

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Nov 27: New home sales (Oct)
- Nov. 28: CB consumer confidence (Nov)
- Nov 29
 - Q3 GDP (2nd estimate)
 - Pending home sales (Oct)
 - Fed's Beige Book
- Nov 30
 - Personal income & spending (Oct)
 - Initial jobless claims (weekly)
- Dec. 1
 - ISM manufacturing (Nov)
 - Auto sales (Nov)

EUROZONE

- Nov 28: M3, loans to the private sector (Oct)
- Nov. 29: Economic sentiment (Nov)
- Nov. 30
 - CPI (prel. Nov)
 - Unemployment rate (Oct)
- Dec. 1: PMI manufacturing (Nov)

GREECE

- Nov 30
 - PPI (Oct)
 - Retail Sales (Sep)

SEE

BULGARIA

- Nov 30:
 - Producer's Price Index (Oct)
 - Budget Balance (Oct)

ROMANIA

- Nov 29: Unemployment Rate (Oct)

SERBIA

- Nov 30:
 - Industrial Production (Oct)
 - Trade Balance (Oct)
 - Retail Sales (Oct)
 - GDP (NSA YoY%, Q3)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: The US Senate is likely to vote on its version of the tax reform bill today, initially planned for Thursday, as Republicans are still trying to accommodate objections of a last three of the 52 Republican Senators. The delayed Senate voting pushed the USD slightly lower while the GBP has been among the main G10 outperformers this week amid increased optimism that the UK and the EU will likely reach an agreement on the withdrawal issues at the December 14-15 EU Summit and Brexit negotiations could move on to the next phase. Turning to core bond markets, retracing part of the sell-off late on Thursday, yields of USTs were lower early on Friday while German Bund yields also declined in reaction to disappointing euro area inflation data. Looking at the remainder of the day, key data releases include the UK manufacturing PMI and the US manufacturing ISM both for November while focus remains on the ongoing discussions in Germany for the formation of a new "grand coalition" as well as developments related to the US tax reform.

GREECE: According to Greek government sources, a staff-level agreement is likely at the December 4th Eurogroup. Consequently, the Greek government will have to legislate or otherwise implement any pending items so that the review can be successfully completed at the January 22nd Eurogroup. According to IMF Spokesperson Gerry Rice, the stand-by arrangement of the IMF for Greece would become effective contingent on the provision of debt relief to ensure that Greece's economic situation is sustainable and that an agreement on debt relief can be reached in spite of the delays in the formation of a government in Germany. According to the European Commission business and consumer survey data, in November 2017 economic sentiment improved marginally to 98.4 from 98.3 in October.

SOUTH EASTERN EUROPE

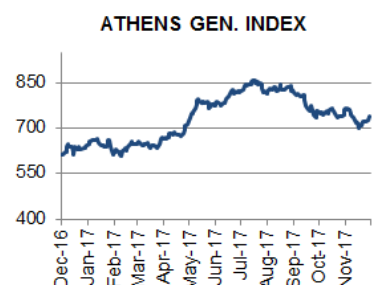
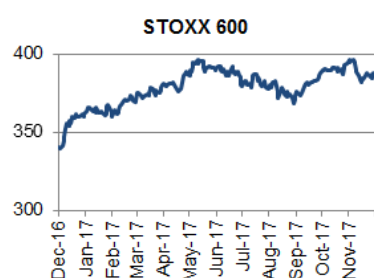
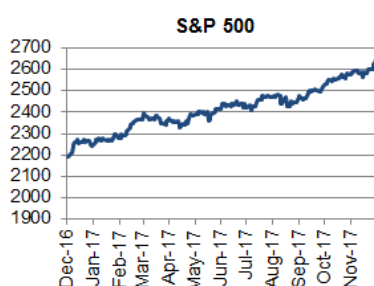
SERBIA: Q3 real GDP growth was confirmed at a preliminary reading of 2.1%YoY, according to final data released yesterday.

DISCLAIMER

This document has been issued by Eurobank Ergasias S.A. (Eurobank) and may not be reproduced in any manner. The information provided has been obtained from sources believed to be reliable but has not been verified by Eurobank and the opinions expressed are exclusively of their author. This information does not constitute an investment advice or any other advice or an offer to buy or sell or a solicitation of an offer to buy or sell or an offer or a solicitation to execute transactions on the financial instruments mentioned. The investments discussed may be unsuitable for investors, depending on their specific investment objectives, their needs, their investment experience and financial position. No representation or warranty (express or implied) is made as to the accuracy, completeness, correctness, timeliness or fairness of the information or opinions, all of which are subject to change without notice. No responsibility or liability, whatsoever or howsoever arising, is accepted in relation to the contents thereof by Eurobank or any of its directors, officers and employees.

Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

The US Senate is likely to vote on its version of the tax reform bill today, initially planned for Thursday, as Republicans are still trying to accommodate objections of a last three of the 52 Republican Senators. In addition, the Joint Committee on Taxation (JCT) suggested that the projected positive impact of the tax reform on domestic economic activity will be less than initially planned leaving a ten-year revenue loss of around \$1trn. The delayed Senate voting pushed the USD slightly lower with the DXY index losing 0.2% on the day but poised to eke out tiny gains for the week. Favored by a modestly weaker USD, the EUR/USD remained in an upward trend in European trade on Friday standing at 1.1920/25 at the time of writing, not too far from the Nov. 27 two-month peak of 1.1960. Elsewhere, the GBP has been among the main G10 outperformers this week recording weekly gains of c. 1.2% and 1.4% respectively against the USD and the EUR. The GBP's positive momentum has been fueled by press reports suggesting that the UK and the EU will likely reach an agreement on the withdrawal issues at the December 14-15 EU Summit and Brexit negotiations could move on to the next phase related to the future EU/UK relationship and transitional arrangements. Turning to core bond markets, retracing part of the sell-off late on Thursday, yields of USTs were lower early on Friday amid market uncertainty about the efficacy of the tax reform and its potential impact on US GDP growth. German Bund yields also declined with long-dated paper outperforming after Eurozone's inflation data revealed that November's core inflation fell short of expectations coming in at 0.9%YoY against expectations for an uptick to 1.0%YoY. Weaker than expected Eurozone inflation data also favored EMU periphery sovereign bonds amid increased expectations for a gradual removal of the ECB's expansionary monetary policies. Portugal outperformed with the 10-yr yield falling to a fresh 2 ½ year low close to 1.87%. Looking at the remainder of the day, key data releases include the UK manufacturing PMI and the US manufacturing ISM both for November while focus remains on the ongoing discussions in Germany for the formation of a new "grand coalition" as well as developments related to the US tax reform.

ppetropoulou@eurobank.gr

GREECE

According to Greek government sources, a staff-level agreement is likely at the December 4th Eurogroup. Consequently, the Greek government will have to legislate or otherwise implement any pending items so that the review can be successfully completed at the January 22nd Eurogroup. Among the issues on the agenda in today's deliberations are: social welfare, pensions, product markets, fiscal matters, energy, privatisations and transport. Meanwhile, during a press briefing yesterday, IMF Spokesperson Gerry Rice stated that at this stage the IMF is not conducting a review on Greece but its team is there to assess the current economic situation and status of policy implementation. He added that the stand-by arrangement of the IMF for Greece would become effective contingent on the provision of debt relief to ensure that Greece's economic situation is sustainable and expressed the opinion that an agreement on debt relief can be reached in spite of the delays in the formation of a government in Germany. As regards ESM Managing Director's Klaus Regling suggestion to redeem IMF costlier loans with ESM ones, the IMF Spokesperson commented that this liability management operation could be beneficial since it would reduce Greece's debt costs and as a result it would be welcome and could be discussed in the context of debt relief. In other news, according to the European Commission business and consumer survey data, in November 2017 economic sentiment improved marginally to 98.4 from 98.3 in October due to small confidence increases in industry (+0.8), retail (+0.3) and among consumers (+0.2). On the other hand, sentiment deteriorated in the services (-0.8) and construction (-14.6) sectors.

andimitriadou@eurobank.gr

December 1, 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

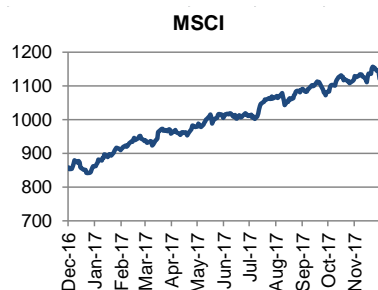
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

SERBIA

Q3 real GDP growth was confirmed at a preliminary reading of 2.1%YoY, according to final data released yesterday. This follows a slowdown to 1.2%YoY in H1 2017 that primarily came on the back of adverse weather conditions. The breakdown of the Q3 data showed that the annual pace of increase in investments accelerated to its highest reading in a year (+6.2%YoY), providing the highest contribution to economic activity. A similar input was provided by private consumption. Meanwhile, inventories provided a comparably smaller, albeit positive contribution, and exports' growth remained robust (+11.4%YoY), though their net contribution remained negative in view of strong growth in imports (+10.7%YoY). From the production side, the agricultural sector continued to contract as the negative impact from the summer drought continued to weigh. Taking into account that a further acceleration is anticipated in economic activity in Q4 2017, as the underlying growth trend remains strong, and that growth averaged 1.6%YoY in Q1-Q3, the full year reading is likely to come in around the 2% area. Higher growth of ca. 3.0% is likely in 2018 thanks to robust investment activity, and a further improvement in private consumption.

gphoka@eurobank.gr

December 1, 2017

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	2647.58	0.8%	18.3%	EUR/USD	1.1917	0.1%	13.3%	UST - 10yr	2.40	-1	-4	GOLD	1275	0.0%	10.7%
Nikkei 225	22819.03	0.4%	19.4%	GBP/USD	1.3513	-0.1%	9.4%	Bund-10yr	0.36	-1	15	BRENT CRUDE	63	0.7%	11.0%
STOXX 600	386.69	-0.3%	7.0%	USD/JPY	112.62	-0.1%	3.9%	JGB - 10yr	0.04	0	-1	LMEX	3176	-0.3%	19.4%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.52	0	-48
1-week	2.62	0	-55
1-month	2.80	-1	-55
3-month	3.07	-1	-40
6-month	3.22	-1	-44

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.10	-1	-94
5Y RSD	4.50	0	-86
7Y RSD	4.88	0	-75

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Feb-20	2.93	-1	-128
USD Nov-24	6.02	-31	-24

CDS

	Last	ΔDbps	ΔYTD bps
5-year	121	1	-87
10-year	163	0	-92

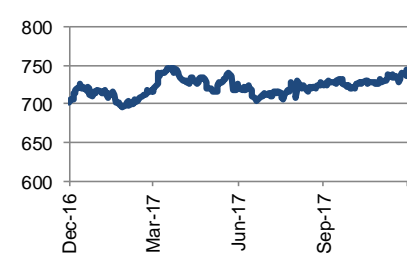
STOCKS

	Last	ΔD	ΔYTD
BELEX15	743.9	1.04%	3.70%

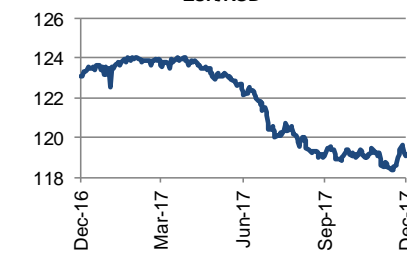
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	119.31	-0.18%	3.48%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	2.19	#VALUE!	163
1-month	2.19	#VALUE!	143
3-month	2.2	#VALUE!	130
6-month	2.34	#VALUE!	123
12-month	2.38	#VALUE!	113

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	1.62	#N/A N/A	-52
USD Jan-24	3.04	1	-85

CDS

	Last	ΔDbps	ΔYTD bps
5-year	99	0	-10
10-year	154	-1	1

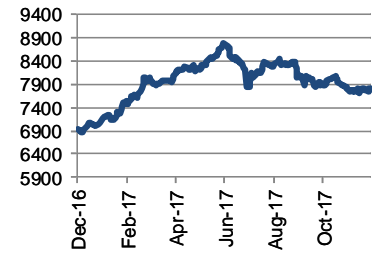
STOCKS

	Last	ΔD	ΔYTD
BET	7796.2	-0.08%	10.04%

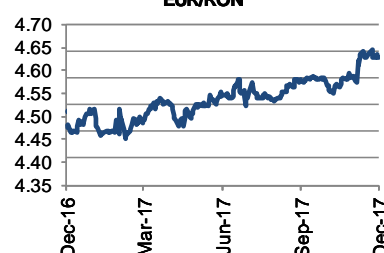
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.6393	0.01%	-2.16%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.26	-2	-10
3-month	-0.18	0	-11
6-month	-0.05	0	-13
12-month	0.33	0	-8

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.26	1	-41
5Y BGN	-0.09	-2	-60
10Y BGN	0.92	0	-99

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.00	0	-87
EUR Sep-24	0.01	-1	-167

CDS

	Last	ΔDbps	ΔYTD bps
5-year	93	0	-59
10-year	134	0	-60

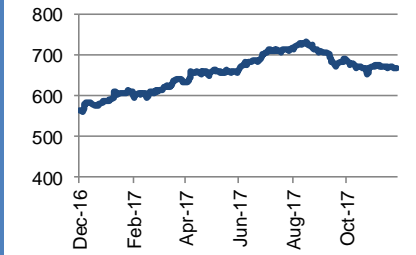
STOCKS

	Last	ΔD	ΔYTD
SOFIX	664.3	-0.11%	13.28%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6409	0.13%	13.25%

SOFIX Index



USD/BGN



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 10:10 EST

December 1, 2017

Contributors

Paraskevi Petropoulou
Economic Analyst, Eurobank Ergasias
+30 210 3718991
ppetropoulou@eurobank.gr

Galatia Phoka
Research Economist, Eurobank Ergasias
+30 210 3718922
gphoka@eurobank.gr

Ioannis Gkionis (Special Contributor)
Research Economist, Eurobank Ergasias
30 210 3337305
igkionis@eurobank.gr

Anna Dimitriadou
Economic Analyst, Eurobank Ergasias
+30 210 3718793
andimitriadou@eurobank.gr

Olga Kosma (Special Contributor)
Research Economist, Eurobank Ergasias
+30 210 3371227
okosma@eurobank.gr

Theodoros Stamatou (Special Contributor)
Senior Economist, Eurobank Ergasias
30 210 3371228
tstamatou@eurobank.gr

Regional Contributors

Vessela Boteva
Expert, trading desk, Eurobank Bulgaria
+359 (2) 8166 491
vboteva@postbank.bg

Zoran Korac
FX dealer, Eurobank ad Beograd
+381 11 206 5821
zoran.korac@eurobank.rs

Eurobank Economic Analysis and Financial Markets Research

Dr. Platon Monokrousos: Group Chief Economist
pmonokrousos@eurobank.gr, + 30 210 37 18 903

Dr. Tassos Anastasatos: Deputy Chief Economist
tanastasatos@eurobank.gr, + 30 210 33 71 178

Research Team

Anna Dimitriadou: Economic Analyst
andimitriadou@eurobank.gr, + 30 210 37 18 793

Ioannis Gkionis: Research Economist
igkionis@eurobank.gr, + 30 210 33 71 225

Stylios Gogos: Economic Analyst
sgogos@eurobank.gr, + 30 210 33 71 226

Olga Kosma: Research Economist
okosma@eurobank.gr, + 30 210 33 71 227

Mariana Papoutsaki
mpapoutsaki@eurobank.gr, + 30 210 33 71 224

Paraskevi Petropoulou: G10 Markets Analyst
ppetropoulou@eurobank.gr, + 30 210 37 18 991

Galatia Phoka: Research Economist
gphoka@eurobank.gr, + 30 210 37 18 922

Theodoros Stamatou: Senior Economist
tstamatou@eurobank.gr, + 30 210 33 71 228

Elia Tsiampaou: Economic Analyst
etsiampaou@eurobank.gr, + 30 210 33 71 207

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobankEA_FMR@eurobank.gr

Eurobank Economic Analysis and Financial Markets Research

More research editions available at <http://www.eurobank.gr/research>

- **Daily Overview of Global markets & the SEE Region:** Daily overview of key macro & market developments in Greece, regional economies & global markets
- **Greece Macro Monitor:** Periodic publication on the latest economic & market developments in Greece
- **Regional Economics & Market Strategy Monthly:** Monthly edition on economic & market developments in the region
- **Global Economy & Markets Monthly:** Monthly review of the international economy and financial markets

Subscribe electronically at

Follow us on twitter: https://twitter.com/Eurobank_Group

