

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Apr 3
 - ISM manufacturing (Mar)
 - Car sales (Mar)
- Apr 4
 - Trade balance (Feb)
 - Industrial orders (Feb)
- Apr 5
 - ADP employment change (Mar)
 - ISM non-manufacturing (Mar)
 - FOMC minutes (Mar 14-15)
- Apr 6: Initial jobless claims (weekly)
- Apr 7
 - NFP (Mar)
 - U/E rate (Mar)
 - Average hourly earnings (Mar)

EUROZONE

- Apr 3: PMI manuf (Mar)
- Apr 5: PMI services (Mar)
- Apr 6: ECB minutes (Mar 9)

GREECE

- Apr 3: PMI manuf (Mar)
- Apr 6: U/E rate (Jan)

SEE

ROMANIA

- Apr 3
 - ILO U/E rate (Feb)
 - T-bonds auction
 - Intern/I reserves (Mar)
 - PPI (Feb)
- Apr 4: Retail sales (Feb)
- Apr 5: MPC meeting
- Apr 6: T-bonds auction
- Apr 7
 - Net wages (Feb)
 - GDP (Q4, f)
 - S&P rating review

SERBIA

- Apr 3
 - Industrial production (Feb)
 - Retail sales (Feb)
 - Trade balance (Feb)
 - 4.5% 2020 T-bonds auction

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GREECE: The return of the institutions' mission heads to Athens for the preparation of a staff-level agreement has not yet been decided. Therefore, a framework agreement at the April 7 Eurogroup is becoming less likely although it cannot be ruled out as deliberations from a distance reportedly continue. According to press reports, it is understood that the main contentious issue concerns the decrease of the personal difference in pensions. With regard to the medium term debt relief measures, according to press reports, the European Stability Mechanism (ESM) is already discussing potential scenarios with individual member-states in order to come up with a collectively acceptable solution that could be presented at the May 22 Eurogroup.

SOUTH EASTERN EUROPE

SERBIA: The EUR/RSD remained bound within a tight trading range of 123.80/00 - 123.90/10 last week as investor caution prevailed ahead of the April 2nd Presidential elections in Serbia. Regarding Sunday's ballot, Prime Minister and leader of the ruling Serbian Progressive Party (SNS) Aleksandar Vucic won the elections in the first round.

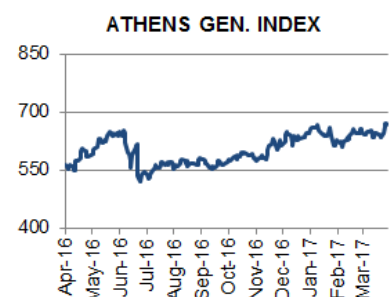
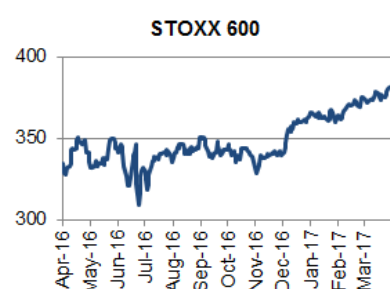
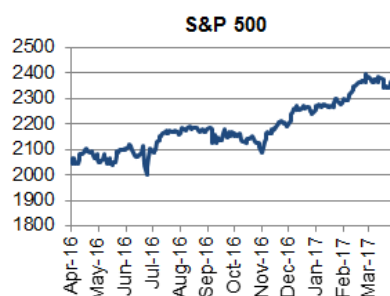
CESEE MARKETS: Emerging market assets were supported earlier today from upbeat factory data from China. In FX markets, the Turkish lira lost some ground after March's inflation surprised to the upside. On the flipside, the Serbian dinar firmed after a decisive win by Prime Minister Aleksandar Vucic on Sunday's Presidential elections. Looking into this week's CESEE calendar, Central Bank meetings in Poland and Romania on Wednesday lure market attention. Also in Romania, final Q4 National Accounts data are also in focus, as is a review by S&P on the country's sovereign credit rating, both on Friday.

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April 3, 2017

Latest world economic & market developments



GREECE

The return of the institutions' mission heads to Athens for the preparation of a staff-level agreement has not yet been decided. Therefore, a framework agreement at the April 7 Eurogroup is becoming less likely although it cannot be ruled out as deliberations from a distance reportedly continue. According to press reports, it is understood that the main contentious issue concerns the decrease of the personal difference in pensions. The Greek side reportedly favours the reduction of the personal difference either to amount to 0.7% of GDP (instead of 1% of GDP) and be carried out one-off in 2019 or 2020, or amount to 1% of GDP and to be carried out gradually in two years, preferably in 2020 and 2021. On the other side, the IMF insists that this measure should generate savings of 1% of GDP and be implemented either in two consecutive years starting in 2018 or one-off in 2019. At the same time, the IMF has reportedly re-opened the issues of the lock-out and the increase of the maximum collective dismissals threshold, which last week were understood to have been removed from the Fund's requests package. In any case, if progress is made in the coming days, an extraordinary Eurogroup after the Easter recess and before the May 22 Eurogroup is possible, with a view to achieving a staff-level agreement then and a "global agreement" at the May 22 Eurogroup. With regard to the medium term debt relief measures, according to press reports, the European Stability Mechanism (ESM) is already discussing potential scenarios with individual member-states in order to come up with a collectively acceptable solution that could be presented at the May 22 Eurogroup. The main feature of that solution could reportedly be the extension of the weighted average maturity of Greece's public debt by not more than 9 to 10 years.

andimitriadou@eurobank.gr

Source: Reuters, Bloomberg, Eurobank Research

April 3, 2017

Latest economic & market developments in the CESEE region

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		
	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	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

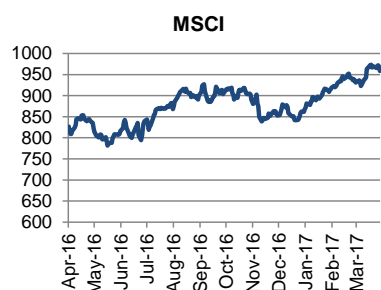
ROMANIA: Indicator:	2015	2016e	2017f
Real GDP growth %	3.7	5.0	3.5
CPI (pa, yoy %)	-0.6	-1.8	1.5
Budget Balance/GDP *	-1.9	-2.8	-3.7
Current Account/GDP	-1.1	-3.0	-3.2
EUR/RON (eop)	4.48	4.54	4.60
	2016	current	2017
Policy Rate (eop)	1.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA: Indicators	2015	2016e	2017f
Real GDP growth %	0.8	2.8	3.0
CPI (pa, yoy %)	1.9	1.2	2.1
Budget Balance/GDP	-3.7	-1.4	-1.3
Current Account/GDP	-4.7	-4.0	-3.9
EUR/RSD (eop)	121.38	123.40	125.5
	2016	current	2017
Policy Rate (eop)	4.00	4.00	4.00

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

SERBIA

The EUR/RSD remained bound within a tight trading range of 123.80/00 - 123.90/10 last week as investor caution prevailed ahead of the April 2nd Presidential elections in Serbia. Regarding Sunday's ballot, Prime Minister and leader of the ruling Serbian Progressive Party (SNS) Aleksandar Vucic appears to have won the elections in the first round. With 93.3% of the votes having been counted, he scored a share of 55.7%. The runner up, Sasa Jankovic, won 15.6%, while Luka Maksimovic received 9.6% of the vote. They are followed by Vuk Jeremic (5.7%), Vojislav Seselj (4.5%), Bosko Obradovic (2.2%), Sasa Radulovic (1.3%), Milan Stamatovic (1.1%), Nenad Canak (1.1%), Aleksandar Popovic (1.1%) and Miroslav Parovic (0.3%).

Djordje.Lucic@eurobank.rs

CESEE MARKETS

Emerging market assets were supported earlier today from upbeat factory data from China. In more detail, the MSCI Emerging Markets index rose by 0.4% earlier on Monday, the first trading day of the month, which added to gains of approximately 11% in the first quarter of the current year.

In FX markets, the Turkish lira lost some ground after March's inflation surprised to the upside. Headline CPI came in at a near decade high of 11.29%YoY last month, surpassing a market median forecast of 10.70%YoY and February's print of 10.13%. Along these lines the USD/TRY rose by 0.2% compared to last week's settlement, hovering around 3.6415 in mid-European trade on Monday. On the flipside, the Serbian dinar outperformed regional peers rising as far as a 2-week peak of 123.63/€ after a decisive win by Prime Minister Aleksandar Vucic on Sunday's Presidential elections. The result appeared to sooth investor worries over domestic political jitters and indicates a continuation of the current macroeconomic policies.

Looking into this week's CESEE calendar, Central Bank meetings in Poland and Romania on Wednesday lure market attention. Both MPCs are anticipated to hold their key policy rates at the current record low levels of 1.50% and 1.75%, respectively. Also in Romania, final Q4 National Accounts data are in focus, as is a review by S&P on the country's sovereign credit rating, both on Friday.

gphoka@eurobank.gr

April 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	2362.72	-0.2%	5.5%	EUR/USD	1.0664	0.1%	1.4%	UST - 10yr	2.39	1	-5	GOLD	1246	-0.3%	8.1%
Nikkei 225	18983.23	0.4%	-0.7%	GBP/USD	1.2528	-0.2%	1.4%	Bund-10yr	0.31	-1	11	BRENT CRUDE	54	0.1%	-5.7%
STOXX 600	381.86	0.2%	5.7%	USD/JPY	111.41	0.0%	5.0%	JGB - 10yr	0.08	1	3	LMEX	2859	-1.6%	7.5%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	299	0	-1
1-week	3.17	0	0
1-month	3.35	0	0
3-month	3.52	0	5
6-month	3.71	0	5

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.00	-31	-8
5Y RSD	5.34	-1	-1
7Y RSD	5.63	#N/A	N/A

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.85	-1	-48
USD Nov-24	6.53	0	11

CDS

	Last	ΔDbps	ΔYTD bps
5-year	191	0	-17
10-year	232	0	-23

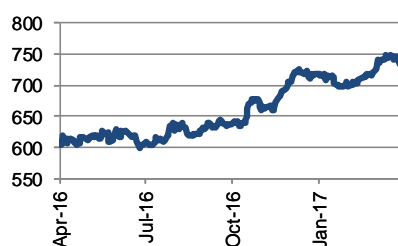
STOCKS

	Last	ΔD	ΔYTD
BELEX15	732.5	-0.14%	2.11%

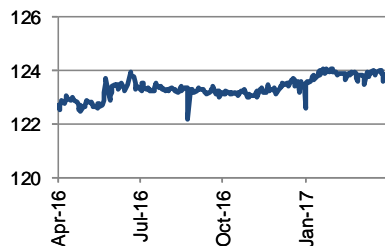
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.88	0.08%	-0.34%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.57	0	1
1-month	0.63	0	-13
3-month	0.86	0	-4
6-month	1.07	0	-4
12-month	1.25	0	0

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.58	-1	-4
5Y RON	2.53	0	1
10Y RON	3.56	-1	-9

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.98	0	-16
USD Jan-24	3.43	0	-43

CDS

	Last	ΔDbps	ΔYTD bps
5-year	98	-2	-12
10-year	141	-3	-11

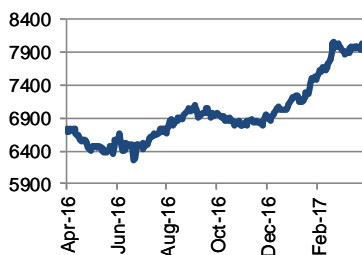
STOCKS

	Last	ΔD	ΔYTD
BET	8085.5	0.20%	14.12%

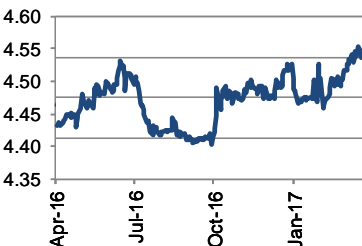
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.555	-0.01%	-0.35%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-40
1-month	-0.17	0	0
3-month	-0.10	-1	-3
6-month	0.04	0	-4
12-month	0.39	0	-1

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.07	1	-9
5Y BGN	0.39	1	-12
10Y BGN	1.63	1	-27

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.53	0	-21
EUR Sep-24	1.41	80	-27

CDS

	Last	ΔDbps	ΔYTD bps
5-year	115	0	-37
10-year	154	0	-40

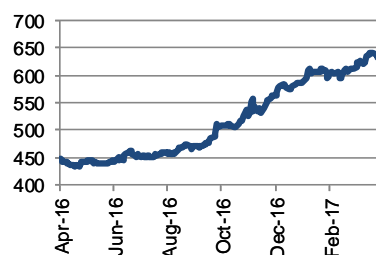
STOCKS

	Last	ΔD	ΔYTD
SOFIX	634.0	0.00%	8.11%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8341	0.10%	1.32%

SOFIX Index



USD/BGN



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

Data updated as of 11:00 EEST

April 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
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
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 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

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