



What Clients Asked This Week | Mar 31, 2020

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ALBANIA

Albania's external financing needs

Albania | Mar 25, 16:07

The question originally referred to this article: [EU foreign ministers agree to open accession talks with Albania, North Macedonia](#)

Question:

I need external funding needs for Albania for 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector.

Answer:

The state budget for 2020 showed that Albania's foreign financing needs are set at ALL 14,494mn (approximately EUR 116.7mn according to our calculations) for the year. The government will make ALL 66,550mn (EUR 535.9mn) worth of repayments of principal to foreign creditors.

Albania's interest payments in 2020 are set to amount to ALL 40,950mn (EUR 329.8mn), the external interest payments are ALL 13,450mn (EUR 108.3mn).

We note the government announced in January it will issue up to EUR 600mn of Eurobonds in 2020, but no further information on dates and maturity of the upcoming placement has been disclosed so far.

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ARMENIA

External debt repayment 2020

Armenia | Mar 25, 18:30

The question originally referred to this article: [Cafes, restaurants to close due to coronavirus](#)

Question:

Hi, I need external funding needs for Armenia for 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector. I would appreciate if you can send me this info today.

Answer:

Government external debt repayment in 2020 is planned at AMD 443bn (about USD 920mn), with AMD 83bn (USD 173mn) being interest. Please, find attached a table with state debt broken down by foreign, domestic, maturity, currency, creditors, etc. but it is in Russian. I am also attaching a similar file in English but it is not as detailed and up to end-2019.

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BELARUS

External funding needs in 2020

Belarus | Mar 26, 09:08

The question originally referred to this article: [Moody's says loosening bank regulations credit negative](#)

Question:

A question about external funding needs for Belarus in 2020. Do you have data for external debt amortization, external interest payments for the country and specifically for the public sector?

Do you have breakdown for external debt service? How much of it is interest? And do you have info on creditors that need to be repaid?

Answer:

The FinMin reported last November that a total of BYN 8.7bn would be repaid to creditors in 2020, including BYN 6.0bn principal. Foreign creditors are to receive a total of USD 3.8bn of that, including principal and interest.

Government sector debt is projected to amount to BYN 54.4bn or 37.8% of GDP at end-2020. In order to repay part of public debt next year, Belarus was going to issue BYN 1.4bn of domestic bonds and borrow USD 1.4bn abroad.

The link to the original document in Russian: <http://www.minfin.gov.by/upload/bp/taxpolitic/04112019.pdf>

As far as foreign creditors are concerned, those are mainly Russia, China, and Russia-dominated Eurasian stabilization fund, as Belarus has been borrowing mainly from them over the last several years. Belarus owes relatively little to IFIs. The next sovereign Eurobond matures only in 2023.

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BULGARIA

Bulgaria's external funding needs for 2020

Bulgaria | Mar 25, 15:52

The question originally referred to this article: [Yazaki temporarily suspends operations of its three Bulgarian plants](#)

Question:

I need external funding needs for Bulgaria in 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector.

Answer:

The government does not publish Bulgaria's external funding needs and principal payments. Accordingly, as an approximation for the total external funding needs, we are giving you the pre-determined reserve drains, i.e. all foreign currency and debt payments, from December 2019, calculated for the upcoming 12 months - for 2020, at EUR 582.8mn.

The finance ministry has provided data only on the state's due interest payments in 2020, amounting to a total of BGN 654.9mn for the year. The external interest payments for 2020 are set at BGN 452.1mn.

We also note that in the budgetary 2020 law, the government said that it might decide to borrow on the external markets in 2020 for the first time since 2016, without specifying how much. However, PM Borissov recently rejected plans for foreign borrowing for the time being. The government considers revising the budget law for 2020 due to the coronavirus crisis, so it might change its stance on foreign borrowing for 2020 in the upcoming months, in our view.

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CROATIA

External funding needs for 2020

Croatia | Mar 25, 08:31

The question originally referred to this article: [Government working on further measures to alleviate outbreak impact - Maric](#)

Question:

I need external funding needs for Croatia in 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector.

Answer:

According to the finance ministry's [public debt management strategy for 2019-2021](#), the total financing needs for Croatia for 2020 are set at HRK 57.5bn, whereas the external - at HRK 7.7bn. Of the external financing needs, HRK 6.9bn refer to foreign bonds and the rest - to foreign credits.

A 6.625%-coupon USD 1.25bn Eurobond matures on Jul 14, 2020 and the finance ministry is already preparing for the foreign bond issue to refinance the maturing Eurobond. The principal to be paid this year amounts to EUR 1.09bn, while the interest - to EUR 72.2mn. In total, in 2020, Croatia has to repay EUR 506.15mn in interest.

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CZECH REPUBLIC

Calculation of general government deficit-to-GDP ratio

Czech Republic | Mar 31, 11:38

The question originally referred to this article: [Revised 2020 budget assumes business activity will resume in July - Schillerova](#)

Question:

Would you be able to share your calculations for the general government budget deficit of around 5% of GDP based on the GDP growth contraction of 5.1% and the announced measures by the state? I would also be particularly interested in how you map the state budget into the general government balance.

Answer:

We ran two assumptions about the GDP deflator, one with price levels remaining unchanged when compared to 2019 and one with a 2% decline, to get a nominal GDP value for 2020, based on the finance ministry's latest forecast (5.1% contraction). Then we started from the latest finance ministry forecast about the general government deficit that it will be almost balanced in 2020, which suggests that the cumulative balance at local government level and social security funds will be virtually equivalent to the original deficit at state government level, so CZK 40bn.

Then we took the increase in the state government budget deficit (CZK 160bn, up to CZK 200bn) and used a comment of FinMin Alena Schillerova that they may use CZK 60bn from the social security fund's reserve, so an additional expense at that budget level. It is not a confirmed measure yet, and it might never materialise. The result we got was between 4.5% of GDP if they don't use funds from social security and 5% of GDP if they do. This is not an official forecast and none was actually given; to be honest, we don't blame the finance ministry for it.

So we wouldn't read into it too much, we don't believe anyone can tell you precisely what the actual deficit-to-GDP ratio is going to be, given how assumptions may prove to be way off from reality.

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Restriction on CNB to purchase government debt up to 1 year

Czech Republic | Mar 27, 09:11

The question originally referred to this article: [Cabinet extends CNB's options to purchase government debt](#)

Question:

Just wanted to double check what you say about the current central bank law allowing security purchases of up to 1 year. Holub said at today's presser that they could start now if they wanted to, that the law amendment is just to allow them to buy from outside banking. Is there a version of the central bank law in English?

Answer:

You can find the CNB act here:

https://www.cnb.cz/export/sites/cnb/en/legislation/.galleries/acts/act_on_cnb.pdf

We now understand where all this comes from. It is Article 32, which reads "Save as otherwise provided in this Act, the Czech National Bank may purchase and sell securities in order to regulate the money market." The problematic part is that operations are limited to the money market, which the finance ministry interprets as trade only with instruments up to 1 year maturity. It specifically refers to a "prevailing interpretation" of that text in the legal arguments provided to the amendment, so I'd say it is not very clear cut. Yet, it appears that Rusnok believes the same, while Holub thinks that this is not a legal restriction. At any rate, they intend to throw out "money market" from the text entirely, so that there is no possible legal impediment.

The finance ministry's legal arguments, where they refer to the money market restriction can be found here (in Czech only, page 3, section 2, third paragraph):

<https://www.psp.cz/sqw/text/orig2.sqw?idd=170456>

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Waiver on advance tax, social and health insurance payments

Czech Republic | Mar 27, 09:07

The question originally referred to this article: [Senate completes vote on most of government's fiscal stimulus package](#)

Question:

Is my understanding correct in that the waivers on advance payments on personal and corporate income tax, social security and health insurance contributions are only postponements in that these advance payments are not

forgiven but will have to be paid eventually?

Answer:

Yes it is, in a broad sense. However, there is more to it, related to how the system works.

Self-employed need to make a minimum amount of advance payments on quarterly basis. When annual incomes are declared (in the next calendar year), a balance is made between what they owe and what has already been paid and they submit the difference. If the normal regime were observed, it would mean that self-employed would have to pay contributions for Q2, even though they have no income (we refer to those whom the measure targets), which would be a financial burden. They would indeed have to pay less when they declare their incomes next year, but it is a question whether they will survive that long. So technically, self-employed won't have to pay these advance payments, only the balance between what they owe and what they have already paid.

Of course, those who are not affected by the crisis and still operate can continue making payments as normal. In fact, the finance ministry urged them to do so, in order not to pay a too big amount next year.

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CNB act amendment

Czech Republic | Mar 25, 09:04

The question originally referred to this article: [Cabinet extends CNB's options to purchase government debt](#)

Question:

Can you confirm whether this is now in law or not? I read in Reuters that the government failed to fast track this bill through parliament today, which would suggest it is not yet law.

Answer:

No, it is not a law yet. The Czech government has never had the power to pass legislation through emergency procedure, it always needs to go through parliament. It also hasn't failed to fast-track the amendment, it simply chose not to.

The only reason why we reported it was that they gave details what the change is about and there was a reaction from the CNB about it. We understand there may be an assumption that due to the circumstances, every piece of legislation will go through a fast-track procedure, but it's not the case and you should make the assumption only if the government explicitly says so.

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Deficit-to-GDP ratio after budget revision

Czech Republic | Mar 24, 09:10

The question originally referred to this article: [Govt approves state budget deficit at CZK 200bn in 2020, more labour measures](#)

Question:

Putting this altogether (growth and budget), what is the projected budget deficit as % of GDP for this year?

Answer:

It is not easy to say, because this is only the state government budget, almost overlapping with central government accounts. FinMin Alena Schillerova said they could use CZK 60bn from the state social security fund, but it remains unclear what will happen with local government budgets. Even assuming a modest surplus at local government level, it will put the general government budget at a deficit about CZK 250-260bn, according to a very rough estimate, in the vicinity of 5% of GDP. If they don't use social security funds, then it goes to around 4.5% of GDP.

However, there are a lot of unknowns, as the GDP projection should be considered very uncertain (last week, they reportedly used a GDP contraction of 1.5-3%), then we have no idea what the GDP deflator will end up to be, and there may be way more unexpected expenses, especially if the pandemic isn't put under control over the next couple of months.

So take this is a very rough and very speculative estimate on our part. It is no wonder that the Czech finance ministry didn't provide a deficit-to-GDP projection and frankly, we don't blame them.

[Ask the editor](#)[Back to contents](#)**Details about state aid and guarantee scheme**

Czech Republic | Mar 24, 09:08

The question originally referred to this article: [State development bank suspends loan applications due to exhausting loan amount](#)

Question:

Regarding the CZK 900bn government guarantee scheme in Czech Republic: have any official documents detailing the terms been published? If yes, please provide the link. Also for the CZK 11.6 bn credit line.

Answer:

The CZK 900bn state guarantee announcement is not a single measure, but rather a commitment to provide guarantee up to that amount, which PM Andrej Babis made last week. Specific measures and programmes will be adopted in the days and weeks to come. You can find the original announcement (in Czech only) here, it is a transcript of the press conference after the cabinet meeting last Wednesday (Mar 18):

<https://www.vlada.cz/cz/media-centrum/tiskove-konference/tiskova-konference-po-mimoradnem-jednani-vlady--18-brezna-2020-180440/>

Regarding the credit line from the state development bank, it has been specified that it will reach CZK 10bn, you can find a description here (in Czech only):

<https://www.cmzrb.cz/podnikatele/uvery/uver-covid/>

You need to click on the "Výzva" link in the red box to the right, this is the detailed description of the programme.

The document is a little bit outdated, however, as the lower threshold has been lowered from CZK 0.5mn to CZK 10,000 so that self-employed and sole proprietors could take advantage. The other parameters remain unchanged - maturity of 2 years, an option to defer payments during the first 12 months, the loan-to-value ratio is up to 90%. There have been speculations that the programme can be extended.

There is currently a second programme in preparation, but details are being worked out with the industry ministry, here is an official statement from the state development bank (in Czech only):

<https://www.cmzrb.cz/cmzrb-rozdeli-dalsich-5-miliard-na-covid-ii/>

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GENERAL CEE

QE programmes

General CEE | Mar 27, 11:23

Question:

Do you have a list of the EMs that have started QE in response to the Covid-19 crisis?

Answer:

Please find the data in the table below:

QE programmes, emerging markets

Country	Region	Market	Purpose	Amount (min/max)	Duration	Comments
Brazil	LATAM	Secondary	Liquidity	USD 1,172,328,833, maturing on April 8, 2020; UDS 1,781,935,256, maturing on April 23, 2020	The action held on Mar 18, 2020	The BCB established criteria for conducting repurchase operations in foreign currency, starting on March 18, 2020. The eligible bonds to be accepted as collateral are external federal public debt securities (Global Bonds), and a haircut of 10% (ten percent) will be applied over bonds' market value. During the repurchase maturity period, the transfer of margin — exclusively in sovereign bonds — is mandatory whenever any counterparty exposure is equal to or greater than USD 500,000
Colombia	LATAM	Secondary		COP 12tn in total, some USD 3bn	TES action to be held in March, private bonds' acquisition began on March 24 has no final date	BanRep set to acquire COP 2tn of Treasury Bonds (TES), to acquire some COP 10tn of private bonds due in up to 3yrs
Indonesia	Asia	Secondary	Liquidity	IDR 168tn ytd (unlimited)	no final date	BI buys govt bonds to offset capital outflows from the sell-off of govt bonds by foreign investors
Indonesia	Asia	Primary	Stimulus	n/a	no final date	BI to buy 6-month recovery bonds, which will finance govt support to SMEs
Chile	LATAM	Secondary		USD 1.2bn as of Mar 23/ max at USD 4.0bn	When USD 4.0bn limit is reached	Only bank bonds are part of QE, central bank is banned from buying government bonds.

South Africa	SSA	Secondary	Liquidity	n/a	n/a	SARB starts government bond buying programme as of Mar 25. Bonds will be held in the Monetary Policy Portfolio (MPP), the SARB's liquidity management tool. The purpose of the bond buying would be to reduce excess volatility and help price discovery and not to provide a monetary stimulus to demand which is why the SARB does not consider this programme QE.
Poland	CEE	Secondary		n/a	n/a	NBP has held 3 auctions so far, buying some PLN 19bn of bonds. More auctions to come. NBP has also pledged to run TLTRO-like operations to help banks keep company financing.
Romania	CEE	Secondary		n/a	when needed	
Hungary	CEE			unlimited	till second notice	No direct buying of government securities but central bank provides collateral loans to banks with different maturities, programme stimulate banks to buy government securities on primary market
Israel	MENA	Secondary	Both	NIS 50bn	till second notice	Bol also launched repo transactions to financial institutions with government bonds as collateral and swap transactions vis-à-vis the domestic banking system for up to USD 15bn
Croatia	CEE	Secondary		HRK 4.2bn	Two auctions were held - on Mar 13 purchased HRK 212.88mn, on Mar 23 - HRK 4.075bn; HNB has not announced deadline to end the purchase of government bonds.	The move was aimed to stabilise the securities marked via purchase of government bonds. HNB Council expanded the possibility to purchasing government bonds to pension funds and insurance companies.
India	Asia	Primary	Liquidity	INR 400bn	First auction of INR 100bn on Mar 20, second and third auctions of INR 150bn each were conducted on Mar 26, 27, respectively	The RBI sought to ensure that all markets segments function normally with adequate liquidity and turnover
Philippines	Asia	Primary	Stimulus	PHP 300bn	Six-month repurchase agreement	The funds from the deal will be used to support the national government's programmes to counter the effects of COVID-19
Thailand	Asia	Secondary	Liquidity	THB 100bn over Mar 13-20	No final date	The BOT will continue to provide liquidity to the government bond market through bond purchasing to ensure the market's continued normal functioning
South Korea	Asia	Secondary	Other	KRW 1.5tn	Mar-20	BOK purchased KRW 1.5tn government bonds for market stabilization purposes
South Korea	Asia	Primary	Liquidity	unlimited	Apr 1 - Jun 30	BOK to provide unlimited liquidity through repo auctions held weekly at 0.85% interest rate. Purchasable securities include government bonds and special public entities bonds.

Source: Central banks, data collected by CEEMarketWatch

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GEORGIA

External debt 2020

Georgia | Mar 25, 18:31

The question originally referred to this article: [Real GDP growth slows to 5.1% y/y in Q4 2019 - preliminary](#)

Question:

Hi, I need external funding needs for Georgia in 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector. I would appreciate if you can send me this info today.

Answer:

According to a report from the finance ministry from Dec 2019, public external debt service in 2020 will be USD 362mn. In this, USD 63mn is interest. The projection for public external debt by end-2020 is for GEL 17.97bn or about USD 6.3bn (at 2019 annual average USD/GEL).

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HUNGARY

Macroprudential measures of NBH against coronavirus epidemic

Hungary | Mar 23, 11:20

The question originally referred to this article: [NBH rolls out package of measures to support banks](#)

Question:

What do you think the objective of the following measure: reducing the maximum level of the foreign currency balance ratio by 5pps to 10%, which should limit currency mismatches on the banks' balance sheets. Why is there a mismatch in the first place? Thirdly, the NBH said that the weighting of funds in the foreign exchange financing compliance index should be differentiated by maturity for funds over one year?

Answer:

The NBH introduced the Foreign Currency Equilibrium Ratio (DEM) in Jul 2015. It postulates that the denomination difference between assets and liabilities of credit institutions should not exceed 15% of total assets. Now this ratio is reduced to 10%. We think that the NBH might be getting concerned with the depreciation of the forint and we see this as a signal that it might expect further depreciation, given the likely new monetary easing to support the economy amid the epidemic.

The Foreign Exchange Funding Adequacy Ratio (DMM) was imposed in Jan 2016. It regulates the ratio between long-term forex funding and long-term forex assets excluding long-term swaps, which should be 100%, and basically aims that long-term swap holdings cease to be eligible as long-term foreign currency financing.

Yesterday's regulation is a little bit unclear in this respect but we think it seems to push banks towards seeking longer-term funding.

We've been able to find some info on the banking sector's DEM and DMM ratios in the NBH macroprudential report for 2018, which is the last one published:

[NBH Macroprudential Report 2018](#)

The ratios abbreviations are anglicized in the report - FFAR corresponds to DMM and FECR corresponds to DEM. You can find the bank's analysis on pages 24-27 of the report. It basically stated that the banking system had a significant forex funding surplus with the DMM ratio being above 130%. It showed that the DEM ratio is significantly below the limit - at 2-3%. In 2018 at least, it was thus significantly below the current revised limit of 10%, probably showing that the current tightening of the DEM ceiling is just a precaution.

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KAZAKHSTAN

Number of COVID tests made

Kazakhstan | Mar 27, 18:30

The question originally referred to this article: [Kazakhstan aims to limit COVID-19 spread in state of emergency](#)

QUESTION: I am looking into the impact/effects of Covid 19 on various countries in EEMEA and wondered if you know how many tests are being carried out in Kazakhstan on a daily basis and how many total tests have been conducted?

ANSWER: According to the ministry of information, Kazakhstan has already conducted over 15,000 tests (Jan-Mar). Minister Abayev similarly reported over 1,000 tests are being carried out on a daily basis at present. The government is currently awaiting a delivery of 150,000 test kits, whereas another 100,000 kits will be provided by sponsors.

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External debt payments in 2020

Kazakhstan | Mar 27, 18:27

The question originally referred to this article: [Q1 budget deficit to equal KZT 350bn - information minister](#)

QUESTION: I need external funding needs for Kazakhstan in 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector

ANSWER: According to debt management data from the NBK, payments by the public sector will amount to USD 1.4bn in 2020. Of those, USD 79mn are owed by the NBK as principal, whereas the government will repay USD 962mn as principal and USD 385mn in interest. Public sector debt amounts to just over 8% of Kazakhstan's gross external debt. The majority is still owed by corporate entities.

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NORTH MACEDONIA

External funding needs

North Macedonia | Mar 27, 15:03

The question originally referred to this article: [EU to greenlight launch of accession talks with North Macedonia - report](#)

Question:

I need external funding needs for North Macedonia in 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector.

Answer:

According to the state budget plan for 2020, the government will have to make MKD 43.21bn (EUR 700.5mn) worth of repayments of principal, of which MKD 26.92bn (EUR 436.4mn) pertain to foreign creditors. We note that the government has to repay in December this year some EUR 180mn worth of outstanding amount from a [EUR 270mn five-year Eurobond](#) issued in 2015. The cabinet expects the public debt (including guarantees) to peak at 52.3% of GDP at end-2020 and start declining after that to reach 49.1% of GDP at end-2022.

Interest payments in the state budget plan for 2020 are set at MKD 8.27bn (EUR 133.9mn), of which MKD 5.49bn (EUR 88.9mn) pertain to foreign creditors.

I am attaching the 2020 budget plan as part of the [budget execution data](#) for February.

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POLAND

Unconventional measures and ECB

Poland | Mar 25, 16:28

The question originally referred to this article: [Glapiński says govt bond buys to start Thurs., NBP wants more QE-type tools](#)

Question:

What do you think the unconventional measures that Glapiński is going to ask the ECB about include? Is there anything from the NBP's management board note that they can't do at the moment? Lastly, do you think there is a chance the NBP can start monetising some of the government's debt on the back of the new fiscal stimulus?

Answer:

The full Glapiński quote is as follows:

"We will address the European Commission, the European Central Bank, to apply some other measures that could not be applied due to the treaties we signed within the European Union or were unclear as to their application," he said.

The only information I could find about the details are from a reported government document that doesn't seem to be online, so I can't link to it, but was reported by the PAP news agency. It says the following:

"- potential LTRO operations and similar operations used by the European Central Bank."

As for debt monetization, I think that the NBP is focused now on its repo operations and on the purchase of government securities on the secondary market. My feeling is that NBP Governor Glapinski wants to portray an optimistic view of the situation and thus will want to keep the toolkit to what has been announced right now. But who knows what the future brings, especially if the health side of the equation -- the reduction of the number of cases -- doesn't see success.

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ROMANIA

External funding needs for 2020

Romania | Mar 26, 10:26

The question originally referred to this article: [President Iohannis announces new movement restrictions](#)

Question:

I need external funding needs for Romania in 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector.

Answer:

The government increased its foreign borrowing plan for 2020 to EUR 14bn from EUR 6bn on Mar 17. The amount should cover the budget deficit, additional financing needs and bonds reaching maturity in 2020-2022 (EUR 2bn and USD 2bn in September 2020 and EUR 1.84bn in February 2022). I could not find more details about debt repayments that the public sector must make in 2020.

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RUSSIA

Number of COVID tests made

Russia | Mar 27, 18:24

The question originally referred to this article: [Government instructs regions to close night clubs, cinemas](#)

QUESTION: Do we now how many tests Russia is doing daily now for COVID? And any indication on when the proposed ramp up in testing will occur?

ANSWER: We are not aware of consistent publicly available data. According to the mayor of Moscow, Sobyenin, the daily testing capacity will rise to 13,000 by the end of this week. A number of different tests are now undergoing approval procedures, including foreign ones, he said. Earlier reports were that nine new laboratories in hospitals will be equipped with testing kits in Moscow, which will raise the capacity from 4,000 per day to 10,000. Before that only federal scientific laboratories were doing the test and there was only one Russian-made test approved. In regions tests are a lot fewer and Sobyenin admitted the scale of the spread is unknown.

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New tax on dividends

Russia | Mar 27, 18:20

The question originally referred to this article: [Putin announces package of economic measures on coronavirus outbreak](#)

QUESTION: On this point: 'Dividends paid to overseas accounts will be subject to 15% withholding tax' - what does this imply for foreign investors receiving dividends from Russian companies? Does it only apply to local shares or also foreign depository receipts?

ANSWER: The tax was just announced and the details are not clear. The context was entirely about Russians using tax optimization schemes and sending profits to offshore zones where they are taxed at just 2%. I don't think it will affect foreign investors, corporate dividend payments, GDRs, etc.

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Budget assumptions for 2020-2022

Russia | Mar 27, 07:37

The question originally referred to this article: [EconMin presents updated macro forecast for 2019-2024](#)

QUESTION: Can you remind me please the latest assumptions in the budget for 2020-2022 for the actual oil price, the fiscal rule oil price, the exchange rate and real GDP growth?

ANSWER: Here is a table with the assumptions. The EconMin revised the macro forecast for 2020 for the February budget amendment (second column), but forecasts for 2021-2022 were left unchanged. The fiscal rule oil price is just USD 40 in 2017, indexed with 2% growth every year. All of these assumptions are clearly outdated and the economy ministry has said a new forecast will be available in April.

Budget assumptions

	2020	2020-new	2021	2022
GDP growth	1.7	1.9	3.1	3.2
Oil price	57	57.7	56	55

Reference oil price	42.4	42.4	43.3	44.2
USD/RUB	65.7	63.9	66.1	66.5

Source: FinMin

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Link to article on COVID-19 measures

Russia | Mar 24, 11:49

The question originally referred to this article: [Government plans to support sectors and households affected by coronavirus](#)

QUESTION: Do you have the link to the Vedomosti article you have been referencing to? Do you have/can share full report for the poll of Russians?

ANSWER: The article from Vedomosti is [here](#). The newspaper is paid, I suppose you will not be able to open the link unless you have a subscription. I attach also the full version as a file. The poll can be seen here. There are numerous measures discussed everywhere, but none of them seems really important at the macro level so far.

Ask the editor

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SERBIA

External funding needs in 2020

Serbia | Mar 26, 07:27

The question originally referred to this article: [NBS supplies banks with another RSD 25.2bn through repo purchase of securities](#)

Question:

I need external funding needs for Serbia in 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector.

Answer:

Serbia's [2020 budget](#) sets the total financing needs at RSD 605.0bn. Eurobond issuance is planned at RSD 236.6bn (EUR 2.0bn), while borrowing from IFI and foreign governments - at RSD 50.6bn. The [Economic Reform Program](#) (ERP) 2020-2022 provides the following breakdown for the external debt:

	2019	2020	2021	2022
Net Foreign debt, EUR bn	17.8	17.8	17.5	16.4
O/w: public	6.4	5.9	5.3	4.6
O/w: foreign currency denominated	15.8	15.7	15.3	14.1
O/w: interest payments	1	1	1	0

O/w: repayments due 5.4 4.5 4.1 4

The Public Debt Strategy for 2020-22 gives more general projections for interests and principals repayment until 2022, but does not provide breakdown between domestic and external debt service.

Total principals and interests repayment projections until 2022, RSD bn

	2019	2020	2021	2022
Principal	654.0	473.4	325.0	387.6
Interest	110.4	111.2	106.3	108.5
Total	764.4	584.6	431.3	496.1

*with planned buy-back operations

as % of GDP

Principal	12.1	8.1	5.2	5.8
Interest	2.0	1.9	1.7	1.6
Total	14.1	10.0	6.9	7.4

Ask the editor

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TURKEY

Methodology principle for external government debt data

Turkey | Mar 27, 18:20

The question originally referred to this article: [Government debt reaches TRY 1,409.5bn at end-February, up by 5.5% m/m](#)

Question:

The external debt statistics are by residency right? So, non-resident holdings of local-currency (LCY) government bonds are included in total gov't external debt figures?

Answer:

Our article is based on the FinMin's table on "[Central Government Debt Stock - by Instrument Type](#)" which provides the total amount of domestic and external debt stock in TRY terms, and the table on "[Central Government External Debt Stock](#)" which shows external debt in USD terms. The FinMin defines in the metadata of central gov't debt stats that:

Domestic Debt Stock: Debt stock composed of treasury bills and bonds issued in the domestic market by Undersecretariat of Treasury.

External Debt Stock: Debt stock composed of external loans and bonds issued in the international markets, by Undersecretariat of Treasury.

By this definition, the data uses the principle of the market of issuance, not the residency principle. So non-resident holdings of LCY government bonds should be included in domestic debt figures.

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Reduction of reserve requirements and decline of forex reserves

Turkey | Mar 27, 18:16

Question:

Which date recently did CBRT reduce FX RRR? Is that a reason the last week's aggregate FX reserves could have fallen by 11%?

Answer:

The CBRT's 500bps cut in the FX RRRs took effect from the calculation period of Mar 6 with the maintenance period starting on Mar 20. So yes, the RRR cut should be the main driver of the sharp decline in international reserves last week. Note that the CBT had expected the RRR change to provide the market with USD 5.1bn worth of FX and gold liquidity. The actual decline in the FX RRs at the CBT should be higher, in our view, judging by FX deposit withdrawals last week.

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Historic and forecast data on budget revenues and expenditures

Turkey | Mar 27, 16:37

The question originally referred to this article: [President Erdogan announces economic stimulus package worth TRY 100bn](#)

Question:

May I kindly ask you for the best source for general government revenues and expenditures (both historically and forecasts)?

Answer:

Here is the link to [the budget statistics of the general government](#) by the Ministry of Treasury and Finance.

For official forecasts by the government, please see [the mid-term economic programme for 2020-2022](#) (General government budget projections are available on pg. 46 of the programme).

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ESTONIA

Link to Emergency Situation Radar survey

Estonia | Mar 27, 18:24

The question originally referred to this article: [Some 64% of households consider their financial situation to be good – survey](#)

Question:

Could you share the survey (Emergency situation radar?) website if there is one? I would like to know the methodology, frequency, sampling population, etc.

Answer:

Here is a link to the website of Kantar Emor pollster with additional information on their newly-launched Emergency Radar survey: <https://www.kantaremor.ee/eriolukorra-radar-covid-19-moju-eeesti-elanikele-ja-ettevotetele/>.

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GREECE

How many Covid-19 tests are being carried out

Greece | Mar 27, 17:41

Question:

How many Covid-19 tests have been carried out in Greece so far and how many are being carried out on a daily basis?

Answer:

Information on how many tests are being carried out (especially daily) is rarely mentioned by media. However, the National Public Health Organization (essentially Greece's CDC) is publishing daily reports on the Covid-19 figures in the country.

In the latest available report on their website (for 24 March), the NPHO says a total of 9071 tests have been performed. Although the NPHO does not provide a breakdown of how many tests are performed daily, we can estimate the figures if we subtract the total number of tests published in each daily report from the total number published in the previous report. Here's a breakdown for the past 4 days:

21 March - 658 tests

22 March - 176

23 March - 638

24 March - 427

An average of roughly 475 tests over the past 4 days for which there is published data. This is the website of the National Public Health Organization: <https://eody.gov.gr/>

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MEXICO

Lifting , fiscal and external break-even oil costs in LatAm

Mexico | Mar 26, 17:33

Question:

Do you have an overview of estimated lifting costs, fiscal, and external break-even prices for oil producers in EM (LatAm)?

Answer:

Mexico. The 2020 budget anticipated the price per barrel at USD 49.0, but keep in mind this is the "Mexican blend", now [selling at USD 16.1](#). Also, it's crucial to keep in mind the government acquired an oil hedge for the year that, [according to FinMin Arturo Herrera](#), has oil revenues "completely covered".

Per state-owned oil firm PEMEX, the firm's average production cost in 2019 was of USD 14.2 per barrel, up 3.4% from 2018. PEMEX pays taxes on its output, not on its revenue, thus its total lifting cost with taxes reached USD 44.2 per barrel in 2019.

Mexico became a net importer of oil in 2019 and, thus, there is no external break-even price. Even if output were to improve in 2020 and consumption falls, the break-even price would have little use in our view given the highly diversified state of the economy.

Brazil. The 2020 budget considered the price of oil at USD 64.4, the latest estimate revised by the Economy Ministry puts it at USD 41.9.

According to state-owned oil Petrobras, the average extraction cost in H1 2019 was of USD 10.43 per barrel, down by 2.3% y/y, without transportation.

Brazil became a net oil exporter in 2019. Energy Minister Bento Albuquerque said recently Brazil will be among the top-five exporters by 2030, tapping private investment to boost production. However the economy remains well diversified to consider an external break-even price.

Colombia. The 2020 budget anticipated the price per barrel at USD 60.0.

State-owned oil firm [Ecopetrol](#) said its lifting cost in Q4 2019 was of USD 8.6 per barrel, including subsidiaries Hocol and Ecopetrol America. This is not including transport costs or taxes.

We've been unable to find an external break-even price of oil for the country. However, with fuel and extraction representing 55.7% of all exports in 2019, and considering the current account continuously posted widening deficits during the year the oil price dive is indeed a source of concern for the stability of the current account, particularly considering investment flows towards emerging markets is to suffer in the current context of uncertainty.

Argentina: With output barely being enough for self-sustenance there is not an external breakeven oil price. The current REER and the oil prices recorded before the March plunge (about USD 50 per barrel) appeared to be enough to at least balance oil exports and imports.

Similarly, oil production in Argentina usually receives subsidies, and the subsidy scheme changes often.

Lifting costs are estimated to be around USD 20-30 depending on location, with a lot of variability due to the incorporation of shale fields in recent years. Costs in the most productive fields could be slightly lower than USD 20. Full production costs (after taxes) should be around USD 35-45 for most fields, but the least productive ones usually shut down when the price paid locally for oil declines below USD 50-55. The government is said to be considering placing a fixed price somewhere between USD 40-50 for oil barrels produced locally, covering the

difference between the international price and the local price with federal funds.

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EGYPT

Number of coronavirus tests

Egypt | Mar 26, 11:19

The question originally referred to this article: [Government imposes two-week curfew as confirmed coronavirus cases rise to 366](#)

Question:

Do you know how many tests are being carried out in Egypt on a daily basis / and/or how many total tests have been conducted?

Answer:

On Mar 25, Egypt's daily [newspaper Ahram](#) quoted health minister Hala Zayed saying "Egypt has conducted about 25,000 tests so far". Zayed added Egypt is conducting COVID-19 tests at 21 central laboratories in different governorates, with plans to increase the number to 27. The number of total tests seems very high, though. We believe Egypt stepped up testing around Mar 6, when 33 infected people were found onboard a Nile River cruise ship, which suggests the country did about 1,300 daily tests on average. Again, that number looks fairly inflated, but we do not have any other official source at the moment.

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ISRAEL

Link to article about possibility Bol to buy corporate bonds

Israel | Mar 27, 15:06

The question originally referred to this article: [Bol might start buying corporate bonds but not now – deputy governor](#)

Question:

Please may I have the link to the original news article?

Answer:

Abir made the statement for local business newswire Calcalist. You can read the original Calcalist story [here](#) . Unfortunately, it is in Hebrew only, I could not find it on the English website.

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Coronavirus in Qatar

Qatar | Mar 27, 10:24

The question originally referred to this article: [Authorities ban public gatherings and deploy patrols to stop coronavirus](#)

Question

I am looking into the impact/effects of Covid 19 on various countries in EEMEA and wondered if you know how many tests are being carried out in Qatar on a daily basis / and/or how many total tests have been conducted ? (the latter seems to be more widely reported).

Answer

Qatar's Ministry of Public Health keeps detailed statistics about COVID-19 in the county. <https://www.moph.gov.qa/english/Pages/Coronavirus2019.aspx> Thus far 12,258 people have been tested and 537 have been diagnosed as infected with the virus. Qatar reported its first COVID-19 case on Feb 29, or about one month ago. A rough estimate suggests that on average, Qatar did about 450 tests a day.

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Coronavirus in Saudi Arabia

Saudi Arabia | Mar 27, 10:22

The question originally referred to this article: [Government introduces curfew to prevent spread of coronavirus](#)

Question:

I am looking into the impact/effects of Covid 19 on various countries in EEMEA and wondered if you know how many tests are being carried out in Saudi Arabia on a daily basis / and/or how many total tests have been conducted ? (the latter seems to be more widely reported)

Answer:

Today (March 25) the Saudi Press Agency said the accumulated COVID-19 cases in the country are 900. Meanwhile, the health ministry issues frequent bulletins about the coronavirus, but it does not always say how many people have been tested. On March 22 the health ministry said that laboratories in the country have conducted 23,000 tests. Testing began on Feb 2, when 10 Saudi students evacuated from China were tested. That means there are about 470 tests per day.

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External financing needs of some SSA countries

General SSA | Mar 27, 19:36

Question:

I need external funding needs for Angola, Ghana and in 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector.

Answer:

Angola

Please note the figures as cited in the budget:

External debt amortization - AOA 3,143.8bn

External interest payments - AOA 1,404.8bn

The USD figures cited by the IMF in its latest report on the country (December 2019) are as follows:

External debt amortization - USD 5.7bn

External interest payments - USD 2.6bn

Ghana

Below are the numbers that the government has provided in the 2020 budget. Note that they were given in cedi only, but we have calculated their USD equivalent using the exchange rate which the finance ministry apparently used when drafting the budget.

External debt amortization - GHS 12.1bn (USD 2.1bn)

External interest payments - GHS 5.1bn (USD 900mn)

Kenya

FY 2019/2020

External debt amortization - KES 131bn (USD 1.3bn), o/w KES 44bn (USD 0.4bn) paid by Dec 2019

External interest payments - KES 151bn (USD 1.5bn), o/w KES 62bn (USD 0.6bn) paid by Dec 2019

FY 2020/21

External debt amortization - KES 174bn (USD 1.7bn)

External interest payments - KES 148bn (USD 1.5bn)

Please note in Kenya the fiscal year is running July-June. The budget only gives the figures in the local currency; the USD figures are my calculation based on the average 2019 ROE (1USD=102KES).

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Question:

Do you have an overview of estimated lifting costs, fiscal, and external break-even prices for oil producers in emerging markets in MEA?

Answer:

Nigeria

You can see the technical costs per business arrangement in the oil sector in our report [here](#), where we conclude that Nigeria's average cost of oil production per barrel is probably within the USD 20-25 range. On Mar 10, Fitch Ratings estimated Nigeria's break-even oil price at USD 144 a barrel, all else being equal. We haven't seen other recent estimates. We think lower oil price could also balance the budget, because of Nigeria's poor record in implementing the capital expenditure, which is about 20% of 2020 budget. There is additional fiscal "buffer" in the fuel subsidy in the 2020 budget (about 5% of expenditure) as the slump in oil prices should have eliminated completely the fuel subsidy. However, last week the central bank devalued the FX rate for fuel imports, and the petrol pricing template is not yet updated, so we are not sure whether all of the subsidy is effectively eliminated. Still, we think Nigeria's "actual" break-even oil price could be somewhere around USD 110 a barrel. We remind the government is currently reviewing the 2020 budget, reducing the benchmark oil price to USD 30 (previously: USD 57) and cutting expenditure by about 15% to NGN 9.1tn.

We haven't seen official estimates on the external break-even price. As far as the goods account is concerned, we think 2016 could be used as a proxy - back then the slump in oil prices pushed the economy into recession (-1.6% GDP growth) and an average oil price of USD 44/barrel resulted in relatively small deficit in the goods account (0.9% of GDP). Thus, it seems a price of USD 50 - 55 could balance the goods account, assuming Nigeria slips into relatively mild recession in 2020.

Angola

The 2020 budget is based on a benchmark of USD 55 per barrel, which was supposed to yield a small surplus (0.8% of GDP). We have not seen a recent estimate of the fiscal break-even price, but considering IMF and Fitch estimates on the impact of the oil price drop on revenues / GDP growth, we would assume it is around USD 50. The external break-even should also be in that range. Production cost has been cited as USD 35-40 per barrel on average.

GCC

On Mar 10, Fitch Ratings wrote a report about the fiscal break-even oil prices/barrel in MEA.

- Qatar - USD 55
- Abu Dhabi - USD 65
- Kuwait - USD 68
- Oman - USD 82
- Saudi Arabia - USD 91
- Bahrain - USD 96

Oil production costs are hard to find because the state-oil companies in the GCC do not reveal such information.

However, Saudi Aramco said in its [IPO prospectus](#) that its average upstream lifting cost was SAR 10.6 (USD 2.8) per barrel of oil equivalent produced in 2018. When you add in taxes, capital spending, transportation and production costs, the number reaches about USD 9 per barrel. We know that lifting costs for national oil companies in the GCC are among the lowest in the world and we believe they are below USD 15 per barrel.

In Oct 2019, the IMF published a 10-page [regional outlook report](#), which discusses global trade uncertainties, volatile oil prices, geopolitical tensions, and domestic vulnerabilities in some of the countries in the region.

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Participants in African finance ministers' conference

General SSA | Mar 26, 14:48

The question originally referred to this article: [African finance ministers say region needs USD 100bn emergency coronavirus help](#)

Question:

Who were the participants of this call?

Answer:

The participants should have been all ministers of the member states of the Economic Commission for Africa, which are 54 African countries. You can find them [here](#). If you want to see more information about the agenda and other documents from the conference, you can find them [here](#).

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NIGERIA

FGN 2020 budget - approved vs proposed

Nigeria | Mar 26, 11:14

The question originally referred to this article: [Government cuts spending by NGN 1.5tn, lowers benchmark oil price to USD 30](#)

Question:

Could you please provide a breakdown of revenues, oil revenues and fiscal deficit included in the 2019, 2020 budget and in the revised budget? In the 2020 budget, what explains the same NGN 2.2tn budget deficit vs. the 2020 proposed budget if expenditures were revised upwards to NGN 10.6tn and revenues remained the same? It gives me NGN2.4tn deficit instead.

Answer:

The 2020 budget is currently undergoing revision, and the committee working on the revised framework is yet to publish its report. Last week, FinMin Ahmed said the benchmark oil price will be cut to USD 30 from USD 57

initially and that the government will reduce spending by about NGN 1.5tn. The report should have been published this week, but we are not sure how the COVID-19 emergency has affected the committee's work and whether we will see the revised budget by the end of March.

In the table below you can see the budgets for 2019, 2020 (proposed) and 2020 (approved). The table shows that expenditure was raised by NGN 264bn, but so was revenue from stamp duties, so the overall fiscal deficit has remained unchanged. Quite honestly, we are surprised as well. When we covered the signing of the 2020 budget into law we used President Buhari's speech to derive the changes in the proposed vs approved budget. And we have just realized that Buhari's speech was misleading - e.g. he compared the 2020 total expenditure including government-owned entities (NGN 10.59tn) with the 2019 expenditure that excludes GOEs. There are also some misleading figures for the revenues in the approved budget, thus creating some confusion over the deficit projections. The figures in the table below come from a report by the [budget office of the federation](#), which is surprisingly hard to come by. You can see more detailed expenditure details in this report.

FGN budgets (as approved by parliament)

Budget (NGN bn)	Approved	Proposed	Approved
	2019	2020	2020
Oil production (bpd)	2.30	2.18	2.18
Benchmark oil price (USD/barrel)	60	55	57
USD/NGN	305	305	305
Revenue	6,999	7,602	7,866
Share of Oil Revenue	3,688	2,638	2,637
Share of Dividend (NLNG)	40	124	124
Share of Minerals & Mining	1	2	2
Non-oil	1,409	1,805	1,805
Company Income Tax	813	839	839
VAT	229	293	293
Customs	311	619	619
Independent revenue	631	850	850
Revenue from GOEs (Top 10 GOEs excluding NNPC)	955	990	990
FGN's Balances in Special Levies Accounts	13	300	300
FGN's Share of Actual Bal. in Special Accts	8	345	345
Signature Bonus / Renewals / Early Renewals	84	939	939
Domestic Recoveries + Assets + Fines	203	237	237
Earmarked Funds (Proceeds of Oil Assets Ownership Restructuring)	710	0	0
Stamp Duty	0	200	464
Exchange Rate Differentials (Non-FAAC)	0	126	126
Grants and Donor Funding (incl. GOEs)	210	36	36
Total revenue for FGN budget	7,594	8,155	8,420
TOTAL FGN BUDGET (Excluding GOEs & Project-tied Loans)	8,916	9,449	9,713
TOTAL FGN BUDGET (Including GOEs & Project-tied Loans)	10,069	10,330	10,594
Deficit (excl. GOEs and project-tied loans)	-1,919	-1,847	-1,847

Deficit (incl. GOEs and project-tied loans)	-2,474	-2,175	-2,175
Deficit/GDP	1.8%	1.5%	1.5%
FINANCING			
Sales of Government Property	0	0	0
Privatization Proceeds	210	252	252
Multi-lateral / Bi-lateral Project-tied Loans	93	328	328
New Borrowings	1,606	1,595	1,595
Domestic Borrowing	803	745	745
Foreign Borrowing	803	850	850

Source: Budget office of the federation

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SOUTH AFRICA

External funding needs

South Africa | Mar 26, 16:44

Question:

I need external funding needs for South Africa in 2020. I specifically need external debt amortization, external interest payments for the country and specifically for the public sector.

Answer:

I am attaching a table for the foreign currency commitments of the national government. Please note that this does not include any of the public sector companies. Also it is worth noting that the government raised USD 5bn last year in 10Y and 30Y bonds, pre-financing some of the upcoming payments. Fiscal year starts in April.

External financing needs

National government foreign loans					
	2018/19	2019/20	2020/21	2021/22	2022/23
ZAR million	Outcome	Revised		Medium-term estimates	
Redemptions	-2,041	-50,208	-12,234	-4,292	-15,200
Interest	14,411	16,803	18,126	20,868	23,907
Foreign-currency commitments and financing					
	2018/19	2019/20	2020/21	2021/22	2022/23
US\$ million	Outcome	Estimate		Medium-term estimates	
Opening balance	8,942	8,722	8,285	7,142	7,325
Commitments	-2,479	-5,717	-3,382	-3,051	-3,620
Redemptions	-154	-3,456	-836	-287	-1,000
Interest	-1,025	-1,147	-1,296	-1,454	-1,600
Departments	-1,300	-1,114	-1,250	-1,310	-1,020

Financing	2,259	5,280	2,239	3,234	3,730
Loans	2,000	5,000	2,000	3,000	3,500
Purchases	–	–	–	–	–
Interest	259	280	239	234	230
Closing balance	8,722	8,285	7,142	7,325	7,435

Source: National Treasury, 2020 Budget Review

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INDONESIA

Stopping repossessions of assets due to COVID crisis

Indonesia | Mar 25, 16:06

Question:

Hi, I hear that Indonesia ordered non-banks to stop repossessions of assets and similar measures in light of the crisis. Do you have any colour on that?

Answer:

So far, no legislation has been passed to stop repossessions by non-banks, but the financial watchdog (OJK) head Wimboh Santoso asked banks and financial companies "not to carry out collection activities involving debt collectors" for the time being.

This is part of the combined response by the government, Bank Indonesia and the financial watchdog OJK to the coronavirus outbreak's impact on the economy. The OJK head's remarks came after he announced relaxing of regulations on the classification of bad loans (please check our story [here](#)).

Basically, now banks and non-banks will classify a loan (up to IDR 10bn) as non-performing only if there is no timely payment of instalments, while previously they also had to evaluate the business outlook and the financial condition of the borrower. This will make it easier for troubled companies to obtain more funding and it will also ease provisioning by banks for bad loans.

The OJK also allowed SMEs with loans below IDR 10bn to postpone either interest payments or principal and interest altogether for up to a year.

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