

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 Greek Ministers of Finance and Labour as well as the Alternate Minister of Finance are currently in Brussels for another round of talks with the institutions ahead of the April 7 Eurogroup. At the same time, Greek PM Alexis Tsipras has reportedly spoken with the German Chancellor Angela Merkel and the IMF Head Christine Lagarde in order to try to promote on the political level the resolution of the issues that are stalling the process towards a staff-level agreement in the context of the 2nd programme review. According to Markit the Greek Purchasing Managers' Index (PMI) for March 2017 came in at 46.7 index units (i.u.) against 47.7 i.u. in February. Operating conditions in the Greek manufacturing sector deteriorated on the back of a drop in new orders as well as new export orders.

SOUTH EASTERN EUROPE

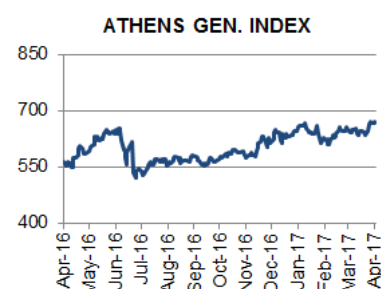
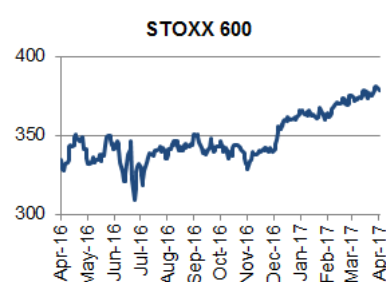
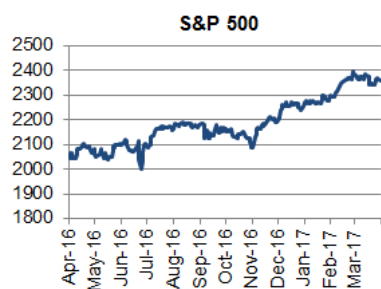
CESEE MARKETS: Emerging market assets were mostly under pressure earlier on Tuesday amid deteriorating risk sentiment.

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April 4, 2017

Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GREECE

The Greek Ministers of Finance and Labour as well as the Alternate Minister of Finance are currently in Brussels for another round of talks with the institutions ahead of the April 7 Eurogroup. At the same time, Greek PM Alexis Tsipras has reportedly spoken with the German Chancellor Angela Merkel and the IMF Managing Director Christine Lagarde in order to try to promote on the political level the resolution of the issues that are stalling the process towards a staff-level agreement in the context of the 2nd programme review. Furthermore, European Council President Donald Tusk and German President Frank-Walter Steinmeier will also be visiting Athens in the next couple of days on separate occasions and will meet with the Greek PM. Meanwhile, according to the agenda of the Eurogroup on April 7 "The Eurogroup will be briefed on the progress achieved in the talks between the institutions and the Greek authorities since the previous Eurogroup meeting in March. These talks focus on the main outstanding issues that need to be solved in order to reach an agreement on the overall policy package that would allow the second review of the programme to be completed. These include labour market and energy sector reforms and the rebalancing of Greece's public finances over the medium term, i.e. in 2018 and beyond". On the data front, according to Markit the Greek Purchasing Managers' Index (PMI) for March 2017 came in at 46.7 index units (i.u.) against 47.7 i.u. in February. According to the Markit report, operating conditions in the Greek manufacturing sector deteriorated on the back of a drop in new orders as well as new export orders. Lower demand led to the curtailment of staffing numbers while at the same time average cost burdens rose whereas average selling prices fell.

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April 4, 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

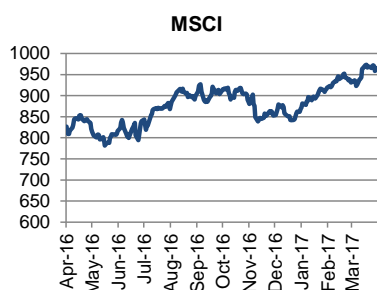
ROMANIA: Indicator:	2015	2016e	2017f
Real GDP growth %	3.7	5.0	3.5
CPI (pa, yoy %)	-0.6	-1.8	1.5
Budget Balance/GDP *	-1.9	-2.8	-3.7
Current Account/GDP	-1.1	-3.0	-3.2
EUR/RON (eop)	4.48	4.54	4.60
	2016	current	2017
Policy Rate (eop)	1.75	1.75	1.75

* 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

CESEE MARKETS

Emerging market assets were mostly under pressure earlier on Tuesday amid deteriorating risk sentiment in view of mounting uncertainty over whether US President Trump will be able to implement stimulus plans. Market caution also prevailed ahead of a meeting between the US President and his Chinese counterpart Xi Jinping later in the week. Meanwhile, a downgrade by S&P on South Africa's sovereign credit ratings by one notch to "BB+", the highest non-investment grade, with a negative outlook also appeared to weigh on emerging market assets. The agency, which is the first to place the country's ratings to "junk", cited concerns over economic growth prospects and fiscal risks after President Jacob Zuma announced a reshuffling of his cabinet including the dismissal of finance minister Pravin Gordhan. Shortly after, Moody's also announced it placed South Africa's credit ratings on review for a potential downgrade. At the same time, trading activity in Asian markets was relatively constrained by national holidays in China and Hong Kong. A similar picture was witnessed in the CESEE region, with currencies and local currency government bonds being mostly weaker earlier on Tuesday, while regional bourses were trading mostly in tight ranges.

In the local currency debt markets, Romania's finance ministry sold on Monday RON 97.9mn (~€21.6mn) of 2031 T-Bonds, half of RON 200mn (~€44mn) initially planned. The average accepted yield came in at 4.27% yesterday, 64bps above the yield achieved at a prior auction of the same paper held in October last year. The finance ministry last tried to sell the bond in November, but rejected all bids amid low demand, citing "unacceptable" price offers. The paper, which currently is the longest-dated local currency denominated bond in Romania, expires on September 24, 2031 and carries a coupon of 3.65%. The bid to cover ratio was at 1.81 on Monday. Elsewhere, the Public Debt Administration of the Republic of Serbia sold yesterday RSD 15.42bn (~€0.12bn) of 3-year T-Bonds, well below initial plans for an amount of RSD 110bn to be offered. The accepted yield stood at 5.0%, which compares to 4.74% achieved in a previous sale of similar maturity paper held in December. The paper expires on April 5, 2020 and bears an annual coupon of 4.50%. Meanwhile, the bid to cover ratio stood at 1.43 yesterday.

In external debt markets, Ukraine's USD-denominated bonds broadly firmed in the wake of news that the IMF's Executive Board concluded 2016 Article IV consultation and completed the third review of the country's economic program under the Extended Fund Facility (EFF), approving another USD1bn disbursement on Monday. Including the said amount, total disbursements under the 4-year USD17.5bn EFF, which was approved on March 11, 2015, currently stand around USD8.38bn.

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April 4, 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	2358.84	-0.2%	5.4%	EUR/USD	1.0659	-0.1%	1.3%	UST - 10yr	2.32	0	-12	GOLD	1259	0.4%	9.2%
Nikkei 225	18810.25	-0.9%	-1.6%	GBP/USD	1.2436	-0.4%	0.6%	Bund-10yr	0.27	-1	6	BRENT CRUDE	53	-0.5%	-7.0%
STOXX 600	379.12	0.0%	4.9%	USD/JPY	110.46	0.4%	5.9%	JGB - 10yr	0.07	-1	2	LMEX	2819	-1.4%	6.0%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	299	0	-1
1-week	3.17	0	0
1-month	3.34	-1	-1
3-month	3.51	-1	4
6-month	3.70	-1	4

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.00	0	-8
5Y RSD	5.34	0	-1
7Y RSD	5.63	0	-1

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.84	0	-48
USD Nov-24	6.51	3	10

CDS

	Last	ΔDbps	ΔYTD bps
5-year	178	-13	-30
10-year	218	-14	-37

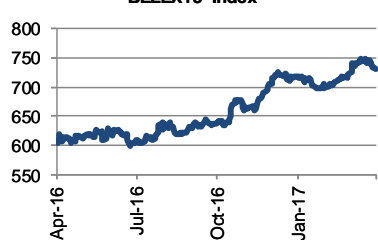
STOCKS

	Last	ΔD	ΔYTD
BELEX15	726.2	-0.53%	1.23%

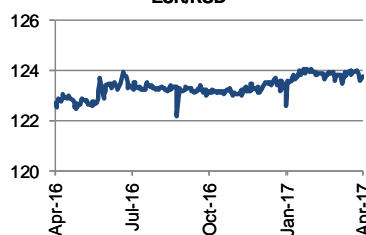
FOREX

	Last	ΔD	ΔYTD
EUR/RSD	123.73	0.00%	-0.22%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.49	-4	-7
1-month	0.62	-1	-14
3-month	0.86	0	-4
6-month	1.07	-1	-4
12-month	1.25	0	0

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.58	0	-4
5Y RON	2.52	0	0
10Y RON	3.55	0	-10

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.98	0	-16
USD Jan-24	3.39	-2	-46

CDS

	Last	ΔDbps	ΔYTD bps
5-year	99	1	-10
10-year	143	2	-9

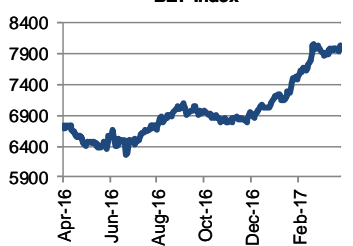
STOCKS

	Last	ΔD	ΔYTD
BET	8159.2	0.04%	15.16%

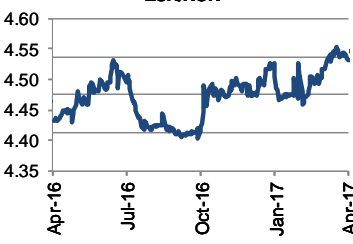
FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5456	0.04%	-0.15%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.40	0	-40
1-month	-0.16	0	0
3-month	-0.08	2	-1
6-month	0.05	1	-3
12-month	0.43	3	2

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.01	-2	-14
5Y BGN	0.37	0	-13
10Y BGN	1.63	0	-28

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.58	0	-26
EUR Sep-24	1.38	23	-30

CDS

	Last	ΔDbps	ΔYTD bps
5-year	114	-1	-38
10-year	153	-1	-41

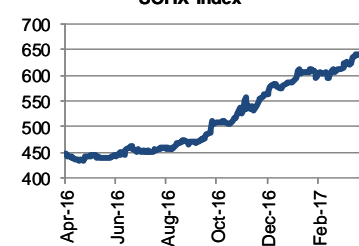
STOCKS

	Last	ΔD	ΔYTD
SOFIX	635.2	0.33%	8.32%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.8348	-0.08%	1.29%

SOFIX Index



USD/BGN



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

Data updated as of 11:00 EEST

April 4, 2017

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