

What Clients Asked This Week | Nov 20, 2020

CROATIA

Total size of government's COVID-19 2020 fiscal measures

CZECH REPUBLIC

Polling data and election outcome

2021 budget plan and financing

HUNGARY

Public support for government's EU budget veto

Estimate on 2021 financing requirement

MONTENEGRO

Eurobond issuance

NORTH MACEDONIA

Eurobond issuance

No Eurobond issuance before year-end

POLAND

Financing expectations for 2021

Number of COVID cases per 100,000

No domestic bill or bond issuance on FinMin site

ROMANIA

Reasons behind trade deficit widening in September

Financing needs in 2021

RUSSIA

Russia's Covid vaccine

US sanctions on Russian eurobonds

SERBIA

[Details on economic support programme](#)

TURKEY

[Erdogan's sentiment on interest rates and CBT policy](#)

[Monetary outlook after change of CBT governor](#)

ESTONIA

[Opinion polls](#)

SLOVENIA

[Reaction of coalition and opposition parties to PM Jansa's EU budget position](#)

EGYPT

[CBE's inflation target](#)

ISRAEL

[Update on banking sector liquidity](#)

ANGOLA

[Detailed breakdown of budget](#)

GHANA

[PPG debt and contingent liabilities](#)

NIGERIA

[Oil production vs OPEC quotas; costs per barrel](#)

[AfDB and World Bank COVID-19 funding](#)

[FGN 2019 budget implementation](#)

CROATIA

Total size of government's COVID-19 2020 fiscal measures

Croatia | Nov 20, 15:16

The question originally referred to this article: [Fiscal Policy Commission calls on government to postpone some fiscal measures](#)

Question:

Is there an estimate of the total size of the governments COVID-19 2020 fiscal package?

Answer:

According to our calculations, the entire fiscal package to support the economy following the COVID-19 outbreak is about HRK 41.1bn, whereas HRK 30bn under the first package (you may wish to find details [here](#)), HRK 8.5bn for supporting jobs only via wage subsidies under the second package (details [here](#) - the authorities did not provide an estimate of the cost for all the measures - here is the official [press release](#)) and further EUR 350mn or about HRK 2.6bn under the third package for support of the enterprise sector (details [here](#)). This makes a total of about HRK 41.1bn. As for the mentioned HRK 45bn, this is the sum that in April FinMin Maric estimated will be needed for the next three months for the operation of the state and for supporting the economy.

[Ask the editor](#)

[Back to contents](#)

CZECH REPUBLIC

Polling data and election outcome

Czech Republic | Nov 18, 10:16

The question originally referred to this article: [ANO recovers to 27.5% in October, still lower than in summer - poll](#)

Question:

If we assume the average of the last few polls (from different pollsters) is a good approximation to what will ultimately happen next year, how do you see the Government formation possibilities? In particular, is a ANO + socialists with some implicit backing from the communists possible to repeat? What are ANOs options?

Answer:

Before all, we wouldn't assume that even a polling average is a good approximation of what will happen next year. There are several reasons for it - too much time until the next election (due in approximately 11 months); a lot of uncertainty about the pandemic and how the government will deal with it, which may affect the performance of ANO and the CSSD; and the possibility for pre-election coalitions, a novelty that hasn't occurred since the Czech Republic's independence in 1993.

Just to remind you, under local legislation, coalitions need to clear a higher threshold to enter parliament, which is 5pps for each participating member. Thus, a two-party coalition would have to win at least 10% of the vote, a three-party one - 15% and so on. Single parties have a threshold of 5%. The coalitions that are currently in the works are a centre-right coalition among the ODS, the KDU-CSL and TOP 09 (a formal agreement has been already signed), and a liberal centrist coalition between the Pirates and STAN (Pirate party members are voting on it this Friday, expectations are it will be approved). As you can imagine, polling will change considerably if these coalitions compete in the next election, making current data irrelevant. In addition, coalitions could technically run under a single party's registration (for instance, that of the ODS and the Pirates in each case) in order to have a lower threshold. This happened in Poland at the latest general election, when left-leaning parties used the SLD's registration, as Poland has a fixed 8% threshold for coalitions and 5% for single parties.

But let's assume that no coalitions form for the next election and the current setup is in play. There is still a lot of uncertainty, as smaller parties have been polling close to the 5% threshold, like TOP 09, the KDU-CSL, and sometimes STAN, the KSCM and even the CSSD (though I find it highly unlikely that the CSSD will get less than 5%), which could potentially make things better for ANO. In short, if fewer parties make it to parliament, the better

for ANO, as parliamentary seats are distributed only among parties that enter parliament. The Czech electoral system uses the D'Hondt method for awarding seats, which favours a setup with one large party and many smaller ones. Assuming there are no coalitions, no party is even close to challenging ANO and we don't expect that to change, which means ANO could theoretically increase the number of seats it has (currently 78), even if it wins less than the 29.6% it won in 2017. With many parties close to the 5% threshold, it brings additional uncertainty to the election outcome.

So going back to the current polling average, if it represents the actual election outcome, then I'd say that ANO will probably not change the number of seats it has by much, but the CSSD will probably perform worse. I expect that the KSCM will still be enough to secure absolute majority in the Chamber of Deputies, but it will be thinner than the current one (107 seats), so only one or two MPs defecting will end it. Once again, we are making this prediction only because you referred to the current polling average. Our opinion is that current polling data cannot be considered a good approximation of the election outcome next year as a lot of things can change in the next few months.

[Ask the editor](#)

[Back to contents](#)

2021 budget plan and financing

Czech Republic | Nov 09, 10:00

The question originally referred to this article: [2021 budget offers no policy-related consolidation, contains high risk](#)

Question:

Is there an English version of 2021 budget plan?

Answer:

No, there is no English version of the 2021 budget bill and the Czech finance ministry usually doesn't publish one. Based on what you have asked about other countries, I will presume what you are really interested in is the Czech Republic's financing requirement for 2021. This information is going to be published in English, as part of the debt management strategy for 2021. However, the Czech finance ministry always publishes this document right before Christmas (no delay because of the pandemic), and this year it is due in the week of Dec 14-18.

[Ask the editor](#)

[Back to contents](#)

HUNGARY

Public support for government's EU budget veto

Hungary | Nov 20, 11:56

The question originally referred to this article: [Hungary reportedly to veto resolution on support for EU budget, recovery fund](#)

Question:

How much support is there among domestic political parties and the population with regards to the veto on the EU budget/recovery fund? Would you know how, for instance, opposition parties are reacting to Orban's approach to the budget? Do they support the anti-EU stance, or are they opposed to it?

Answer:

We have not seen any surveys in the media yet. We guess the EU budget veto came to the foreground only recently, pollsters have not had time to react. We will make sure to cover such surveys if they appear.

Opposition parties are definitely against the EU budget veto. All socialist and liberal parties - DK, Momentum, MSZP, LMP, are clearly positioned in favour of the rule of law mechanism. Shortly after the government's EU budget veto, basically all opposition parties, including nationalist Jobbik, [sent a letter to the EU authorities](#), emphasising that the government was not synonymous with Hungary and calling the EU to take a tough stance against Hungary on the rule of law issues.

We would suggest that the voters' support and opposition to the EU budget veto is thus strictly on party grounds - Fidesz voters are in favour, opposition voters are against. The balance is therefore likely to be 50:50 or very close to that.

Ask the editor

Back to contents

Estimate on 2021 financing requirement

Hungary | Nov 10, 12:43

The question originally referred to this article: [Fulfilment of budget financing plan and EC's SURE loans](#)

Question:

Do you have any estimate for the 2021 financing requirement?

Answer:

The financing plan for next year is usually announced independently of the budget, always in December. Before the publication of the official debt financing strategy, our estimate of the financing requirement is HUF 5,518.1bn (10.8% of GDP). Our estimate derives from the official budget deficit target of HUF 1,491.2bn and the [AKK's estimate on the maturity profile of central government debt](#) (valid as of end-Sep 2020) - HUF 4,026.9bn.

Ask the editor

Back to contents

MONTENEGRO

Eurobond issuance

Montenegro | Nov 19, 10:44

The question originally referred to this article: [PM-designate Krivokapic says 2021 state budget to be drafted by Dec 20](#)

Question:

Do you have an estimation for 2021 Eurobond issuances for Macedonia, Montenegro, Iraq, Jordan, Lebanon, Armenia, Azerbaijan, Belarus, Georgia, Tajikistan and Uzbekistan?

Answer:

We do not have information about Montenegro yet as power transition is still taking place in the country and the government has not yet drafted a state budget for 2021.

[Ask the editor](#)[Back to contents](#)

NORTH MACEDONIA

Eurobond issuance

North Macedonia | Nov 19, 10:45

Question:

Do you have an estimation for 2021 Eurobond issuances for Macedonia, Montenegro, Iraq, Jordan, Lebanon, Armenia, Azerbaijan, Belarus, Georgia, Tajikistan and Uzbekistan?

Answer:

North Macedonia plans to issue Eurobonds in 2021. Finance Minister Fatmir Besimi has confirmed that the government will issue Eurobonds in 2021 to secure funding to cover the state budget deficit and repay maturing obligations, but has not provided any specific details. According to the 2021 state budget plan, the government plans to borrow around EUR 530mn next year from both domestic and foreign sources, of which EUR 275mn will be borrowed from the domestic market.

[Ask the editor](#)[Back to contents](#)

No Eurobond issuance before year-end

North Macedonia | Nov 13, 14:18

The question originally referred to this article: [Government approves 2021 state budget with 4.9% of GDP deficit](#)

Question:

A small question, am I right there will be no Eurobond issuance before this year end?

Answer:

Finance Minister Fatmir Besimi has said that the government will use EUR 100mn from its deposits and borrow up to EUR 150mn from the domestic market to cover the higher 8.49% of GDP deficit expected in the second revision of the state budget. The government already issued a six-year EUR 700mn Eurobond at 3.675% interest rate in late May this year and there are absolutely no indications for another Eurobond issuance by year-end. The government will likely place Eurobonds next year to help secure funds for covering the budget deficit and servicing

its obligations.

Ask the editor

Back to contents

POLAND

Financing expectations for 2021

Poland | Nov 12, 19:46

The question originally referred to this article: [Financing](#)

Question:

Are there any financing expectations for 2021 yet?

Answer:

Yes, the state budget bill for 2021 had preliminary financing details. Net financing is put at PLN 113.5bn and gross financing at PLN 283.6bn. I have pasted the table below. Now that the 2020 amended budget has been passed, the Sejm can turn to the 2021 budget. The budget for the next year usually clears the Sejm in December and the Senate in early January or so and then is signed by end-January. It is not clear how the pandemic will impact this. Usually the deficit and the borrowing figures don't change much, but we shall have to see if this holds true this year as well.

Here is the table:

Financing parameters in initial budget bill for 2021

	-	2019	2020	2021	Change
		Budget '21	Budget '21	Budget '21	(% y/y)
TOTAL (NET)	PLN bn	12.6	101.3	113.5	12.10%
State budget deficit	PLN bn	14.4	109.3	82.3	-24.7%
EU fund balance	PLN bn	6.7	9.5	6.9	-28.0%
Credits given	PLN bn	0.9	1.9	0.9	-52.8%
Pre-financing EU funds	PLN bn	-0.1	0	0.1	-276.0%
Poland's intl membership fees	PLN bn	0.2	0.8	1.7	124.30%
Public-sector liquidity mgmt	PLN bn	-14.0	-23.6	21.9	-192.8%
EU mgmt funds	PLN bn	5.8	5.3	0	-99.9%
Other	PLN bn	-1.3	-1.9	0	-99.9%
NET STATE BUDGET BORROWING NEEDS	PLN bn	12.6	101.3	113.5	12.10%
Domestic	PLN bn	26.4	115.0	77.8	-32.4%
Treasury securities	PLN bn	21.4	104.7	77.8	-25.7%
Funds in budget account	PLN bn	4.9	10.3	0.0	-100.0%
Foreign	PLN bn	-13.7	-13.7	35.7	-
Treasury securities	PLN bn	-16.8	-0.6	-9.1	1437.70%

Loans received	PLN bn	-5.1	-2.5	0.0	-
Inflows tied to currency account	PLN bn	8.1	-15.0	13.6	-
GROSS BORROWING	PLN bn	135.9	232.6	283.6	21.9%
Domestic issuance/income	PLN bn	215.3	421.9	423.8	0.4%
Treasury securities	PLN bn	129.4	175.9	192.6	9.5%
Marketable securities	PLN bn	116.1	147.8	157.7	6.7%
T-bond floating-rate	PLN bn	43.5	29.7	43.3	46.1%
T-bond fixed rate	PLN bn	72.6	118.1	114.3	-3.2%
T-bond indexed	PLN bn	0.0	0.0	0.0	-
T-bills	PLN bn	0.0	10.8	20.0	84.1%
Savings bonds	PLN bn	13.5	17.3	15.0	-13.1%
Redemptions total	PLN bn	182.3	282.3	368.2	30.4%
Treasury securities	PLN bn	107.8	71.2	114.9	61.3%
Marketable securities	PLN bn	102.1	65.1	106.1	62.9%
T-bond floating-rate	PLN bn	21.1	30.5	12.9	-57.8%
T-bond fixed rate	PLN bn	81.0	34.6	82.4	137.9%
T-bond indexed	PLN bn	0	0	0	-
T-bills	PLN bn	0	0	10.8	-
Savings bonds	PLN bn	5.7	6.1	8.8	44.6%
Foreign bonds					
T-bond issuance gross	PLN bn	16.4	23.5	22.1	-5.8%
T-bond redemptions	PLN bn	15.2	24.1	31.2	29.5%

Source: FinMin (budget bill); * - FinMin didn't change table, but said net borrowing is to be PLN 115.0bn

[Ask the editor](#)

[Back to contents](#)

Number of COVID cases per 100,000

Poland | Nov 12, 19:36

The question originally referred to this article: [PM Morawiecki announces tighter restrictions, but avoids full lockdown](#)

Question:

Do you know what is the current stats relating to this: "If there are more than 50 cases per 100,000 inhabitants on a rolling 7-day basis, there will be a lockdown. If the total rises to 70-75 cases out of 100,000, a national quarantine with no movement will be imposed."

Answer:

You know, I don't know where the Health Ministry publishes such data. I'm also not sure which population figure they use to calculate it (whether official population measures that GUS uses or ones with actual Poles living in Poland, which are usually much less than the total). But Money.pl made some estimates today that suggested the 70 threshold would be hit if new infections reached 185,000 over a 7-day period. They estimated that if there is no

slowdown in the rise of cases, this could be hit on Nov 15 or so.

The thresholds they gave were more than 26,523 daily infections (for 7 days each) for national quarantine, more than 18,945 for the restrictions announced today and to be in place from Sat. to Nov 29, more than 9,472 for all of Poland to be in the red zone (restrictions in place from Oct 24), more than 3,789 for Poland to have red and yellow zones, and more than 757 for Poland to be in a yellow zone.

The site for this info is here: <https://www.money.pl/gospodarka/pelen-lockdown-juz-niebawem-premier-zdradzil-termin-choc-go-nie-powiedzial-6572071499926208a.html>.

If I find an official tracking for the per 100,000 measure, I will definitely let you know and begin using it.

I have roughly estimated this using the latest Polish population count (which could be too high since some of these people live abroad), and the indicator has risen to some 60-65 of late (Nov 12).

[Ask the editor](#)

[Back to contents](#)

No domestic bill or bond issuance on FinMin site

Poland | Nov 12, 19:34

The question originally referred to this article: [FinMin doesn't plan any bond auctions for Nov](#)

Question:

Is there a way to see domestic issuance this year in terms of T-bills and T-bonds? The Finance Ministry's website database only has up until April?

Answer:

Your are right that the FinMin file on the website does not seem to have been updated in either Polish or English since April, which is when the coronavirus locked things down. I have no real idea why this is, but perhaps the restrictions have caused some issue. I shall have to look into it further.

[Ask the editor](#)

[Back to contents](#)

ROMANIA

Reasons behind trade deficit widening in September

Romania | Nov 18, 16:33

The question originally referred to this article: [CA deficit widens by 71% y/y in September, mainly over higher trade gap](#)

Question:

Do you know what's behind Romania's trade deficit getting so much more negative in September? It seems odd and I haven't been able to uncover what is behind it.

Answer:

The merchandise trade figures in September show a notable improvement of import performance, a turn from 4% y/y fall in August to 4.4% rise. Export remained on decrease, but milder. So, import was the main factor behind such an important widening of the merchandise trade gap in September. The statistical office does not provide a detailed breakdown on types of goods on monthly basis, just some general classification and only for the ytd period. We compared that general breakdown in the September release with the one in August and noticed some stronger rises or weaker falls in import of food and beverages, chemicals, other manufactured products, machinery and transport equipment.

We think those imports were mainly fuelled by the auto industry, which resumed production at full capacity in September (see car production [story](#)) and had to increase/resume import of some manufactured goods, parts or equipment that were needed in the production process and could not be found locally. This should have a positive impact on export in October. In addition to that, retail trade [figures](#) showed a stronger private consumption of processed food and non-food products. There were some reports in local media about robust increase in sales of electronics, like domestic appliances, laptops, tablets and phones. Demand for those latter increased significantly with online schooling.

[Ask the editor](#)

[Back to contents](#)

Financing needs in 2021

Romania | Nov 13, 18:18

The question originally referred to this article: [FinMin Citu excludes talks with IMF on financing deal](#)

Question:

What are the financing needs in 2021? Do they have a budget?

Answer:

The finance ministry hasn't revealed anything about the 2021 budget or financing needs. Since there is a general election on Dec 6, the next parliament must pass the 2021 budget, so I think the government will approve it at the beginning of December. This month, they must finish another revision of this year's budget.

[Ask the editor](#)

[Back to contents](#)

RUSSIA

Russia's Covid vaccine

Russia | Nov 13, 14:04

Question:

Do you have more information on Russia's Covid vaccine - Sputnik V? Taking into account media suggestions there have been substantial order books from the rest of the world, could the vaccine have significant influence on

the Balance of Payments and the ruble exchange rate?

Answer:

Shortly after Pfizer announced its vaccine effectiveness amounts to 90%, the Sputnik V researchers claimed theirs equals 92%. After some Western scientists expressed concern Russia is cutting corners in trials to be the first to present Covid vaccine, Sputnik V researchers assured data on the trials, whose third phase, in addition to Russia, is ongoing in UAE, Belarus, Venezuela and India will be published in leading international medical journal following peer review.

Sputnik V researchers claim they received requests for 1.2bn vaccines from 50 countries. However, the production is constrained by lack of enough equipment as noted by Vladimir Putin in late October. Moreover, the authorities assured they will start exporting vaccines only after domestic needs are met and said mass vaccination should start by year-end. Industry minister Denis Manturov recently stated that 800K should be produced in November, 1.5mn in December and more significant increase of output should take place next year. The Russian Direct Investment Fund (RDIF), which funded the Spuntik V development and is in charge of its global marketing, said it has inked deals for procurement of 270mn doses in total. Due to capacity constraints, it signed agreement for production of 300mn doses in India and undisclosed amount in China, Brazil and South Korea.

In addition to Sputnik V, the authorities already approved a second Russian Covid vaccine and Putin recently said the third should be registered soon. Still, we believe that due to capacity constraints the vaccines will not have tangible impact on the current account for the time being.

[Ask the editor](#)

[Back to contents](#)

US sanctions on Russian eurobonds

Russia | Nov 12, 16:45

Question:

What are the current US sanctions on Russian eurobonds? Does it apply to all foreign currency denominated bonds issued by Russia or just to USD-denominated ones? If not restricted, do you expect sizeable foreign participation? And is the FinMin likely to swap those EUR back to RUB?

Answer:

The sanctions cover primary sales of non-ruble denominated debt, so the offering of EUR-denominated eurobonds will fall under them. The sanctions mostly refer to "US banks", but asset managers, although not specifically mentioned, might play on the safe side and not present bids. Therefore, it seems very likely that there will be no US investors, but international banks with business in the US will likely also be cautious not to be subject to sanctions. This should present significant drag on foreign demand, which could be offset by local banks, which were the main buyers of domestic bonds (OFZ) over the last few months. Moreover, there could be interest from investors from the Middle East and Asia.

The FinMin is not in need of ruble liquidity and the potential USD 3bn in new eurobonds is dwarfed by current OFZ borrowing. The FinMin does not sell forex on the market, but it can exchange the forex for rubles at the CBR. In this case, the CBR can decide to offset the operation by increasing its own regular forex sales on the market. We think such a decision will depend on exchange rate dynamics. If the ruble is stable/appreciating there will be no

need to do this, but in case of depreciation pressure, this will be another tool available to the authorities (while still claiming that FX interventions are rule-based and are not aimed at influencing the exchange rate).

Ask the editor

Back to contents

SERBIA

Details on economic support programme

Serbia | Nov 10, 17:00

The question originally referred to this article: [Central govt budget to target deficit at RSD 483.1bn in 2020 - 2nd revision](#)

Question:

Where did you find the information about "A detailed look at the programme execution shows that it has cost RSD 551.4bn (10% of GDP) by the end of September"?

Answer:

The table is in the bill amending 2020 budget, p.221/222 - http://www.parlament.gov.rs/upload/archive/files/cir/pdf/predlozi_zakona/2020/1688-20.pdf.

Ask the editor

Back to contents

TURKEY

Erdogan's sentiment on interest rates and CBT policy

Turkey | Nov 13, 12:34

The question originally referred to this article: [Erdogan vows bitter recipe of measures if needed to address economic problems](#)

Question:

Would you happen to know what kinds of things Erdogan said about central bank policy and interest rates when the CBRT raised interest rates in 2018, and similarly when they cut rates in mid-2019? Do you think there was a legitimate change of heart in these instances, or did he keep more of the same sentiment?

Answer:

We see it early to conclude that yesterday's surprising messages by Erdogan show a legitimate change of heart regarding his approach to monetary policy. Better to say, we are not certain if Erdogan's implied shift of stance in monetary and other economic policies, as he signalled in yesterday's surprising market-friendly speech, will be sustained. Erdogan's communication yesterday is still encouraging when compared to his past statements on monetary policy in critical points in the past few years. When the CBT delivered a 625bps hike in the policy one-

week repo rate in Sep 2018 amid the currency crisis, Erdogan said the CBT tried his patience but we interpreted back then that his expression of opposition to the strong rate hike might be a political play to give the message that the CBT was independent in policy decisions. In other speeches following the Sep 2018 rate hike, Erdogan reiterated his unorthodox view that high inflation was driven by high interest rates.

Erdogan explicitly said he sacked former CBT governor Murat Cetinkaya in Jul 2019 because he did not obey the government's instructions, which is a clear acknowledgment of intervention in monetary policy. The CBT began the rate-cut cycle in Jul 2019 shortly after Cetinkaya was replaced with Murat Uysal, while Erdogan called on the CBT to continue monetary easing in public speeches during the period. As you may well know, he also sacked Uysal last week at a time when the CBT was tightening monetary policy mostly via liquidity measures and it would probably have delivered more definitive rate hikes in the absence of government pressure. That said, we stick to our view that the Erdogan government used Uysal as a scapegoat to avoid responsibility for the lira slide and high financial market volatility in recent months. Our assessment also derives from falling public ratings of the ruling party AKP on the back of high vulnerability of consumer confidence to exchange rate developments, as shown by past research by the CBT. We think this might have played a significant role in Erdogan's decision to replace Uysal with a market-friendly figure, namely Naci Agbal, as CBT governor. We note that the recent deterioration in the AKP's public popularity is more pronounced, compared to the situation during the currency crisis of 2018. So it is possible that Erdogan was convinced that the lira depreciation hurts voter confidence more than interest rate hikes. In sum, Erdogan's implied shift of stance towards orthodox policy settings in yesterday's speech may derive indirectly from public popularity concerns, in our view. At this background, we expect a definitive policy rate hike from the MPC on its Nov 19 meeting, as we argued in our latest CBW update. Nevertheless, there is no guarantee that Erdogan will maintain support to tight monetary policy if near-term policy actions achieve to stabilise the lira.

Positively, we note that new CBT governor Agbal's personal relationship with Erdogan (Erdogan is known to have high confidence in him) is expected to provide Agbal and the CBT more autonomy in policy decisions. We caution that despite his capabilities as a technocrat and his perceived preference for orthodox policy, Agbal is still an Erdogan loyalist so Erdogan's preferences may continue to influence the monetary policy stance.

[Ask the editor](#)

[Back to contents](#)

Monetary outlook after change of CBT governor

Turkey | Nov 11, 10:23

The question originally referred to this article: [New CBT governor Agbal reportedly works on replacing some deputy governors](#)

Question:

Do you reckon that this is a clear indication of much larger rate hikes in Turkey? Has Erdogan shown any signs of lessening the pressure on CBT?

Answer:

Erdogan has not shown any explicit signs of relaxing the pressure on the CBT. He has not commented yet on the replacement of the CBT governor or the Finmin's resignation. We read the surprising replacements as a signal that Erdogan might be convinced about growing risks from the lira slide and forex reserve depletion, at least for the

moment, also based on local media reports. Some economic analysts and journalists commented that Agbal would not accept the post without taking assurances for some independence in monetary policy. Nevertheless, we evaluate that Erdogan is still Erdogan as regards to his broader preference for pro-growth economic policies and new CBT governor Agbal is still an Erdogan loyalist despite being close to the orthodox policy tradition. Agbal comes from the tradition of Babacan-Simsek, the market-friendly former economic czars of Turkey. He closely worked with the two figures for years.

That said, we do not expect bold moves from the CBT going forward even if some other MPC members are reshuffled based on Agbal's preferences, whereas a shift towards orthodox monetary policy seems more likely. Specifically, we see it possible that the MPC may hike the now-defunct policy one-week repo rate of 10.25% to levels close to its average funding rate, currently at around 14.20%. Such a move would not practically lead to swift hikes in the cost of the CBT's market funding but provide the market with some assurance that the CBT is willing to address the rising inflation risks. We underline the fact that Erdogan ousted former CBT governor Uysal that himself appointed to replace a governor whose policy he opposed, and that the dismissal of Uysal occurred at a time when the CBT was tightening monetary policy either via direct or back-door measures. We therefore think that expecting bold moves from the new CBT governor, like swift hikes in the CBT's average funding rate or a mid-term assurance to keep real interest rates at sufficiently high levels to fight inflation, would be optimistic.

[Ask the editor](#)

[Back to contents](#)

ESTONIA

Opinion polls

Estonia | Nov 17, 14:50

The question originally referred to this article: [Support for extra-parliamentary Estonia 200 reaches record-high in Nov – poll](#)

Question:

Is the Norstat poll the only opinion poll on the support for various parties? How often is it performed and what is its importance to the election in Estonia?

Answer:

The Norstat poll in Estonia is traditionally commissioned by the Institute for the Study of Societal Issues and is carried out weekly or at least several times per month, depending on the period in question. It has been the most popular poll in the past year and one regularly reported by local media. If interested, you could access previous such stories by searching for "poll" in the search button on the landing page of our website.

There are two other public opinion polls conducted in Estonia - the Turu-Uuringute and the Kantar Emor polls. Those are, however, currently conducted less frequently and do not always receive attention in the press. Please note that ahead of Estonia's latest parliamentary election (early March 2019), it was the Kantar Emor poll that was conducted most frequently and on which most forecasts were based.

[Ask the editor](#)

[Back to contents](#)

Reaction of coalition and opposition parties to PM Jansa's EU budget position

Slovenia | Nov 20, 14:45

The question originally referred to this article: [Parliament passes budgets 2021-2022, which see record spending and investment](#)

Question:

What the other parties are saying about PM Jansa's support for Hungary and Poland veto to the EU budget.

Answer:

Junior partners in Slovenia's ruling coalition have distanced themselves from the letter PM Jansa addressed to EU leaders regarding the rule of law debate. NSi President Matej Tonin explained the opinion in the letter is that of PM Jansa only as the co-ruling parties have not decided on its content. Tonin stressed the letter doesn't benefit the interests of Slovenia and places it among problematic countries, which demands a serious debate. Co-ruling SMC outright rejected the content of the letter, stressing the rule of law is a key pillar of the EU and that the party supports all efforts to implement this principle. In addition, some of Slovenia's eight MEPs also joined criticism in response to Jansa's letter.

The four opposition parties sitting in parliament all issued strong condemnations to Jansa's letter addressed to EU leaders concerning the rule of law debate. Leader of The Left argued Jansa has demonstrated he has no regard for the interests and reputation of Slovenia and its people, stressing that for the PM foreign policy seems to consist of returning favours to his political allies on the far-right. Other representatives of The Left argued Jansa has been undermining the rule of law in Slovenia and is now helping do the same at the EU level.

A similar position was expressed by opposition LMS, as leader Sarec argued Jansa is being servile to Orban, adding the PM is also trying to direct attention away from the government's handling of the coronavirus pandemic. Sarec also argued the PM has destroyed the credibility of Slovenia regarding its upcoming EU Council presidency. Leader of the SD Tanja Fajon also focused on the what is according to her an unsuccessful handling of the healthcare crisis, adding that with his position on the rule of law the PM has brought disgrace to Slovenia and that he's lost touch with reality. Lastly, opposition SAB described Jansa's position as "madness" and overall unacceptable.

Meanwhile, the statement of PM Jansa was also rejected by President Pahor, who argued the agreement between the European Parliament and the EU Council that makes EU funding condition on adherence to the rule of law must be respected.

[Ask the editor](#)[Back to contents](#)

CBE's inflation target

Egypt | Nov 13, 17:33

The question originally referred to this article: [MPC cuts interest rates by 50bps as inflation pressures remain muted](#)

Question:

Is there a set date at which Egypt's inflation target would be reset? And if so, do you expect them to be a little more ambitious?

Answer:

It is our understanding the MPC will announce the 2021 target at its next rate meeting on Dec 24, 2020. The MPC has not commented on a new target, and we believe it will most likely retain the current 9% plus/minus 3pps, at least over H1 2021. We believe the MPC will remain cautious so it can gauge the impact of the monetary and fiscal stimuli, as well as the second wave of COVID-19 pandemic. Furthermore, urban inflation is expected to accelerate in 2021 on the back of base effects, and will most likely enter CBE's target band at around 6% y/y.

[Ask the editor](#)

[Back to contents](#)

ISRAEL

Update on banking sector liquidity

Israel | Nov 13, 14:19

The question originally referred to this article: [Merchandise trade gap narrows significantly y/y in October on exports' rise](#)

Question:

Is there data on banking sector liquidity?

Answer:

The BoI has published on Sunday last week (Nov 8) the annual banking system survey for 2019, which also includes analyses for part of the coronavirus period. As we discussed a month ago, this is the document, which includes most comprehensive data on banking sector liquidity, to the best of my knowledge. Here is a link to the [press release](#) and to the [report](#) itself.

[Ask the editor](#)

[Back to contents](#)

ANGOLA

Detailed breakdown of budget

Angola | Nov 18, 11:29

The question originally referred to this article: [Tax revenue from diamond sales increases by 7% y/y to AOA 24.2bn](#)

in Jan-Sept.

Question:

I was wondering if you might be able to provide a link to the Angolan budget that was passed on 17 November

Answer:

The breakdown has recently been released by the Finance Ministry [here](#). Please also note the budget was passed on 17 November in a first reading, it will now be discussed at committee level, while the final vote is expected on 14 December. Thus the figures may undergo some revisions in the meantime, though we do not expect large deviations from the already announced [targets](#).

Ask the editor

Back to contents

GHANA

PPG debt and contingent liabilities

Ghana | Nov 13, 08:32

The question originally referred to this article: [Parliament approves government budget for Q1](#)

Question:

Do you have the numbers for total PPG debt and contingent liabilities of the government of Ghana i.e. public debt, energy sector and other SOEs contingent liabilities and arrears, as well as the bauxite loan?

Answer:

We don't have PPG numbers as the government does not publish such data and the only estimates we have seen are from the debt sustainability analysis published in the latest IMF report on the country (April 2020). There the total PPG external debt was put at around 42% of GDP at end-2019.

As for contingent liabilities, the public domestic debt data supposedly includes those that have materialised so far (i.e. it includes the ESLA bond and the banking sector cleanup bond used to settle such liabilities) but there have been no estimates about potential new liabilities. There was a 2018 Fiscal Risk [Statement](#) published last year and it contained some data about SOE debt risks but nothing has been published since. With regards to the bauxite loan, the latest [info](#) from the government was that the implementation of the first phase of the programme has been affected by the pandemic and the disbursements were yet to start as of March. It is not clear whether any progress has been made there but given the situation, it is not very likely.

Below you can find the latest public debt data from the central bank, for end-July 2020 and for end-2019. Please note that the ratios to GDP are calculated using GDP projection of GHS 385.378bn.

Ask the editor

Back to contents

NIGERIA

Question:

Do you know the current OPEC target for Nigeria and how that evolves over the next year or so ? How does current production compare to the quota? Do you have an idea of the extraction costs of oil in Nigeria, per barrel?

Answer:

In early August, oil minister Sylva said Nigeria's quota for May, June and July was 1.42mn bpd. OPEC+ then agreed to ease the production cuts starting August (to 7.7mn bpd from 9.7mn bpd), and we believe Nigeria's quota was increased to about 1.5mn bpd from August 1st. Starting on Jan 1, 2021 and for a period of 16 months until April 30, 2022, OPEC+ had committed to easing total oil reduction to 5.8mn bpd, and we estimate Nigeria's quota would be raised to 1.6mn bpd during 2021. However, further easing is possible depending on the effectiveness of the Pfizer's COVID-19 vaccine, or other vaccines.

There are three sources for Nigeria's oil production, the state oil corporation ([NNPC](#)) reports crude + condensate output, [OPEC](#) and [Central Bank of Nigeria](#) (crude + condensates). The NNPC are probably the most accurate, but they are published with significant delay compared to OPEC. The table below summarizes Apr-Oct oil production. According to the NNPC, about 20% of oil production is condensate, which does not fall under OPEC output restrictions. Nigeria had to implement additional 45,000 bpd cuts in June and July in order to compensate for overproduction in May. Overall, the data on Nigeria's oil production is somewhat opaque, but we believe crude output is near compliance levels.

Oil production, various estimates (mn bpd)

	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20
NNPC (crude + condensate)	2.04	1.75	1.69	1.65	-	-	-
CBN (crude + condensate)	1.93	1.75	1.53	1.55	1.52	-	-
Budget target (crude + condensate)	1.80	1.80	1.80	1.80	1.80	1.80	1.80
OPEC (secondary sources)	1.78	1.58	1.49	1.47	1.47	1.44	1.49
OPEC (direct communication)	1.71	1.44	1.41	1.35	1.37	1.33	1.35
OPEC quota (mn bpd)	1.77	1.41	1.41	1.41	1.50	1.50	1.50

Source: NNPC, CBN, OPEC

We believe [Nigeria's average cost of oil production](#) per barrel is within USD 20-25 range.

Ask the editor

Back to contents

AfDB and World Bank COVID-19 funding

Question:

Has there been any update on the success of sourcing funding from the World Bank and AfDB?

Answer:

The World Bank approved USD 750mn MSME Emergency Response program in June and the African Development Bank has approved USD 288mn COVID-19 response loan, also in June. The federal government hoped it would sign USD 1.5bn loan with the World Bank in August, but the loan was delayed. The World Bank had included the unification of the naira and the removal of fuel subsidy as one of the key reform requirements listed as conditions for obtaining the loan. It is our understanding the FX unification is the core issue and there has been some progress in the FX market, albeit marginal. The federal government did remove the fuel subsidy in September and has made some progress in electricity tariffs so signing a loan by the end of 2020 is not completely off the table, in our view.

Ask the editor

Back to contents

FGN 2019 budget implementation

Nigeria | Nov 13, 10:37

The question originally referred to this article: [Budget gap 12% above revised target in H1; revenues slump on COVID-19 crisis](#)

Question:

Do you have the fiscal numbers for the 2019 Nigeria federal and consolidated govt, actual versus budget, and also funding sources?

Answer:

The budget office publishes the most detailed reports on FGN budget implementation. You can see the Q4 2019 and full-year consolidated report [here](#). We haven't covered the Q4 report in full, because the budget office published Jan-Sep 2019 report in March and then released the next three quarters simultaneously in October. This document contains the most comprehensive information on 2019 budget implementation.

FGN 2019 budget implementation (NGN bn)

	Budget		Actual				2019
	Annual	Quarterly	Q1	Q2	Q3	Q4	
TOTAL FGN REVENUE	6,998	1,750	941	798	1,059	1,322	4,120
TOTAL FGN BUDGET	8,917	2,229	1,952	1,441	2,350	2,556	8,299
Total Fiscal Deficit	-1,918	-480	-1,011	-643	-1,291	-1,234	-4,179
FINANCING ITEMS							
Privitization Proceeds	210	53	0	0	0	0	0
Multi-lateral / Bi-lateral Project-tied Loans	93	23	0	0	0	0	0
Foreign Borrowing	803	201	0	0	0	0	0
Domestic Borrowing	803	201	285	125	260	243	913
Sub-total	1,908	477	285	125	260	243	913
Net Deficit/Surplus (Exclusive of 2018 Capital in 2019)	-10	-3	-726	-518	-1,031	-991	-3,266

Source: Budget Office of the Federation

On deficit financing, the budget office said the NGN 4.2tn deficit was only financed to the tune of NGN 0.9tn, resulting in net fiscal gap of NGN 3.3tn. We remind the central bank had to step in to finance the federal government via overdrafts. Consequently, the CBN's claims on the federal government rose to NGN 11.6tn as of end-2019 from NGN 8.1tn one year earlier, as overdrafts jumped NGN 3.6tn y/y to NGN 9.0tn as of end-2019. CBN's net credit to the federal government was NGN 5.05tn as of end-December, up from NGN 0.34tn as of end-2018.

[Ask the editor](#)

[Back to contents](#)

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