



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Monday, November 13, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Nov 15
 - Empire State Index (Nov)
 - Retail Sales (Oct)
 - CPI (Oct)
- Nov 16
 - Jobless claims (weekly)
 - Philly Fed Index (Nov)
 - Industrial Production (Oct)
 - NAHB Index (Nov)
- Nov 17: Housing starts & Building Permits (Oct)

EUROZONE

- Nov 14
 - GDP (Q3, p)
 - Industrial production (Sep)
- Nov 16: CPI (Oct, final)

GREECE

- Nov 13: Credit Expansion (Sep)

SEE

BULGARIA

- Nov 13: 0.3% 2021 T-bonds auction
- Nov 14
 - CPI (Oct)
 - GDP (Q3, p)
- Nov 15: U/E rate (Oct)
- Nov 16: Current account balance (Sep)

ROMANIA

- Nov 13
 - Industrial output (Sep)
 - 3.4% 2022 T-bonds auction
 - Current account balance (Sep)
- Nov 14
 - GDP (Q3, A)
 - MPC meeting minutes
- Nov 16: 1.35% 2019 T-bonds auction

SERBIA

- Nov 13: CPI (Oct)
- Nov 17: Current account balance (Sep)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Worries over the prospects of the US tax reform bill prevailed in European trade on Monday. Taking their cue from Wall Street's losses on Friday, the majority of Asian bourses ended lower on Monday while, on the flipside, European bourses opened modestly higher supported by solid Q3 earnings growth from around 80% of Eurozone companies that have already reported. The DXY index was standing 0.2% higher on the day but still not too far from Friday's intraday multi-session lows. Elsewhere, the GBP was among the worst performing G10 currencies on a daily basis amid mounting concerns about the stability of the UK government. Meanwhile, Eurozone and US government bonds remained under pressure in European trade on Monday with investors keeping an eye on US October inflation data and the 2nd estimate of euro area Q3 GDP on Wednesday and Tuesday, respectively.

GREECE: According to press reports, the 3rd review of the 3rd Economic Adjustment programme is broadly on track and it can be successfully completed on a technical level in December 2017 with 95 out of the 113 total prior actions either completed or underway. The list of power generation units to be included in the market test has been reportedly agreed between the Public Power Corporation (PPC) and the EC DG Competition and will be announced this week. The 1st round in the elections of the leader of the new, under-formation centre-left political party took place yesterday with the participation of 210,264 voters. The two candidates that will re-compete in the next round (Sunday, 19 Nov) are Fofi Gennimata (42.5% in the 1st round) and Nikos Androulakis (25.1% in the 1st round).

SOUTH EASTERN EUROPE

BULGARIA: Bulgarian equities finished lower last week, while the majority of local currency bonds and Eurobonds were little changed.

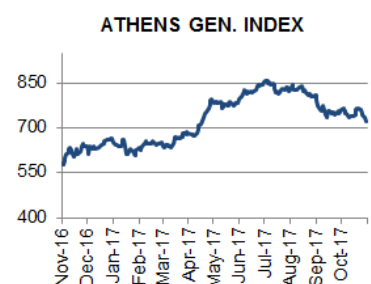
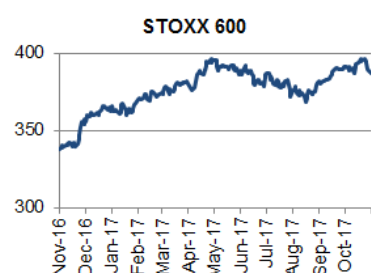
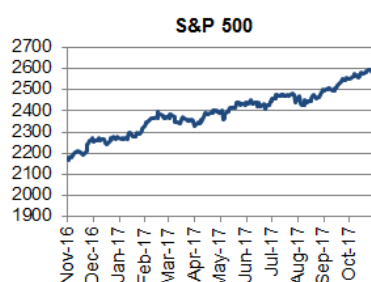
SERBIA: Downward pressures on the EUR/RSD prevailed last week, with the pair repeatedly testing a key support level of 118.50. However, the dinar's appreciation momentum was mitigated by several Central Bank interventions in the FX markets.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Worries over the prospects of the US tax reform bill prevailed in European trade on Monday. The Senate tax reform draft released last week differed from the House draft bill in a number of key areas raising the risk of significant delay until the two chambers bridge their differences and agree on a sweeping tax reform in a conference committee before it is signed by the US President. The House is expected to vote on their draft bill this week while Senate Finance Committee aides acknowledged that their own draft does not comply with Byrd-rule and changes have to be made. Taking their cue from Wall Street's losses on Friday, the majority of Asian bourses ended lower on Monday while, on the flipside, European bourses opened modestly higher supported by solid Q3 earnings growth from around 80% of Eurozone companies that have already reported. The DXY index was standing close to 94.610 at the time of writing, 0.2% higher on the day but still not too far from Friday's intraday multi-session low of 94.258. Elsewhere, the GBP was among the worst performing G10 currencies on a daily basis amid mounting concerns about the stability of the UK government after press reports suggested that 40 conservative MPs have agreed to sign a non-confidence vote in Prime Minister Theresa May. Adding to the above, there are increasing worries about the slow progress of Brexit negotiations with Michel Barnier, the EU's Brexit negotiator, saying that the EU is preparing contingency plans in case no deal with the UK is reached. After hitting a multi-session peak of 1.3230 on Friday, the GBP/USD retreated to levels close to 1.3060/65 in European trade on Monday, with the 1.3020/50 area presenting the next target for GBP-bears. Meanwhile, Eurozone and US government bonds remained under pressure in European trade on Monday with investors keeping an eye on US October inflation data and the 2nd estimate of euro area Q3 GDP due for release on Wednesday and Tuesday, respectively. On the supply front, abundant EGB bond issuance to the tune of €35bn is due in the course of the week, mainly from Germany, Italy, France, Spain and the Netherlands, with nearly half to be placed in the 2yr-5yr sector.

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GREECE

According to press reports, the 3rd review of the 3rd Economic Adjustment programme is broadly on track and it can be successfully completed on a technical level in December 2017 with 95 out of the 113 total prior actions either completed or underway. According to this timetable, all remaining pre-requisites could be implemented by May 2018 so that the programme can be successfully concluded in August 2018. On another topic, the list of power generation units to be included in the market test has been reportedly agreed between the Public Power Corporation (PPC) and the EC DG Competition and will be announced this week. Problems, however, apparently remain as regards the Hellinikon project, with the concessionaire claiming that the recent decision by the Ministry of Culture effectively creates sixteen new terms and conditions as well as potential bureaucratic delays and impediments that practically alter the contract and thus endanger the whole project. The Greek government on its part reportedly argues that all issues will be discussed by the Central Administration Council and that the Presidential Decree that will be eventually submitted for approval to the Council of State will address most of the investor's concerns so that the project can proceed as planned. In other news, the 1st round in the elections of the leader of the new, under-formation centre-left political party took place yesterday with the participation of 210,264 voters, which is considered significant and implies that the new party may have an impact on the broader political landscape in the period ahead. The two candidates that will re-compete in the next round (Sunday, 19 Nov) are Fofi Gennimata (42.5% in the 1st round) and Nikos Androulakis (25.1% in the 1st round).

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November 13, 2017

Latest economic & market developments in the CESEE region

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

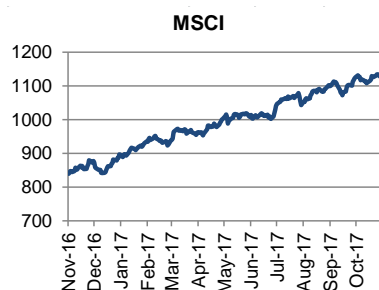
ROMANIA: Indicator:	2015	2016	2017f
Real GDP growth %	3.7	4.8	5.5
CPI (pa, yoy %)	-0.6	-1.6	1.4
Budget Balance/GDP *	-1.9	-2.4	-3.7
Current Account/GDP	-1.1	-2.2	-3.0
EUR/RON (eop)	4.48	4.54	4.62
	2016	current	2017
Policy Rate (eop)	1.75	1.75	1.75

* 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

BULGARIA

Bulgarian equities finished lower last week, with the SOFIX dropping by 0.66% to end at 670.80 points. The trading volume came in at €4mn, the 2nd highest turnover since September and the 2nd consecutive week, where the SOFIX registered over €4mn. Eurobonds were little changed, except for paper of 2023 tenor, which exhibited an -11% (2.6 bps) rise in yield over the past 5 days. Local currency bonds ended largely unchanged, with the only notable movers being the 6 and 7 year tenors, which fell by 6 and 8 basis points, respectively, on the week.

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SERBIA

Downward pressures on the EUR/RSD prevailed last week, with the pair repeatedly testing a key support level of 118.50. However, the dinar's appreciation momentum was mitigated by several Central Bank interventions in the FX markets. The Central Bank bought roughly €30mn on Friday, at around levels between 118.55 and 118.65, which brought the total amount of the week's purchased to €80mn.

In other news, the Ministry of Finance sold on Monday 3Y RSD denominated T-bonds worth RSD15 bn. Compared to the previous auction of the same bond held on August 31st, the average accepted yield has fallen from 4.80% to 4.29% last week, which is expected as Central Bank has lowered its key policy rate by 50bps over the past two months.

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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	2582.30	-0.1%	15.3%	EUR/USD	1.1643	-0.2%	10.7%	UST - 10yr	2.37	-2	-7	GOLD	1278	0.2%	10.9%
Nikkei 225	22380.99	-1.3%	17.1%	GBP/USD	1.3073	-0.9%	5.8%	Bund-10yr	0.39	-2	18	BRENT CRUDE	63	-0.5%	11.2%
STOXX 600	387.46	-0.3%	7.2%	USD/JPY	113.37	0.1%	3.2%	JGB - 10yr	0.05	1	0	LME X	3227	0.0%	21.3%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.51	0	-49
1-week	2.62	0	-55
1-month	2.82	-3	-53
3-month	3.07	-1	-40
6-month	3.26	-6	-40

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.11	0	-97
5Y RSD	4.50	0	-85
7Y RSD	4.88	0	-75

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	-2.92	68	-528
USD Nov-24	6.35	2	-7

CDS

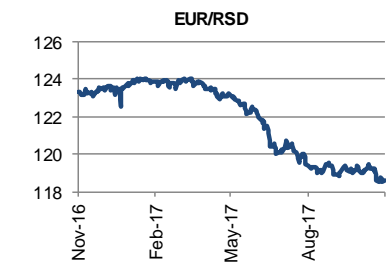
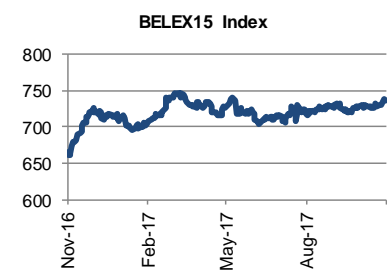
	Last	ΔDbps	ΔYTD bps
5-year	135	0	-73
10-year	184	0	-72

STOCKS

	Last	ΔD	ΔYTD
BELEX15	737.1	-0.21%	2.75%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	118.62	0.04%	4.08%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.59	29	103
1-month	1.83	5	107
3-month	1.89	2	99
6-month	2.06	3	95
12-month	2.15	2	90

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.84	0	132
5Y RON	3.38	0	97
10Y RON	4.43	0	96

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.67	0	-50
USD Jan-24	3.13	-1	-77

CDS

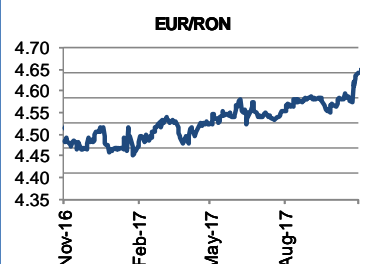
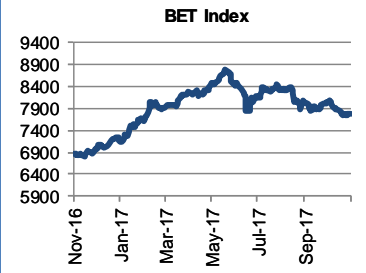
	Last	ΔDbps	ΔYTD bps
5-year	98	-1	-12
10-year	143	-2	-9

STOCKS

	Last	ΔD	ΔYTD
BET	7759.0	-0.16%	9.51%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6503	-0.10%	-2.39%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.25	-3	-8
3-month	-0.17	-3	-10
6-month	-0.05	0	-12
12-month	0.33	0	-7

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.27	0	-42
5Y BGN	-0.05	0	-55
10Y BGN	0.95	0	-95

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.00	20	-87
EUR Sep-24	0.69	5	-99

CDS

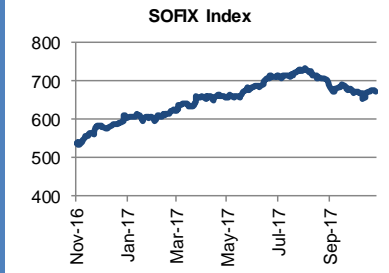
	Last	ΔDbps	ΔYTD bps
5-year	101	1	-51
10-year	157	1	-37

STOCKS

	Last	ΔD	ΔYTD
SOFIX	669.4	-0.36%	14.15%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.68	-0.20%	10.62%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 12:30 EST

November 13, 2017

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