



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Friday, February 03, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL US

- Jan 30
 - Personal income / spending (Dec)
 - Core PCE (Dec)
- Jan 31
 - Chicago PMI (Jan)
 - CB Consumer Confidence (Jan)
- Feb 1
 - ADP employment (Jan)
 - ISM manufacturing (Jan)
 - FOMC decision
- Feb 2: Initial claims (weekly)
- Feb 3
 - Non-farm payrolls (Jan)
 - U/E rate (Jan)
 - ISM non-manuf (Jan)

UK

- Feb 2: MPC meeting & Inflation report

EUROZONE

- Jan 30: ESI (Jan)
- Jan 31
 - GDP (Q4 2016, 1st est)
 - HICP (Jan)
- Feb 1: PMI manuf. (Jan)
- Feb 3: PMI services (Jan)

GREECE

- Jan 30: Retail sales (Nov)

SEE

BULGARIA

- Jan 30: PPI (Dec)

ROMANIA

- Jan 31: ILO U/E rate (Dec)
- Feb 1: International reserves (Jan)
- Jan 3: Retail sales (Dec)

SERBIA

- Jan 31
 - Trade balance (Dec)
 - Retail sales (Dec)
 - IP (Dec)
 - GDP (Q4, p)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Market focus today is on the US' non-farm payrolls report for January amid speculation for a positive surprise following the release earlier this week of a solid ADP employment survey and a higher than expected employment component in the manufacturing ISM report. Against this background, the USD moved higher recovering part of recent losses. Elsewhere, the GBP came under renewed pressure. The BoE stayed put on its monetary policy at Thursday's policy meeting and although 2017-2019 GDP growth forecasts were revised higher, President Mark Caney's comments at the post-meeting press conference suggested that the Central Bank retains a neutral basis disappointing those who had geared up for a rather hawkish signal.

GREECE: The Greek PM is scheduled to meet today the German Chancellor Angela Merkel and the French President Francois Hollande at the EU Summit in Malta and may discuss with them, according to press reports, the 2nd programme review. The Greek government is not expected to bring forward its proposal on the pending items before February 6, when the IMF's BoD is scheduled to discuss its debt sustainability analysis and economic review on Greece.

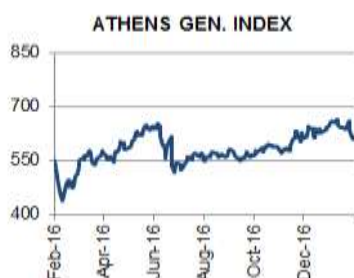
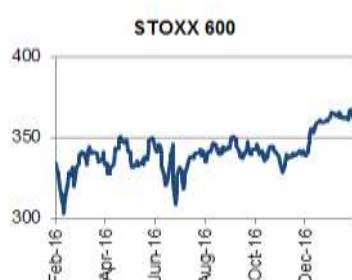
SOUTH EASTERN EUROPE

CESEE MARKETS: Emerging market assets treaded water earlier today as caution prevailed ahead of a key labor market data release from the US.

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



Source: Reuters, Bloomberg, Eurobank Research

GLOBAL MARKETS

Market focus today is on the US' non-farm payrolls report for January amid speculation for a positive surprise following the release earlier this week of a solid ADP employment survey and a higher than expected employment component in the manufacturing ISM report. Against this background, the USD moved higher recovering part of recent losses with the DXY index standing close to 99.893 at the time of writing, 0.1% firmer on a daily basis but still around 3% weaker compared to a 14-year peak recorded in early January. Market worries prevail over the impact on the domestic economy of Trump administration's protectionism policy while the Fed disappointed those who were expecting a signal over the timing of the next rate hike at this week's policy meeting. Market consensus is for an increase of 163K in no-farm payrolls from 156K in the prior month with the unemployment rate remaining unchanged at 4.7%. An upside surprise could support short-term Fed rate hike expectations helping the USD to move higher. On the flipside, should the report disappoint, the USD's recent downtrend will likely accelerate. Meanwhile, the EUR/USD was hovering around 1.0750/55 in European trade, having retreated from a multi-week peak of 1.0828 marked in the prior session. The USD/JPY recovered from Thursday's five-week intraday low of 112.03 to stand at 113.10/15 favored by the BoJ's unexpected announcement for unlimited amount of bond purchases at a fixed rate, reasserting its commitment to control the yield curve. Elsewhere, the GBP came under renewed pressure pulling back to levels around 1.2530/35 against the USD after marking a six-week high slightly above 1.2700 in the prior session. The BoE stayed put on its monetary policy at Thursday's policy meeting and although 2017-2019 GDP growth forecasts were revised higher, President Mark Caney's comments at the post-meeting press conference suggested that the Central Bank retains a neutral bias disappointing those who had geared up for a rather hawkish signal. After marking a multi-session low of 1.36% on Thursday, the 10-yr Government bond yield was hovering around 1.42% at the time of writing, below levels around 1.50% tested earlier this week.

ppetropoulou@eurobank.gr

GREECE

The Greek PM is scheduled to meet today the German Chancellor Angela Merkel and the French President Francois Hollande at the EU Summit in Malta and may discuss with them, according to press reports, the 2nd programme review. Unofficial deliberations are reportedly taking place between the institutions and the Greek side in order for the negotiations to be resumed; however, the Greek government is not expected to bring forward its proposal on the pending items before February 6, when the IMF's BoD is scheduled to discuss its debt sustainability analysis and economic review on Greece. Meanwhile, the Minister of Finance Euclid Tsakalotos stated that so far the Greek government has completed 1/3 of the prior actions attached to the 2nd programme review, another 1/3 has been agreed with official lenders and is currently in the implementation phase while the remaining 1/3 constitutes part of the ongoing negotiations and will be finalised once there is comprehensive agreement including all open issues of the review. The most critical open issues are: the fiscal gap for 2018, the primary surplus targets beyond 2018 which will also determine the measures that Greece will have to take if the IMF insists that these targets are unattainable, the labour market reforms and the energy market reforms.

andimitriadou@eurobank.gr

February 3, 2017

BULGARIA: Indicators	2015	2016e	2017f
Real GDP growth %	3.6	3.5	3.0
CPI (pa, yoy %)	-0.1	-0.7	0.6
Budget Balance/GDP*	-2.9	-0.8	-1.4
Current Account/GDP	0.4	3.0	1.5
EUR/BGN (eop)	1.9558		
	2015	current	2016
Policy Rate (eop)	N/A	N/A	N/A

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

CYPRUS: Indicators	2015	2016e	2017f
Real GDP growth %	1.7	2.8	3.0
HICP (pa, yoy %)	-1.5	-1.1	0.5
Budget Balance/GDP*	0.0	-0.3	-0.6
Current Account/GDP	-3.0	-2.8	-3.3

* ESA 2010

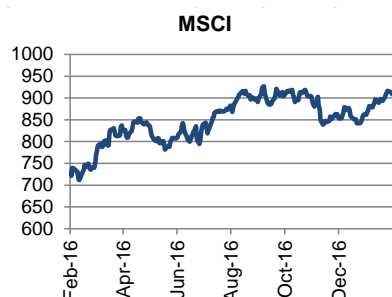
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

ROMANIA: Indicator:	2015	2016e	2017f
Real GDP growth %	3.7	5.0	3.5
CPI (pa, yoy %)	-0.6	-1.8	1.5
Budget Balance/GDP*	-1.9	-2.8	-3.7
Current Account/GDP	-1.1	-3.0	-3.2
EUR/RON (eop)	4.48	4.54	4.60
	2015	current	2016
Policy Rate (eop)	1.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

SERBIA: Indicators	2015	2016e	2017f
Real GDP growth %	0.8	2.7	3.0
CPI (pa, yoy %)	1.4	1.0	2.1
Budget Balance/GDP	-3.7	-2.1	-1.7
Current Account/GDP	-4.7	-4.1	-3.9
EUR/RSD (eop)	121.38	123.40	125.5
	2015	current	2016
Policy Rate (eop)	4.25	4.00	4.00

Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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

Source: IMF, EC, Reuters, Bloomberg, National
Authorities, Eurobank Research

Latest economic & market developments in the CESEE region

CESEE MARKETS

Emerging market assets treaded water earlier today as caution prevailed ahead of a key labor market report from the US. In FX markets, the Romanian leu recovered ground despite persisting domestic political jitters and fiscal slippage worries. The government rebuffed on Thursday calls to repeal an emergency decree it adopted earlier in the week easing anti-corruption legislation. The decree decriminalizes some graft offences, including abuse of power instigating financial damage of less than RON 200k (~€44k). The government argues that the chances will help ease prison overcrowding and align the criminal code with that of the constitutional court. However, it has stirred negative reaction from the US, the European Commission and domestic authorities over backtracking the country's anti-corruption progress since becoming an EU member. The decree is expected to come into effect in about a week. President Klaus Iohannis filed a legal charge with the constitutional court, which has reportedly allowed until February 7th for the government, parliament and the country's magistrates to submit their arguments and has indicated that a final ruling on the issue will be announced within 20 days. In this context, the EUR/RON was trading at 4.5130 in European markets today having pulled back from a 7 1/2 month high of 4.5530 reached intraday on Wednesday.

Elsewhere, the Turkish lira lost some ground after inflation for January exceeded market expectations. In more detail, CPI rose by 2.46%MoM last month outpacing a market's median forecast of 1.76%MoM, bringing the annual rate of increase to 9.22%. The latter overshot a consensus of 8.6%, December's 8.53% print and bounced further above the Central Bank's 5% target. Rising alcohol and tobacco prices as well as higher energy costs were the main culprits of the said annual increase, reflecting the lira's sharp weakening. It is worth noting that the currency currently stands 6% weaker since end-2016, having hit record lows on January 11 amid increased domestic political uncertainty, worries over the country's economic growth prospects and security concerns. In the aftermath of the inflation data release earlier today, the USD/TRY hovered around levels of 3.7475, having bounced from a two-week low near 3.7170 hit intraday on Thursday. That said, the pair remains not too far from a recent lifetime peak of 3.94 hit last month.

In the local debt markets, government bond auctions in Poland and Hungary received strong investor demand yesterday. Meanwhile, the Romanian finance ministry rejected on Thursday all bids at a 1.35% 2019 tender due to higher yields in view of mounting domestic political uncertainty and fiscal slippage jitters. With most of today's macro data having been already released in the CESEE region, the focus for the rest of the day is on key US data.

gphoka@eurobank.gr

February 3, 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	2280.85	0.1%	1.9%	EUR/USD	1.076	0.0%	2.3%	UST - 10yr	2.49	1	4	GOLD	1214	-0.1%	5.4%
Nikkei 225	18918.20	0.0%	-1.0%	GBP/USD	1.2523	0.0%	1.3%	Bund-10yr	0.44	2	24	BRENT CRUDE	57	0.8%	0.4%
STOXX 600	361.95	-0.3%	0.1%	USD/JPY	113.12	-0.3%	3.4%	JGB - 10yr	0.10	-2	5	LMEX	2837	-0.4%	6.7%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	298	-1	-2
1-week	3.11	0	-6
1-month	3.33	-1	-2
3-month	3.46	-1	-1
6-month	3.67	-1	1

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.07	-1	-1
5Y RSD	5.46	0	11
7Y RSD	5.69	0	6

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.11	-1	-20
USD Nov-24	6.48	0	6

CDS

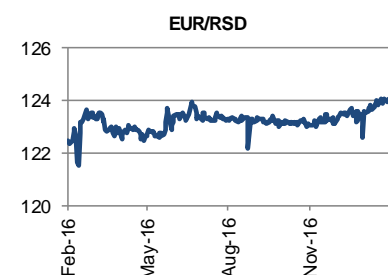
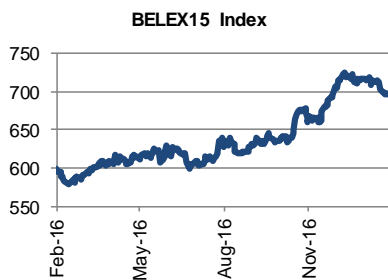
	Last	ΔDbps	ΔYTD bps
5-year	204	-1	-3
10-year	247	-1	-9

STOCKS

	Last	ΔD	ΔYTD
BELEX15	704.6	0.54%	-1.78%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	124.03	-0.01%	-0.46%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.48	0	-8
1-month	0.65	0	-11
3-month	0.84	0	-6
6-month	1.05	0	-6
12-month	1.23	0	-2

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.75	0	13
5Y RON	2.77	0	25
10Y RON	3.73	0	8

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.19	-4	5
USD Jan-24	3.79	1	-6

CDS

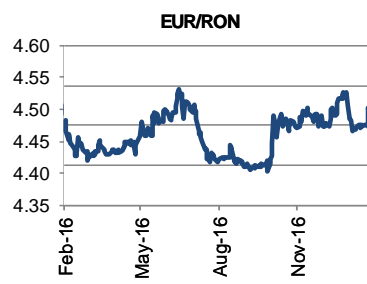
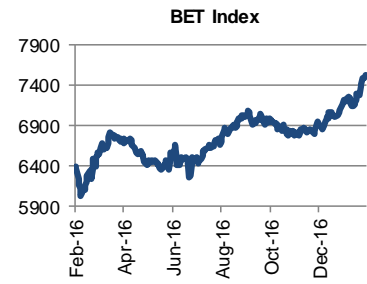
	Last	ΔDbps	ΔYTD bps
5-year	93	-1	-17
10-year	136	-1	-17

STOCKS

	Last	ΔD	ΔYTD
BET	7502.3	0.38%	5.89%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5208	0.27%	0.40%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.33	0	-33
1-month	-0.17	0	0
3-month	-0.08	-1	-1
6-month	0.07	0	-1
12-month	0.40	0	0

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.10	0	-5
5Y BGN	0.43	0	-8
10Y BGN	1.73	0	-18

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.23	-13	9
EUR Sep-24	1.68	0	0

CDS

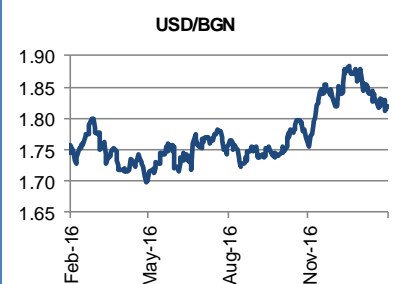
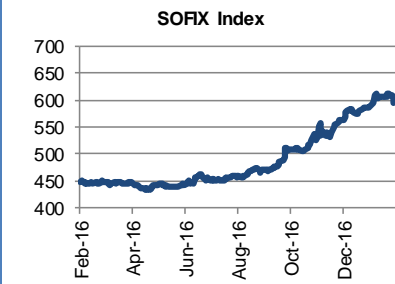
	Last	ΔDbps	ΔYTD bps
5-year	122	-1	-30
10-year	167	-1	-27

STOCKS

	Last	ΔD	ΔYTD
SOFIX	598.0	0.71%	1.97%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8179	0.02%	2.23%



Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research
Data updated as of 11:30 EET

February 3, 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 (Special Contributor)
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

Bogdan Radulescu, CFA
Senior Trader, Bancpost
+40 21 3656291
bogdan.radulescu@bancpost.ro

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

Arkadia Konstantopoulou: Research Assistant
arkonstantopoulou@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 3371228

Eurobank Ergasias S.A., 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: EurobankGlobalMarketsResearch@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 <http://www.eurobank.gr/research>

Follow us on twitter: <http://twitter.com/Eurobank>

