



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Monday, December 04, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Dec 4 : Industrial orders (Oct)
- Dec. 5
 - Trade balance (Oct)
 - ISM non-manuf.index (Nov)
- Dec. 6: ADP employment change (Nov)
- Dec 7: Initial jobless claims (weekly)
- Dec. 8
 - Non-farm payrolls (Nov)
 - UM consumer confidence (Dec)

EUROZONE

- Dec. 5: Q3 GDP (details)
- Dec. 6: German industrial orders (Oct)
- Dec. 7: German industrial production (Oct)
- Dec. 8: German exports (Oct)

GREECE

- Dec 4
 - GDP QQ Provl. Est. SA Q3
 - GDP YY Provl. Est. SA Q3
- Dec 7
 - Unemployment rate (Sep)
- Dec 8
 - Harmonised CPI YY (Nov)
 - CPI YY (Nov)

SEE

BULGARIA

- Dec 4: 0.8% 2025 T-Bonds auction
- Dec 5: GDP (SA YoY%, Q3)
- Dec 8:
 - Industrial Production (Oct)
 - Retail Sales (Oct)

ROMANIA

- Dec 4:
 - Producer's Price Index (Oct)
 - International Reserves (€ bn, Nov)
 - 5.8% 2027 T-bonds auction
- Dec 5:
 - GDP (SA YoY%, Q3)
 - Retail Sales (October)
- Dec 7:
 - 2.3% 2020 T-Bonds auction

SERBIA

- Dec 7:
 - Producer's Price Index (Nov)
 - NBS MPC Meeting

Source: Reuters, Bloomberg,

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Taking an important step toward the enactment of the tax bill, the Senate approved late on Friday its own version of the draft legislation with 51 Republican votes. The USD firmed while UST yields were higher on the day ahead of Friday's US November non-farm payrolls data which are expected to provide further support to the prevailing view for a Fed rate hike at the December 13-14 meeting. In addition, investors are eagerly awaiting the 7-9 December party conference of the German Social Democratic Party (SPD) as discussions with the CDU/CSU under Angela Merkel for the formation of a new "grand coalition" are ongoing.

GREECE: According to the European Commission, the European institutions have reached a staff level agreement with the Greek authorities on the policy package supporting the ESM programme, which will be presented to the Eurogroup today. The Greek government will then legislate/ implement the c. 100 remaining prior actions with a view to having the legislation translated and approved by the Euroworking Group by January 11th with the release of the relevant compliance report. Consequently, the Eurogroup will ratify the completion of the 3rd review at the January 22nd meeting, opening the way for the disbursement of the next loan tranche by mid-February. The main elements of the staff level agreement pertain to NPLs, the energy sector reform, benefits, pensions and the potential reduction of the tax-free threshold as of 2019.

SOUTH EASTERN EUROPE

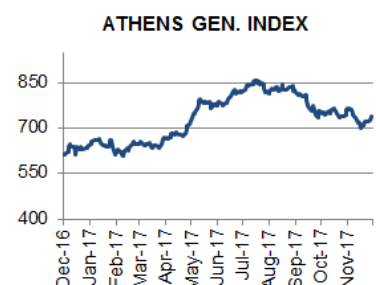
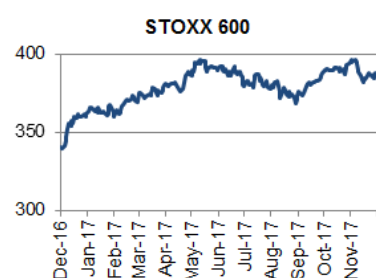
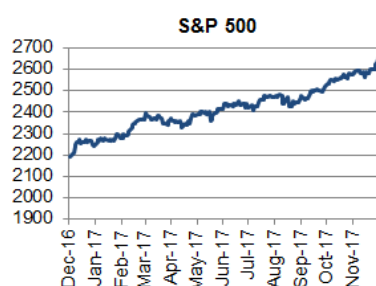
BULGARIA: Bulgarian equities ended slightly lower last week, while local currency and Eurobonds moved modestly.

SERBIA: The EUR/RSD traded within a range of 119.05/25 to 119.70/90 last week.

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Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

Taking an important step toward the enactment of the tax bill, the Senate approved late on Friday its own version of the draft legislation with 51 Republican votes. With both Chambers of Congress having now approved their versions of the tax reform bill, a conference committee will have to work on a "compromise" bill. The US administration aims for the legislative process to have been completed before the Christmas holiday, a task that may prove too ambitious. The two drafts differ on a number of key areas while the Congress will have to prioritize this week the expiring budget of the current fiscal year on December 8 in order to avoid a possible government shutdown. However, even if the Christmas deadline is missed, market participants are optimistic that the US administration's tax reform effort will eventually produce a comprehensive tax bill. Against this background, the USD firmed with the DXY index standing 0.3% higher on the day. The USD/JPY retested levels slightly above 113.00 earlier today for the first time in more than two weeks while the EUR/USD retreated from Friday's session peak of 1.1940 to stand at 1.1870/75 at the time of writing. However, there is little to suggest that the USD has already embarked on a sustained short-term upward trend unless upcoming US inflation data start surprising to the upside. Elsewhere, the GBP retained a firm tone with the EUR/GBP hovering within distance from last week's one-month low of 0.8775 amid market optimism that the EU Council will likely come to the conclusion at its December 14-15 meeting that Brexit negotiations could move on to the next phase related to a future EU/UK relationship and transitional arrangements. Meanwhile, UST yields were higher on the day ahead of this week's US November non-farm payroll data, scheduled for Friday, which are expected to provide further support to the prevailing view for a Fed rate hike at the December 13-14 meeting. In addition, investors are eagerly awaiting this week the 7-9 December party conference of the German Social Democratic Party (SPD) as discussions with the CDU/CSU for the formation of a new "grand coalition" are ongoing.

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GREECE

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December 4, 2017

BULGARIA: Indicators	2015	2016	2017f
Real GDP growth %	3.6	3.4	3.6
CPI (pa, yoy %)	-0.1	-0.8	1.6
Budget Balance/GDP*	-2.8	1.6	-1.3
Current Account/GDP	-0.1	5.4	3.5
EUR/BGN (eop)	1.9558		
	2016	current	2017
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

CYPRUS: Indicators	2015	2016	2017f
Real GDP growth %	1.7	2.8	3.5
HICP (pa, yoy %)	-1.5	-1.2	1.0
Budget Balance/GDP*	0.1	0.4	0.2
Current Account/GDP	-3.0	-5.7	-5.9

* ESA 2010

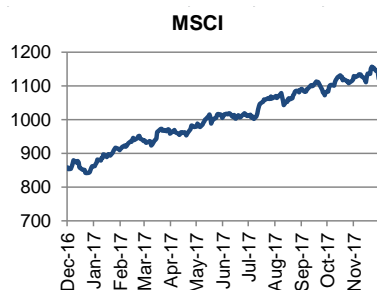
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator:	2015	2016	2017f
Real GDP growth %	3.7	4.8	5.5
CPI (pa, yoy %)	-0.6	-1.6	1.4
Budget Balance/GDP *	-1.9	-2.4	-3.7
Current Account/GDP	-1.1	-2.2	-3.0
EUR/RON (eop)	4.48	4.54	4.62
	2016	current	2017
Policy Rate (eop)	1.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2015	2016	2017f
Real GDP growth %	0.8	2.8	2.0
CPI (pa, yoy %)	1.4	1.2	3.0
Budget Balance/GDP	-3.7	-1.3	-0.5
Current Account/GDP	-4.7	-4.0	-4.0
EUR/RSD (eop)	121.38	123.40	120.0
	2016	current	2017
Policy Rate (eop)	4.00	3.50	3.50

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

Credit Ratings			
L-T ccy	Moody's	S&P	Fitch
SERBIA	Ba3	BB-	BB-
ROMANIA	Baa3	BBB-	BBB-
BULGARIA	Baa2	BB+	BBB-
CYPRUS	B1	BB+	BB-

Source: Reuters, Bloomberg, Eurobank Research

Latest economic & market developments in the CESEE region

BULGARIA

Bulgarian equities continued their modest decline last week, with the SOFIX closing 0.05% lower at 667.02 points, while trading turnover returned to recent levels ending at EUR 3.9mn. Local currency bonds and Eurobonds also exhibited modest movements with the 2023 tenor being the only paper that had a notable change – a drop of 4%, while 4 and 10 year tenors of the Euros dropped by 2 and 2.75 basis points respectively on a weekly basis.

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SERBIA

The EUR/RSD bullish bounce has failed to develop around 119.70/90 early last week, forming a topping formation and retreating to a safer zone just above 119.0. New tops are not ruled out as seasonality effects and intensified demand from both state owned gas and oil enterprises could push EUR/RSD higher later this month. However, we expect those effects to fade away as we head deeper into 2018. On a daily chart, EUR/RSD lost a tiny bit of ground in rather quiet Friday's trading, closing the day 10 paras lower compared with the prior session's settlement.

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December 4, 2017

GLOBAL MARKETS

Stock markets

	Last	ΔD	ΔYTD
S&P 500	2642.22	-0.2%	18.0%
Nikkei 225	22707.16	-0.5%	18.8%
STOXX 600	386.84	0.7%	7.0%

FOREX

	Last	ΔD	ΔYTD
EUR/USD	1.1857	-0.3%	12.7%
GBP/USD	1.3442	-0.3%	8.8%
USD/JPY	112.89	-0.6%	3.6%

Government Bonds

(yields)	Last	ΔDbps	ΔYTD bps
UST - 10yr	2.39	3	-5
Bund-10yr	0.34	4	13
JGB - 10yr	0.04	1	-1

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.52	0	-48
1-week	2.62	0	-55
1-month	2.81	0	-54
3-month	3.07	0	-40
6-month	3.23	0	-43

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.09	-1	-94
5Y RSD	4.51	0	-85
7Y RSD	4.89	1	-74

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	2.96	2	-125
USD Nov-24	6.04	-30	-23

CDS

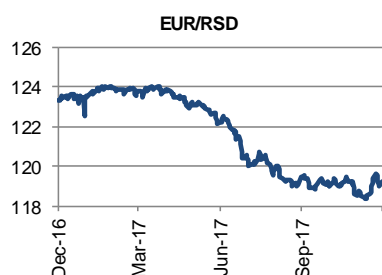
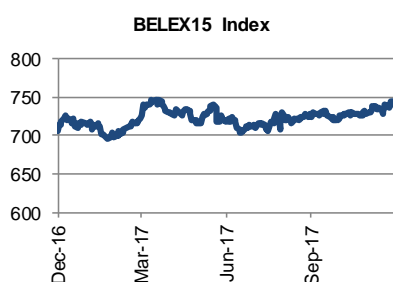
	Last	ΔDbps	ΔYTD bps
5-year	120	0	-87
10-year	163	-1	-92

STOCKS

	Last	ΔD	ΔYTD
BELEX15	744.2	-0.05%	3.74%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	119.34	0.03%	3.46%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.14	#VALUE!	158
1-month	2.19	#VALUE!	143
3-month	2.21	#VALUE!	131
6-month	2.35	#VALUE!	124
12-month	2.4	#VALUE!	115

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	3.47	0	195
5Y RON	3.80	0	138
10Y RON	4.51	0	104

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.61	#N/A N/A	-52
USD Jan-24	3.02	-1	-87

CDS

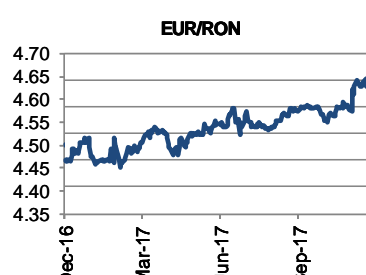
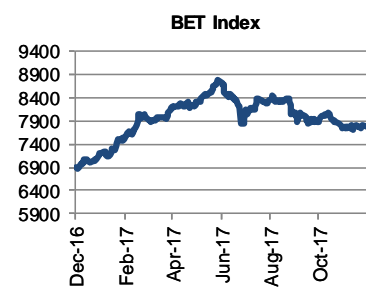
	Last	ΔDbps	ΔYTD bps
5-year	97	-3	-13
10-year	151	-3	-2

STOCKS

	Last	ΔD	ΔYTD
BET	7784.6	-0.15%	9.87%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6333	-0.01%	-2.04%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.26	1	-9
3-month	-0.17	0	-10
6-month	-0.05	0	-13
12-month	0.33	0	-8

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.28	0	-43
5Y BGN	-0.08	1	-58
10Y BGN	0.91	0	-100

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.00	-1	-87
EUR Sep-24	0.01	-1	-167

CDS

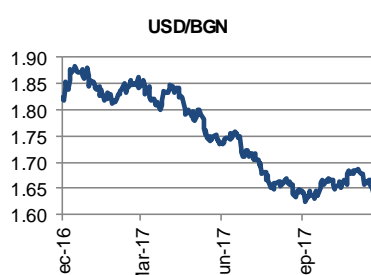
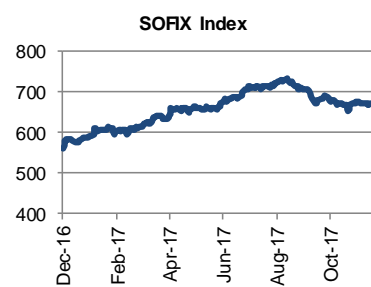
	Last	ΔDbps	ΔYTD bps
5-year	92	0	-60
10-year	133	0	-61

STOCKS

	Last	ΔD	ΔYTD
SOFIX	668.7	0.25%	14.03%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6496	-0.32%	12.66%



December 4, 2017

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