

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

- November 15-16: G20 Summit

US

- November 16: Empire state index (Nov)
- November 17
 - CPI (Oct)
 - IP (Oct)
 - NAHB (Nov)
- November 18
 - Housing starts/permits (Oct)
 - FOMC minutes (October 27/28 meeting)
- November 19
 - Jobless Claims
 - Philly Fed (Nov)

EUROZONE

- November 16: HICP (Oct)
- November 17: DE: ZEW index (Nov)
- November 19: ECB Oct 22 meeting minutes
- November 20: Consumer confidence (Nov)

GREECE

- November 21: Government submits to parliament for approval 2016-2019 Medium-Term Fiscal Strategy

SEE

BULGARIA

- November 16
 - CAD (Sep)
 - U/E rate (Oct)
 - T-bonds auction

ROMANIA

- November 16: 2021 T-bonds auction
- November 19: 2025 T-bonds auction

SERBIA

- November 19: T-bonds auction
- November 20: CAD (Sep)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The minutes from the ECB's 22 October policy meeting, which were released yesterday, did little to change market expectations for further monetary policy stimulus at the next meeting on December 3rd. Reacting to the dovish tone of the minutes, German sovereign bonds firmed with the 2-yr yield hitting a fresh intraday record low near -0.38% earlier today.

GREECE: The Hellenic Parliament approved yesterday a multi-bill containing the legislation required for the implementation of the outstanding milestones for the unlocking of the €12bn ESM loan installment. Following the endorsement of the said bill, the Euro Working Group is reportedly expected to convene later today to give the green light for the disbursement of the said pending loan tranche to Greece. In other news, the Greek government is reportedly expected to submit to Parliament later today the final Budget law for FY-2016.

SOUTH EASTERN EUROPE

ROMANIA: The finance ministry sold at an auction on Thursday the planned RON 200mn (~€45.1mn) worth of 10-year Treasury bonds.

SERBIA: At its updated inflation report released yesterday, the National Bank of Serbia (NBS) revised upwards its economic growth forecasts by 0.3ppps for this and next year, penciling in real GDP growth at 0.8% in 2015 and 1.8% for 2016 compared to 0.5% and 1.5% foreseen respectively in August. With regards to inflation, the Central Bank noted that its central projection is for inflation to remain around the lower bound of the target tolerance band of 4+/-1.5% until mid-2016, moving gradually closer to the band's mid-point in H2 2016. In other news, the Public Debt Administration sold at an auction on Thursday €85.695mn of the €100mn planned of 2-year Treasury Notes.

CESEE MARKETS: The majority of **emerging stock markets** stood in the black in European trade on Friday after the Fed signaled at its FOMC October 27/28 meeting minutes, released earlier in the week, that the pace of rate tightening ahead will likely be gradual. In a similar vein, **regional currencies** and **government bonds** were broadly firmed.

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November 20, 2015

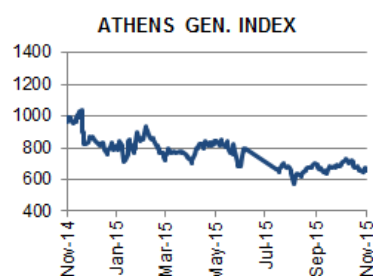
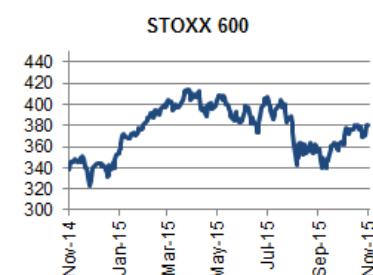
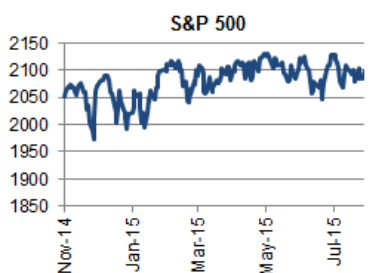
Latest world economic & market developments

GLOBAL MARKETS

The minutes from the ECB's 22 October policy meeting, which were released yesterday, did little to change market expectations for further monetary policy stimulus at the next meeting on December 3rd. In more detail, the minutes revealed that the Governing Council remains worried over the risk euro area inflation to remain at current low levels for longer than initially expected. In addition, they expressed certain concerns about the impact on the euro area of the economic slowdown in China and other emerging markets. Reacting to the dovish tone of the minutes, German government bonds firmed with the 2-yr yield hitting a fresh intraday record low near -0.38% earlier today. In the US, yesterday's data flow surprised positively with initial jobless claims remaining below the 300k critical level for the 37th consecutive week and the Philly Fed general activity index recording in November its first positive reading in the last three months. In response to the above, US Treasuries weakened with long-dated bonds outperforming for the second consecutive session. The 2-yr bond yield was testing levels slightly above 0.90% while the 10-yr yield was hovering close to a two-week low of 2.24% in early European trade on Friday. As a result, the 2/10-yr yield spread was standing close to 134.5bps, the narrowest in around five weeks. In FX markets, the USD moved lower, presumably on appetite for profit taking, failing to capitalize on higher US 2-yr bond yields and a new string of positive US data releases.

GREECE

The Hellenic Parliament approved yesterday a multi-bill containing the legislation required for the implementation of the outstanding milestones for the unlocking of the €12bn ESM loan installment. This consists of €2bn to be mainly used for servicing public debt and €10bn for recapitalizing domestic banks. Out of the attending lawmakers, 153 voted in favor and 137 against including the MPs from the three pro-European opposition parties, New Democracy, Democratic Coalition and To Potami. There were 10 absentees from the voting procedure including one lawmaker from the major coalition partner SYRIZA, Stathis Panagoulis, who was subsequently expelled from the party's parliamentary group. Furthermore, one MP from junior coalition partner ANEL, Nikos Nikolopoulos, casted a negative vote, dissenting from the party line. As a result, soon after the completion of the voting procedure, ANEL President Panos Kammenos ousted Mr. Nikolopoulos from the party's parliamentary group. Both lawmakers have reportedly decided to retain their parliamentary seat as independents and not to hand it back to their parties. That said, the parliamentary majority of the coalition government is reduced by two seats to 153. Following the approval by the Hellenic Parliament of the aforementioned multi-bill, the Euro Working Group (EWG) is expected to give the green light for the unlocking of the €12bn loan installment at its meeting reportedly scheduled to take place this afternoon. Furthermore, the EWG is reportedly expected to discuss on another set of prior actions attached to the release of the next ESM loan installment, amounting to €1bn. In other news, the Greek government is reportedly expected to submit to Parliament later today the final Budget law for FY-2016. According to some press reports, given the surprisingly resilient GDP growth readings in the first three quarters of the year, the final draft is expected to project 2015 real GDP contraction up to -1.5% compared to -2.3% envisaged in the draft budget that was submitted last month. For FY-2016, it is reportedly expected to project real GDP contraction c. -1.2% from -1.3% in the draft budget.



Source: Reuters, Bloomberg, Eurobank Research

November 20, 2015

BULGARIA: Indicators	2014e	2015f	2016f
Real GDP growth %	1.7	2.1	2.5
CPI (pa, yoy %)	-1.4	0.2	0.8
Budget Balance/GDP*	-3.7	-2.0	-2.4
Current Account/GDP	0.9	2.0	1.5
EUR/BGN (eop)	1.9558		
	2014	current	2015f
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

CYPRUS: Indicators	2014e	2015f	2016f
Real GDP growth %	-2.3	1.2	1.6
HICP (pa, yoy %)	-0.3	-2.1	-0.4
Budget Balance/GDP*	-0.2	-1.3	0.1
Current Account/GDP	-5.1	-5.5	-4.5

* ESA 2010

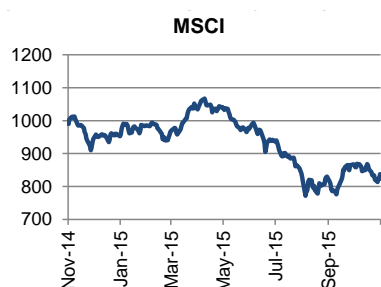
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator:	2014e	2015f	2016f
Real GDP growth %	2.9	3.4	3.8
CPI (pa, yoy %)	1.1	-0.8	0.5
Budget Balance/GDP *	-1.9	-1.9	-2.8
Current Account/GDP	-0.4	-0.7	-1.0
EUR/RON (eop)	4.40	4.45	4.40
	2014	current	2015f
Policy Rate (eop)	1.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2014e	2015f	2016f
Real GDP growth %	-1.8	1.0	2.0
CPI (pa, yoy %)	2.1	1.7	3.5
Budget Balance/GDP	-6.7	-3.5	-4.6
Current Account/GDP	-6.0	-4.3	-4.1
EUR/RSD (eop)	120.96	122.00	124.00
	2014	current	2015f
Policy Rate (eop)	8.00	4.50	4.00

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	B1	BB-	B+
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B3	BB-	B+

Source: IMF, EC, Reuters, Bloomberg, National
Authorities, Eurobank Research

Latest world economic & market developments in the CESEE region

ROMANIA

The finance ministry sold at an auction on Thursday the planned RON 200mn (~€45.1mn) worth of 10-year Treasury bonds. The average accepted yield came in at 3.56%, 9bps higher compared to that achieved at a previous tender of same maturity paper held in October, in a possible reflection of the recently mounting domestic political jitters and heightened concerns over fiscal loosening ahead. The auction's bid to cover ratio came in at 2.2. The issue matures on February 24, 2025 and bears an annual coupon of 4.75%.

SERBIA

At its updated inflation report released yesterday, the National Bank of Serbia (NBS) revised upwards its economic growth forecasts by 0.3pps for this and next year, penciling in real GDP growth at 0.8% in 2015 and 1.8% for 2016 compared to 0.5% and 1.5% foreseen respectively in August. The NBS attributed the aforementioned improvement in economic growth prospects to faster-than-anticipated growth in investments. The Central Bank acknowledged that inflationary pressures remained subdued in the third quarter of the year, in view of low global inflation and prices of primary commodities in the international market. Looking ahead, the National Bank of Serbia noted that its central projection is for inflation to remain around the lower bound of the target tolerance band of 4+/-1.5% until mid-2016, moving gradually closer to the band's mid-point in H2 2016. In other news, the Public Debt Administration sold at an auction on Thursday €85.695mn of the €100mn planned of 2-year Treasury Notes. The average accepted yield stood at 2.00% at yesterday's tender, slightly below 2.22% achieved at a prior auction of similar maturity paper held in September. The issue matures on November 23, 2017 and bears an annual coupon of 2.00%.

CESEE MARKETS

The majority of **emerging stock markets** stood in the black in European trade on Friday after the Fed signaled at its FOMC October 27/28 meeting minutes, released earlier in the week, that the pace of rate tightening ahead will likely be gradual. Against this backdrop, the MSCI Emerging Markets index stood ca 0.5% higher at the time of writing compared to the prior session's settlement, adding to yesterday's 1.7% rally, poised to mark its best weekly performance in six weeks. In a similar vein, **regional currencies** and **government bonds** were broadly firmed. In FX markets, the Hungarian forint spiked to a 1-month peak of 308.90 per euro amid increased expectations for an upgrade by Fitch on the country's sovereign credit rating later today.

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November 20, 2015

GLOBAL MARKETS

Stock markets				FOREX			Government Bonds			Commodities					
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD	(yields)	Last	ΔD	ΔYTD	Last	ΔD	ΔYTD	
S&P 500	2081.24	-0.1%	1.1%	EUR/USD	1.0684	-0.5%	-11.7%	UST - 10yr	2.25	0	8	GOLD	1082	-0.1%	-8.7%
Nikkei 225	19879.81	0.1%	13.9%	GBP/USD	1.5278	-0.1%	-1.9%	Bund-10yr	0.48	0	-6	BRENT CRUDE	44	0.2%	-22.7%
STOXX 600	379.96	-0.3%	10.9%	USD/JPY	122.83	0.0%	-2.6%	JGB - 10yr	0.32	2	-1	LME X	2153	0.2%	-26.1%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔD	ΔYTD
T/N	308	0	-683
1-week	3.24	0	-677
1-month	3.56	1	-649
3-month	3.90	0	-595
6-month	4.09	-1	-570

RS Local Bonds

	Last	ΔD	ΔYTD
3Y RSD	4.19	-2	-489
5Y RSD	6.58	0	-360
7Y RSD	7.38	#N/A	N/A

RS Eurobonds

	Last	ΔD	ΔYTD
USD Nov-17	3.05	-1	-121
USD Nov-24	6.41	0	-18

CDS

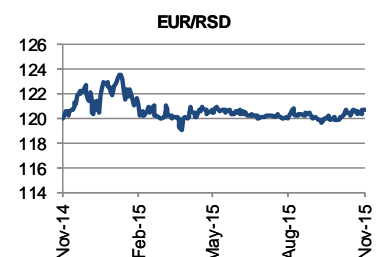
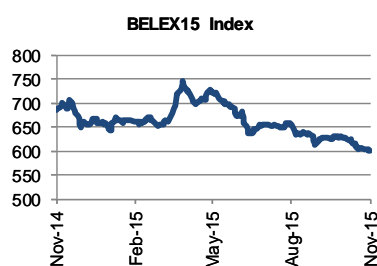
	Last	ΔD	ΔYTD
5-year	284	0	-6
10-year	348	0	-8

STOCKS

	Last	ΔD	ΔYTD
BELEX15	602.7	0.02%	-9.65%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.62	0.07%	0.60%



ROMANIA

Money Market

ROBOR	Last	ΔD	ΔYTD
O/N	0.51	0	-6
1-month	0.84	1	-7
3-month	1.06	1	-64
6-month	1.38	1	-63
12-month	1.53	0	-49

RO Local Bonds

	Last	ΔD	ΔYTD
3Y RON	1.47	0	-84
5Y RON	1.97	-1	-74
10Y RON	3.53	0	-13

RO Eurobonds

	Last	ΔD	ΔYTD
EUR Sep-20	1.10	1	-63
USD Aug-23	3.59	-2	-2

CDS

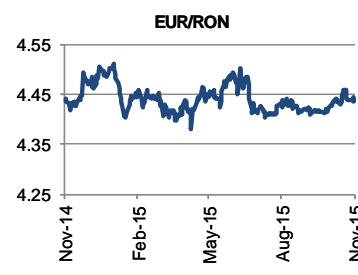
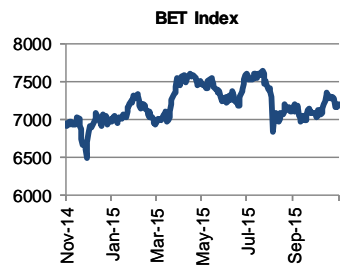
	Last	ΔD	ΔYTD
5-year	130	-1	-13
10-year	172	-1	-15

STOCKS

	Last	ΔD	ΔYTD
BET	7212.9	0.14%	1.83%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.4397	0.07%	0.99%



BULGARIA

Money Market

SOFIBOR	Last	ΔD	ΔYTD
LEONIA	0.01	0	-1
1-month	0.17	0	-4
3-month	0.31	0	-13
6-month	0.57	0	-23
12-month	1.12	0	-39

BG Local Bonds

(yields)	Last	ΔD	ΔYTD
3Y BGN	0.30	-3	-74
5Y BGN	0.67	2	-78
10Y BGN	2.07	0	-68

BG Eurobonds

	Last	ΔD	ΔYTD
EUR Jul-17	0.29	0	-87
EUR Sep-24	2.41	29	-46

CDS

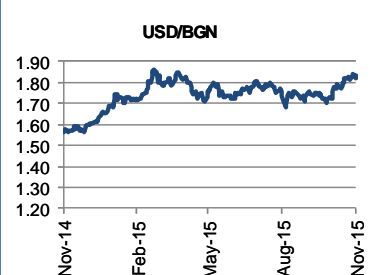
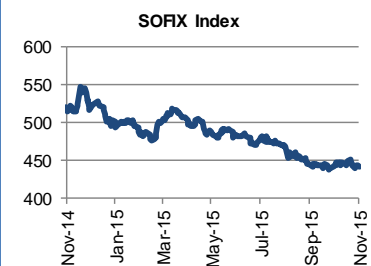
	Last	ΔD	ΔYTD
5-year	165	-1	-26
10-year	212	-1	-29

STOCKS

	Last	ΔD	ΔYTD
SOFIX	440.7	-0.42%	-15.59%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8307	-0.46%	-11.70%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research

Data updated as of 11:25 EET

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