



DAILY OVERVIEW

OF GLOBAL MARKETS & THE SEE REGION

Thursday, September 07, 2017

KEY UPCOMING DATA & EVENTS THIS WEEK

GLOBAL

US

- Sep 5: Factory orders (Jul)
- Sep 6
 - ISM non-manufacturing (Aug)
 - Trade balance (Jul)
 - Fed Beige Book
- Sep 7: Jobless claims (weekly)

EUROZONE

- Sep 5
 - PMI services (Aug, f)
 - GDP (Q2, 2nd est.)
- Sep 7: ECB monetary policy meeting & press conference

GREECE

- Sep 7: U/E rate (Jun)
- Sep 8
 - Industrial production (Jul)
 - CPI/HICP (Aug)

CYPRUS

- Sep 7: CPI (Aug)
- Sep 8: GDP (Q2, 2nd est.)

SEE

BULGARIA

- Sep 5: GDP (Q2, f)
- Sep 8
 - Industrial production (Jul)
 - Retail sales (Jul)

ROMANIA

- Sep 4: Retail sales
- Sep 5: GDP (Q2, p)
- Sep 7
 - Net wages (Jul)
 - 5.75% 202 T-Bonds auction

SERBIA

- Sep 7
 - PPI (Aug)
 - MPC meeting

Source: Reuters, Bloomberg,
Eurobank Research

HIGHLIGHTS

WORLD ECONOMIC & MARKET DEVELOPMENTS

GLOBAL MARKETS: Wall Street advanced modestly overnight following an unexpected announcement by the White House that US President Trump had agreed with congressional leaders for 3-month government funding and debt limit extension until December 15th. In Asia, major equity indices traded mixed on Thursday overshadowing the US debt ceiling deal, as persisting concerns over North Korea's nuclear and missile programme continue to weigh on investor sentiment. Focus today centres on the ECB's monetary policy meeting, where the Central Bank is broadly anticipated to abstain from announcing a reduction of its monthly asset purchase programme.

GREECE: The French President Emmanuel Macron is scheduled to visit Greece today accompanied by a number of French entrepreneurs/investors who are reportedly interested in potential privatisation projects. With respect to the Hellinikon project, a number of impediments to the investment remain in place, nevertheless, the Undersecretary of the Minister of Economy Stergios Pitsiorlas expressed confidence in an interview today that by the end of the year the Presidential Decree approving the spatial development plan will have been issued and that construction works will begin in 2018. According to the "Report on Operational Targets for Non-Performing Exposures" released yesterday by the Bank of Greece, at end-June 2017, the stock of Non-Performing Exposures (NPEs) had decreased by 2.0% and 3.2% compared to end-March 2017 and end-December 2017 respectively, reaching €102.9 billion or 44.9% of total exposures. According to the Hellenic Statistical Authority (ELSTAT), the seasonally adjusted unemployment rate in June 2017 was 21.2% compared to 23.5% in June 2016 and the downward revised 21.5% in May 2017.

SOUTH EASTERN EUROPE

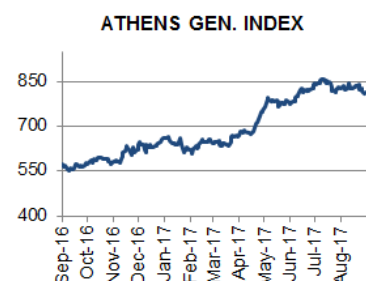
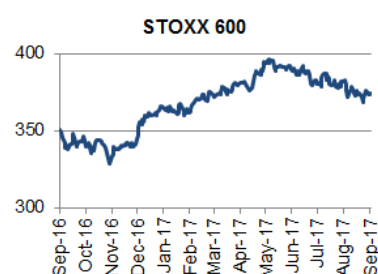
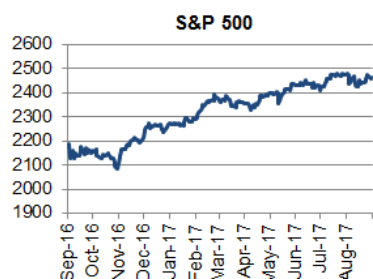
CESEE MARKETS: The majority of emerging market assets moved higher earlier on Thursday on improved risk appetite, following news about the US debt ceiling deal. In the CESEE space, assets remained mostly range-bound ahead of the ECB meeting.

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Latest world economic & market developments

GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Wall Street advanced modestly overnight following an unexpected announcement by the White House that US President Trump had agreed with congressional leaders for 3-month government funding and debt limit extension until December 15th. In Asia, major equity indices traded mixed on Thursday overshadowing the US debt ceiling deal, as persisting concerns over North Korea's nuclear and missile programme continue to weigh on investor sentiment. Turning to bond markets, US Treasuries fell with the yield rising back yesterday slightly above 2.10% from its 10-month low of 2.05% hit earlier on Wednesday on improved risk sentiment following the agreement. Focus today centres on the EUR/USD, which rose back above 1.1950 in European trade on Thursday ahead of the ECB's monetary policy meeting, having gained cumulatively more than 13% since the start of the year. The market's median forecast is for the ECB to abstain from announcing a reduction of its monthly asset purchase programme at the said meeting, mirroring a significant reversal from a month ago when the market consensus expected such an announcement in September. Elsewhere, the Canadian dollar firmed against the US dollar after the Bank of Canada raised the benchmark rate by 25bps to 1%, with the USD/CAD trading around 1.2204/05 in European trade on Thursday, not far from its 2-year low of 1.2146 hit yesterday. Concerning economic data releases, the ISM non-manufacturing index improved to 55.3 in August from an 11-month low of 53.9 in July, while the Beige Book revealed modest to moderate growth with strong retail sales. Today's calendar includes the ECB policy meeting outcome expected at 12.45pm BST and President Mario Draghi's press conference due about 45 minutes later.

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GREECE

The French President Emmanuel Macron is scheduled to visit Greece today accompanied by a number of French entrepreneurs/investors who are reportedly interested in potential privatisation projects such as the Thessaloniki Port Authority SA (OLTH), the Athens Water Supply and Sewerage SA (EYDAP) and the Thessaloniki Water Supply and Sewerage SA (EYATH), while, according to press, there is also strong interest in energy and defense projects. Meanwhile, with respect to the Hellinikon project, a number of impediments to the investment remain in place, mainly objections concerning archaeological and forestry issues and the change of the legal framework regarding the licensing of casinos in the Attica region. Nevertheless, the Undersecretary of the Minister of Economy Stergios Pitsiorlas expressed confidence in an interview today that by the end of the year the Presidential Decree approving the spatial development plan will have been issued and that construction works will begin in 2018. In other news, according to the "Report on Operational Targets for Non-Performing Exposures" released yesterday by the Bank of Greece, at end-June 2017, the stock of Non-Performing Exposures (NPEs) had decreased by 2.0% and 3.2% compared to end-March 2017 and end-December 2017 respectively, reaching €102.9 billion or 44.9% of total exposures. The quarterly default rate remained above 2% still exceeding the cure rate, constituting write-offs the main tool for NPE reduction. Quarterly write-offs amounted to €1.9 billion reaching €3.3 billion for the first semester of 2017. In terms of the three main asset classes, for end-June 2017, the NPE ratio was 42.7% for residential, 53.6% for consumer and 44.4% for the business portfolio. Finally, according to the Hellenic Statistical Authority (ELSTAT), the seasonally adjusted unemployment rate in June 2017 was 21.2% compared to 23.5% in June 2016 and the downward revised 21.5% in May 2017.

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Latest economic & market developments in the CESEE region

CESEE MARKETS

The majority of emerging market assets moved higher earlier on Thursday on improved risk appetite, following news about the US debt ceiling deal. In the CESEE space, assets remained mostly range-bound ahead of the ECB meeting. On a regional basis, the MPC meeting in Serbia is on the spotlight today. The National Bank of Serbia (NBS) is anticipated to stand pat on its monetary policy and maintain the key rate at the current record low of 4.00%, a level where it has remained since July 2016. Despite some uptick in inflation in recent months (CPI at 3.2%YoY in July), the Central Bank has repeatedly expressed belief that the index will remain within the target tolerance band of $3\pm 1.5\%$ over the coming months, while core inflation pressures remain rather subdued with the consumer price index excluding food, energy, alcohol and cigarettes standing at 1.7% y-o-y in July. Additionally, the latest national accounts data confirmed that economic activity has slowed down in the first six months of the year. Also arguing in favor of unchanged interest rates today is the ongoing uncertainty surrounding the impact of diverging monetary policies pursued by major central banks on capital flows to emerging economies.

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BULGARIA: Indicators	2015	2016	2017f
Real GDP growth %	3.6	3.4	3.6
CPI (pa, yoy %)	-0.1	-0.8	1.9
Budget Balance/GDP*	-2.8	1.6	-1.4
Current Account/GDP	-0.1	4.2	2.0
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	3.0
HICP (pa, yoy %)	-1.5	-1.2	1.2
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

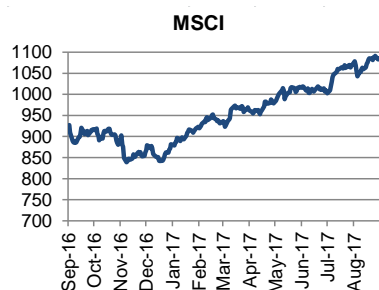
ROMANIA: Indicator:	2015	2016	2017f
Real GDP growth %	3.7	4.8	5.0
CPI (pa, yoy %)	-0.6	-1.6	1.4
Budget Balance/GDP *	-1.9	-2.4	-3.7
Current Account/GDP	-1.1	-2.2	-3.0
EUR/RON (eop)	4.48	4.54	4.62
	2016	current	2017
Policy Rate (eop)	1.75	1.75	1.75

* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research, National Authorities

SERBIA: Indicators	2015	2016	2017f
Real GDP growth %	0.8	2.8	3.0
CPI (pa, yoy %)	1.4	1.1	3.3
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	122.0
	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

September 7, 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	2465.54	0.3%	10.1%	EUR/USD	1.1939	0.2%	13.5%	UST - 10yr	2.09	-1	-35	GOLD	1337	0.2%	16.1%
Nikkei 225	19396.52	0.2%	1.5%	GBP/USD	1.3036	-0.1%	5.5%	Bund-10yr	0.36	1	15	BRENT CRUDE	54	-0.1%	-4.7%
STOXX 600	374.19	0.1%	3.5%	USD/JPY	109	0.2%	7.3%	JGB - 10yr	0.01	-1	-4	LME X	3236	0.0%	21.7%

CESEE MARKETS

SERBIA

Money Market

BELIBOR	Last	ΔDbps	ΔYTD bps
T/N	2.99	0	-1
1-week	3.13	0	-4
1-month	3.33	1	-2
3-month	3.54	1	7
6-month	3.75	0	9

RS Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RSD	4.78	#N/A N/A	-24
5Y RSD	5.09	0	-27
7Y RSD	5.46	0	-18

RS Eurobonds

	Last	ΔDbps	ΔYTD bps
USD Nov-17	1.21	-5	-112
USD Nov-24	6.27	1	-15

CDS

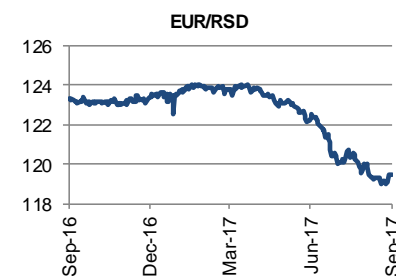
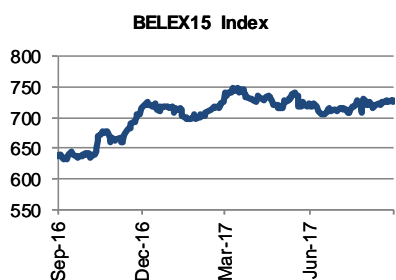
	Last	ΔDbps	ΔYTD bps
5-year	130	0	-78
10-year	179	0	-76

STOCKS

	Last	ΔD	ΔYTD
BELEX15	727.7	0.41%	1.44%

FOREX

	Last	ΔD	ΔYTD
EUR/RSD	119.47	0.13%	3.34%



ROMANIA

Money Market

ROBOR	Last	ΔDbps	ΔYTD bps
O/N	0.6	0	4
1-month	0.7	0	-6
3-month	0.95	0	5
6-month	1.14	0	3
12-month	1.32	0	7

RO Local Bonds

	Last	ΔDbps	ΔYTD bps
3Y RON	1.41	2	-21
5Y RON	2.28	0	-24
10Y RON	3.59	0	-6

RO Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Oct-25	1.59	0	-54
USD Jan-24	2.84	0	-101

CDS

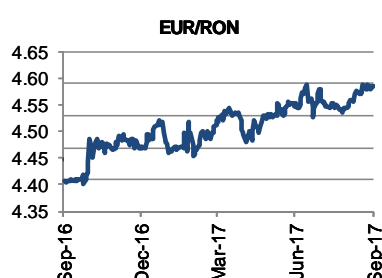
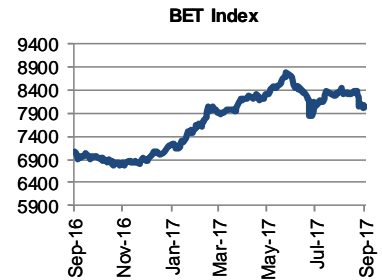
	Last	ΔDbps	ΔYTD bps
5-year	93	0	-16
10-year	148	0	-4

STOCKS

	Last	ΔD	ΔYTD
BET	8055.5	0.50%	13.70%

FOREX

	Last	ΔD	ΔYTD
EUR/RON	4.5958	-0.01%	-1.24%



BULGARIA

Money Market

SOFIBOR	Last	ΔDbps	ΔYTD bps
LEONIA	0.01	0	1
1-month	-0.16	0	1
3-month	-0.07	0	0
6-month	0.05	0	-3
12-month	0.38	0	-2

BG Local Bonds

(yields)	Last	ΔDbps	ΔYTD bps
3Y BGN	-0.19	1	-35
5Y BGN	0.04	1	-46
10Y BGN	1.41	0	-50

BG Eurobonds

	Last	ΔDbps	ΔYTD bps
EUR Mar-22	0.13	13	-74
EUR Sep-24	0.90	-7	-78

CDS

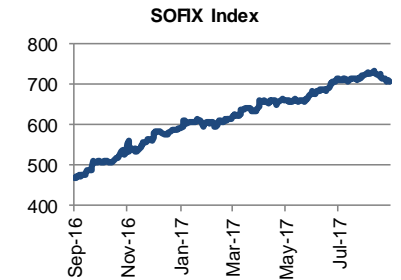
	Last	ΔDbps	ΔYTD bps
5-year	100	0	-52
10-year	150	0	-43

STOCKS

	Last	ΔD	ΔYTD
SOFIX	707.9	0.27%	20.71%

FOREX

	Last	ΔD	ΔYTD
USD/BGN	1.6383	0.19%	13.43%



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

Data updated as of 10:35 EEST

September 7, 2017

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