

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Oct 30: Personal income & spending (Sep)
- Nov 1
 - ADP employment report (Oct)
 - ISM index manufacturing (Oct)
 - FOMC meeting
- Nov 2: Jobless claims (weekly)
- Nov 3
 - Non-farm payrolls (Oct)
 - ISM index non-manufacturing (Oct)
 - Trade Balance (Sep)

JAPAN

- Oct 31: BoJ MPC decision

EUROZONE

- Oct 30
 - Economic sentiment indicator (Oct)
 - DE: Retail sales (Sep)
- Oct 31
 - GDP (Q3, flash)
 - CPI (Oct, prel.)
 - U/E rate (Sep)
- Nov 2: PMI manufacturing (Oct, final)

GREECE

- Oct 30: Economic Sentiment (Oct)
- Oct 31: Retail sales (Aug)
- Nov 1: PMI manufacturing (Oct)

SEE

BULGARIA

- Oct 31 – Nov 3: Budget balance (Sep)

ROMANIA

- Oct 31: ILO U/E rate (Sep)
- Nov 1: International Reserves (Oct)

SERBIA

- Oct 31
 - Industrial output (Sep)
 - Trade balance (Sep)
 - Retail sales (Sep)
 - GDP (Q3, p)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: As expected, the FOMC unanimously decided to stay put on interest rates at the two-day meeting that concluded late yesterday with the federal funds target range remaining at 1.00-1.25%. The parts of the accompanying statement relevant to policy guidance were left unchanged with the FOMC providing further support to market expectations for a 25bps rate hike in December. Market reaction to the FOMC monetary policy outcome was muted as focus is on the long-awaited release of the Republic House draft legislation on tax reform later today (around 14:00GMT), originally planned to be unveiled yesterday. Moreover, market participants are eagerly awaiting the Fed Chair nominee by President Donald Trump (expected at around 20:00CET) with the latest press reports conveying that Fed Governor Jerome Powell will probably be Trump's choice. Today we also expect the BoE monetary policy outcome, the minutes of the meeting, the November BoE Inflation Report and a press conference by BoE Governor Mark Carney. On the back of rising inflation and a drop in the unemployment rate to decade lows, the BoE is expected to hike the Bank Rate by 25bps to 0.50%. Focus will be whether the BoE signals that the rate hike will be the start of a gradual hiking cycle or simply a one-off raise.

GREECE: According to press reports, the Greek PM Alexis Tsipras is committed to closing the 3rd programme review on time and to this end all competent Ministers are urged to implement the agreed prior actions in a timely and comprehensive manner. The Markit PMI Manufacturing stood at 52.1 in October, slightly lower from 52.8 in September but still above the no-change threshold, signaling the fifth consecutive improvement in Greek manufacturing sector conditions. According to FEIR, the decrease of the Economic Sentiment Indicator from 100.6 in September to 98.3 in October can be attributed to more moderate expectations regarding the economy in Q4 as well as increased tax burdens for households and companies towards the end of the year that further mitigate confidence.

SOUTH EASTERN EUROPE

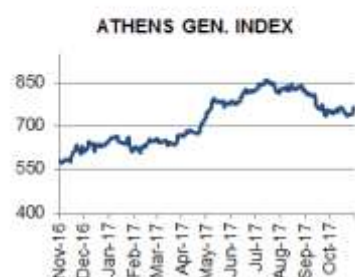
CESEE MARKETS: Emerging market assets traded mixed earlier on Thursday ahead of the imminent nomination of the new Fed Chair by the US President and the release of the draft legislation on tax reform by the US House of Representatives. Key labour market data releases from the US today and tomorrow also remain in the forefront.

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

As expected, the FOMC unanimously decided to stay put on interest rates at the two-day meeting that concluded late yesterday with the federal funds target range remaining at 1.00-1.25%. In the accompanying statement, the economic assessment was slightly upgraded with the FOMC citing that despite hurricane-related disruptions economic activity has been rising "at a solid pace" compared to "moderate" in September. Core inflation was described as "soft" but the outlook was left unchanged citing that inflation is expected to stabilise around the 2.0% target over the medium-term. Overall, the FOMC did nothing to alter market expectations for a 25bps rate hike in December, the fifth in the current tightening cycle. The meeting was not accompanied by a press conference by the Fed Chair and there were no updated economic and federal funds rate projections. Market reaction to the FOMC monetary policy outcome was muted as focus is on the long-awaited release of the Republic House draft legislation on tax reform later today (around 14:00GMT), originally planned to be unveiled yesterday. Moreover, market participants are eagerly awaiting the Fed Chair nominee by President Donald Trump (expected at around 20:00CET) with the latest press reports conveying that Fed Governor Jerome Powell will probably be Trump's choice. On the prevailing view that Mr. Powell who is considered as most similar to incumbent Chair Janet Yellen and, thus, he is not expected to deviate much from current Fed monetary policy, will likely be nominated, the USD was slightly weaker in European trade while short-dated USTs were a tad firmer. The scenario of Jerome Power succeeding Janet Yellen seems to be already priced-in. Thus, such an announcement is likely to be taken in stride by market participants. However, should the US President nominate instead the other leading candidate academic macroeconomist John Taylor, who has been persistently critical of the Fed's easy-monetary policy stimulus since the financial crisis, we could see a hawkish market reaction. Today we also expect the BoE monetary policy outcome, the minutes of the meeting, the November BoE Inflation Report and a press conference by BoE Governor Mark Carney. On the back of rising inflation and a drop in the unemployment rate to decade lows, the BoE is expected to hike the Bank Rate by 25bps to 0.50%. Focus will be whether the BoE signals that the rate hike will be the start of a gradual hiking cycle or it is simply a one-off raise.

ppetropoulou@eurobank.gr

GREECE

According to press reports, the Greek PM Alexis Tsipras is committed to closing the 3rd programme review on time so that the 3rd Economic Adjustment Programme can be then successfully completed in August 2018. To this end, all competent Ministers are urged to implement the agreed prior actions in a timely and comprehensive manner. In other news, the Markit PMI Manufacturing stood at 52.1 in October, slightly lower from 52.8 in September but still above the no-change threshold, signaling the fifth consecutive improvement in Greek manufacturing sector conditions. According to the Markit report, the growth was underpinned by strong demand in both domestic and export markets, which led to higher purchasing activity, employment and output. Meanwhile, according to the Foundation for Economic and Industrial Research (FEIR conducts in Greece the monthly surveys for consumers and businesses in Industry, Construction, Retail Trade and Services and disposes its results to DG-ECFIN), the decrease of the Economic Sentiment Indicator from 100.6 in September to 98.3 in October can be attributed to more moderate expectations regarding the economy in Q₄, after a strong performance during Q₃, which includes the peak of the tourism season. Additionally, according to FEIR, increased tax burdens for households and companies towards the end of the year further mitigate confidence.

andimitriadou@eurobank.gr

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

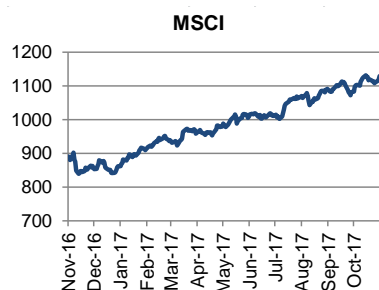
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

CESEE MARKETS

Emerging market assets traded mixed earlier on Thursday ahead of the imminent nomination of the new Fed Chair by the US President and the release of the draft legislation on tax reform by the US House of Representatives. Key labour market data releases from the US today and tomorrow also remain in the forefront. Yesterday, the FOMC meeting announcement did not render any significant surprises, hence proving to have a rather negligible impact on emerging market assets.

In the stock markets, the MSCI Emerging Markets index stood in a marginally positive territory at the time of writing, poised to record the fifth consecutive session in the black. Bourses in the CESEE space moved mostly higher, with Hungary's main BUX index leading the gains registering a 1.3% daily advance. Positive macro data, released earlier today, might have also had a positive impact on the index, which was closed yesterday due to national holiday. In more detail, PMI manufacturing for October came in at 58.3 in Hungary, higher than a market median forecast of 57.5. Despite a drop from 59.3 in September, the index remained above both the long-term October average of 51.9 and an average of 55.2 marked in the past three years as well as the 50-threshold that separates contraction from expansion.

Elsewhere, regional currencies were somewhat firmer on the day as the US dollar remained below recent highs. Against this backdrop, the Turkish lira recovered some ground, with the USD/TRY easing to levels around 3.8050 in European trade from yesterday's multi-session peak of 3.8330 hit in the wake of the updated Inflation Report release. The Central Bank revised higher is 2017- end forecast to 9.8% from 8.7% previously, also raising the midpoint projection for end-2018 to 7.0% from 6.4% before. At the same time Governor Murat Cetinkaya deemed the current monetary policy tightening as sufficient to bring inflation lower adding that the impact will be more visible from early next year. In the local currency debt markets government bonds were mixed, with paper of longer maturity underperforming. Apart from the global developments which take centre stage today and tomorrow, the focus now turns to the inflation data release for October and an S&P sovereign rating review for Turkey on Friday.

gphoka@eurobank.gr

November 2, 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	2579.36	0.2%	15.2%	EUR/USD	1.1638	0.2%	10.6%	UST - 10yr	2.37	0	-7	GOLD	1276	0.1%	10.8%
Nikkei 225	22539.12	0.5%	17.9%	GBP/USD	1.3258	0.1%	7.3%	Bund-10yr	0.38	1	18	BRENT CRUDE	60	-0.4%	6.1%
STOXX 600	396.76	0.0%	9.8%	USD/JPY	114.1	0.1%	2.5%	JGB - 10yr	0.06	-1	1	LME X	3305	1.3%	24.3%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.50	1	-50
1-week	2.61	0	-56
1-month	2.82	1	-53
3-month	3.07	1	-40
6-month	3.25	0	-41

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.00	-2	-102
5Y RSD	4.51	-1	-84
7Y RSD	4.94	0	-69

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	-0.06	-81	-238
USD Nov-24	6.35	2	-6

CDS

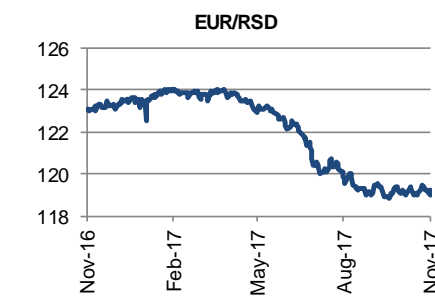
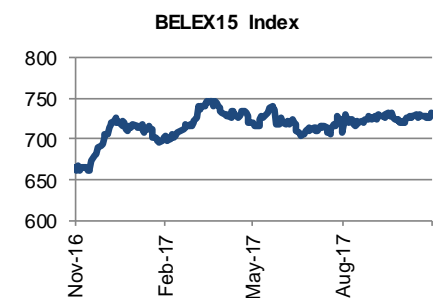
	Last	ΔDbps	ΔYTD bps
5-year	130	0	-78
10-year	179	0	-77

STOCKS

	Last	ΔD	ΔYTD
BELEX15	732.1	0.19%	2.06%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	119.15	-0.10%	3.62%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	1.71	0	115
1-month	1.82	0	106
3-month	1.89	0	99
6-month	2.03	0	92
12-month	2.13	0	88

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	2.62	0	110
5Y RON	3.14	0	72
10Y RON	4.29	0	82

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.67	#N/A	N/A
USD Jan-24	3.07	0	-83

CDS

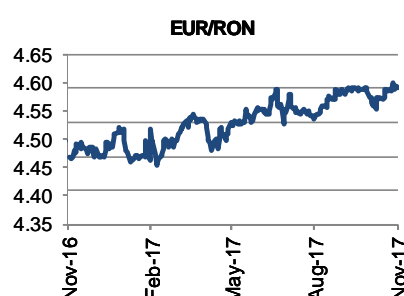
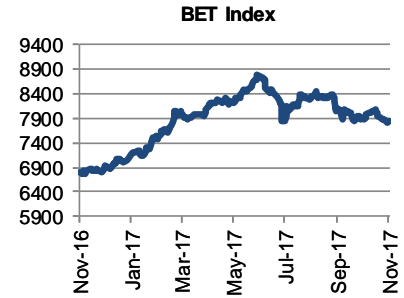
	Last	ΔDbps	ΔYTD bps
5-year	99	0	-11
10-year	154	-1	2

STOCKS

	Last	ΔD	ΔYTD
BET	7845.9	0.71%	10.74%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.601	0.05%	-1.35%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.23	-1	-7
3-month	-0.14	0	-7
6-month	-0.04	0	-12
12-month	0.33	0	-7

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.27	0	-43
5Y BGN	-0.05	0	-55
10Y BGN	0.96	0	-95

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.06	-5	-81
EUR Sep-24	0.70	0	-98

CDS

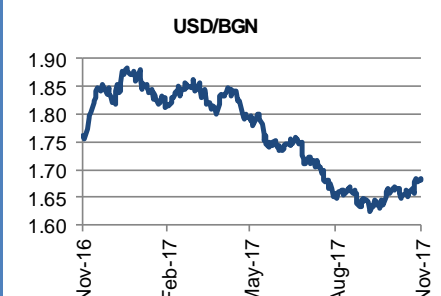
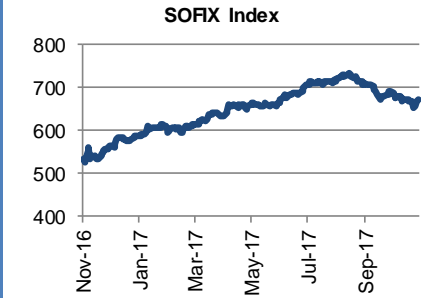
	Last	ΔDbps	ΔYTD bps
5-year	98	-2	-54
10-year	153	-2	-41

STOCKS

	Last	ΔD	ΔYTD
SOFIX	671.1	0.03%	14.44%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6805	0.17%	10.59%



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

Data updated as of 10:25 EST

November 2, 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

tstamatiou@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 Monokroussos: Group Chief Economist
pmonokroussos@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 3718 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
tstamatiou@eurobank.gr, +30 210 3371228

Elia Tsiampaou: Economic Analyst
etsiampaou@eurobank.gr, +30 210 3371207
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