# Serbia | Macro Outlook

## Strong start to 2020
## Monetary policy remains firmly on easing path
## April brought first bitter taste of fiscal shock
## NBS reluctant to allow any swings of currency

| Economy (%) | 2019 | 2020e | 2021e |
|---|---|---|---|
| GDP (real, y/y) | 4.2 | -2.3 | 4.7 |
| Unempl. Rate | 10.4 | 11.0 | 10.6 |
| CPI (y/y) | 1.9 | 1.0 | 1.7 |
| Retail Sales (y/y) | 9.7 | 4.5 | 7.5 |
| Ind. Prod. (y/y) | 0.3 | -0.2 | 4.6 |
| Public Debt/GDP | 52.0 | 62.3 | 61.5 |

*Source: Erste Group Research*

| Market | Spot | 20Q3 | 20Q4 | 21Q1 |
|---|---|---|---|---|
| EUR/RSD | 117.58 | 117.50 | 117.60 | 117.50 |
| USD/RSD | 103.32 | 106.82 | 106.91 | 104.91 |
| Target Rate (%) | 1.25 | 1.25 | 1.25 | 1.25 |
| 3M Rate (%) | 1.17 | 1.00 | 0.95 | 0.95 |
| 2Y Bond (%)* | 1.89 | 1.90 | 1.90 | 1.90 |
| 5Y Bond (%)* | 2.63 | 2.40 | 2.40 | 2.30 |

*Source: FactSet, Erste Group Research*

| Rating | Current | Outlook |
|---|---|---|
| Moodys | Ba3 | pos |
| S&P | BB+ | stable |
| Fitch | BB+ | stable |

*Source: Erste Group Research*

| General | 2019 |
|---|---|
| Population mn | 6.9 |
| GDP/Capita EUR | 6,592 |

*Source: Erste Group Research*

**Spot Rates as of:**
11th Jun. 2020

**All Research on Serbia:**
erstegroup.com/research

**Analysts:**

**Mate Jelic**
mjelic1@erstebank.hr
+385 72 37 1443

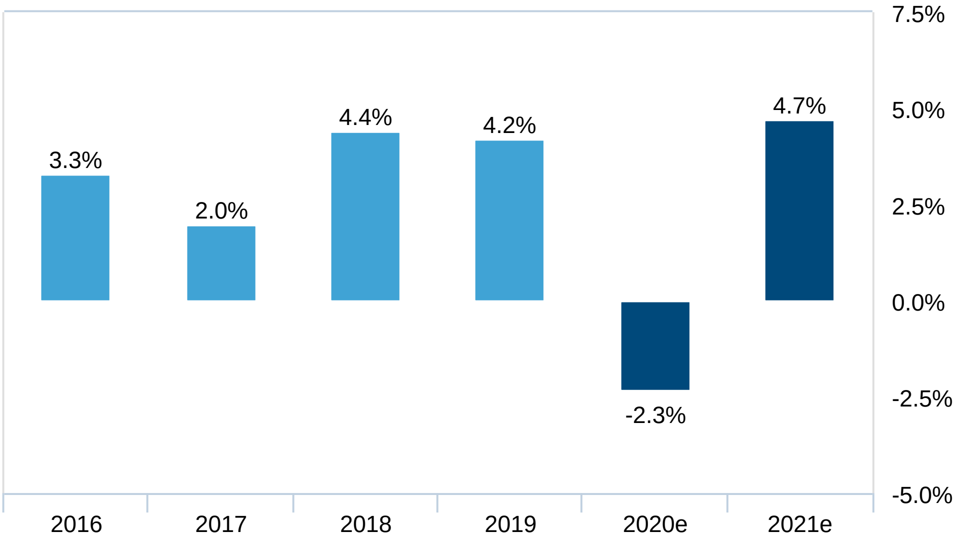
**Alen Kovac**
akovac2@erstebank.com
+385 72 37 1383

**Note:**
**Information on past performance is not a reliable indicator for future performance. Forecasts are not a reliable indicator for future performance.*

The multitude of investment projects in the pipeline, carry-over effects and minor exposure to tourism stand out as key reasons behind Serbia's economic resilience to the COVID-19. The first GDP release landed at 5% y/y, confirming expectations of a strong start in 2020. Serbia even managed to top the ladder in Europe. With expected double-digit decline in 2Q, it will be hard to avoid a contraction, however. Several big-ticket infrastructure projects are supporting growth currently, while personal consumption is expected to weigh on headline GDP with a lagging effect. Overall risks seem balanced now; we hence confirm our GDP forecast at -2.3% y/y.

Both inflation and inflation expectations remain low and skewed to the downside, reflecting the commodities drop. Fiscal and monetary policy have been in sync recently, as the NBS provided ample liquidity through rate cuts, repo and swap operations, while fiscal authorities responded on time with a comprehensive package worth 11% of GDP. With the recent EUR 2bn euro bond tap, financing needs for the year are largely met and any further international issuance is dependent on yield developments on global markets. The focus now turns to June's parliamentary elections, where the incumbent coalition is likely to record another landslide victory.

**GDP (real,y/y)**




*Source: Erste Group Research*

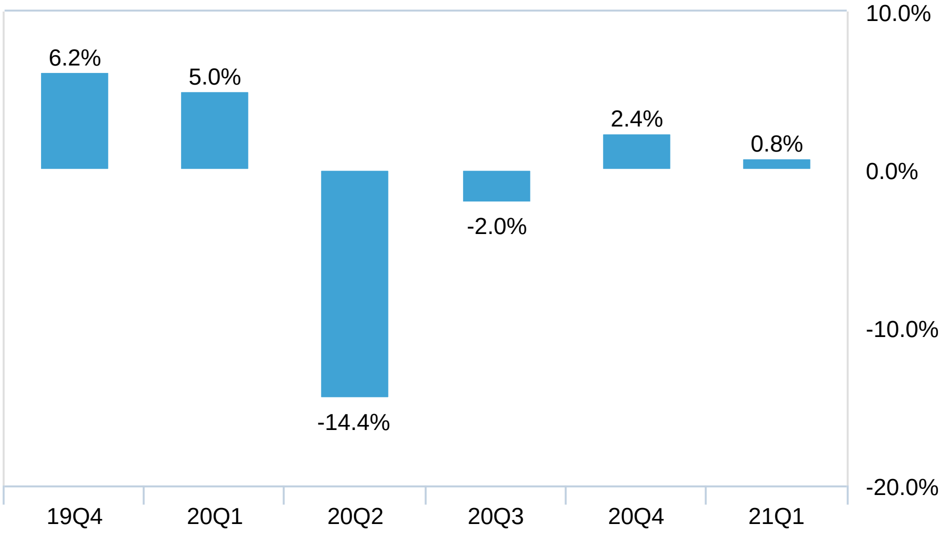
## GDP

### Strong start to 2020

The strong growth momentum from last year carried over into 2020, as 1Q20 GDP rose 5% y/y. The strongest positive contribution came from the investment side, which rose 10.7% y/y, adding 2.2pp to the headline growth. Private and public consumption growth was strong as well, rising 3.2% y/y and 12% y/y, respectively, each adding 2.1pp to the headline growth. Public investments stem from several ongoing big infrastructure projects; hence, the strong growth of the construction sector on the production side (19.6% y/y). Negative net export developments were expected, as imports have been under pressure from the investment cycle, rising 5.4% y/y, while export growth slowed to 1.7% y/y.

Despite the strong start, it will be difficult for Serbia to avoid a contraction in 2020. April's double-digit decline in industrial production and retail suggest a strong negative blow in 2Q20, while the overall outlook remains clouded by uncertainty. Labor market developments could lag the initial shock and weigh on overall consumption later in the year. With expectations of a similar decline in both exports and imports, the net export contribution should be slightly positive, due to the bigger share of imports. Public investments are another positive factor to cushion the drop. We hold our FY20 GDP forecast at -2.3% y/y, with risks balanced, before rising to 4.7% y/y in 2021.

**GDP Quarterly (real, y/y)**




*Source: Erste Group Research*

| **Annual** | **2017** | **2018** | **2019** | **2020e** | **2021e** |
|---|---|---|---|---|---|
| GDP real | 2.0% | 4.4% | 4.2% | -2.3% | 4.7% |
| CPI (y/y) | 3.2% | 2.0% | 1.9% | 1.0% | 1.7% |
| Private Consumption | 2.0% | 3.0% | 3.2% | -3.3% | 2.4% |

*Source: Erste Group Research*

## Inflation

### Inflation to stay below lower bound this year

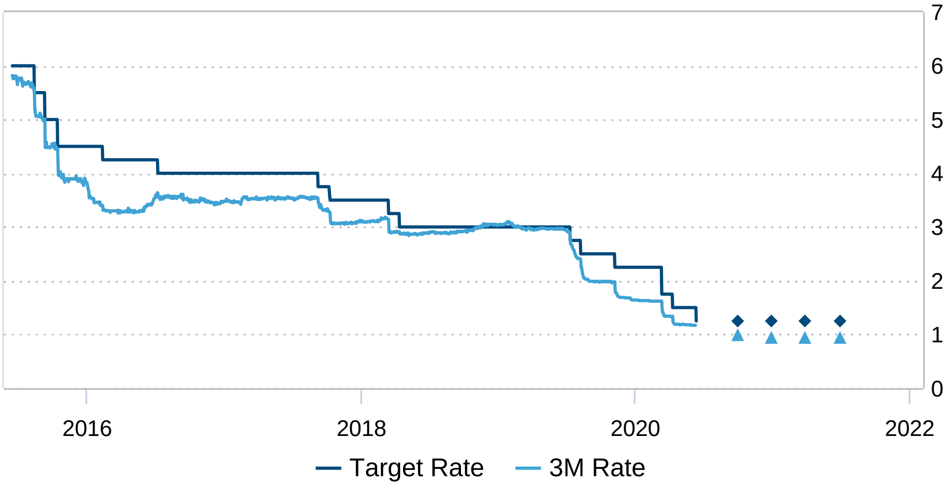
Inflation eased to just 0.6% y/y in April on the back of low energy prices, high base effect in the vegetable category from last year and slowing economic activity. Due to the COVID-19 negative impact on domestic demand and low global commodity prices, notably oil, we expect inflation to stay below the lower bound of the target range this year, before bouncing back in 2021. Inflation should bottom out around mid-year, but remain contained throughout the year. We reiterate our inflation call for 2020 at 1% y/y on average, while FY21 average CPI is seen at 1.7% y/y.

## Monetary Policy

### Monetary policy remains firmly on easing path

The NBS has been active since the start of the crisis, introducing several support measures for the economy. The key rate has been cut by a total of 100bp YTD with the most recent cut this week, while the NBS has also provided approx. EUR 350mn of dinar liquidity and EUR 96mn in FX liquidity through repo and swap operations, thus enabling record-high liquidity in the banking system. They also introduced a moratorium on debt repayments for all firms and individuals. Rate path ahead remains sensitive to external developments, inflation outlook, stability of the dinar and the need to lift the economy after the pandemic ends.

**Short Term Yields**




*Source: FactSet, Erste Group Research*

| Market (%) | Spot | 20Q3 | 20Q4 | 21Q1 | 21Q2 |
|---|---|---|---|---|---|
| Target Rate | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| 3M Rate | 1.17 | 1.00 | 0.95 | 0.95 | 0.95 |

*Source: FactSet, Erste Group Research*

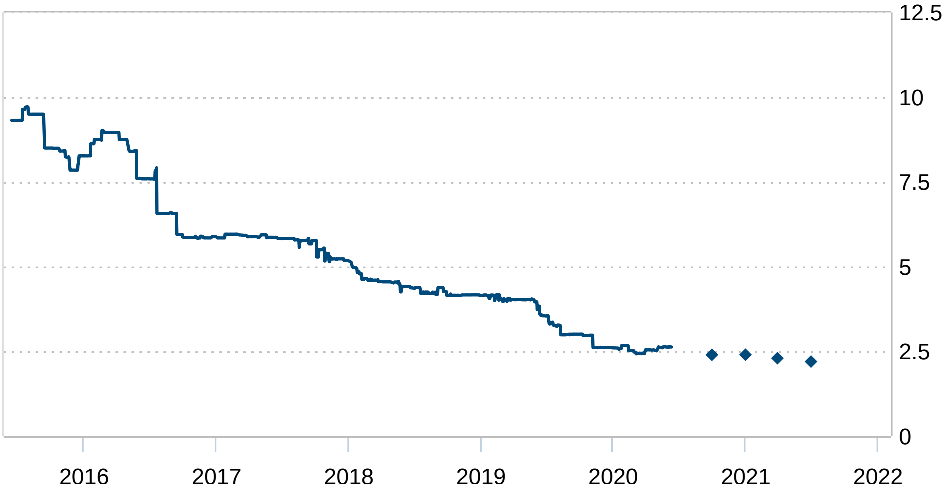
## Bond Yields

### April brought first bitter taste of fiscal shock

Consolidated budget revenues are down 4% y/y in the first four months. Revenues in April fell 19% y/y, with a 15% y/y decline in tax intake, alongside a double-digit rise in expenditures (13% y/y), due to the higher wage bill and surprisingly steep rise in purchases of G&S (41% y/y). We expect the budget deficit at 8% of GDP. From a funding perspective the situation is stable. With the recent EUR 2bn international launch and strong activity on the local debt market early in the year, there is just roughly RSD 80bn left to cover. Pre-financing for 2021 is an option if global sentiment improves.

LCYs were stable initially after the pandemic outbreak, but since early May it has started to drift higher on the longer end. The local debt market is still underdeveloped in size and liquidity and price developments can thus lag economic ones. In times of heightened uncertainty, the liquidity of the local market dries up and trading activity freezes. While in the short term yields could drift higher, as bids are still rare and fragile, in the mid term we see the yield curve drifting steadily lower, as Serbian fundamentals are relatively favorable compared to regional peers'.

**Generic 5Y Govt. Bond Yield (%)**




*Source: Datastream, Erste Group Research*

| Market | Spot | 20Q3 | 20Q4 | 21Q1 | 21Q2 |
|---|---|---|---|---|---|
| 2Y Bond* | 1.89 | 1.90 | 1.90 | 1.90 | 1.80 |
| 5Y Bond* | 2.63 | 2.40 | 2.40 | 2.30 | 2.20 |

*Source: Datastream, Erste Group Research*

**Note:**
**Information on past performance is not a reliable indicator for future performance. Forecasts are not a reliable indicator for future performance.*

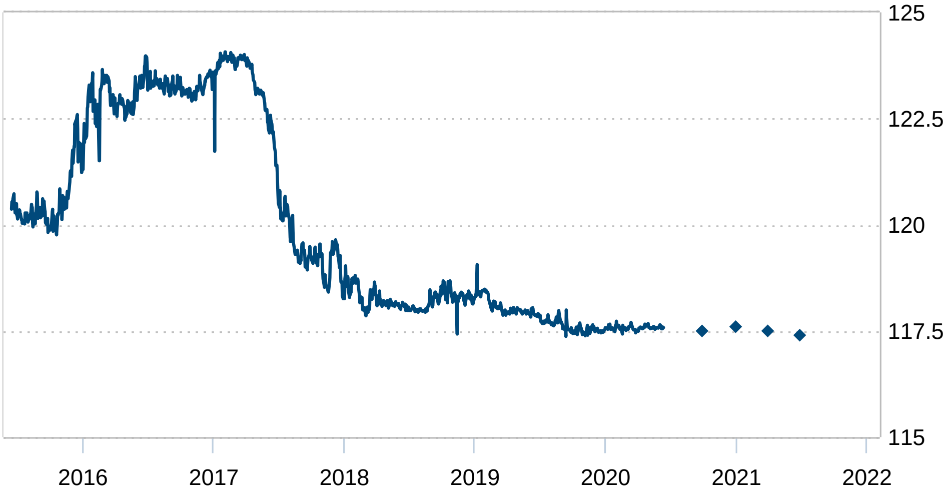
## Serbian Dinar

### NBS reluctant to allow any swings of currency

The phrase 'don't fight the central bank' summarizes FX developments in Serbia nicely. The dinar is one of the most stable currencies in the world YTD as the NBS is reluctant to allow any swings. In the first five months the CB sold a net amount of EUR 875mn, or 6.1% of its total foreign reserves (accounting for the recent euro bond tap also), in order to keep the EUR/RSD around 117.5. Pressure on the dinar was most evident in April when the NBS sold EUR 440mn, followed by another EUR 250mn in May.

Our bet from the start of the year was dinar stability and YTD developments underpin such a view. The NBS has plenty of ammunition to stem dinar depreciation pressures, and given Serbia's relatively favorable economic outlook compared to regional peers', still steady FDI inflows, and the attractiveness of its real yields, we expect depreciation pressures to slowly abate and the EUR/RSD will continue to trade in a tight range around 117.5 throughout the year.

**EUR/RSD**




*Source: FactSet, Erste Group Research*

| | Spot | 20Q3 | 20Q4 | 21Q1 | 21Q2 |
|---|---|---|---|---|---|
| **EUR/RSD** | 117.58 | 117.50 | 117.60 | 117.50 | 117.40 |
| *vs. Spot* | | *-0.1%* | *0%* | *-0.1%* | *-0.2%* |
| **USD/RSD** | 103.32 | 106.82 | 106.91 | 104.91 | 104.82 |
| *vs. Spot* | | *3.4%* | *3.5%* | *1.5%* | *1.5%* |

*Source: FactSet, Erste Group Research*

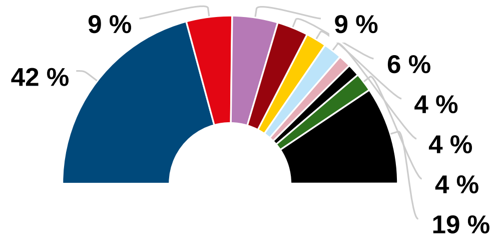
## Politics

### All eyes turn to upcoming elections

As the virus outbreak is largely contained, general elections and the potential resumption of Serbia-Kosovo talks are again taking over the headlines. As expected, elections have been postponed from April 26 to June 21 and it seems this date will be the final one. Since the last update, opposition parties have grown even farther apart regarding their different stance on any possible boycott of the elections. In the absence of any fresh polls, we believe that the incumbent coalition still enjoys landslide support.

Pressure from the European Commission (EC) and US administration continued on both Belgrade and Pristina to return to negotiations and find a sustainable solution. However, the pressure was more focused on Kosovo, as it needed to resolve a political vacuum. The newly formed government started on a positive note and scrapped reciprocity and trade war measures against Serbia, opening a possibility for a resumption of negotiations with Belgrade. We expect that the EC and US activity will intensify after the elections in Serbia, with more concrete proposals on the table.

**Parliament Seats**




- **Serbian Progressive Party (SNS) | center-right**
- **Serbian Radical Party | radicals | radicals**
- **Socialist Party of Serbia (SPS) | center-left**
- **Democratic Party | center-left**
- **Social Democratic Party of Serbia | center-left**
- **Party of United Pensioners of Serbia | Right**
- **Serbian Movement Dveri | Right**
- **United Serbia | center-right**
- **Liberal Democratic Party | center-left**
- **Others |**

*Source: Erste Group Research*

**Last Election:**
2016, April

**Next Election:**
2020, June

## Forecasts

| Annual | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020e | 2021e |
|---|---|---|---|---|---|---|---|---|
| **Real GDP growth** | -1.6 | 1.8 | 3.3 | 2.0 | 4.4 | 4.2 | -2.3 | 4.7 |
| **Inflation (CPI, avg)** | 2.1 | 1.4 | 1.1 | 3.2 | 2.0 | 1.9 | 1.0 | 1.7 |
| **Unemployment rate (avg)** | 18.9 | 17.7 | 15.3 | 13.5 | 12.7 | 10.4 | 11.0 | 10.6 |
| | | | | | | | | |
| **Retail sales growth** | 2.8 | 2.0 | 8.0 | 3.8 | 4.1 | 9.7 | 4.5 | 7.5 |
| **Industrial output growth** | -7.3 | 7.3 | 5.2 | 3.9 | 1.3 | 0.3 | -0.2 | 4.6 |
| | | | | | | | | |
| **Private consumption growth** | -0.1 | -0.5 | 1.3 | 2.0 | 3.0 | 3.2 | -3.3 | 2.4 |
| **Fixed capital formation growth** | -3.4 | 4.9 | 5.4 | 7.3 | 17.8 | 16.4 | -10.3 | 11.1 |
| | | | | | | | | |
| **Percent of GDP** | | | | | | | | |
| **Trade balance** | -11.4 | -11.3 | -9.9 | -11.1 | -13.2 | -13.7 | -11.0 | -12.2 |
| **Current account balance** | -5.6 | -3.4 | -2.9 | -5.2 | -4.8 | -6.9 | -6.1 | -5.5 |
| **Foreign direct investment** | 4.3 | 5.9 | 6.3 | 6.4 | 8.1 | 8.3 | 6.0 | 7.3 |
| **Budget balance** | -6.2 | -3.5 | -1.2 | 1.1 | 0.6 | -0.2 | -8.0 | -1.0 |
| **Public debt** | 64.2 | 69.5 | 67.6 | 59.3 | 53.7 | 52.0 | 62.3 | 61.5 |
| **External debt, gross** | 72.4 | 73.5 | 72.1 | 65.3 | 62.6 | 61.8 | 68.8 | 62.9 |
| | | | | | | | | |
| **FX, money market** | | | | | | | | |
| **USDLCY average** | 88.54 | 108.85 | 111.29 | 107.50 | 100.28 | 105.28 | 106.86 | 104.82 |
| **EURLCY average** | 117.31 | 120.73 | 123.12 | 121.34 | 118.27 | 117.85 | 117.55 | 117.40 |
| **EURLCY eop** | 121.38 | 121.52 | 123.40 | 118.21 | 118.33 | 117.60 | 117.60 | 117.40 |
| | | | | | | | | |
| **(percent)** | | | | | | | | |
| **CB policy rate (avg.)** | 8.86 | 6.23 | 4.16 | 3.89 | 3.07 | 2.69 | 1.38 | 1.17 |
| **3m interbank offer rate (avg.)** | 8.25 | 6.08 | 3.42 | 3.40 | 2.96 | 2.50 | 1.08 | 0.95 |
| **2Y Yield (average)*** | n.a. | n.a. | n.a. | n.a. | n.a. | 2.66 | 1.96 | 1.80 |
| **5Y Yield (average)*** | 11.89 | 9.25 | 6.34 | 5.80 | 4.00 | 3.53 | 2.49 | 2.20 |

*Source: Erste Group Research*

**Note:**
**Information on past performance is not a reliable indicator for future performance. Forecasts are not a reliable indicator for future performance.*

## Contacts

### Group Research

| | |
|---|---|
| **Head of Group Research** | |
| Friedrich Mostböck, CEFA | +43 (0)5 0100 11902 |
| **CEE Macro/Fixed Income Research** | |
| Head CEE: Juraj Kotian (Macro/FI) | +43 (0)5 0100 17357 |
| Zoltan Arokszallasi, CFA (Fixed income) | +361 373 2830 |
| Katarzyna Rzentarzewska (Fixed income) | +43 (0)5 0100 17356 |
| Malgorzata Krzywicka (Fixed Income) | +43 (0)5 0100 17338 |
| **Croatia/Serbia** | |
| Head: Alen Kovac (Fixed income) | +385 62 37 1383 |
| Mate Jelic (Fixed income) | +385 72 37 1443 |
| Ivana Rogic (Fixed income) | +385 62 37 2419 |
| **Czech Republic** | |
| Head: David Navratil (Fixed income) | +420 956 765 439 |
| Jiri Polansky (Fixed Income) | +420 956 765 192 |
| Michal Skorepa (Fixed income) | +420 956 765 456 |
| Nicole Gawlasova (Fixed Income) | +420 956 765 456 |
| **Hungary** | |
| Orsolya Nyeste (Fixed Income) | +36 1 268 4428 |
| **Romania** | |
| Head: Ciprian Dascalu | +40 3735 10108 |
| Eugen Sinca (Fixed income) | +40 3735 10435 |
| Dorina Ilasco (Fixed Income) | +40 3735 10436 |
| **Slovakia** | |
| Head: Maria Valachyova, (Fixed income) | +421 2 4862 4185 |
| Katarina Muchova (Fixed income) | +421 2 4862 4762 |
| **Major Markets & Credit Research** | |
| Head: Gudrun Egger, CEFA | +43 (0)5 0100 11909 |
| Ralf Burchert, CEFA (Sub-Sovereigns & Agencies) | +43 (0)5 0100 16314 |
| Hans Engel (Senior Analyst Global Equities) | +43 (0)5 0100 19835 |
| Margarita Grushanina (Economist AT, Quant Analyst) | +43 (0)5 0100 11957 |
| Peter Kaufmann, CFA (Corporate Bonds) | +43 (0)5 0100 11183 |
| Stephan Lingnau (Global Equities) | +43 (0)5 0100 16574 |
| Heiko Langer (Financials & Covered Bonds) | +43 (0)5 0100 85509 |
| Bernadett Povazsai-Römhild, CEFA (Corporate Bonds) | +43 (0)5 0100 17203 |
| Carmen Riefler-Kowarsch (Financials & Covered Bonds) | +43 (0)5 0100 19632 |
| Elena Statelov, CIIA (Corporate Bonds) | +43 (0)5 0100 19641 |
| Gerald Walek, CFA (Economist Euro, CHF) | +43 (0)5 0100 16360 |
| Rainer Singer (Senior Economist Euro, US) | +43 (0)5 0100 17331 |
| **CEE Equity Research** | |
| Head: Henning Eßkuchen | +43 (0)5 0100 19634 |
| Daniel Lion, CIIA (Technology/Industrial Goods&Services) | +43 (0)5 0100 17420 |
| Michael Marschallinger, CFA | +43 (0)5 0100 17906 |
| Nora Nagy (Telecom) | +43 (0)5 0100 17416 |
| Thomas Unger, CFA (Banks, Insurance) | +43 (0)5 0100 16314 |
| Christoph Schultes, MBA, CIIA (Real Estate) | +43 (0)5 0100 11523 |
| Vladimira Urbankova, MBA (Pharma) | +43 (0)5 0100 17343 |
| Martina Valenta, MBA | +43 (0)5 0100 11913 |
| **Croatia/Serbia** | |
| Head: Mladen Dodig (Equity) | +381 11 22 09 178 |
| Anto Augustinovic (Equity) | +385 62 37 2833 |
| Magdalena Dolenec (Equity) | +385 72 37 1407 |
| Davor Spoljar, CFA (Equity) | +385 62 37 2825 |
| **Czech Republic** | |
| Head: Petr Bartek (Equity) | +420 956 765 227 |
| Marek Dongres (Equity) | +420 956 765 218 |
| Jan Safranek (Equity) | +420 956 765 218 |
| **Hungary** | |
| Head: Jozsef Miro | +361 235 5131 |
| Andras Nagy (Equity) | +361 235-5132 |
| Tamas Pletser (Equity) | +361 235-5135 |
| **Poland** | |
| Director of Research: Tomasz Duda (Equity) | +48 22 330 6253 |
| Konrad Grygo (Equity) | +48 22 330 6254 |
| Michal Pilch (Equity) | +48 22 330 6255 |
| Cezary Bernatek (Equity) | +48 22 330 6256 |
| Emil Poplawski (Equity) | +48 22 330 6252 |
| Marcin Gornik (Equity) | +48 22 330 6251 |
| **Romania** | |
| Caius Rapanu (Equity) | +40 3735 10441 |
| **Editor Research CEE** | |
| Brett Aarons | +420 956 711 014 |

### Treasury - Erste Bank Vienna

| | |
|---|---|
| **Group Markets Retail Sales** | |
| **Group Markets Retail and Agency Business** | |
| Head: Christian Reiss | +43 (0)5 0100 84012 |
| **Group Markets Execution** | |
| Head: Kurt Gerhold | +43 (0)5 0100 84232 |
| **Retail & Sparkassen Sales** | |
| Head: Uwe Kolar | +43 (0)5 0100 83214 |
| **Markets Retail Sales AT** | |
| Head: Markus Kaller | +43 (0)5 0100 84239 |
| **Corporate Treasury Product Distribution AT** | |
| Head: Christian Skopek | +43 (0)5 0100 84146 |
| **Fixed Income Institutional Sales** | |
| **Bank and Institutional Sales** | |
| **Institutional Distribution non CEE** | |
| Head: Margit Hraschek | +43 (0)5 0100 84117 |
| Bernd Bollhof | +49 (0)30 8105800 5525 |
| Charles-Henry de Fontenilles | +43 (0)5 0100 84115 |
| Rene Klasen | +49 (0)30 8105800 5521 |
| Christopher Lampe-Traupe | +49 (0)30 8105800 5523 |
| Christian Kienesberger | +43 (0) 5 0100 84323 |
| Karin Rattay | +43 (0) 5 0100 84118 |
| Bernd Thaler | +43 (0) 5 0100 84119 |
| **Bank Distribution** | |
| Head: Marc Friebertshäuser | +49 (0)711 810400 5540 |
| Sven Kienzle | +49 (0)711 810400 5541 |
| Michael Schmotz | +43 (0)5 0100 85542 |
| Ulrich Inhofner | +43 (0)50100 85544 |
| Klaus Vosseler | +49 (0)711 810400 5560 |
| Andreas Goll | +49 (0)711 810400 5561 |
| Mathias Gindele | +49 (0)711 810400 5562 |
| **Institutional Distribution CEE** | |
| Head: Jaromir Malak | +43 (0)50100 84254 |
| **Institutional Distribution PL and CIS** | |
| Pawel Kielek | +48 22 538 6223 |
| Michal Jarmakowicz | +43 50100 85611 |
| **Institutional Distribution Slovakia** | |
| Head: Sarlota Sipulova | +421 2 4862 5619 |
| Monika Smelikova | +421 2 4862 5629 |
| **Institutional Distribution Czech Republic** | |
| Head: Ondrej Cech | +420 2 2499 5577 |
| Milan Bartos | +420 2 2499 5562 |
| Barbara Suvadova | +420 2 2499 5590 |
| **Institutional Asset Management Sales** | |
| Head: Petr Holecek | +420 956 765 453 |
| Martin Perina | +420 956 765 106 |
| Petr Valenta | +420 956 765 140 |
| Blanca Weinerova | +420 956 765 317 |
| David Petracek | +420 956 765 809 |
| **Institutional Distribution Croatia** | |
| Head: Antun Buric | +385 (0)72 37 2439 |
| Natalija Zujic | +385 (0)72 37 1638 |
| Zvonimir Tukac | +385 (0)72 37 17 87 |
| **Institutional Sales Hungary** | |
| Head: Peter Csizmadia | +361 237 8211 |
| Gabor Balint | +36 1 2378205 |
| **Institutional Distribution Romania and Bulgaria** | |
| Head: Ciprian Mitu | +43 (0)50100 85612 |
| Crisitan Adascalita | +40 373 516 531 |
| **Business Support** | |
| Bettina Mahoric | +43 (0)50100 86441 |

### Disclaimer

This publication was prepared by Erste Group Bank AG or any of its consolidated subsidiaries (together with consolidated subsidiaries "Erste Group") as other information pursuant to the Circular of the Austrian Financial Market Authority regarding information including marketing communication pursuant to the Austrian Securities Supervision Act. This publication serves interested investors as additional source of information and provides general information, information about product features or macroeconomic information without emphasizing product selling marketing statements. This publication does not constitute marketing communication pursuant to Art. 36 (2) Austrian Securities Supervision Act as no direct buying incentives were included in this publication, which is of information character. This publication does not constitute investment research pursuant to § 36 (1) Austrian Securities Supervision Act. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research. The information only serves as non-binding and additional information and is based on the level of knowledge of the person in charge of drawing up the information on the respective date of its preparation. The content of the publication can be changed at any time without notice. This publication does not constitute or form part of, and should not be construed as, an offer, recommendation or invitation to subscribe for or purchase any securities, and neither this publication nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or inclusion of a security or financial product in a trading strategy. Information provided in this publication are based on publicly available sources which Erste Group considers as reliable, however, without verifying any such information by independent third persons. While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Erste Group (including its representatives and employees) neither expressly nor tacitly makes any guarantee as to or assumes any liability for the up-to-dateness, completeness and correctness of the content of this publication. Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Neither a company of Erste Group nor any of its respective managing directors, supervisory board members, executive board members, directors, officers of other employees shall be in any way liable for any costs, losses or damages (including subsequent damages, indirect damages and loss of profit) howsoever arising from the use of or reliance on this publication. Any opinion, estimate or projection expressed in this publication reflects the current judgment of the author(s) on the date of publication of this document and do not necessarily reflect the opinions of Erste Group. They are subject to change without prior notice. Erste Group has no obligation to update, modify or amend this publication or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The past performance of securities or financial instruments is not indicative for future results. No assurance can be given that any financial instrument or issuer described herein would yield favorable investment results or that particular price levels may be reached. Forecasts in this publication are based on assumptions which are supported by objective data. However, the used forecasts are not indicative for future performance of securities or financial instrument. Erste Group, its affiliates, principals or employees may have a long or short position or may transact in the financial instrument(s) referred to herein or may trade in such financial instruments with other customers on a principal basis. Erste Group may act as a market maker in the financial instruments or companies discussed herein and may also perform or seek to perform investment banking services for those companies. Erste Group may act upon or use the information or conclusion contained in this publication before it is distributed to other persons. This publication is subject to the copyright of Erste Group and may not be copied, distributed or partially or in total provided or transmitted to unauthorized recipients. By accepting this publication, a recipient hereof agrees to be bound by the foregoing limitations.



**Published By:**
**Erste Group Bank AG**
**Group Research**
**1100 Wien, Am Belvedere 1**
**Head Office: Wien**
**Commercial Register No: FN 33209m**
**Commercial Court of Vienna**
**Erste Group Homepage: www.erstegroup.com**