

PIRAEUS BANK



## Greek Fixed Income Monitor: Strong demand for Greek Government bonds continues in 2021

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**Economic Research & Investment Strategy**

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**BLOOMBERG TICKERS**

Piraeus Bank Government Bond Index: {PBGGGSBI 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

**2** Piraeus Bank Greek Government Bond Index

**3** GGB – spreads: Fair value & Risk assessment

**4** Piraeus Bank Greek Corporate Bond Index





- ✓ Με οριακές ζημιές ξεκίνησε το νέο έτος για τον δείκτη κρατικών ομολόγων της τράπεζας Πειραιώς ανακόπτοντας την ανοδική πορεία των τελευταίων μηνών του προηγούμενου έτους. Συγκεκριμένα, ο δείκτης έκλεισε το 2020 με άνοδο της τάξης του 10% ενώ τον Ιανουάριο ο δείκτης κατέγραψε πτώση 0,37% φτάνοντας τις 696 μονάδες. Δεδομένης της σημαντικής ανοδικής τάσης στις τιμές των ελληνικών ομολόγων το 2019 (άνοδο 30%) και 2020 (10%) και συγκριτικά με τις αρκετά ασθενέστερες αποδόσεις των κρατικών ομολόγων στην Ευρωζώνη στην ίδια χρονική περίοδο, η επιβράδυνση στην ελληνική αγορά ομολόγων ήταν αναμενόμενη. Στο ίδιο κλίμα, με την στήριξη του προγράμματος REPP της Ευρωπαϊκής Κεντρικής Τράπεζας (ΕΚΤ) να συνεχίζεται μέχρι και τον Μάρτιο του 2022, η μεσοσταθμική απόδοση του δείκτη παρέμεινε στα επίπεδα του 0,55% τον Ιανουάριο ενώ το spread με την γερμανική δεκαετία σταθεροποιήθηκε στις 120 μονάδες βάσης.
- ✓ Η έξοδος στις αγορές για το 2021 με 10-ετές ομόλογο στέφθηκε με επιτυχία καταγράφοντας σημαντική υπερκάλυψη 8,4 φορές και οδηγώντας στην άντληση €3,5 δις με κουπόνι κάτω του 1% στο 0,75%. Η έκδοση αυτή αποτελεί την πρώτη από τον προγραμματισμό 4-5 εκδόσεων για το έτος με στόχο την άντληση €8-12 δις πιθανότατα με τίτλους άνω των 10 ετών και πάντα σε αντιστοιχία με τις συνθήκες στις αγορές. Η ζήτηση για τίτλους του ελληνικού δημοσίου παραμένει ισχυρή καθώς η υπερκάλυψη του νέου δεκαετούς ομολόγου βρίσκεται στα ίδια επίπεδα με την έκδοση του 15ετούς ομολόγου τον Οκτώβριο του προηγούμενου έτους και υψηλότερη σε σχέση με τις δύο προηγούμενες εκδόσεις 10ετών ομολόγων.
- ✓ Όπως αναμενόταν η Fitch διατήρησε την πιστοληπτική διαβάθμιση του ελληνικού αξιόχρεου στο BB με σταθερές προοπτικές εστιάζοντας ωστόσο την προσοχή μακριά από το επίπεδο του χρέους και περισσότερο στο κόστος εξυπηρέτησης του καθώς επίσης και την αναπτυξιακή δυναμική της οικονομίας η οποία αναμένεται να εξελιχθεί στο 2ο εξάμηνο του έτους. Οι επόμενες προγραμματισμένες ανακοινώσεις πιστοληπτικής διαβάθμισης είναι στα μέσα Μαρτίου από τις DBRS και Score και στις 23 Απριλίου από την S&P.
- ✓ Συνεχίστηκε η ανοδική πορεία των τελευταίων μηνών για τον δείκτη εταιρικών ομολόγων, ο οποίος κατέγραψε νέο ιστορικό υψηλό τον Ιανουάριο στις 142 μονάδες, αυξημένος σε μηνιαία βάση κατά 0,75% τον Δεκέμβριο του 2020 και 1% τον Ιανουάριο του 2021. Ωστόσο, η αύξηση του δείκτη εστιάζεται περισσότερο στην άνευ προηγουμένου θετική απόδοση των ομολόγων της Intralot λόγω της ανακοίνωσης για την συμφωνία αναδιάρθρωσης του χρέους παρά στις αποδόσεις της πλειονότητας των ομολόγων του δείκτη. Χαρακτηριστικά, το ομόλογο με λήξη τον Σεπτέμβριο του 2021 κατέγραψε κέρδη της τάξης του 42% ενώ η τιμή του ομολόγου με λήξη τον Σεπτέμβριο του 2024 αυξήθηκε κατά 17,5%. Σε αντίθεση, το 1/3 των ομολόγων του δείκτη κατέγραψε αρνητικές αποδόσεις τον Ιανουάριο με τις χαμηλότερες εξ αυτών να καταγράφονται για την Aegean, B&F και Ελλάκτωρ. Αντίστοιχα, η μεσοσταθμική απόδοση του δείκτη η οποία είναι λιγότερο ευαίσθητη σε δραματικές κινήσεις στην αγορά εταιρικών ομολόγων κατέγραψε αύξηση κατά 21 μονάδες βάσης τον Ιανουάριο στο 2,75%.



# Monthly Commentary: January 2021



- ✓ 2021 started with marginal losses for the Piraeus Bank government bond index, halting the upward trend that began in the last months of the previous year. In particular, the index closed 2020 with a 10% increase but dropped marginally by 0.37% in January, reaching 696 points. Given the significant upward trend in Greek bond prices in 2019 (30%) and 2020 (10%) and the much weaker government bond returns in the Eurozone over the same period, a mild slowdown in the Greek bond market was expected. In this context, with the support of the PEPP program of the European Central Bank to continue until March 2022, the weighted average YtM of the index remained at 0.55% in January, while the spread with Germany's 10-year bond yield stabilized at 120 basis points.
- ✓ The exit in the markets for 2021 with a new 10-year bond was crowned with success, recording a significant oversubscription ratio of 8.4 times the €3.5 billion amount raised with a coupon of less than 1% for the first time to 0.75%. This issue is the first according to the plans by the Public Debt Management Agency (PDMA) to proceed with four to five issues for this year with the aim of raising €8–12 billion, most likely with bonds longer than 10 years and always in accordance with market conditions. Clearly, the demand for Greek government securities remains strong, as the coverage of the new 10-year bond was at the same level as that of the issue of the 15-year bond in October last year and considerably higher than that of the two previous issues/re-openings of 10-year bonds.
- ✓ As expected, Fitch maintained the credit rating of Greek sovereign debt at BB with a stable outlook; however, shifting the focus away from the level of debt and to its service costs and the growth dynamics of the economy, which is expected to develop more dynamically in the second half of the year. The next scheduled credit rating reviews are in mid-March by DBRS and Scope and on April 23rd by S&P.
- ✓ The upward trend of the last few months for the corporate bond index continued, recording a new high at 142 points and increasing on a monthly basis by 0.75% and 1% in December and January, respectively. However, the increase in the index was based more on the unprecedented positive performance of Intralot bonds due to the announcement of the debt restructuring agreement than on the returns of the majority of the bond members in the index. Specifically, the bond maturing in September 2021 recorded profits of 42%, while the price of the bond maturing in September 2024 increased by 17.5%. In contrast, one-third of the index bonds recorded negative returns in January, with the worst performances recorded by Aegean, B&F and Ellactor. Accordingly, the weighted average YtM of the index, which is less sensitive to dramatic movements in the Greek corporate bond market, recorded an increase of 21 bps in January to 2.75%.





**1** Μηνιαία Επισκόπηση / Monthly commentary

**2** Piraeus Bank Greek Government Bond Index

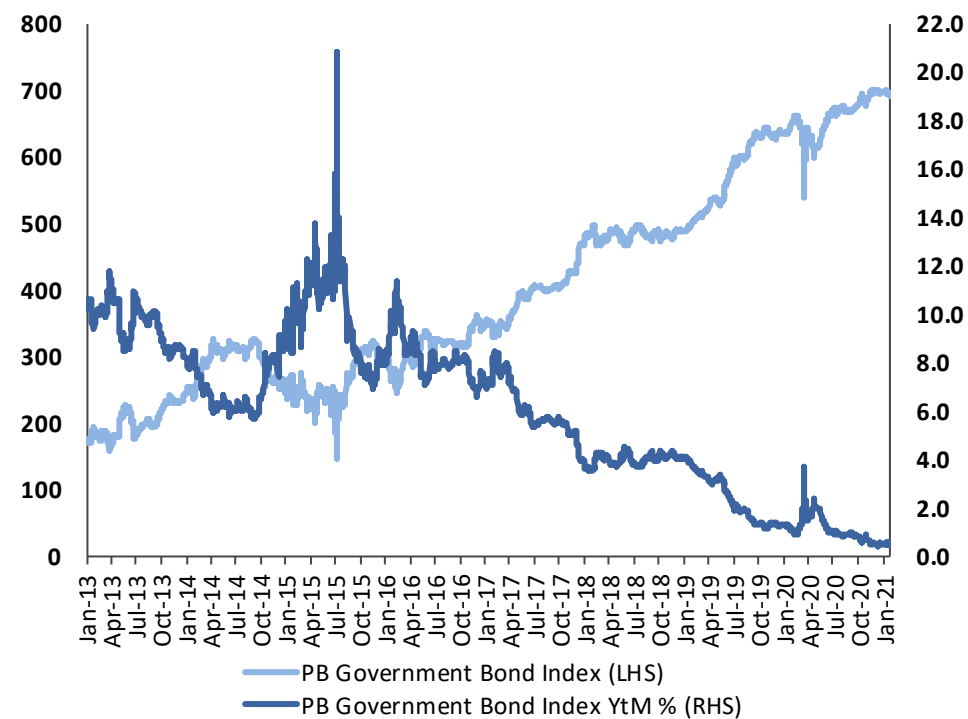
**3** GGB – spreads: Fair value & Risk assessment

**4** Piraeus Bank Greek Corporate Bond Index

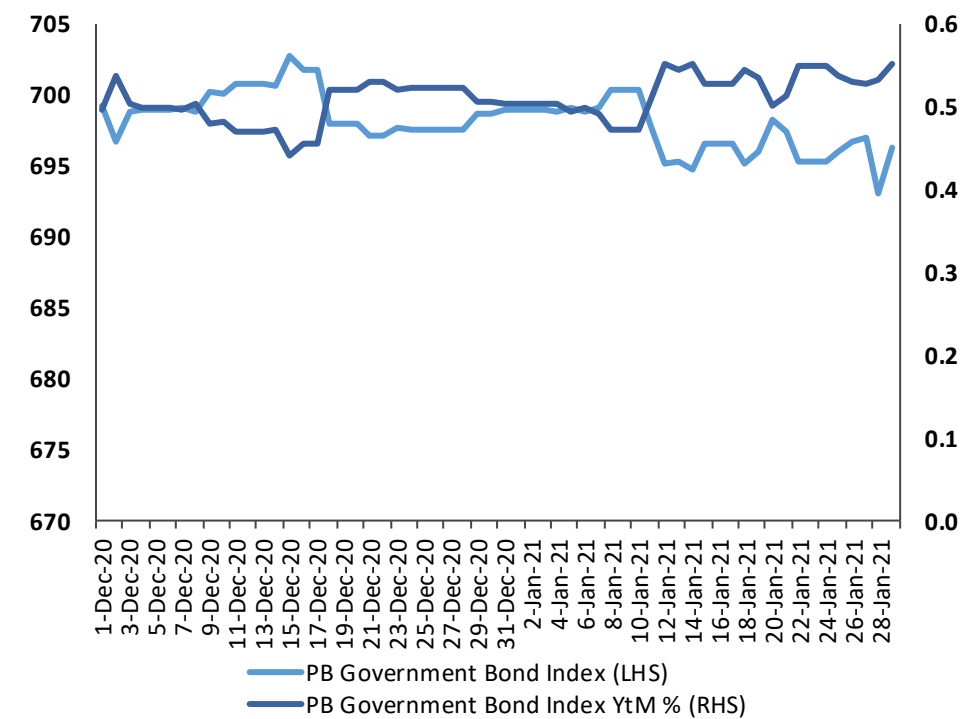


# Piraeus Bank Greek Government Bond Index (I): Marginal losses 0.37% to 696 points in January

**PBGGGSBI evolution [ Jan 2013 – 29 Jan. 2021 ]**  
(Index, base date 9 Mar. 12 & Yield to Maturity, %)



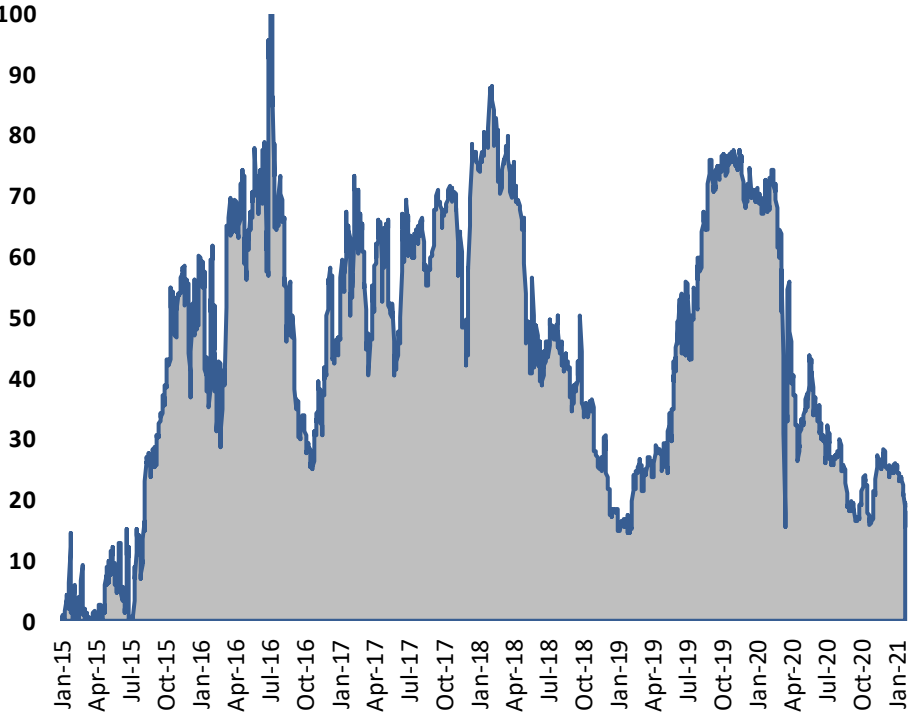
**PBGGGSBI evolution [ 1 December 2020 – 29 January 2021 ]**  
(Index, base date 9 Mar. 12 & Yield to Maturity, %)



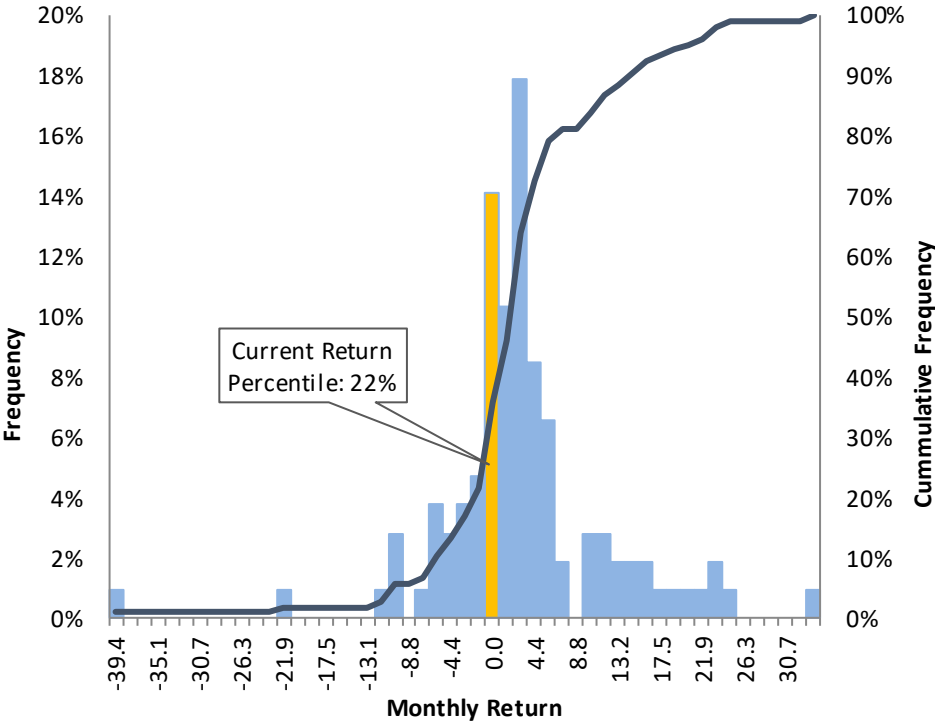
# Piraeus Bank Greek Government Bond Index (II): Index YoY return at the 18<sup>th</sup> percentile



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

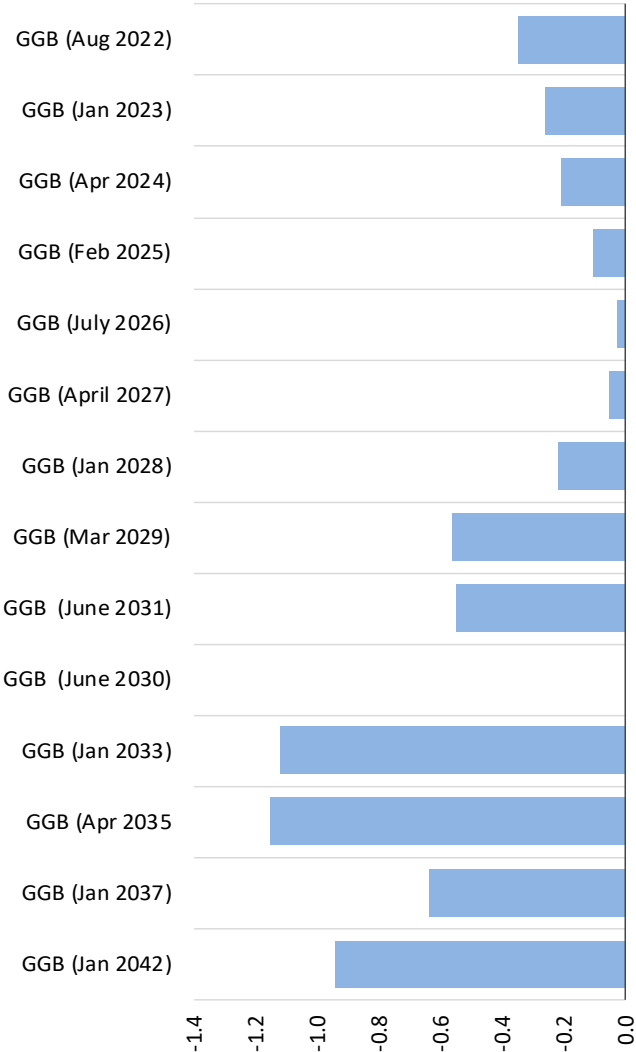


**PBGGGSBI Monthly Returns Histogram**  
(historical data: April 2012 – January 2021)

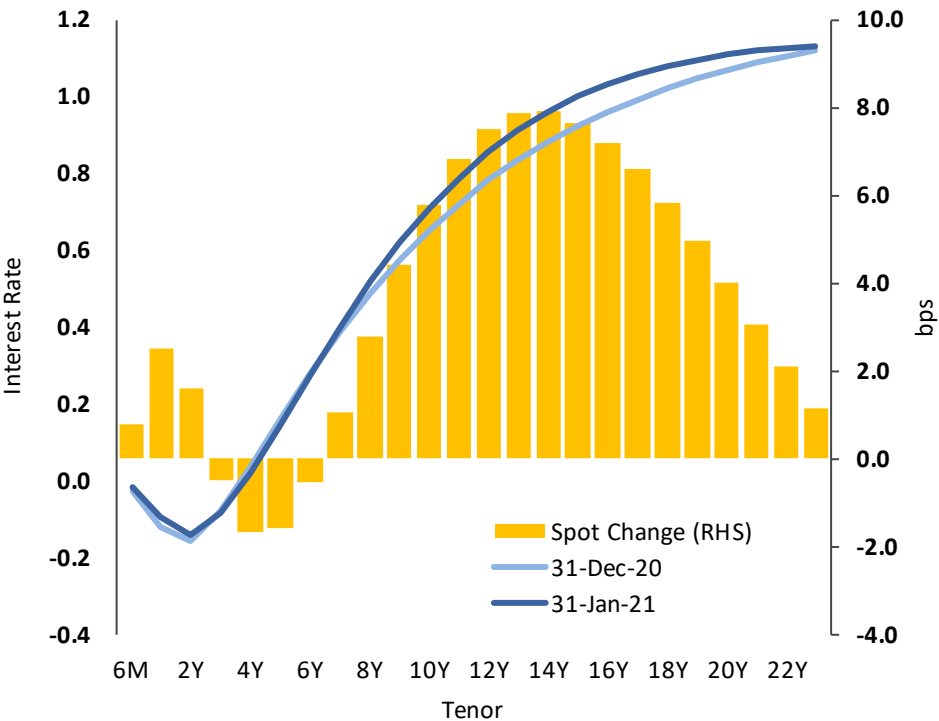


# Piraeus Bank Greek Government Bond Index (III): Poor performance across the whole curve range

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



Interest Rate Curve





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



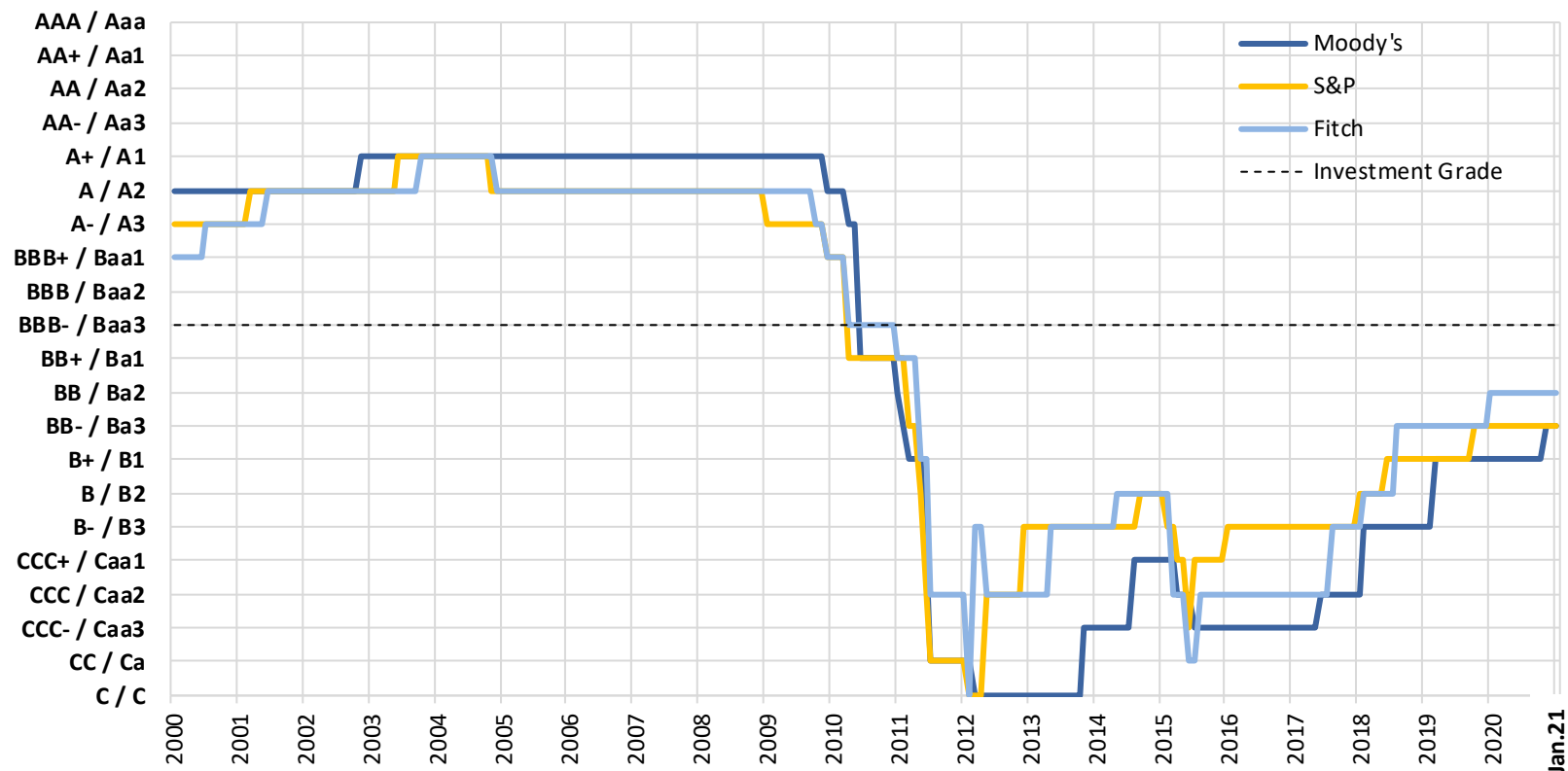
PBGGGSBI Index Composition	Ticker	Amount Outstanding (€ bn)	Currency	Coupon	Coupon Type	Next Coupon Payment	Issue Date	Maturity	Credit Rating (S&P)	Last Price 29 Jan. 21	Yield 29 Jan. 21
	GGB 4.375%, Aug'22	3.00	€	4.38	FIXED	01/08/21	01/08/17	01/08/22	BB-	107.53	-0.146
	GGB 3.50%, Jan'23	4.36	€	3.50	FIXED	30/01/21	05/12/17	30/01/23	BB-	107.83	-0.116
	GGB 3.45%, Apr'24	2.50	€	3.45	FIXED	02/04/21	05/02/19	02/04/24	BB-	111.86	-0.101
	GGB 3.375%, Feb'25	3.00	€	3.38	FIXED	15/02/21	15/02/18	15/02/25	BB-	114.08	0.023
	GGB 1.875%, Jul'26	2.50	€	1.88	FIXED	23/07/21	23/07/19	23/07/26	BB-	109.77	0.135
	GGB 2.0%, Apr'27	2.00	€	2.00	FIXED	22/04/21	22/04/20	22/04/27	BB-	110.91	0.275
	GGB 3.75%, Jan'28	5.96	€	3.75	FIXED	30/01/21	05/12/17	30/01/28	BB-	123.72	0.386
	GGB 3.88%, Mar'29	4.00	€	3.88	FIXED	12/03/21	12/03/19	12/03/29	BB-	127.30	0.499
	GGB 1.50%, Jun'30	5.50	€	1.50	FIXED	18/06/21	18/06/20	18/06/30	BB-	108.00	0.633
	GGB 0.75%, Jun'31	3.50	€	0.75	FIXED	18/06/21	05/02/21	18/06/31	BB-	99.73	0.778
	GGB 3.90%, Jan'33	6.09	€	3.90	FIXED	30/01/21	05/12/17	30/01/33	BB-	136.80	0.727
	GGB 1.875%, Feb'35	4.50	€	1.88	FIXED	04/02/21	04/02/20	04/02/35	BB-	113.64	0.85
	GGB 4.0%, Jan'37	4.81	€	4.00	FIXED	30/01/21	05/12/17	30/01/37	BB-	145.84	0.932
	GGB 4.2%, Jan'42	4.60	€	4.20	FIXED	30/01/21	05/12/17	30/01/42	BB-	159.76	1.039

PBGGGSBI Index Description	29 January 2021	
	Members	14
	Market Capitalisation (EUR bn.)	56.32
	Weighted Average Yield	0.55
	Weighted Average Coupon	3.11
	Weighted Average Maturity	9.43
	Weighted Average Duration	8.12



# Greek sovereign rating history: Fitch leaves rating and outlook unchanged

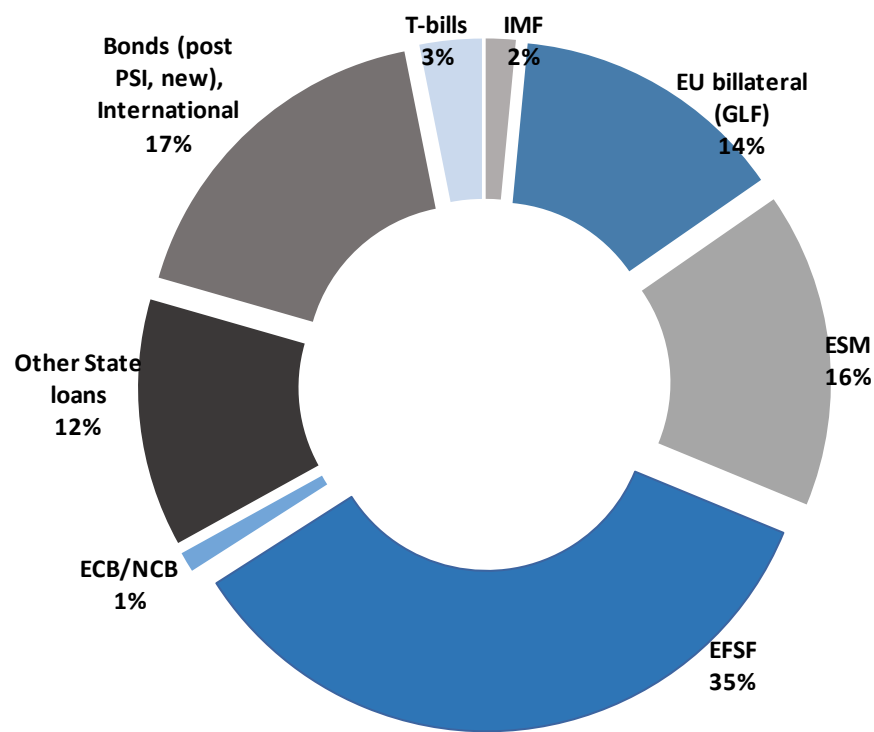
	Current LT Rating	Outlook	Last Rating Up/ Down grade	Latest Review	Next Scheduled Review
<b>Fitch</b>	BB	Stable	January 2020	July 2020	16 July 2021
<b>Moody's</b>	Ba3	Stable	November 2020	November 2020	21 May 2021
<b>Standard &amp; Poor's</b>	BB-	Stable	November 2019	April 2020	23 April 2021
<b>DBRS</b>	BB (low)	Stable	May 2019	April 2020	19 May 2021



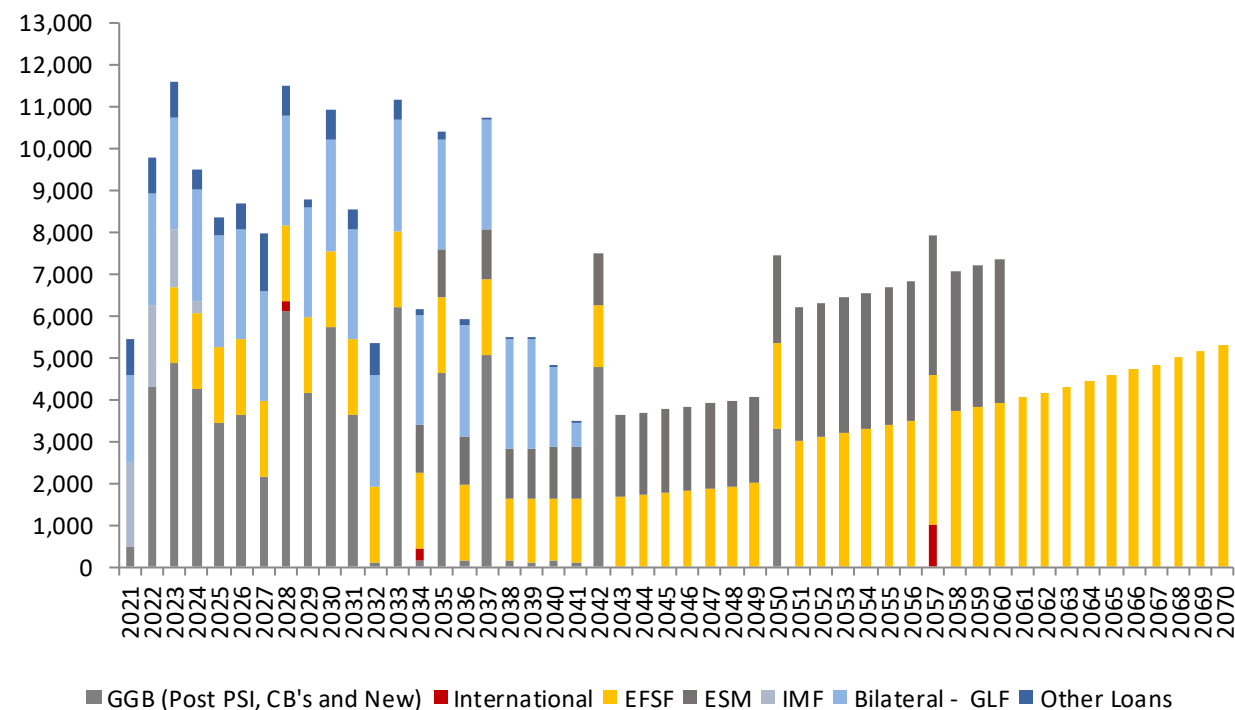
# Maturities Profile

- ✓ The official sector holds 80% of the central government debt
- ✓ Debt maturities now stretch all the way to 2070

Debt distribution by holder (%):



Bonds & Loans Maturities<sup>1</sup>  
(as of 29 January 2021, € mn)





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**3** **GGB – spreads: Fair value & Risk assessment**

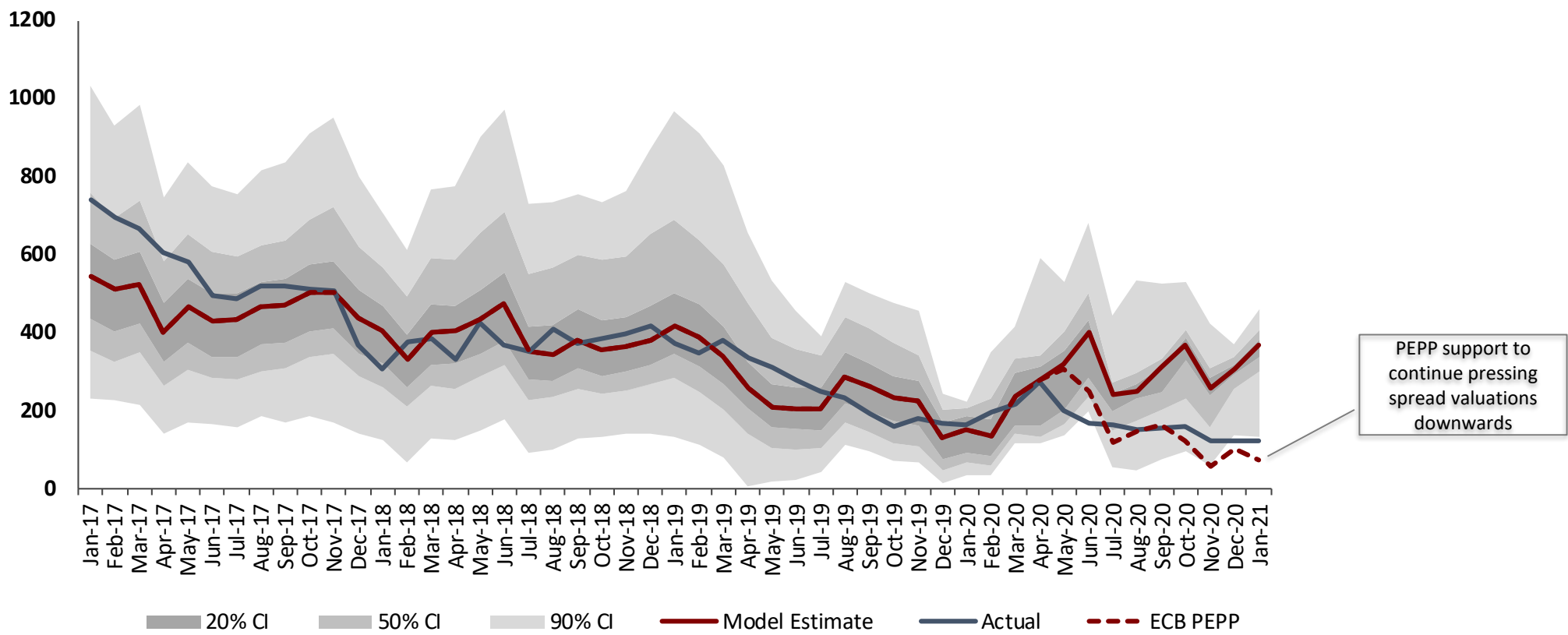
**4** Piraeus Bank Greek Corporate Bond Index



# Greek Government Bond Spreads (I): Fair Value Assessment slightly higher at 73 bps after revised GDP forecasts

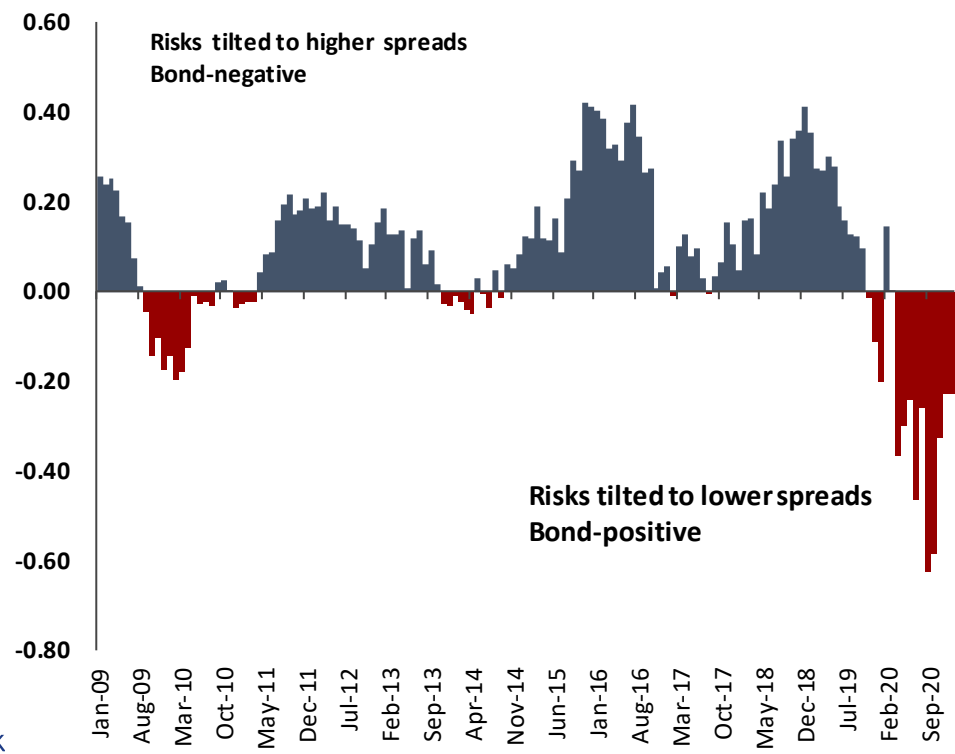


Greek Government 10-Year Spread vs 10-Year Bund (basis points)

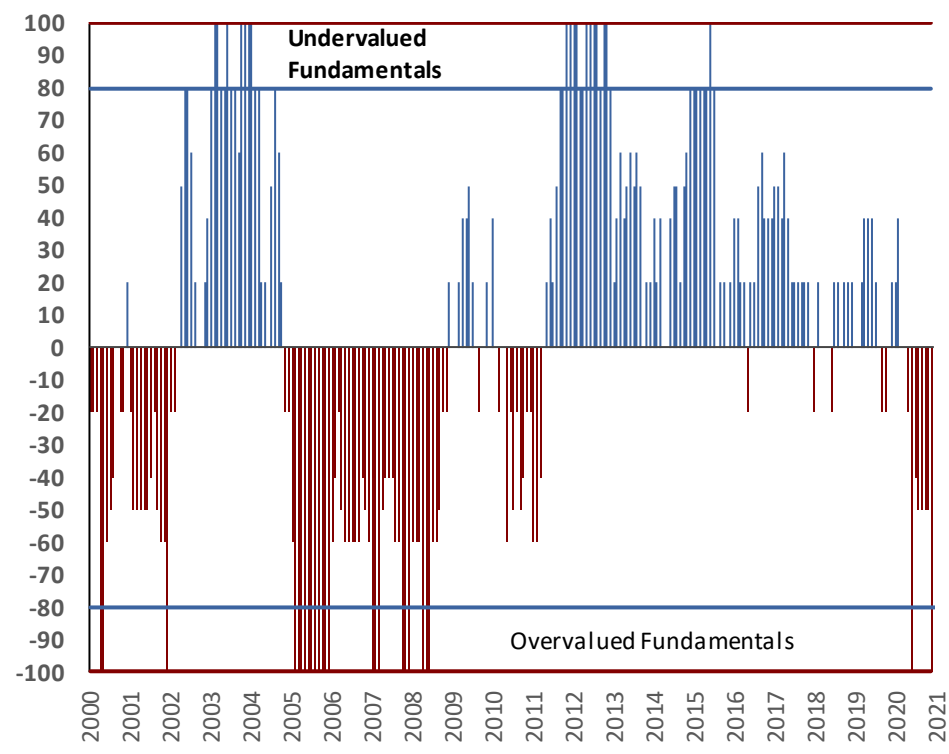


# Greek Government Bond Spreads (II): Lower spreads tilt persists but valuations stretched without PEPP

**Greek Gov. Bond Market Balance of Risks Indicator**  
(historical data: January 2009 – January 2021)



**Greek Gov. Bond Market Stress Indicator**  
(historical data: January 2000 – January 2021)





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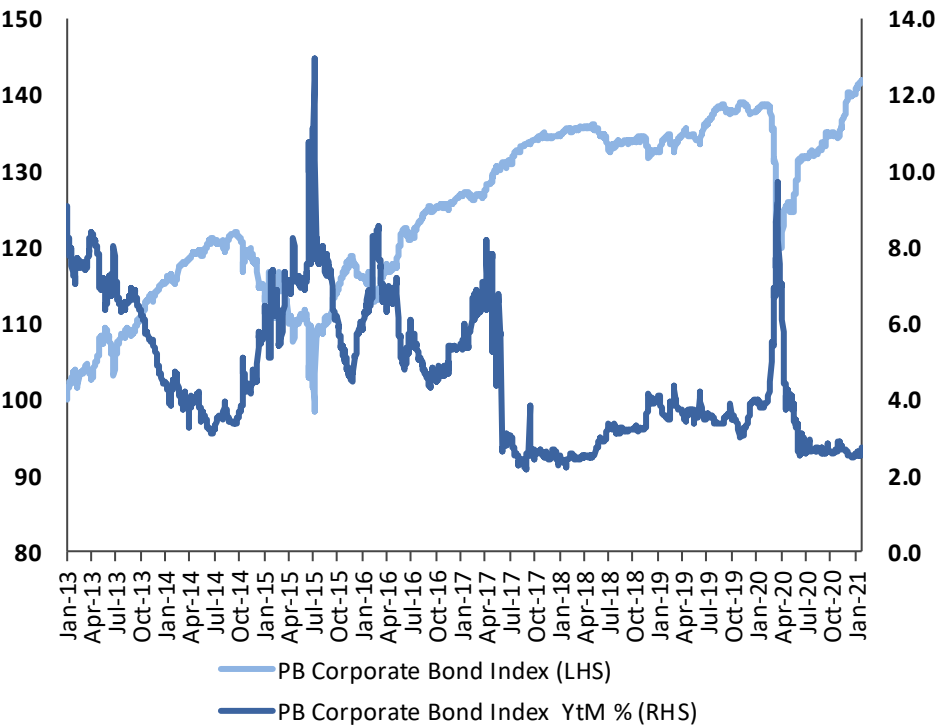
**4** Piraeus Bank Greek Corporate Bond Index



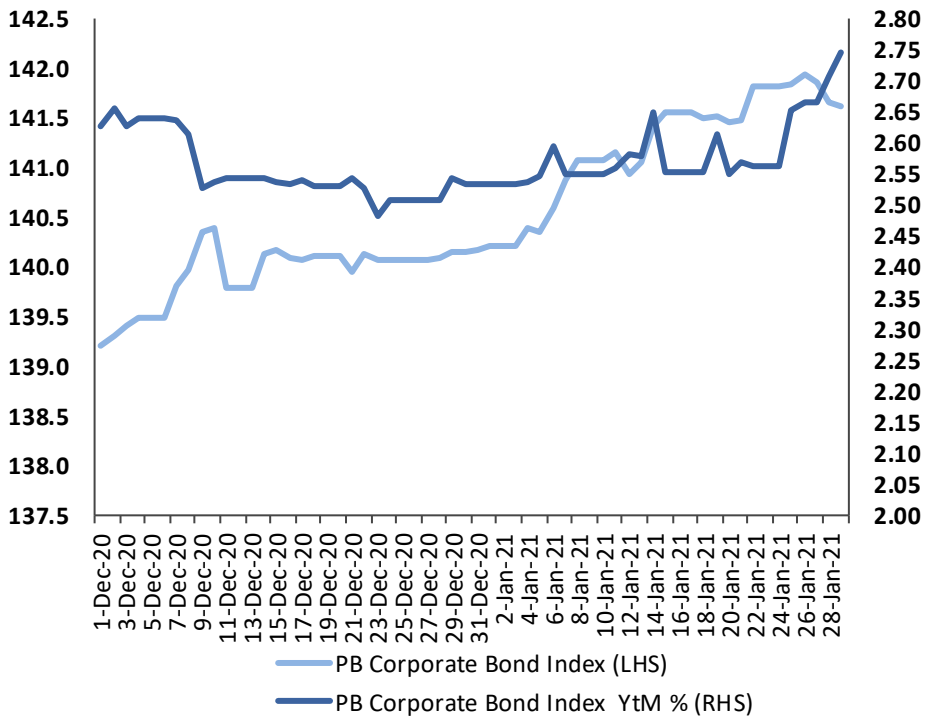
# Piraeus Bank Greek Corporate Bond Index (I): Index reached all time high in January at 142 points



**PBGGGCBI evolution [ Jan 2013 – Jan. 2021 ]**  
(Index, base date 2 Jan. 13 & Yield to Maturity, %)



**PBGGGCBI evolution [ 1 December 2020 –29 January 2021 ]**  
(Index, base date 2 Jan.13 & Yield to Maturity, %)



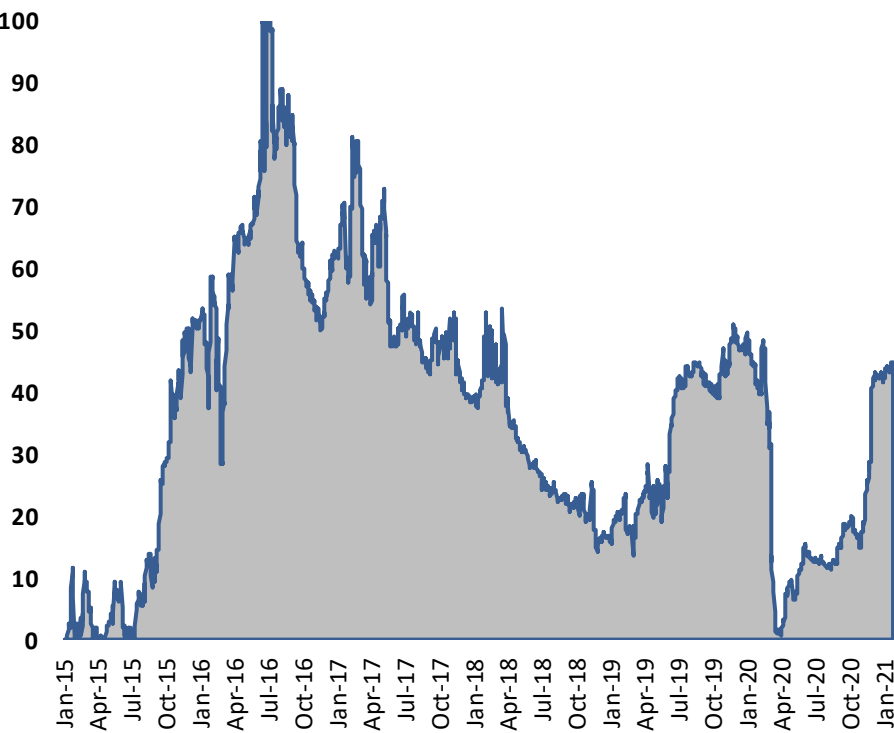


# Piraeus Bank Greek Corporate Bond Index (II): Total return performance (YoY) near 2019 levels



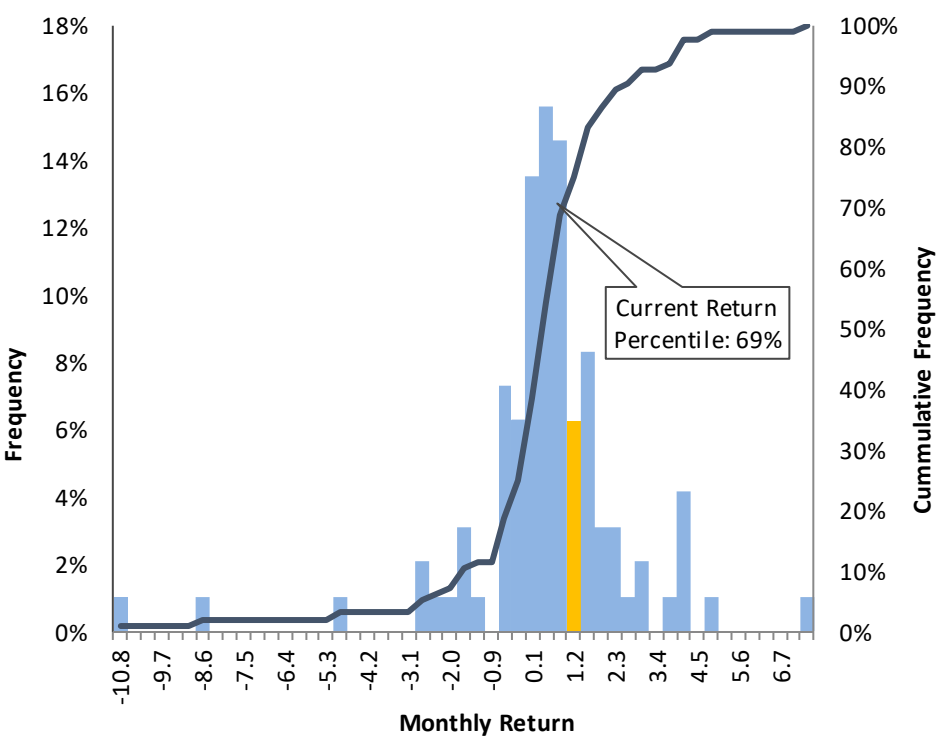
**PBGGGCBI Distribution [ Jan 2015 – Jan. 2021 ]**

(percentile rank relative to previous year)



**PBGGGCBI Monthly Returns histogram**

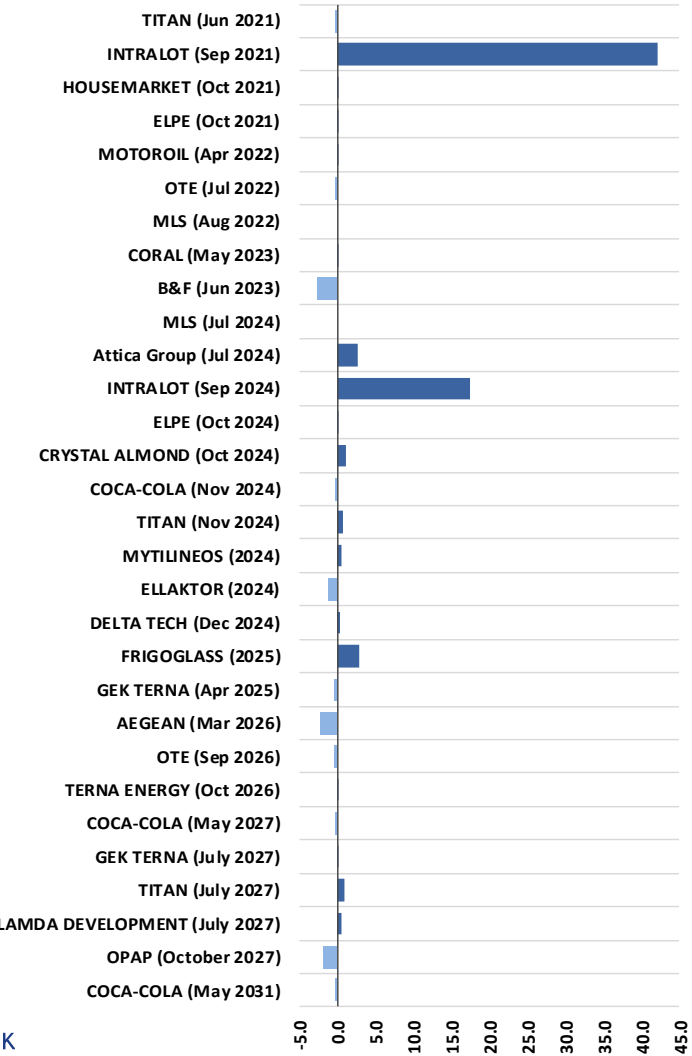
(historical data: January 2013 – January 2021)



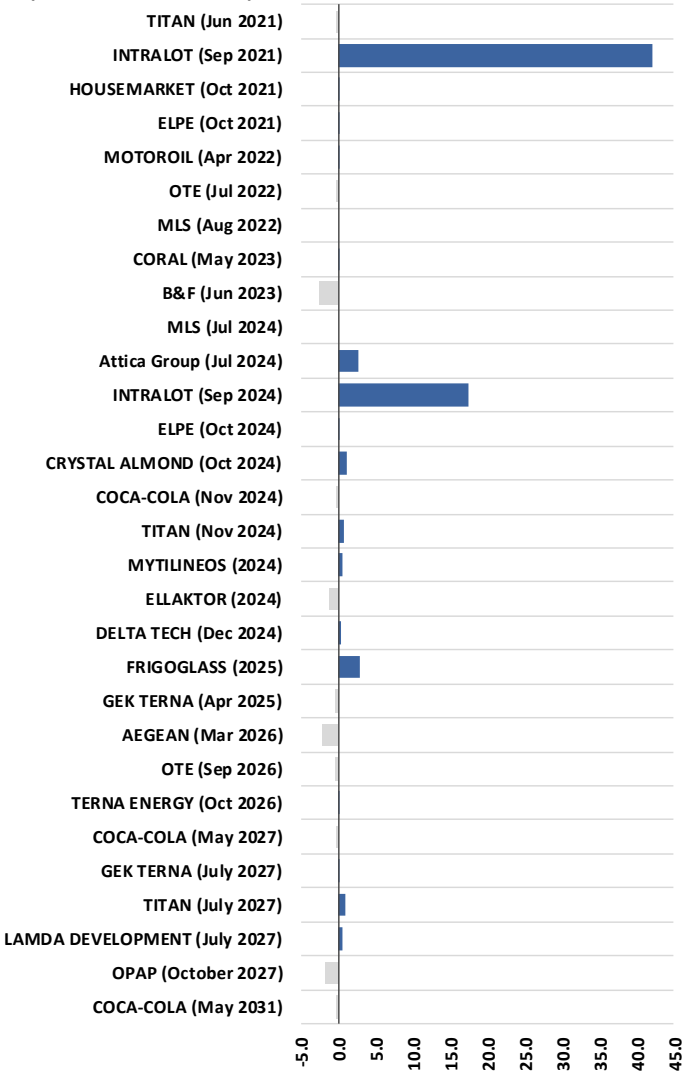
# Piraeus Bank Greek Corporate Bond Index (III): Intralot bonds surge on debt restructuring deal announcement



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



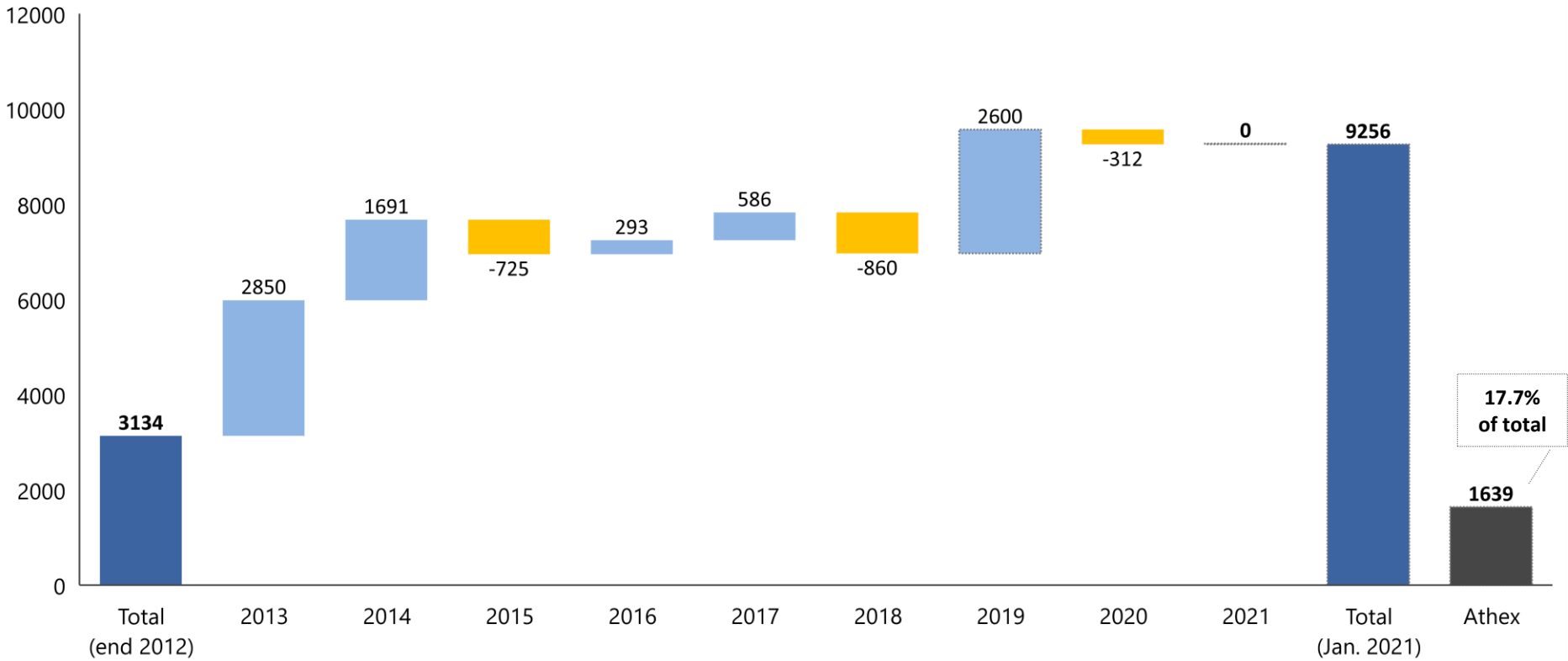
YtD Performance of PBGGGCBI index members  
(YtD Return, %)



# Piraeus Bank Greek Corporate Bond Index (II): Zero issuance activity in January



Greek Corporate Bond Net Issuance (mn €)



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



PBGGCBI 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 29 Jan. 21	Yield 29 Jan.21
	TITAN GLOBAL FINANCE PLC	300	163	EUR	3.50	FIXED	17/06/21	17/06/16	17/06/21	BB	101.38	-0.206
	INTRALOT CAPITAL LUX	250	250	EUR	6.75	FIXED	15/03/21	23/09/16	15/09/21	NR	68.55	80.425
	HOUSEMARKET SA	40	40	EUR	5.00	FIXED	04/04/21	04/10/16	04/10/21		102.69	0.958
	HELLENIC PETROLEUM FINAN	450	201	EUR	4.88	FIXED	14/04/21	14/10/16	14/10/21		102.83	0.790
	MOTOR OIL FINANCE PLC	350	350	EUR	3.25	FIXED	01/04/21	10/04/17	01/04/22		100.57	2.746
	OTE PLC	400	400	EUR	2.38	FIXED	18/07/21	18/07/18	18/07/22	BBB-	103.41	0.029
	MLS INNOVATION INC	6	6	EUR	5.30	FIXED	28/02/21	31/08/17	31/08/22		65.00	34.759
	CORAL AE OIL CHEMICALS	90	90	EUR	3.00	FIXED	11/05/21	11/05/18	11/05/23		101.95	2.126
	B&F COMM GARMENT IND SA	25	21	EUR	4.95	FIXED	26/06/21	26/06/18	26/06/23		93.02	8.173
	MLS INNOVATION INC	7	7	EUR	4.30	FIXED	25/04/21	02/08/19	25/07/24		74.00	13.725
	ATTICA HOLDINGS SA	175	175	EUR	3.40	FIXED	26/07/21	26/07/19	26/07/24		92.95	5.655
	INTRALOT CAPITAL LUX	500	500	EUR	5.25	FIXED	15/03/21	20/09/17	15/09/24	NR	44.64	32.227
	HELLENIC PETROLEUM FINAN	600	600	EUR	2.00	FIXED	04/04/21	04/10/19	04/10/24		98.54	2.418
	CRYSTAL ALMOND SARL	525	525	EUR	4.25	FIXED	15/04/21	17/10/19	15/10/24	B	102.14	3.625
	COCA-COLA HBC FINANCE BV	600	600	EUR	1.88	FIXED	11/11/21	10/03/16	11/11/24	BBB+	107.89	-0.206
	TITAN GLOBAL FINANCE PLC	350	350	EUR	2.38	FIXED	16/05/21	16/11/17	16/11/24	BB	103.08	1.535
	MYTILINEOS FINANCIAL	500	500	EUR	2.50	FIXED	01/06/21	29/11/19	01/12/24	BB-	103.62	1.523
	ELLAKTOR VALUE PLC	670	670	EUR	6.38	FIXED	15/06/21	12/12/19	15/12/24	B-	93.35	8.421
	DELTA TECHNIKI SA	7	4	EUR	5.50	FIXED	22/06/21	22/12/17	22/12/24		100.35	5.388

Continued..



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



Continued..

PBGGGCBI 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 29 Jan. 21	Yield 29 Jan. 21
	FRIGOGLASS FINANCE BV	260	260	EUR	6.88	FIXED	01/08/21	12/02/20	12/02/25	B-	78.76	13.946
	GEK TERNA HLD ESTATE	120	120	EUR	3.95	FIXED	04/04/21	04/04/18	04/04/25		103.84	2.975
	AEGEAN AIRLINES SA	200	200	EUR	3.60	FIXED	12/03/21	12/03/19	12/03/26		96.00	4.473
	OTE PLC	500	500	EUR	0.88	FIXED	24/09/21	24/09/19	24/09/26	BBB-	103.33	0.280
	TERNA ENERGY FINANCE	150	150	EUR	2.60	FIXED	22/04/21	22/10/19	22/10/26		100.56	2.491
	COCA-COLA HBC FINANCE BV	700	700	EUR	1.00	FIXED	14/05/21	14/05/19	14/05/27	BBB+	105.87	0.063
	GEK TERNA HLD ESTATE	500	500	EUR	2.75	FIXED	05/07/21	03/07/20	03/07/27		98.82	2.950
	TITAN GLOBAL FINANCE PLC	250	250	EUR	2.75	FIXED	09/07/21	09/07/20	09/07/27	BB	104.90	1.936
	LAMDA DEVELOPMENT	320	320	EUR	3.40	FIXED	21/07/21	21/07/20	21/07/27		100.13	3.378
	OPAP SA	200	200	EUR	2.10	FIXED	27/04/21	27/10/20	27/10/27		101.58	1.852
	COCA-COLA HBC FINANCE BV	600	600	EUR	1.63	FIXED	14/05/21	14/05/19	14/05/31	BBB+	112.91	0.345

PBGGGCBI Index Description		29 January 2021
	Members	30
	Market Capitalisation (EUR bn)	9.25
	Weighted Median Yield	2.75
	Weighted Average Coupon	3.15
	Weighted Average Maturity	4.47
	Weighted Average Duration	3.91

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Source: Bloomberg, Piraeus Bank Research



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