INTESA SANPAOLO

International Research

Economic and Banking Monitor

January 2022

Countries with ISP subsidiaries

Quarterly Note

Research Department

International Research Network

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Viewpoint

High frequency data signal that the business cycle has regained some strength in 4Q21. Due to pandemic uncertainties and geopolitical tensions, however, growth risks remain tilted to the downside. Inflationary pressures prompted further policy rate hikes.

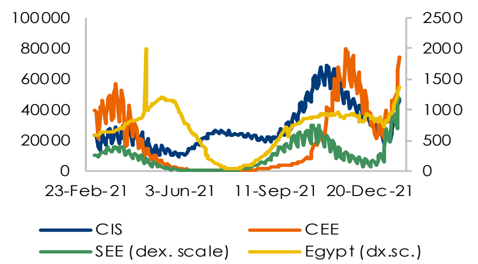
According to the last releases of high frequency indicators, referring mostly to the first two months of 4Q21, economic trends have regained some strength in the countries with ISP subsidiaries vs Q3. In the CEE/SEE area, industrial production climbed by 8.8% in November from 1.1% in October and 5.3% in Q3. Output was supported by strong performances for both exports and retail sales on the demand side and by the easing of COVID-related restrictions on the supply side. In the CIS area, though less buoyant, industrial production increased in November by 6.4%, broadly in line with the 6.6% recorded in October but above the 5.3% seen in Q3.

If the next high frequency data releases confirm for December the trend seen in the previous two months, all this will likely lead to a slight upward revision to our forecasts for GDP growth in the areas with ISP subsidiaries for full-year 2021. The expectations however are still for a deceleration in 2022 vs 2021, as outlined in our December *Outlook*. The progress of vaccination campaigns and the outbreak of the new more contagious but less dangerous omicron variant should dampen the likelihood of renewed severe disruptions of economic activity, but risks for growth remain tilted to the downside. In addition to the uncertainties related to the pandemic, new risks are emerging relating to intensifying international geopolitical tensions, still rising energy prices, tightening global financial conditions.

Still fuelled by further increases in oil & gas prices and by a supply side-constrained rebound in final demand, inflation has reached record highs. In the CEE and SEE areas, average inflation jumped in December to 7.7% and 7.4%, respectively, with core inflation rates rising in parallel, to 5.2% and 6.1%, respectively. Inflationary pressures intensified especially in CZ, HU, PL and in RO. In those countries, CBs have rapidly reversed the monetary cycle and in a few steps have brought policy rates to current 3.75% and respectively, 2.9%, 2.25% and 2.0%. Bold reactions to inflationary pressures also occurred by the CBs in the CIS area, where policy rates recently reached 8.5% in RU and MD and 10% in UA. In all those cases, further hikes are still expected until inflation starts to recede towards targets. In financial markets, long-term yields have also increased sharply, with spreads reaching historical highs overall with respect to benchmarks. Local currencies (except in CIS countries due to geopolitical tensions) appreciated, partially recovering from previous losses.

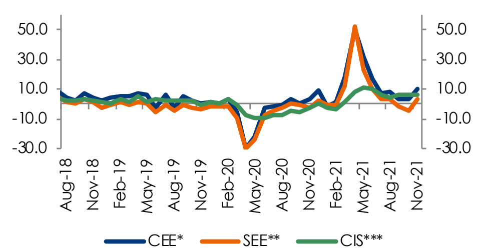
In parallel with the regained steam of the business cycle in 4Q21, the dynamics of loans have increased overall, according to the most recent monthly data, in both the household and the corporate sectors. Lending rose by 6.1% yoy in the CEE area and 11.1% in SEE in November from 5.2%% and 10.3% yoy, respectively, and by 6.9% yoy in CIS in October from 3.1% in September. In the same months, deposits growth reaccelerated, to 9.5%, 12.5% and 9.6%, respectively, in the three regions, overall rising faster than lending and supporting L/D ratios. The latest data still show low NPLs ratios, in a range from 1.3% in Slovenia to 6.8% in Moldova in the countries with ISP subsidiaries, with the exception of UA, where NPLs remain high, even if thanks to the ongoing process of balance sheet cleaning, declined to 33% in September.

Covid-19 daily new cases



Source: Refinitiv- Datastream

Industrial production (% yoy)



* Weighted avg. on SK, SI, HU, CZ, PL data; ** weighted avg. on BA, HR, RO, RS data; *** weighted avg. on RU, UA data. Source: Intesa Sanpaolo elaboration on Refinitiv-Datastream data

Based on information available to 28 January 2022

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ALBANIA
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BOSNIA AND HERZEGOVINA
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CROATIA
PRIVREDNA BANKA ZAGREB
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SLOVAKIA AND CZECH REPUBLIC
VÚB BANKA
SLOVENIA
INTESA SANPAOLO BANK
HUNGARY
CIB BANK
MOLDOVA
EXIMBANK

This note has been coordinated by Gianluca Salsecci. The names of the authors are reported in the single sections.

The note considers the countries with Intesa Sanpaolo subsidiaries: Slovakia, Slovenia, Hungary and Czech Republic among the CEE countries; Albania, Bosnia, Croatia, Serbia and Romania among SEE countries; Russia, Moldova and Ukraine among CIS countries; Egypt among MENA countries. It also includes Poland among the CEE countries, where ISP is present with a branch.

The Economic and Banking Monitor is released on a quarterly basis in January, April, July and October.

Cross Country Analysis

CEE Area

Antonio Pesce

In **CEE** countries, despite the worsening of the pandemic, with new daily cases rising to a record high (1,117 new daily cases per million inhabitants) in mid-January, no new strong restrictive measures have been introduced (as reported by the stringency index). According to the most recent high-frequency indicators mostly referring to November 2021 data, the economic trends in many cases were positive and above the previous month's releases thanks to the easing of supply bottlenecks (though these have not yet been completely overcome). The easing of supply bottlenecks is expected to further support recovery in the coming months, but due to the renewed wave of COVID-19 cases, risks remain tilted on the downside.

In November, **industrial production** increased by 9.8% yoy (vs 3.0% in October) on a weighted average in the area, with a rise of the index on a monthly basis by 2.1% mom (vs 0.8% mom in October on seasonally adjusted data). The industrial production trend in the CEE region ranged from 2.6% in Hungary to 16.7% in Poland (where, given the preliminary estimate available for this country, in December industrial production growth increased again by 16.7%). In November, the **exports** trend also accelerated, to 13.2% (from 12.2% in October, on seasonally adjusted data). In the same month, **retail sales** dynamics remained strong (+16.4% yoy) and increased further, from 11.3% yoy in October. Moving to forward-looking indicators, December's surveys signalled a deterioration in the economic environment overall, which was still negatively affected both by the difficulties for firms in obtaining row materials and intermediate goods (supply bottlenecks) and by the negative sentiment in the service sector, mainly in the tourism segment, due to concerns relating to the new wave of the pandemic. The Economic Sentiment Indicator (**ESI**) in the area fell in December to 103.3 (on a GDP w.a. basis) from 104.3 in November.

Inflation is still under upward pressures from supply-side constraints and the increases of prices for several commodities, in particular oil & gas. In December, the consumer price dynamic in the region accelerated further, to 7.7% from 7.1% in November and set a new record for recent years. Inflationary pressures also came from consumer goods with lower volatility, as **core inflation** rose further in December, reaching 5.2% (vs 4.7% in November). In October, **wages** dynamic remained strong. Despite the decline from the peak in July (10.3% yoy, on regional w.a.), they still recorded an increase by 8.7%, only slightly below the Q3 dynamic of 9.1% yoy.

In this context, the central banks in Hungary, Czech Republic and Poland further increased **policy rates**, to 2.9% in January (from 2.4%), to 3.75% in December (from 2.75%), and to 2.25 in December (from 1.75%), respectively. On the fiscal policy side, the implementation of the **Recovery and Resilience Plans** (RRPs) launched by the EU is expected to counter the negative economic impact of the pandemic through significant economic stimulus. The RRPs of Slovakia (€6.3bn in grants), Slovenia's (€1.8bn in grants and €705m in loans), and Czech Republic (€7.0bn in grants) have been endorsed by the European Commission, and for Slovenia and Czech Republic the equivalent of 13% of each country's grant allocation under the Recovery and Resilience Facility has already been disbursed. For Hungary and Poland, the RRPs have not been endorsed yet by the European Commission. Regarding financial markets, **long-term yields** rose in Hungary, Czech Republic and Poland in parallel with the short-term interest rate increase and due to inflation profiles, which are expected to remain high for a longer period than previously projected. In **FX markets**, following the policy rate increases by the local CBs, currencies have appreciated in Czech Republic, Hungary and Poland over the last three months vs the euro, partially recovering the previous depreciation.

Davidia Zucchelli

As far as **banking aggregates** are concerned, **in the CEE area,** they accelerated in all the countries thanks to a business cycle recovery, the improving confidence of households and corporates, and the low cost of financing. Lending rose by 6.1% yoy in November from 5.2% yoy in October (therefore, 6.6% YTD, above our December forecasts). Hungary and Czech Republic were the best performers (11.1% and 7.8%, respectively), especially in the corporate sector (from 2.2% yoy in October to 3.2% in November, respectively) supported also by policy measures. Household loans continued to be strong as well (from 7.2% in October to 7.9% in November) despite tensions in the property market due to rising housing prices, as highlighted by central banks. Increasing inflation expectations and the extra savings accumulated during the pandemic may nevertheless further encourage investment in the property market and also further boost consumption in the coming months. All countries reported still low NPL ratios, with the lowest in Slovenia (1.3%). According to the EIB survey, however, banks expect the quality of loans to deteriorate. The dynamic regarding **deposits** continued to be very strong (+9.5% yoy in November from 8% yoy as of October), particularly in Hungary (+18.5%) and Poland (8.5%), as was the case regarding the liquidity position.

In **Slovenia**, loans have gradually strengthened (4.3% in November from negative yoy changes until May) in both the household sector (4.6% yoy in November) and the corporate sector (4.1%), where they had recorded negative performances until August. Businesses utilised liquidity as signaled by decelerating deposits growth rates (9.4% yoy from 20% yoy in the first months of 2021 vs 7.6% in the household sector). **Slovakia** and **Czech Republic** recorded strong performances in November, both in lending (6.4% and 7.8% yoy, respectively) and deposits (4.6% and 8.2% yoy), at an accelerating pace. In Slovakia, a new bank levy is under discussion. In **Poland**, the annual growth rate of corporate loans remained negative in the first nine months of 2021, showing positive yoy changes again to 0.9% yoy in October and +1.5% yoy in November. In the household sector, the issue of mortgages to households denominated in CHF still remains to be solved. **Hungary** continued to show the best performances both in corporate (7.4% yoy) and in household (15.4% yoy) lending.

SEE Area

Antonio Pesce

As with the CEE area, in the SEE area, the number of new daily COVID cases has increased since the end of December, reaching a record high in mid-January (1,450 per million inhabitants). No new strong restrictive measures have been introduced so far. Due to the recent worsening in the number of infections, however, fears of the possible reintroduction of containment measures still make the risks for the economic recovery tilt to the downside.

Like the CEE region, in the SEE area, the dynamic of the main economic indicators remained on a positive (and in some cases, still accelerating) trend in the last months of the 2021. In November, **industrial production** increased by 3.1% (1.6% mom). Also, the trends for **exports** and **retail sales** rose in November (in October, for countries regarding which November data have not yet been released), ranging from 4.6% in Romania to 44.0% in Bosnia for exports, and from 4.0% in Romania and 16.5% in Bosnia for retail sales. Moving to forward-looking indicators, in December, in the SEE region, the **ESI** increased slightly on w.a. basis to 103.9 from 102.1 in November.

Also in the SEE area, upward pressures from rising energy prices, in tandem with supply constraints, have resulted in further increases in production costs and delivery times, pushing up inflation in the last months of the past year. The **consumer price trend** reached 7.4% in December (on a regional w.a. basis), ranging from 3.7% in Albania to 8.7% in Romania, the highest value in recent years for this country and well above the CB target (2.5% +/-1.0%). In Serbia, the inflation rate also rose above the CB target (3.0%+/-1.5%), to 7.9% in December. To counteract the inflationary pressures, the National Bank of Romania has further raised its benchmark **interest rate**, by 25bps, to 2.0% at its January meeting. At the same time, long-term yields in Romania rose to 5.5%, a 0.6pp increase with respect to three months ago. An upward change in **long-term yields** occurred in

Croatia as well due to the accelerating inflation profile, moving towards 0.8% (+0.3pp with respect to three months ago). In the **FX markets**, local currencies have remained stable in recent months. In June, the European Commission approved the Croatian RRP (€6.3bn in grants) and the equivalent of 13% of the country's total financial allocation under the Recovery and Resilience Facility (**RRF**) has already been disbursed (€818m). In September, the European Commission also endorsed Romania's RRP (€14.2bn in grants and €14.9bn in loans).

Davidia Zucchelli

On the **banking side**, loans and deposits also showed a strong dynamic in the **SEE area**. Lending growth rates (+11.1% in November, on average, from 10.2% yoy in October) remained vigorous in Romania (+13.9%), Albania (10.6%) and Serbia (+9.2%). Loans to households strengthened further in all the countries (to +8.7% yoy from 8.5% in October). The difference between CEE and SEE area **lending dynamics** to corporates remained wide (+3.2% in the former vs +13.9% in the latter in November). NPL ratios remains low (ranging from 3.4% as of November in Serbia to 6.5% in September in Albania). **Deposit growth** continued to be strong in the area in November (12.5% yoy), in particular in Romania (12.7%), Serbia (14.5%) and Bosnia (10.8%), due to deferrals of consumption and investment, in line with our expectation. These performances resulted in a further slight decrease in loan/deposit ratios.

Serbia and Romania, still supported by a relatively strong economic activity, played leading roles in the area as regards lending growth to households and corporates in November. In **Romania**, loan growth continued to be vigorous (+13.9% yoy), especially in the corporate sector (+19.3% yoy vs 9.5% in the household segment). The deposit performance was also strong in the two sectors in November (17.3% and 10% yoy, respectively), where interest rates shifted on to an increasing path. In **Serbia,** lending grew by 9.2% yoy in November, with corporate lending rising by 8.4% yoy and households by 10.1% yoy. Corporate deposits continued to rise strongly (+16% yoy vs +13.5% for households). Banking aggregates dynamics were strong in **Albania** as well. Total loans increased by 10.6% yoy in November (10.2% yoy in October) in both the household (10.8% yoy, which accounted for 35% of total loans), with reference to consumer and mortgage loans, and the corporate (10.5%) segments. Deposits continued to be much more dynamic in the corporate segment (+22.9% vs 6.8% in the household sector), leading to a total deposit boost of 9.6%.

Banking aggregates recorded modest performances in Croatia and Bosnia. In **Croatia**, loans grew-by 2.8% yoy as of November, with a positive performance not only in the household sector (4.2% yoy) but also among corporates, which returned to positive territory (+0.7% yoy) from February, thanks to recovering investments. Deposits rose by 11.4% in Croatia, with a higher rate seen for corporates (15.7%, accounting for around 30% of total deposits vs 9.8% for households). In **Bosnia**, loan growth increased in November by 3.4% yoy vs 3% yoy in the previous month, particularly among household (5.2%) vs 1.4% for corporates. Deposits increased by 10.8% yoy, mainly among corporates (17.2% yoy), and by 7.8% yoy in the household sector despite still low and decreasing interest rates.

CIS and MENA Areas

Francesca Pascali

CIS countries experienced a new significant increase in the number of COVID-19 cases in January, especially Russia and Moldova, where the new daily number of cases exceeded 49,000 and 3,900 per day, respectively. Risks are also mounting in the region due to both tensions between Russia and Ukraine from a geopolitical point of view and to rising inflationary pressures from an economic point of view. In November, the **industrial production** trend in **Russia** (7.0%) was only a bit lower with respect to October (7.1%), but it slowed sharply **Moldova** (to 6.2%) after two months of double-digit growth. It remained weak in **Ukraine** (0.5%). **Exports** (in nominal terms) in November grew in Moldova by 38.9% (from 41.3% in October) and in Ukraine by 38.2% (from 37.4%). Data for Russia, which still refer to August, saw an increase of 77.9% (90.6% in July). **Retail sales** in November increased in Russia by 3.1% (from 4.1%). In the same month in Ukraine, they rose by 6.4%, but they fell in Moldova by 1.8%. Regarding forward-looking indicators, in Russia in December, before the number of daily cases surged again in January, the **PMI** rose to 51.6, which was broadly in line with the November level at 51.7. On the **inflation** side, in December in Russia, consumer prices increased by 8.4% (as in November), well above the CB's inflation target (4.0%). In Moldova in December, the inflation rate accelerated further (13.9% from 12.4% in November), and despite a slight decrease, it remained in the double-digit area in Ukraine (10.0% from 10.3%), still well above the CB's target (5.0%+/-1.0%).

Due to the inflationary pressures, in December, the CB in Russia raised the **policy rate** by a further 100bps (to 8.5%). In the same vein, in January 2022 in Ukraine, the CB again raised its policy rate, to 10.0% (after the rise by 0.5pp in December). In Moldova, the CB raised the rate by 2pp, to 8.5%. Due to rising geopolitical tensions, in January in the FX market, the Russian and Ukrainian currencies depreciated against the USD.

The number of COVID-19 infections in **Egypt** has increased in recent months, reaching about 1,500 per day, but remained contained in relative terms. Looking at economic data, in September, industrial production grew by 17.3% yoy (from 22.1% the previous month) and in October exports showed an increase of 48.1% (from 36.6% in the previous month). In December, the PMI index also increased (to 49.0 from 48.7 in November), but it remained below the 50 threshold. In the same month, inflation rose to 5.9% (from 5.6% in November), still remaining close to the bottom end of the CB's interval target (7.0% +/- 2.0%). The EGP has remained stable against the USD.

Davidia Zucchelli

As to banking aggregates, the performance was strong in October also in the **CIS area.** In **Ukraine,** loans increased by 6.9% yoy (after 3.1% yoy recorded in September), with household lending jumping to 15.9% yoy and corporate loans to 4.1% (from 1.5% in October). NPLs at the state-owned banks have been partly transferred into a new bad bank, improving the NPL ratio, which declined to 33.3% as of September. Total deposits rose significantly (+11.7% yoy in October), but decelerated with respect to September (14.3% yoy), particularly in foreign currency among corporates (+18.3% yoy vs -4.3% for households). In **Russia,** household loans rose strongly, supported by the subsidised mortgage lending programme (23.6% vs 11.9% in corporates). Deposits grew by 3.6% yoy among households and by 16.6% yoy among corporates. As result of this, the loan/deposits ratio deteriorated slightly, to 120% in October from 118% in September. In **Moldova**, the performance of loans (23.1% yoy) continued to be driven by households, up to 37.9% yoy, while loans to corporates, which accounted for almost 70% of the total portfolio, grew by 14.7% yoy. The NPL ratio continued to decrease in October (to 6.5%). In the same month, deposit growth increased by 16.4% yoy (corporates up by 22.7% yoy, households by 12.9% yoy) similar to the rate seen in September (16.3%).

In **Egypt** in October, loans grew by 17% yoy in the private sector (well above the nominal GDP growth rate), with strong performances in both the corporate (16.4%) and the household (18.1%) sectors. The NPL ratio remained very low (3.5% as of June). In October, customer deposits increased by 18.3% yoy (17.9% in the household and 20.4% in the corporate sectors).

Country-Specific Analysis

Czech Republic

Zdenko Štefanides

Real Economy

In the latter part of 2021, economic activity in Czech Republic gained some strength. Industrial production increased in November vs the previous month by nearly 5%, allowing output to return to a positive yoy dynamic at 1.6%. Growth in industry was spurred by the manufacturing of motor vehicles, which bounced up 25% over the month. Problems in international supply chains, which troubled this sector for most of 2021, seemingly eased at the end of last year, allowing Czech car makers to catch up with some of the orders halted due to lack of chips and other components. Retail sales meanwhile bounced by a double-digit rate, reflecting a base effect as COVID-related restrictions began in November 2020? Encouragingly, the unemployment rate continued to decline in December, reflecting the ongoing recovery of domestic economy.

Inflation continued to increase, reaching 6.6% yoy in December. In the whole of 2021, inflation averaged 3.8%, the highest level since 2008. The increase of inflation last year was mainly due to core inflation. In early 2022, inflation should rise even further, possibly reaching double-digit figures, this time though mainly because of hikes in energy prices.

Financial Markets

The Czech National Bank (CNB) has continued to be the most hawkish central bank in Europe. On 22 December 2021, the CNB Bank Board increased the 2W repo rate by 1pp, to 3.75%, totalling the cumulative increase to 3.5pp so far. Five members of the Board voted in favour of this decision. The remaining two of the seven-member Board continued to advocate for rate stability, based on external factors, including the patience exhibited by the ECB. The next policy meeting will take place on 3 February 2022 and most Board members, including Governor Rusnok, have referenced yet another rate hike, probably a significant one again. The policy rate should thus approach close to 5%. If inflation declines towards year-end, as projected, the CNB has indicated willingness to let rates decline at that time. Alongside rate hikes, Czech bond yields have also increased. The spread of 10Y Czech yields vs Bunds has reached a record-high 320bps in January. The koruna has appreciated recently, similar to other currencies in the region.

Banking Sector

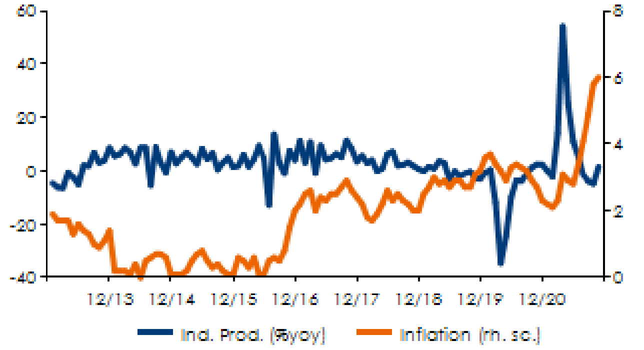
In the lending market, steadily increasing policy rates are gradually feeding through to rates, leading to new lending being more expensive. Yet, persistently rising house prices and an upcoming tightening of macroprudential measures in April 2022 (reintroduction of LTV and DTI limits, stricter DSTI) resulted in some people moving their borrowing and house purchase intentions forward, thus supporting demand in 2021 despite higher mortgage rates. New mortgages thus broke a record in 2021, with new volumes exceeding by 70% that booked in 2020.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial production, wda yoy	1.6 (Nov)	-0.1	-23.0
Export of goods, nominal yoy	3.7 (Nov)	2.6	-18.4
CB refi rate	3.8 (24th Jan)	0.8	0.5
ESI (index)	90.9 (Dec)	91.4	69.4
Retail Sales yoy	3.7 (Nov)	2.6	-18.4
Inflation rate, average yoy	6.6 (Dec)	4.1	3.1
Loans (priv. sector, yoy, eop)	7.8 (Nov)	6.3	5.6
Deposits (priv. sector, yoy, eop)	8.2 (Nov)	9.0	9.7
Lending interest rate (corp., eop)	4.1 (Nov)	1.9	2.3
Deposit interest rate (hh, eop)	2 (Nov)	0.7	0.6

Source: Czech National Bank, Czech Statistical Office

Industrial production and inflation



Source: Czech Statistical Office

Hungary

Real Economy

Mariann Trippon

The economy lost some momentum in Q3. As to production, the service sector remained the engine of growth while on the absorption side consumption and investments gave the highest contribution. Global supply side problems are still holding back the industrial sector, but the most recent data releases seem to confirm that the worst is now behind us. Industrial output may remain subdued in the upcoming period, followed by a rebound in the second half of the year, when global shortages dissipate. Positive labour market developments, high wage outflows, and looser COVID restrictions have supported consumption, which is expected to receive another boost in 1H22 thanks to the traditional pre-election fiscal boost. The recovery in the labour market has continued. The unemployment rate was close to pre-COVID lows and the number of employed reached a historical high in November. The Hungarian economy continues to be characterised by strong underlying inflationary pressures affecting an increasing range of goods and services. The impact of external factors is compounded by pressures stemming from excess demand. Headline CPI is set to remain elevated throughout H1. A meaningful deceleration of inflation can only be expected in H2, but headline CPI may remain above the 2-4% target band throughout 2022.

Financial Markets

The central bank proceeded with the tightening cycle in December and January. The policy rate was raised by a cumulative 180bps, to 2.4%, by December 2021, followed by an additional hike to 2.9% in January. The 1W depo rate (the effective rate) finished the year at 4% and was raised to 4.3% at the end of January. Inflation risks continue to be skewed to the upside: hence, the tightening cycle will continue in H1 with monthly increases of the policy rate. The forint came under intense selling pressure at end-2021, but a shift in sentiment occurred in early 2022. The impressive performance of the HUF can be explained by the widening interest rate differential vs both the euro zone and the regional peers. We do not expect the rally to continue with the same intensity, but the Hungarian currency should continue to be well supported in 2022: the EUR/HUF may fluctuate in a 345-365 range.

Banking Sector

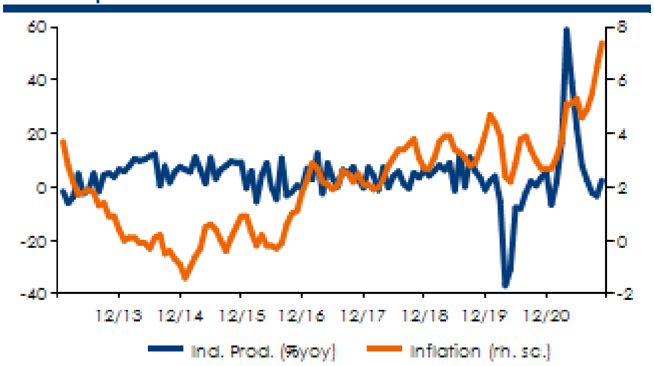
Subsidised lending facilities and the banking sector's strong balance sheet and liquidity positions supported credit growth in Q3. Lending growth was mainly driven by the SME sector and housing loans. Private sector loan growth remained in double-digit territory in 2021. The general moratorium was prolonged until June 2022 for those most affected by the COVID crisis, but only 2% of outstanding corporate loans and 5% of household loans continue to participate. Private sector loan and deposit growth rates are expected to decelerate in 2022.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial Production yoy	2.6 (Nov)	2.8	-25.1
Nom. Exports yoy	7.7 (Nov)	2.0	-23.0
ESI (index)	107.2 (Dec)	110.2	82.4
Retail Sales yoy	3.8 (Nov)	4.3	-4.1
Inflation Rate yoy	7.4 (Dec)	5.0	2.5
CB Reference Rate	2.4 (24th Jan)	1.7	0.9
Loans (priv. sector, yoy, eop)	11.1 (Nov)	11.5	13.7
Deposits (priv. sector, yoy, eop)	18.4 (Nov)	14.9	16.3
Lending interest rate (corp., eop)	3.8 (Nov)	3.4	2.9
Deposit interest rate (hh, eop)	0.9 (Nov)	0.6	0.5

Source: Central Bank of Hungary, Hungarian Central Statistical Office

Industrial production and inflation



Source: Hungarian Central Statistical Office

Poland

Zdenko Štefanides

Real Economy

The Polish economy recovered at a fast rate in the final months of 2021, surprising already upbeat expectations. Industry accelerated from the double-digit growth recorded in November to close to 20% yoy in December, driven to a large extent by the production of electricity and gas, due to their soaring prices. Also, retail sales posted strong growth in the final month of 2021, up nearly 17% in nominal terms. Clearly, base effects played a role in boosting the yoy growth rate, as December 2020 was impacted by the incipient winter COVID wave. Also, industrial output may have been driven higher by companies raising their inventories of finished products alongside their output prices. The strong finish for monthly activity indicators clearly poses an upside risk to our forecasts for Q4 and full-year 2021 GDP growth rates.

Inflation continued to increase. In December, headline CPI surged to 8.6%, the highest yoy inflation rate in the region. The government, trying to protect the population from the rising cost of energy, announced in late November a so-called anti-inflation shield, which included a lowering of VAT and excise duties on electricity, gas and fuel. As global energy prices increased further, in response, the government extended the proposed measures and introduced further cuts to indirect taxes.

Financial Markets

The National Bank of Poland (NBP) has continued to increase rates, hiking in December and also January, bringing the key rate to 2.25%. Further rate hikes seem likely at the upcoming policy meeting on 7 February. The "anti-inflation" measures adopted by the government to lower local energy prices will probably decrease the headline inflation rate in the coming months. At the same time, though, they represent massive fiscal stimulus and thus may contribute to underlying inflationary pressures. This may motivate the central bank to extend the tightening cycle beyond mid-2022, when other central banks in the region will most likely end their policies. Meanwhile, bond yields reflect the continuing tightening by the NBP: the 10Y yield has reached nearly 4%. The Polish zloty has appreciated a bit in early January alongside other currencies in the region.

Banking Sector

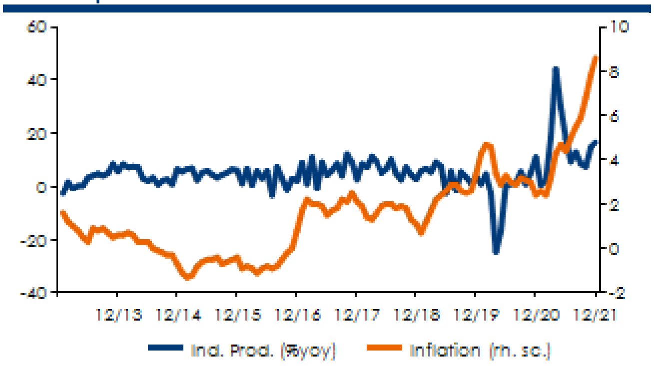
Volumes of loans continued to recover in the last few months of 2021. The stock of loans to households grew at 5% yoy in November, the fastest rate since the start of the pandemic. Lending to companies also recovered, with yoy loan volume sustaining a positive yoy change in November for the second month in row. The volume of deposits meanwhile continued to moderate its yoy growth rate as the saving rate of households normalised post the pandemic and companies started to invest again. Still, the yoy growth rates of deposits continued to exceed the yoy growth rate of loans by a substantial margin.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial Production yoy	16.7 (Dec)	10.4	-13.7
Nom. Exports yoy	17.4 (Nov)	18.4	-10.4
ESI (index)	107.7 (Dec)	105.1	67.9
Retail Sales yoy	21.2 (Nov)	10.2	19.3
Inflation Rate yoy	8.6 (Dec)	5.5	3.2
CB Reference Rate	2.3 (24th Jan)	0.1	0.1
Loans (priv. sector, yoy, eop)	4.3 (Nov)	2.9	2.9
Deposits (priv. sector, yoy, eop)	8.5 (Nov)	6.5	16.5
Lending interest rate (corp., eop)	3 (Nov)	2.2	2.4
Deposit interest rate (hh, eop)	0.8 (Nov)	0.2	0.3

Source: Narodowy Bank Polski , Statistics Poland

Industrial production and inflation



Source: Statistics Poland

Slovakia

Real Economy

Michal Lehuta

November and December saw relatively good economic readings for the Slovak economy. Local industrial production and exports rebounded in November (+4.2% and 10.5% yoy, respectively) after serious problems with supply shortages, particularly in September. Other segments of the economy, mainly services, posted weaker growth figures, as the end of the year was marked by a strong wave of delta-variant-related COVID infections. The economic sentiment index decreased in December, but it was only a couple of points lower than the long-term average (95 vs 100).

The local labour market seems to have reacted very mildly to the supply chain crisis and the third wave of the pandemic, when the registered unemployment rate declined in November and then increased slightly in December (to 6.8%). The number of vacancies adjusted for seasonal effects stayed high however, which suggests that the number of jobless could start to decline again with the coming of spring. Monthly company figures in selected industries also point to solid wage growth continuing (6.7% yoy in November).

Consumer inflation reached a 17-year high in December, when the national CPI rose to 5.8% partly due to rising prices for food. This is not likely to be the peak as January will bring an increase in regulated prices of heat, electricity and gas which could push inflation to more than 7% yoy.

Financial Markets

The ECB will end its asset purchases via the pandemic PEPP programme in March, effectively decreasing the strength of its quantitative easing policy. This may have pushed long-term bond yields up slightly recently, as German 10Y yields moved towards 0.0% and Slovak bonds to almost 0.3%, with a low, 30-bps, spread. Short-term rates in the euro area remain very low, which is keeping the euro exchange rate weak compared to the dollar.

Banking Sector

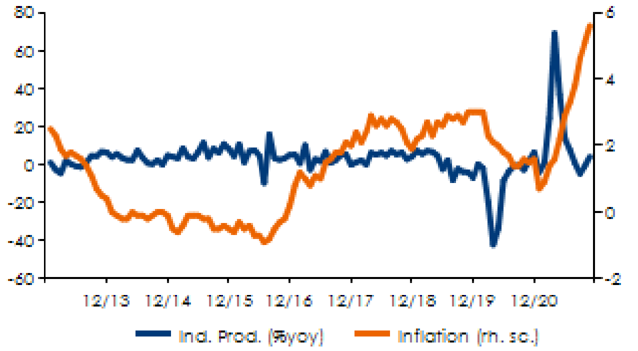
Slovak banks have managed well through the pandemic. They will likely report record loan provisions and deposits as well as profits for full-year 2021 (so far, numbers are available only till November). In November, credit volumes grew by a strong 6.4% yoy mainly on the back of still dominant mortgage loans. Fast-growing real estate prices helped banks to improve their LTV ratios for old mortgages; however, new ones will likely be riskier given potential downward price corrections. Bank deposits grew slowly, adding to the sector's already-high loan/deposit ratio (now at 105%).

Latest economic indicators

	Last value	3Q21	2Q21
Industrial Production, wda yoy	4.3 (Nov)	1.2	-27.9
Nom. Exports, yoy	10.5 (Nov)	2.1	-25.8
ESI (index)	94.8 (Dec)	100.1	75.0
Retail sales, yoy	3.9 (Nov)	3.0	-8.3
Inflation rate, yoy	5.8 (Dec)	3.9	2.0
ECB refi rate	0 (24th Jan)	0.0	0.0
Loans (priv.sector,yoy,eop)	6.4 (Nov)	6.2	5.3
Deposits (priv.sector,yoy,eop)	4.6 (Nov)	3.0	4.0
Lending interest rate (corp., eop)	1.9 (Nov)	2.0	2.1
Deposit interest rate (hh, eop)	0 (Nov)	0.0	0.0

Source: Statistical Office of Slovak, National Bank of Slovak

Industrial production and inflation



Source: Statistical Office of Slovakia

Slovenia

Real Economy

Ivan Odrčić

High frequency data for November showed that industrial production rose by 10.1% yoy on the back of accelerating manufacturing output (+11.5%). Exports of goods stepped up a notch amid increased foreign demand, in November posting growth of 24.1% yoy, with a similar trend expected in December, given that export expectations and orders rose further in the last month of 2021. Record-high growth (+41.1% yoy) of real retail trade was posted in November (o/w +79.4% in fuel and +6.0% in food), in line with data from fiscalised invoices for that month and due to a lower base in the same month a year earlier (related to the re-closing of non-essential shops and services).

HICP inflation in the last month of 2021 amounted to +5.1% yoy, ie, the highest level since September 2008 (5.5%) and strongly due to 33.0% higher automotive fuel prices which ultimately reflected higher crude oil prices. Overall, the FY21 average annual inflation rate amounted to 2.0%, largely due to higher energy prices. Automotive fuel made the strongest (+1.2pp) positive contribution to headline rate over the whole of 2021, with the prices of restaurants and hotels and electricity next (both at +0.3pp).

Financial Markets

Ana Lokin

The average yield on 10Y government bonds ticked up in December to 0.3%, with the spread vs Bunds up by 10bps mom, to 60bps (eop yield at 0.5%, spread at 70bps). In January, Slovenia issued a €1.25Bn 4Y government bonds with a -0.241% YTM and a €500M 40Y bond with a 1.183% YTM. 10Y government bond spreads on benchmark in January ranged at 40-60bps.

Banking Sector

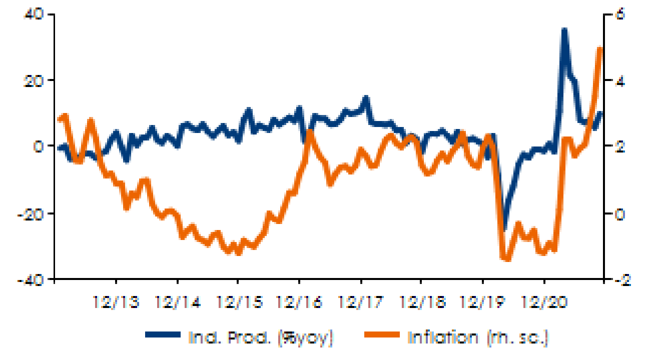
After a steep acceleration in October caused by larger loans to two firms (loans for investment in fixed assets and loans for working capital), loan growth in November was only a touch above the previous month, at 4.4% yoy. Corporate loans lost pace, recording a 4.1% yoy increase. Household loans rose by 4.6% yoy, thanks to higher housing loans, up 8.6% yoy, and other purpose loans being 3.8% yoy higher while consumer loans continued to sink on a monthly basis, ending November down by 5.0% yoy. Deposit growth continued to moderate as uncertainties decreased, reaching 8.0% yoy in November, when overnight deposits advanced 14.3% yoy while the deposits with agreed maturities declined by 18.4% yoy. Corporate deposits strengthened slightly, to 9.2% yoy, while household deposits eased to 7.6% yoy.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial Production, wda yoy	10.1 (Nov)	7.9	-17.5
Nom. Exports yoy	24.1 (Nov)	20.7	-15.3
ESI (index)	102.9 (Dec)	102.7	82.4
Consumer Confidence Indic.	-22.8 (Dec)	-20.2	-33.0
Inflation Rate yoy	5.1 (Dec)	2.3	-1.2
ECB refi rate	0 (24th Jan)	0.0	0.0
Loans (priv.sector,yoy,eop)	4.4 (Nov)	2.0	0.7
Deposits (priv.sector,yoy,eop)	8.0 (Nov)	10.0	11.0
Lending interest rate (corp., eop)	1.9 (Nov)	2.1	2.2
Deposit interest rate (hh, eop)	0.1 (Nov)	0.1	0.2

Source: Statistical Office of the Republic of Slovenia, National Bank of Slovenia

Industrial production and inflation



Source: Statistical Office of the Republic of Slovenia

Albania

Kledi Gjordeni

Real Economy

After strong economic growth in 2Q21, at 17.9%, partly due to the base effect vs 2Q20, the Albanian economy is moving towards its long-term trend. In 3Q21, GDP grew 7%. The highest contributions came from trade, transport, accommodation and food service. Household consumption increased by 3.3% yoy, with exports of goods and services increasing by 62.7%. Regarding the labour market, employment increased by 0.7% and the unemployment rate fell to 11.3% while wages increased by 6.9%. This positive trend is expected to have continued in 4Q21. According to the MoF, GDP growth in 2021 is expected to be c.8.6%, which is above the previous forecast. However, the pace of growth is seen to be more contained in 2022 and 2023.

In December, the CPI rose considerably, reaching 3.7%. The factors that kept inflation above expectations included imported inflation, a stronger labour market, and higher food and energy prices. Most of these factors are expected to readjust and bring supply-demand back into equilibrium. The stabilisation of energy prices in global markets is expected to ease inflationary pressures. On the other hand, external supply shocks may cause inflation rates to rise, although their effects are also expected to fade. Inflation is expected to return to the 3% target by the end of 2022 and stay close to that in the medium term.

Financial Markets

Inflation risks are tilted to the upside in the short term but balanced in the medium term. Prolonged price increases on international markets however pose risks to Albanian inflation. Restoring the inflation target in the medium term will require the gradual normalisation of monetary policy. Yields and interest rates remain low at the moment and the normalisation process is not expected to take place soon. The CB will monitor the inflation trend and its determinants to ensure that the monetary policy stance is in line with the achievement of the inflation target. In the foreign exchange market, there was some appreciation of the local currency with contained fluctuations: a EUR/LEK rate of around 121.

Banking Sector

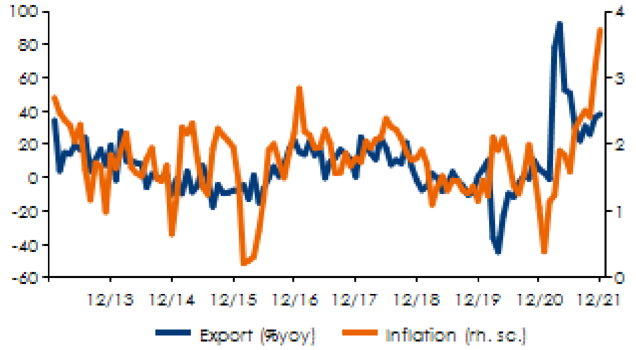
The apparent positive trend of credit is spread across the main sectors. In November 2021, credit grew yoy for both corporates and households. Total credit grew by 10.62%, with corporates growing by 10.49% and households by 10.85%. However, new loans rose by 30.5%. NPLs ratio fell further to 6.2%. On the deposit side, the total saw a positive performance, rising by 9.62% on an annual basis. In November, companies' deposits increased by 22.86% and household deposits by 6.76% yoy. New deposits increased by 19.34%.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial production, wda yoy	n.a.	n.a.	n.a.
Export of goods, nominal yoy	36.3 (Nov)	41.4	-24.5
Unemployment rate	n.a.	11.3	11.6
Inflation rate, average yoy	3.7 (Dec)	2.4	1.9
CB Reference Rate	0.5 (31th Dec)	0.5	0.5
Loans (private sector, yoy, eop)	10.6 (Nov)	7.2	6.6
Deposits (private sector, yoy, eop)	9.6 (Nov)	10.0	5.8
Lending interest rate (pr.sect., eop)	5.5 (Nov)	5.6	5.2
Deposit interest rate (pr.sect , eop)	0.4 (Nov)	0.4	0.4

Source: National Statistical Institute, Bank of Albania

Industrial production and inflation



Source: National Statistical Institute

Bosnia and Herzegovina

Real Economy

Ivan Odrčić

Gross domestic product was up by 8.4% yoy in Q3, as private and public consumption grew by 3.9% and 2.1%, respectively, while gross capital formation increased by 16.2%. As exports increased faster than imports (51.1% vs 32.9%), net exports contributed positively to headline growth. November high frequency data showed that retail trade turnover advanced by 16.0% yoy (o/w fuel sales rose by 27.9% and food by 7.6%), in line with rising employment (+2.2% yoy) and falling unemployment (number of unemployed down by 8.5%) levels. December data show that industrial production growth accelerated to +7.2% yoy (manufacturing +8.8%) amid recovering domestic and foreign demand. FY21 industrial production increased by 10.7% yoy, due to 12.5% higher manufacturing and 11.7% higher electricity, gas, steam, and air conditioning supply activity. Mining and quarrying, however, fell by 4.4%, in part due to the troubled situation regarding coal mining. Goods exports ended 2021 with a 44.0% yoy increase, thus resulting in FY21 average export growth of 35.7% yoy and a coverage ratio of 66.1%, ie, the highest level ever recorded and 3.8pp higher yoy.

In December, the consumer price index advanced by 6.4% yoy, the highest rate since October 2008, amid a strong rise in food prices (+8.7% vs +10.9% in November). The FY21 average annual inflation rate thus amounted to 2.0% yoy, with the strongest upward contribution coming from higher food and automotive fuel prices (+3.7% and +7.2% yoy, respectively).

Banking Sector

Ana Lokin

November saw loans accelerating for the fourth month in a row against a backdrop of improving economic conditions, coming in at 3.4% yoy. Corporate loans ticked up to 1.4% yoy, whereas household loans carried on strongly, expanding by 5.2% yoy. Household lending continued to be fuelled by higher consumer and housing credit demand, which saw 4.2% and 10.0% yoy growth, respectively. The recovery in GDP, steady rise in newly granted loans, and drop in uncertainties resulted in a continued reduction of NPLs in 3Q21. The ratio fell by 0.1pp qoq, to 5.5%, at end-September, with household loans having witnessed a 0.3pp qoq decrease (to 5.5%). However, the share in loans to corporates stagnated qoq, at 5.5%. In December, the grace period on the repayment of principal for loans that are repaid via annuities was extended by banking supervision agencies by additional three months, till end-March 2022.

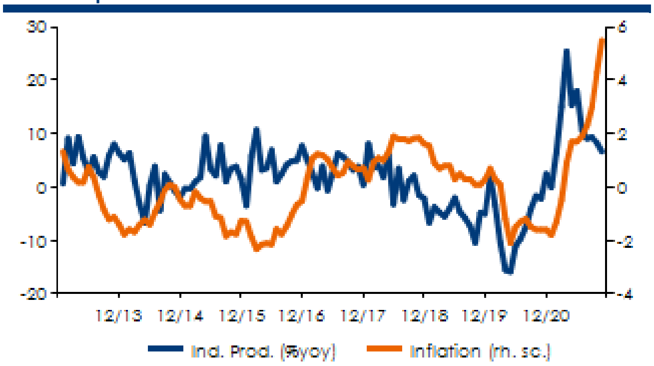
The rate of rise in deposits continued to decline, to 10.8% yoy in November. Corporate deposits decelerated to 17.2% yoy and household deposits to 7.8% yoy as funds on transaction accounts and demand deposits slowed to 18.8% and 8.3% yoy, respectively, while the decline of retail time deposits deepened, to -1.3% yoy.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial production, wda yoy	7.2	9.6	19.6
Export of goods, nominal yoy	44.0	36.7	47.6
Retail trade, real, wda yoy	16.5	26.4	26.6
Inflation rate, average yoy	5.5	2.4	1.4
Loans (private sector, yoy, eop)	3.4 (Nov)	2.7	0.4
Deposits (private sector, yoy, eop)	10.8 (Nov)	12.2	5.4

Source: Central Bank of Bosnia and Herzegovina, Agency for statistics of Bosnia and Herzegovina

Industrial production and inflation



Source: Agency for statistics of Bosnia and Herzegovina

Croatia

Real Economy

Ivan Odrčić

November high frequency data showed that industrial production growth strengthened to +3.6% yoy, given the stronger activity in manufacturing (+3.5% vs +0.9% in October). The favourable trend in foreign demand continued, as evidenced by yet another acceleration in the growth of goods exports, this time in November to (preliminary) +36.7% yoy, with the coverage ratio amounting to a record 74.9%. Retail trade turnover in November rose by 5.3% yoy (o/w food sales were up by 1.7% and non-food except fuel by 4.6%, yoy), in line with rising employment/ wage/tourism levels but at a slower pace, as base effects gradually fade. Higher growth rates are expected for December and January amid favourable outturns of fiscal accounting data for those months.

The average inflation rate for December accelerated to 5.5% yoy, supported by a stronger rise in food prices, with the FY21 average annual inflation rate amounting to 2.6%, heavily influenced by higher energy prices (ie, automotive fuels [+1pp increase to headline rate]). Given the recent price rise for crude oil, the government is considering several interventions to reduce the negative impact of rising energy prices. As regards upward inflationary pressures in the near term, price hikes are expected as of 1 April for both electricity and natural gas for households while pressure will continue to be seen from the demand side.

Financial Markets

Ana Lokin

FX rate saw small fluctuations in December-January against the backdrop of a calm market. Average 10Y government kuna bond spreads vs the Bund rose by nearly 20bps in December, to 90bps, and spreads oscillated between 70-90bps during January.

Banking Sector

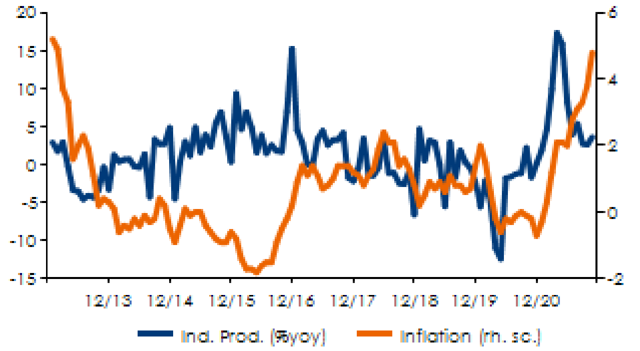
Loan growth rose in November, to 2.8% yoy, thanks to a pickup in corporate lending (0.7% yoy) paired with sound household lending growth (4.2% yoy). Transaction-based data (12-month cumulative) point to a steady rise in household lending (4.8% yoy), matched with an acceleration in corporate loans (2.2% yoy). Corporate loans saw an upturn due to a surge in other purpose loans (18.5% yoy) and slightly more moderate 3.8% yoy drop for investment loans. In spite of the overall investment loan growth rate remaining negative, the good news is that investment loans placed to large enterprises bounced back in November, coming in at 3.1% yoy. Deposits growth stagnated at 11.4% yoy in November: corporates continued to soften (15.7% yoy) while households continued piling into bank accounts, recording an acceleration in deposit growth to 9.8% yoy.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial production, wda yoy	3.6	4.0	13.8
Export of goods, nominal yoy	24.0	21.0	46.9
Retail trade, real, wda yoy	5.3	15.3	19.2
ESI (index)	109.7 (Dec)	112.7	87.1
Inflation rate, average yoy	5.5	3.1	2.1
Loans (priv. sector, yoy, eop)	2.8 (Nov)	2.2	4.1
Deposits (priv. sector, yoy, eop)	11.4 (Nov)	11.4	10.2
Lending interest rate (pr.sect., eop)	2.7 (Nov)	2.5	3.0
Deposit interest rate (pr.sect , eop)	0.1 (Nov)	0.1	0.2

Source: Croatian National Bank, Croatia Bureau of Statistics

Industrial production and inflation



Source: Croatia Bureau of Statistics

Romania

Marius Pacurari

Real Economy

Romania entered the fifth wave of the COVID-19 pandemic, with a rapid increase of positive cases (more than 30,000 new infections per day, a new negative record) and over 25% of tests in the total being positive. The pressure on hospitals is growing, taking into consideration the peculiarities of the new omicron version of the virus. No significant restrictions have been instated, and there are still divergent opinion among observers regarding vaccinations as a strong restrictions tool.

GDP expectation for Q4 are declining. Expected GDP growth for 2021 is around 6.5% (vs 7.4% at the end of Q3). The main reasons for this related to the deceleration of construction and Industrial activity. Other negative factors regarding a deceleration in Q4 include energy shocks and the domestic political crisis that occurred at the end of summer.

Inflation is still rising, with December showing an 8.2% yoy growth rate. The main increases of prices have been in food and energy. Due to statistical base effects, in January 2022, inflation is expected to be slightly lower than in December 2021 (around 7.5%), but the high trend is expected to persist at least in 2Q22.

The budget deficit over GDP ratio at the end of November was 4.7%, significantly lower than economists' expectations and the government's initial plan (7.13% at the end of the year). It will be important to see how the deficit for 2022 will be affected by new government measures to increase pensions. The current account at the end of November reached €15.313bn (vs €9.753bn one year ago).

Financial Markets

The NBR increased the Reference rate by another 25bps on 10 January and widened the Monetary Policy Corridor (from 1.5% to 2%). The new rates are as follows: Deposit Facility rate at 1%, Reference rate at 2% and Lombard rate at 3%. Minimum reserve requirements remained unchanged. Further tightening measures are now expected. The liquidity of the money market improved at the end of the year, but there are still misalignments between the ROBOR curve, the domestic bond curve, and the FX swap implied yield curve.

Banking Sector

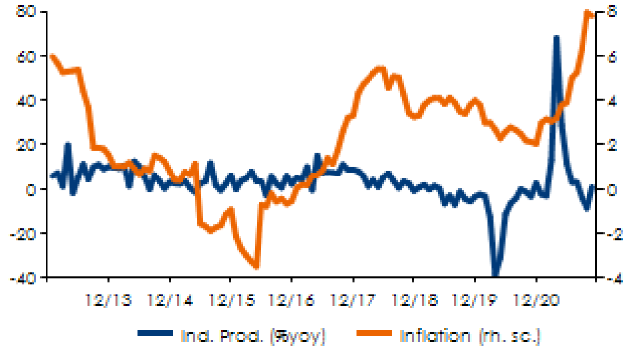
The growth in banking aggregates remained strong at the end of November, at +13.94% yoy for loans volumes growth and +12.74% for deposits volumes growth. The local currency was more attractive for loans, with 19.02% growth, while regarding deposits, interest was divided between RON and EUR. Interest rates rose to 1.73% and 5.42% averages for RON-denominated deposits and credits, respectively, and to a 2.72% average for EUR-denominated credits. For EUR-denominated deposits, the rate remained at 0.06%.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial Production yoy	0.9 (Nov)	0.7	-26.8
Nom. Exports yoy	4.6 (Oct)	14.2	-22.1
ESI (index)	99.5 (Nov)	100.3	77.2
Retail Sales yoy	4 (Oct)	9.1	-7.3
Inflation Rate yoy	8.2 (Dec)	5.5	2.5
CB Reference Rate	2 (24th Jan)	1.3	1.3
Loans (priv. sector, yoy, eop)	-95.8 (Dec)	13.0	4.1
Deposits (priv. sector, yoy, eop)	-97.2 (Dec)	13.9	14.8
Lending interest rate (pr.sect., eop)	4.7 (Nov)	4.0	4.9
Deposit interest rate (pr.sect , eop)	1.3 (Nov)	1.1	1.8

Source: National Bank of Romania, National Institute of Statistics

Industrial production and inflation



Source: National Institute of Statistics

Serbia

Jelena Draskovic

Real Economy

Economic activity in 2021 was above expectations: preliminary estimates from the Statistical Office showed that real GDP growth rate in 2021 as a whole was 7.5%. Growth was driven by a recovery in service sectors as well as growth in construction and industrial production. From the expenditure side, domestic demand supported growth while the contribution of net exports was negative. In 2022, real GDP is projected to be around its pre-pandemic level, at 4.5%, and should be driven by private consumption and investment, with expected positive contributions from net exports.

Annual inflation continues to rise: it was 7.5% in November and reached 7.9% in December, higher than in most of European countries. It is encouraging that mom data finally saw a slowing of pace of growth pace in December (+0.4%), due to slowdowns in food and transport prices, the main drivers of inflation in the previous months, partly as a result of government caps on prices for key food products. Core inflation has notably remained below headline, at 3.5%. It is still expected that inflation will slow during 2022. CPI will probably stay around December's reading through Q1, followed by gradual declines as of Q2, then entering the target band (3.0±1.5%) during Q3. It should end 2022 close to the band mid-point.

Financial Markets

The NBS started 2022 with unchanged monetary policy, leaving the reference interest rate at 1%. Some policy tightening has occurred through the withdrawal of excess liquidity from the banking system, as the CB has been gradually increasing the weighted average interest rate in reverse repo auctions (0.63% in mid-January). As long as the 1W repo rate remains below the key reference rate, the NBS will likely leave the latter on hold. Low core inflation, a stable exchange rate and record FX reserves as well as a lower mom inflation rate in December support the decision not to raise the rate at the upcoming February meeting. On the other hand, the low percentage of domestic government bond sales in recent weeks reflects investors' judgment that interest rates will not remain so low. We see the eop and average key policy rates at 1.5% and 1.3%, respectively, in 2022. The dinar remained unchanged against the euro in January-November 2021, showing that preserving exchange rate stability remains an important NBS anchor of price stability.

Banking Sector

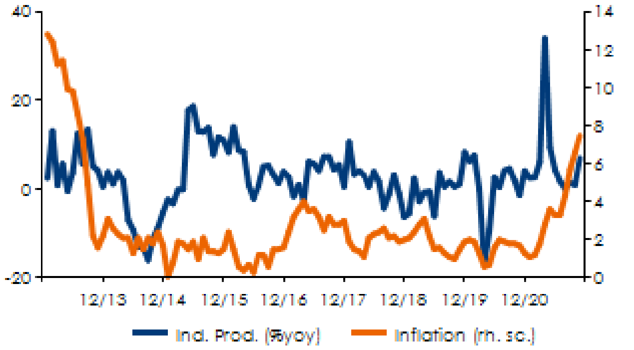
Loan volumes continued rising in 2021, as high base effects vs the previous year due to moratorium applications fading and good loans dynamic in recent months. Both corporate and households contributed positively to the growth of credit activity. A favourable credit structure was maintained, primarily in the corporate segment, where the share of investment loans was higher than the share of loans for liquidity. The NPL share in total loans remains below the pre-crisis level, measuring 3.4% in November 2021. The rise in deposits remained steady, though somewhat lower that the strong double-digit rises seen in 2020.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial Production yoy	7 (Nov)	1.1	-7.8
Nom. Exports yoy	24.9 (Nov)	27.0	-7.8
Retail Sales yoy	10 (Nov)	7.7	-0.8
Inflation Rate yoy	7.9 (Dec)	4.4	1.0
CB Reference Rate, eop	1 (24th Jan)	1.0	1.0
Loans (priv.sector,yoy,eop)	9.2 (Nov)	6.9	13.9
Deposits (priv.sector,yoy,eop)	14.5 (Nov)	11.3	19.2
Lending interest rate (pr.sect., eop)	3 (Nov)	3.3	3.4
Deposit interest rate (pr.sect , eop)	1.6 (Nov)	2.0	2.5

Source: Statistical Office, National Bank of Serbia

Industrial production and inflation



Source: Statistical Office

Moldova

Natalia Mihalas

Real Economy

In 3Q21, the economy of Moldova expanded by 8.3% yoy, decelerating vs 2Q21 growth (+21.5% yoy) and leading to a 10.3% yoy positive GDP evolution in the first nine months of 2021 supported by the acceleration in growth of domestic consumption and investment activity and the revival of economic activity. The main sectors that had a positive influence on GDP were: agriculture (+3.9pp), wholesale and retail trade (+0.8 pp), extractive and manufacturing industries and the production and supply of electricity and heat, gas, hot water and air conditioning (+0.6pp). On the demand side, household consumption and inventories rose by 9.1pp, with a 3.5pp positive contribution to GDP, counteracting the negative impact of net investment (-2.4pp) and net export (-2.5pp).

The industrial sector is growing steadily, with industrial production expanding by 6.2% yoy as of November. This increase was caused by positive evolutions in extractive and manufacturing industries' production volumes (+19.4% and +8.2%, respectively), despite the 5.2% yoy contraction in the production and supply of electricity and heat, gas, hot water and air conditioning.

Inflationary pressures are intensifying: the annual inflation rate reached 13.9% as of year-end 2021, above the National Bank forecast but in line with the expectations of high inflationary pressures until 3Q22. This evolution was due to the acceleration in the increase in prices for food products (+17.5%), non-food products (+12.1%), and services' tariffs (+11.6%).

Financial Markets

The 91-, 182- and 364-day Treasury bill yields had increased by 5.3pp, 4.0pp and 3.6pp, respectively, as of December vs the end-3Q21 levels, in line with the inflation trajectory and expectations. For longer maturity government bonds, yields saw a slight upward movement (c. +1pp) compared with their September levels. In response to rising inflationary pressure, the NBM increased the base rate by 2pp (up to 8.5%) and the required reserves ratio from financial means attracted in MDL and non-convertible currencies (up to 28%).

Banking Sector

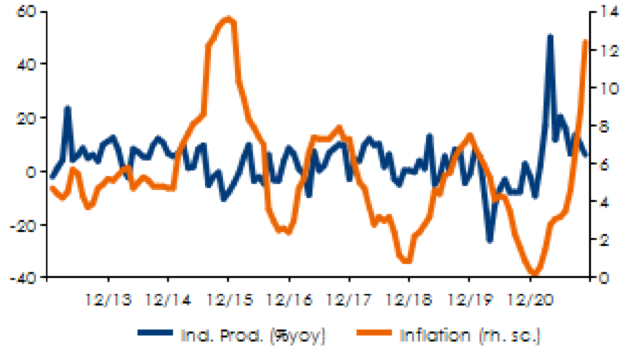
In 2021, the stock of both loans and deposits showed monthly yoy double-digit growth rates. As of December, the stock of loans in the private sector expanded by 23.5% yoy, mostly driven by the positive evolution in household loans (+40.6%). The stock of deposits increased by 13.1% yoy at year-end 2021, with the main contribution coming from corporate deposits at an 18.3% yoy growth rate affected by higher deposit volumes attracted in foreign currency. Household deposits grew by 10.1% yoy. The NPL ratio continued on a downward trajectory in 2H21, reaching the 6.1% level in December, down 1.8pp from the peak registered in April and a 1.4pp decrease vs the 2Q21 level.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial Production yoy	6.2 (Nov)	12.2	-15.2
Nom. Exports yoy	38.9 (Nov)	36.3	-20.9
PMI Manufacturing	38.9 (Nov)	36.3	-20.9
Retail Sales	-1.8 (Nov)	10.4	-10.9
Inflation Rate yoy	13.9 (Dec)	4.9	4.6
CB Reference Rate	8.5 (31th Jan)	4.7	2.7
Loans (Priv. Sector, yoy, eop)	23.1 (Oct)	22.6	7.1
Deposits (Priv. Sector, yoy, eop)	16.4 (Oct)	16.3	9.2
Lending interest rate (corp., eop)	8.9 (Oct)	8.8	8.7
Deposit interest rate (hh, eop)	3.3 (Oct)	3.3	4.2

Source: National Bureau of Statistics of the Republic of Moldova, National Bank of Moldova

Industrial production and inflation



Source: National Bureau of Statistics of the Republic of Moldova

Russia

Real Economy

Valeria Zubkova

About 52% of people are vaccinated (47.5% with two shots) as of January. Currently, the spread of the omicron variant results in downside risks to all forecasts. Due to the sharp increase in the number of coronavirus infections, the authorities will strengthen controls in public places. However, the number of deaths is falling.

As for the real economy, according to preliminary estimates, Russia's GDP growth was 4.4-4.5% in 2021. The official macroeconomic forecast of the Ministry of Economic Development, made back in September, assumes 3% GDP growth in both 2022 and 2023. However, most independent economists do not think such expectations are accurate. The CBR is more cautious in its estimates as the middle of its interval forecast (2-3%) is close to the consensus forecast. Household demand remained resilient during the recent COVID wave. Retail sales growth slowed to 4.1% yoy in October from 5.6% yoy in September.

Financial Markets

The CBR raised the key rate by 100bps, to 8.50%, in December and softened its tone a bit in the statement. The regulator still sees the possibility of a further increase in the key rate at upcoming meetings if inflation continues to deviate from the baseline scenario. It's expected that increases will be made at a more moderate pace, with another 50bps hike potentially on the cards in February. The key rate in the first half of 2022 may reach 9.5%. The more likely forecast for the key rate corresponds to a range of 6.5-8.0% at the end of 2022. Russia's inflation continues to rise. Price growth reached 8.6% in January. Nevertheless, the CBR maintained its inflation forecast for 2022 in a range of 4-4.5%. The consensus forecast for inflation in 2022 is significantly higher at 5.1%. Geopolitical tensions were one of the factors behind the performance of the ruble, which has depreciated by about 2% since the end of November 2021, despite rising oil prices and an increase in the key rate to 8.5%. The ruble continued to weaken at the beginning of 2022 as geopolitical tensions intensified. High volatility persists and that is why short-term movements of the ruble can be very noticeable, in either direction.

Banking Sector

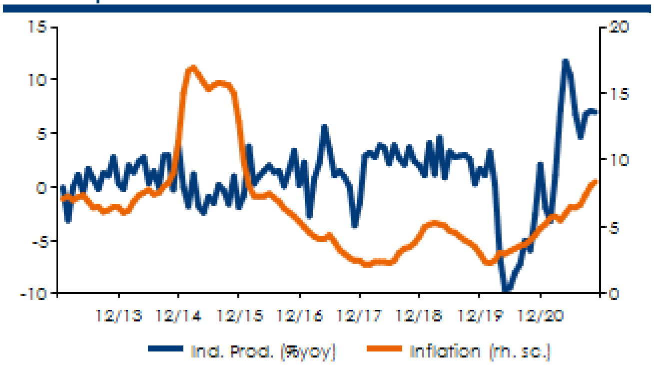
Banks noticeably reacted to the increase in the key rate by raising lending rates on ruble loans. The trend of increasing both lending and deposit rates continues. Deposit rates grew more slowly as individuals were in no hurry to close deposits ahead of schedule and shift to new rates. At the same time, it's expected that citizens' ruble deposits can continue to grow at a significant rate in 2022. However, the volatility of the ruble, inflation, and the deposit tax could work against this.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial Production yoy	7 (Nov)	6.1	-8.5
Nom. Exports yoy	77.9 (Aug)	84.2	-31.3
Retail Sales yoy	3.1 (Nov)	5.3	-16.7
PMI Manufacturing	51.6 (Dec)	49.8	49.4
Inflation Rate yoy	8.4 (Dec)	6.8	3.1
CB Reference Rate	8.5 (31th Dec)	6.8	5.5
Loans (priv.sector, yoy, eop)	15.4 (Oct)	15.5	10.8
Deposits (priv.sector,yoy,eop)	9.4 (Oct)	9.5	7.9
Lending interest rate (corp., eop)	8.1 (Oct)	8.0	6.9
Deposit interest rate (hh, eop)	4.3 (Oct)	4.1	3.9

Source: State Statistics Federal Service, Central Bank of Russia

Industrial production and inflation



Source: State Statistics Federal Service

Ukraine

Real Economy

Artem Krasovskyi

Ukraine's economy faces strong headwinds in early 2022 as fierce geopolitical tensions around a possible military conflict between Russia and Ukraine persist. The NBU recently lowered the 2022 GDP growth forecast from 3.8% to 3.4% yoy and raised the EoP inflation rate from 5% to 7.7% yoy. The current account deficit is seen to expand to 3.1% in 2022 and 3.3-3.4% in 2023-2024 as a result of a revival in consumer and investment demand. In addition to the geopolitical situation, high energy prices and another potential wave of COVID infections are the main components of expected setback in the economic recovery. Still low vaccination uptake (only 37% vaccinated across the country) could lead to higher vulnerability in case of omicron, with the new daily cases having already notably intensified since the beginning of 2022. According to the NBU's estimation, in 2021, GDP grew by 3% yoy. Inflation in December 2021 slowed to 10% yoy from the peak of 11% in September while core inflation continued to accelerate, to 7.9% yoy from 7.7% in the previous month, spurred by solid consumer demand. A return to the inflation target range of 5%+\-1pp is expected in 2023.

Financial Markets

The NBU raised its policy interest rate from 9% to 10% in January. This is a second increase in a row, after a 50bps hike at the previous MPC meeting in December, which brings the key rate back to double digits for the first time since March 2020. According to the NBU, one more rate hike is likely at next MPC meeting in March, and the overall monetary conditions will remain tight during 2022 and probably in 1H23, as pro-inflationary risks remain persistently high. Media background around a possible imminent Russian military invasion has fuelled fears across various financial markets, reflecting in price declines for Ukrainian assets and putting heavy devaluation pressure on the national currency. The USD/UAH is now trading at 28.70-80, having lost some 5% in value since early January 2022 and 10% since November 2021. During January, the NBU had already sold some USD 1bn from monetary reserves (which last estimate c.USD 31bn) to cool the domestic FX market. Ukraine's Eurobond yields soared to 15-20% in January. Similarly, the FinMin has seen very low market appetite for its recent placements, as the secondary market provides a good 100-200bps premium above that of the primary market.

Banking Sector

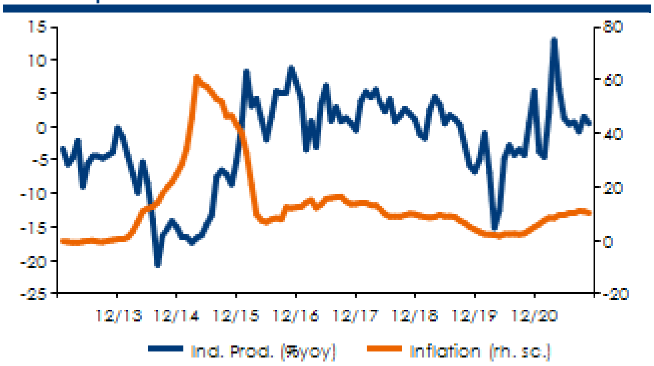
Ukrainians have shown some higher resilience to media reporting and liquidity in the banking sector and banking interest rates have hardly responded to the panic mood that has been experienced by external markets. Actually, the NBU is increasing banks' mandatory reserve requirements in February to tackle the structural liquidity surplus in the banking sector.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial Production yoy	0.5 (Nov)	0.1	-10.7
Nom. Exports yoy	38.2 (Nov)	35.7	-4.9
PMI Manufacturing	38.2 (Nov)	35.7	-4.9
Retail Sales	6.4 (Nov)	9.3	-4.2
Inflation Rate yoy	10 (Dec)	10.5	2.1
CB Reference Rate	10 (20th Jan)	8.5	7.5
Loans (Priv. Sector, yoy, eop)	7.5 (Nov)	3.1	-2.5
Deposits (Priv. Sector, yoy, eop)	12.6 (Nov)	14.3	23.1
Lending interest rate (pr.sect., eop)	8.9 (Nov)	8.6	9.5
Deposit interest rate (pr.sect , eop)	7.3 (Nov)	7.2	11.2

Source: State Statistics Service of Ukraine, National Bank of Ukraine

Industrial production and inflation



Source: State Statistics Service of Ukraine

Egypt

Real Economy

Samer Halim

The health situation looks stable, even with the increase in daily COVID cases hovering around 1,500. Unlike projections for global growth that were downgraded by the IMF in the January update of the October outlook, the forecast for Egypt has been revised up to 5.6% in FY 2021/22 (from previous 5.2%). Egypt's PMI rose to its highest level in four months in December. At 49, up from 48.7 in November, the index moved closer to the 50 neutral threshold and was above its long-run series average of 48.2. Panellists continued to highlight weak consumer demand vs an improvement in tourism activity as well as a sharp rise in export orders (strongest since February). Annual headline urban inflation increased to 5.9% in December 2021 from 5.6% a month earlier, after declining for two consecutive months. The increase was partially due to unfavourable base effects. Consequently, on average, annual headline urban inflation was 5.2% in 2021 compared to 5% in 2020, within the CBE target of 7% (+/-2%) by the end of 2022 and far below the long-term average since 2011. Egypt targets a lower overall fiscal deficit of 6.7% of GDP in the current FY vs 7.4% last year.

Financial Markets

The CBE is keeping key interest rates unchanged at 8.25% and 9.25% for overnight deposit and lending rates, respectively, to maintain high real interest rates. The money market rate has been declining (-0.5% mom) due to a decrease in offered amounts from the government and more focus on longer maturities. The EGP is showing stability against the USD and the authorities are seeking to secure foreign funds through multiple sources: (1) financial investments: Egypt's cabinet approved the start of procedures for issuing sovereign sukuk in international markets. Also, foreign investors pumped USD 970m of investments into Egypt's debt market since early January, reflecting the robust rebound of foreign investments. Egypt looks ready to join the JP Morgan Government Bond Index-Emerging Markets soon, which will enable major investment funds to invest in Egyptian debt instruments in the local currency; (2) FDIs: Egypt signed exploration and development agreements for oil & gas with Apache and Eni for total investments of USD 3.5bn and USD 1bn, respectively. Regarding the current account, the deputy minister of tourism said that revenues exceeded USD 13bn during 2021, a return to pre-pandemic levels. Remittances from Egyptians working abroad accounted for about USD 26.4bn during 10M 2021 (+7.8% yoy). It's important to note that foreign reserves still maintain their high level, at USD 40.9bn.

Banking Sector

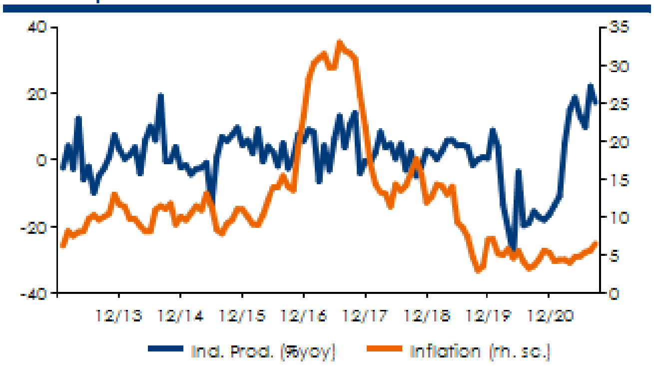
Egypt's banking sector enjoys a strong funding base represented by retail deposits, with an increase in private deposits by 18.3% yoy in October 2021. Also, private loans to both individuals and corporates saw healthy growth of 18.1% and 16.4%, respectively. Furthermore, banks' investment in government securities increased 12.9% yoy while government loans rose by 44.8%.

Latest economic indicators

	Last value	3Q21	2Q21
Industrial Production, wda yoy	17.3 (Sep)	16.5	-17.4
Nom. Exports yoy	48.1 (Oct)	39.5	-27.5
Retail Sales yoy	n.a.	n.a.	n.a.
PMI	49 (Dec)	48.9	44.6
Inflation rate yoy	5.9 (Dec)	5.9	5.4
CB Reference Rate	8.3 (24th Jan)	8.3	8.3
Loans (priv. sector, yoy, eop)	17 (Oct)	16.9	20.7
Deposits (priv. sector, yoy, eop)	18.3 (Oct)	17.7	17.0
Lending interest rate (corp., eop)	9.3 (Nov)	9.3	11.3
Deposit interest rate (hh, eop)	7.4 (Nov)	7.2	6.9

Source: Ministry of Industry & Foreign Trade, Central Bank of Egypt

Industrial production and inflation



Source: Ministry of Planning, CAPMAS

Country Data: Economy, Markets and Banks - the economic cycle

The Economy

		GDP chg yoy			Ind.prod[1]. chg.yoy			Export nom. chg yoy			Retail sales chg yoy			Inflation chg yoy			Unemployment rate			Wages chg yoy			Economic Survey[2]		
		3Q21	2Q21	2020	Last	mth	3Q21	Last	mth	3Q21	Last	mth	3Q21	Last	mth	3Q21	Last	mth	3Q21	Last	mth	3Q21	Last	mth	3Q21
CEE	Czechia	3.1	8.5	-5.7	1.6	Nov	-0.1	3.7	Nov	2.6	13.2	Nov	3.7	6.6	Dec	4.1	3.5	Dec	3.6	5.5	Nov	5.9	90.9	Dec	91.4
	Hungary	6.1	17.9	-5.1	2.6	Nov	2.8	7.7	Nov	2.0	3.8	Nov	4.3	7.4	Dec	5.0	3.7	Nov	4.0	8.5	Oct	8.6	107.2	Dec	110.2
	Poland	5.3	11.2	-2.7	16.7	Dec	10.4	17.4	Nov	18.4	21.2	Nov	10.2	8.6	Dec	5.5	5.4	Nov	5.8	11.2	Dec	9.0	107.7	Dec	105.1
	Slovakia	1.3	10.1	-5.2	4.3	Nov	1.2	10.5	Nov	2.1	3.9	Nov	3.0	5.8	Dec	3.9	6.8	Dec	7.4	6.7	Nov	8.6	94.8	Dec	100.1
	Slovenia	5.0	16.3	-4.2	10.1	Nov	7.9	24.1	Nov	20.7	42.0	Nov	14.0	5.1	Dec	2.3	6.8	Oct	7.1	3.1	Oct	4.7	102.9	Dec	102.7
SEE	Albania	7.0	17.9	-3.3	n.a.	n.a.	n.a.	36.3	Nov	41.4	n.a.	n.a.	n.a.	3.7	Dec	2.4	n.a.	n.a.	11.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Bosnia H.	8.4	12.1	-3.2	7.2	Nov	9.6	44.0	Dec	36.7	16.5	Nov	26.3	5.5	Nov	2.4	31.2	Nov	32.2	5.9	Nov	4.7	n.a.	n.a.	n.a.
	Croatia	15.8	16.5	-8.1	3.6	Nov	4.0	24.0	Oct	21.0	5.3	Nov	15.3	5.5	Dec	3.1	7.4	Dec	7.2	6.8	Nov	5.4	109.7	Dec	112.7
	Romania	7.4	13.9	-3.9	0.9	Nov	0.7	4.6	Oct	14.2	4.0	Oct	9.1	8.2	Dec	5.5	2.7	Nov	2.9	6.9	Nov	5.8	99.5	Nov	100.3
	Serbia	7.7	13.7	-0.9	7.0	Nov	1.1	24.9	Nov	27.0	10.0	Nov	7.7	7.9	Dec	4.4	n.a.	n.a.	n.a.	9.9	Oct	9.2	n.a.	n.a.	n.a.
CIS & MENA	Moldova	8.3.	21.5	-7.0	6.2	Nov	12.2	38.9	Nov	36.3	-1.8	Nov	10.4	13.9	Dec	4.9	n.a.	n.a.	2.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Russia	4.3	10.3	-3.0	7.0	Nov	6.1	77.9	Aug	84.2	3.1	Nov	5.3	8.4	Dec	6.8	4.3	Nov	4.4	10.3	Oct	10.3	51.6	Dec	49.8
	Ukraine	2.4	5.4	-4.0	0.5	Nov	0.1	38.2	Nov	35.7	6.4	Nov	9.3	10.0	Dec	10.5	n.a.	n.a.	9.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Egypt	9.8	7.7	1.5	17.3	Sep	16.5	48.1	Oct	39.5	n.a.	n.a.	n.a.	5.9	Dec	5.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	49.0	Dec	48.9
	m.i. E. A.	*3.7*	*13.7*	*-6.4*	*-1.5*	*Nov*	*6.1*	*14.4*	*Nov*	*13.9*				*5.0*	*Dec*	*2.8*									

Source: Refinitiv; [1]Wda data for Slovakia, Slovenia; Bosnia, Croatia, Egypt; [2]PMI manufacturing for Russia and Egypt, ESI for the other countries.

Markets and Ratings

		S/T rates		L/T rates[1]		Foreign exchanges[2]			Stock markets		CDS spread (bp)		FX res. chg (mln €)[3]			CA bal. (mln €)[4]		Rating
		28/1	chg	28/1	chg	28/1	3M*	1Y*	3M*	1Y*	28/1	28/10	3Q21	2Q21	2020	3Q21	2Q21	Moody's
CEE	Czechia	3.5	2.4	3.3	0.6	24.47	-4.87	-6.12	5.4	37.2	33.1	31.7	n.a.	n.a.	n.a.	531	3,537.9	Aa3
	Hungary	4.5	2.5	4.8	1.1	357.28	-1.80	-0.86	-1.7	21.3	48.9	51.6	n.a.	n.a.	n.a.	n.a.	n.a.	Baa2
	Poland	3.1	1.9	4.0	1.1	4.57	-1.27	0.48	-8.6	15.7	39.1	47.0	n.a.	n.a.	n.a.	271	3,812.0	A2
	Slovakia	-0.6	0.0	0.2	0.2	n.a.	n.a.	n.a.	1.8	13.3	33.4	35.4	n.a.	n.a.	n.a.	-1,398	-165.8	A2
	Slovenia	-0.6	0.0	0.5	0.2	n.a.	n.a.	n.a.	7.5	35.4	40.4	45.4	734	19	165	280	459.9	A3
SEE	Albania	0.6	n.a.	n.a.	n.a.	120.80	-1.74	-2.29	n.a.	n.a.	n.a.	n.a.	252	-117	n.a.	-117	-243.0	B1
	Bosnia H.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	631	277	650	-106	-194.7	B3
	Croatia	0.4	0.0	0.9	0.4	7.53	0.07	-0.46	3.3	18.8	72.8	82.3	2,811	428	382	4,380	-843.2	Ba1
	Romania	2.9	0.7	5.4	0.5	4.95	-0.06	1.44	2.8	27.1	73.5	67.9	n.a.	1,519	5,605	n.a.	-7,040.0	Baa3
	Serbia	1.0	0.0	n.a.	n.a.	117.58	0.03	-0.02	2.9	3.5	103.0	104.9	2,711	-184	113	-748	-652.3	Ba2
CIS & MENA	Moldova	8.4	4.7	7.1	1.3	17.94	2.63	3.71	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	10	2,405.8	B3
	Russia	10.0	1.5	9.5	1.4	78.95	13.09	5.21	-17.1	4.9	211.1	76.0	22,377	18,423	9,290	n.a.	n.a.	Baa3
	Ukraine	12.6	1.4	17.5	4.1	28.72	9.13	1.98	-15.3	1.0	786.9	407.2	-935	1,231	3,471	-882	499.0	B3
	Egypt	11.3	-1.1	11.1	1.3	15.74	0.19	0.19	-2.1	-5.1	597.6	358.6	241	247	-5,357	n.a.	-5,134.8	B2
	m.i.A.E.	*-0.6*	*0.0*	*-0.1*	*0.1*	*1.1*	*-4.4*	*-7.9*	*0.7*	*19.3*	*5.10*	*5.09*						

Source: Refinitiv; [1]For Ukraine, the long-term rate refers to a government issue in dollars; [2]The (-) sign indicates appreciation; [3]USD for Russia, Egypt, Ukraine, Romania; [4]USD for Russia, Egypt, Ukraine. (*) % change.

Banking aggregates and interest rates (private sector)

		Loans chg yoy %			NPL/Loans %			Foreign Liab. chg yoy %			Deposits chg yoy %			Loans rate1-NewB*. %				DepositsRate1-NewB*. %				Loans/Dep %		
		Last	mth	2020	Last	mth	2020	Last	mth	2020	Last	mth	2020	Last	mth	2020	S[4]	Last	mth	2020	S[4]	Last	mth	2020
CEE	Czechia	7.8	Nov	4.1	2.4	Nov	2.7	-4.6	Nov	-1.4	8.2	Nov	11.9	4.1	Nov	1.9	C	2.1	Nov	0.6	H	70.6	Nov	69.8
	Hungary	11.1	Nov	13.4	2.7	Jun	2.9	21.6	Nov	-11.9	18.4	Nov	23.3	3.8	Nov	3.0	C	0.9	Nov	0.3	H	74.3	Nov	75.0
	Poland	4.3	Nov	0.4	4.0	Mar	n.a.	6.2	Nov	10.4	8.5	Nov	12.8	3.0	Nov	2.4	C	0.8	Nov	0.2	H	80.9	Nov	82.4
	Slovakia	6.4	Nov	4.5	2.3	Nov	2.7	30.4	Nov	-18.9	4.6	Nov	6.3	1.9	Nov	1.7	C[2]	0.0	Nov	0.0	H[2]	105.2	Nov	101.0
	Slovenia	4.4	Nov	-0.9	1.3	Oct	1.9	-7.4	Nov	2.0	8.0	Nov	12.2	1.9	Nov	2.3	C[2]	0.2	Nov	0.1	H[2]	64.6	Nov	64.9
SEE	Albania	10.6	Nov	7.0	6.2	Nov	8.1	37.4	Nov	-6.8	9.6	Nov	8.1	6.6	Nov	6.5	PS	0.4	Nov	0.4	PS	54.3	Nov	53.6
	Bosnia H.	3.4	Nov	-2.5	5.5	Sep	6.1	-19.1	Nov	-25.5	10.8	Nov	6.5	3.1	Nov	2.9	C	0.1	Nov	0.2	H	90.6	Nov	95.0
	Croatia	2.8	Nov	3.5	4.7	Sep	5.4	8.9	Nov	7.3	11.4	Nov	8.7	5.1	Nov	5.2	PS	0.1	Nov	0.1	PS	66.4	Nov	72.2
	Romania	13.9	Nov	5.0	3.5	Oct	3.8	1.8	Nov	-6.2	12.7	Nov	15.4	5.4	Nov	5.4	PS	1.7	Nov	1.5	PS	70.4	Nov	67.8
	Serbia	9.2	Nov	11.1	3.4	Nov	3.7	-0.9	Nov	6.3	14.5	Nov	17.4	5.8	Nov	5.8	PS	1.4	Nov	1.5	PS	91.1	Nov	92.6
CIS & MENA	Moldova	23.1	Oct	13.1	6.5	Oct	7.4	6.1	Oct	4.6	16.4	Oct	16.5	8.3	Oct	8.2	C	3.1	Oct	3.5	H	62.0	Oct	57.3
	Russia	15.4	Oct	14.4	7.5	Sep	8.8	4.0	Oct	10.5	9.4	Oct	9.6	8.1	Oct	6.3	C	4.3	Oct	3.4	H	119.6	Oct	113.2
	Ukraine	7.5	Nov	-2.8	33.3	Sep	41.0	-5.6	Nov	-5.4	12.6	Nov	33.6	13.3	Nov	12.6	PS	5.2	Nov	4.4	PS	76.4	Nov	74.0
	Egypt	17.0	Oct	24.5	3.6	Sep	3.6	22.4	Nov	16.1	18.3	Oct	20.4	9.3	Nov	9.7	C	7.4	Nov	7.4	H	35.6	Oct	35.4
	m.i. E. A.	*3.35*	*Nov*	*-1.3*	*n.a.*	*n.a.*	*n.a.*	*7.3*	*Nov*	*1.6*	*5.0*	*Nov*	*9.2*	*1.1*	*Nov*	*1.3*	*C*	*0.2*	*Nov*	*0.2*	*H*	*74.4*	*Nov*	*75.4*

Source: Central Banks, IMF, Moody's ;[1]monthly average; [2]lending rate on current account overdraft; on deposits up to 1 year.[4]Sector C=Corporates, H=Household, PS=Private Sector.

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