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The authors wish to thank Dr. Tasos Anastasatos, Deputy Chief Economist, for his insightful comments

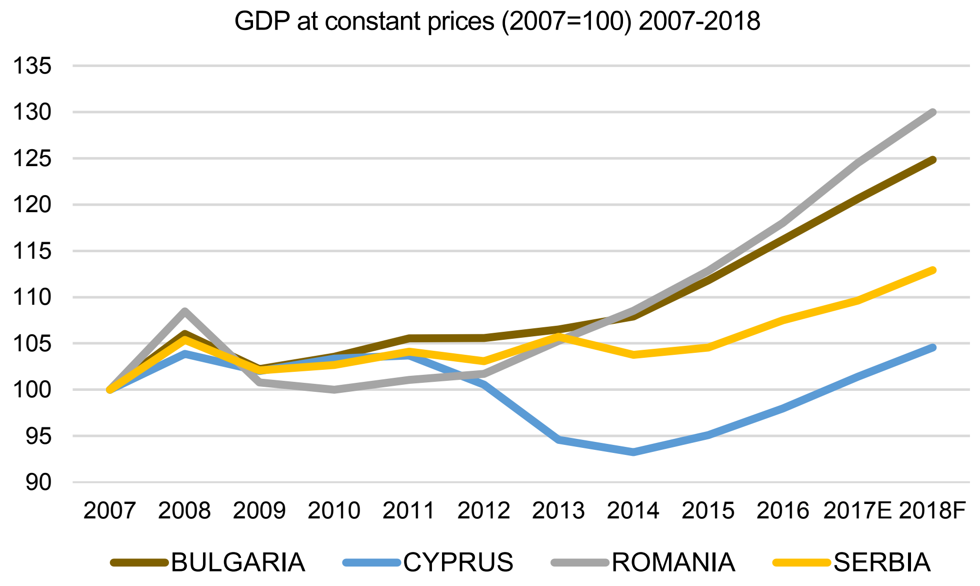
Regional economies poised to reach a new post-Lehman high

REGIONAL MACROECONOMIC & MARKET DEVELOPMENTS & OUTLOOK

- **Bullish Q3-2017 flash GDP estimates** for most of the economies of the region
- **Consumer spending revival** continues unabated driven by sustained sentiment gains, eased financial conditions, tighter labor markets and robust real wage dynamics
- **Limited** room for more **expansionary** policies in 2018
- Most **regional assets** hold onto their recent gains
- **Emerging Market bourses** extended their recent gains over the last two months; **CESEE indices** lagged behind
- Regional **currencies and government bonds** driven by idiosyncratic factors

COUNTRY FOCUS

- **Bulgaria:** Strong GDP growth in Q3
- **Cyprus:** Solid economic performance in Q3
- **Romania:** Record GDP growth in Q3-NBR initiates the tightening cycle
- **Serbia:** Fiscal consolidation continues unabated



Source: Eurostat, National Authorities, Eurobank Research

Contents

I. Regional Macroeconomic & Market Developments & Outlook

Regional growth heading for a new post-Lehman high in 2017; most assets hold onto their recent gains

The flash GDP growth estimates for the economies of the region in Q3 were bullish

The flash GDP growth estimates for Q3-2017, released for most of the countries of our focus (Bulgaria, Romania, and Cyprus) were bullish and in some cases surpassed the most optimistic forecasts. As things stand at this moment, it would be fair to say that 2017 is braced to prove another very good year for the region, most probably the best since 2008. Private spending revival has continued unabated driven by sustained consumer sentiment gains, eased financial conditions, tighter labor markets combined with robust real wage dynamics, a trend that will most likely extend in the new year as well. Moreover, inflationary pressures-albeit core metrics are on the rise-remain well anchored within On the one hand, we are concerned that the regional economies are about to or have already reached their cyclical peak. From that point of view, economic policies have less room to support growth given that monetary policies-both on the global and the regional level-are set to tighten and fiscal policy is constrained by pre-crisis legacies, idiosyncratic factors and institutional commitments.

Emerging market assets mostly hold onto this year's gains

Emerging market assets staged a rather mixed performance over October and November, however most held onto this year's gains. Idiosyncratic factors have also remained at play. Turkish assets have come under pressure in view of straining ties with the US recently. The lack of more aggressive monetary tightening by the Central Bank, despite already well above target inflation and the lira's recent depreciation, have exacerbated these pressures. In a similar vein, Romanian assets have lost ground over the last few weeks amid increased concerns about an economic overheating. The Central Bank's decision to allow higher flexibility on the FX rate weighed additionally on the leu.

Emerging Market bourses extended their recent gains over the last two months; CESEE indices lagged behind

On that note, the majority of Emerging Market bourses extended their recent gains, further stretching their two-year rally amid global growth optimism and a positive corporate outlook. A rise in global oil prices has also provided support to related shares. Indicatively, the MSCI Emerging Markets Index added 6.5% since the end of September, having scaled in November new 6-year highs and brought the year to date gains to ca 34%. Emerging Asia has mostly led the rally over the last couple of months, while CESEE indices have lagged posting modest concomitant increases. In the countries of our focus, Bulgaria's and Romania's stock markets bucked the positive trend to post modest losses since the end of September. Meanwhile, Serbia's BELEX rose by ca 2.5% over the same period.

Regional currencies and government bonds driven by idiosyncratic factors

Emerging currencies gave back some of this year's recent gains as the US dollar pulled back from lows hit in early September. CESEE currencies remained little changed on a year to date basis. Amongst the most notable exceptions are the Turkish lira and the Romanian leu which have been mostly hit by the aforementioned country-specific factors. The USD/TRY has slid by more than 12% since the beginning of the year having reached a record high near 3.9830 in late November. Meanwhile, the Romanian leu also hit a lifetime low, at 4.6585/€, ahead of a no confidence motion in parliament and overheating concerns. Similarly, local currency bonds have fallen sharply in these two countries, while Hungarian long-term bond yields reached record low levels, pushed lower by a new bout of unconventional monetary easing measures announced by the Central Bank at its November meeting.

Immediate risks lie ahead

Looking ahead, immediate key risk events lie in the face of the upcoming OPEC meeting (November 30) and the vote on the modified Senate Finance Committee's tax proposal, also expected over the coming days. The Fed's meeting in December also takes centre stage. A rate hike is almost fully priced in by markets. However, the focus will mostly lie on the FOMC's future monetary policy deliberations. Along the same lines, the ECB's meeting on December 14th will be closely scrutinized by market participants.

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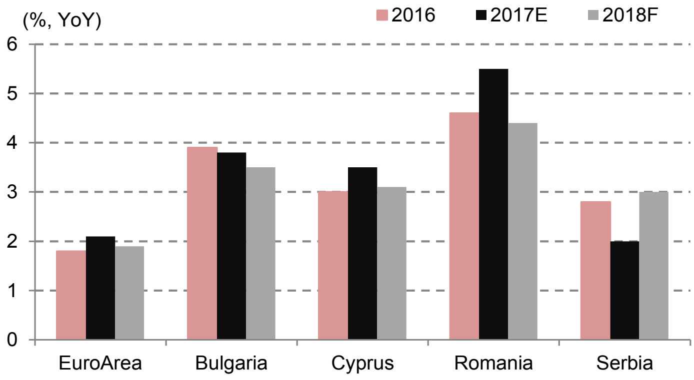
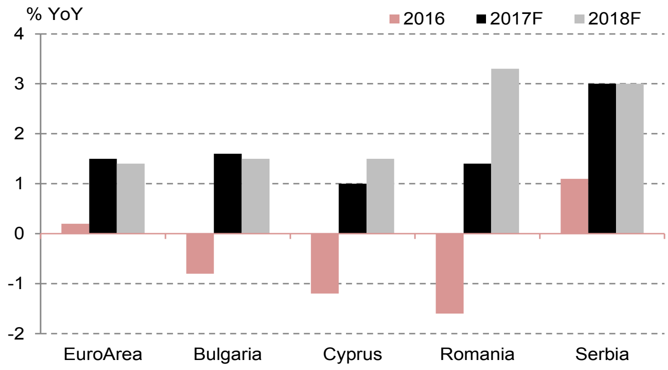
FIGURE 1: GDP Growth performance 2015-2017



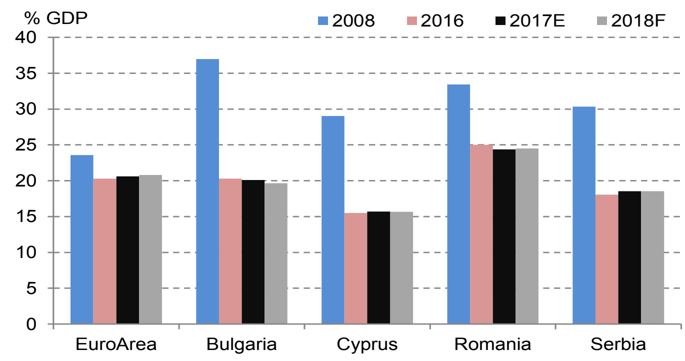
Source: Eurostat, National Authorities, Eurobank Research

FIGURE 2: Annual average inflation 2015- 2017



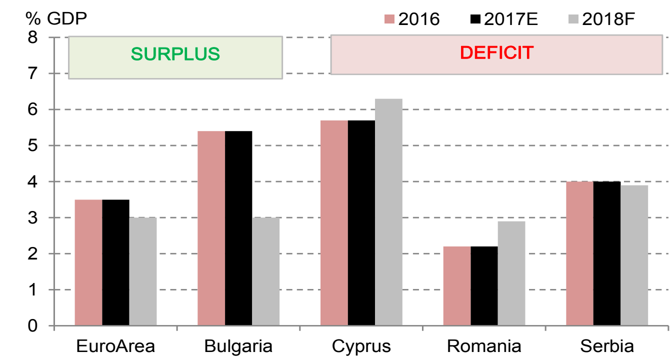
Source: Eurostat, EU Spring Forecasts, Eurobank Research

FIGURE 3: Investments to GDP ratios 2008 vs. 2017



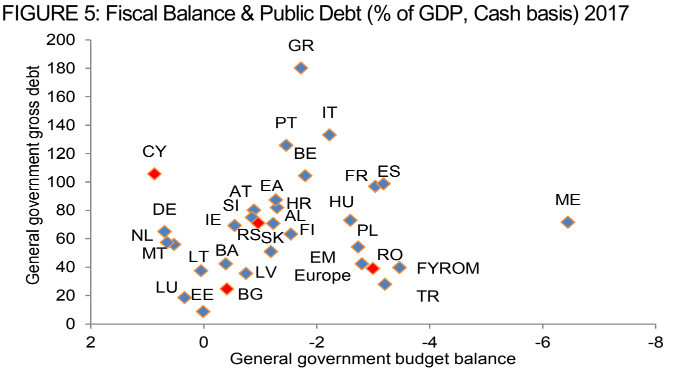
Source: IMF WEO, Eurobank Research

FIGURE 4: Current Account Balance (% of GDP)



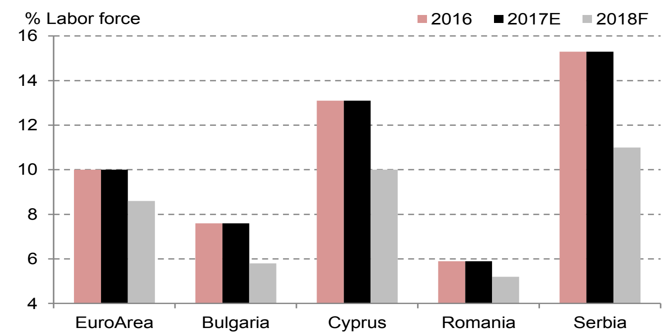
Source: Eurostat, National Authorities, Eurobank Research

FIGURE 5: Fiscal Balance & Public Debt (% of GDP, Cash basis) 2017



Source: IMF National Authorities, Eurobank Research

FIGURE 6: Annual average unemployment rates 2015-2017



Source: Eurostat, National Authorities Eurobank Research

FIGURE 7: Major world & CESEE stock markets performance (%)

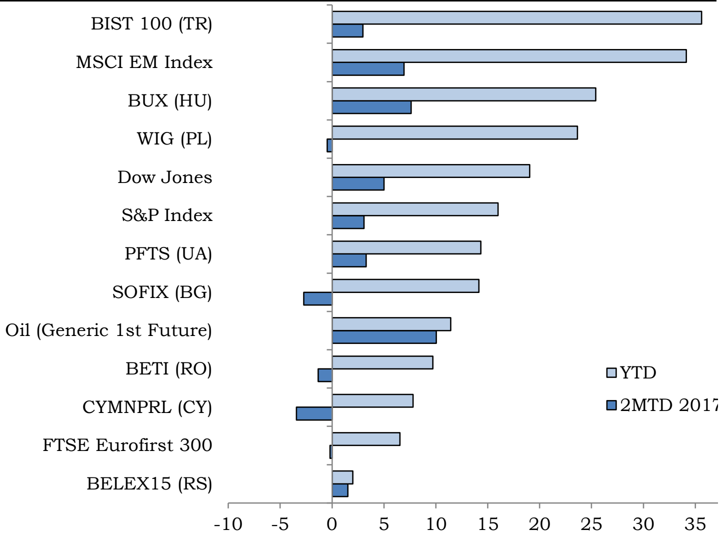


FIGURE 8: World & EM stock markets performance

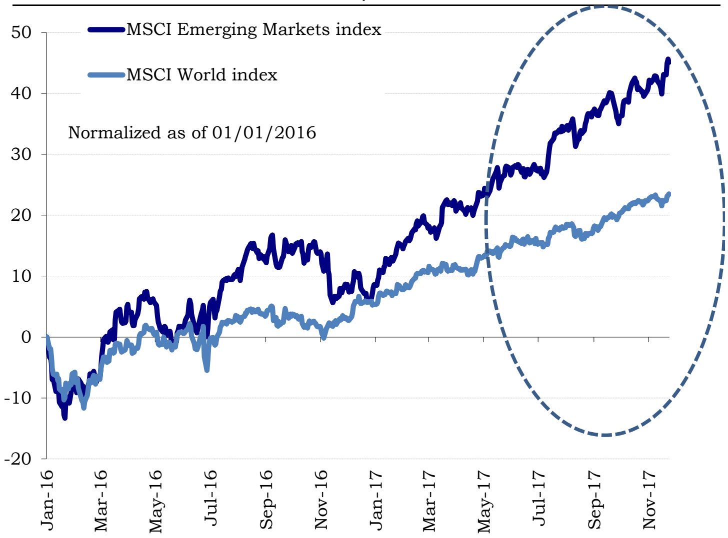


FIGURE 9: MSCI stock indices performance (by region)

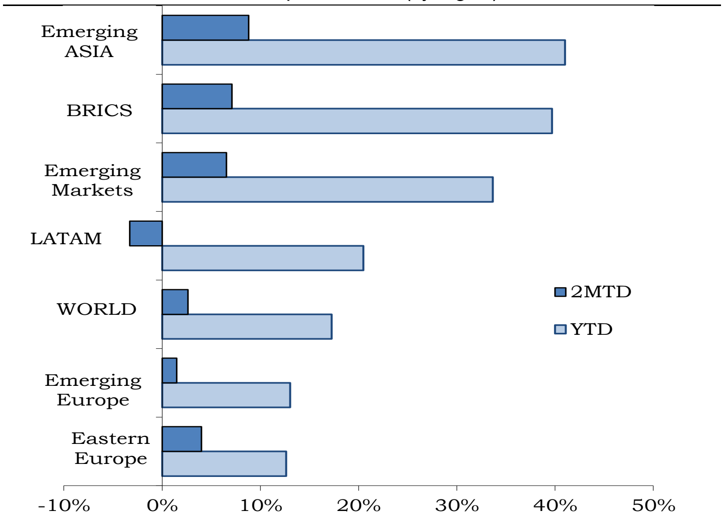


FIGURE 10: CESEE FX performance

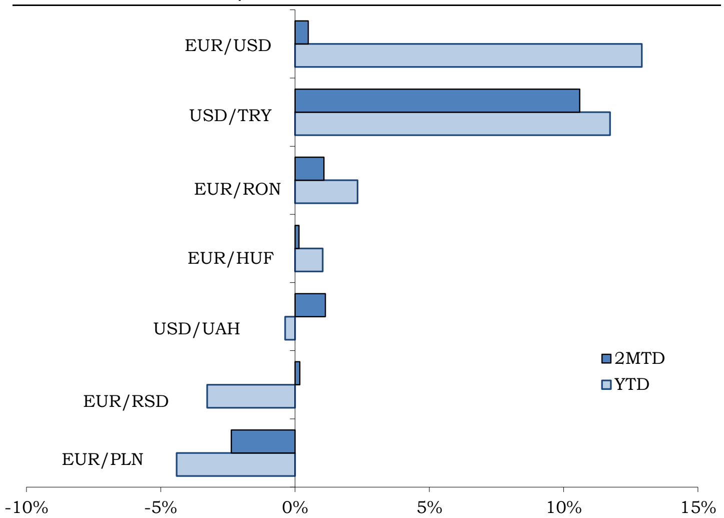
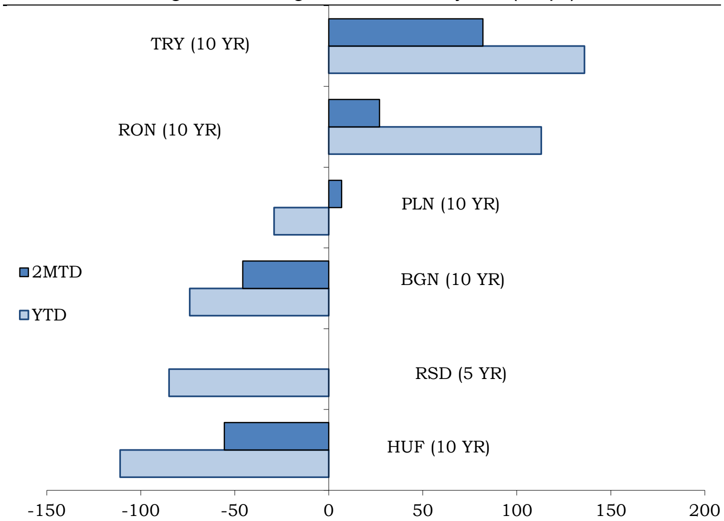
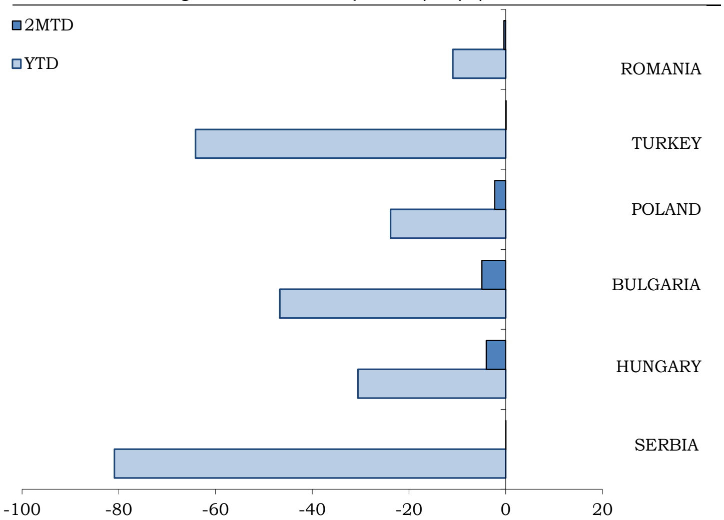


FIGURE 11: Change in CESEE government bond yields (in bps)



Source: Reuters, Bloomberg, Eurobank Research

FIGURE 12: Change in 5-Year CDS spreads (in bps)



Source: Reuters, Bloomberg, Eurobank Research

Trader's view

FX

Prefer staying on the sidelines on the Serbian currency for now

After remaining range-bound for almost four months, the dinar strengthened anew in November breaking below a key resistance level of 119.00/€to reach a new 3-year high near 118.50/€ This move came despite two surprise interest rate cuts by the National Bank of Serbia, which appeared to have had a rather negligible impact on the currency. At the same time, investor confidence for future positive macroeconomic developments supported inflows towards government bonds. In support of the aforementioned, the latest 7Y RSD-denominated bond auction held in October attracted bids worth RSD 41bn vs. an initial offering of RSD 19bn, with the average accepted yield falling to 5.0% from 5.6% when the paper was last auctioned two months before. A similar picture was evidenced in the 2Y bond auction, which also resulted in a 60 basis drop in the yield to 4.05%. The key policy rate cuts have also pushed the Belibor lower curve by 45 basis points (on average). Meanwhile, inflation pressures remain relatively subdued with the latest readings (2.8%YoY in October and 3.2%YoY in September) still remaining within the NBS inflation tolerance band target of 3+/-1.5%. Additionally, amongst the main reasons for the two Central Bank interest rate cuts most likely lie behind the weaker than previously expected GDP growth trajectory, falling inflation expectations and still low interest rate environment in Europe. However, the next ECB monetary meeting and potential hints on the future monetary policy deliberations ahead and a potential tapering may prove game changers. Our previous recommendation of long EUR/RSD hit the118.70 stop loss in early November. Taking into account uncertainty surrounding potential new NBS interventions, we prefer staying on the side lines on the Serbian currency for now.

Local rates

We prefer to remain on the sidelines on Bulgarian bond trades

Bulgarian local-currency bonds stayed well supported over approximately the past month. The bull flattening of the yield curve continued, with the long-end decreasing by a maximum of 12 bps against the timid increase of 4 bps in short-term notes. Meanwhile, the Ministry of Finance reopened in late October a 7.5 year BGN-denominated issue maturing in 2025 raising BGN 85mn and bringing the total amount issued to BGN 170mn. Separately, Bulgarian Eurobonds followed the developments in the local market with the belly of the curve outperforming. At the moment we believe that Bulgarian credit spreads are tight and valuations stretched, which is the reason why we prefer to remain neutral and not enter any new positions.

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We would also like to the Eurobank Trading Team in Athens for its most valuable comments

II. Country Focus
Bulgaria (Baa2/BB+/BBB-)

Strong GDP growth in Q3

Real GDP growth came at 3.9% YoY in Q3 driven by strong final consumption dynamics

According to the flash estimate release, real GDP expanded by 0.9% QoQ/3.9% YoY in Q3 compared to 1.0% QoQ/3.7% YoY in Q2 vs. 0.9% QoQ/3.7% YoY in Q1. As usual, there will be another estimate of the national accounts data published at a later stage and there will most probably be huge revisions and reallocations within the individual growth drivers' components. Although the components are yet to be known, growth most probably was once again domestic demand-driven. Final consumption remained strong on an annual basis, expanding by 1.1% QoQ/4.6% YoY in Q3 vs. 0.5% QoQ/3.8% YoY in Q2 compared to 1.0% QoQ/4.6% YoY in Q1. Final consumption received support from sustained labor market improvement coupled with still high real wage growth, a more expansionary fiscal stance compared to the same period last year, accelerating credit activity and increased tourism revenues in Q3. The unemployment rate declined further down to 6.1% in Q3-2017 down from 7.4% a year ago, the lowest level since Q1-2009, as the economy adds new jobs in the areas of specialized business and IT services. At the same time, real wage growth dynamics accelerated to 8.6% YoY in Q3 vs. 7.6% YoY in Q2 underpinned by the inflation slowdown (from 2.3% YoY in Q2 to 1.6% YoY in Q3). Credit to the non-government sector accelerated to 4.9% YoY in Q3 vs. only 1.5% YoY in 2016, compared to -1.2% YoY in 2015 and -8.2% YoY in 2014. Financial institutions are now less reluctant to lend, as heavy regulatory requirements posed by the banking system-wide AQR and Stress test are behind, and are still confronted by the negative interest rates on excess reserves. In addition, the net travel services surplus had reached 3.8% of GDP in 9M up from 1.1% in H1. In contrast, investments were in the black on an annual basis in Q3 after five consecutive quarters (GFCF: -0.5% QoQ/+2.3% in Q3 vs. QoQ/-1.0% YoY in Q2 vs. -0.6% QoQ/-4.6% YoY in Q1). The rise mirrors partial progress in infrastructure spending implementation after the transition period of the caretaker government plus the low EU funds absorption in the two-year period after the closing of the programming period 2007-2013. Finally, net exports had a negative contribution in Q3 (Exports: +4.4% YoY vs. +3.7% YoY in Q2 & Imports: +6.5% vs. +6.2% YoY in Q2) driven by the strong imports rise in response to private consumption dynamics.

Structural reforms are required to boost the growth potential of the country in the long-term

Joining the ERM2 mechanism for a period of at least two years is a formal prerequisite for Euroarea membership. According to press reports, Prime Minister Borissov has received support from both Chancellor Merkel and President Macron to go ahead with ERM2 application membership. Currently, Bulgaria fulfills most of the nominal convergence criteria for Euroarea entry. On the other hand, real convergence criteria are not satisfied, although officially these are not part of the evaluation procedure. The living standards are the lowest in EU-28, productivity is equally the lowest in EU-28. The country is still subject to the Co-operation and Verification mechanism, which was set up in 2007 to monitor progress in the fields of judicial reform, corruption and organized crime. Even after accounting for the fast GDP growth trajectory in 2015-2018, GDP per capita in PPS terms will have only climbed to 50% by the end of 2018.

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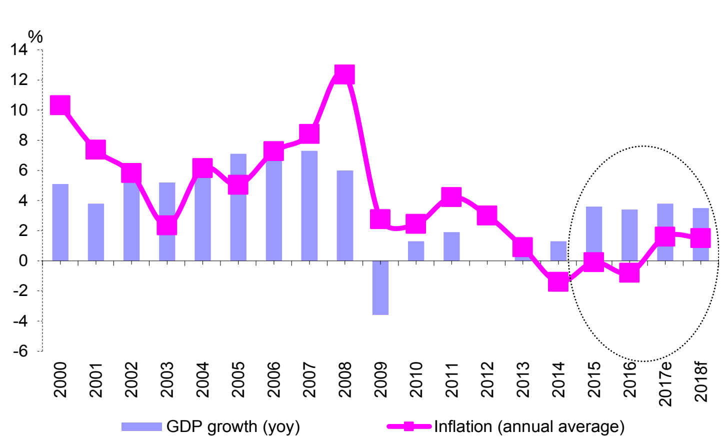
Bulgaria: Macro & Market Data

Macro indicators	2016	2017e	2018f
Real GDP (yoy, %)	3.4	3.8	3.5
Inflation (yoy%, avg)	-0.8	1.6	1.5
Fiscal Balance (%GDP, Cash basis)	1.6	0.0	-1.0
Gross Public Debt (%GDP, Cash basis)	27.8	24.5	24.1
Unemployment Rate (LFS, %)	7.6	6.3	5.8
Compensation of employees/head	3.9	4.1	4.5
Current Account (% GDP)	5.4	4.0	3.0
Net FDI (EUR bn)	0.6	1.1	1.0
Domestic Credit	**2014**	**2015**	**2016**
Total Credit (%GDP)	67.7	57.1	54.6
Private Sector Credit (yoy)	-8.2	-1.2	1.5
Loans to Deposits (%)	84.2	78.2	74.1
Financial Markets	**3M**	**6M**	**12M**
Policy Rate		(Currency Board)	
EUR/BGN	1.96	1.96	1.96

FIGURE 13: GDP growth & Inflation 2000-2018



Cyprus ((P) Ba3/BB+/BB)

Solid economic performance in Q3

The solid economic performance continued in Q3

According to the flash estimate release, real GDP on an unadjusted basis expanded by 3.8% YoY in Q3-2017 bringing the year to date performance at 3.8% in 9M-2017. On a seasonally adjusted basis, growth expanded by 0.9% MoM/3.9% YoY in Q3-2017 compared to 1.0% QoQ/3.9% YoY in Q2-2017 and 0.7% QoQ/3.7% YoY in Q1-2017, up from 0.8% QoQ/2.9% YoY in Q3-2016. The GDP growth rate of Q3 is among the second highest in EA-19 and the fifth highest in EU-28 and, for an eighth consecutive quarter in a row, above that of EA-19. During 2015 and 2016 the Cypriot economy expanded much faster than previously perceived, with the Statistical Service revising the GDP growth rate up to 2.0% and 3.0% respectively, from the earlier estimates of 1.7% and 2.8%. As a result, the level of GDP in 2016 stood only 5% below that in 2011 and is expected to surpass the level of 2008 by the end of 2018 under the assumption of real GDP growth averaging 3.5% YoY in 2017-2018. Even though Cyprus has made progress in a lot of areas, the risk of complacency following the exit from the Economic Adjustment Programme is material. On the domestic front, the reform momentum seems to have stalled ahead of the Presidential elections in 2018. Still, a handful of unfinished structural reforms need to progress in the areas of privatizations, public and health sectors, while addressing the challenges of a still high bad loans stock (NPEs ratio at 45% in June2017).

with particularly visible positive signals emanating from the property market

Although the components are yet to be known, the consumption rebound has most probably continued in Q3 driven by sustained sentiment improvement, a flourishing tourism sector, improved labor market conditions, further property market stabilization, the impact from the envisaged fiscal relaxation, and the further normalization of banking sector conditions. Tourist arrivals grew by 14.7% YoY in 9M-2017, with the corresponding levels over that period heading for a new all-time record high in the history of the Republic. Unemployment in seasonally adjusted terms resumed its downward trend, declining further to 10.3% in September 2017, down from 17% at its peak in October 2013. Further on, high frequency data from the property market sent more encouraging signals. First of all, property prices were on an increasing path in H1-2017. The Residential Property Price Index (RPPI) recorded its second annual increase in Q2-2017 (+0.5% QoQ/+1.1% YoY in Q2 vs. +0.3% QoQ/+0.2% YoY in Q1) since 2009. Secondly, the number of real-estate market sale contracts has risen by 19% YoY in 10M-2017. The reading of 843 in June 2017 only, was a new multi-year monthly high of the last six years (Department of Lands and Surveys). Finally, construction output expanded by a hefty +1.1% QoQ/+32.5% YoY in Q2-2017 compared to +13.5% QoQ/+45.6% YoY in Q1-2017 up from +8.6% QoQ/+18.4% YoY in Q4-2016. Thus, Cyprus was ranked first among other EU-28 in terms of the aforementioned reading in Q2. The latest building permits release predisposes for a continuation in the construction output rebound. According to CYSTAT, the total value of building permits issued in the first eight months of the year increased by 49.1% YoY, while total area rose by 39.5% YoY. During the period January-August 2017, 3.772 building permits were issued up from 3.434 in the corresponding period of the previous year.

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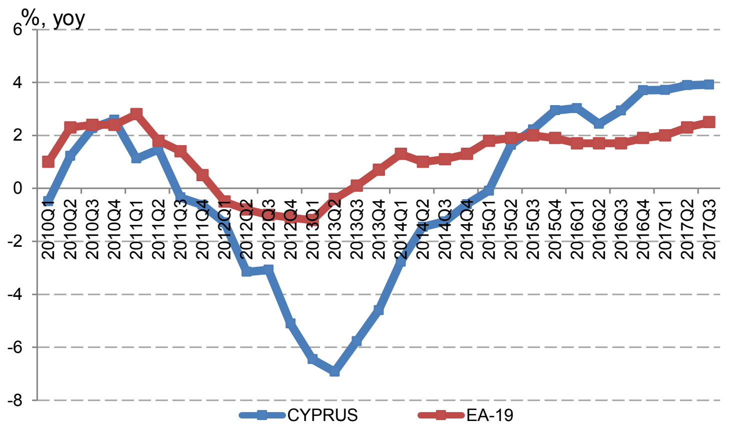
Cyprus: Macro & Market Data			
Macro indicators	**2016**	**2017e**	**2018f**
Real GDP (yoy, %)	2.8	3.5	3.1
HICP Inflation (yoy%, avg)	-1.2	1.0	1.5
Fiscal Balance (%GDP, Cash basis)	0.4	0.2	0.4
Gross Public Debt (%GDP, Cash basis)	107.8	104.0	99.7
Unemployment Rate (LFS, %)	13.1	11.5	10.0
Compensation of employees/head	-0.6	0.7	1.1
Current Account (% GDP)	-5.7	-5.9	-6.3
Terms of Trade (of Goods)	-0.4	0.2	-0.5
Domestic Credit	**2014**	**2015**	**2016**
Total Credit (%GDP)	353.5	360.8	308.3
Credit to Enterprises (%GDP)	148.1	151.5	125.3
Credit to Households (%GDP)	142.7	136.4	127.5
Private Sector Credit (yoy)	-2.3	-3.4	-11.0
Loans to Deposits (%)	133.4	136.6	112.6

Sources: National statistics, Eurostat, IMF, Ecowin Reuters, Eurobank Research

FIGURE 14: GDP growth performance Cyprus vs. EA-19 2013-2017



Romania (Baa3/BB+/BBB-)

Record GDP growth in Q3-NBR initiates the tightening cycle

Growth surpassed the most optimistic in Q2-2017, bringing the 9M-2017 at 7.0% in unadjusted terms

According to the flash estimate release, real GDP on an unadjusted basis expanded by 8.8% YoY in Q3-2017 bringing the year to date performance at 7.0%. On a seasonally adjusted basis, growth skyrocketed to 2.6% MoM/8.6% YoY in Q3-2017 –above analyst call for +1.1% QoQ/+6.2% YoY- compared to +2.0% QoQ/ +6.1% YoY in Q2-2017 and +2.0% QoQ/+5.8% YoY in Q1-2017, up from +0.3% QoQ/+4.3% YoY in Q3-2016.Although the components are yet to be known, it is a common knowledge for everyone that growth was once again domestic demand-driven. Growth is largely driven by private consumption, financed by an overly expansionary fiscal policy, and leads to a revival of macroeconomic imbalances. Hence, the economy is driven close to, if not above, its potential growth rate at the expense of pushing government finances off consolidation track and deteriorating the external position (CAD17e: -3% of GDP)

NBR narrowed the interest rates corridor further in November in line with market expectations. The rhetoric change has increased market pressure on the local currency

In line with earlier market expectations, the NBR narrowed further the standing facilities corridor from ±125bps to ±100bps in a step towards further policy normalization on November 10. Recall that NBR was inclined to initiate the tightening cycle in early October by narrowing the interest rate corridor by 25bps to +/-1.25% from +/- 1.50% instead of the KPR, which currently stands at 1.75%. More importantly, NBR changed its rhetoric on the issue of liquidity management pledging to ensure firm liquidity conditions in the banking system" instead of "adequate liquidity management" previously. In the media briefing thereafter, the NBR governor Isarescu made two important comments. Firstly, he elaborated on the issue of firm liquidity management explaining that the central bank will be draining liquidity via auctions so as to maintain market interest rates close to the KPR. On top of that, the Governor also hinted towards allowing the FX rate a somewhat higher flexibility adding that the FX reserves are not 'excessive' anymore. The NBR comments attracted significant market reaction today. As a result, EUR/RON jumped from 4.59 at the opening to as high as 4.64 with the turnover being the largest in the last few years. Looking ahead, the governor dismissed the need for further forward guidance, stating that further KPR hikes would depend on inflation data in the coming months and major Central Banks policy outlook. From that point of view, the timing of the initiation of the KPR hikes cycle is approaching, most probably within the Q1-2018, as underlying inflationary pressures are building up in late months.

Underlying inflationary pressures are building up despite the temporary slowdown of headline inflation in the summer

Inflation accelerated to +1.3% MoM/+2.6% YoY in October up from +0.5% MoM/+1.8% YoY in September entering further within the lower band bound of NBR's target interval (2.5%+1%). The adjusted Core CPI (excluding administered and volatile prices, alcohol and tobacco) climbed further to 1.95% in October up from 1.8% YoY in September, the highest level since November2013. The PPI (Producer Price Index) heated up to 4.3% YoY in September up from 2.5% YoY in June vs. only 0.9% YoY last December, driven by higher energy and intermediary goods' prices. Supply-side factors such as the regulated price increase for energy tariffs in July and October and the increase of excise duty for fuel in September plus the underlying inflationary pressures are going to push the headline even higher to 2.9% YoY by year end according to the revised NBR forecast.

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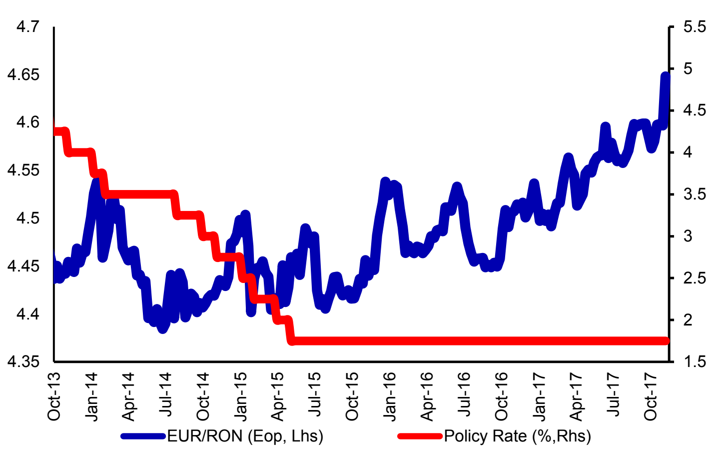
Romania: Macro & Market Data			
Macro indicators	**2016**	**2017e**	**2018f**
Real GDP (yoy, %)	4.8	5.5	4.0
Inflation (yoy%, avg)	-1.6	1.4	3.1
Fiscal Balance (%GDP, Cash basis)	-2.4	-3.7	-3.8
Gross Public Debt (%GDP, Cash basis)	39.1	40.5	41.7
Unemployment Rate (LFS, %)	5.9	5.3	5.2
Compensation of employees/head	10.3	9.5	6.5
Current Account (% GDP)	-2.2	-3.0	-2.8
Net FDI (EUR bn)	3.9	4.0	4.0
Domestic Credit	**2014**	**2015**	**2016**
Total Credit (%GDP)	44.4	43.9	41.2
Private Sector Credit (yoy)	-3.1	3.0	1.2
Loans to Deposits (%)	106.3	106.6	114.3
Financial Markets	**3M**	**6M**	**12M**
Policy Rate (Currently:1.75%)	1.75	2.00	2.50
EUR/RON (Currently:4.62)	4.62	4.65	4.65

Sources: National statistics, Eurostat, IMF, Ecowin Reuters, Eurobank Research

FIGURE 15: Monetary policy & FX rate 2013-2017



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Serbia (Ba3/BB-/BB-)

Fiscal consolidation continues unabated

Real GDP slows down on adverse weather conditions & poor execution of infrastructure projects

The Serbian economic activity has slowed down so far this year, signaling that the previous full year estimate of ca. 3.0% is now out of reach. Despite some modest acceleration, the Q3 flash estimate of 2.1%YoY accentuated this claim. Growth remains fueled by private spending, while investments, net exports and government spending have proven weaker than earlier anticipated mostly due to poor execution of infrastructure projects. The severe summer drought hurt agricultural output and could contribute negatively to GDP growth by ca. 0.7 to 0.8 pps, according to government estimates. A solid rise in FDIs - expected to grow by ca. 15% and exceed €2.1bn in 2017 - does not appear capable of outweighing these headwinds, while, the low overall investment/GDP ratio - estimated at around 17.5% lagging significantly behind the regional average of 23.5% - remains a key issue for the Serbian economy. The continuously small share of private local investments are attributed to poor entrepreneurial culture, lack of a business-friendly environment and to some degree a preferential status of foreign investors, an issue being raised more and more by local businessmen. On the other hand, public investment spending has been underperforming, mostly due to the lack of administrative capacity to utilize the many credit lines offered by the international financial institutions. This particular problem appears to be looked at closely by the current government, led by PM Ana Brnabic, and measures are expected to be taken starting 2018.

Solid budget execution remains highlight of Serbia's macroeconomic picture in 2017

Solid budget execution has been the highlight of Serbia's macroeconomic picture thus far in 2017. The fiscal surplus for the first three quarters of the year has totaled RSD 90bn, with this figure coming mostly from the revenue side despite slower than anticipated economic activity. A good part of the improvement derives from permanent factors, while a number of others from temporary. Improved tax collection, enhanced performance of state owned enterprises due to temporary pay cuts in these companies, and some "excessive" dividend collection from the few successful public companies were the main reasons for the boost in revenues so far this year. The slow execution of public spending, especially on infrastructure projects, has saved some € 200mn on the expense side. Nevertheless, due to some habitual spending down the road, mostly related to covering losses for SOEs, we expect the general government fiscal surplus to end at around 0.5% to 0.7% of GDP, the first surplus since 2005, when privatization proceeds used to be in the area of billions of euros. Still, if the one-offs were to be excluded, Serbia would show a slim budget deficit of less than 1% of GDP, which had been the ultimate goal prior to the fiscal consolidation beginning process three years ago. With no further austerity measures needed, it is time for a slow and cautious turning to the expansionary fiscal policy; the government has announced that starting January 1, 2018 that, both pensions and public sector salaries will be hiked by between 5% and 10%.

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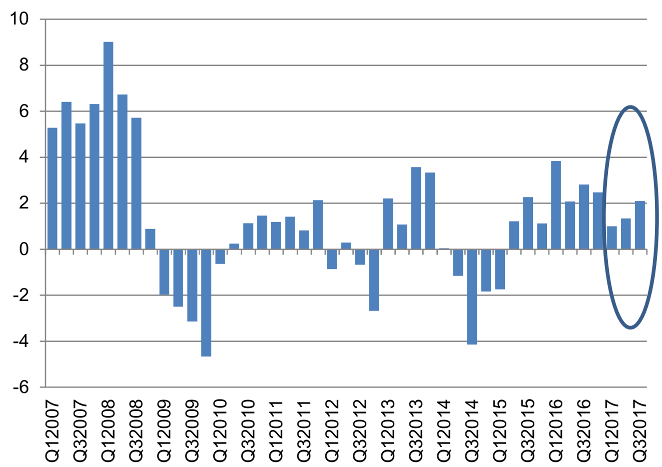
Serbia: Macro & Market Data

Macro indicators	2016	2017e	2018f
Real GDP (yoy, %)	2.8	2.0	3.0
Inflation (yoy%, avg)	1.1	3.0	3.0
Fiscal Balance (%GDP, Cash basis)	-1.2	0.5	-0.6
Gross Public Debt (%GDP, Cash basis)	14.0	68.9	64.5
Unemployment Rate (LFS, %)	15.3	12.5	11.5
Wage Grow th (total economy)	2.5	0.9	3.2
Current Account (% GDP)	-4.0	-4.0	-3.9
Net FDI (EUR bn)	1.9	2.1	2.0
Domestic Credit	**2014**	**2015**	**2016**
Total Credit (%GDP)	61.0	62.3	63.6
Private Sector Credit (yoy)	0.5	3.3	5.6
Loans to Deposits (%)	102.53	99.0	92.0
Financial Markets	**3M**	**6M**	**12M**
Policy Rate (Currently:3.50%)	3.50	3.50	4.00
EUR/RSD (Currently:118.70)	120.00	121.50	122.00

Sources: National statistics, Eurostat, IMF, Ecowin Reuters, Eurobank Research

FIGURE 16: GDP growth (YoY%) 2007-2017



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