FitchRatings

Sovereigns
Greece

Greece

This report does not constitute a new rating action for this issuer. It provides more detailed credit analysis than the previously published Rating Action Commentary, which can be found on www.fitchratings.com.

Key Rating Drivers

Rating, Outlook, Pandemic Shock: Greece's ratings reflect weak medium-term growth potential, still very high levels of non-performing loans (NPLs) in the banking sector and very large stocks of general government and net external debt. These weaknesses are balanced by high income per capita levels, and governance scores above most sub-investment-grade peers'. The Stable Outlook reflects Fitch Ratings' view of the sustainability of Greece's public finances.

Higher Deficit, Pandemic Support: The general government deficit was 9.7% of GDP in 2020, larger than the 'BB' median estimate of 8%. We expect a mostly unchanged deficit of 9.5% in 2021. This is a substantial upward revision from our previous forecast of 7.2%, due to higher-than-previously-expected pandemic-related policy support for the economy. We expect the public deficit to shrink in 2022 to 4.8%, as pandemic-support measures unwind and economic recovery supports revenues. We then expect the deficit to narrow further in 2023 to 2.8%.

Government Debt, Mitigants: Government debt reached 205.6% of GDP in 2020. Our projections imply that the debt ratio will peak this year at 207%, and we expect it to decline to 192.6% by 2023. Public debt has risen sharply due to the pandemic, and will remain very high for a prolonged period. However, a large liquid asset buffer, the concessional nature of a large share of debt, and long maturity are mitigating factors that support public debt sustainability.

Moreover, the European Central Bank (ECB) has included Greek government bonds in its pandemic emergency purchase programme (PEPP). This provides an important additional source of financing flexibility and contributes to keeping debt servicing costs manageable.

Economic Recovery, Risks: The economy has performed better than we had expected over the past six months. We assume that the Next Generation EU (NGEU) funds will start being deployed this year, further boosting the growth outlook. We have revised up our forecast for real GDP growth this year to 4.3% from 3%, and expect the economy to expand by 5.3% in 2022. The main short-term risk is linked to the renewed rise in coronavirus infections. A further risk is the pandemic's impact on the labour market once support measures are rolled back.

Banking Sector, Asset Quality: The banking sector remains a weakness for the sovereign's credit profile, but has seen improvements in asset-quality metrics. The NPL ratio declined to 30.1% from 40.6% over the course of 2020, due to securitisation transactions, and remained around this level in 1Q21. Progress on de-risking plans by systemically important Greek banks brought about positive rating actions resulting in an improvement in Fitch's Banking System Indicator to 'b' from 'ccc'.

Rating Sensitivities

Debt Falling, Banks, Growth: Greater confidence in government debt/GDP returning to a firm downward path after the Covid-19 shock, continued progress on asset-quality improvement by systemically important banks, and an improvement in medium-term growth potential and performance following the Covid-19 shock could lead to positive rating action.

Debt Rising, Pandemic Impact: A failure to reduce government debt/GDP over the short term, evidence of a long-lasting negative impact of the coronavirus shock on the Greek economy and its medium-term potential growth, and adverse developments in the banking sector increasing risks to the public finances and the real economy could all lead to negative rating action.

Ratings

Foreign-Currency

Long-Term IDR	BB
Short-Term IDR	B

Local-Currency

Long-Term IDR	BB
Short-Term IDR	B
Country Ceiling	BBB+

Outlooks

Long-Term Foreign-Currency IDR	Stable
Long-Term Local-Currency IDR	Stable

Rating Derivation

Component	Outcome
Sovereign Rating Model (SRM)	BB
Qualitative Overlay (QO)	0
Structural features	-1
Macroeconomic	0
Public finances	+1
External finances	0
Long-Term Foreign-Currency IDR	BB

Source: Fitch Ratings

Applicable Criteria

Country Ceilings Criteria (July 2020)
Sovereign Rating Criteria (April 2021)

Related Research

Greek Debt Sustainable Despite Pandemic, but Risks from Fiscal Policy, Growth (April 2021)

Global Economic Outlook (June 2021)

Fitch Affirms Greece at 'BB'; Outlook Stable (July 2021)

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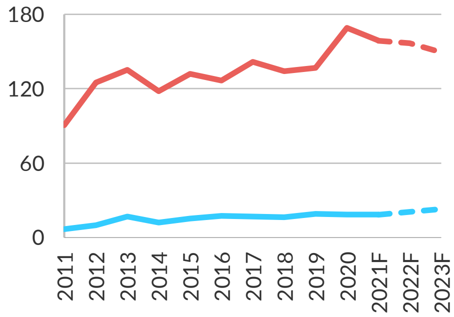
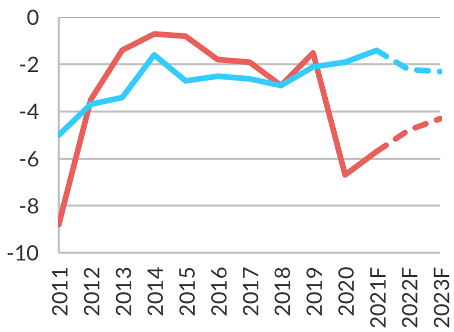
Peer Comparison

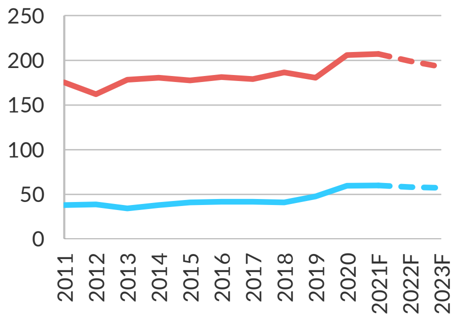
Net External Debt
% of GDP



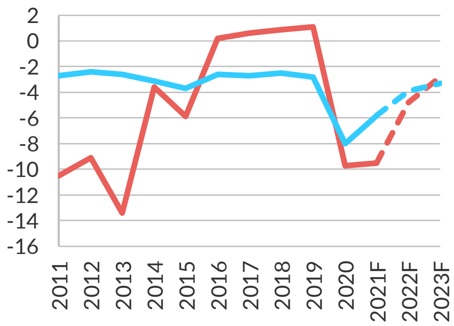
Current Account Balance
% of GDP



General Government Debt
% of GDP

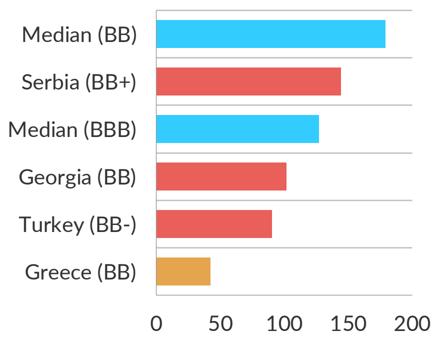


General Government Balance
% of GDP

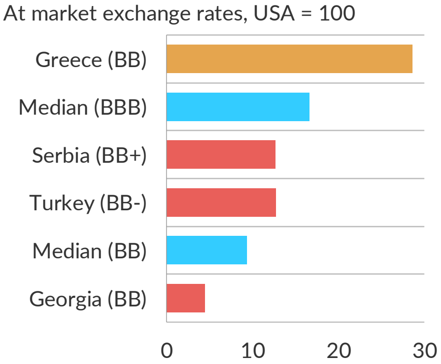


Greece   Median (BB)

International Liquidity Ratio, 2021F
%



GDP Per Capita Income, 2021F
At market exchange rates, USA = 100



Note: Medians based on data for sovereigns in the respective rating category at the end of each year. Latest ratings are used for the current year and forecast period
Source: Fitch Ratings

Financial Data

Greece

(USDbn)	2021F
GDP	207.1
GDP per head (USD 000)	19.3
Population (m)	10.7
International reserves	8.9
Net external debt (% GDP)	158.7
Central government total debt (% GDP)	-
CG foreign-currency debt	-
CG domestically issued debt (EURbn)	-

Source: Fitch Ratings

Rating Factors

Strengths

- GDP per capita is more than three times higher than the current peer median (2021 forecast of USD19,300 compared to USD5,700 for the 'BB' median).
- Governance and human development indicators are substantially higher than those of sub-investment-grade peers.
- Despite the very high level of government debt, 77% of central government debt is held by official creditors, with very long repayment schedules and low interest rates.
- Financing flexibility has improved due to lower interest rates and ECB monetary policy.

Weaknesses

- Government sector and net external debt are among the highest of Fitch-rated sovereigns (2021 forecast: 207.0% and 158.7% of GDP, respectively).
- Greek banks' NPLs account for around 30% of their gross loans.
- Medium-term growth is weak and may weaken further due to the impact of the pandemic.
- The investment/GDP ratio remains well below the eurozone average, further constraining growth potential.

Local-Currency Rating

Greece's credit profile does not support a notching-up of the Long-Term Local-Currency Issuer Default Rating (IDR) above the Foreign-Currency IDR. In Fitch's view, neither of the two key factors cited in the criteria that support upward notching of the Long-Term Local-Currency IDR are present: strong public finance fundamentals relative to external finance fundamentals, and previous preferential treatment of local-currency creditors relative to foreign-currency creditors. Greece is also a member of the eurozone, which constrains the Long-Term Local Currency IDR at the same level as the Long-Term Foreign-Currency IDR.

Country Ceiling

Fitch assigns a 'BBB+' Country Ceiling to Greece, four notches above the Long-Term Foreign-Currency IDR. The Country Ceiling remains below the maximum possible six-notch uplift for eurozone member states due to the weakness of the banking sector and the very recent history of capital controls.

Peer Group

Rating	Country
BB+	Azerbaijan
	Colombia
	Morocco
	Republic of North Macedonia
	Paraguay
	San Marino
	Serbia
BB	**Greece**
	Aruba
	Georgia
	Namibia
	Vietnam
BB-	Bangladesh
	Brazil
	Dominican Republic
	Guatemala
	Hashemite Kingdom of Jordan
	Oman
	South Africa
	Turkey
	Republic of Uzbekistan

Rating History

Date	Long-Term Foreign Currency	Long-Term Local Currency
24 Jan 20	BB	BB
10 Aug 18	BB-	BB-
16 Feb 18	B	B
18 Aug 17	B-	B-
18 Aug 15	CCC	CCC

Source: Fitch Ratings

Strengths and Weaknesses: Comparative Analysis

2021F	Greece BB	BB median[a]	BBB median[a]	Serbia BB+	Georgia BB	Turkey BB-
Structural features						
GDP per capita (USD, mkt exchange rates)	19,342	5,744	11,326	8,769	4,423	8,653
GNI per capita (PPP, USD, latest)	31,540	14,400	24,900	18,440	15,260	27,660
GDP (USDbn)	207.1			60.3	16.5	741.1
Human development index (percentile, latest)	83.5	52.7	67.9	65.9	68.0	71.8
Governance indicator (percentile, latest)[b]	64.8	44.2	58.4	48.6	63.0	38.9
Broad money (% GDP)	128.7	47.7	59.9	55.3	64.4	66.5
Default record (year cured)[c]	2012	-	-	2004	2004	1982
Ease of doing business (percentile, latest)	58.8	55.0	70.4	77.3	96.9	82.6
Trade openness (avg. of CXR + CXP % GDP)	41.2	46.6	46.5	57.5	66.3	33.3
Gross domestic savings (% GDP)	6.5	18.7	22.7	14.5	10.8	28.7
Gross domestic investment (% GDP)	12.7	21.8	23.6	24.3	25.9	29.8
Private credit (% GDP)	78.5	37.6	56.7	46.2	76.8	68.9
Bank systemic risk indicators[d]	b/1			-/1	bb/1	b/1
Bank system capital ratio (% assets)	16.7	16.2	15.3	-	-	-
Foreign bank ownership (% assets)	1.7	35.1	29.0	-	-	-
Public bank ownership (% assets)	28.5	16.7	13.5	-	-	-
Macroeconomic performance and policies						
Real GDP (5yr average % change)	0.2	3.9	3.4	3.0	2.6	3.9
Volatility of GDP (10yr rolling SD)	4.0	2.5	2.9	2.4	3.5	2.5
Consumer prices (5yr average)	0.1	5.4	3.9	2.2	5.0	14.2
Volatility of CPI (10yr rolling SD)	1.0	3.1	2.1	2.4	2.5	3.6
Unemployment rate (%)	17.2	8.9	7.6	9.7	20.0	13.2
Type of exchange rate regime	Free floating			Stablised arrangement	Floating	Floating
Dollarisation ratio (% of bank deposits)	4.1	40.1	17.1	-	-	-
REER volatility (10yr rolling SD)	4.1	6.1	4.9	7.5	5.4	5.9

Source: Fitch Ratings

Strengths and Weaknesses: Comparative Analysis (Cont.)

2021F	Greece BB	BB median[a]	BBB median[a]	Serbia BB+	Georgia BB	Turkey BB-
Public finances[e]						
Budget balance (% GDP)	-9.5	-2.8	-2.3	-4.9	-8.7	-3.7
Primary balance (% GDP)	-6.7	-0.7	-0.2	-3.0	-6.9	-1.3
Gross debt (% revenue)	414.3	157.7	140.2	147.8	237.2	129.8
Gross debt (% GDP)	207.0	39.1	36.4	59.6	59.8	39.9
Net debt (% GDP)	188.4	32.7	30.2	51.4	55.4	35.9
Foreign currency debt (% total debt)	0.9	60.7	35.5	67.7	81.4	47.9
Interest payments (% revenue)	5.7	8.9	6.9	4.7	6.8	9.6
Revenues and grants (% GDP)	50.0	24.7	32.0	40.3	25.2	30.7
Volatility of revenues/GDP ratio	2.4	5.4	6.2	3.8	3.0	2.8
Central govt. debt maturities (% GDP)	11.3	4.9	4.4	7.7	7.9	3.7
External finances						
Current account balance + net FDI (% GDP)	-3.8	0.8	0.6	0.0	-7.9	-2.7
Current account balance (% GDP)	-5.7	-2.6	-1.8	-5.9	-11.4	-3.4
Net external debt (% GDP)	158.7	10.4	8.2	32.3	80.8	32.9
Gross external debt (% CXR)	778.3	117.2	115.2	158.4	214.9	183.5
Gross sovereign external debt (% GXD)	79.4	43.7	30.2	43.0	42.0	23.6
Sovereign net foreign assets (% GDP)	-160.8	-2.6	2.8	-7.7	-30.2	-1.5
Ext. interest service ratio (% CXR)	7.7	4.0	4.2	2.3	7.3	5.2
Ext. debt service ratio (% CXR)	20.6	15.2	15.6	19.1	32.2	27.9
Foreign exchange reserves (months of CXP)	1.2	4.3	4.9	5.8	4.1	4.2
Liquidity ratio (latest)[f]	42.4	139.2	124.6	144.2	101.6	90.5
Share of currency in global reserves (%)	21	0	0	0	0	0
Commodity export dependence (% CXR, latest)	27.8	21.8	20.0	17.5	28.6	16.9
Sovereign net foreign currency debt (% GDP)	-2.4	2.2	-5.5	10.9	24.3	6.9

[a] Medians based on actual data since 2000 (excl. forecasts) for all sovereign-year observations where the sovereign was in the respective rating category at year-end. Three-year centred averages are used for the more dynamic variables (e.g. current account and fiscal balance)
[b] Composite of six World Bank Governance Indicators used in the Sovereign Rating Model: Government Effectiveness; Rule of Law; Control of Corruption; Voice and Accountability; Regulatory Quality; and Political Stability and Absence of Violence
[c] Modern rescheduling history: Distressed debt exchange in 2021 entailing 53.5% write-down to face value of EUR199 billion of Greek government bonds.
[d] Bank systemic indicator, which equates to a weighted average Viability Rating; and macro prudential indicator, with 1 'low' systemic risk through to 3 'high'
[e] General government unless stated
[f] Ratio of liquid external assets, defined as the stock of official FX reserves including gold at the end of the previous calendar year plus banks' liquid external assets, to liquid external liabilities, defined as scheduled external debt service in the current year, plus the stock of short-term external debt and all non-resident holdings of marketable medium- and long-term local-currency debt at the end of the previous calendar year
Note: Acronyms used: Consumer Price Inflation (CPI), Gross Domestic Product (GDP), Current External Receipts (CXR), Current External Payments (CXP), Gross National Income (GNI), Purchasing Power Parity (PPP), Standard Deviation (SD), Foreign Direct Investment (FDI)
Source: Fitch Ratings

Key Credit Developments

Economic Recovery Taking Hold; Health Risks

The Greek economy displayed a degree of resilience in the last three months of 2020 and the start of this year, despite the re-introduction of severe restrictions on personal and business activity in November 2020 and then again in March this year in the face of renewed waves of coronavirus infections. Real GDP increased by 1.5% qoq in 4Q20. This implied that the overall decline in real GDP in 2020 was 8.2%, a milder one than the -10.2% we had expected at the last review. Exports of goods and services contracted sharply (-21.7%, with services exports declining by almost 47%), and private consumption fell over the year. These were partly offset by government spending and investment.

In the first quarter of this year real GDP increased again qoq by 2.5%, driven especially by capital spending and services exports. The sharp activity decline in 2Q20 still implies that the level of real GDP in 1Q20 was lower than in 1Q19 (-4.9% on a seasonally adjusted basis). Industrial production and retail sales data suggest that an upward momentum in growth was maintained over the course of 2Q21, while business and consumer confidence indicators have recovered.

We have revised up our forecast for real GDP growth this year to 4.3% from 3.0% on the basis of the better-than-expected outturn in 1Q21, and a less negative carryover effect from 2020. Our forecast assumes that the NGEU funds available to Greece as grants will start being deployed this year, boosting further the growth outlook. The grants component included in Greece's Recovery and Resilience Plan (RRP) amounts to EUR18.4 billion (10.1% of 2019 nominal GDP). Following the Greek government's RRP, we assume that 43% of these grants will be spent in 2021–2023, with the remainder over the following years. This will provide a direct boost to our projections for overall demand, especially government spending and investment.

We expect the economy to recover further in 2022, and expand by 5.3%, with the deployment of the NGEU funds gathering pace and providing an uplift to real spending over the course of the whole year. We have substantially revised down our forecast for GDP growth in 2022 from 7.6% in January 2021. This revision is due primarily to an assumption of more evenly spread spending of NGEU funds over several years (we previously assumed that 60% of spending would be concentrated in 2022), and also due to a lower carryover effect from 2021. We expect growth to be slower in 2023, but still well above the economy's potential growth rate as there is a substantial degree of spare capacity in the Greek economy.

The main short-term risk to our projections is that the renewed rise in coronavirus infections, partly related to new strains of the virus, is resulting in renewed restrictions in Greece and is discouraging foreign tourists from travelling to Greece during the summer months. ECDC data show that vaccination levels in Greece are increasing, and at 20 July show that 59.0% of adults have received one dose of vaccine and 48.0% have been fully vaccinated (lower than EU/EEA averages: 66.5% and 49.7%, respectively). The higher the vaccination level the less likely it is that new restrictions will be needed.

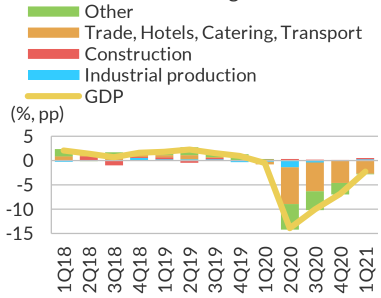
A further risk to our projections is related to the impact of the pandemic on the labour market once support measures are rolled back; a sharp increase in unemployment would boost precautionary savings and dampen the recovery in private consumption. Moreover, a structurally higher unemployment rate could affect the economy's growth potential.

An upside to our projections is the fact that we do not yet include the impact of NGEU loans in our growth projections. The loans component of the RRP has EUR12.7 billion available (around 7% of 2019 GDP). We will include the impact of these as more information on the relevant projects and financing becomes available over time.

Unemployment has not yet risen significantly since the start of the pandemic, due to the government support measures for the labour market. The unemployment rate has risen to 17.0% in April 2021 from 15.6% in December 2020 (in seasonally adjusted terms). Labour market data on employment and activity are volatile due to statistical reclassifications related to workers on support schemes. We expect the unemployment rate to increase this year and to average 17.2% over 2021, compared to an average of 16.4% in 2020. We then expect the economic recovery to feed through to employment growth and lower the unemployment rate to 16.5% in 2022 and 15.8% in 2023.

GDP by Industry

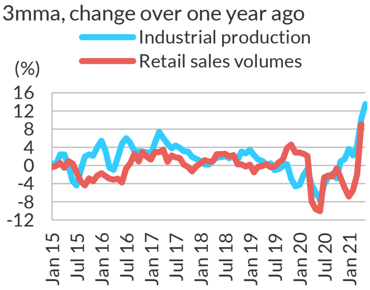
Contributions to annual growth



Source: Fitch Ratings, ELSTAT

Industrial Production and Retail Sales

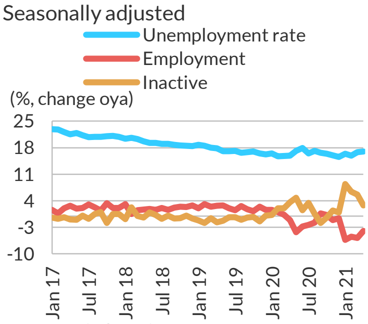
3mma, change over one year ago



Source: Fitch Ratings, ELSTAT

Labour Market Trends

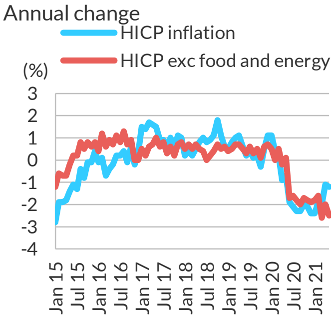
Seasonally adjusted



Source: Fitch Ratings, ELSTAT

Consumer Price Inflation

Annual change



Source: Fitch Ratings, Eurostat

Despite the recovery in economic growth expected for the this and the following years, price pressures will remain moderate, in the context of a negative output gap. Consumer price inflation averaged -1.3% in 2020. Inflation so far this year has averaged -1.3% in the six months to June; we expect inflation to pick up over the remainder of the year as low energy prices last year fall out the annual comparison but the annual average is forecast to be -0.5%. Inflation is expected to increase but at a moderate pace, averaging only 1.3% in 2023.

The sharp contraction in services receipts related to tourism drove a substantial widening in the current account deficit in 2020, with the deficit reaching 6.7% of GDP from 1.5% of GDP in 2019. We expect only a moderate narrowing in the current account deficit over the next three years, as tourism recovers, although with a much lower level of activity compared to before the pandemic, and the strong expansion in investment activity boosts imports. We expect the current account deficit to average 5.7% of GDP this year, and reach 4.3% of GDP by 2023.

Public Deficit Remains High, Debt Ratio to Fall from 2022

The general government deficit reached 9.7% of GDP in 2020, with the impact of the government's policy response to the pandemic and the sharp contraction in GDP driving the widening of the deficit. We expect the deficit to be fairly unchanged this year from in 2020 (9.5% of GDP, and EUR300 million higher in nominal terms), given the continued pandemic-related support for the economy provided by the government – the larger-than-expected impact of these policy measures has driven a substantial upward revision in our deficit forecast compared to the January review (7.2%). The government's stability programme assumes that the Covid-19-related support for the economy will increase the deficit by EUR14.3 billion (8.3% of forecast GDP) this year.

For 2022 we expect the deficit to decline to 4.8% of GDP, as pandemic support measures are unwound and the economic recovery supports revenues. A slower pace of unwinding of policy support is assumed in our projections compared to those assumed in the stability programme. The deficit is then expected to fall further, to 2.8% in 2023.

Government debt as a share of GDP in 2020 increased sharply to 205.6% of GDP from 180.5% in 2019. This outturn was around 5% of GDP lower than we had expected, due to a substantial downward stock-flow adjustment. Our public finance projections are consistent with the government debt ratio peaking at 207.0% this year before falling back over the following two years to 192.6% by 2023.

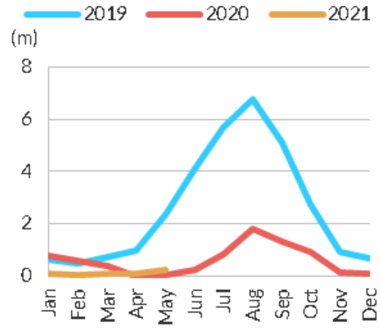
Increased government borrowing requirements have not affected market access. Over the course of the past six months, the Greek state has issued or re-opened issuances for four long-term bonds at low interest rates (0.9% on the re-opening of a 10-year bond in June). The availability of market funding, along with other sources of support, such as the EU's SURE scheme, have allowed Greece to maintain its high level of liquid asset buffer. This is currently around EUR32 billion, or around 19% of forecast GDP.

Credit Growth Easing; Asset Quality Developments

Annual credit growth to corporates (after adjusting for loan write-offs and other factors) has slowed down from its peak of 10.4% in January to 6.2% in May, related to the end of one of the state-guaranteed loans schemes introduced last year at the beginning of the pandemic . Credit to households remains weak.

The overall level of non-performing loans (NPL) fell further in the fourth quarter of last year and then remained stable at just over EUR47 billion (30.3% of gross loans) in the first quarter of this year. Securitisation operations by the four systemic banks of the Greek financial sector brought about a reduction of NPLs of around EUR21 billion over 2020. There may be new flows of NPLs related to the impact of the pandemic, especially given the expiration of various loan moratoria. At the same time, further securitisations could result in a net reduction of the NPL ratio for the banking sector in 2021, especially given the extension of the Greek government's Hercules Asset Protection Scheme in April for an extra 18 months, to October 2022, with an envelope of guarantees of EUR24 billion (around 14% of GDP).

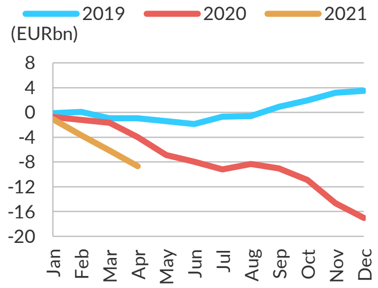
Tourist Arrivals



Source: Fitch Ratings, Bank of Greece

Cumulative CG balance

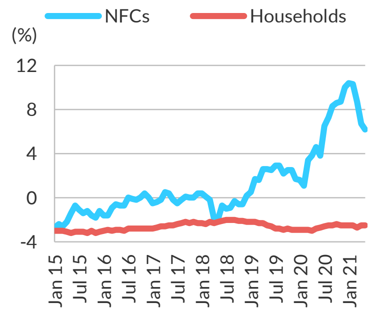
Cash basis



Source: Fitch Ratings, Ministry of Finance

Credit to Private Sector

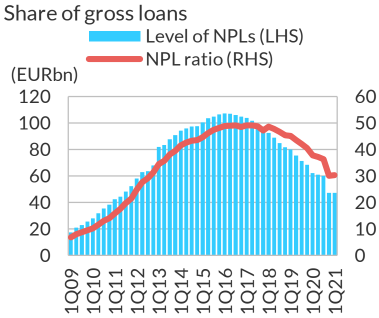
Annual change - exc loan writeoffs



Source: Fitch Ratings, Bank of Greece

Non-Performing Loans

Share of gross loans



Source: Fitch Ratings, Bank of Greece

Fitch uses stylised projections for a sovereign's gross general government debt/GDP ratio to illustrate the sustainability of its debt burden and its sensitivity to economic growth, the cost of borrowing, fiscal policy and the exchange rate.

Public Debt Dynamics

According to Fitch's baseline projections, GGGD should peak this year at 207.0% of GDP and decline to 167.1% by 2030. In a scenario of persistently lower economic growth, the debt ratio would be close to its 2021 level by the end of the 10-year horizon. Permanently higher interest rates would imply the debt ratio at 182% after ten years.

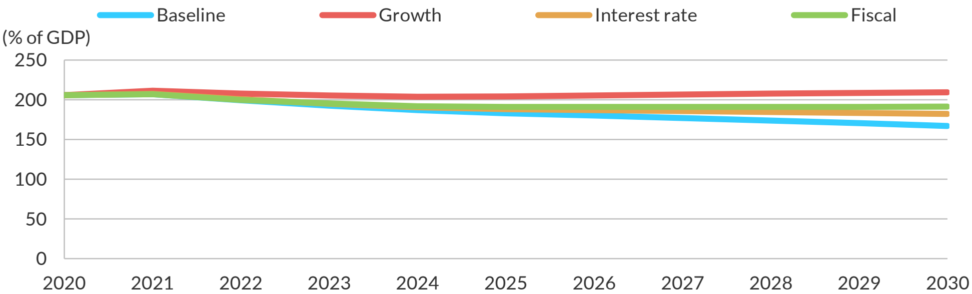
Debt Dynamics: Fitch's Baseline Assumptions

	2020	2021	2022	2023	2024	2025	2030
Gross general government debt (% of GDP)	205.6	207.0	199.3	192.6	186.9	183.2	167.1
Primary balance (% of GDP)	-6.7	-6.7	-2.2	-0.2	0.0	0.2	1.5
Real GDP growth (%)	-8.2	4.3	5.3	3.5	2.8	1.5	1.0
Avg. nominal effective interest rate (%)	1.5	1.4	1.4	1.3	1.3	1.4	1.6
EUR/USD (annual avg.)	0.88	0.83	0.83	0.83	0.83	0.83	0.83
GDP deflator (%)	-1.5	-0.8	1.1	1.4	1.6	1.6	1.6

Source: Fitch Ratings

Sensitivity Analysis

Gross general government debt



Source: Fitch Ratings Debt Dynamics Model

Debt Sensitivity Analysis: Fitch's Scenario Assumptions

Growth	GDP growth 2.2% lower (half standard deviation lower)
Interest rate	Marginal interest rate 250bp higher
Fiscal	Stable primary deficit of 2.5% of GDP from 2022

Source: Fitch Ratings Debt Dynamics Model

Forecast Summary

	2017	2018	2019	2020	2021F	2022F	2023F
Macroeconomic indicators and policy							
Real GDP growth (%)	1.3	1.6	1.9	-8.2	4.3	5.3	3.5
Unemployment (%)	21.5	19.3	17.3	16.4	17.2	16.5	15.8
Consumer prices (annual average % change)	1.1	0.8	0.5	-1.3	-0.5	0.8	1.3
Short-term interest rate (bank policy annual avg) (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
General government balance (% of GDP)	0.6	0.9	1.1	-9.7	-9.5	-4.8	-2.8
General government debt (% of GDP)	179.2	186.2	180.5	205.6	207.0	199.3	192.6
EUR per USD (annual average)	0.89	0.85	0.89	0.88	0.83	0.83	0.83
Real effective exchange rate (2000 = 100)	96.9	94.7	97.4	92.5	93.8	94.8	95.7
Real private sector credit growth (%)	-6.1	-7.4	-9.7	-6.8	-3.7	-4.0	-3.4
External finance							
Current account balance (% of GDP)	-1.9	-2.9	-1.5	-6.7	-5.7	-4.8	-4.3
Current account balance plus net FDI (% of GDP)	-0.3	-1.3	0.6	-5.2	-3.8	-3.1	-2.6
Net external debt (% of GDP)	141.7	134.0	136.8	169.1	158.7	156.5	149.4
Net external debt (% of CXR)	359.4	309.6	303.8	451.4	413.6	394.4	369.9
Official international reserves including gold (USDbn)	7.8	7.6	8.5	12.0	8.9	9.1	9.4
Official international reserves (months of CXP cover)	1.1	0.9	1.1	1.7	1.2	1.1	1.1
External interest service (% of CXR)	5.5	5.8	5.0	5.2	7.7	7.1	6.9
Gross external financing requirement (% int. reserves)	315.7	194.0	354.6	233.7	185.2	234.9	221.4
Real GDP growth (%)							
US	2.3	3.0	2.2	-3.5	6.8	3.9	1.9
China	6.9	6.8	6.0	2.3	8.4	5.5	5.3
Eurozone	2.4	1.9	1.3	-6.5	5.0	4.5	2.2
World	3.4	3.2	2.6	-3.4	6.3	4.3	3.0
Oil (USD/barrel)	54.8	71.5	64.1	43.3	63.0	55.0	53.0

Source: Fitch Ratings

Fiscal Accounts Summary

(% of GDP)	2018	2019	2020	2021F	2022F	2023F
General government						
Revenue	**49.4**	**49.0**	**51.0**	**50.0**	**48.8**	**48.4**
Expenditure	**48.5**	**47.9**	**60.7**	**59.5**	**53.7**	**51.1**
O/w interest payments	3.4	3.0	3.0	2.8	2.7	2.6
Primary balance	4.3	4.1	-6.7	-6.7	-2.2	-0.2
Overall balance	**0.9**	**1.1**	**-9.7**	**-9.5**	**-4.8**	**-2.8**
General government debt	**186.2**	**180.5**	**205.6**	**207.0**	**199.3**	**192.6**
% of general government revenue	376.9	368.4	403.5	414.3	408.3	398.3
Central government deposits	20.3	20.9	22.1	18.6	17.5	16.7
Net general government debt	165.9	159.6	183.6	188.4	181.8	175.9
Central government						
Revenue	**35.7**	**35.4**	**36.4**	-	-	-
O/w grants	-	-	-	-	-	-
Expenditure and net lending	**37.0**	**34.9**	**46.6**	-	-	-
O/w current expenditure and transfers	32.9	31.2	38.0	-	-	-
- Interest	3.6	3.2	3.2	-	-	-
O/w capital expenditure	4.0	3.7	8.5	-	-	-
Current balance	2.8	4.1	-1.6	-	-	-
Primary balance	2.3	3.6	-6.9	-	-	-
Overall balance	**-1.3**	**0.4**	**-10.1**	-	-	-
Central government debt	195.4	189.6	217.2	-	-	-
% of central government revenues	547.2	536.1	596.0	-	-	-
Central government debt (EURbn)	**351.2**	**347.7**	**360.1**	-	-	-
By residency of holder						
Domestic	39.7	38.3	-	-	-	-
Foreign	311.5	309.4	-	-	-	-
By currency denomination						
Local currency	343.8	341.5	353.6	-	-	-
Foreign currency	7.4	6.3	6.5	-	-	-
In USD equivalent (eop exchange rate)	8.4	7.0	8.0	-	-	-
Average maturity (years)	18.5	20.5	19.4	-	-	-
Memo						
Nominal GDP (EURbn)	179.7	183.4	165.8	171.7	182.8	191.9

Source: Fitch Ratings estimates and forecasts and Eurostat, PDMA

External Debt and Assets

(USDbn)	2016	2017	2018	2019	2020	2021F
Gross external debt	**455.1**	**486.1**	**477.0**	**503.8**	**608.9**	**618.5**
% of GDP	236.1	243.5	224.8	245.4	322.2	298.6
% of CXR	658.7	617.7	519.6	544.7	859.8	778.3
By maturity						
Medium- and long-term	307.5	359.0	382.0	383.1	426.1	428.9
Short-term	147.6	127.1	95.0	120.8	182.7	189.6
% of total debt	32.4	26.2	19.9	24.0	30.0	30.7
By debtor						
Sovereign	**374.9**	**410.7**	**377.6**	**371.6**	**461.0**	**490.9**
Monetary authorities	90.3	77.2	36.1	35.8	109.5	109.5
General government	284.6	333.5	341.6	335.8	351.4	381.3
O/w central government	303.6	346.8	356.7	347.6	-	-
Banks	**52.2**	**40.5**	**49.4**	**76.8**	**64.9**	**68.7**
Other sectors	**28.0**	**35.0**	**49.9**	**55.4**	**83.0**	**59.0**
Gross external assets (non-equity)	**211.4**	**203.3**	**192.8**	**222.9**	**289.2**	**289.8**
International reserves, incl. gold	6.9	7.8	7.6	8.5	12.0	8.9
Other sovereign assets NES	59.5	87.8	91.8	93.3	130.4	144.4
Deposit money banks' foreign assets	77.5	41.9	38.0	71.5	93.8	86.7
Other sector foreign assets	67.5	65.7	55.3	49.5	53.1	45.4
Net external debt	**243.7**	**282.9**	**284.2**	**281.0**	**319.6**	**328.7**
% of GDP	126.5	141.7	134.0	136.8	169.1	158.7
Net sovereign external debt	308.5	315.1	278.3	269.8	318.6	333.2
Net bank external debt	-25.3	-1.4	11.4	5.3	-28.9	-18.1
Net other external debt	-39.5	-30.8	-5.4	5.9	29.9	13.6
Net international investment position	**-255.9**	**-304.2**	**-305.6**	**-321.1**	**-358.9**	**-**
% of GDP	-132.8	-152.4	-144.0	-156.4	-189.9	-
Sovereign net foreign assets	**-308.5**	**-315.0**	**-278.2**	**-269.8**	**-318.6**	**-333.2**
% of GDP	-160.1	-157.8	-131.1	-131.4	-168.6	-160.8
Debt service (principal & interest)	**14.6**	**22.3**	**14.3**	**26.8**	**10.8**	**16.3**
Debt service (% of CXR)	21.2	28.3	15.5	30.8	15.3	20.6
Interest (% of CXR)	6.6	5.5	5.8	5.0	5.2	7.7
Liquidity ratio (%)	45.5	40.4	26.4	27.4	42.1	42.4
Net sovereign FX debt (% of GDP)	2.3	1.2	0.4	-0.7	-2.1	-2.4
Memo						
Nominal GDP	192.7	199.7	212.2	205.3	189.0	207.1
Inter-company loans	3.6	3.5	3.5	2.7	3.1	3.1

Source: Fitch Ratings estimates and forecasts, IMF

Balance of Payments

(USDbn)	2018	2019	2020	2021F	2022F	2023F
Current account balance	**-6.2**	**-3.1**	**-12.7**	**-11.9**	**-10.6**	**-9.9**
% of GDP	-2.9	-1.5	-6.7	-5.7	-4.8	-4.3
% of CXR	-6.7	-3.3	-17.9	-14.9	-12.0	-10.6
Trade balance	**-26.5**	**-25.6**	**-21.1**	**-24.9**	**-28.1**	**-28.8**
Exports, fob	38.2	36.3	32.9	35.4	36.9	39.8
Imports, fob	64.8	61.9	54.1	60.3	65.0	68.6
Services, net	**22.8**	**23.6**	**8.3**	**13.6**	**18.2**	**20.0**
Services, credit	43.9	45.0	25.9	33.2	39.3	42.4
Services, debit	21.1	21.3	17.6	19.6	21.2	22.3
Income, net	**-2.0**	**-1.8**	**-0.5**	**-0.6**	**-0.9**	**-0.8**
Income, credit	7.2	6.9	7.4	7.2	7.6	7.9
Income, debit	9.2	8.7	7.9	7.8	8.5	8.7
O/w: Interest payments	5.3	4.6	3.7	6.1	6.2	6.4
Current transfers, net	**-0.4**	**0.7**	**0.6**	**0.0**	**0.2**	**-0.2**
Capital and financial accounts						
Non-debt-creating inflows (net)	5.3	4.8	4.0	5.6	6.3	8.4
O/w equity FDI	4.1	4.0	2.1	3.0	4.2	6.7
O/w portfolio equity	0.8	0.1	-1.3	1.2	0.7	0.3
O/w other flows	0.4	0.8	3.2	1.4	1.4	1.5
Change in reserves	-0.1	0.1	1.8	0.2	0.2	0.2
Gross external financing requirement	**15.1**	**26.9**	**19.9**	**22.1**	**20.8**	**20.2**
Stock of international reserves, incl. gold	**7.6**	**8.5**	**12.0**	**8.9**	**9.1**	**9.4**

Source: Fitch Ratings estimates and forecasts, IMF

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