



# DAILY OVERVIEW

## OF GLOBAL MARKETS & THE SEE REGION

Monday, January 08, 2018

### KEY UPCOMING DATA & EVENTS THIS WEEK

#### GLOBAL

##### US

- Jan 8
  - Fed Williams speaks
  - Fed Bostic speaks
- Jan 11: Jobless claims (weekly)
- Jan 12
  - CPI (Dec)
  - Retail sales (Nov)

##### EUROZONE

- Jan 8
  - DE: Industrial orders (Dec)
  - ESI (Dec)
- Jan 9
  - DE: Industrial output (Nov)
  - U/E rate (Nov)
- Jan 11
  - DE: GDP (2017, flash)
  - Industrial output (Nov)
  - ECB monetary policy account (Dec. 14 meeting)

##### GREECE

- Jan 9: Industrial output (Nov)
- Jan 11: U/E rate (Oct)
- Jan 12: CPI/HICP (Dec)

##### SEE

##### BULGARIA

- Jan 8-13
  - Industrial output (Nov)
  - Retail sales (Nov)
  - Trade balance (Nov)

##### ROMANIA

- Jan 8
  - Retail sales (Nov)
  - 5.8% 2027 T-bonds auction
  - MPC meeting
- Jan 9
  - ILO U/E rate (Nov)
  - Trade balance (Nov)
- Jan 11
  - Industrial output (Nov)
  - 3.4% 2022 T-bonds auction
- Jan 12
  - Net wages (Nov)
  - Industrial sales (Nov)
  - CPI (Dec)
  - GDP (Q3, final)
  - Fitch rating review

##### SERBIA

- Jan 8: PPI (Dec)
- Jan 11: MPC meeting
- Jan 12: CPI (Dec)

Source: Reuters, Bloomberg,  
Eurobank Research

## HIGHLIGHTS

### WORLD ECONOMIC & MARKET DEVELOPMENTS

**GLOBAL MARKETS:** Extending recent gains, the majority of European bourses retained a positive tone in early trading on Monday amid expectations that the global economy is likely to gain some further momentum in 2018. Turning to fixed income, relatively upbeat global market sentiment pushed yields higher at the beginning of the year. In FX markets, the EUR started the year on a positive tone helped by the latest string of firmer than expected euro area data and recent hawkish comments by the ECB's Benoît Cœuré and Ewald Nowotny. Looking at this week's calendar, major data releases include Friday's US retail sales and inflation data for December. As regards key events, two FOMC voting members will speak today (Atlanta Fed President Raphael Bostic and San Francisco Fed President John Williams) while the ECB is due to release on Thursday the monetary policy account of the 14 December monetary policy meeting.

**GREECE:** The Greek government is reportedly intending to table to Parliament by Wednesday the multi-bill with the remaining prior actions in the context of the 3<sup>rd</sup> programme review. The multi-bill is expected to be voted in time so that the review may successfully close at the January 22<sup>nd</sup> Eurogroup. On the back of optimism for the successful completion of the review, Greece's 10-year bond yield has fallen at its lowest in 12 years standing at the time of writing at 3.752%

### SOUTH EASTERN EUROPE

**BULGARIA:** Bulgarian equities and local currency government bonds followed the world-wide rally in the beginning of the new year, while Eurobonds ended last week little changed.

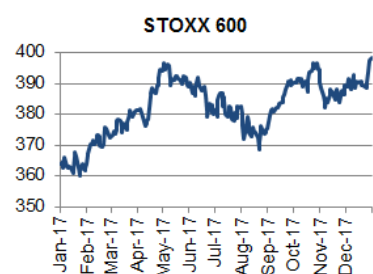
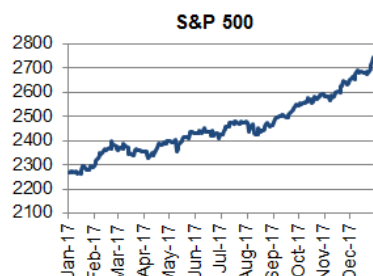
**SERBIA:** The dinar ended the first week of the year with modest losses amid increased demand for euros.

#### 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

### GLOBAL MARKETS



Source: Reuters, Bloomberg, Eurobank Research

Extending recent gains, the majority of European bourses retained a positive tone in early trading on Monday amid expectations that the global economy is likely to gain some further momentum in 2018 supported by more fiscal stimulus and still accommodative monetary policy as inflation pressures are anticipated to remain subdued. Turning to fixed income, relatively upbeat global market sentiment pushed yields higher at the beginning of the year. The 10-yr UST yield was hovering around 2.48% in European trade at the time of writing, 8bps higher compared to the 2017 close while on a daily basis it was up by c. 1bps following Friday's US non-farm payrolls for December which supported the view for a continuous steady improvement in labor market conditions and higher Fed interest rates in the coming months. Though payrolls rose by a lower than expected 148k, it was higher than c. 100k estimated to be needed to integrate the growing population into the labor market. In addition, the unemployment rate remained steady at a 17-year low of 4.1%, below the "long-term" rate estimated by the Fed at 4.6% according to the December economic projections. In FX markets, the EUR started the year on a positive tone helped by the latest string of firmer than expected euro area data and recent hawkish comments by the ECB's Benoît Cœuré and Ewald Nowotny suggesting that, barring any negative surprises, the ECB will likely end its QE programme by the end of this year in spite of the 14% appreciation of the EUR/USD in 2017. The EUR/USD was trading slightly above 1.2000 in European trade at the time of writing, not far from last week's peak of 1.2089 and a 2 ½ year high of 1.2092 recorded in early September. Looking at this week's calendar, major data releases include Friday's US retail sales and inflation data for December. As regards key events, two FOMC voting members will deliver a speech today (Atlanta Fed President Raphael Bostic and San Francisco Fed Present John Williams) while the ECB is due to release on Thursday the monetary policy account of the 14 December monetary policy meeting.

[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

### GREECE

The Greek government is reportedly intending to table to Parliament by Wednesday the multi-bill with the remaining prior actions in the context of the 3<sup>rd</sup> programme review. Among others, the multi-bill will reportedly introduce legislation for: a) increasing the quorum for a strike by first degree unions to fifty percent, b) opening the way for further pension cuts and decrease of the tax-free threshold as of 2019 if the IMF deems it necessary, c) making important changes to family benefits, d) allowing for auctions of first residencies also in cases of debts towards the tax authorities and insurance funds. The multi-bill is expected to be voted in time so that the review may successfully close at the January 22<sup>nd</sup> Eurogroup. On the back of optimism for the successful completion of the review, Greece's 10-year bond yield has fallen at its lowest in 12 years standing at the time of writing at 3.752%.

[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

January 8, 2018

BULGARIA: Indicators	2015	2016	2017e
Real GDP growth %	3.6	3.4	3.6
CPI (pa, yoy %)	-0.1	-0.8	1.6
Budget Balance/GDP*	-2.8	1.6	-1.3
Current Account/GDP	-0.1	5.4	3.5
EUR/BGN (eop)	1.9558		
	<b>2016</b>	<b>current</b>	<b>2017</b>
Policy Rate (eop)	N/A	N/A	N/A

\* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

CYPRUS: Indicators	2015	2016	2017e
Real GDP growth %	1.7	2.8	3.5
HICP (pa, yoy %)	-1.5	-1.2	1.0
Budget Balance/GDP*	0.1	0.4	0.2
Current Account/GDP	-3.0	-5.7	-5.9

\* ESA 2010

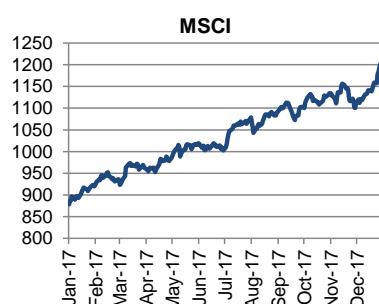
Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

ROMANIA: Indicator:	2015	2016	2017e
Real GDP growth %	3.7	4.8	5.5
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
	<b>2016</b>	<b>current</b>	<b>2017</b>
Policy Rate (eop)	1.75	1.75	1.75

\* on a cash basis

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

SERBIA: Indicators	2015	2016	2017e
Real GDP growth %	0.8	2.8	2.0
CPI (pa, yoy %)	1.4	1.2	3.0
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	120.0
	<b>2016</b>	<b>current</b>	<b>2017</b>
Policy Rate (eop)	4.00	3.50	3.50

Source: Reuters, Bloomberg, Eurobank Research,  
National Authorities

L-T ccy	Moody's S&P	Fitch
SERBIA	Ba3	BB
ROMANIA	Baa3	BBB-
BULGARIA	Baa2	BBB
CYPRUS	B1	BB-

## Latest economic & market developments in the CESEE region

### BULGARIA

Bulgarian equities followed the world-wide rally in the beginning of the new year, with the blue-chip SOFIX index closing at 692.24 points on Friday with gains to the tune of 2.2%. The weekly trading volume was modest at €1.8mn. Elsewhere, Eurobond yields ended last week little changed, with the most notable change coming from paper maturing in 2023, where the yield dropped by 3ppts. Local-currency government bonds also followed the overall positive trend with those of 6 and 8 year tenors dropping by 8 bps and 5 bps, respectively.

[RSRaychev@postbank.bg](mailto:RSRaychev@postbank.bg)

### SERBIA

The dinar ended the first week of the year with modest losses amid increased demand for euros. In a move to mitigate depreciation pressures on the domestic currency, the National Bank of Serbia intervened repeatedly in the FX markets euros selling €90mn in total. Despite these interventions, the EUR/RSD remained well bid, ending the week modestly higher near 118.65, below a record high of 118.20/40 hit on December 29, 2017.

Looking ahead, expectations for the December's forthcoming inflation data release to show that CPI stabilized within the Central Bank target of  $3 \pm 1.5\%$  around the prior month's 2.8%YoY level and positive macroeconomic prospects argue in favor of a stronger dinar throughout 2018. In the meantime, we expect some depreciation pressures in January and February due to sessional factors with the EUR/RSD to likely move towards the 119.50-120.00 zone.

According to Ministry of Economy, privatization of shares held by state owned Shareholder Fund has brought €32.23mn in revenues in 2017. Along with that, buyers pledged to invest €16.27mn this year. The selection of best bidder of Belgrade airport concession has been postponed from December 29, 2017 to January 05, 2018. The race includes bids from France Vinci Airports, Switzerland Zurich Airport International and France's Eiffage, South Korea's Incheon International Airport Corporation, Turkey's IC Ictas, Russia's VTB Capital infrastructure Holdings and a consortium of India's GMR Infrastructure Limited and Greece's Terna.

[Zoran.Korac@eurobank.rs](mailto:Zoran.Korac@eurobank.rs)

January 8, 2018

## 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	2743.15	0.7%	2.6%	EUR/USD	1.1989	-0.3%	-0.1%	UST - 10yr	2.47	-1	6	GOLD	1317	-0.2%	1.1%
Nikkei 225	23714.53	0.9%	4.2%	GBP/USD	1.3533	-0.3%	0.1%	Bund-10yr	0.43	-1	0	BRENT CRUDE	68	0.0%	1.1%
STOXX 600	398.35	0.3%	2.4%	USD/JPY	113.15	-0.1%	-0.4%	JGB - 10yr	0.06	0	2	LME X	3368	-1.1%	-1.5%

## CESEE MARKETS

SERBIA				ROMANIA				BULGARIA			
Money Market				Money Market				Money Market			
<b>BELIBOR</b>	Last	ΔDbps	ΔYTD bps	<b>ROBOR</b>	Last	ΔDbps	ΔYTD bps	<b>SOFIBOR</b>	Last	ΔDbps	ΔYTD bps
T/N	2.52	0	0	O/N	1.02	-6	-7	LEONIA	0.01	0	1
1-week	2.61	-1	0	1-month	1.63	-15	-24	1-month	-0.26	0	-1
1-month	2.82	-1	-3	3-month	2.01	-2	-4	3-month	-0.18	0	0
3-month	3.09	-1	-3	6-month	2.26	0	-1	6-month	-0.05	0	0
6-month	3.22	-1	-2	12-month	2.31	0	-1	12-month	0.32	0	0
<b>RS Local Bonds</b>				<b>RO Local Bonds</b>				<b>BG Local Bonds</b>			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps	(yields)	Last	ΔDbps	ΔYTD bps
3Y RSD	3.96	0	-15	3Y RON	3.34	0	-5	3Y BGN	-0.27	4	5
5Y RSD	4.49	0	1	5Y RON	3.73	0	-5	5Y BGN	-0.07	-1	-1
7Y RSD	4.87	#N/A	N/A	10Y RON	4.33	0	1	10Y BGN	0.81	0	3
<b>RS Eurobonds</b>				<b>RO Eurobonds</b>				<b>BG Eurobonds</b>			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
USD Feb-20	3.01	-1	1	EUR Oct-25	1.56	0	-4	EUR Mar-22	-0.09	0	-1
USD Nov-24	6.03	-31	0	USD Jan-24	3.04	0	4	EUR Sep-24	0.57	0	-1
<b>CDS</b>				<b>CDS</b>				<b>CDS</b>			
	Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps		Last	ΔDbps	ΔYTD bps
5-year	129	-1	11	5-year	87	-2	-3	5-year	55	0	-42
10-year	175	-1	13	10-year	130	-2	-3	10-year	97	5	-45
<b>STOCKS</b>				<b>STOCKS</b>				<b>STOCKS</b>			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
BELEX15	754.4	-0.18%	-0.71%	BET	7999.0	0.42%	3.16%	SOFIX	692.6	0.23%	2.23%
<b>FOREX</b>				<b>FOREX</b>				<b>FOREX</b>			
	Last	ΔD	ΔYTD		Last	ΔD	ΔYTD		Last	ΔD	ΔYTD
EUR/RSD	118.63	0.26%	0.24%	EUR/RON	4.6358	-0.08%	0.63%	USD/BGN	1.6232	-0.15%	0.38%

**BELEX15 Index**

**BET Index**

**SOFIX Index**

**EUR/RSD**

**EUR/RON**

**USD/BGN**

Source: Reuters, Bloomberg, Eurobank Economic Analysis and Financial Markets Research  
Data updated as of 11:40 EST

January 8, 2018

### Contributors

**Paraskevi Petropoulou**  
Senior Economist, Eurobank Ergasias  
+30 210 3718991  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr)

**Galatia Phoka**  
Research Economist, Eurobank Ergasias  
+30 210 3718922  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr)

**Ioannis Gkionis (Special Contributor)**  
Senior Economist, Eurobank Ergasias  
+30 210 3337305  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr)

**Anna Dimitriadou**  
Economic Analyst, Eurobank Ergasias  
+30 210 3718793  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr)

**Olga Kosma (Special Contributor)**  
Research Economist, Eurobank Ergasias  
+30 210 3371227  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr)

**Theodoros Stamatou (Special Contributor)**  
Senior Economist, Eurobank Ergasias  
30 210 3371228  
[tstamatou@eurobank.gr](mailto:tstamatou@eurobank.gr)

### Regional Contributors

**Vessela Boteva**  
Expert, trading desk, Eurobank Bulgaria  
+359 (2) 8166 491  
[vboteva@postbank.bg](mailto:vboteva@postbank.bg)

**Zoran Korac**  
FX dealer, Eurobank ad Beograd  
+381 11 206 5821  
[zoran.korac@eurobank.rs](mailto:zoran.korac@eurobank.rs)

## Eurobank Economic Analysis and Financial Markets Research

**Dr. Platon Monokrousos:** Group Chief Economist  
[pmonokrousos@eurobank.gr](mailto:pmonokrousos@eurobank.gr), + 30 210 37 18 903

**Dr. Tassos Anastasatos:** Deputy Chief Economist  
[tanastasatos@eurobank.gr](mailto:tanastasatos@eurobank.gr), + 30 210 33 71 178

### Research Team

**Anna Dimitriadou:** Economic Analyst  
[andimitriadou@eurobank.gr](mailto:andimitriadou@eurobank.gr), + 30 210 37 18 793

**Ioannis Gkionis:** Research Economist  
[igkionis@eurobank.gr](mailto:igkionis@eurobank.gr), + 30 210 33 71 225

**Stylios Gogos:** Economic Analyst  
[sgogos@eurobank.gr](mailto:sgogos@eurobank.gr), + 30 210 33 71 226

**Olga Kosma:** Research Economist  
[okosma@eurobank.gr](mailto:okosma@eurobank.gr), + 30 210 33 71 227

**Mariana Papoutsaki**  
[mpapoutsaki@eurobank.gr](mailto:mpapoutsaki@eurobank.gr), + 30 210 33 71 224

**Paraskevi Petropoulou:** G10 Markets Analyst  
[ppetropoulou@eurobank.gr](mailto:ppetropoulou@eurobank.gr), + 30 210 37 18 991

**Galatia Phoka:** Research Economist  
[gphoka@eurobank.gr](mailto:gphoka@eurobank.gr), + 30 210 37 18 922

**Theodoros Stamatou:** Senior Economist  
[tstamatou@eurobank.gr](mailto:tstamatou@eurobank.gr), + 30 210 33 71 228

**Elia Tsiampaou:** Economic Analyst  
[etsiampaou@eurobank.gr](mailto:etsiampaou@eurobank.gr), + 30 210 33 71 207

Eurobank Ergasias S.A, 8 Othonos Str, 105 57 Athens, tel: +30 210 33 37 000, fax: +30 210 33 37 190, email: [EurobankEA\\_FMR@eurobank.gr](mailto:EurobankEA_FMR@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

Follow us on twitter: [https://twitter.com/Eurobank\\_Group](https://twitter.com/Eurobank_Group)

