

PIRAEUS BANK



**Greek Fixed Income Monitor:
Surprisingly Positive Economic Activity Pushes Government Bonds Upwards**

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Economic Research & Investment Strategy

May 2021

BLOOMBERG TICKERS

Piraeus Bank Government Bond Index: {PBGGSBI Index<GO>}

Weighted Average Yield: {PBGGGWAY Index<GO>}

Piraeus Bank Government Bond Index : {PBGGGCBI Index<GO>}

Weighted Average Yield : {PBGGIWAY Index<GO>}



1 Μηνιαία Επισκόπηση / Monthly Commentary

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- ✓ Σημαντικά κέρδη κατέγραψε ο Δείκτης Κρατικών Ομολόγων παρά το γεγονός ότι ο οίκος Moody's δεν προχώρησε στην προγραμματισμένη αξιολόγηση στα τέλη του μήνα, διακρατώντας την διαβάθμιση Βα3 με σταθερές προοπτικές. Αναλυτικά, ο δείκτης επανήλθε στα επίπεδα Φεβρουαρίου στις 694 μονάδες, ενισχυμένος κατά 1,32% σε μηνιαία βάση ανακτώντας μεγάλο μέρος των απωλειών που είχε εμφανίσει από τις αρχές του έτους. Η μεσοσταθμική απόδοση του δείκτη έφτασε το 0,59% στα τέλη Μαΐου μειωμένη κατά 13 μονάδες βάσης (μβ) σε σχέση με το προηγούμενο μήνα. Η μεγαλύτερη πτώση στις αποδόσεις των κρατικών ομολόγων καταγράφηκε στις μακροπρόθεσμες λήξεις οι οποίες κατέγραψαν κέρδη άνω των 20 μβ σε σχέση με τα τέλη Απριλίου.
- ✓ Παρά τις ανησυχίες για την επίδραση των διεθνών πληθωριστικών πιέσεων στην εγχώρια ομολογιακή αγορά, η δυναμική ανάκαμψη της οικονομίας το πρώτο τρίμηνο του 2021 και η βελτίωση των δεικτών οικονομικού κλίματος οδήγησαν σε συμπίεση των spread. Συγκεκριμένα, το spread της ελληνικής 10ετίας συγκριτικά με την Γερμανία συνέχισε την καθοδική του τάση οριακά κάτω από τις 100 μβ στις αρχές Ιουνίου ενώ η μηνιαία βελτίωση τον μήνα Μάιου έφτασε τις 20 μβ. Χαρακτηριστική εξέλιξη της αυξημένης ζήτησης των ελληνικών ομολόγων είναι το αρνητικό spread μεταξύ της ελληνικής και ιταλικής 10ετίας φτάνοντας τις -8 μβ στις αρχές Ιουνίου. Σημαντικός παράγοντας σε αυτή την καθοδική κίνηση των spread είναι οι αγορές ομολόγων από την ΕΚΤ οι οποίες το διάστημα Απριλίου-Μαΐου έφτασαν τα €3,74 δις με περιθώριο για περαιτέρω αγορές της τάξης των €11,5 δις μέχρι και τον Μάρτιο του 2022 σε περίπτωση λήξης του προγράμματος PEPP.
- ✓ Το ποσοτικό μοντέλο για το 10ετές spread, λαμβάνοντας υπόψη την επίδραση του προγράμματος PEPP της ΕΚΤ, εκτιμά ότι ένα «δίκαιο» επίπεδο βρίσκεται στις 91 μβ με κύριους παράγοντες στήριξης την μη αναμενόμενη βελτίωση στους δείκτες οικονομικού κλίματος αλλά και το ευνοϊκό περιβάλλον μεγαλύτερης ανάληψης ρίσκου στις ομολογιακές αγορές. Ωστόσο, θα πρέπει να σημειωθεί ότι ο δείκτης κινδύνων στην ελληνική ομολογιακή αγορά έχει περάσει σε θετικό πρόσημο καθώς ο κίνδυνος για υψηλότερο spread έχει επικρατήσει του κινδύνου για περαιτέρω πτώση του spread.
- ✓ Για άλλη μια φορά κινήθηκε ανοδικά ο Δείκτης Εταιρικών Ομολόγων κάνοντας ωστόσο εμφανή μια επιβράδυνση της προηγούμενης δυναμικής του. Συγκεκριμένα, ο δείκτης σημείωσε μικρή άνοδο της τάξης του 0,31% φτάνοντας στα τέλη του μήνα στις 144,65 μονάδες. Αντίστοιχα, η μεσοσταθμική απόδοση του Δείκτη μειώθηκε κατά 9 μονάδες βάσης τον Μάιο σε σχέση με τον προηγούμενο μήνα φτάνοντας το 2,57%. Τέλος, στον δείκτη προστέθηκε το 5ετές ομόλογο της Costamare-Participation το οποίο υπερκαλύφθηκε κατά 6,7 φορές με το επιτόκιο να καθορίζεται στο 2,7%.



Monthly Commentary: May 2021



- ✓ The Government Bond Index recorded significant gains in May despite Moody's not proceeding with a scheduled rating at the end of the month, thus keeping the rating at Ba3 along with a stable outlook. The index had returned to pre-lockdown levels in February 2021, at 694 points, rising by 1.32% MoM and recovering part of the losses it had recorded since the beginning of the year. The average yield to maturity (YtM) of the index reached 0.59% at the end of May, down by 13 basis points (bps) from the previous month. The largest decline in government bond yields was recorded for long-term maturities, which narrowed by more than 20 bps from the end of April.
- ✓ Despite concerns about the impact of international inflationary pressures on the domestic bond market, the dynamic recovery of the economy in the first quarter of 2021 and the improvement in economic sentiment indicators led to a narrowing of credit spreads. Specifically, the spread between the Greek 10-year benchmark and that of Germany continued its downward trend, reaching levels marginally below 100 bps in early June, with a monthly improvement in May of 20 bps. Notably, the increased demand for Greek bonds translated to a negative spread between the Greek and Italian 10-year bonds, reaching -8 bps at the beginning of June. An important factor in this downward evolution of spreads was that the bond purchases by the ECB during the April–May period reached €3.74 billion, with adequate space for further purchases of €11.5 billion up to March 2022 in case of the termination of the PEPP programme.
- ✓ Our quantitative model for the 10-year spread, taking into account the impact of the ECB PEPP programme, estimates a “fair” level of 91 bps, with the main supporting factors being the unexpected improvement in the economic climate indicators and a favourable environment for greater risk-taking in the bond markets. However, it should be noted that our Balance of Risks Index for the Greek bond market has turned positive, which is a sign that downside risks outweigh upside risks.
- ✓ Once again, the Corporate Bond Index moved upwards, but the upward trend also began to slow. The index recorded a small increase of 0.34%, reaching 144.65 points at the end of the month, and the weighted average YtM of the Index decreased by 9 basis points in May from the previous month, reaching 2.57%. Finally, the 5-year Costamare – Participation bond was added to the index and was oversubscribed 6.7 times, with its coupon rate being set at 2.7%.





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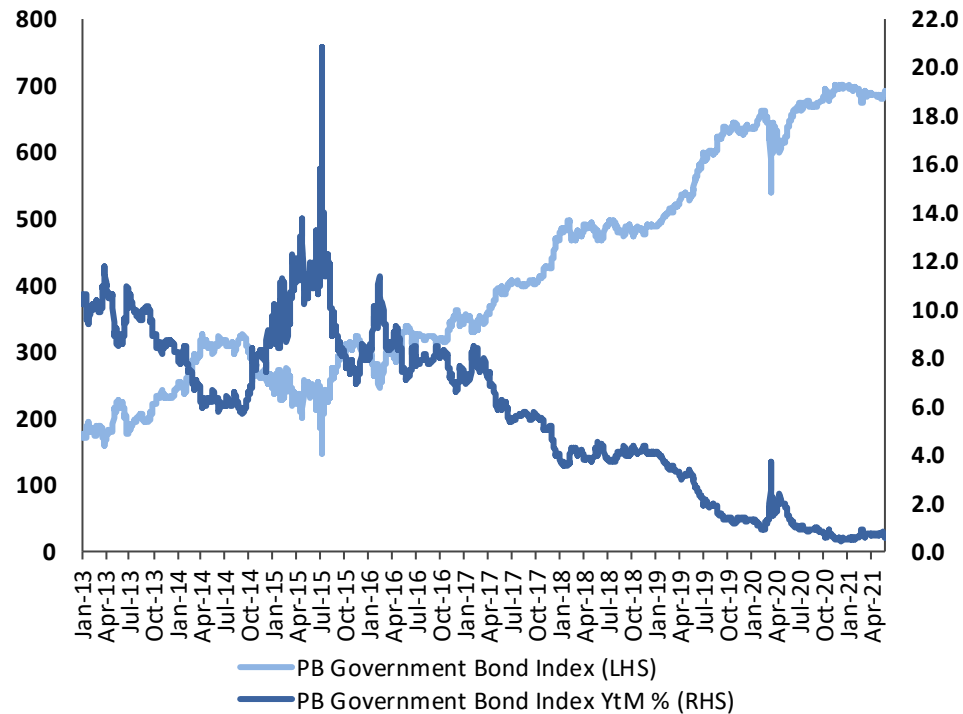


Piraeus Bank Greek Government Bond Index (I): The index increased by 1.32% to 694 points



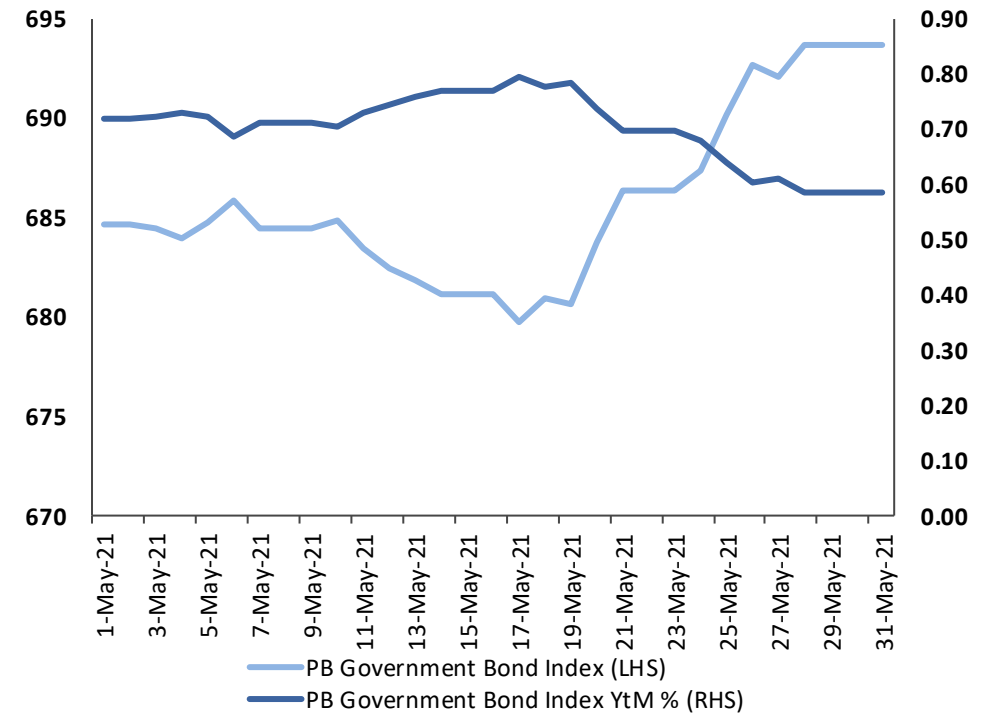
PBGGGSBI evolution [Jan 2013 – 31 May. 2021]

(Index, base date 9 Mar. 12 & Yield to Maturity, %)



PBGGGSBI evolution [1 May 2021 – 31 May 2021]

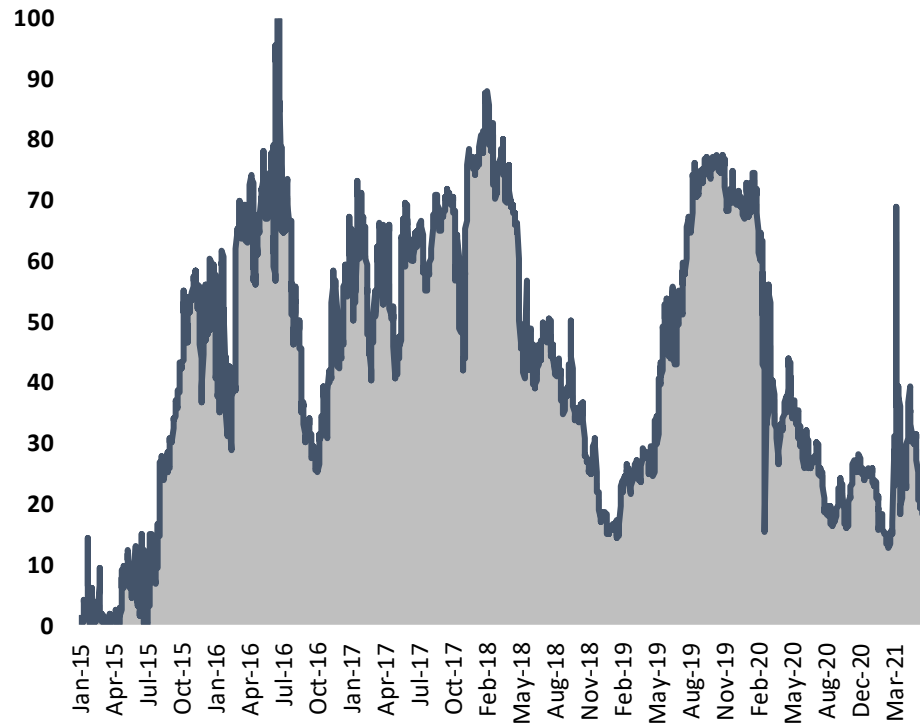
(Index, base date 9 Mar. 12 & Yield to Maturity, %)



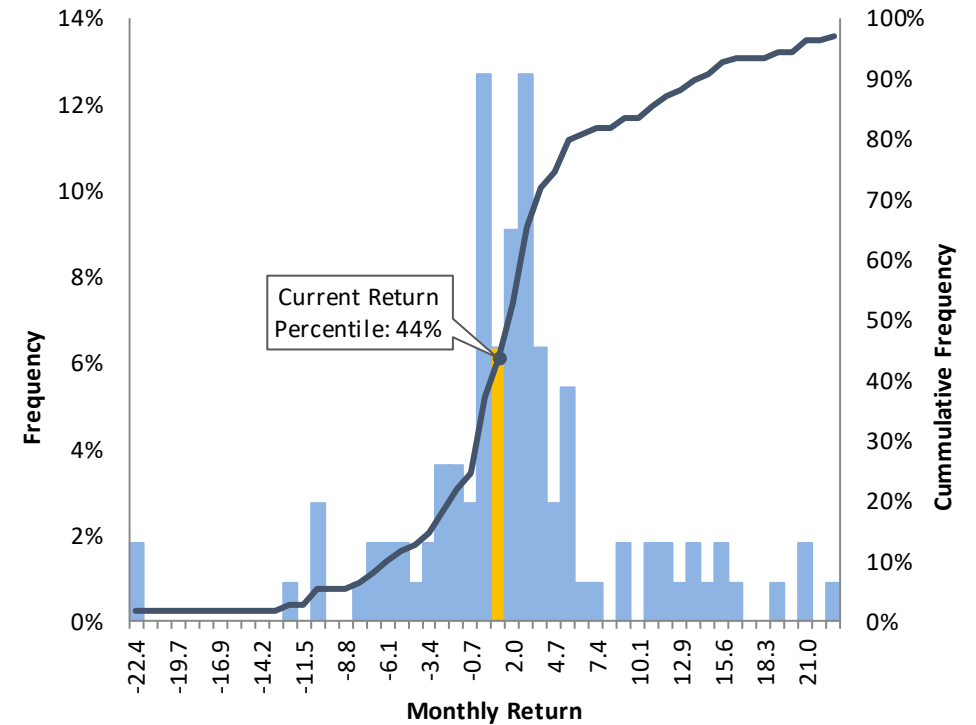
Piraeus Bank Greek Government Bond Index (II): Government bond returns valuations at the middle of the distribution



PBGGGSBI Relative Rank [Jan 2015 – May 2021]
(percentile rank YoY total returns)



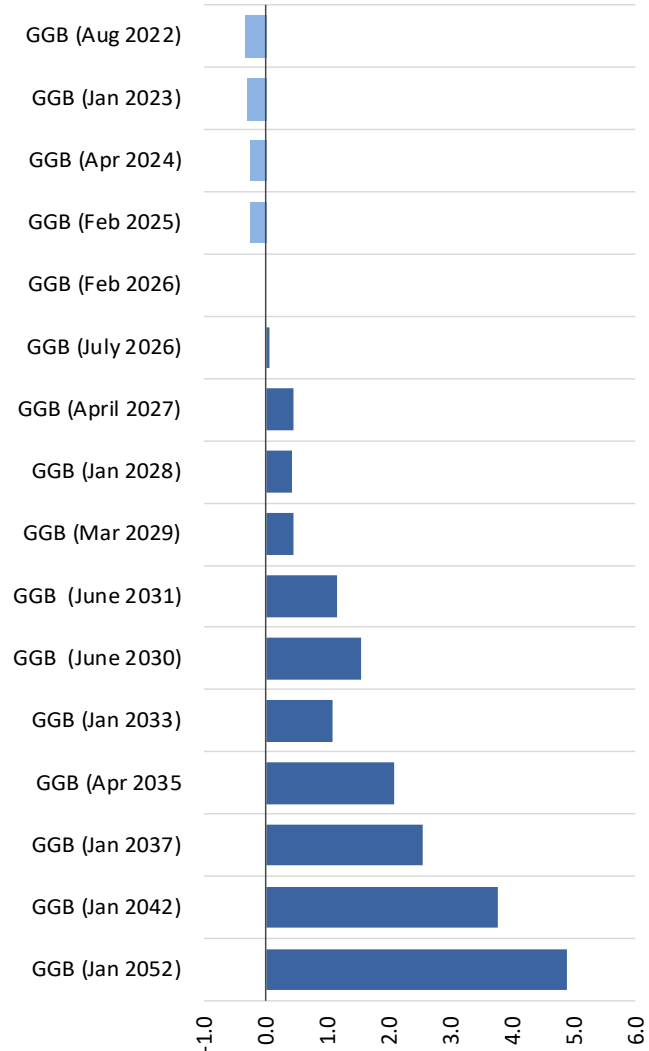
PBGGGSBI Monthly Returns Histogram
(historical data: May 2012 – May 2021)



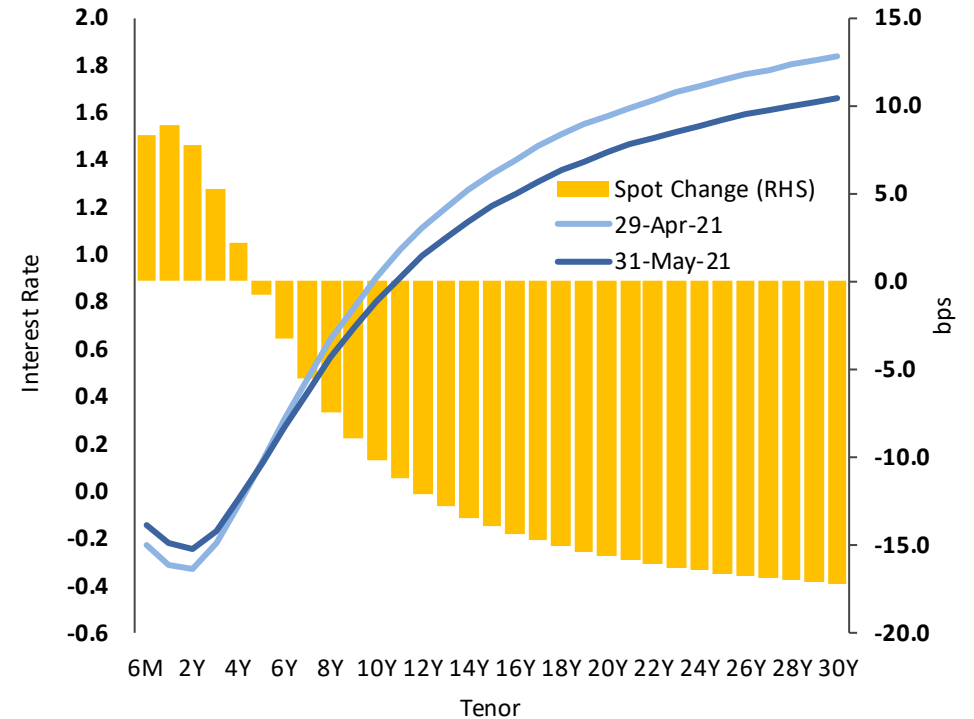
Piraeus Bank Greek Government Bond Index (III): Steepening of the interest rate curve in May



Monthly Performance of PBGGGSBI index members
(Monthly Return, %)



Interest Rate Curve*



* Interest rate curves were estimated using the Nelson-Siegel-Svensson model



Piraeus Bank Greek Government Bond Index (IV): Composition & Description



PBGGGSBI Index Composition	Ticker	Amount Outstanding (€ bn)	Currency	Coupon	Coupon Type	Next Coupon Payment	Issue Date	Maturity	Credit Rating (S&P)	Last Price 31 May. 21	Yield 31 May. 21
	GGB 4.375%, Aug'22	3.00	3.00	4.38	FIXED	01/08/21	01/08/17	01/08/22	BB	105.50	-0.333
	GGB 3.50%, Jan'23	4.36	4.36	3.50	FIXED	30/01/22	05/12/17	30/01/23	BB	106.39	-0.326
	GGB 3.45%, Apr'24	2.50	2.50	3.45	FIXED	02/04/22	05/02/19	02/04/24	BB	110.43	-0.215
	GGB 3.375%, Feb'25	3.00	3.00	3.38	FIXED	15/02/22	15/02/18	15/02/25	BB	112.86	-0.087
	GGB 0%, Feb'26	3.00	3.00	0.00	FIXED	12/02/22	12/05/21	12/02/26	BB	99.52	0.103
	GGB 1.875%, Jul'26	2.50	2.50	1.88	FIXED	23/07/21	23/07/19	23/07/26	BB	109.09	0.101
	GGB 2.0%, Apr'27	2.00	2.00	2.00	FIXED	22/04/22	22/04/20	22/04/27	BB	110.37	0.225
	GGB 3.75%, Jan'28	5.96	5.96	3.75	FIXED	30/01/22	05/12/17	30/01/28	BB	122.19	0.372
	GGB 3.88%, Mar'29	4.00	4.00	3.88	FIXED	12/03/22	12/03/19	12/03/29	BB	124.88	0.592
	GGB 1.50%, Jun'30	5.50	5.50	1.50	FIXED	18/06/21	18/06/20	18/06/30	BB	106.80	0.72
	GGB 0.75%, Jun'31	3.50	3.50	0.75	FIXED	18/06/21	05/02/21	18/06/31	BB	99.31	0.822
	GGB 3.90%, Jan'33	6.09	6.09	3.90	FIXED	30/01/22	05/12/17	30/01/33	BB	132.71	0.927
	GGB 1.875%, Feb'35	4.50	4.50	1.88	FIXED	04/02/22	04/02/20	04/02/35	BB	110.02	1.083
	GGB 4.0%, Jan'37	4.81	4.81	4.00	FIXED	30/01/22	05/12/17	30/01/37	BB	140.34	1.167
GGB 4.2%, Jan'42	4.60	4.60	4.20	FIXED	30/01/22	05/12/17	30/01/42	BB	152.13	1.305	
GGB 2.5%, Jan'52	2.50	2.50	1.88	FIXED	24/01/22	24/03/21	24/01/52	BB	102.21	1.781	

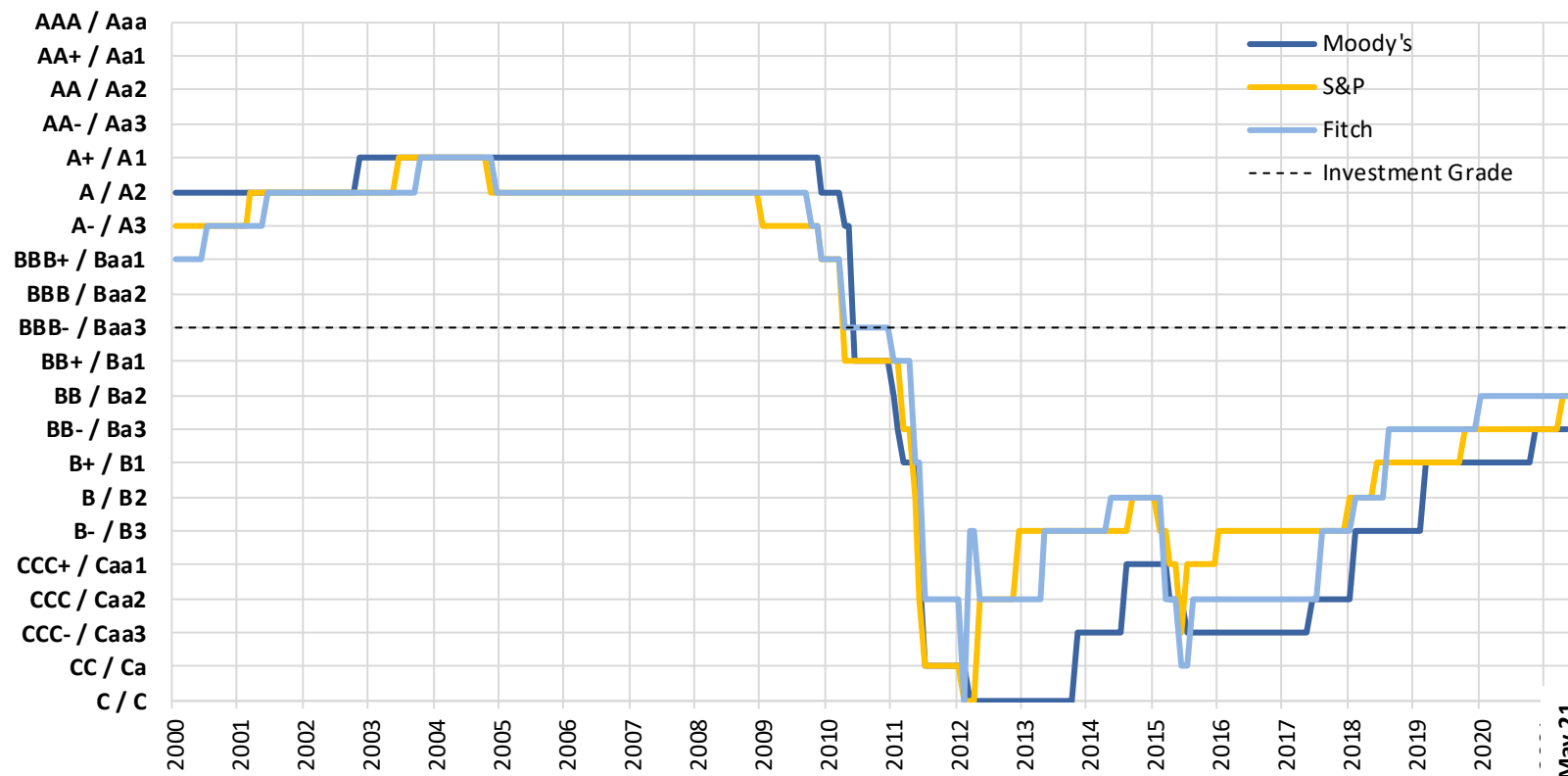
PBGGGSBI Index Description	31 May 2021	
	Members	16
	Market Capitalisation (EUR bn.)	61.82
	Weighted Average Yield	0.58
	Weighted Average Coupon	2.91
	Weighted Average Maturity	9.75
	Weighted Average Duration	8.30



Greek sovereign rating history: Moodys rating unchanged at Ba3 and stable outlook



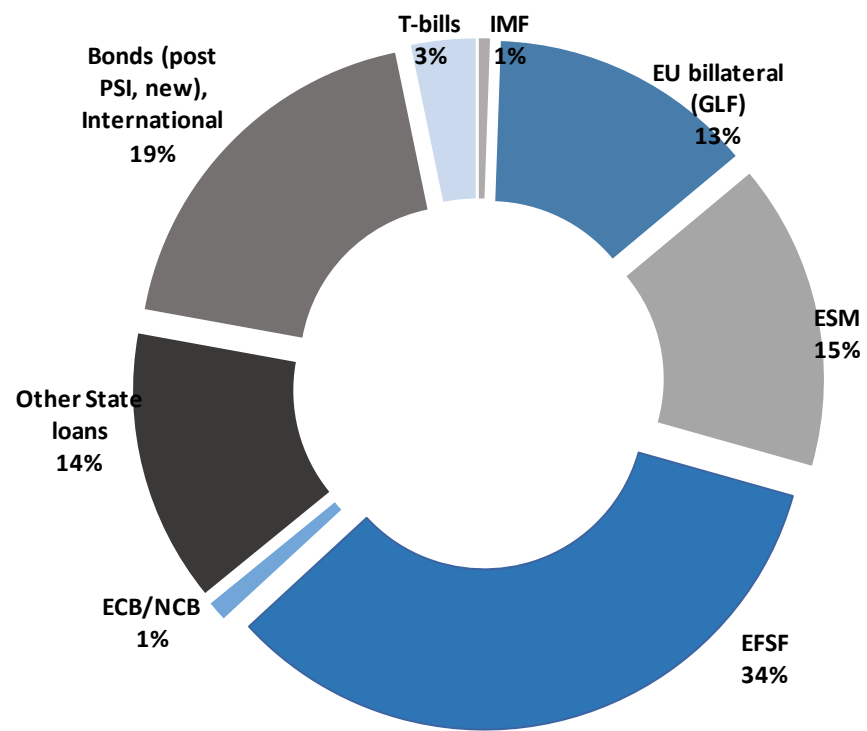
	Current LT Rating	Outlook	Last Rating Up/ Down grade	Latest Review	Next Scheduled Review
Fitch	BB	Stable	January 2020	January 2021	16 July 2021
Moody's	Ba3	Stable	November 2020	November 2020	19 November 2021
Standard & Poor's	BB	Positive	May 2021	May 2021	22 October 2021
DBRS	BB (low)	Stable	May 2019	March 2021	17 September 2021



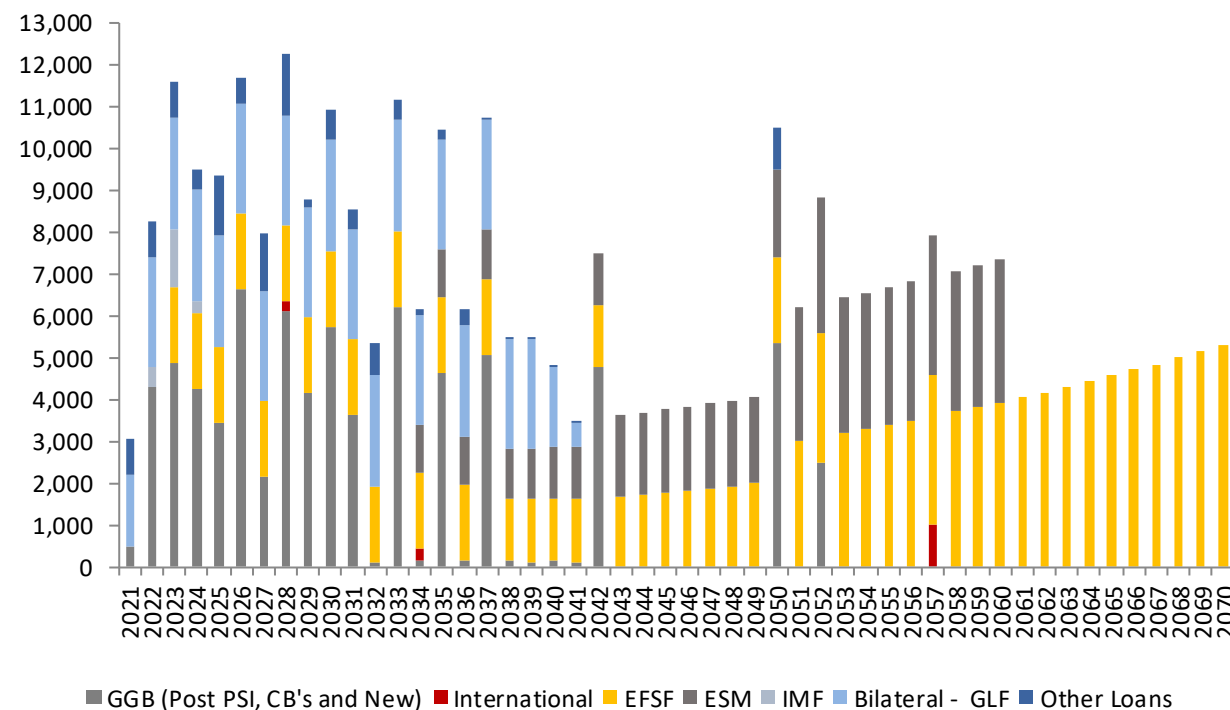
Maturities Profile: Greek debt profile as well as its average maturity remain favorable



Debt distribution by holder (%):



Bonds & Loans Maturities¹
(as of 11 June 2021, € mn)



Note: 1. figures do not include T bills and repos.





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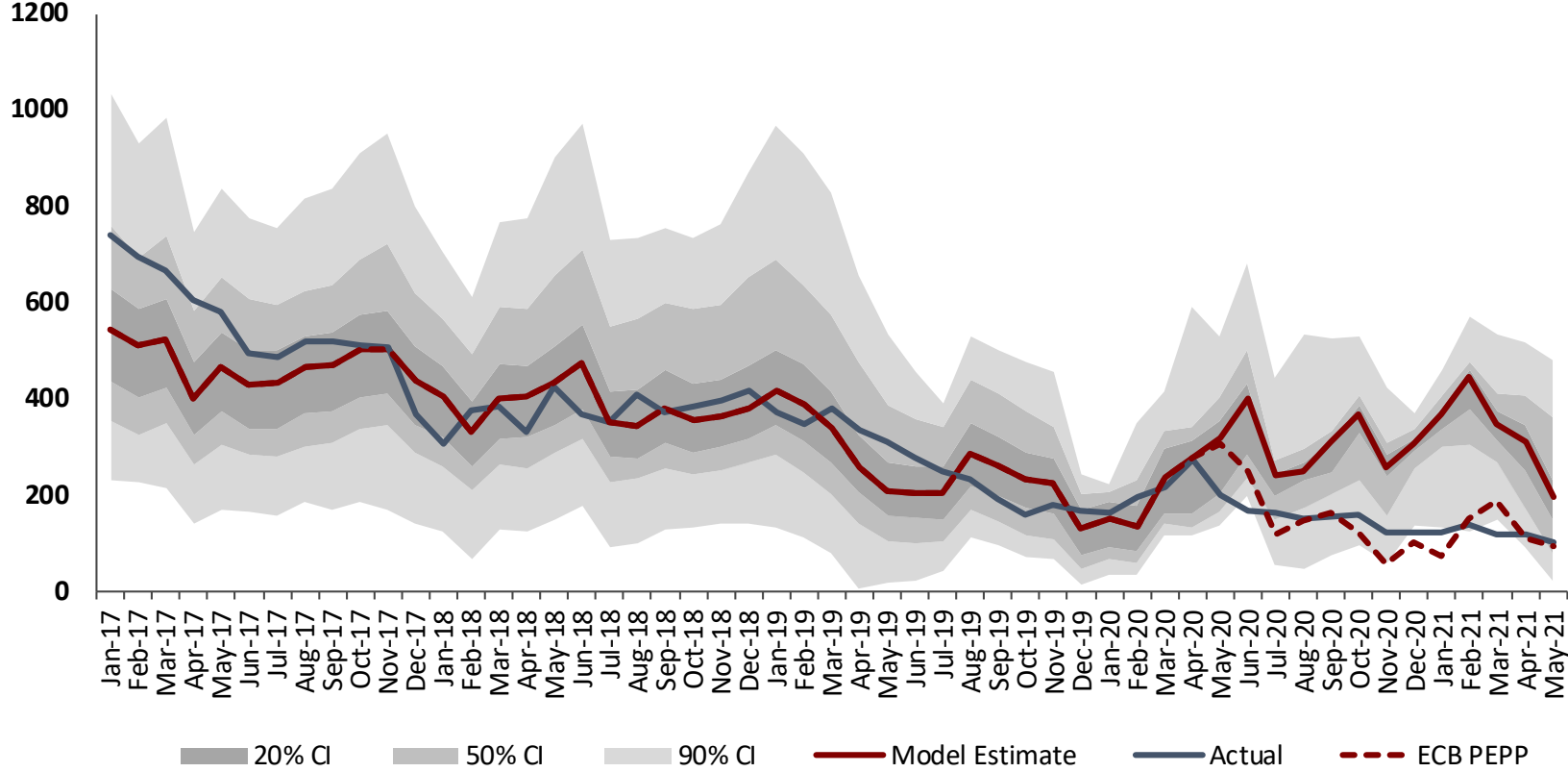
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Greek Government Bond Spreads (I): Greek 10-Year spread narrows close to 100 bps



Greek Government 10-Year Spread vs 10-Year Bund (basis points)

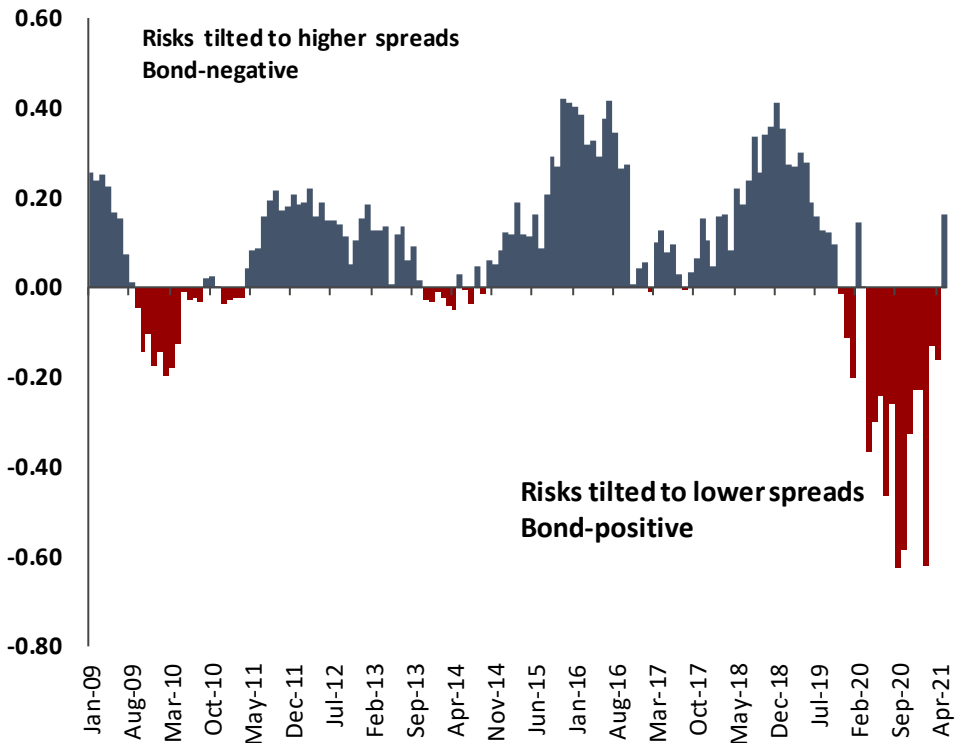


Greek Government Bond Spreads (II): A reversal in the balance of risks index



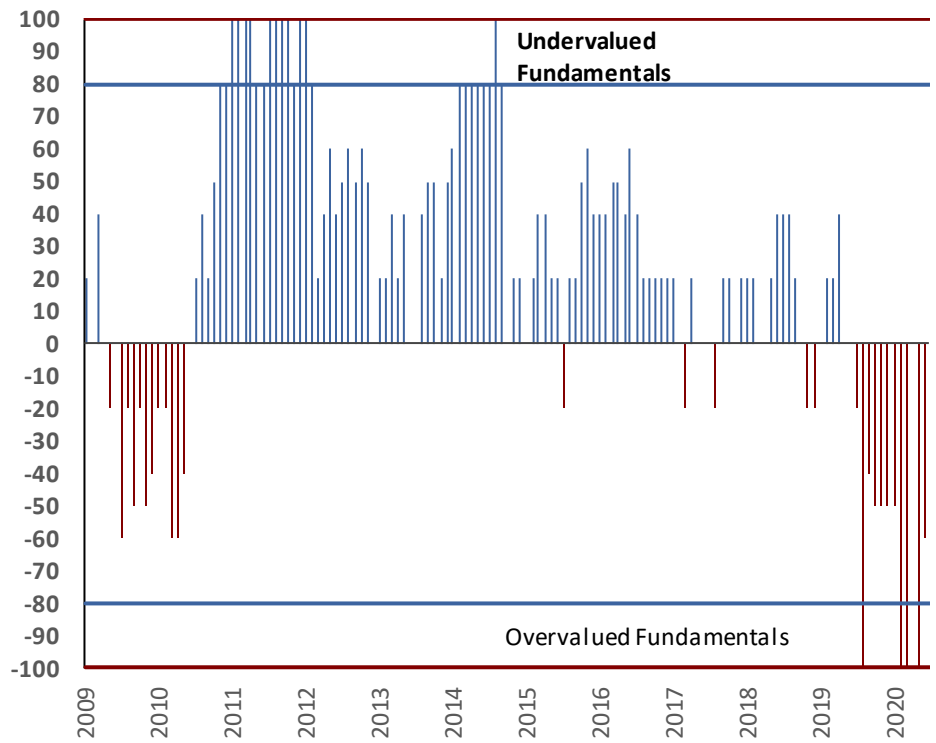
Greek Gov. Bond Market Balance of Risks Indicator

(historical data: January 2009 – May 2021)



Greek Gov. Bond Market Stress Indicator

(historical data: January 2000 – May 2021)





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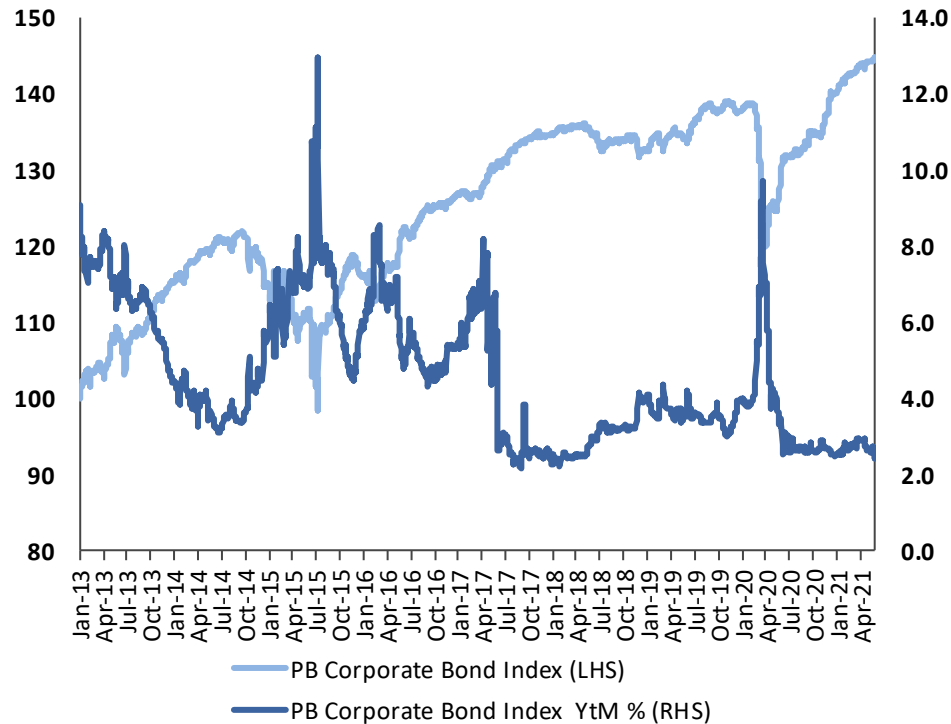


Piraeus Bank Greek Corporate Bond Index (I): Index increased by 0.31% to 144.65 points



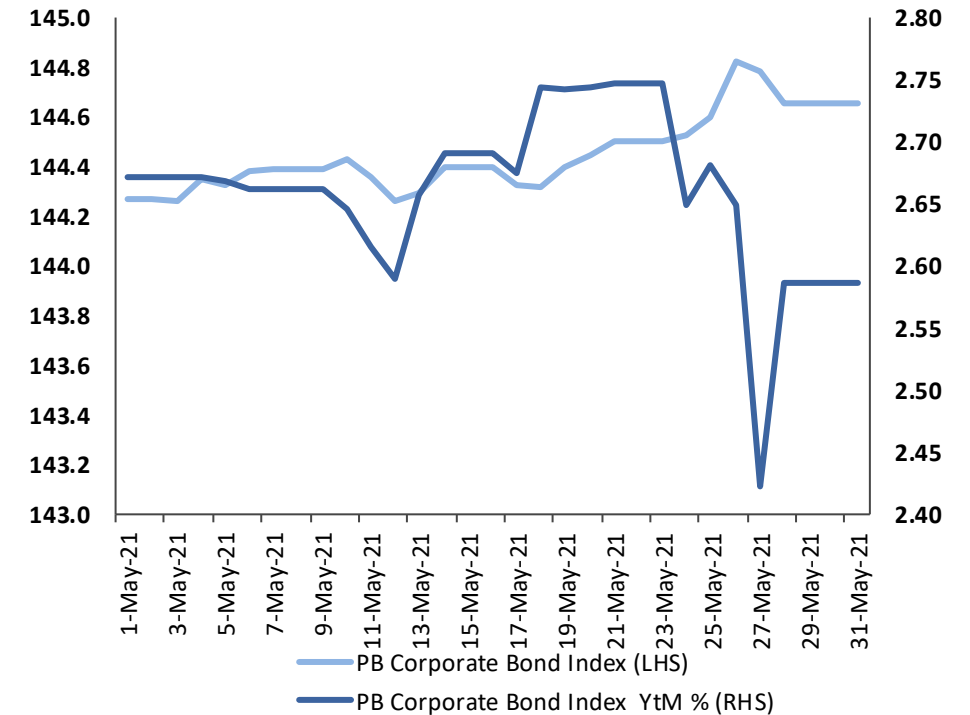
PBGGGCBI evolution [Jan 2013 – May. 2021]

(Index, base date 2 Jan. 13 & Yield to Maturity, %)



PBGGGCBI evolution [1 May 2021 –31 May 2021]

(Index, base date 2 Jan.13 & Yield to Maturity, %)

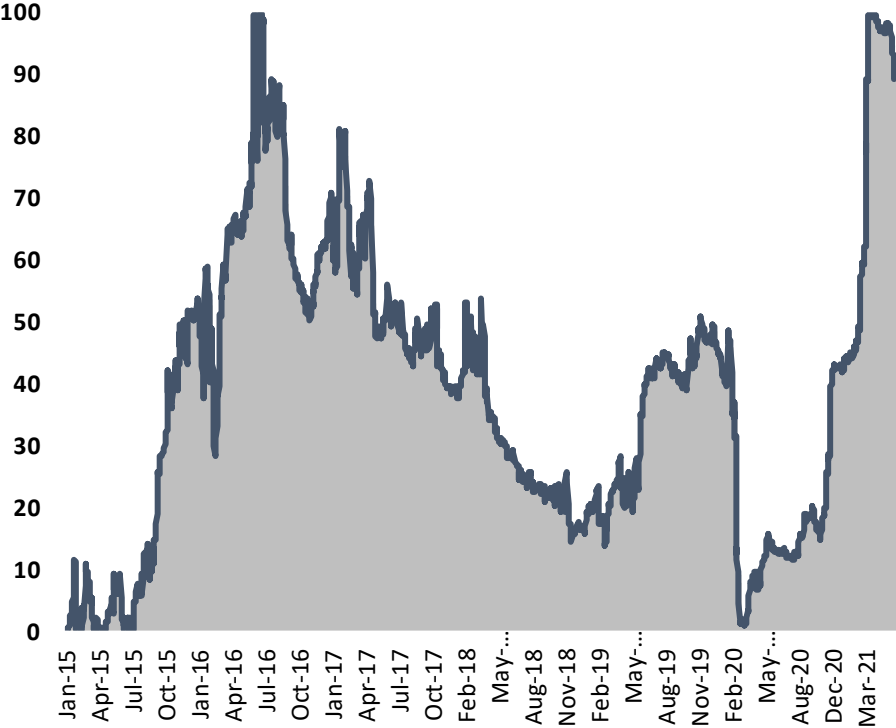


Piraeus Bank Greek Corporate Bond Index (II): MoM returns close to their historical mean levels



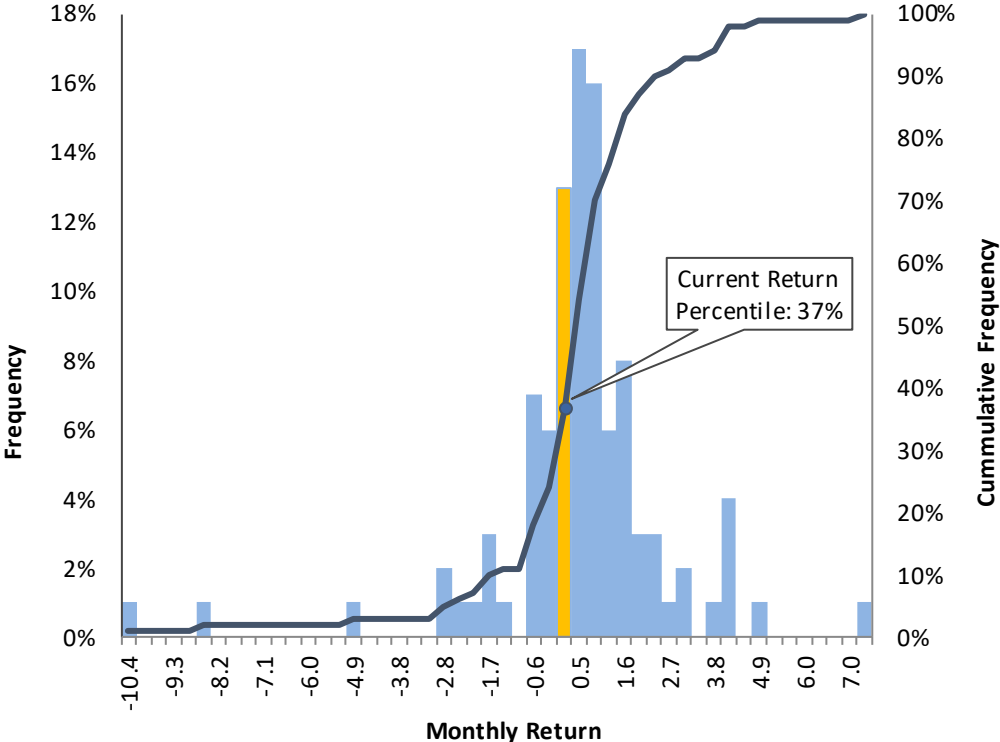
PBGGGCB Distribution [Jan 2015 – May 2021]

(percentile rank relative to previous year)



PBGGGCB Monthly Returns histogram

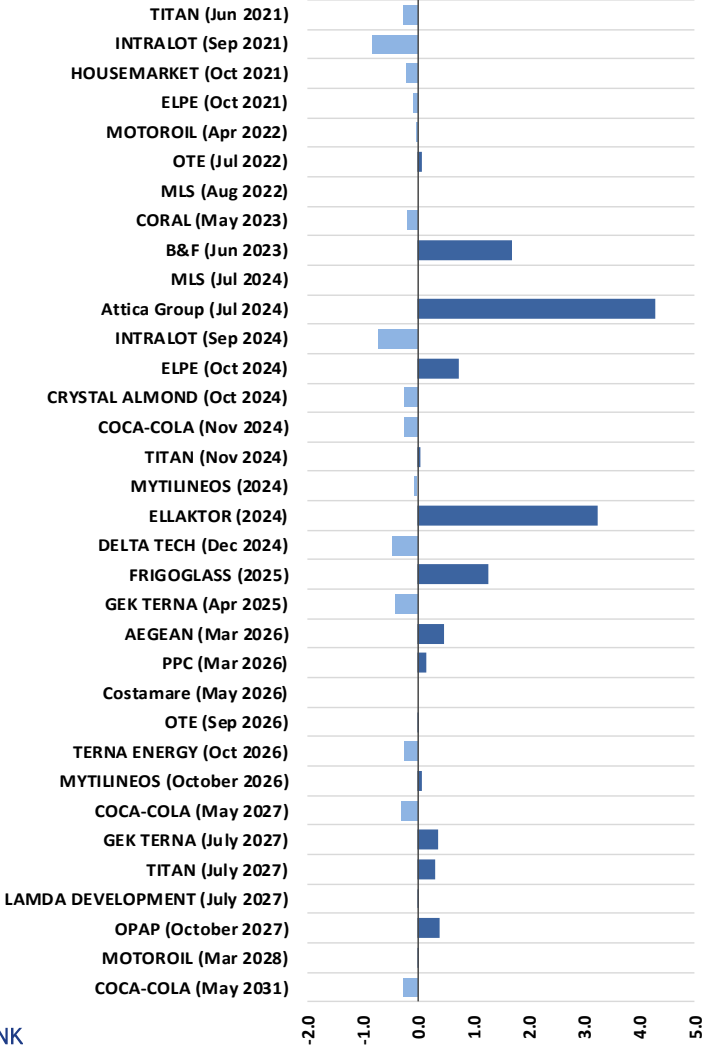
(historical data: January 2013 – May 2021)



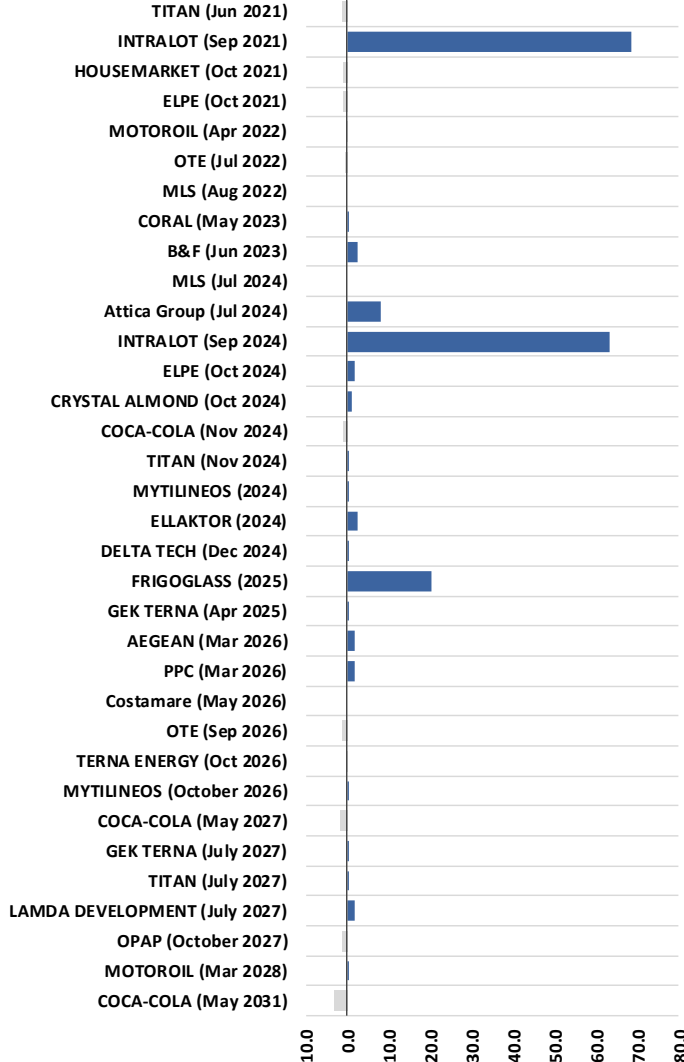
Piraeus Bank Greek Corporate Bond Index (III): Bond-specific price recovery drives the index upwards



Monthly Performance of PBGGGCBI index members
(Monthly Return, %)



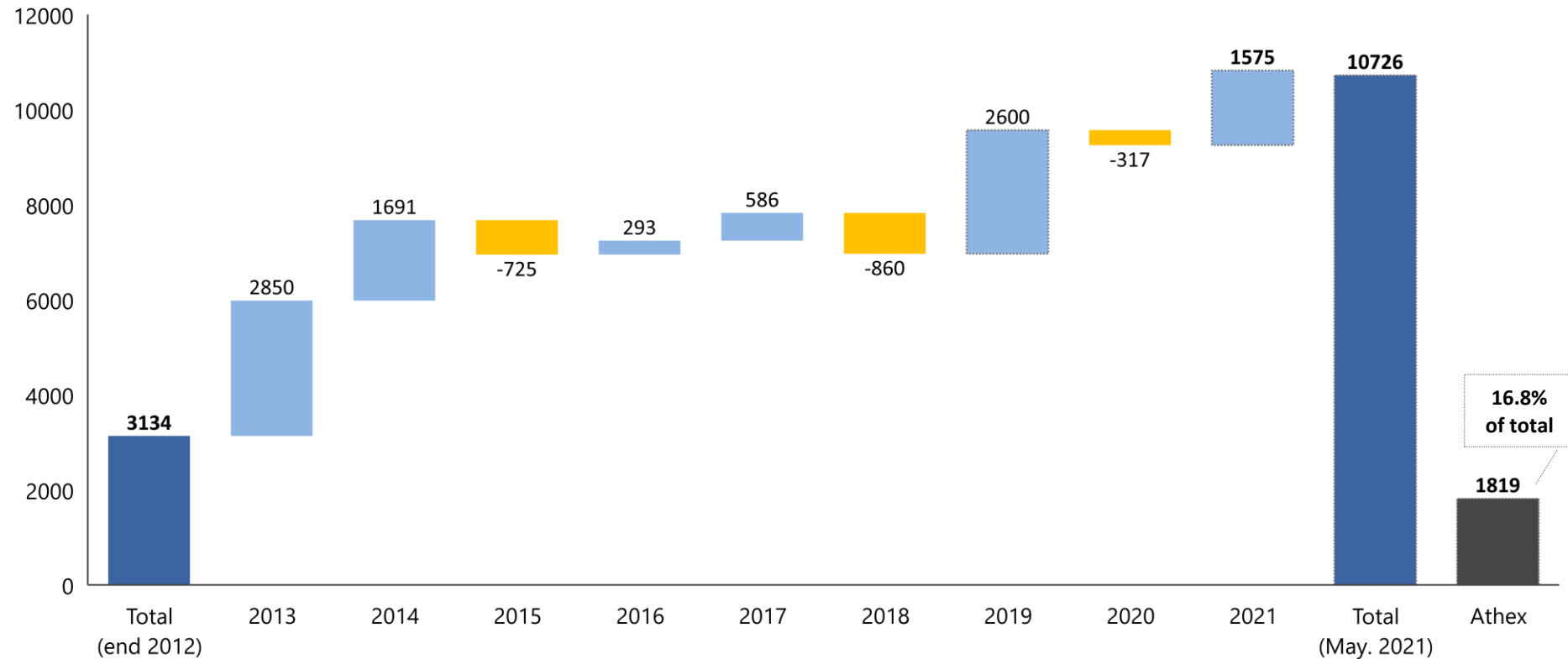
YtD Performance of PBGGGCBI index members
(YtD Return, %)



Piraeus Bank Greek Corporate Bond Index (II): €100 mn Costamare bond increases net issues in May



Greek Corporate Bond Net Issuance (mn €)



Piraeus Bank Greek Corporate Bond Index (V): Index Composition



PBGGBI Index Composition	Name	Amount Issued (€ bn)	Amount Outstanding (€ bn)	Currency	Coupon	Coupon Type	Next Coupon Payment	Issue Date	Maturity	Credit Rating (S&P)	Last Price 31 May 21	Yield 31 May 21
	TITAN GLOBAL FINANCE PLC	300	163	EUR	3.50	FIXED	17/06/21	17/06/16	17/06/21	BB	100.43	-6.202
	INTRALOT CAPITAL LUX	250	250	EUR	6.75	FIXED	15/09/21	23/09/16	15/09/21	NR	81.39	85.958
	HOUSEMARKET SA	40	40	EUR	5.00	FIXED	04/07/21	04/10/16	04/10/21		101.38	0.913
	HELLENIC PETROLEUM FINAN	450	201	EUR	4.88	FIXED	14/10/21	14/10/16	14/10/21		101.78	0.045
	MOTOR OIL FINANCE PLC	350	350	EUR	3.25	FIXED	01/10/21	10/04/17	01/04/22		100.32	2.858
	OTE PLC	400	400	EUR	2.38	FIXED	18/07/21	18/07/18	18/07/22	BBB	102.86	-0.158
	MLS INNOVATION INC	6	6	EUR	5.30	FIXED	31/08/21	31/08/17	31/08/22		65.00	42.420
	CORAL AE OIL CHEMICALS	90	90	EUR	3.00	FIXED	11/11/21	11/05/18	11/05/23		102.98	1.459
	B&F COMM GARMENT IND SA	25	21	EUR	4.95	FIXED	26/06/21	26/06/18	26/06/23		98.00	5.976
	MLS INNOVATION INC	7	7	EUR	4.30	FIXED	25/07/21	02/08/19	25/07/24		74.00	14.631
	ATTICA HOLDINGS SA	175	175	EUR	3.40	FIXED	26/07/21	26/07/19	26/07/24		98.43	3.930
	INTRALOT CAPITAL LUX	500	500	EUR	5.25	FIXED	15/09/21	20/09/17	15/09/24	NR	62.01	22.085
	HELLENIC PETROLEUM FINAN	600	600	EUR	2.00	FIXED	04/10/21	04/10/19	04/10/24		99.87	2.040
	CRYSTAL ALMOND SARL	525	525	EUR	4.25	FIXED	15/10/21	17/10/19	15/10/24	B	102.00	3.613
	COCA-COLA HBC FINANCE BV	600	600	EUR	1.88	FIXED	11/11/21	10/03/16	11/11/24	BBB+	106.90	-0.122
	TITAN GLOBAL FINANCE PLC	350	350	EUR	2.38	FIXED	16/11/21	16/11/17	16/11/24	BB	102.77	1.548
	MYTILINEOS FINANCIAL	500	500	EUR	2.50	FIXED	01/12/21	29/11/19	01/12/24	BB-	103.32	1.523
ELLAKTOR VALUE PLC	670	670	EUR	6.38	FIXED	15/06/21	12/12/19	15/12/24	CCC+	96.74	7.437	
DELTA TECHNIKI SA	7	4	EUR	5.50	FIXED	22/06/21	22/12/17	22/12/24		100.03	5.479	

Continued..



Piraeus Bank Greek Corporate Bond Index (IV): Composition & Description



Continued..

PBGCCBI Index Composition	Name	Amount Issued (€ bn)	Amount Outstanding (€ bn)	Currency	Coupon	Coupon Type	Next Coupon Payment	Issue Date	Maturity	Credit Rating (S&P)	Last Price 31 May 21	Yield 31 May 21
	FRIGOGLASS FINANCE BV	260	260	EUR	6.88	FIXED	01/08/21	12/02/20	12/02/25	B-	91.80	9.556
	GEK TERNA HLD ESTATE	120	120	EUR	3.95	FIXED	04/10/21	04/04/18	04/04/25		104.40	2.750
	AEGEAN AIRLINES SA	200	200	EUR	3.60	FIXED	13/09/21	12/03/19	12/03/26		99.10	3.803
	PUBLIC POWER CORP	775	775	EUR	3.88	FIXED	30/09/21	18/03/21	30/03/26	B	103.60	3.066
	COSTAMARE PARTICIPATIONS	100	100	EUR	2.70	FIXED	25/05/22	25/05/21	25/05/26		99.98	2.700
	OTE PLC	500	500	EUR	0.88	FIXED	24/09/21	24/09/19	24/09/26	BBB	102.37	0.424
	TERNA ENERGY FINANCE	150	150	EUR	2.60	FIXED	22/10/21	22/10/19	22/10/26		100.10	2.576
	MYTILINEOS SA	500	500	EUR	2.25	FIXED	30/10/21	28/04/21	30/10/26	BB-	101.30	1.999
	COCA-COLA HBC FINANCE BV	700	700	EUR	1.00	FIXED	14/05/22	14/05/19	14/05/27	BBB+	104.27	0.275
	GEK TERNA HLD ESTATE	500	500	EUR	2.75	FIXED	05/07/21	03/07/20	03/07/27		99.05	2.918
	TITAN GLOBAL FINANCE PLC	250	250	EUR	2.75	FIXED	09/07/21	09/07/20	09/07/27	BB	103.70	2.102
	LAMDA DEVELOPMENT	320	320	EUR	3.40	FIXED	21/07/21	21/07/20	21/07/27		101.44	3.143
	OPAP SA	200	200	EUR	2.10	FIXED	27/10/21	27/10/20	27/10/27		101.97	1.777
	MOTOR OIL (HELLAS) SA	200	200	EUR	1.90	FIXED	23/09/21	23/03/21	23/03/28		100.47	1.827
COCA-COLA HBC FINANCE BV	600	600	EUR	1.63	FIXED	14/05/22	14/05/19	14/05/31	BBB+	109.53	0.634	

PBGCCBI Index Description	31 May 2021	
	Members	34
	Market Capitalisation (EUR bn)	10.83
	Weighted Median Yield	2.76
	Weighted Average Coupon	3.14
	Weighted Average Maturity	4.30
	Weighted Average Duration	3.47

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Source: Bloomberg, Piraeus Bank Research



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