



1st Annual Marine Money Cyprus Forum

Global economic issues and the impact on Shipping

Andreas Assiotis, PhD

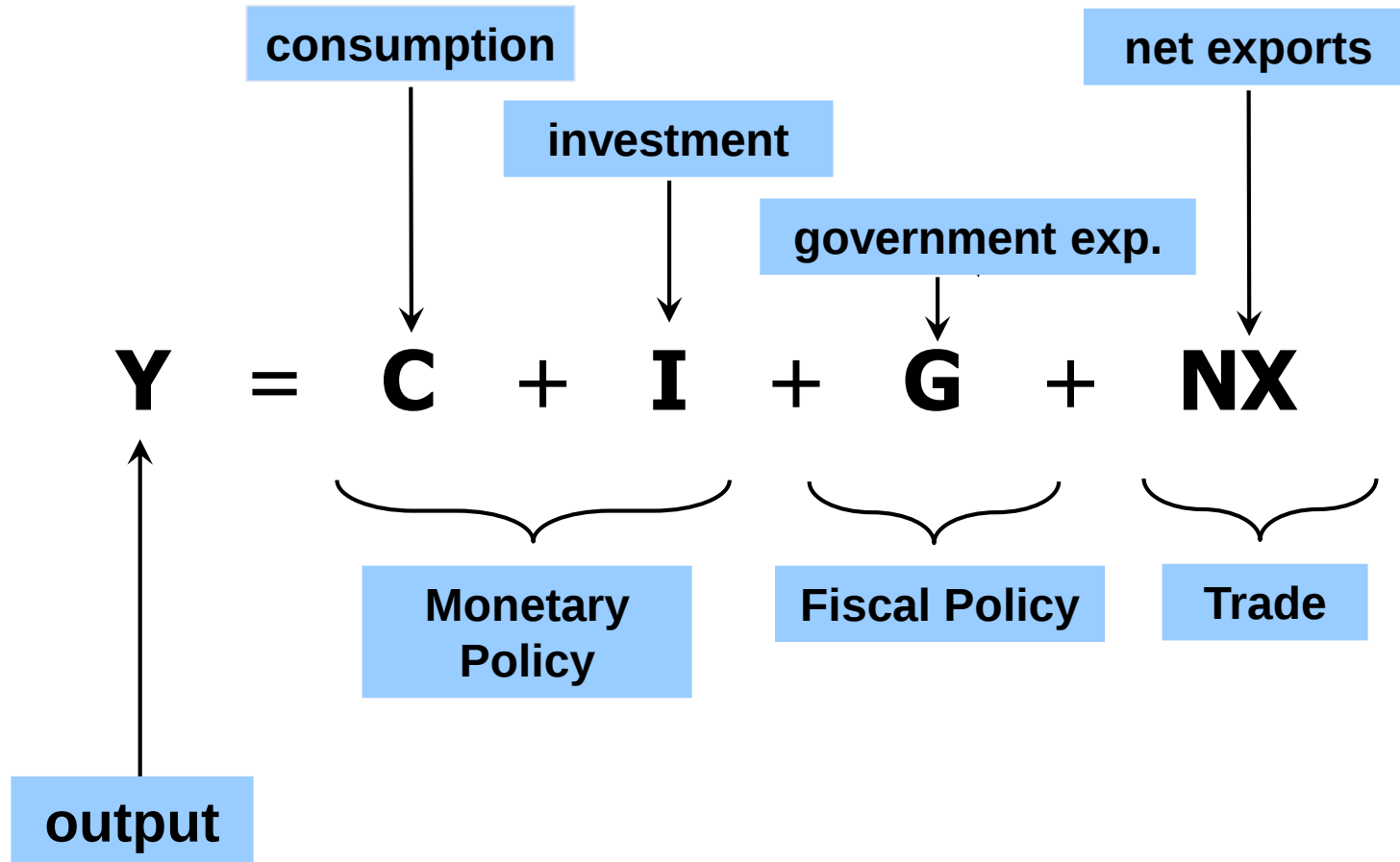
26 April 2017

HELLENIC BANK

Table of contents

1	Economic Fundamentals and Global Drivers	3
2	Global Economic Outlook	5
3	Risks to the Outlook – Risks Vs. Uncertainties	8
4	Global Macro Themes	10
5	Local Economy – Local Partner	15

Economic fundamentals 101

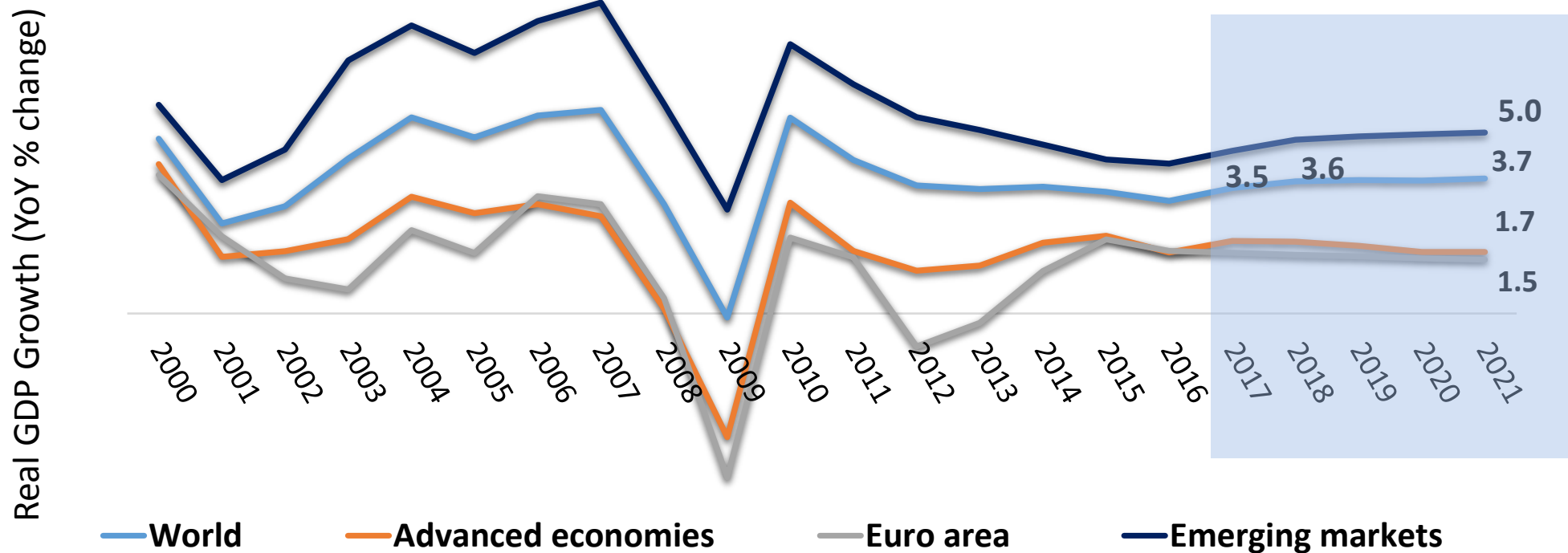


Global macro themes

Old Themes, New questions

Theme	2016	2017
Growth	Stabilization, secular stagnation	Upside potential, fiscal stimulus
Interest rates, inflation	“Lower for long”	Inflation expectations
Trade	Slowdown due to weak demand	Slowdown due to protectionism
Emerging Markets	Low commodity prices	Strong dollar, trade wars

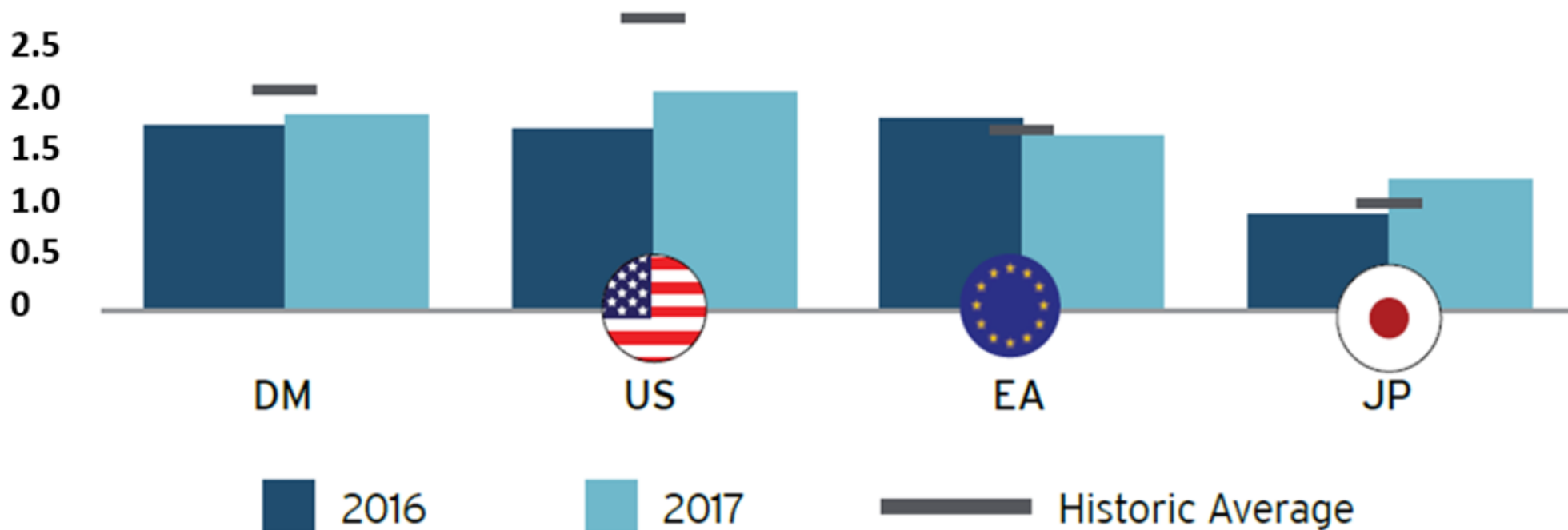
Global economic outlook



Economic activity is picking up (recovery in investment, manufacturing, and trade)

Growth to increase marginally beyond 2018; driven by emerging markets

Economic outlook – Developed Markets

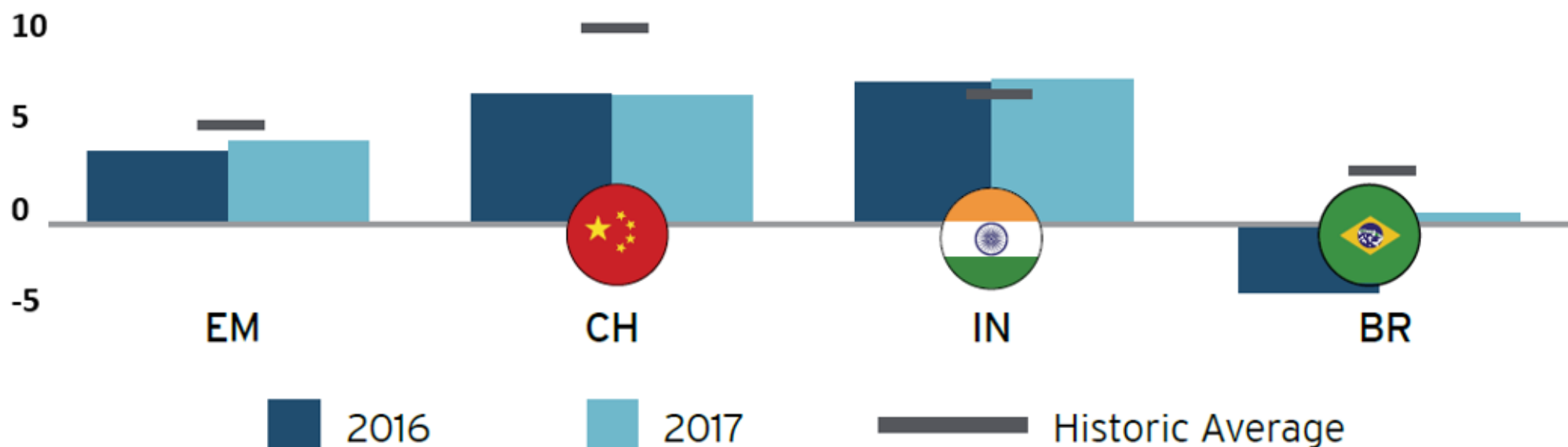


US: strong outlook driven on the assumption of a looser fiscal policy stance

EA: modest recovery supported by mildly expansionary fiscal stance and MP

Japan: sizeable fiscal stimulus stabilizes growth outlook

Economic outlook – Emerging Markets



China: rebalancing of China's economy to lower, but still high, trend growth rates

India: acceleration of activity due to the implementation of structural reforms

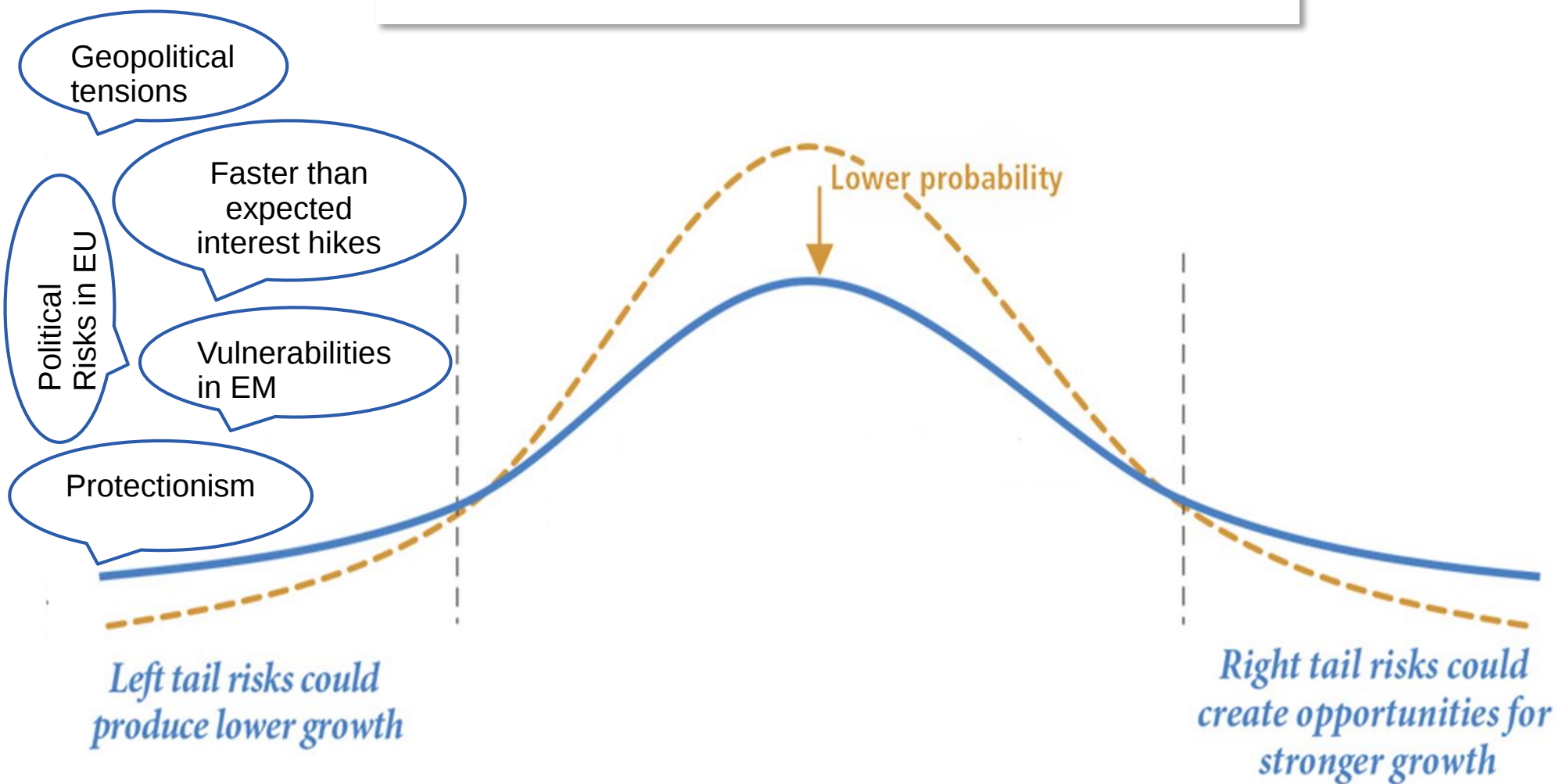
Brazil: Growth is projected to recover gradually and remain moderate

2016: A year of low probability events



Risks to the outlook

Known Unknowns Vs. Unknown Unknowns



A. Deflation fears to reflation expectations

Headline inflation continues to rise in developed markets

- Rising world commodities prices and base effects
- Normalization of interest rates?

ECB maintains easing bias in spite of rising headline HICP

BoJ on hold, remains concerned on the inflation outlook

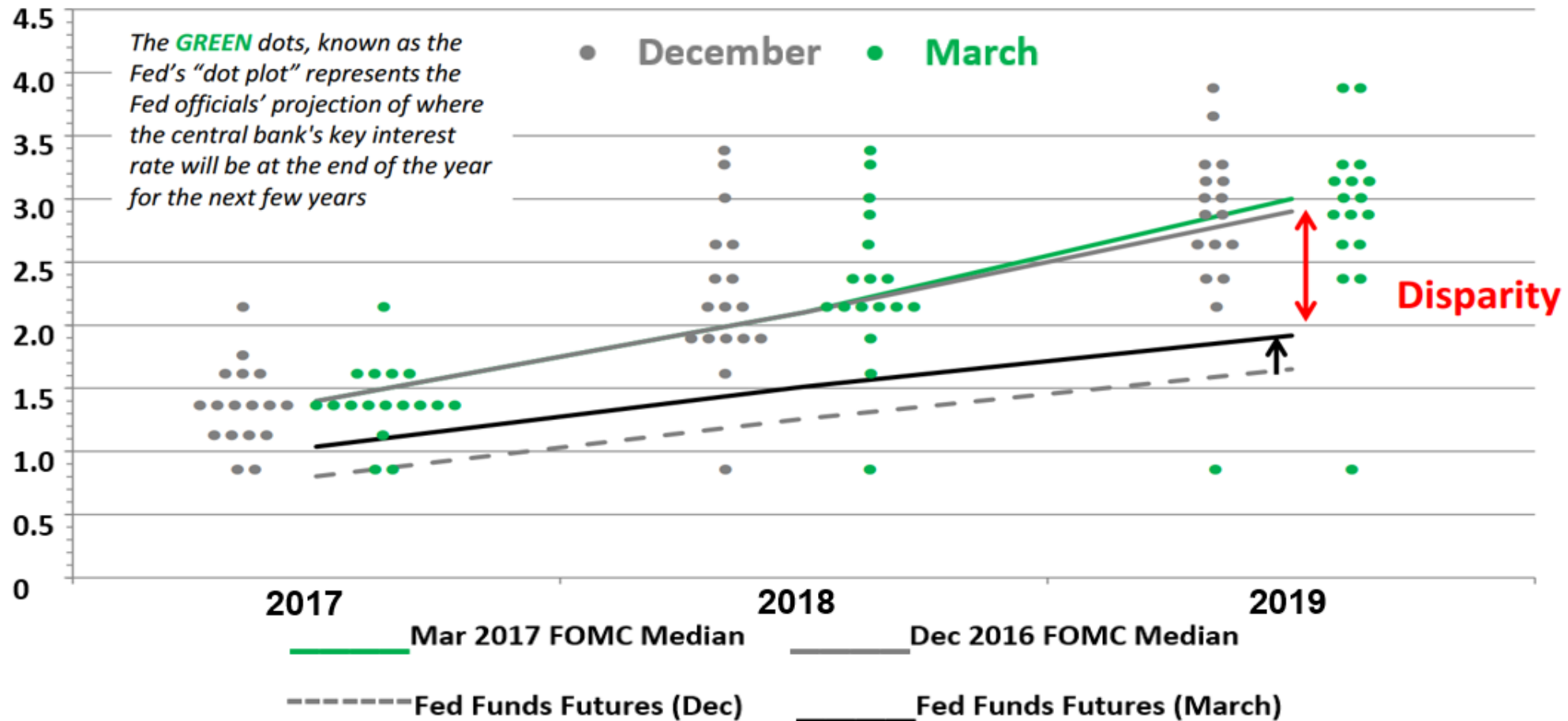
BoE neutral stance; Brexit risks offset

FED turns more hawkish

1. Why is the FOMC acting now?
2. Will rising interest rates derail the recovery?
3. When will normalization end?

What the “Dots” say?

Target Federal funds rate & 30-day Federal funds futures data



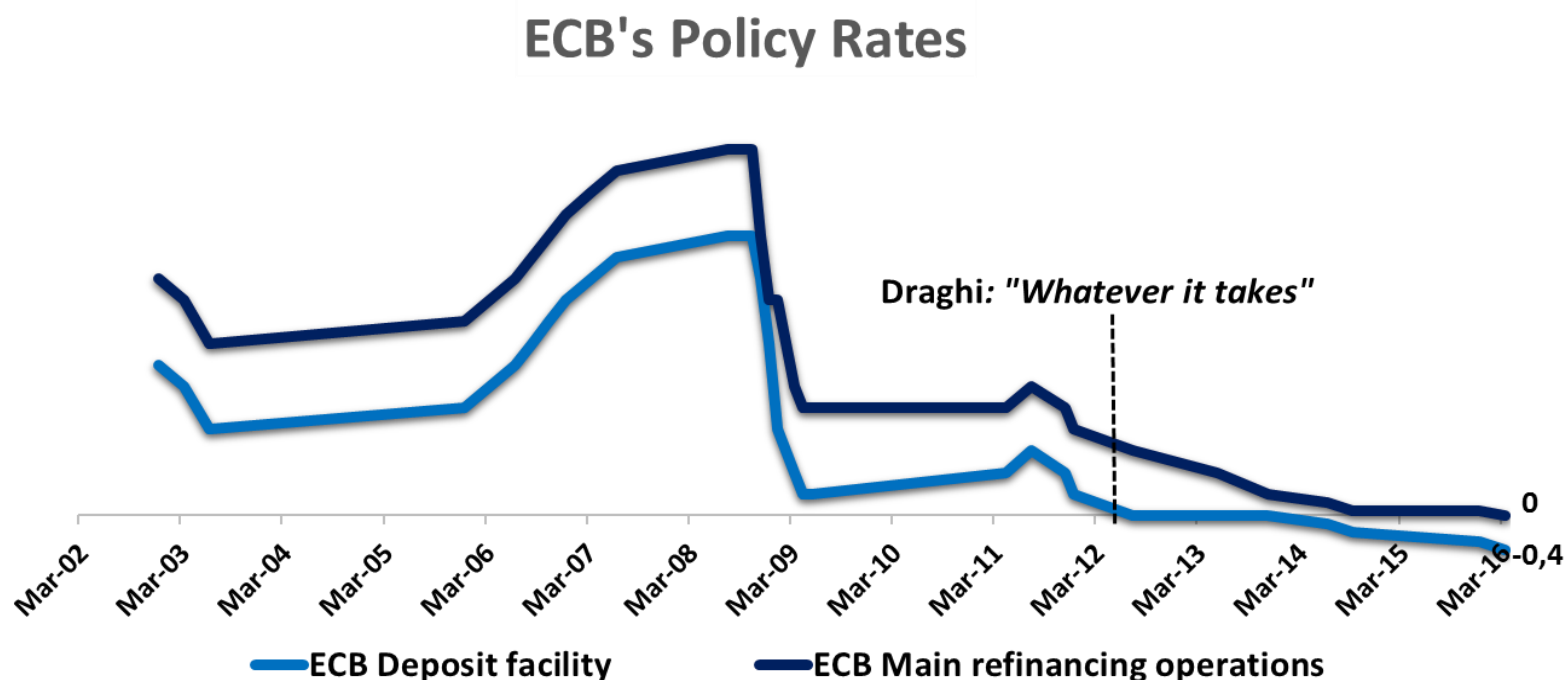
Disparity between market expectations (less optimistic) and FED governors

B. Rebalancing from monetary to fiscal policy

Anticipated shift in the US policy mix

- Prospect of a sizeable fiscal stimulus under the new administration
- Output close to potential?

ECB: modest recovery to be supported by a mildly expansionary fiscal stance, accommodative financial conditions (if core inflation fails to pick up)



C. Trade protectionism?

Protectionist policies hinder trade recovery

A trade war would be a lose-lose situation

Trade: An uneven playing field?



D. Developments in the US impacting EM

Why is this important?

....Whenever the FED sneezes,
emerging markets catch a cold...

Fiscal Stimulus



interest rates

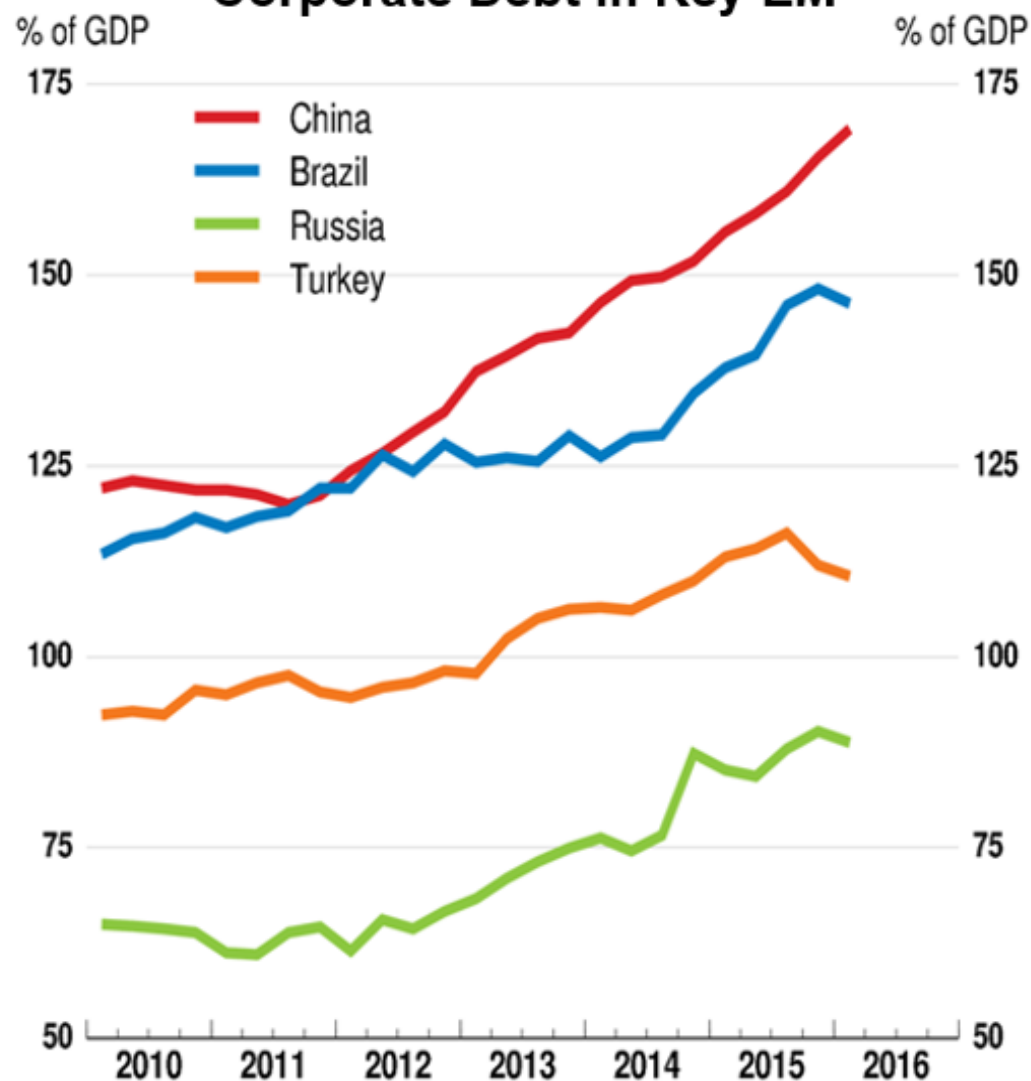


**Capital
outflows**



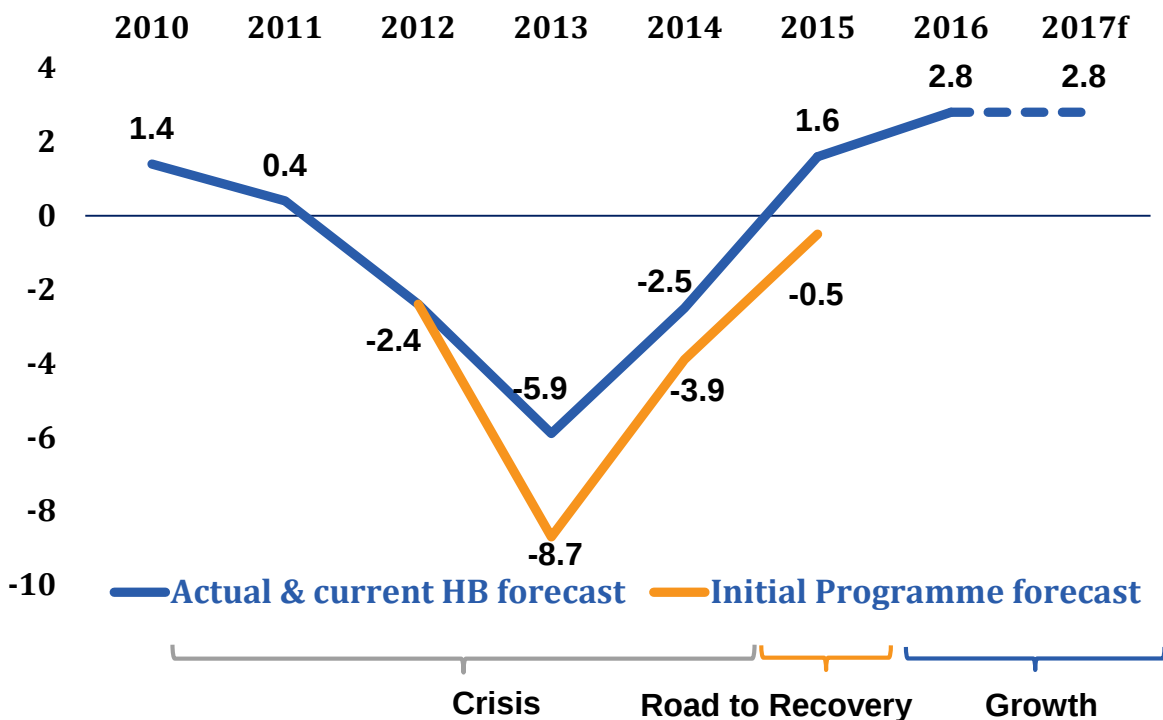
**\$ denominated
debt**

Corporate Debt in Key EM



Closer to Home: Cyprus economic growth accelerates

Real GDP Growth (year-on-year % change)



Economic Developments

Hard won recovery

Economy operating on fiscal surplus

Stronger banking sector

Sovereign credit rating improvements

Property market is bottoming out

Broad based economic growth

...challenges remain: NPEs, private and public debt

Hellenic Bank taking the next step

Strong liquidity position (loans to deposits 50%)

Only bank in Cyprus with a dedicated shipping business center, exclusively serving the maritime industry

Tailor made services, highly experienced team

Introducing a new ship finance desk – lending selectively, conservatively

Serving the Shipping Industry for 40 years

Thank you

Andreas Assiotis, PhD
Hellenic Bank Public Company Ltd
eMail: a.assiotis@hellenicbank.com