



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Tuesday, July 11, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

US

- Jul 12
 - Fed Chair Yellen testifies before House Financial Services Committee
 - Fed's Beige Book
- Jul 13
 - Jobless claims (weekly)
 - Fed Chair Yellen testifies before Senate
- Jul 14
 - CPI (Jun)
 - Retail sales (Jun)
 - Industrial prod/n (Jun)
 - UoM consumer confidence (Jul, p)

EUROZONE

- Jul 10: Eurogroup
- Jul 11: Ecofin

GREECE

- Jul 10
 - HICP/CPI (Jun)
 - Industrial prod/n (May)

CYPRUS

- Jul 11: HICP (Jun)

SEE

BULGARIA

- Jul 10
 - Retail sales (May)
 - Industrial prod/n (May)
 - Trade balance (May)
- Jul 13: CPI (Jun)

ROMANIA

- Jul 10
 - Trade balance (May)
 - 3.25% 2024 T-bonds auction
 - MPC meeting minutes
- Jul 11
 - Industrial sales (May)
 - CPI (Jun)
- Jul 12: Industrial prod/n (May)
- Jul 13: 1.35% 2019 T-Bonds auction
- Jul 14
 - CAD (May)
 - Fitch rating review

SERBIA

- Jul 11: MPC meeting
- Jul 12
 - CPI (Jun)
 - 2-year T-Bonds auction

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: USD was modestly firmer against its major currency peers in European trade on Tuesday ahead of Fed Chair Janet Yellen's testimony before Congress on Wednesday. Elsewhere, EUR/GBP was trading close to year-to-date highs with investors awaiting BoE Deputy Governor Ben Broadbent's speech today especially following mixed signals from a number of BoE officials lately which have increased the odds for an August rate hike. Turning to government bond markets, US Treasury and Bund yields were slightly higher on the day with long-dated paper underperforming.

GREECE: The ESM Managing Director Klaus Regling suggested that Greece develop a strategy for returning to the financial markets before the expiration of the current programme in August 2018 adding that the required borrowing from the markets will not be too high as it would be used to replace maturing debt, given Greece's projected primary surpluses. According to the Hellenic Statistical Authority (ELSTAT), CPI inflation in June 2017 came in at 1.0% compared to -0.7% a year earlier while the overall Industrial Production Index (IPI) in May 2017 increased by 5.4%YoY while in May 2016 it had increased 3.5%YoY.

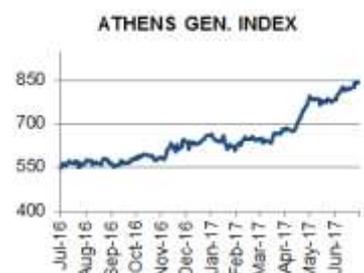
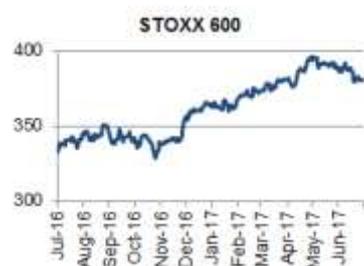
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July 11, 2017

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

USD was modestly firmer against its major currency peers in European trade on Tuesday ahead of Fed Chair Janet Yellen's testimony before Congress on Wednesday. The DXY index was standing close to 96.140 at the time of writing, 0.1% higher on the day, rebounding further from a multi-session low of 95.751 marked two sessions ago. USD gains were more pronounced against JPY hitting a fresh four-month high close to 114.50 overnight on diverging Fed/BoJ monetary policy paths. Elsewhere, EUR/GBP was trading close to 0.8835/40, within distance from a year-to-date high of 0.8880 recorded in late June as Brexit jitters and worries over a slower UK economic activity, weigh on the sterling. Focus is on BoE Deputy Governor Ben Broadbent's speech later today especially following mixed signals from a number of BoE officials lately, which have increased the odds for an August rate hike. If the BoE official supports expectations for unchanged interest rates next month, the prospect of EUR/GBP breaking above 0.8880 towards 0.8890 cannot be ruled out. However, in case his tone errs on the hawkish side, any GBP appreciation is likely to prove limited as the market is already pricing in a 65% probability for a BoE rate hike by the end of this year. EUR was also firmer against CHF hitting a post-Brexit peak above 1.1000 earlier today on the prevailing view that the ECB is likely to start moving away from its ultra-easy monetary policy earlier than expected. Turning to government bond markets, US Treasury and Bund yields were slightly higher on the day. Long-dated paper underperformed with the 2/10-yr Bund yield spread hovering around 116.5bps at the time of writing, c. 2bps wider on the day and the highest in around 3 ½ months. In the EMU sovereign space, the majority of sovereign bonds were modestly weaker on the day. Greece outperformed with the 10-yr GGB/Bund yield spread hovering around a fresh three-year low of 484bps, 5.5bps narrower on the day. Today, EU finance ministers meet to discuss about non-performing loans in the banking sector while they are also due to adopt country-specific recommendations on the member states' economic, employment and fiscal policies.

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GREECE

ESM Managing Director Klaus Regling suggested that Greece develop a strategy for returning to the financial markets before the expiration of the current programme in August 2018, as did Ireland, Portugal and Cyprus. He also noted that the required borrowing from the markets will not be too high as it would be used to replace maturing debt, given Greece's projected primary surpluses. According to press reports, the Greek government is examining the issuance of a 5-year bond in the area of €2 to €4 billion as soon as next week which will reportedly be partly covered in cash and partly by replacing the 2014 bond. In other news, according to the Hellenic Statistical Authority (ELSTAT), CPI inflation in June 2017 came in at 1.0% compared to -0.7% a year earlier. The average CPI for the twelve - month period from July 2016 to June 2017, compared with the corresponding index for the period July 2015 to June 2016 increased by 0.3%. The annual rate of change of the average CPI between the twelve - month period July 2015 to June 2016 in comparison to the period July 2014 to June 2015 was -1.1%. According to ELSTAT, the overall Industrial Production Index (IPI) in May 2017 increased by 5.4%YoY while in May 2016 it had increased 3.5%YoY. The seasonally adjusted overall IPI in May 2017 decreased 0.03%MoM.

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GLOBAL MARKETS

Stock markets				FOREX			Government Bonds				Commodities				
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD	(yields)	Last	ΔDbps	ΔYTD bps		Last	ΔD	ΔYTD
S&P 500	2427.43	0.1%	8.4%	EUR/USD	1.1386	-0.1%	8.2%	UST - 10yr	2.38	1	-6	GOLD	1212	-0.2%	5.2%
Nikkei 225	20195.48	0.6%	5.7%	GBP/USD	1.2881	0.0%	4.2%	Bund-10yr	0.55	1	34	BRENT CRUDE	47	0.5%	-17.1%
STOXX 600	381.64	0.4%	5.6%	USD/JPY	114.41	-0.3%	2.3%	JGB - 10yr	0.09	0	5	LMEX	2812	-0.3%	5.7%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.97	0	-3
1-week	3.12	2	-5
1-month	3.31	2	-4
3-month	3.52	1	5
6-month	3.73	4	7

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.86	-1	-22
5Y RSD	5.21	0	-14
7Y RSD	5.59	0	-4

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.91	-3	-38
USD Nov-24	6.35	0	-7

CDS

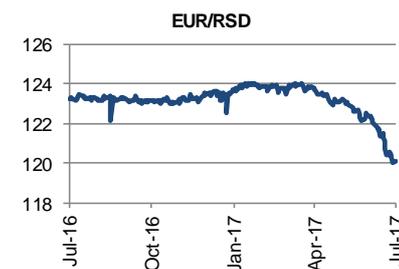
	Last	ΔDbps	ΔYTD bps
5-year	148	-7	-60
10-year	196	-3	-59

STOCKS

	Last	ΔD	ΔYTD
BELEX15	716.4	0.94%	-0.13%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	120.12	-0.03%	2.78%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.56	0	0
1-month	0.65	0	-11
3-month	0.88	0	-2
6-month	1.03	0	-8
12-month	1.2	0	-5

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.37	0	-25
5Y RON	2.30	0	-22
10Y RON	3.52	0	-13

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.00	0	-14
USD Jan-24	3.48	0	-37

CDS

	Last	ΔDbps	ΔYTD bps
5-year	107	-1	-2
10-year	150	-1	-3

STOCKS

	Last	ΔD	ΔYTD
BET	8124.8	0.16%	14.67%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5664	0.08%	-0.60%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.16	0	0
3-month	-0.09	0	-2
6-month	0.05	0	-3
12-month	0.42	0	1

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.08	-1	-23
5Y BGN	0.19	0	-32
10Y BGN	1.56	0	-35

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	#N/A N/A	0	-1310
EUR Sep-24	1.33	-1	-36

CDS

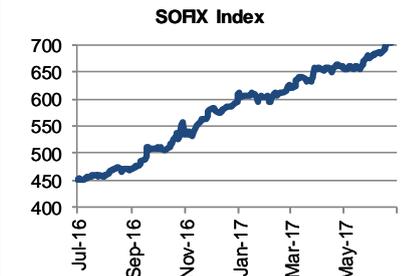
	Last	ΔDbps	ΔYTD bps
5-year	111	-2	-41
10-year	161	-2	-32

STOCKS

	Last	ΔD	ΔYTD
SOFIX	709.3	0.18%	20.95%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.7177	-0.10%	8.19%



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