



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Monday, March 06, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Mar 6: Factory orders (Jan)
- Mar 7: Trade balance (Jan)
- Mar 8: ADP employment change (Feb)
- Mar 9: Jobless claims (weekly)
- Mar 10
 - Non-farm payrolls (Feb)
 - U/E rate (Feb)
 - Average hourly earnings (Feb)

EUROZONE

- Mar 7: GDP (Q4, f)
- Mar 9: ECB decision & press conference
- Mar 9-10: EU Council summit

GREECE

- Mar 6: GDP (Q4, f)
- Mar 9
 - U/E rate (Dec)
 - Euroworking group
- Mar 10
 - Industrial production (Jan)
 - CPI/HICP (Feb)

CYPRUS

- Mar 7: HICP (Feb)
- Mar 10: GDP (Q4, f)

SEE

BULGARIA

- Mar 7: GDP (Q4, f)
- Mar 9
 - Industrial production (Jan)
 - Retail sales (Jan)

ROMANIA

- Mar 6: 2022 T-bonds auction
- Mar 7: GDP (Q4, p)
- Mar 9: T-bonds auction
- Mar 10: CPI (Feb)

SERBIA

- Mar 7: PPI (Feb)

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GREECE: The Greek government and the mission heads continue working in Athens on the open items in the context of the 2nd programme review. According to press reports, there are still differences in a number of items, namely: the size of the measures that Greece must pre-legislate, the reduction of the tax-free threshold and pensions, the energy reform, the out-of-court workout and the offsetting measures. According to the Hellenic Statistical Authority, the available seasonally adjusted data indicate that in Q4 2016 the GDP in volume terms decreased by 1.2% QoQ, against the decrease of 0.4% that was announced for the flash estimate of Q4 on February 14, 2017. Compared to Q4 2015, it decreased by 1.1% against the increase of 0.3% that was announced for the flash estimate.

SOUTH EASTERN EUROPE

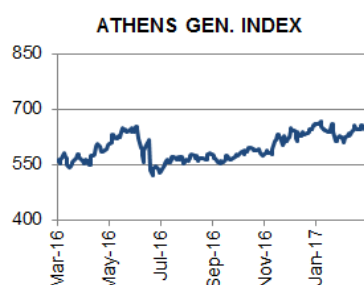
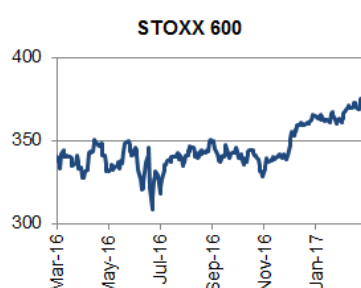
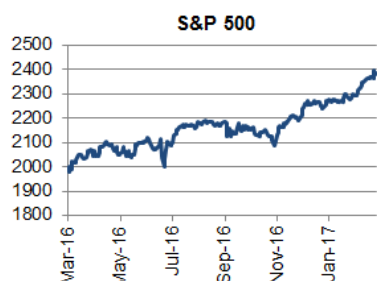
BULGARIA: The domestic stock market and Eurobonds closed broadly higher last week, while the local currency sovereign bond market remained relatively quiet.

SERBIA: The dinar broadly strengthened last week against major currency peers snapping a 2-month streak of ongoing depreciation pressures.

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Latest world economic & market developments



Source: Reuters, Bloomberg, Eurobank Research

GREECE

The Greek government and the mission heads continue working in Athens on the open items in the context of the 2nd programme review. According to press reports, there are still differences in a number of items, namely: 1) the size of the measures that Greece must pre-legislate. The institutions insist on measures worth 2% of GDP (i.e. c. €3.6 billion) whereas the Greek side argues for less. Measures in the area of 1.7%-1.8% of GDP should be considered a possible outcome should the institutions come to agree that the fiscal over-performance in 2016 was indeed as significant as the Greek side claims, i.e. achieved primary surplus of 3% of GDP against target 0.5% of GDP. 2) The size of the tax free threshold reduction. The institutions reportedly favour a drop of the tax-free threshold to €5.900 from €8.363 currently effective in 2019 while the Greek government would rather it dropped to no less than €7.000. 3) The timing and size of the pensions' reduction. The institutions favour the one-off abolishment of the personal difference in 2020 whereas the Greek side opts for its gradual abolishment in five years starting from 2020. 4) Energy reform. The institutions reportedly push for the break-up of the PPC and the sale of part of its lignite and hydroelectrical production units as a means to achieve the target of a reduction of PPC's market share below 50% by 2019 whereas the Greek side strongly opposes this solution and favours the NOME auctions mechanism instead. 5) Out-of-court workout. Differences exist as to the minimum amount of debt a company must have to fall under the new legal framework with the institutions and bankers reportedly placing the minimum amount at €50.000 and the Greek government at €20.000. Another contentious issue on this topic concerns whether withheld taxes should be subject to haircut – which is what the institutions want – or not. 5) The offsetting measures. The Greek side has reportedly agreed that these measures will be implemented only if the target primary surplus of 3.5%-of-GDP is exceeded but the type of the measures remain an issue of dispute. The institutions heads are reportedly scheduled to remain in Athens until Wednesday while the Thursday March 9 Euroworking Group is expected to decide the next steps ahead. In other news, the Hellenic Statistical Authority (ELSTAT) announced today the Gross Domestic Product (GDP) for Q4 of 2016. The available seasonally adjusted data indicate that in Q4 2016 the GDP in volume terms decreased by 1.2% QoQ, against the decrease of 0.4% that was announced for the flash estimate of Q4 on February 14, 2017. Compared to Q4 2015, it decreased by 1.1% against the increase of 0.3% that was announced for the flash estimate.

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March 6, 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		
	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

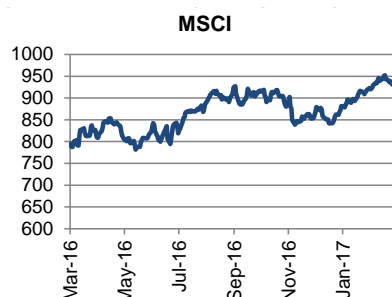
Source: Reuters, Bloomberg, Eurobank Research,
National Authorities

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	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

BULGARIA

The domestic stock market closed higher last week, with gains coming mainly from large spreads rather than buying interest. In more detail, the benchmark SOFIX index added 0.9% on a weekly basis to stand at levels near 613 points on Friday. Meanwhile, the domestic sovereign bond market remained relatively quiet, with the corresponding benchmark yield curve flexing around the 6-year tenor with the short-end going upwards by 4-6 bps. On the other hand, Eurobonds were well-supported with yields easing between 6 and 13 bps as foreign investors stepped in.

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SERBIA

The dinar broadly strengthened last week against major currency peers snapping a 2-month streak of ongoing depreciation pressures originating from strong importers' demand for hard currency. The EUR/RSD eased as far as 123.50 pulling back towards early 2017 levels. Notwithstanding the aforementioned, the said down move is likely to prove temporary and the fall will probably be limited near 123.45 as the National Bank of Serbia (NBS) is likely to intervene anew in the FX markets around these levels in line with its general policy of steady and gradual depreciation of the currency geared towards boosting exports and supporting a further improvement on the trade balance. On the political front, Prime Minister Aleksandar Vucic announced on Monday that there are "no reasons of any kind" to hold early parliamentary elections in Serbia. He said that the country is scheduled to hold regular parliamentary elections in 2020, and after the one this year, the next presidential ballot is due in 2022. As for the presidential elections, Vucic, who is his ruling SNS party's candidate, said they would be held in April 2nd.

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March 6, 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	2383.12	0.1%	6.4%	EUR/USD	1.0593	-0.3%	0.7%	UST - 10yr	2.47	-1	2	GOLD	1232	-0.2%	6.9%
Nikkei 225	19379.14	-0.5%	1.4%	GBP/USD	1.2257	-0.3%	-0.8%	Bund-10yr	0.33	-2	13	BRENT CRUDE	56	-0.6%	-2.2%
STOXX 600	373.57	-0.4%	3.4%	USD/JPY	113.72	0.3%	2.9%	JGB - 10yr	0.07	0	3	LMEX	2859	-0.2%	7.5%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	304	0	4
1-week	3.18	0	1
1-month	3.36	-1	1
3-month	3.51	0	4
6-month	3.69	0	3

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	5.05	0	-3
5Y RSD	5.43	0	8
7Y RSD	5.71	0	8

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	2.06	5	-26
USD Nov-24	6.51	3	10

CDS

	Last	ΔDbps	ΔYTD bps
5-year	204	0	-3
10-year	247	0	-9

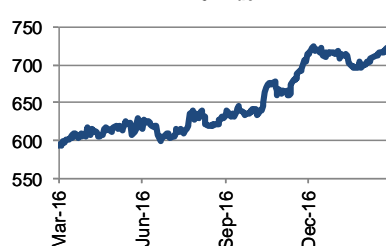
STOCKS

BELEX15	Last	ΔD	ΔYTD
	723.5	0.19%	0.86%

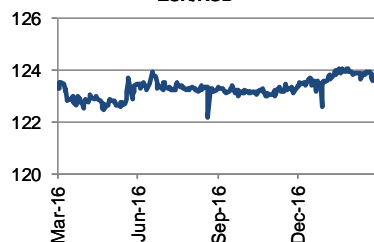
FOREX

EUR/RSD	Last	ΔD	ΔYTD
	123.60	0.17%	-0.11%

BELEX15 Index



EUR/RSD



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.49	0	-7
1-month	0.62	1	-14
3-month	0.81	0	-9
6-month	1.05	0	-6
12-month	1.24	0	-1

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.67	-1	5
5Y RON	2.67	1	15
10Y RON	3.72	-1	7

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	2.04	2	-10
USD Jan-24	3.53	-4	-32

CDS

	Last	ΔDbps	ΔYTD bps
5-year	93	-2	-16
10-year	138	-2	-14

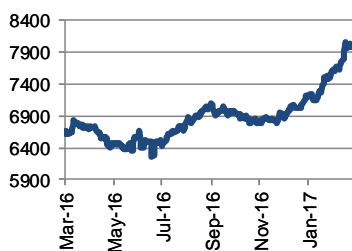
STOCKS

BET	Last	ΔD	ΔYTD
	7913.6	-0.82%	11.69%

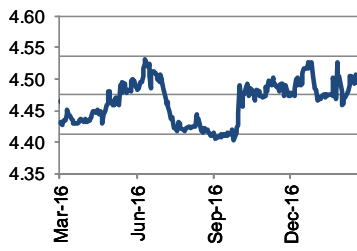
FOREX

EUR/RON	Last	ΔD	ΔYTD
	4.5333	0.01%	0.13%

BET Index



EUR/RON



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	-0.23	-3	-23
1-month	-0.17	0	-1
3-month	-0.08	-1	-1
6-month	0.04	-1	-4
12-month	0.40	-2	-1

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	0.09	1	-7
5Y BGN	0.39	0	-12
10Y BGN	1.72	0	-19

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Jul-17	-0.62	0	-30
EUR Sep-24	1.54	-35	-14

CDS

	Last	ΔDbps	ΔYTD bps
5-year	114	0	-38
10-year	157	0	-36

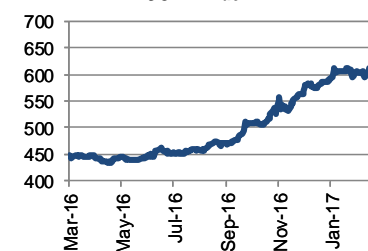
STOCKS

SOFIX	Last	ΔD	ΔYTD
	618.0	0.81%	5.39%

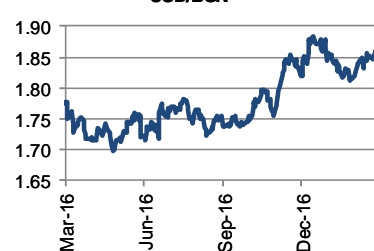
FOREX

USD/BGN	Last	ΔD	ΔYTD
	1.8464	-0.19%	0.65%

SOFIX Index



USD/BGN



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

Data updated as of 12:30 EET

March 6, 2017

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