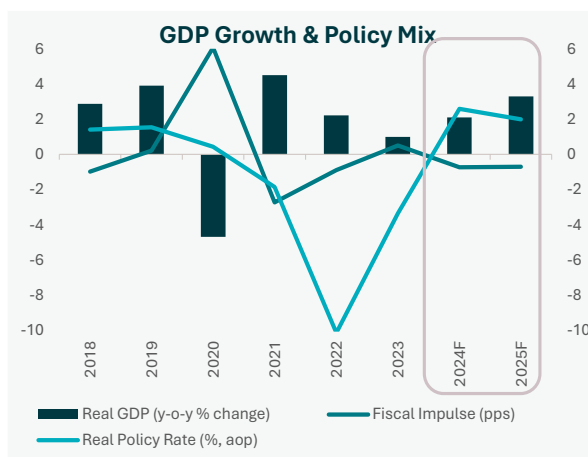
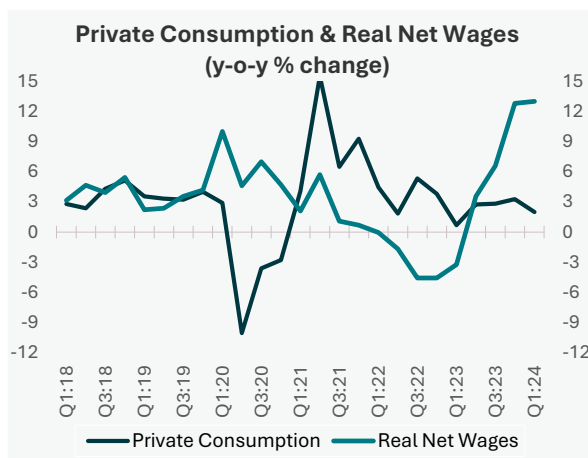
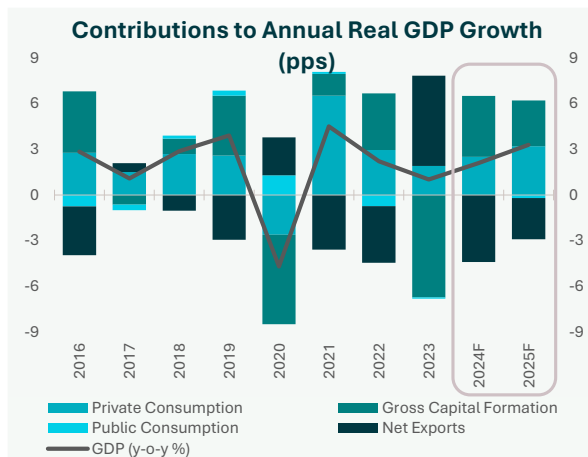
The need to address the persistently large fiscal slippage could also derail the disinflation process. Note that the FY:24 cash budget deficit is projected at 5.6% of GDP, unchanged compared with previous year and way above the EU critical threshold of 3.0% of GDP. That said, the re-introduction of the bloc's (more realistic and flexible than before) fiscal rules (with Romania being under the EC's Excessive Deficit Procedure since prior to the pandemic), together with the need to deliver on the fiscal reforms associated with the country's RRF plan, prompts us to expect a decisive fiscal consolidation plan to be put in place after completion of the end-year Parliamentary election. Given budget spending rigidities, efforts are expected to focus mostly on broadening the weak tax base (2<sup>nd</sup> lowest in the EU). In the event, besides interrupting disinflation, indirect tax hikes could also distort inflation expectations, making further progress on the inflation front even more difficult.

All said, the NBR cannot but remain cautious in the period ahead. In this context, we see additional 50 bps rate cuts by end-year, bringing the key policy rate to 6.25%. Given uncertainty over the impact of the fiscal consolidation measures to be implemented next year on inflation, longer-term visibility over the interest rate path remains clouded.

**Current account deficit (CAD) is set to remain elevated in the medium-term, with related external financing risks being mitigated, however, by solid non-debt generating inflows.** Solid domestic demand should keep the trade deficit at substantial levels in the period ahead (at c. 9.0% of GDP, well above the pre-pandemic average of c. 6.0%). Deteriorating competitiveness (as suggested by the significant appreciation of the RON over the past 2 years -- up c. 10.0% and 5.0% in CPI and ULC-based REER terms, respectively) is also expected to take a toll. Overall, we see the CAD remaining elevated at c. 7.0% of GDP in 2024-25, above the empirical critical threshold of 5.0%. Solid non-debt generating inflows, mainly in the form of sizeable EU grants and FDI (with intercompany lending accounting for the bulk of the latter), should cover a significant share (c. 2/3<sup>rds</sup>) of the CAD, containing the rise in external debt and keeping a lid on RON depreciation pressures. Importantly, the NBR's foreign reserves stand at adequate levels, covering c. 5 months of GNFS imports and more than 100% of short-term external debt.

# North Macedonia

BB- / NR / BB+ (S&P / Moody's / Fitch)



|                         | 22 July | 3-M F | 6-M F | 12-M F |
|-------------------------|---------|-------|-------|--------|
| 1-m SKIBOR (%)          | 4.4     | 4.1   | 3.9   | 3.6    |
| MKD/EUR                 | 61.6    | 61.6  | 61.6  | 61.6   |
| Sov. Spread (2028, bps) | 310     | 303   | 295   | 280    |

|         | 22 July | 1-W % | YTD % | 2-Y % |
|---------|---------|-------|-------|-------|
| MBI 100 | 8,373   | 4.0   | 36.9  | 42.8  |

|                         | 2021 | 2022 | 2023 | 2024F | 2025F |
|-------------------------|------|------|------|-------|-------|
| Real GDP Growth (%)     | 4.5  | 2.2  | 1.0  | 2.1   | 3.3   |
| Inflation (eop, %)      | 4.9  | 18.7 | 3.6  | 3.3   | 2.6   |
| Cur. Acct. Bal. (% GDP) | -2.8 | -6.1 | 0.7  | -2.0  | -2.2  |
| Fiscal Bal. (% GDP)     | -5.3 | -4.4 | -4.9 | -4.2  | -3.5  |

Sources: Reuters, NBRNM, MAKSTAT, Ministry of Finance & NBG estimates

## A VMRO-DPMNE-led Government gets installed after the May election.

Besides the VMRO-DPMNE, the new Government, headed by H. Mickoski, President of the latter, also enjoys the support of the ethnic-Albanian VREDI/VLEN alliance and the left-wing nationalist ZNAM. Recall that the VMRO-DPMNE scored a landslide victory in the May election, garnering 43.3% of the vote, but fell just short of securing an absolute majority in the 120-seat Parliament. The ruling coalition controls a total of 78 Parliamentary seats, 2 seats short of a constitutional majority.

**Further delays in North Macedonia's accession process are likely on the cards.** Recall that North Macedonia reached a compromise deal with Bulgaria in mid-2022, according to which, the former should endorse constitutional changes, providing, among others, for the recognition of a Bulgarian minority in the country, with the latter lifting in exchange the veto on North Macedonia's EU accession. Although the VMRO-DPMNE officially supports EU integration, its hard-line stance against the required amendments lays a stumbling block in the country's way to the EU. The VMRO-DPMNE has been hinting at a possible renegotiation of the EU accession framework, a prospect, however, which appears unlikely, meaning that further progress clearly hinges on authorities watering down their stance.

At the same time, failure to meet the obligations resulting from the 2018 Prespa agreement with Greece, providing for the change of the country's official name, could further complicate North Macedonia's path to the EU. Note that both the President and the PM have been using the country's old name in public appearances since their election, straining ties with Greece.

**Economic activity should firm gradually through the course of 2024, driven by wage-driven private consumption and public investment, with full-year GDP growth projected at a modest 2.1%.** With inflation consolidating at lower levels, private consumption growth is set strengthen, underpinned by strong real (*ex-post*) wage growth (in double-digits since Q4:23). Note that labour market conditions have been tightening, but mostly due to falling participation and shrinking labour force (with the latter largely associated to immigration) rather than rising employment.

At the same time, fixed investment is set to gain momentum, with public sector holding the lead role, following construction of the Corridor 8/10d (road and rail) highway. Private investment (including from FDI, which has proven resilient so far) is also set to add to overall growth, albeit modestly.

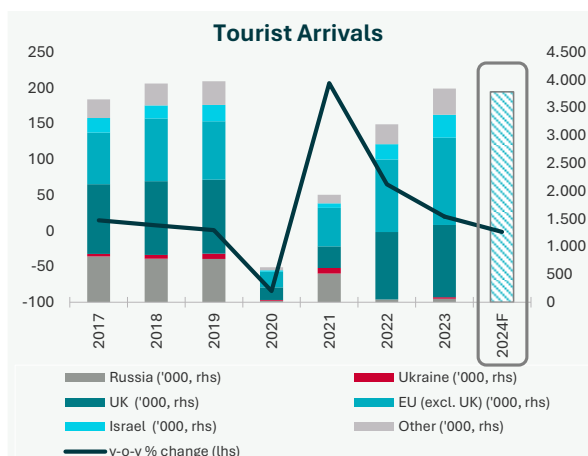
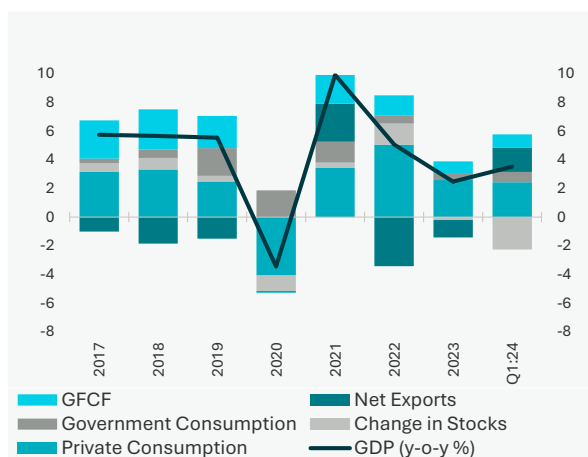
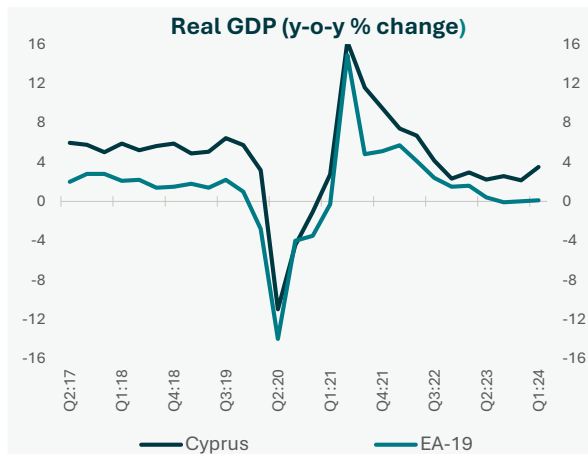
Worryingly, amid sluggish growth in the EU (especially Germany, which absorbs 45% of the country's exports) and firming domestic demand, especially gross capital formation (due, *inter alia*, to the need to replenish inventories, which have been depleted, following disruptions in global supply chains), net exports should turn into a (large) drag on overall growth.

Policies are not expected to provide much support to economic growth this year. On the hand, following the phasing-out of energy subsidies and the full-year effect of the recently adopted tax reforms, fiscal consolidation is set to resume, albeit at a slower-than-planned pace. On the other hand, given upside risks to inflation and the need to avoid maintaining significant price differentials with euro area, the NBRNM should maintain a cautious stance, with the first cuts in the policy rate expected later in the year.

All said, following a weak start to the year (GDP, up 1.2% y-o-y in Q1:24), economic activity is set to gain steam gradually, with full-year growth projected at 2.1% against 1.0% in FY:23. Assuming normalization in agricultural output as well as stronger external demand and looser monetary policy conditions, GDP growth is seen firming to 3.3% in FY:25. Should the Corridor 8/10d face implementation delays or price pressures re-emerge, GDP growth could come in lower than projected. In contrast, inflow of funds under the EU's Growth Plan for Western Balkans (potentially amounting to up to 6.0% of GDP by end-2027) could lift economic growth upwards.

# Cyprus

BBB+ / Baa2 / BBB+ (S&P / Moody's / Fitch)



|                         | 22 July | 3-M F | 6-M F | 12-M F |
|-------------------------|---------|-------|-------|--------|
| 1-M EURIBOR (%)         | 3.6     | 3.4   | 3.2   | 2.5    |
| EUR/USD                 | 1.09    | 1.09  | 1.09  | 1.10   |
| Sov. Spread (2028, bps) | 59      | 60    | 58    | 55     |

|         | 22 July | 1-W % | YTD % | 2-Y % |
|---------|---------|-------|-------|-------|
| CSE 100 | 166     | 0.8   | 21.8  | 146.5 |

|                         | 2021 | 2022 | 2023  | 2024F | 2025F |
|-------------------------|------|------|-------|-------|-------|
| Real GDP Growth (%)     | 9.9  | 5.1  | 2.5   | 3.0   | 2.8   |
| Inflation (eop, %)      | 4.8  | 7.9  | 1.6   | 3.6   | 1.9   |
| Cur. Acct. Bal. (% GDP) | -6.1 | -7.9 | -12.1 | 9.6   | -8.5  |
| Fiscal Bal. (% GDP)     | -1.9 | 2.4  | 3.1   | 2.6   | 2.4   |

Sources: Reuters, Cystat & NBG estimates

**Following a strong start to the year, economic growth should continue on a solid footing in the period ahead.** GDP growth accelerated to 3.5% y-o-y in Q1:24 -- markedly outperforming the euro area average of a mere 0.1% -- from 2.1% in Q4:23 (and 2.5% in FY:23), mainly on stronger private consumption. We expect GDP growth to maintain strong momentum during the remainder of the year, with growth in private consumption and investment compensating for weaker net exports.

In fact, despite tight financing conditions, private consumption should continue driving growth, following consolidation of inflation at lower levels (projected at 2.1% on average in H2:24 -- broadly unchanged from the H1:24 outcome -- against 3.6% in FY:23 and a peak of 8.4% in FY:22), reflecting not only abating energy and food prices and easing supply-side disruptions but also the lagged effects of past monetary policy tightening. The partial wage indexation, together with tight labour market conditions (with unemployment set to ease further to a 15-year low rate of 5.8% in FY:24), should also foster private consumption growth.

At the same time, investment activity is expected to accelerate, driven by the construction sector. Indeed, strong domestic and external demand for real estate (with the latter largely associated with the continuing influx of foreign companies and their personnel) as well as the continuation of sizeable infrastructure projects (mainly in the areas of energy, education, health and tourism) bode well for construction activity, which surged by 10.9% y-o-y in Q1:24 after a rise of 2.9% in FY:23. Investment in non-construction projects is also set to pick-up in the remainder of the year, bolstered by the deployment of the Recovery & Resilience Plan (RRP, with Cyprus having received 22% of total available funds so far -- below the EU average of 37% -- worth 0.9% of its FY:23 GDP, and being eligible for another 3.2% by end-2026) and improving investor sentiment following recent rating upgrades.

Worryingly, strengthening domestic demand growth, on the one hand, and some headwinds to the domestic tourism industry, on the other hand, mean that net exports should turn into a drag on overall growth in the remainder of the year. Indeed, after a strong recovery to nearly pre-pandemic levels in FY:23, tourism sector is expected to grow at a slower pace (with tourist arrivals rising by a timid 2.4% y-o-y in H1:24, following a surge of 20.1% in FY:23), in line with reduced tourist flows from Israel (2<sup>nd</sup> largest source country after the UK, accounting for c. 10.7% of total arrivals in FY:23), amid tensions in the Middle East. Following past years' strong expansion, other non-tourism (mainly ICT and professional) export services (whose share in total export services has surged to 45% from 24% in 2016-19, according to BoP data, underpinned by massive relocation of foreign companies) should continue growing, but at a much slower pace than before. Note, though, that the waning impact of sanctions against Russia, which were a drag on the professional services sector's activity throughout FY:23, should provide a partial counterbalancing effect in terms of growth.

Fiscal policy should be supportive of growth in FY:24, with the budget balance deteriorating, yet remaining in sizeable surplus. Indeed, the hike in the social contribution rate, together with the phasing-out of the measures cushioning the impact of elevated inflation, should only partly compensate for the higher public wage and pension bills.

All said, we see GDP growth accelerating to 3.0% in FY:24 from 2.5% in FY:23, still above the euro area average (projected at 0.9%, according to the IMF's July '24 WEO), broadly in line with the country's long-term potential. Delays in the execution of the country's RRP and a resurgence of price pressures (reflecting repercussions from ongoing geopolitical tensions and/or a more extensive pass-through of inflation to wages, aggravated by tight labour market conditions) could drag economic growth lower in the period ahead. On the other hand, a fast de-escalation of interest rates could lend support to domestic demand (note that c. 90% of debt contracts have variable interest rates), stimulating GDP growth.



## DETAILED MACROECONOMIC DATA

| ROMANIA                                       |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
|   | 2021    | 2022    | 2023    | 2024f   | 2025f   |
| <b>Real Sector</b>                            |         |         |         |         |         |
| Nominal GDP (EUR million)                     | 241,737 | 284,385 | 324,762 | 347,910 | 370,863 |
| GDP per capita (EUR)                          | 12,589  | 14,935  | 17,066  | 18,365  | 19,663  |
| GDP growth (real, %)                          | 5.7     | 4.1     | 2.1     | 2.6     | 3.6     |
| Unemployment rate(ILO definition, %, aop)     | 5.6     | 5.6     | 5.5     | 5.5     | 5.3     |
| <b>Prices and Banking</b>                     |         |         |         |         |         |
| Inflation (% eop)                             | 8.2     | 16.4    | 6.7     | 4.4     | 3.8     |
| Inflation (% aop)                             | 5.0     | 13.7    | 10.5    | 5.3     | 3.7     |
| Loans to the Private Sector (% change, eop)   | 14.3    | 11.2    | 5.9     |         |         |
| Customer Deposits (% change, eop)             | 13.7    | 6.7     | 12.9    |         |         |
| Loans to the Private Sector (% of GDP)        | 26.3    | 24.8    | 23.0    |         |         |
| Retail Loans (% of GDP)                       | 13.8    | 12.2    | 10.8    |         |         |
| Corporate Loans (% of GDP)                    | 12.5    | 12.6    | 12.1    |         |         |
| Customer Deposits (% of GDP)                  | 38.6    | 35.0    | 34.5    |         |         |
| Loans to Private Sector (% of Deposits)       | 68.1    | 71.0    | 66.6    |         |         |
| Foreign Currency Loans (% of Total Loans)     | 26.5    | 29.9    | 29.9    |         |         |
| <b>External Accounts</b>                      |         |         |         |         |         |
| Merchandise exports (EUR million)             | 70,194  | 86,015  | 86,559  | 86,559  | 91,580  |
| Merchandise imports (EUR million)             | 93,317  | 118,065 | 115,570 | 127,694 | 124,161 |
| Trade balance (EUR million)                   | -23,123 | -32,050 | -29,011 | -32,135 | -32,581 |
| Trade balance (% of GDP)                      | -9.6    | -11.3   | -8.9    | -8.9    | -8.8    |
| Current account balance (EUR million)         | -17,474 | -26,041 | -22,638 | -24,987 | -24,978 |
| Current account balance (% of GDP)            | -7.2    | -9.2    | -7.0    | -7.2    | -6.7    |
| Net FDI (EUR million)                         | 8,820   | 8,806   | 6,558   | 7,050   | 7,402   |
| Net FDI (% of GDP)                            | 3.6     | 3.1     | 2.0     | 2.0     | 2.0     |
| International reserves (EUR million)          | 40,475  | 46,636  | 59,770  | 63,833  | 66,257  |
| International reserves (Months <sup>a</sup> ) | 4.3     | 3.9     | 5.1     | 5.3     | 5.2     |
| <b>Public Finance</b>                         |         |         |         |         |         |
| Primary balance (% of GDP)                    | -5.2    | -3.7    | -3.7    | -3.6    | -3.0    |
| Fiscal balance (% of GDP)                     | -6.7    | -5.8    | -5.6    | -5.6    | -5.0    |
| Gross public debt <sup>b</sup> (% of GDP)     | 48.2    | 47.3    | 48.5    | 50.8    | 52.6    |
| <b>External Debt</b>                          |         |         |         |         |         |
| Gross external debt (EUR million)             | 136,585 | 143,886 | 170,083 | 179,174 | 187,286 |
| Gross external debt (% of GDP)                | 56.5    | 50.6    | 52.4    | 51.5    | 50.5    |
| External debt service (EUR million)           | 16,702  | 21,991  | 21,272  | 21,500  | 21,500  |
| External debt service (% of reserves)         | 41.3    | 47.2    | 35.6    | 33.7    | 32.4    |
| External debt service (% of exports)          | 17.0    | 17.9    | 16.7    | 16.9    | 15.9    |
| <b>Financial Markets</b>                      |         |         |         |         |         |
| Policy rate (1-w repo rate, %, eop)           | 1.8     | 6.8     | 7.0     | 6.3     | 5.3     |
| Policy rate (1-w repo rate, %, aop)           | 1.4     | 4.4     | 7.0     | 6.7     | 5.5     |
| 10-Y Bond Yield (% eop)                       | 5.1     | 8.4     | 6.3     | 6.6     | 6.0     |
| Exchange rate: EUR (eop)                      | 4.946   | 4.940   | 4.972   | 5.000   | 5.050   |
| Exchange rate: EUR (aop)                      | 4.919   | 4.928   | 4.944   | 4.986   | 5.025   |

f: NBG forecasts; a: months of imports of GNFS; b: ESA 2010

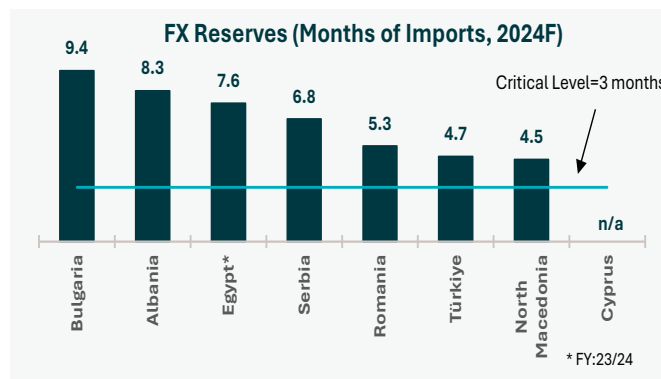
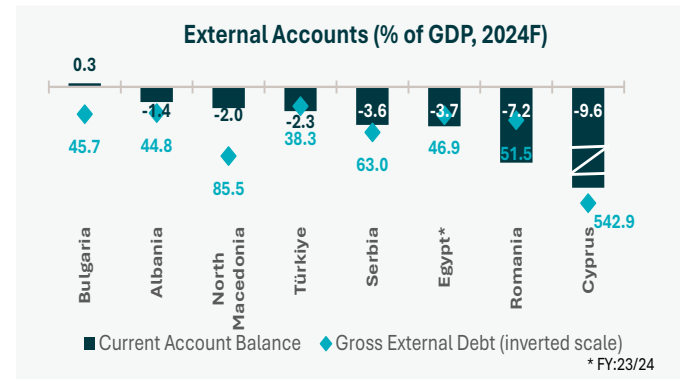
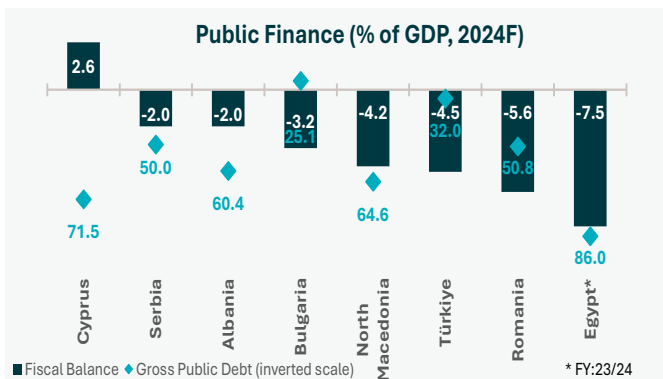
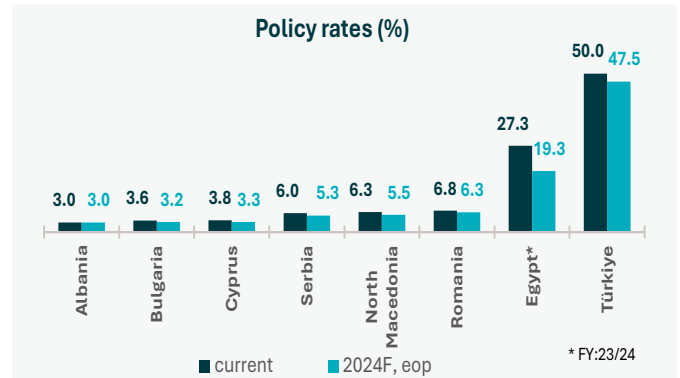
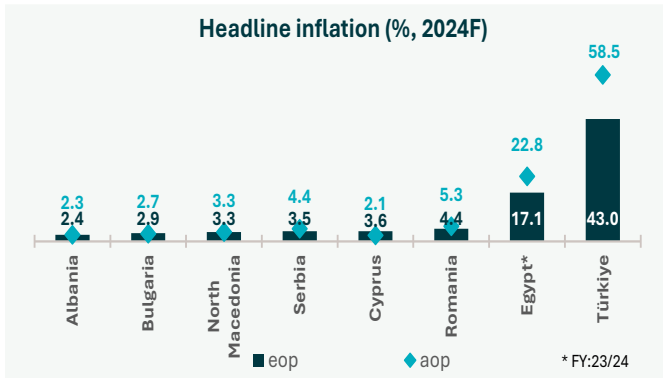
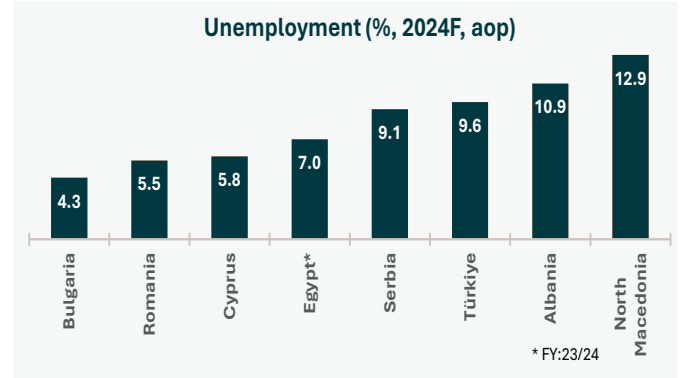
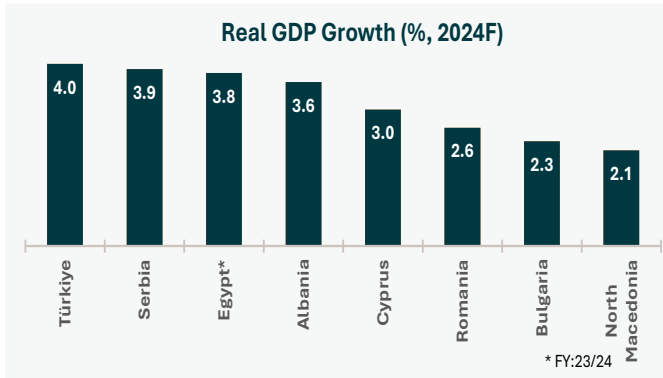
| NORTH MACEDONIA                               |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|
|   | 2021   | 2022   | 2023   | 2024f  | 2025f  |
| <b>Real Sector</b>                            |        |        |        |        |        |
| Nominal GDP (EUR million)                     | 11,855 | 13,053 | 13,667 | 14,404 | 15,252 |
| GDP per capita (EUR)                          | 6,454  | 7,135  | 7,501  | 7,937  | 8,438  |
| GDP growth (real, %)                          | 4.5    | 2.2    | 1.0    | 2.1    | 3.3    |
| Unemployment rate (% aop)                     | 15.4   | 14.4   | 13.1   | 12.9   | 12.6   |
| <b>Prices and Banking</b>                     |        |        |        |        |        |
| Inflation (% eop)                             | 4.9    | 18.7   | 3.6    | 3.3    | 2.6    |
| Inflation (% aop)                             | 3.2    | 14.0   | 9.5    | 3.3    | 2.5    |
| Loans to the Private Sector (% change, eop)   | 8.0    | 8.8    | 5.2    |        |        |
| Customer Deposits (% change, eop)             | 8.5    | 5.1    | 9.5    |        |        |
| Loans to the Private Sector (% of GDP)        | 52.5   | 51.9   | 52.1   |        |        |
| Retail Loans (% of GDP)                       | 27.5   | 26.4   | 26.9   |        |        |
| Corporate Loans (% of GDP)                    | 25.0   | 25.3   | 25.1   |        |        |
| Customer Deposits (% of GDP)                  | 60.7   | 58.0   | 60.7   |        |        |
| Loans to Private Sector (% of Deposits)       | 86.5   | 89.5   | 85.9   |        |        |
| Foreign Currency Loans (% of Total Loans)     | 40.7   | 42.6   | 42.0   |        |        |
| <b>External Accounts</b>                      |        |        |        |        |        |
| Merchandise exports (EUR million)             | 6,041  | 7,320  | 7,292  | 7,640  | 7,952  |
| Merchandise imports (EUR million)             | 8,378  | 10,801 | 9,868  | 10,534 | 11,179 |
| Trade balance (EUR million)                   | -2,337 | -3,481 | -2,576 | -3,055 | -3,227 |
| Trade balance (% of GDP)                      | -19.7  | -26.7  | -18.9  | -21.2  | -21.2  |
| Current account balance (EUR million)         | -0,329 | -0,797 | -0,095 | -0,288 | -0,336 |
| Current account balance (% of GDP)            | -2.8   | -6.1   | 0.7    | -2.0   | -2.2   |
| Net FDI (EUR million)                         | 0,388  | 0,654  | 0,523  | 0,471  | 0,499  |
| Net FDI (% of GDP)                            | 3.3    | 5.0    | 3.8    | 3.3    | 3.3    |
| International reserves (EUR million)          | 3,643  | 3,863  | 4,538  | 4,838  | 5,088  |
| International reserves (Months <sup>a</sup> ) | 4.5    | 3.7    | 4.6    | 4.5    | 4.5    |
| <b>Public Finance</b>                         |        |        |        |        |        |
| Primary balance (% of GDP)                    | -4.1   | -3.3   | -3.4   | -2.8   | -2.2   |
| Fiscal balance (% of GDP)                     | -5.3   | -4.4   | -4.9   | -4.2   | -3.5   |
| Gross public debt <sup>b</sup> (% of GDP)     | 59.8   | 58.5   | 61.5   | 64.6   | 64.8   |
| <b>External Debt</b>                          |        |        |        |        |        |
| Gross external debt (EUR million)             | 9,577  | 10,856 | 11,453 | 12,028 | 12,531 |
| Gross external debt (% of GDP)                | 80.8   | 83.2   | 83.8   | 83.5   | 82.0   |
| External debt service (EUR million)           | 2,689  | 2,558  | 4,043  | 3,761  | 4,342  |
| External debt service (% of reserves)         | 73.8   | 66.2   | 89.1   | 77.7   | 86.2   |
| External debt service (% of exports)          | 34.5   | 26.5   | 40.7   | 35.9   | 39.5   |
| <b>Financial Markets</b>                      |        |        |        |        |        |
| 28-d CB bill rate (% eop)                     | 1.3    | 4.8    | 6.3    | 5.8    | 4.5    |
| 28-d CB bill rate (% aop)                     | 1.3    | 2.5    | 5.8    | 6.1    | 5.2    |
| 1-Y T-bill rate <sup>c</sup> (% eop)          | 0.7    | 3.5    | 4.3    | 3.5    | 3.0    |
| Exchange rate: EUR (eop)                      | 61.6   | 61.6   | 61.6   | 61.6   | 61.6   |
| Exchange rate: EUR (aop)                      | 61.5   | 61.5   | 61.5   | 61.6   | 61.6   |

f: NBG forecasts; a: months of imports of GNFS; b: incl. guaranteed debt; c: primary market

| CYPRUS  |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
|   | 2021    | 2022    | 2023    | 2024f   | 2025f   |
| <b>Real Sector</b>                            |         |         |         |         |         |
| Nominal GDP (EUR million)                     | 24,928  | 27,777  | 29,807  | 31,351  | 33,002  |
| GDP per capita (EUR)                          | 27.687  | 30.434  | 32.151  | 33,481  | 34,895  |
| GDP growth (real, %)                          | 9.9     | 5.1     | 2.5     | 3.0     | 2.8     |
| Unemployment rate (% aop)                     | 7.5     | 6.8     | 6.1     | 5.8     | 5.5     |
| <b>Prices and Banking</b>                     |         |         |         |         |         |
| Inflation (% eop)                             | 4.8     | 7.9     | 1.6     | 3.6     | 1.9     |
| Inflation (% aop)                             | 2.4     | 8.4     | 3.6     | 2.1     | 2.4     |
| Loans to the Private Sector (% change, eop)   | -5.0    | -12.1   | -5.0    |         |         |
| Customer Deposits (% change, eop)             | 5.4     | 2.9     | -0.6    |         |         |
| Loans to the Private Sector (% of GDP)        | 110.1   | 86.8    | 76.9    |         |         |
| Retail Loans (% of GDP)                       | 49.0    | 41.3    | 37.5    |         |         |
| Corporate Loans (% of GDP)                    | 61.1    | 45.5    | 39.4    |         |         |
| Customer Deposits (% of GDP)                  | 174.1   | 160.7   | 149.0   |         |         |
| Loans to Private Sector (% of Deposits)       | 63.2    | 54.0    | 51.6    |         |         |
| Foreign Currency Loans (% of Total Loans)     | ---     | ---     | ---     |         |         |
| <b>External Accounts</b>                      |         |         |         |         |         |
| Merchandise exports (EUR million)             | 3,693   | 4,581   | 4,346   | 4,463   | 4,592   |
| Merchandise imports (EUR million)             | 8,092   | 10,555  | 11,462  | 11,632  | 12,111  |
| Trade balance (EUR million)                   | -4,398  | -5,973  | -7,115  | -7,170  | -7,519  |
| Trade balance (% of GDP)                      | -17.6   | -21.5   | -23.9   | -22.9   | -22.8   |
| Current account balance (EUR million)         | -1,514  | -2,203  | -3,607  | -2,994  | -2,804  |
| Current account balance (% of GDP)            | -6.1    | -7.9    | -12.1   | -9.6    | -8.5    |
| Net FDI (EUR million)                         | 7,748   | 8,446   | 3,749   | 4,686   | 5,389   |
| Net FDI (% of GDP)                            | 31.1    | 30.4    | 12.6    | 14.9    | 16.3    |
| International reserves (EUR million)          | ---     | ---     | ---     | ---     | ---     |
| International reserves (Months <sup>a</sup> ) | ---     | ---     | ---     | ---     | ---     |
| <b>Public Finance</b>                         |         |         |         |         |         |
| Primary balance <sup>b</sup> (% of GDP)       | -0.1    | 3.9     | 4.5     | 3.9     | 3.8     |
| Fiscal balance <sup>b</sup> (% of GDP)        | -1.9    | 2.4     | 3.1     | 2.6     | 2.4     |
| Gross public debt (% of GDP)                  | 99.3    | 85.6    | 77.3    | 71.5    | 66.0    |
| <b>External Debt</b>                          |         |         |         |         |         |
| Gross external debt (EUR million)             | 172,529 | 169,326 | 171,697 | 170,197 | 168,697 |
| Gross external debt (% of GDP)                | 692.1   | 609.6   | 576.0   | 542.9   | 511.2   |
| External debt service (EUR million)           | ---     | ---     | ---     | ---     | ---     |
| External debt service (% of reserves)         | ---     | ---     | ---     | ---     | ---     |
| External debt service (% of exports)          | ---     | ---     | ---     | ---     | ---     |
| <b>Financial Markets</b>                      |         |         |         |         |         |
| Policy rate (ECB refinancing rate, %, eop)    | -0.5    | 2.0     | 4.0     | 3.3     | 2.5     |
| Policy rate (ECB refinancing rate, %, aop)    | -0.5    | 0.2     | 3.4     | 3.8     | 2.7     |
| 10-Y T-bill rate (% eop)                      | 0.7     | 4.2     | 3.2     | 3.7     | 3.7     |
| Exchange rate: USD (eop)                      | 1.137   | 1.070   | 1.104   | 1.090   | 1.110   |
| Exchange rate: USD (aop)                      | 1.183   | 1.053   | 1.081   | 1.083   | 1.103   |

f: NBG forecasts; a: months of imports of GNFS; b: cash basis

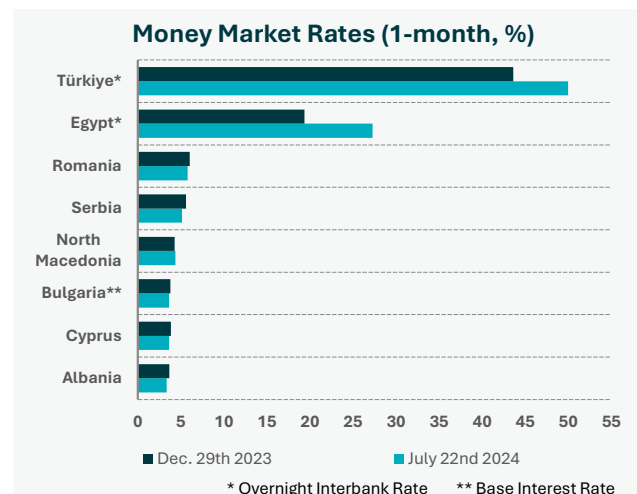
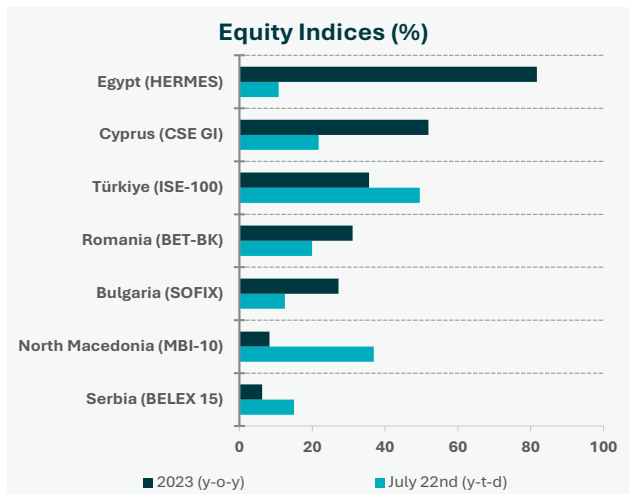
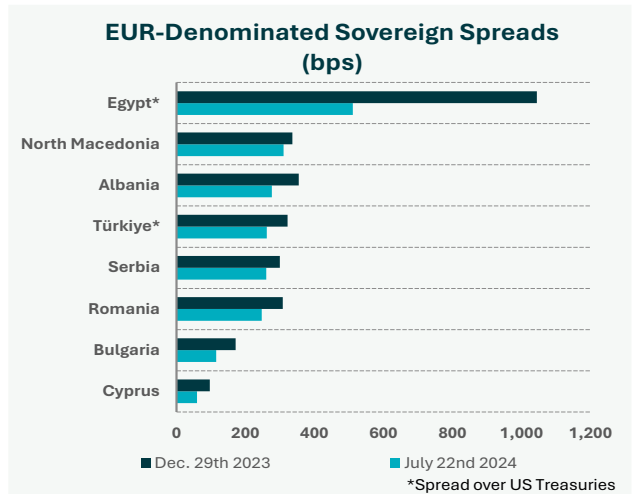
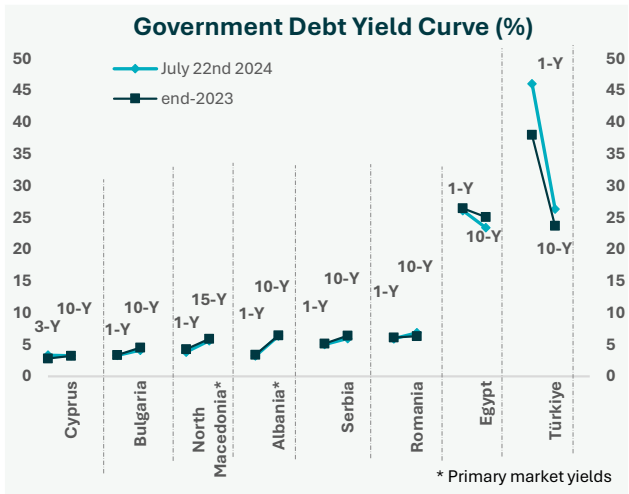
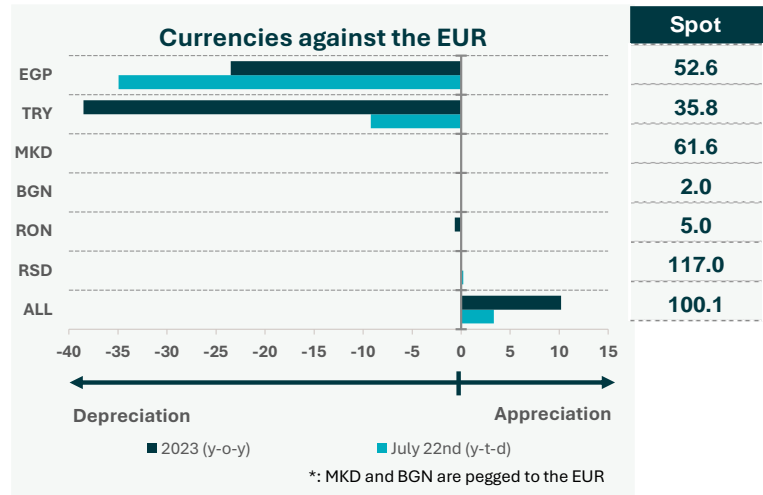
# REGIONAL SNAPSHOT: MACROECONOMIC INDICATORS



Sources: National Sources & NBG estimates



# REGIONAL SNAPSHOT: FINANCIAL MARKETS



Sources: Reuters & NBG estimates



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