PIRAEUS BANK

Greek Fixed Income Monitor:
Gains for Greek Government Bonds and Issuance of New 5-year Bond

Economic Research & Investment Strategy

March 2023

BLOOMBERG TICKERS

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

Weighted Average Yield: {PBGGGWAY Index<GO>}

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

Weighted Average Yield : {PBGGIWAY Index<GO>}

Μηνιαία Επισκόπηση: Μάρτιος 2023

- Ανοδική κίνηση για την ελληνική αγορά κρατικών ομολόγων τον Μάρτιο υπό το πρίσμα της επιβράδυνσης του πληθωρισμού και της αναθεώρησης του outlook σε θετικό από την Moodys. Συγκεκριμένα, παρά τις πιέσεις που παρατηρήθηκαν τον προηγούμενο μήνα στον Δείκτη Κρατικών Ομολόγων της Τράπεζας Πειραιώς δεν υπήρξε αντίστοιχη επιδείνωση στα εγχώρια μακροοικονομικά θεμελιώδη και τους δείκτες οικονομικού κλίματος. Ως αποτέλεσμα, ο δείκτης κατέγραψε κέρδη της τάξης του 1,74% φτάνοντας τις 574 μονάδες στα τέλη του μήνα. Αντίστοιχα, η μεσοσταθμική απόδοση του δείκτη έπεσε κάτω από το 4% σημειώνοντας πτώση 23 μονάδων βάσης (μβ) στο 3,91% στα τέλη Μαρτίου. Σε αυτό το πλαίσιο με την έκδοση νέου 5ετούς ομολόγου ο ΟΔΔΗΧ κατάφερε να αντλήσει από τις αγορές €2,5 δις με κουπόνι στο 3,875% και την ζήτηση να υπερκαλύπτει το προσφερόμενο ποσό κατά περίπου 8 φορές. Αξίζει να σημειωθεί ότι το χρηματοδοτικό πρόγραμμα του οργανισμού για τις ομολογιακές εκδόσεις του 2023 έχει ήδη καλυφθεί στο 86% μέσα στο πρώτο τρίμηνο του έτους.

- Όσον αφορά τα επιμέρους ομόλογα του Δείκτη, η μεγαλύτερη μεταβολή στις αποδόσεις καταγράφηκε στο ομόλογο με λήξη το 2052 (30ετία) το οποίο βρέθηκε να είναι 3,4% υψηλότερα σε σχέση με τον Φεβρουάριο. Παρομοίως κινήθηκαν και το ομόλογο με λήξη το 2042 και το 2037 τα οποία κατέγραψαν κέρδη της τάξης του 3,34% και 2,95% μβ αντίστοιχα. Συνέπεια των ανωτέρω, είναι η καμπύλη επιτοκίων να παρουσιάσει τον Μάρτιο μια μετατόπιση των μακροπρόθεσμων επιτοκίων προς τα κάτω κατά περίπου 15-30 μβ για τις λήξεις 10-30 ετών.

- Αντίστοιχα, το εύρος επιτοκίων (spread) της ελληνικής 10ετίας έναντι των αντίστοιχων γερμανικών ομολόγων κατέγραψε αύξηση τον Μάρτιο κατά 13 μονάδες βάσης (μβ) στις 193 μβ με τις αποτιμήσεις που βασίζονται σε θεμελιώδεις παράγοντες τις ελληνικής οικονομίας να δείχνουν προς οριακή διεύρυνση του spread από τα τρέχοντα επίπεδα στο επόμενο διάστημα. Συγκεκριμένα, παρά την οριακή ενίσχυση της αποστροφής κινδύνου σύμφωνα με τους δείκτες επενδυτικού ρίσκου στην ΕΕ, η βελτίωση των δεικτών οικονομικού κλίματος συγκριτικά με αυτούς της Γερμανίας τον Μάρτιο οδήγησε σε οριακά χαμηλότερες αποτιμήσεις με το τρέχον «δίκαιο» επίπεδο για το spread να βρίσκεται στις 205 μονάδες βάσης.

- Οριακά κέρδη κατέγραψε και ο Δείκτης Εταιρικών Ομολόγων της Τράπεζας Πειραιώς τον Μάρτιο με την μεσοσταθμική απόδοση του δείκτη να μειώνεται κατά 7 μβ στο 4,55% και την τιμή του δείκτη να ενισχύεται κατά 0,26% στις 137,6 μονάδες στα τέλη του μήνα. Στα επιμέρους ομόλογα του κυριάρχησαν μικτές τάσεις με την πλειονότητα των ομολόγων (60%) να σημειώνουν ζημιές και την μεγαλύτερη πτώση να καταγράφεται για τα ομόλογα της Friggoglass (λήξη 2025), Lamda Development (λήξη 2029) και Gek Terna (λήξη 2027) κατά 2,72%, 2,1% και 2% αντίστοιχα. Αντίθετα, θετικά κινήθηκαν τα ομόλογα της CPLP (λήξη 2026), Coca Cola (λήξη 2031) και Prodea (λήξη 2028) με αποδόσεις της τάξης του 2,8%, 2,1% και 1,2% αντίστοιχα. Επιπλέον, η Fitch αναβάθμισε την πιστοληπτική βαθμίδα της Μυτιλιναίος στο BB+ από BB με τις προοπτικές να είναι σταθερές.

Monthly Commentary: March 2023

- The Greek government bond market showed an upward movement in March in light of the slowdown in inflation and the revision to positive of the credit rating outlook by Moody's. In particular, despite the pressures observed last month on the Piraeus Bank Government Bond Index, there was no corresponding deterioration in domestic macroeconomic fundamentals and economic climate indicators. As a result, the index recorded gains of 1.74%, reaching 574 points at the end of the month. Accordingly, the index's weighted average yield fell below 4%, falling 23 basis points (bps) to 3.91% at the end of March. In this context, with the issuance of a new 5-year bond, the Public Debt Management Agency (PDMA) managed to raise €2.5 billion from the markets with a coupon of 3.875%; demand exceeded the offered amount by approximately eightfold. It is worth noting that the agency's financing programme for 2023 bond issuance has already been covered at 86% in the first quarter of the year.

- Regarding the individual bonds in the index, the largest change in yields was recorded in the bond maturing in 2052 (30 years), which was found to be 3.4% higher than in February. The bonds maturing in 2042 and 2037 moved similarly, recording gains of 3.34% and 2.95%, respectively. As a consequence, by the end of March, the interest rate curve recorded a downward shift in the mid- and long-end parts of the curve in the range of 15–30 bps for maturities of between 10 and 30 years.

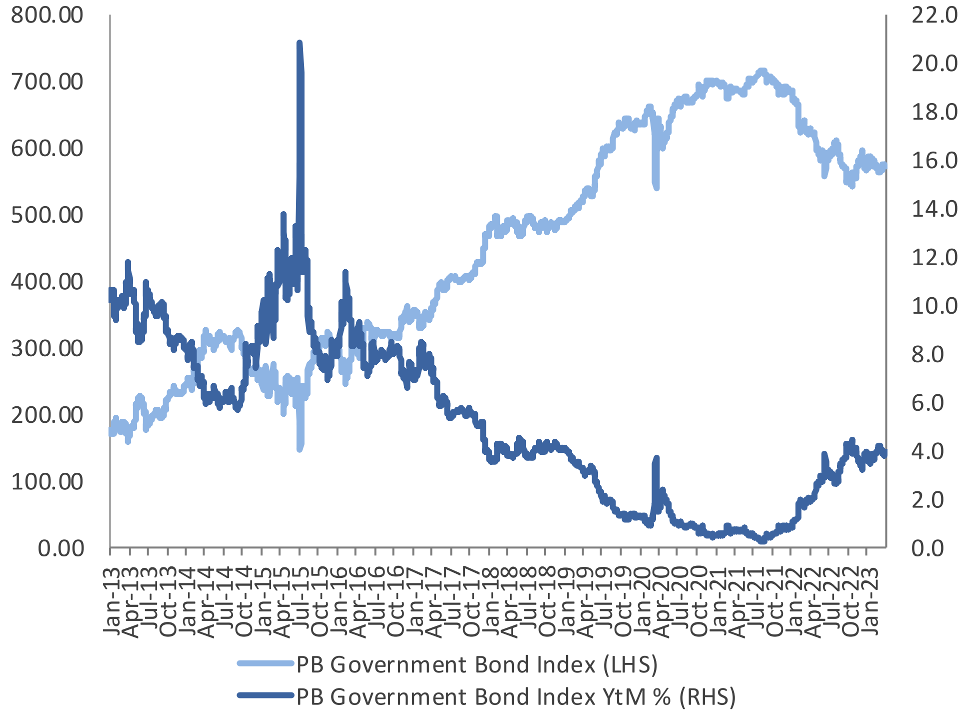
- Accordingly, the interest rate spread of the Greek 10-year benchmark bond against the corresponding German bund recorded an increase in March by 13 bps to 193 bps, with valuations based on fundamental factors of the Greek economy, pointing to a marginal widening of the spread from current levels over the next few months. In particular, despite the marginal strengthening of risk aversion tendencies according to investment risk indicators in the EU, the improvement of Greek economic climate indicators compared to those in Germany in March led to marginally lower valuations, with the current 'fair' price for the 10-year spread standing at 205 bps.

- The Piraeus Bank Corporate Bond Index also recorded marginal gains in March, with the index's weighted average yield decreasing by 7 bps to 4.55% and the index's price increasing by 0.26% to 137.6 points at the end of the month. Its individual bond members showed mixed trends, with the majority of bonds (60%) posting losses; the biggest decliners were Friggoglass (maturity 2025), Lamda Development (maturity 2029) and Gek Terna (maturity 2027), which decreased by 2 .72%, 2.1% and 2%, respectively. On the contrary, the bonds of CPLP (maturity 2026), Coca Cola (maturity 2031) and Prodea (maturity 2028) moved positively, with monthly returns of 2.8%, 2.1% and 1.2%, respectively. In addition, Fitch upgraded the credit rating of Mytilinaios to BB+ from BB with a stable outlook.

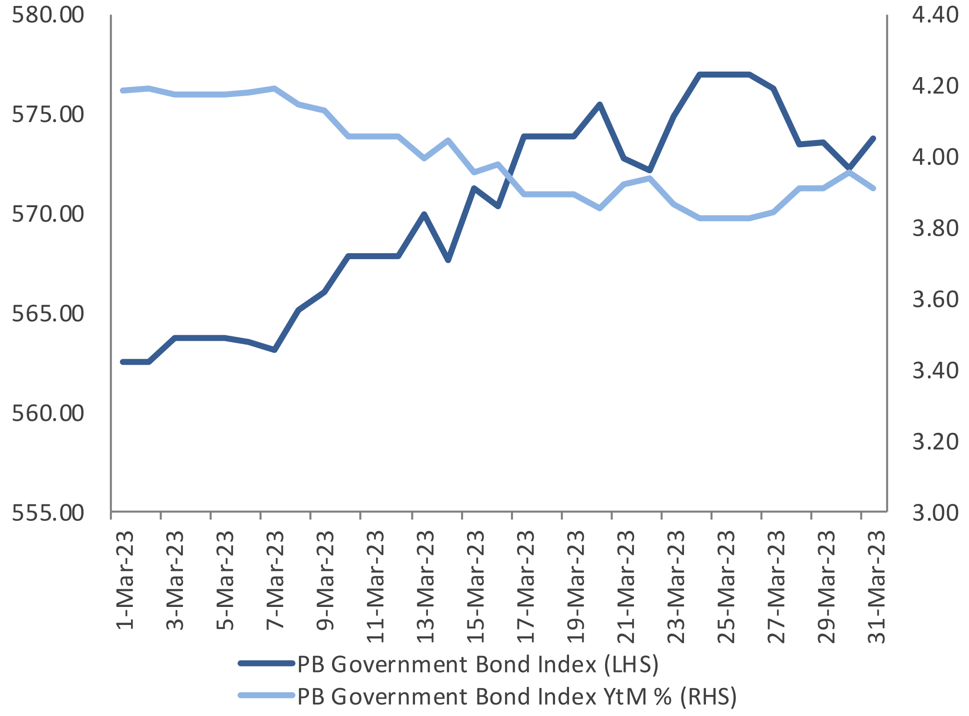
Source: Piraeus Bank Research

Piraeus Bank Greek Government Bond Index (I): Gains of 1.74% for the Government Bond Index

PBGGGSBI evolution [Jan 2013 – Mar 2023]
(Index, base date 9 Mar. 12 & Yield to Maturity, %)

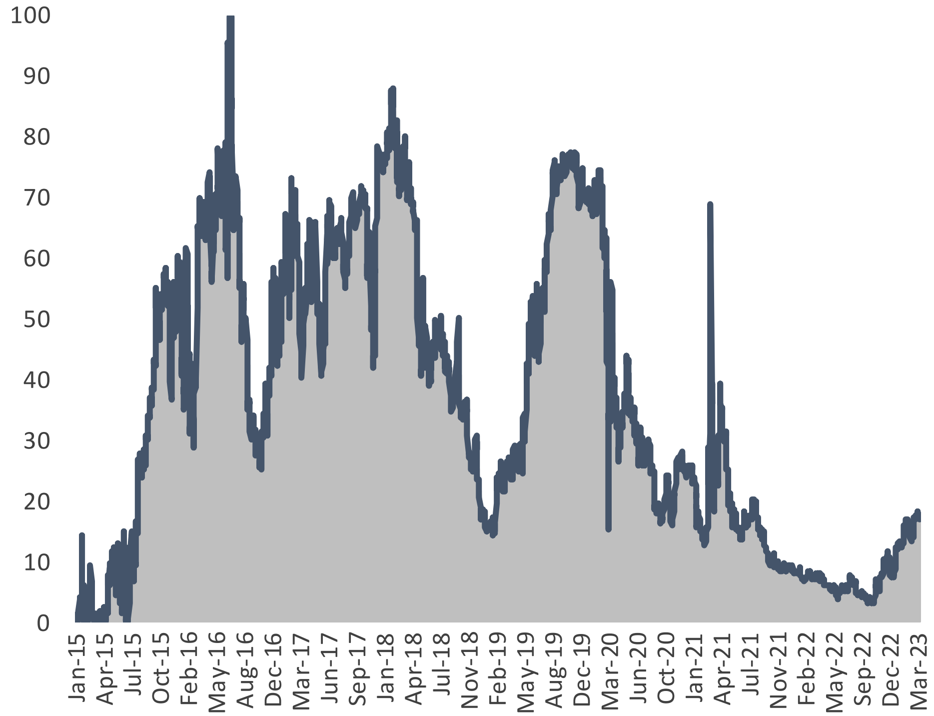


PBGGGSBI evolution [28 Feb. 2023 – 31 Mar. 2023]
(Index, base date 9 Mar. 12 & Yield to Maturity, %)

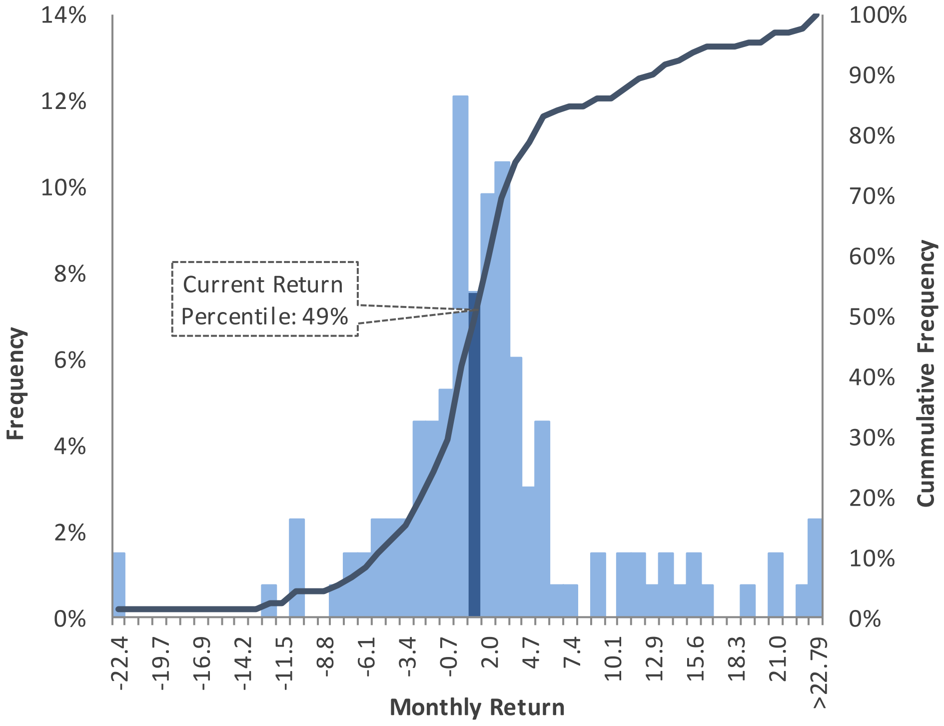


Piraeus Bank Greek Government Bond Index (II)

PBGGGSBI Relative Rank [Jan 2015 – Mar. 2023]
(percentile rank YoY total returns)



PBGGGSBI Monthly Returns Histogram
(historical data: May 2012 – Mar. 2023)



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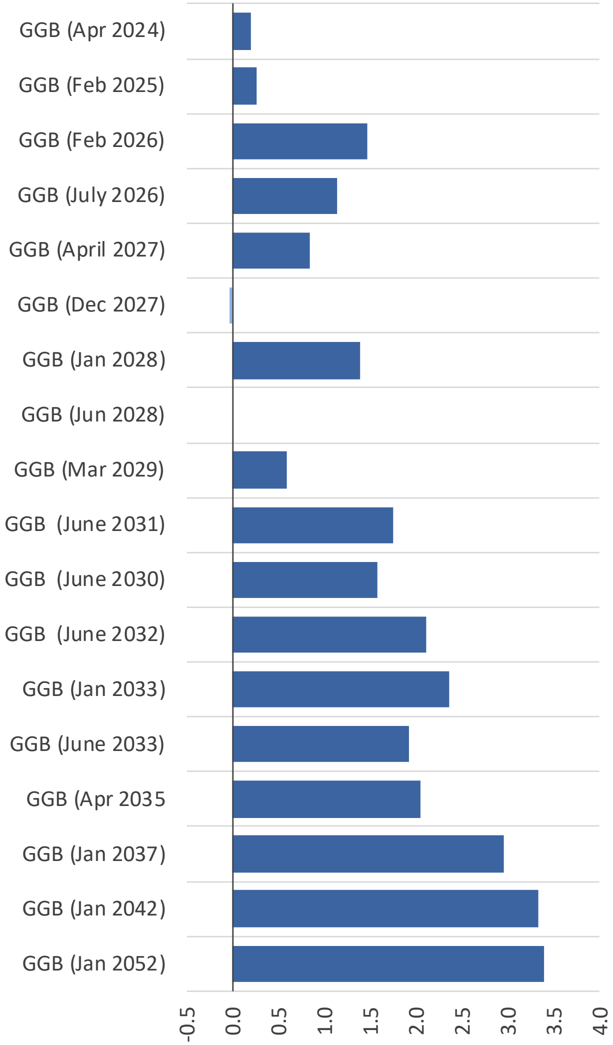
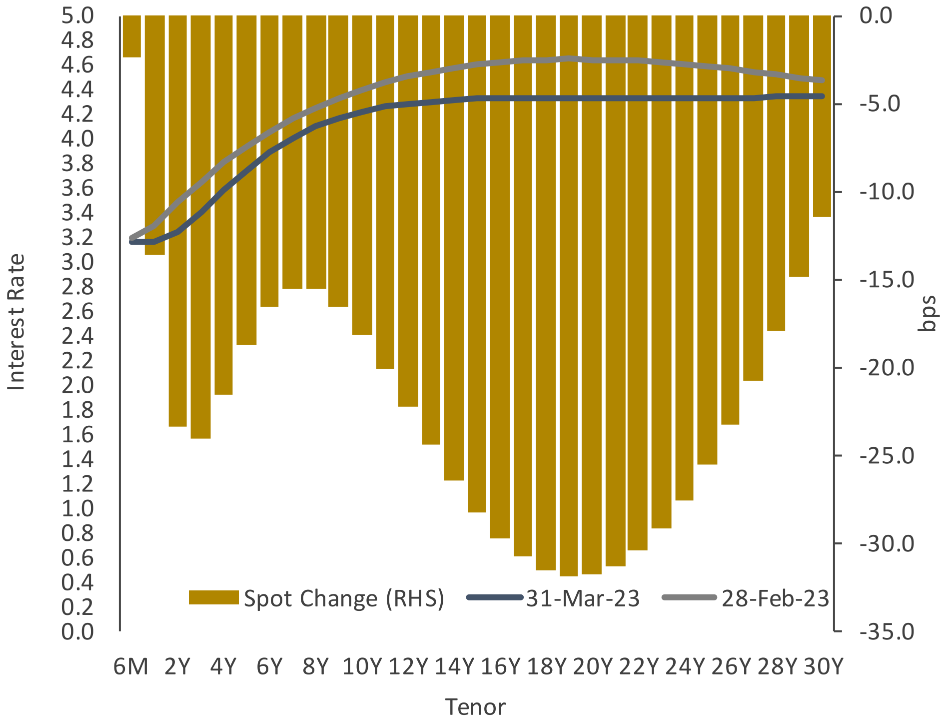
Source: Piraeus Bank Research

Piraeus Bank Greek Government Bond Index (III)

Monthly Performance of PBGGGSBI Index Members (Monthly Return, %)

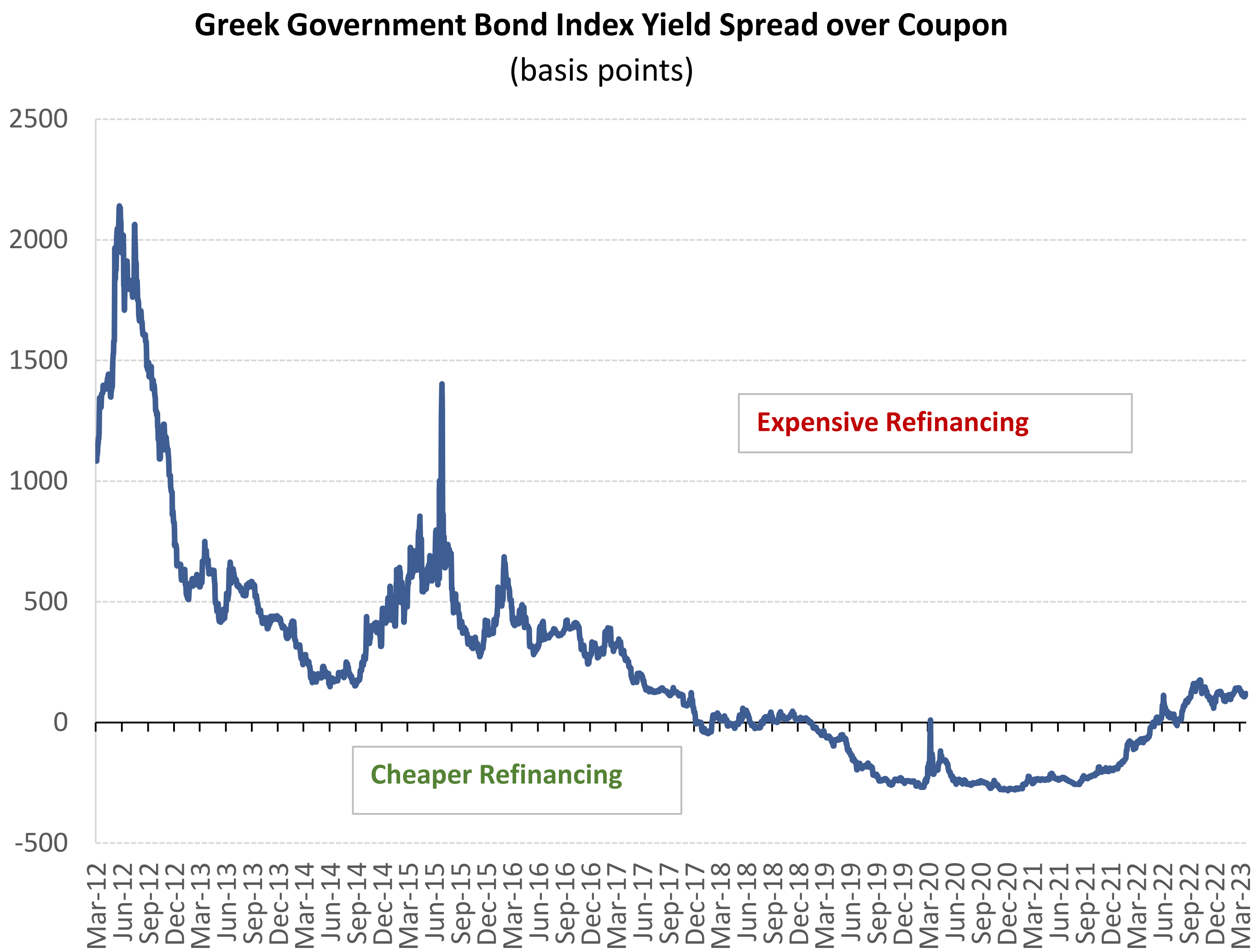


Interest Rate Curve[1.]

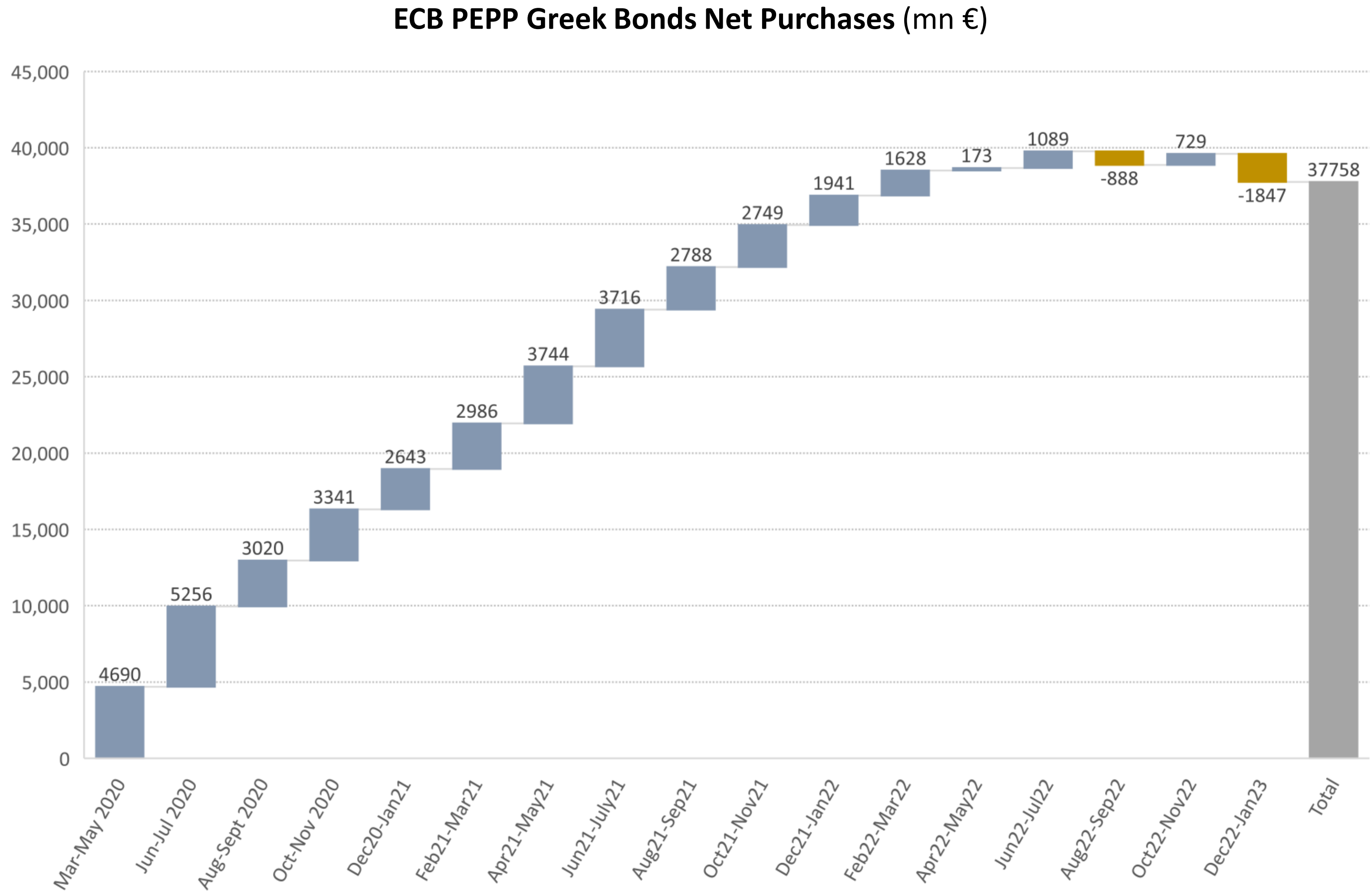


Note 1. Interest rate curves were estimated using the Nelson-Siegel-Svensson model

Greek Sovereign Refinancing Cost: Refinancing costs lower by 28 bps at 115 bps in March



ECB Net Purchases under PEPP:



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Source: Piraeus Bank Research

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 Mar 2023	Yield 31 Mar 2023
GGB 3.45%, Apr'24	2.50	EUR	3.45	FIXED	02/04/2024	05/02/2019	02/04/2024	BB+	100.27	3.172
GGB 3.375%, Feb'25	3.00	EUR	3.38	FIXED	15/02/2024	15/02/2018	15/02/2025	BB+	100.35	3.177
GGB 0%, Feb'26	4.50	EUR	0.00	FIXED	12/02/2024	12/05/2021	12/02/2026	BB+	91.00	3.351
GGB 1.875%, Jul'26	2.50	EUR	1.88	FIXED	23/07/2023	23/07/2019	23/07/2026	BB+	95.43	3.359
GGB 2.0%, Apr'27	3.92	EUR	2.00	FIXED	22/04/2023	22/04/2020	22/04/2027	BB+	94.12	3.585
GGB 3.28%, Dec'27	2.20	EUR	4.19	FLOATING	15/06/2023	28/07/2022	15/12/2027	BB+	101.91	3.825
GGB 3.75%, Jan'28	5.96	EUR	3.75	FIXED	30/01/2024	05/12/2017	30/01/2028	BB+	101.17	3.48
GGB 3.88%, Jun'28	2.50	EUR	3.88	FIXED	15/06/2023	05/04/2023	15/06/2028	BB+	100.33	3.806
GGB 3.88%, Mar'29	4.00	EUR	3.88	FIXED	12/03/2024	12/03/2019	12/03/2029	BB+	99.98	3.878
GGB 1.50%, Jun'30	5.50	EUR	1.50	FIXED	18/06/2023	18/06/2020	18/06/2030	BB+	84.29	4.057
GGB 0.75%, Jun'31	6.00	EUR	0.75	FIXED	18/06/2023	05/02/2021	18/06/2031	BB+	76.85	4.134
GGB 1.75%, Jun'32	3.70	EUR	1.75	FIXED	18/06/2023	26/01/2022	18/06/2032	BB+	82.00	4.14
GGB 3.90%, Jan'33	7.07	EUR	3.90	FIXED	30/01/2024	05/12/2017	30/01/2033	BB+	98.12	4.135
GGB 4.25%, Jun'33	3.50	EUR	4.25	FIXED	15/06/2023	24/01/2023	15/06/2033	BB+	100.49	4.191
GGB 1.875%, Feb'35	4.50	EUR	1.88	FIXED	04/02/2024	04/02/2020	04/02/2035	BB+	77.74	4.316
GGB 4.0%, Jan'37	5.47	EUR	4.00	FIXED	30/01/2024	05/12/2017	30/01/2037	BB+	97.25	4.266
GGB 4.2%, Jan'42	5.28	EUR	4.20	FIXED	30/01/2024	05/12/2017	30/01/2042	BB+	99.45	4.242
GGB 2.5%, Jan'52	3.50	EUR	1.88	FIXED	24/01/2024	24/03/2021	24/01/2052	BB+	60.01	4.331

PBGGGSBI Index Description

	31 March 2023
Members	18
Market Capitalisation (EUR bn.)	75.60
Weighted Average Yield	3.91
Weighted Average Coupon	2.76
Weighted Average Maturity	8.97
Weighted Average Duration	7.33

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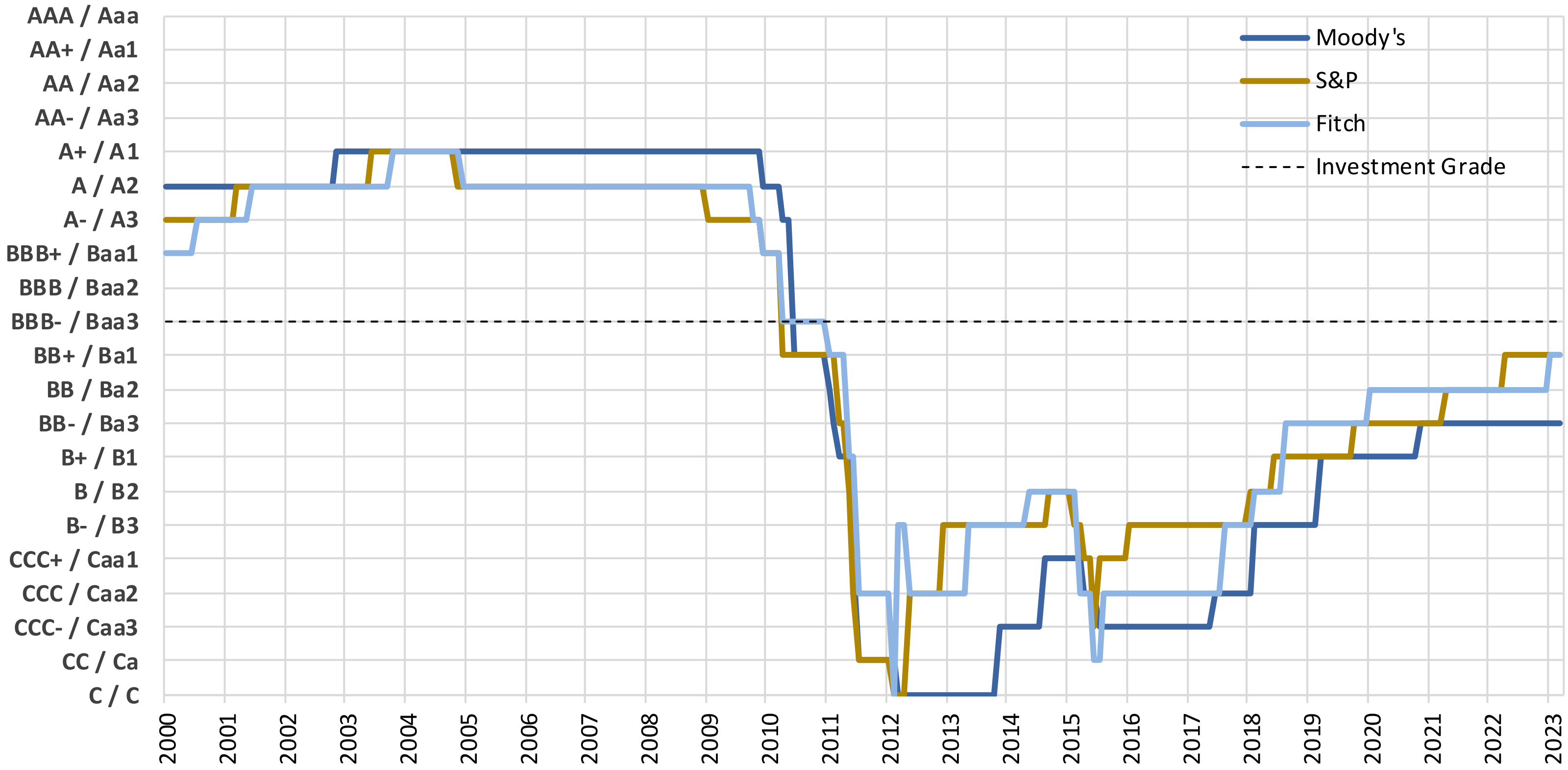
Source: Piraeus Bank Research

Greek Sovereign Rating History: Moodys kept rating at Ba3 changed outlook to positive in March

	Current LT Rating	Outlook	Last Rating Up/ Down grade	Latest Review	Next Scheduled Review
Fitch	BB+	Stable	Jan 2023	Jan 2023	9 June 2023
Moody's	Ba3	Positive	Jun 2020	Mar 2022	15 September 2023
Standard & Poor's	BB+	Stable	Apr 2022	Oct 2022	21 April 2023
DBRS	BB (high)	Stable	Mar 2022	Mar 2023	8 September 2023



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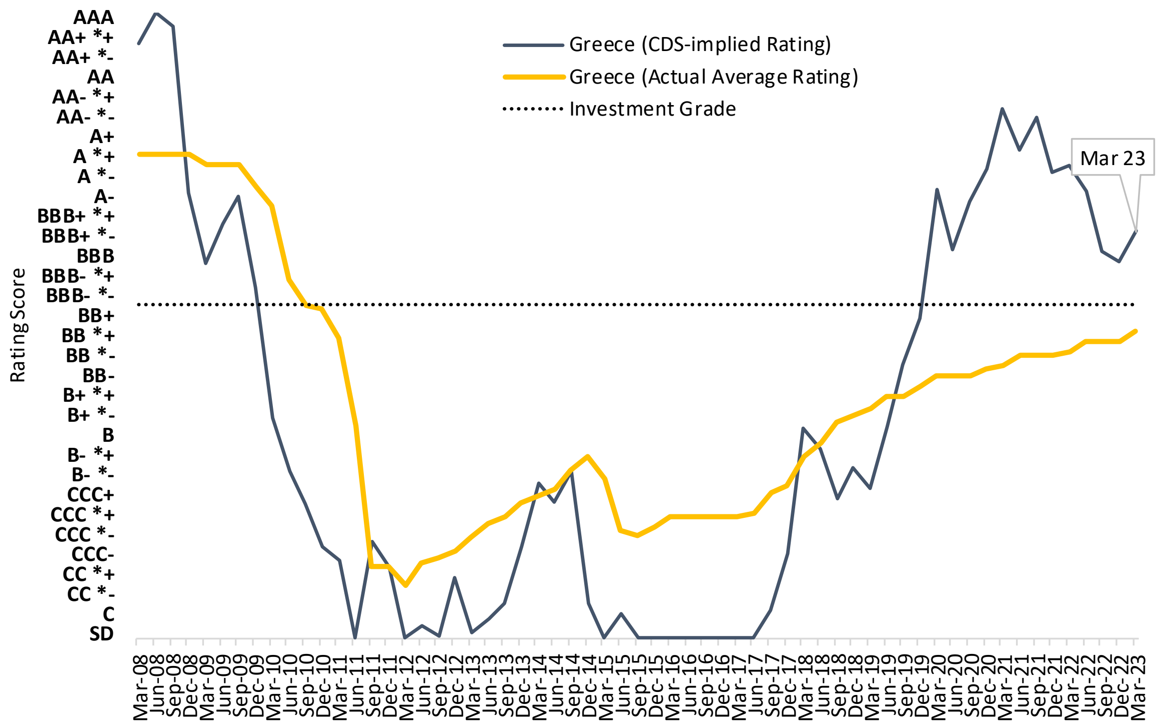
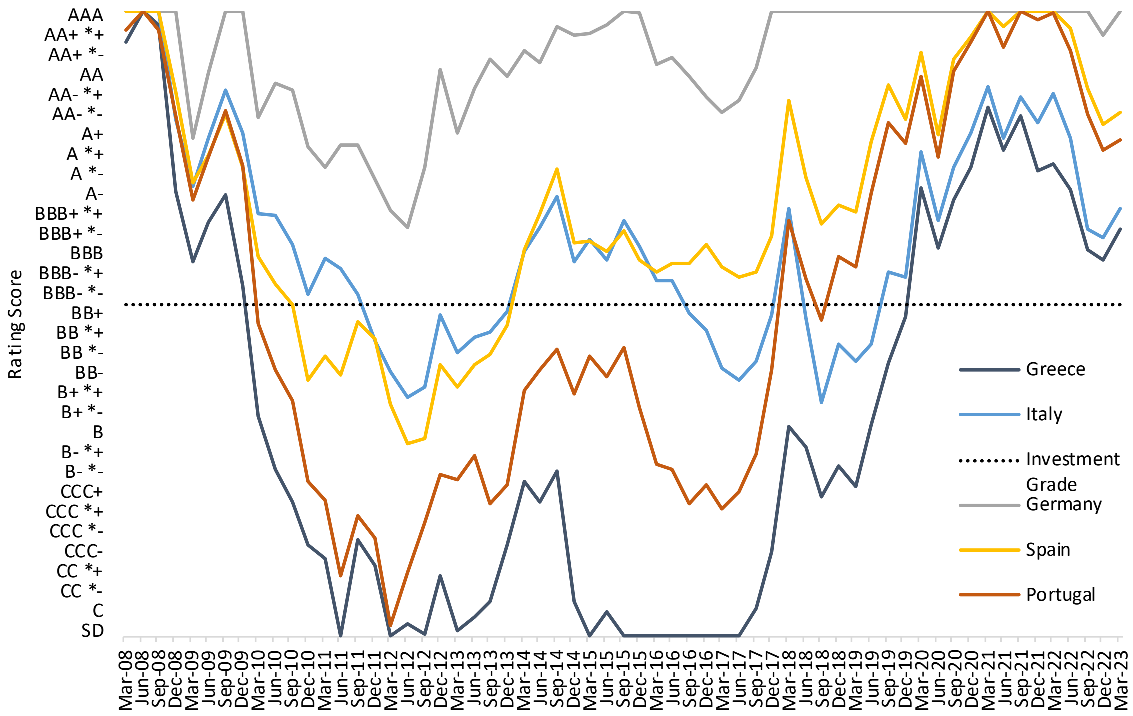
Source: Moody's, Fitch, S&P, DBRS, Piraeus Bank Research

CDS Implied Ratings: CDS markets price-in further rating upgrades in 2023

CDS Implied Rating [Q1 2008– Mar. 2023] [1.]
(Rating Score)



Implied Ratings Comparisons [1.]
(Rating Score)



Note 1. We employ a one-way fixed effects model on a panel dataset of 60 countries during the period starting from Q1:2004. We use the 3-month average of 5Y sovereign CDS in US dollars for each country and the long-term credit rating scores provided by the S&P, Moodys and Fitch rating agencies. Moreover, we control for common time effects by employing three global variables, namely, crude oil price, the VIX index and US Treasury 10-year bond rates.

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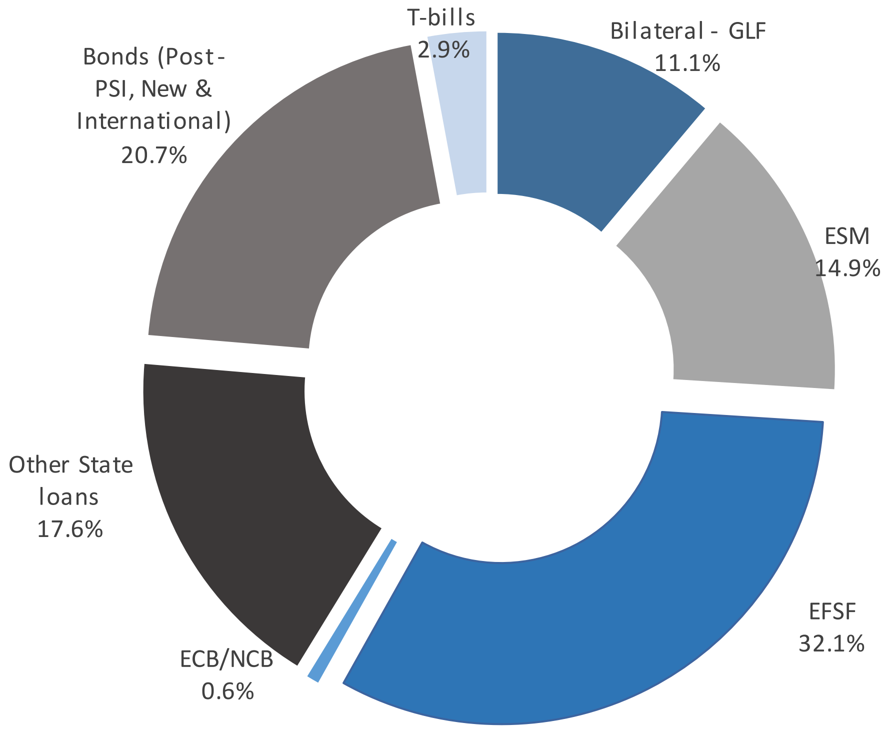
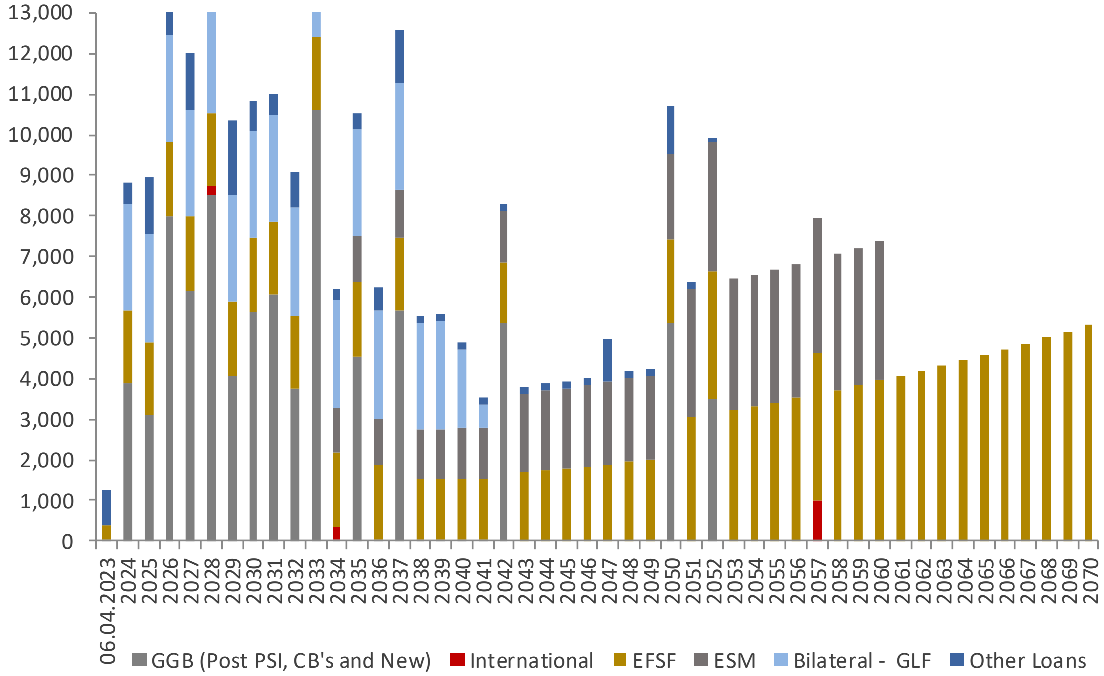
Maturities Profile

Debt Distribution by Holder (%)



Bonds & Loans Maturities[1.]
(as of 6 April. 2023, € mn)



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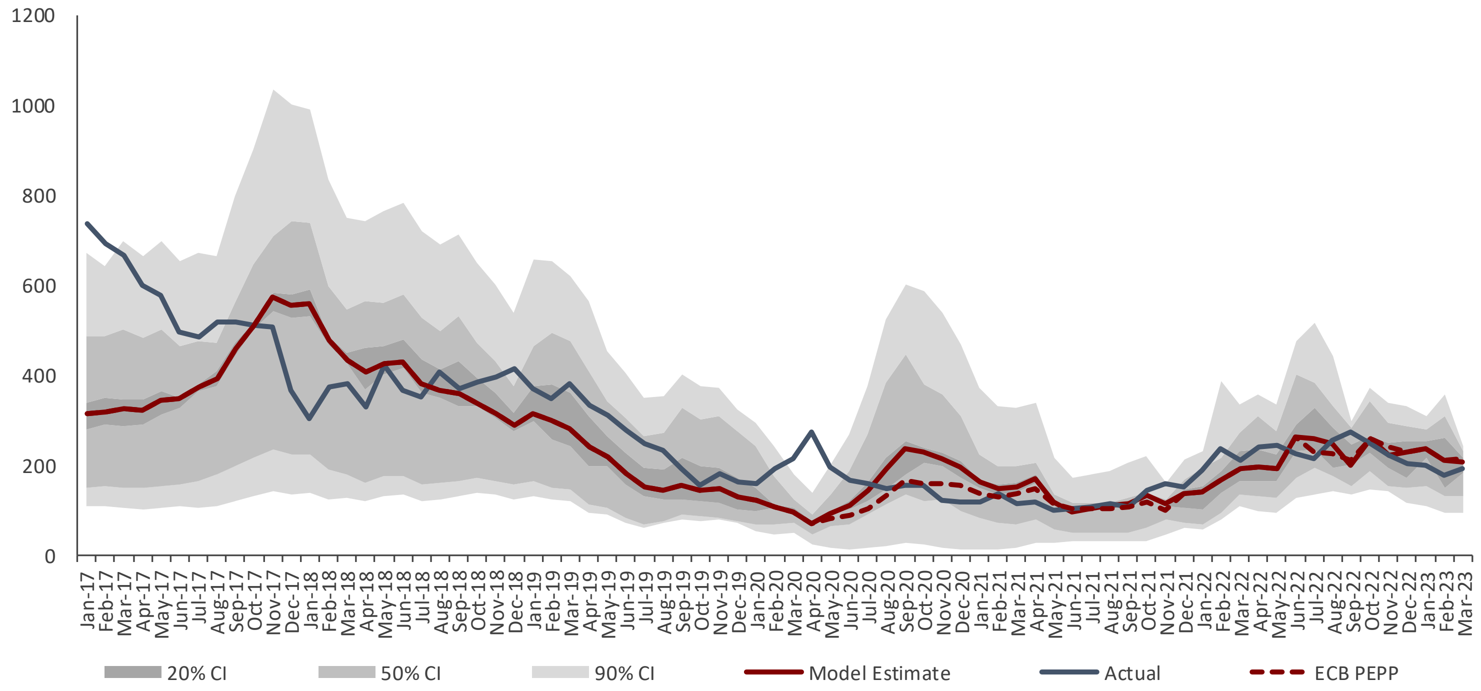
Note 1. Figures do not include T-bills and Repos.

Source: PDMA, Ministry of Finance, ESM, IMF, European Commission, Piraeus Bank Research

Greek Government Bond Spreads (I): Macro-implied 10Y spread "fair" value at 205 bps

Greek Government 10-Year Spread vs 10-Year Bund [1.]

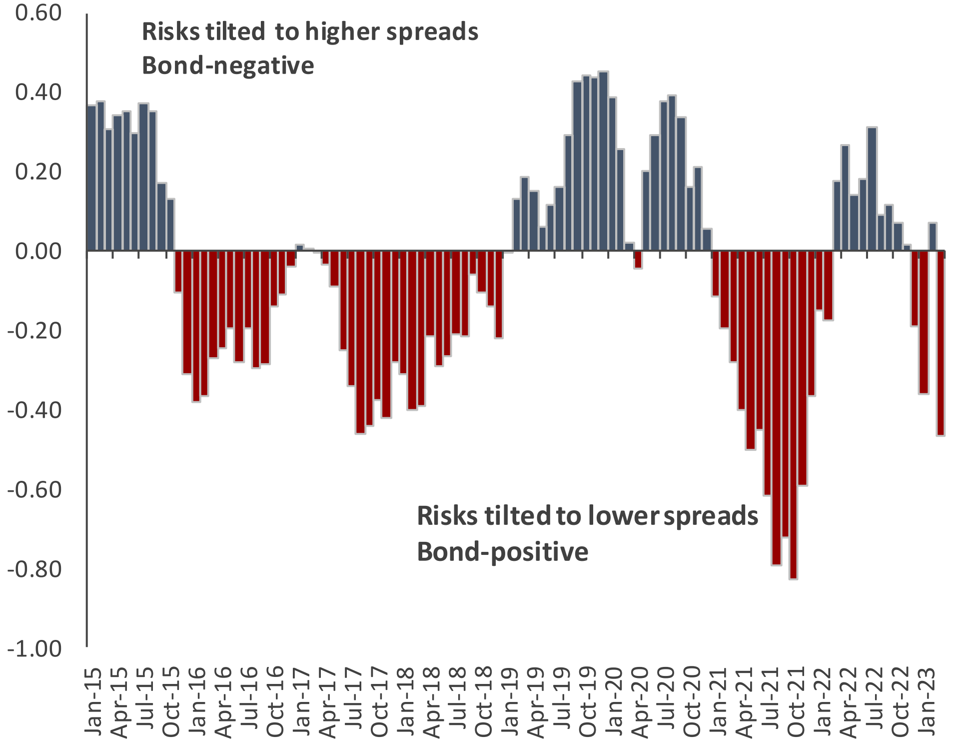
(basis points)



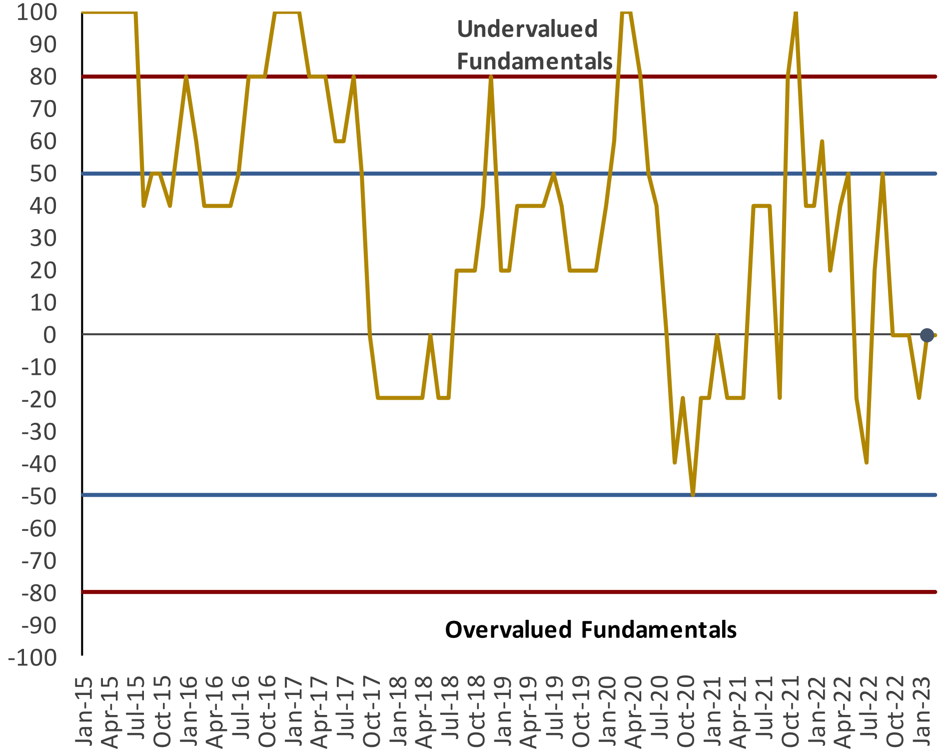
Note 1. The underlying model for assessing Greek 10Y spreads as well as the methodology regarding the Risk Balance and Bond Market Stress indices can be found at: https://www.piraeusholdings.gr/en/oikonomiki-analisi-ependitiki-stratigiki/oikonomiki-analisi-ellinikis-oikonomias-kladikes-meletes/analysis-category/2017/understanding-greek-government-bond-spreads

Greek Government Bond Spreads (II): Spread aligned to macro-implied fair value with risks tilted towards lower spreads

Greek Gov. Bond Market Balance of Risks Indicator
(historical data: January 2000 – Mar. 2023)



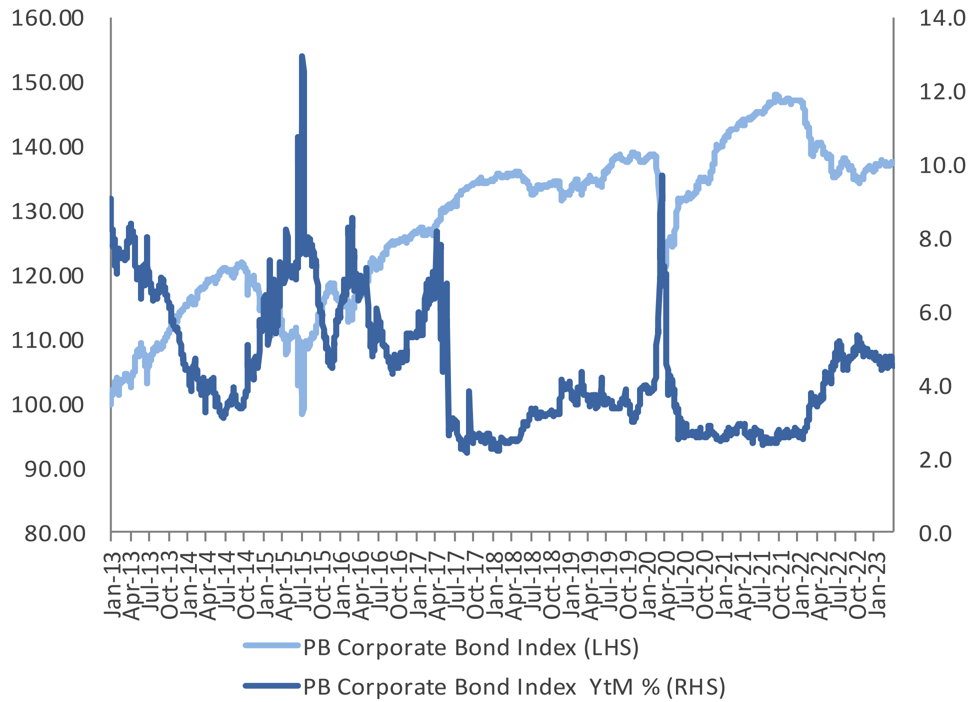
Greek Gov. Bond Market Stress Indicator
(historical data: January 2000 – Mar. 2023)



Piraeus Bank Greek Corporate Bond Index (I): Index marginally higher by 0.26% at 137.6 points

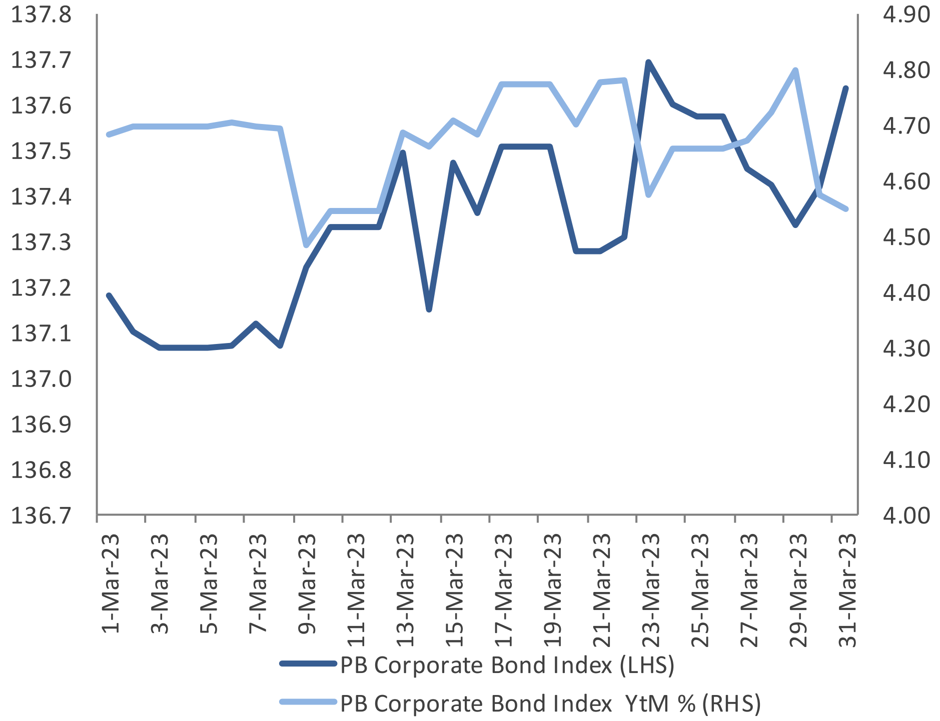
PBGGGCBI evolution [Jan 2013 – Mar. 2023]

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



PBGGGCBI evolution [28 Feb. 2023 –31 Mar. 2023]

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



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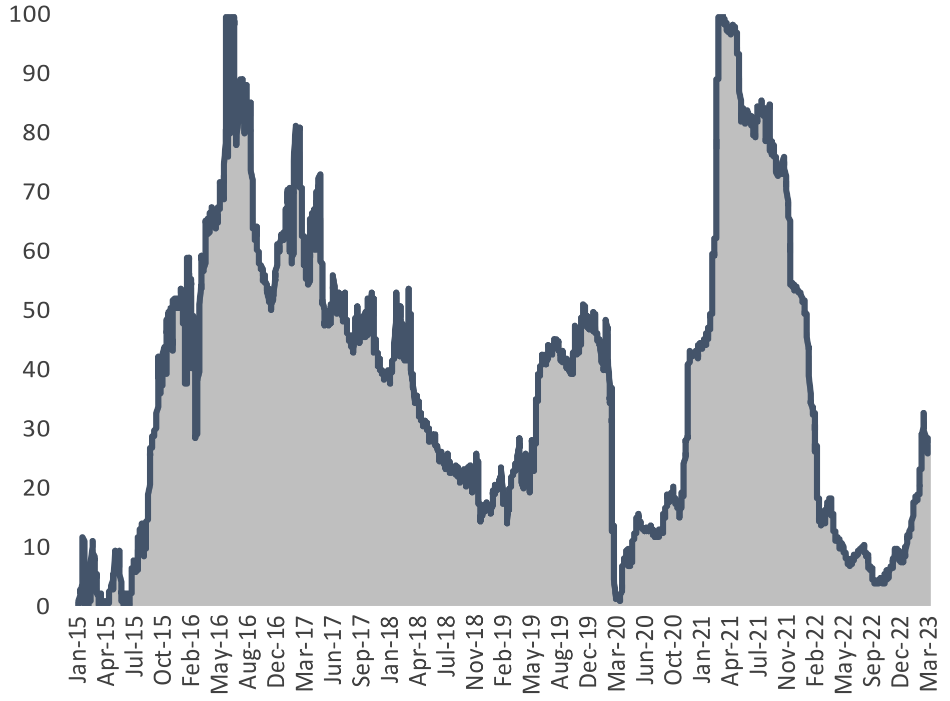
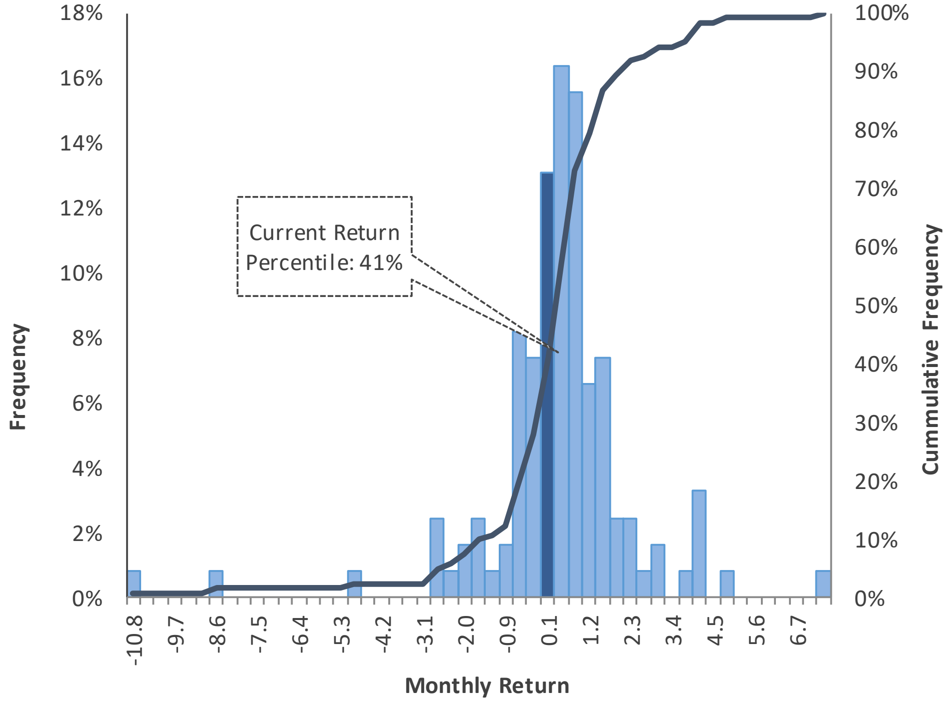
Source: Piraeus Bank Research

Piraeus Bank Greek Corporate Bond Index (II)

PBGGGCBI Distribution [Jan 2015 – Mar. 2023]
(percentile rank relative to previous year)

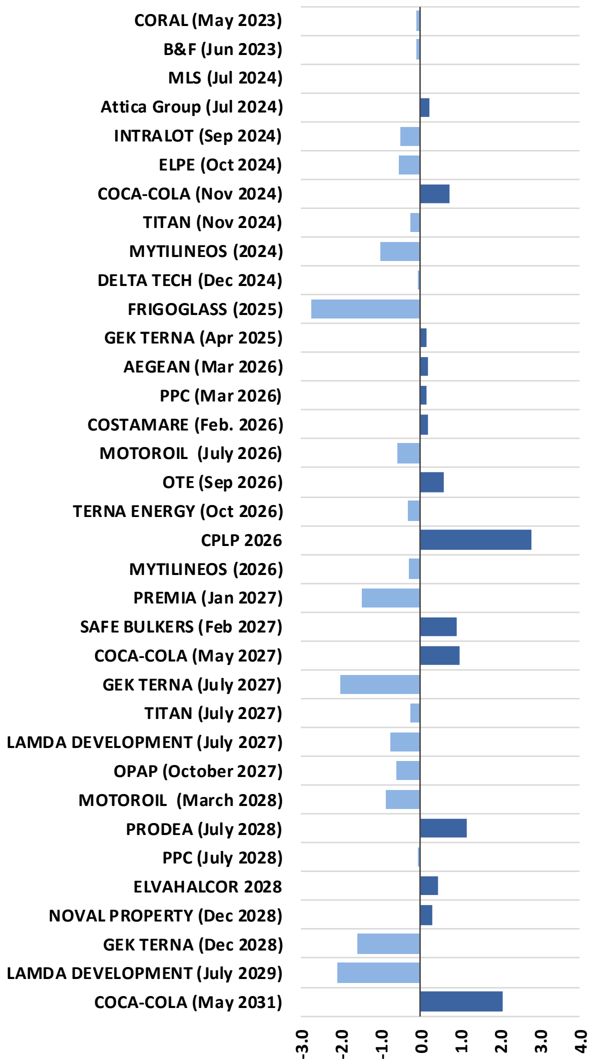


PBGGGCBI Monthly Returns Histogram
(historical data: Jan. 2013 – Mar. 2023)

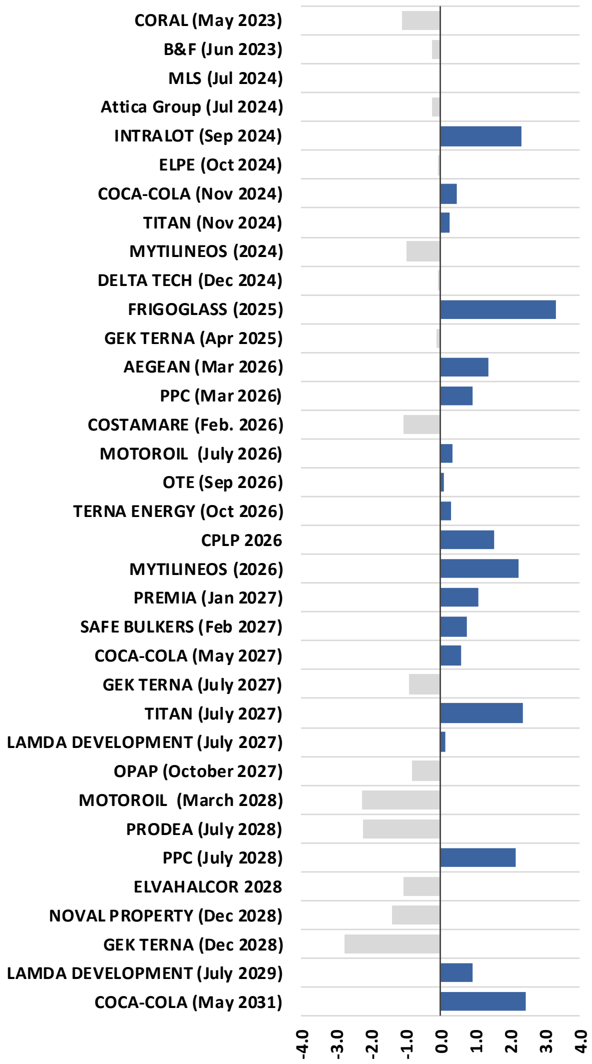


Piraeus Bank Greek Corporate Bond Index (III)

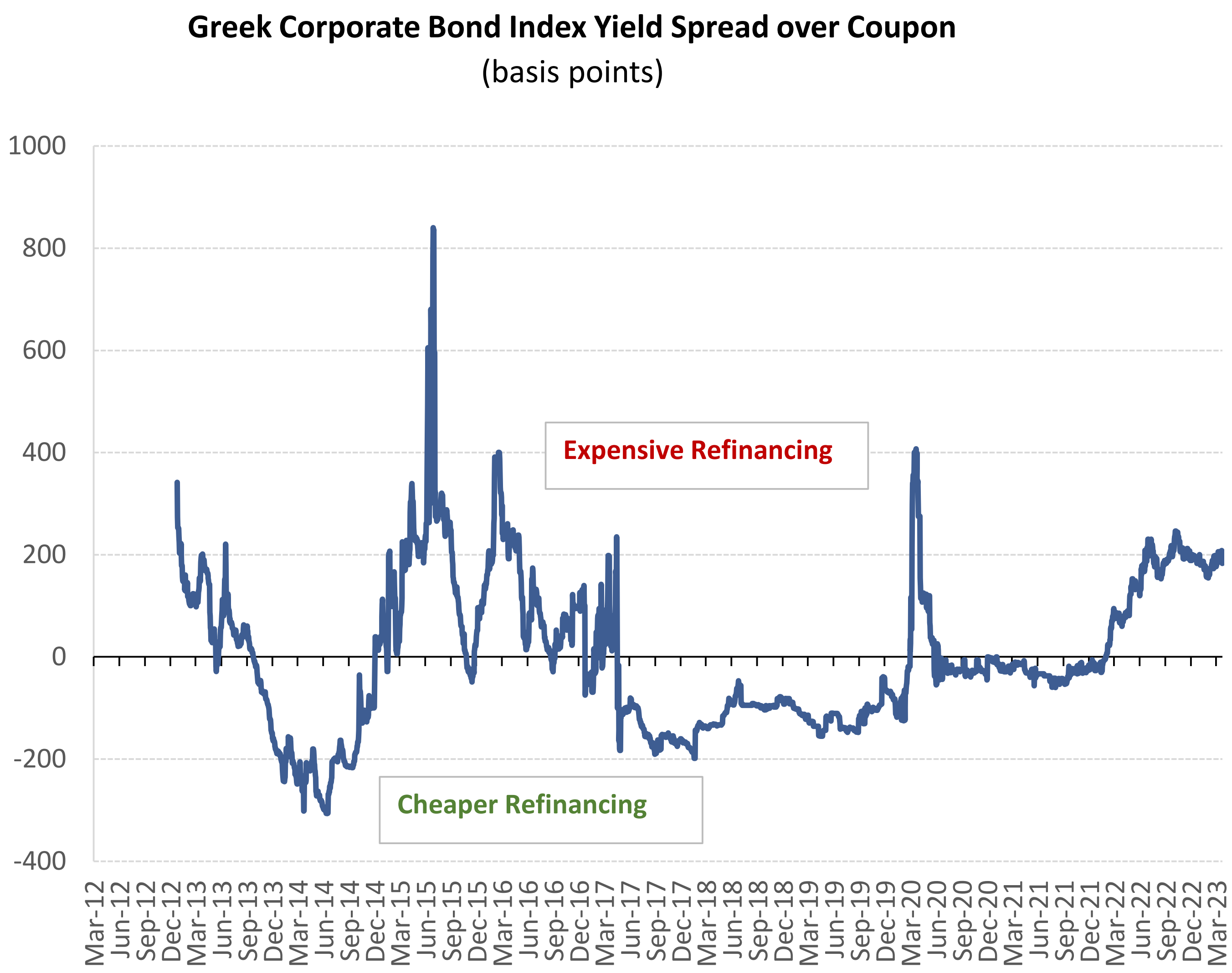
Monthly Performance of PBGGGCBI Index Members (Monthly Return, %)



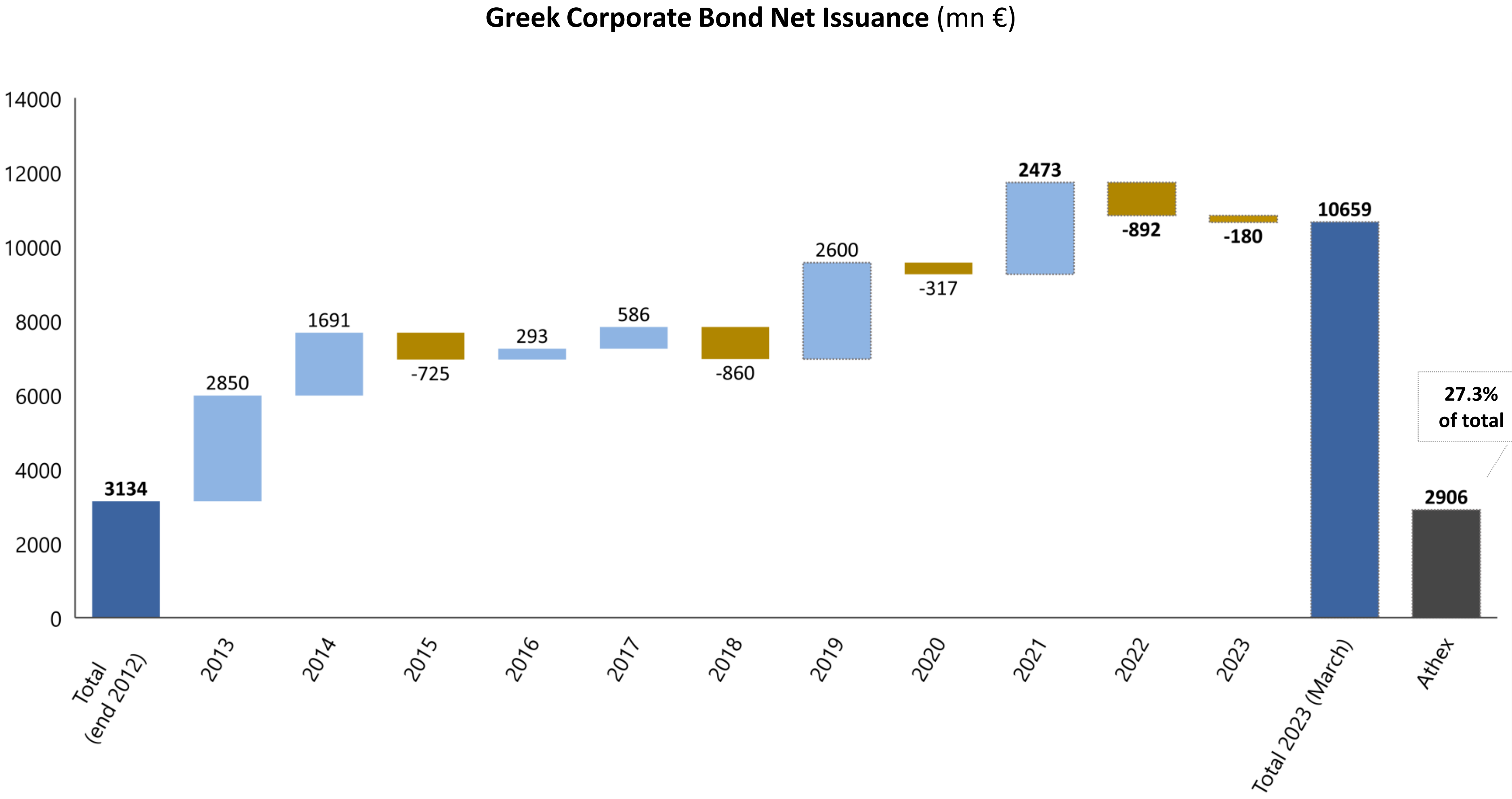
YtD Performance of PBGGGCBI Index Members (YtD Return, %)



Greek Corporate Refinancing Cost: Refinancing costs stable at 183 bps



Piraeus Bank Greek Corporate Bond Index (IV)



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Source: Piraeus Bank Research

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

PBGGCBI Index Composition

Name	Amount Issued (€ mn)	Amount Outstanding (€ mn)	Currency	Coupon	Coupon Type	Next Coupon Payment	Issue Date	Maturity	Credit Rating (S&P)	Last Price 31 Mar 2023	Yield 31 Mar 2023
CORAL AE OIL CHEMICALS	90	90	EUR	3.00	FIXED	11/05/2023	11/05/2018	11/05/2023		99.10	11.722
B&F COMM GARMENT IND SA	25	20	EUR	4.95	FIXED	26/06/2023	26/06/2018	26/06/2023		100.00	4.884
MLS INNOVATION INC	7	7	EUR	4.30	FIXED	25/04/2023	02/08/2019	25/07/2024		74.00	28.492
ATTICA HOLDINGS SA	175	175	EUR	3.40	FIXED	26/07/2023	26/07/2019	26/07/2024		98.00	4.980
INTRALOT CAPITAL LUX	500	382	EUR	5.25	FIXED	15/09/2023	20/09/2017	15/09/2024	NR	93.30	10.349
HELLENIC PETROLEUM FINAN	600	600	EUR	2.00	FIXED	04/10/2023	04/10/2019	04/10/2024		96.72	4.280
COCA-COLA HBC FINANCE BV	600	600	EUR	1.88	FIXED	11/11/2023	10/03/2016	11/11/2024	BBB+	97.48	3.514
TITAN GLOBAL FINANCE PLC	350	350	EUR	2.38	FIXED	16/05/2023	16/11/2017	16/11/2024	BB	97.42	4.042
MYTILINEOS FINANCIAL	500	500	EUR	2.50	FIXED	01/06/2023	29/11/2019	01/12/2024	BB	97.41	4.131
DELTA TECHNIKI SA	7	4	EUR	5.50	FIXED	22/06/2023	22/12/2017	22/12/2024		99.99	5.482
FRIGOGLASS FINANCE BV	260	260	EUR	6.88	FLAT TRADING	01/08/2023	12/02/2020	12/02/2025	CC	27.30	95.776
GEK TERNA HLD ESTATE	120	120	EUR	3.95	FIXED	04/10/2023	04/04/2018	04/04/2025		98.90	4.522
AEGEAN AIRLINES SA	200	200	EUR	3.60	FIXED	12/09/2023	12/03/2019	12/03/2026		98.00	4.321
PUBLIC POWER CORP	775	775	EUR	4.38	FIXED	30/09/2023	18/03/2021	30/03/2026	BB-	94.31	6.501
COSTAMARE PARTICIPATIONS	100	100	EUR	2.70	FIXED	25/05/2023	25/05/2021	25/05/2026		95.00	4.398
MOTOR OIL (HELLAS) SA	400	400	EUR	2.13	FIXED	19/07/2023	19/07/2021	19/07/2026		93.56	4.241
OTE PLC	500	500	EUR	0.88	FIXED	24/09/2023	24/09/2019	24/09/2026	BBB	91.05	3.666
TERNA ENERGY FINANCE	150	150	EUR	2.60	FIXED	24/04/2023	22/10/2019	22/10/2026		93.88	4.458
CPLP SHIPPING	150	150	EUR	2.65	FIXED	24/04/2023	22/10/2021	22/10/2026		94.91	4.186
MYTILINEOS SA	500	500	EUR	2.25	FIXED	30/04/2023	28/04/2021	30/10/2026	BB	92.60	4.515

Continued..

Source: Piraeus Bank Research

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

Continued..

PBGGCBI Index Composition

Name	Amount Issued (€ mn)	Amount Outstanding (€ mn)	Currency	Coupon	Coupon Type	Next Coupon Payment	Issue Date	Maturity	Credit Rating (S&P)	Last Price 31 Mar 2023	Yield 31 Mar 2023
PREMIA RE INVESTMENT	100	100	EUR	2.80	FIXED	25/07/2023	25/01/2022	25/01/2027		87.71	6.438
SAFE BULKERS PARTICIP	100	100	EUR	2.95	FIXED	11/08/2023	11/02/2022	11/02/2027		91.24	5.466
COCA-COLA HBC FINANCE BV	700	700	EUR	1.00	FIXED	14/05/2023	14/05/2019	14/05/2027	BBB+	90.06	3.647
GEK TERNA HLD ESTATE	500	500	EUR	2.75	FIXED	03/07/2023	03/07/2020	03/07/2027		89.00	5.658
TITAN GLOBAL FINANCE PLC	250	250	EUR	2.75	FIXED	09/07/2023	09/07/2020	09/07/2027	BB	93.90	4.330
LAMDA DEVELOPMENT	320	320	EUR	3.40	FIXED	21/07/2023	21/07/2020	21/07/2027		93.50	5.079
OPAP SA	200	200	EUR	2.10	FIXED	27/04/2023	27/10/2020	27/10/2027		92.63	3.852
MOTOR OIL (HELLAS) SA	200	200	EUR	1.90	FIXED	23/09/2023	23/03/2021	23/03/2028		88.74	4.415
PRODEA REAL ESTATE INV	300	300	EUR	2.30	FIXED	20/07/2023	21/07/2021	20/07/2028		83.62	5.900
PUBLIC POWER CORP	500	500	EUR	3.38	FIXED	31/07/2023	21/07/2021	31/07/2028	BB-	87.25	6.224
ELVALHALCOR HELLENIC COP	250	250	EUR	2.45	FIXED	16/05/2023	16/11/2021	16/11/2028		88.10	4.863
NOVAL PROPERTY REIC	120	120	EUR	2.65	FIXED	06/06/2023	06/12/2021	06/12/2028		87.88	5.104
GEK TERNA HLD ESTATE	300	300	EUR	2.30	FIXED	14/06/2023	14/12/2021	14/12/2028		80.90	6.291
LAMDA DEVELOPMENT	230	230	EUR	4.70	FIXED	12/07/2023	12/07/2022	12/07/2029		91.36	6.371
CPLP SHIPPING	100	100	EUR	4.40	FIXED	26/07/2023	26/07/2022	26/07/2029		100.08	4.383
COCA-COLA HBC FINANCE BV	600	600	EUR	1.63	FIXED	14/05/2023	14/05/2019	14/05/2031	BBB+	84.91	3.823

PBGGCBI Index Description

	31 March 2023
Members	36
Market Capitalisation (EUR bn)	10.65
Weighted Median Yield	4.55
Weighted Average Coupon	2.72
Weighted Average Maturity	3.66
Weighted Average Duration	3.45

PIRAEUS BANK

Source: Piraeus Bank Research

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